OKITIPUPA OIL PALM PLC

REPORT
FOR THE SIX MONTHS 30 JUNE 2022

OKITIPUPA OIL PALM PLC
Report
for the six months ended 30 June 2022

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Registered Company Number		17790	
Directors	Mr. Akinboye Oyewumi	Chairman, Non-Executive Director	Appointed as chairman on 1 March 2023
	Mr. Taiwo Adewole	Chief Executive Officer	
	Chief (Mrs) Alice M. Osomo	Non-Executive Director	Resigned as Chairman on 1 March 2023
	Mr. Lateef Bakare	Non-Executive Director	
	Mr. Adewale Osomo	Non-Executive Director	
	Senator Victor Ndoma-Egba SAN	Independent Non-Executive Director	
	Mr. Jones Ogunmusire	Non-Executive Director	
	Mrs. Abiola Awote	Non-Executive Director	
	Oba G. B. Faduyile	Independent Non-Executive Director	
	High Chief Aroloye M. Adeolu	Non-Executive Director	
	Chief Adejare A. Orina	Non-Executive Director	
Registered Office and Principal Place of Business		No. 1 Marine Road, P .M. B 319, Okitipupa, Ondo State. Ondo State	
Company Secretary		DCSL Corporate Services Limited 235, Ikorodu Road, Ilupeju, Lagos www.dcsl.com.ng	
Independent Auditor		Messrs. Ernst & Young 10th & 13th Floors, UBA House 57 Marina Lagos	
Bankers		Access Bank Plc Ecobank Nigeria Ltd First Bank of Nigeria Ltd First City Monument Bank Ltd Keystone Bank Ltd Polaris Bank Ltd Sterling Bank Plc Union Bank Plc United Bank of Africa Plc Unity Bank Plc Wema Bank Plc	
Solicitors		J. K. GADZAMA LP J. K. Gadzama Court, Plot 1805, Damaturu Crescent by Kabo Way, Off Ahmadu Bello Way, Garki, Abuja. OSBORNE LAWS 11-21, Adekunle Osomo Street, Estaport Estate, Soluyi, Gbagada, Lagos EQUITA LAW FIRM U Cuda, Opp CBN Building, Alagbaka, Akure, Ondo State. YINKA MUYIWA &CO. No 1, Ifeoluwa Street, Erinjogunola Villa, Opposite Civic Centre Ondo, Ondo state.	
Registrar		Greenwich Registrars & Data Solutions Ltd 274, Murtala Muhammed Way, Alagomeji-Yaba, Lagos.	

OKITIPUPA OIL PALM PLC
Results at a glance
for the six months ended 30 June 2022

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited	% change
Revenue	630,702	360,212	75%
Employees' expenses	66,142	39,110	69%
Profit before taxation	181,061	175,450	3%
Income tax expense	(53,909)	(80,538)	-33%
Profit for the year	127,152	94,912	34%
Total comprehensive income	127,136	94,912	34%
	30-Jun 2022 ₦'000	**31-Dec 2021 ₦'000**	
Net asset	268,566	141,430	90%
Number of employees	56	54	
Basic earnings per share	1.32	0.99	
Net asset per share	2.80	1.47	

The Directors' present their report together with the audited financial statements of Okitipupa Oil Palm Plc ("the Company") for the year ended 30 June 2022, which disclose the state of affairs of the Company.

Incorporation

Okitipupa Oil Palm PLC was incorporated as a limited liability company and domiciled in Nigeria on the 17th day of May, 1976 to take over the Okitipupa Oil Palm Project under the management of the Nigerian Joint Agency Limited. In 1980, the company was brought under the supervision of the Governor's Office. In May 1987, Ondo State Development and Investment Promotion Agency which was formerly known and addressed as "Ondo state Investment (Holding) Company Limited" was established and vested with all the State Government's interest in Okitipupa Oil Palm Company Limited. The company became Public Liability Company in 1993.

Principal activities

The principal activities of the Company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Company are: refined bleached and deodorized palm oil, palm olein, palm stearing, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

Results	2022	2021
	₦'000	₦'000
		*Unaudited
Revenue from contracts with customers	90,953	29,397
Lease income	539,749	330,815
Revenue	630,702	360,212
Profit before income tax expense	181,061	175,450
Income tax expense	(53,909)	(80,538)
Profit for the year	127,152	94,912

Dividend

The Directors recommend, in respect of the year ended 30 June 2022, the proposed dividend of ₦0.50k per 50 kobo ordinary share (2021: Nil) subject to the deduction of withholding tax at the appropriate rate. Proposed dividend will only be recognised 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. Akinboye Oyewumi	Chairman, Non-Executive Director	Appointed as chairman on 1 March 2023
Mr. Taiwo Adewole	Chief Executive Officer	
Chief (Mrs) Alice M. Osomo	Non-Executive Director	Resigned as Chairman on 1 March 2023
Mr. Lateef Bakare	Non-Executive Director	
Mr. Adewale Osomo	Non-Executive Director	
Senator Victor Ndoma-Egba SAN	Independent Non-Executive Director	
Mr. Jones Ogunmusire	Non-Executive Director	
Mrs. Abiola Awote	Non-Executive Director	
Oba G. B. Faduyile	Independent Non-Executive Director	
High Chief Aroloye M. Adeolu	Non-Executive Director	
Chief Adejare A. Orina	Non-Executive Director	

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 may offer themselves for re-election.

No Directors retire during the period ended 30 June 2022.

Recent Information about History of the Share Capital

Due to the ageing of the company, below show the recent history of the share capital.

Years	Authorised Share Capital	Value	Issued and fully paid shares	Value
2008	100,000,000	50,000,000	96,000,000	48,000,000
2009	100,000,000	50,000,000	96,000,000	48,000,000
2010	100,000,000	50,000,000	96,000,000	48,000,000
2011	100,000,000	50,000,000	96,000,000	48,000,000
2012	100,000,000	50,000,000	96,000,000	48,000,000
2013	100,000,000	50,000,000	96,000,000	48,000,000
2014	100,000,000	50,000,000	96,000,000	48,000,000
2015	100,000,000	50,000,000	96,000,000	48,000,000
2016	100,000,000	50,000,000	96,000,000	48,000,000
2017	100,000,000	50,000,000	96,000,000	48,000,000
2018	100,000,000	50,000,000	96,000,000	48,000,000
2019	100,000,000	50,000,000	96,000,000	48,000,000
2020	100,000,000	50,000,000	96,000,000	48,000,000
2021	100,000,000	50,000,000	96,000,000	48,000,000
2022	100,000,000	50,000,000	96,000,000	48,000,000

Shareholding

The issued and fully paid-up Share Capital of the Company is 96,000,000 Ordinary Shares of 50 kobo each. The following Shareholders held 5% and above of the issued share capital of the company as at 30 June, 2022 are:

S/N	SHAREHOLDER	NUNBER OF SHARE	PERCENTAGE
1	ESTAPORT FARMS LTD	34,214,546	36%
2	ONDO STATE DEVELOPMENT AND INVESTMENT PROMOTION AGENCY (ONDIPA)	28,573,479	30%

The shareholding analysis as at June 30, 2022 is shown below

RANGE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF ORDINARY SHARE	% SHAREHOLDINGS
1 - 1,000	10,735	4,220,228	4.40
1,001 - 5,000	3,741	6,901,476	7.19
5,001 - 10,000	351	2,388,442	2.48
10,001 - 50,000	273	4,846,864	5.05
50,000 - 100,000	36	2,526,641	2.63
100,001 - 500,000	26	4,849,406	5.05
500,000 - 1,000,000	2	1,359,000	1.42
ABOVE - 1,000,000	4	68,907,943	71.78
	15,168	96,000,000	100

Directors' interest

The director's interest in the ordinary shares of 50 kobo each 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 are as follows:

Held as at:	**30th June 2022**		**31st December 2021**	
	Direct	**Indirect**	**Direct**	**Indirect**
Name	**Number**	**Number**	**Number**	**Number**
Chief (Mrs) Alice M. Osomo	1,200	34,214,546	1,200	34,214,546
Mr. Akinboye Oyewumi	-	28,573,479		28,573,479
Mr. Adewale Osomo	57,020	-	57,020	-
Oba G. B. Faduyile	2,000	-	2,000	-

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	**Descriptions**	**Timing**
Basic Salary	This reflects the Company's competitive salary package and the extent to which the Company's objective have been met for the financial period.	Paid monthly during the financial period
Other allowances	This reflects the Company's competitive salary package and the extent to which the Company's objective have been met for the financial period .	Paid monthly during the financial period
Directors fees	Paid half yearly to Non-Executive Directors and Independent Non-Executive Director.	Paid half yearly.
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

Employee health, safety and welfare

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Top health-care providers have been carefully selected to look after the healthcare needs of employees and their dependents.

We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

Employee training and development

Company has adopted a new training policy that advocates training and re-training for all employees. Our training activities during the year cut across all categories of employees. Also, Induction training has been designed to benefit new employees such that it will assist them settle into their roles conveniently. The newly introduced performance management system ensures that good performance is recognized and adequately rewarded while non-performance is appropriately sanctioned. The system is designed to assist employees develop and apply their innate skills and proficiency in the discharge of their assigned duties.

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. As at 30 June 2022, no Directors attend Induction,Training Programme or any form of development.

Employment of physically challenged persons

The company is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically-challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability,

Property and equipment

In the opinion of the Directors, the market value of the property, plant and equipments is not lower than the value shown in Note 17 to the financial statements.

Bearer's plant

The Directors are of the opinion that the bearer's plant measured at cost model and its value is not lower than the value shown in Note 18 to the financial statements.

Events after reporting period

The Directors plan to commence enumaration of palm trees at various plantation estates which could impacted lease income activities.This might increase or decrease the company acreage allocation to trade licensees.

Corporate Social Responsibility

The Company spent ₦5.32 million on corporate social responsibility projects during the period (2021: ₦ 1.12 million). These comprised:

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Community program involvement	5,324	1,117
	5,324	1,117

* The community program involvement relate to expenditure incurred to present an awards to Obas',chiefs, community leaders and support security personnel in the area.

Corporate responsibility for financial reports

In accordance with Section 405 of the Companies and Allied Matters Act 2020, each and all of 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 statements 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.

Responsibility for Accuracy of Information

Pursuant to Article 2.2.4 of The Amended Listing Rules 2015 of the Nigerian Stock Exchange. The Directors accept responsibility for the accuracy of the information contained in this report.

Donation

In accordance with Section 43(2) of the Companies and Allied Matters Act, 2020 ("CAMA"), the company did not make any donation or give gifts to any political party, political association or for any political purpose during the period (2021: Nil).

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:

MEMBERS OF AUDIT COMMITTEE

Pastor Alex Adio	Chairman, Representing Shareholders'	
Senator Anthony Ademuyiwa Adeniyi SAN	Member Representing Shareholders'	
Mr. Wole Awe	Member Representing Shareholders'	
Mr. Adewale Osomo	Director	
Mr. Akinboye Oyewumi	Director	Resigned as member on 1 March 2023

Auditor

Ernst & Young have expressed their willingness to continue in office as the Company's auditor in accordance with the Companied and Allied Matter Act, 2020.

A resolution will be proposed at the Annual General Meeting empowering the Directors to fix their remuneration

By Order of the Board of Directors

Anne Agbo
FRC/2013/NBA/00000000855
DCSL Corporate Services Limited
Company Secretary
24/03/2023

OKITIPUPA OIL PALM PLC
Report of the Audit Committee to the shareholder
for the six months ended 30 June 2022

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 Okitipupa Oil Palm Plc, having carried out our functions under the Act and report as follow:

1. We confirm that the accounting and reporting policies of the Company as contained in the financial statements for the period ended 30 June, 2022 are in accordance with legal requirements and agreed ethical practice.

2. We confirm that the external auditors, Messrs. Ernst & Young have issued an unqualified opinion on the company's financial statements for period ended 30 June, 2022.

3. In our opinion, the scope and planning of the audit for the period ended 30 June, 2022 were adequate and we confirm that the responses by the management to the external Auditors' findings on Management matters were satisfactory.

Pastor Alex Adio
FRC/2013/IMN/00000008638
Chairman, Statutory Audit Committee

Dated this 24/03/ 2023

MEMBERS OF AUDIT COMMITTEE

Pastor Alex Adio	Chairman, Representing Shareholders'	
Senator Anthony Ademuyiwa Adeniyi	Member Representing Shareholders'	
Mr. Wole Awe	Member Representing Shareholders'	
Mr. Adewale Osomo	Director	
Mr. Akinboye Oyewumi	Director	Resigned as member on 1 March 2023

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 period ended 30 June 2022 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 operations 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 its consolidated subsidiaries 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.

Mr. Akinboye Oyewumi	Mr. Taiwo Adewole	Omotayo Odunayo
Chairman	Chief Executive Officer	Acting Chief Financial Officer
FRC/2023/PRO/DIR/003/916354	FRC/2020/03/00000021511	FRC/2022/PRO/ICAN/001/868246
24/03/2023	24/03/2023	24/03/2023

OKITIPUPA OIL PALM PLC
Statement of Directors' Responsibilities
for the six months ended 30 June 2022

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:

- 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 Act No. 6, 2011,
- establishes appropriate and adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;
- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied; and
- the financial statements prepared on a going concern basis.

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); in the manner required by Companies and Allied Matters Act, 2020; and the Financial Reporting Council of Nigeria Act, No 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Company, of its financial performance and cash flows for the period ended 30 June 2022.

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:

Mr. Akinboye Oyewumi
Chairman
FRC/2023/PRO/DIR/003/916354
24 March 2023

Mr. Talwo Adewole
Chief Excecutive Officer
FRC/2020/03/00000021511
24 March 2023

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Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Okitipupa Oil Palm Plc ('the Company') which comprise the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Okitipupa Oil Palm Plc as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

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 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 judgment, 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 Auditors' Responsibilities for the Audit of the financial statements section of our report, including in relation to these matters.Accordingly, our audit include 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 AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements-continued
Key Audit Matter-Continued

Key Audit Matter	*How the matter was addressed in the audit*
Timing of revenue recognition The company's revenue comprises majorly from sale of palm oil products and lease income. The company recognized lease income based on the allocated acres of land to licensees annually over a period of one year and this is apportioned over the months earned during the period. For the period ended 30 June 2022,the company's lease income is N 539.75 million for the period of six months. We have considered this to be a key audit matter because the rate used per acre is subjective as this depend on estimated/planned rate approved by the Board of Directors. The revenue disclosures are outlined in Note 8.1 and 8.2 of the financial statements.	**We performed the following audit procedures:** ▸ walkthroughs to understand the adequacy and the design of the revenue recognition process. ▸ checked the revenue recognition policy applied by the Company to ensure it is in compliance with International Financial Reporting Standards (IFRS) 15 - Revenue recognition requirements. ▸ analytical review procedures to understand the revenue trend. ▸ tested a sample of contract together with invoice embedded therein, validating and vouching the invoices booked, to the underlying harvest contract and evidence of payment/demand notice. ▸ performed cut off procedures by selecting samples of transactions during cut-off period, to ensure revenue had been recognized in the appropriate accounting period. ▸ traced payments received from the customers including licensees to the bank statements to ascertain that actual income were recorded. ▸ reviewed the assumptions and estimation involved in the determination of the rate per acre; samples were selected to confirm estimated number of palm tree per acre, reviewed the discounted yield and agreed the rate per bunch to third party invoice. ▸ reviewed the appropriateness and completeness of the related disclosures in the notes to the financial statements.

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Key Audit Matter-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 its biological assets. The valuation of the biological asset involves complex and subjective judgements about the expected produce growing on the trees, projected fruits to be harvested and other estimate. As of 30 June 2022, biological assets were valued at NGN164.21million (31December 2021:NGN 137.45million). The expected produce growing on the tree and harvested fruits price has been identified as a source of estimation uncertainty. The significant accounting policy and critical judgments relating to the valuation are outlined in Note 4.18. The fair value disclosures of biological assets are outlined in Note 7.4 of the financial statements.	**Our audit procedures on revenue recognition include:** ▸ reviewed the model used by management in valuation of biological assets to ensure it was in accordance with the requirements of IAS 41 "Agriculture". ▸ 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. ▸ checked that the model used was consistent with prior year. ▸ tested the underlying assumptions and estimation applied in determining the projected fruits to be harvested and price. ▸ 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. ▸checked the presentation and disclosure of Management's valuation in the financial.

Other Matter

The financial statements of Okitipupa Oil Palm Company Plc for the period of six months ended 30 June 2021 were not audited but represent management information approved by the Board in August 2022.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled ""Okitipupa Oil Palm Plc, Report for the six month ended 30 June 2022", which includes, the Report of the Directors, Statement of Directors' Responsibilities, Certificate of Compliance and Other National Disclosures (Value Added Statements and Five-Year financial summary) as required by the Companies and Allied Matters Act, 2020. 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC

Report on the Audit of the Financial Statements-continued

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these 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 Act No. 6, 2011, 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.

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.

Auditors' 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.

* 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OKITIPUPA OIL PALM PLC - continued

Report on the Audit of the Financial Statements-continued

Auditors' Responsibilities for the Audit of the Financial Statements-continued

* 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.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

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.

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst &Young
Lagos, Nigeria

24 March 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0090725

OKITIPUPA OIL PALM PLC

Statement of profit or loss and other comprehensive income for the six months ended 30 June

	Notes	2022 ₦'000	2021 ₦'000 *Unaudited
Revenue from contracts with customers	8.1	90,953	29,397
Lease income	8.2	539,749	330,815
Revenue		630,702	360,212
Harvested produce consumed	8.3	1,690	2,915
Other income	9	36,451	12,720
Raw materials and consumables used	10	(218,285)	(67,433)
Employee benefits expense	11	(66,142)	(39,110)
Other expenses	12	(230,115)	(96,233)
Net gain on valuation of biological assets	19	26,760	2,380
Profit before taxation		181,061	175,450
Income tax expense	15.1	(53,909)	(80,538)
Profit for the period		127,152	94,912
Other Comprehensive Income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Fair value loss on equity investment measured at FVOCI	20	(16)	-
Other comprehensive loss for the period;(net of tax)		(16)	-
Total comprehensive income for the period;(net of tax)		127,136	94,912
Basic earnings per ordinary share (kobo)	16	1.32	0.99
Diluted earnings per ordinary share (kobo)	16	1.32	0.99

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

OKITIPUPA OIL PALM PLC

Statement of financial position

as at

	Notes	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Assets			
Non-current assets			
Property, plant and equipment	17	348,795	261,102
Bearer's plant	18	635,475	612,099
Biological asset	19.1	164,207	137,447
Investment-equity	20	144	160
Deferred assets	21	106,950	106,950
Total non-current assets		1,255,571	1,117,758
Current assets			
Inventories	22	95,651	9,745
Trade and other receivables	23	86,567	14,857
Cash and cash equivalents	24	8,306	114,576
Total current assets		190,524	139,178
Total assets		1,446,095	1,256,936
Equity and liabilities			
Equity			
Share capital	25	48,000	48,000
Share premium	26	9,368	9,368
Retained earnings/Accumulated Losses		77,104	(50,048)
Fair value reserve		94	110
Deposit for shares	27	134,000	134,000
Total equity		**268,566**	**141,430**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15.3	137,288	97,654
Total non-current liabilities		137,288	97,654
Current liabilities			
Other payables	30	292,928	282,042
Other post-employment benefits obligations	29.1	50,724	50,436
Contract liabilities	31	634,003	637,063
Unclaimed dividend	28	6,469	6,469
Current tax payable	15.4	56,117	41,842
Total current liabilities		1,040,241	1,017,852
Total liabilities		1,177,529	1,115,506
Total equity and liabilities		1,446,095	1,256,936

These financial statements were approved by the Board of Directors on .... and signed on its behalf by:

Mr. Akinboye Oyewumi	Mr. Taiwo Adewole	Omotayo Odunayo
Chairman	Chief Executive Officer	Acting Chief Financial Officer
FRC/2023/PRO/DIR/003/916354	FRC/2020/03/00000021511	FRC/2022/PRO/ICAN/001/868246

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

OKITIPUPA OIL PALM PLC

Statement of changes in equity

for the six months ended 30 June	Share capital	Share premium	Deposit for shares	Retained earnings/ Accumulated Losses	Fair Value Reserves	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2022	48,000	9,368	134,000	(50,048)	110	141,430
Profit for the period	-	-	-	127,152	-	127,152
Other comprehensive loss;net of tax	-	-	-	-	(16)	(16)
Total comprehensive income/(loss) for the period;net of tax	-	-	-	127,152	(16)	127,136
AS at 30 June 2022	48,000	9,368	134,000	77,104	94	268,566

For the period ended 30 June 2021

As at 1 January 2021	48,000	9,368	134,000	(85,062)	-	106,306
Profit for the period	-	-	-	94,912	-	-
As at 30 June 2021 (unaudited*)	48,000	9,368	134,000	9,851	-	106,306

For the period ended 31 December 2021

As at 1 January 2021	48,000	9,368	134,000	(66,865)	-	124,503
Profit for the year	-	-	-	40,817	-	40,817
Other comprehensive income; net of tax	-	-	-	-	110	110
Total comprehensive income/(loss) for the year;net of tax	48,000	9,368	134,000	(26,048)	110	165,430
Dividend Declared (Note 28)	-	-	-	(24,000)	-	(24,000)
As at 31 December 2021	48,000	9,368	134,000	(50,048)	110	141,430

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

OKITIPUPA OIL PALM PLC
Statement of cash flows
for the six months ended 30 June

	Notes	6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000
			*Unaudited
Operating activities			
Profit before taxation		181,061	175,450
Adjustments for non-cash items			
Depreciation of property, plant and equipment and bearer's plant	13	32,844	12,994
Reversal of expected credit loss	9	(5,083)	-
Net effect of inventory valuation	9	(24,721)	-
Harvested produce consumed	8.3	(1,690)	(2,915)
Raw materials and consumables used	10	1,690	2,915
Fair value changes in biological assets	19	(26,760)	(2,380)
Changes in operating assets and liabilities			
Decrease/(Increase) in inventories	22	7,069	(8,545)
Increase in trade and other receivables		(71,710)	(79,955)
Increase/(Decrease) in other payables		10,886	(202,092)
Increase in other post-employment benefits obligations		288	677
(Decrease)/Increase in contract liabilities		(3,060)	295,458
		100,814	191,608
Income tax paid	15.4	-	-
Net cash flows from operating activities		100,814	191,608
Investing activities			
Purchase of bearer's plant	18	(99,250)	(121,383)
Purchase of property, plant and equipment	17	(107,834)	(60,249)
Deferred assets	21	-	(2,450)
Net cash flows used in investing activities		(207,084)	(184,082)
Net (decrease)/increase in cash and cash equivalents		(106,270)	7,526
Cash and cash equivalents at 1 January		114,576	5,167
Cash and cash equivalents at 30 June	24	8,306	12,693

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

1 Corporate information

Okitipupa Oil Palm PLC was incorporated as a limited liability company and domiciled in Nigeria on the 17th day of May, 1976 to take over the Okitipupa Oil Palm Project under the management of the Nigerian Joint Agency Limited. In 1980, the company was brought under the supervision of the Governor's Office. In May 1987, Ondo State Development and Investment Promotion Agency which was formerly known and addressed as "Ondo state Investment (Holding) Company Limited" was established and vested with all the State Government's interest in Okitipupa Oil Palm Company Limited. The company became Public Liability Company in 1993.

The Company is located at No. 1 Marine Road,Okitipupa ,Ondo State.

The principal activities of the Company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Company are; refined bleached and deodorized palm oil, palm olein, palm stearing, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of Okitipupa Oil Palm Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Additional information required by the provision of the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act No. 6, 2011. 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.

Accordingly, this financial statements is to be read in conjunction with the annual financial statements for the year ended 31 December 2021

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below:

Biological Assets and agricultural produce	Fair value less cost to sale
Investment-Equity	Fair value through OCI

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 (N000).

2.3 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under historical cost convention, complex and non-complex fair value in accordance with applicable stardards.

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 con-current liabilities, as separate classifications in the statement of financial position.

The financial statements provide comparative information in respect of the previous period.

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 realised or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realised 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 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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 recognised 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 recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

3.1 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.

3 Significant accounting judgements, estimates and assumptions - continued

3.2 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 recognised by the company.

3.3 Defined benefit plans

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the period to which they relate.

The Company has a defined contribution plan for employees post-employment benefits. In accordance with the Pension Reform Act 2014, the Company and its employees make a joint contribution of 10% and 8% basic salary, housing and transport allowance respectively to each employee's retirement savings account maintained with their nominated pension fund administrators.

Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

4 Summary of significant accounting policies

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 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component;

These amendments had no impact on the financial statements of the Company due to the fact that the company is not exposed to any IBOR related rates. The Company intends to use the practical expedients in future periods if they become applicable.

4 Summary of significant accounting policies -Continued

4.1 New and amended standards and interpretations-Continued

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 31 December 2021.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

▸ Amendments to IAS 37 Onerous Contracts: Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments had no impact on the financial statements of the Company.

▸ Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended use

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments had no impact on the financial statements of the Company.

4 Summary of significant accounting policies -Continued

4.1 New and amended standards and interpretations-Continued

▸ Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

▸ Amendments to IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company

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.

▸ IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. 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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

4 Summary of significant accounting policies -Continued

4.2 Standards issued but not yet effective-Continued

▸ IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023-Continued

▸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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This does not have any impact on the company.

▸ Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023

In January 2020, 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 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.

▸Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

4 Summary of significant accounting policies - continued

4.2 Standards issued but not yet effective - continued

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendment will be effective for annual periods beginning on or after 1 January 2023. The Company is currently assessing the impact on its financials.

4.3 Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration 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.

The Company is in the business of cultivating oil palm, lease of havesting fresh fruit bunches to customers for short period of time, processing of fresh fruit bunches into crude palm oil for resale.

Revenue is recognised 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 actually 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.

4 Summary of significant accounting policies - continued

4.3 Revenue from contract with customers-Continued

4.3.1 Sales of Crude Palm oil

This comprises revenue from sales of palm oil related products to customers i.e Individual and corporate. 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 and acceptance of the goods by the customer, or upon delivery of the goods for consideration received or receivables.

4.3.2 Sales of Palm Kernel (Uncraked)

These comprises of revenue from uncraked palm kernel for customers i.e. individual and corporate. Revenue is recognised at a point in time when control of goods has been transferred to the customer through the company's palm oil mill processing equipment.

4.3.3 Sales of Sludged

These comprises of revenue from sludged for customers i.e. individual Revenue is recognised at a point in time when control of goods has been transferred to the customer through the company's palm oil mill processing equipment.

4.3.4 Sales of Fresh Fruit Bunches

This comprises revenue from sales of fresh fruit bunches. 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 and acceptance of the goods by the customer, or upon delivery of the goods to the customer for immediate payment of cash to the bank.

4.4 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.

4.4.1 Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

The Company's financial assets as at 30 June 2022 satisfy the conditions for classification at fair value through other comprehensive income and amortised cost under IFRS 9.

The Company's financial assets include trade receivables, intercompany receivables, other receivables,investment-equity , cash and bank balances. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

4 Summary of significant accounting policies - continued

4.4 Financial instruments -Continued

4.4.1 Classification and measurement-continued

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

4.4.2 Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the general approach is applied to cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

4 Summary of significant accounting policies - continued

4.4 Financial instruments-continued

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

4.4.3 Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.
In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

4.4.4 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:
•where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

4.4.5 Derecognition

The Company derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities
The Company derecognised a financial liability when it is extinguished i.e. when the obligation specified in the contract 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

4.4.6 Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

4 Summary of significant accounting policies - continued

4.4.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.5 Provisions, contingent liabilities and contingent assets

Provisions are recognised 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 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 recognised as a finance cost. Provisions are not recognised for future operating losses. The company discloses contingent liability where it 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 entity. The company also discloses contingent asset where it is a probable asset 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. Contingent assets are recognised when they are virtually certain.

4.6 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 countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised 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.

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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except;

4 Summary of significant accounting policies - continued

4.6 Taxes-continued

- 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 utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in the correlation to the underlying transaction either in OCI or directly in equity.

4.7 Fair value measurement

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

Accounting policy

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.

4.8 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 recognises 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 recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

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 amortised cost of the liability.

4 Summary of significant accounting policies - continued

4.9 Property, plant and equipment

4.9.1 Recognition and measurement

Property, plant and equipment including bearer's plant 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

4.9.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised in profit or loss as incurred.

4.9.3 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 derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

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

	%
Plant and equipment	10
Building	10-20
Motor vehicles and cycles	4
Furniture and Fittings	5-10
Bearer's Plant	5

Land comprises freehold and leasehold . Freehold land is not depreciated as it is a freehold asset with an indefinite useful life. Leasehold is depreciated over the shorter of the useful life of the asset or lease term.

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

4.9.4 De-recognition

An item of property, plant and equipment is derecognised 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 derecognised.

4 Summary of significant accounting policies - continued

4.10 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.

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

As a lessor

At commencement or on modification of a contract that contains a lease component, Company classify all leases as operating leases. Lease classification determines how and when a lessor recognises lease income and assets are recorded.

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. Contingent rents are recognised as revenue in the period in which they are earned (if any).

The Company continue to recognises a lease income and undelying asset on statement of comprehensive income in line with the company month-on-month recovery pattern and satement of financial position. A lessor recognises costs, including depreciation, incurred in earning the lease income as an expense. IFRS 16 also requires lessors of operating leases to defer initial direct costs at lease commencement and recognise them over the lease term on the same basis as lease income.

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.

The Company recognises 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.

4 Summary of significant accounting policies - continued

4.11 Leases-continued

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.

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 amortised 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 recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a weighted average cost basis. The cost of inventories is the purchase cost. The net realisable value of inventories is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of stock finished products are determined by adding production cost to the fair value of the agricutural produce concerned.

The cost of stock finished products are determined by adding production cost to the fair value of the agricutural produce concerned.

4 Summary of significant accounting policies - continued

4.13 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cashflow comprises cash on hand, and amounts due from banks on demand or with an original maturity of three months or less. Bank overdrafts, are shown within loan and borrowings in current liabilities on the statement of financial position.

4.14 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.

4.15 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 recognised as a liability in the period in which they are approved.

4.16 Post-employment benefits

4.16.1 Defined contribution scheme

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Company operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

4 Summary of significant accounting policies - continued

4.16.2 Defined benefit scheme

The Company did not operates a defined benefit gratuity plan, which may requires contributions to be made to a separately administered fund.

Termination benefits

The company or the employee reserves the right to terminate an employment, in writing , without adducing any reason whatsoever.

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably using the basic salary due for the month(s).

An appointment may be terminated by 'dismissal' for serious breach of the company's regulation and/or breach by the employee of the conditions and terms of his employee. In the case of dismissal , no notice is given and all privileges ,including end-of-service benefit are fortified. The company is not bound to give reasons for such dismissal in the dismissal letter.

Leave notice:

For junior officer , supervisor and officers:

No notice during probation and one month on confirmation of appointment.

For senior management and above:

No notice while on probation and three months on confirmation of appointment

All resignations received from employee(s) are expected to be screened and certified free before accumulated leave due to an employee. The company shall compute and communicate the cash due using only basic salary due for the month(s).

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

4 Summary of significant accounting policies - continued

4.17 Bearer plants

Bearer plants comprise of palm plantation. These assets are initially recognised at their historic cost. The historic costs comprises 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 recognised a immature until classified as mature.

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

Palm oil plantations are treated as mature when palm tree bearing fruits or it peers that bearing fruit which ever come earlier and management approval.

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. the amount incurred are recorded as immature plantation. All other costs incurred for maintenance after recognition as matured plantation are charged to the income statement during the financial period in which they are incurred. Also, All cost incerred for improvement of bearer plant after recognition as matured plantation are capitalised as addition during the financial period in which they are incurred.

4.18 Biological Assets

Biological assets are measured at fair values less estimated costs to sell. Palm oil 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. Any gains or losses arising on subsequent changes in fair values less estimated cost to sell are recognised in profit or loss in the year in which they arise.

All costs of upkeep and maintenance of biological assets are recognised 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.

Harvested fresh fruit bunches (FFB) are transferred to inventory at fair value less costs to sell when harvested.

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 Okitipupa Oil Palm 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, bank overdraft, cash and cash equivalents and loans. The main risks arising from the Company's financial instruments are;

- Market risk
- Credit risk
- Operational 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. There were no foreign exchange transaction during the period (2021: Nil).

Foreign Exchange Risk

The Company does not exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Company did not buys and imports some of the equipment used for production, the payments for which are made in functional currency. The Company makes payments and collects receipts primarily in Nigerian Naira.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company exposure to the risk of changes in market interest

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 uses policies to ensure that sales of products are 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.

5.2.2 Credit risk-Continued

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 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 ECLs on the entity trade receivables is disclosed below.

Set out below is the information about the credit risk exposure on the company's trade receivables and using a provision matrix:

Trade receivables						
Days past due						
	Current	31-60 Days	61-90 Days	91 - 180 Days	>365 Days	Total
30-Jun-22	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100.00%	37.676%
Estimated total gross carrying amount at default	2,448	14,200	52,898	4,428	44,717	118,688
Expected credit loss	-	-	-	-	44,717	44,717

Trade receivables						
Days past due						
	Current	31-60 Days	61-90 Days	91 - 180 Days	>365 Days	Total
31-Dec-21	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	5.89%	6.73%	7.58%	10.88%	100.00%	88.964%
Estimated total gross carrying amount at default	114	5,201	1,320		49,343	55,978
Expected credit loss	7	350	100	-	49,343	49,800

5 Risk management objectives and policies - Continued

5.2.2 Credit risk - Continued

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.

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.

5.2.3 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

5.2.4 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 borrowings 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 cash flows on the Company's financial liabilities and on the basis of their earliest possible contractual maturity.

The table below summarises the maturity profile of the cash flows of the Company's financial liabilities.

30 June 2022

In thousands of Naira	Carrying amount	Note	On Demand	Less than 1 year	1 -2 years	Over 2 years	Undiscounted amount
Financial liabilities:							
Sundry creditors	153,654	30	-	153,654	-	-	153,654
Accruals	51,570	30	51,570	-	-	-	51,570
Unclaimed Dividend	6,469	28	6,469	-	-	-	6,469
Provision	43,805	30	43,805	-	-	-	43,805
	255,498		101,844	153,654	-	-	255,498

31 December 2021

In thousands of Naira	Carrying amount	Note	On Demand	Less than 1 year	1 -2 years	Over 2 years	Undiscounted amount
Financial liabilities:							
Sundry creditors	139,481	30	-	139,481			139,481
Accruals	51,574	30	51,574	-	-	-	51,574
Unclaimed Dividend	6,469	28	6,469	-	-	-	6,469
Provision	45,917	30	45,917	-	-	-	45,917
	243,441		103,960	139,481	-	-	243,441

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.

6 Capital management

The Company's objectives when managing capital are as follows:

• To safeguard the Company's ability to continue as a going concern in order to maximize returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

•To establish the efficiency of capital utilization.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the Company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as other payables plus contract liabilitites less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at the end of the year are as follows:

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Other Payables	292,928	282,042
Contract liabilities	634,003	637,063
Less: cash and cash equivalents	(8,306)	(114,576)
Net debt	918,625	804,529
Total equity	268,566	141,430
Net debt and equity	650,059	663,099
Gearing ratio	141%	120%

'The company measurement of financial leverage demonstrates higher gearing ratio as at 30 June 2022 because the entities has more equity to finance its operation with 136%. (31 December 2021: Geared with 117%)

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 , accruals and creditors and other liabilities approximate their carrying value due to their short term nature.

7.2 Financial instruments measured through other comprehensive Income.

The investment in equity is recorded at fair value through other comprehensive income using the share price method at security exchange commission.

The fair values below was determined using market-related rates

				In thousands of Naira	
	Level 1	Level 2	Level 3	Total fair value	Carrying amount
30 June 2022	144	-	-	144	144
31 December 2021	160		-	160	160

7.3 Fair value measurement

The following table presents the Company's biological assets that are measured at fair value as at 30 June 2022 and 31 December 2021.

				In thousands of Naira	
	Level 1	Level 2	Level 3	Total fair value	Carrying Amount
Produce growing on trees:					
At 30 June 2022	-	-	164,207	164,207	164,207
At 31 December 2021	-	-	137,447	137,447	137,447

The Company's biological assets are measured at fair value less cost to sell and are classified under level 3 ((valuation based on unobservable data)) and level 2 (valuation based on observable market 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.

7.4 Valuation technique:
i Produce growing on bearer plant

Analysis of production of crude palm oil.
Oil Palm
The Company harvested 4,024 bunches (31 December 2021: 6,274 bunches) of fresh fruit bunches (FFB) at Company Head Quarter, bought fresh fruit bunches of 110,103 (31 December 2021: 82,009) and sold 97.21 metric tonnes of palm oil (31 December 2021 - 89.01 tons).

Valuation of inputs and relationships to fair value
The fair value of produce growing on trees has been determined based on valuations by the Directors using the income approach.
The following table summarizes the quantitative information about the key unobservable inputs used in the fair value measurement of the palm fruit bunches growing on the trees.

Unobservable inputs		30-Jun		31-Dec	
		2022		2021	Assumptions
Palm Fruit bunches:					
Yield- Bunches	Harvest allocation for growing produce on bearing (bunches) plants	328,714		339,118	The higher the Fresh fruit bunches yield the higher the fair value on the recovery plan and market base.
Selling Price	Cost+margin (N/bunches)	500		405	
Yield Projected based on historical		4,273,288		5,894,190	Average Projected fresh fruit bunches per palm
Average Production Allocation (14days/182days)					Number of day for valuing the growing product on the trees

The main level 3 inputs used by the company are derived and evaluated as follows:
* Palm plantation covers an avarage of 19,641 acres in 2022.

* Palm oil yield is determined based on the age of the plantation, inflation rate, historical yields, climate-induced variations such as severe weather events, plant losses and new areas coming into production.

* As at June 2022, Yield projected based on historical covers 72.5 % of recovery yield pattern of projected fresh fruit bunches per palm tree. (31 December 2021: Estimated 100% of recovery yield pattern per palm tree).
* Fresh Fruit Bunches prices are cost plus margin.

8.1 Revenue from contracts with customers

The Company's revenue is disaggregated below and includes a total fees in scope of IFRS 15, Revenues from contracts with customers:

	6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000 *Unaudited
Crude Palm Oil	86,979	27,491
Palm Kernel (Uncraked)	860	1,680
Sludge	30	226
Dredge	230	-
Press Cake	2,854	-
Total revenue from contracts with customers	90,953	29,397

Disaggregation of revenue:		
Timing of revenue recognition:		
Goods transferred at a point in time	90,953	29,397
Services transferred over time	-	-
Total revenue from contracts with customers	90,953	29,397

8.2 Lease income

		30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Lease income	31	539,749	330,815

Lease income relates to lease payment agreed with licensees' for the right to farming and harvesting of fresh fruit bunches at plantation estates for the maximum of one year and renewable if parties agreed. The lease income for the period ended 30 June 2022 represents 50% of total lease income on the allocated acres of land to licensees over a lease term usually a period of one year

8.3 Harvested produce consumed

	2022 ₦'000	2021 ₦'000
Harvested fresh fruit bunches	1,690	2,915

This relate to harvested fresh fruit bunches at company head quarter that were consumed and milled during the year (2021 (Unaudited*): Partly sold and consumed when harvested). The company fair value the produce at the point of harvest less cost to sell based on the prevailing market price available at their local market and price of fresh fruit bunches bought for mill at the factory.

9 Other income

		30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Registration Fees	9.1	3,300	9,750
Lumbering		3,320	2,970
Scraps	9.2	27	-
Reversal of expected credit loss	23	5,083	-
Net effect of inventory valuation	22	24,721	-
		36,451	12,720

9.1 Registration fees relates to proceeds from sale of registration forms to prospective new licensees and provider of services.

9.2 Scraps comprises sales of broken tiles and ashes during the period.

10 Raw materials and consumables used

		6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000 *Unaudited
Direct cost		1,800	1,658
Production overheads	10	104,066	26,883
Milling costs	10	91,725	30,706
Depreciation & Amortisation	13	20,694	8,186
		218,285	67,433

10 Production overheads relates to upkeep of mature plantation, harvesting and collection, fertilizer, fueling, security expenses e.t.c

10 Milling costs analysis shown below:

	2022 ₦'000	2021 ₦'000
Mill raw material and Consumables - CHQ*	49,338	14,181
Mill raw material and Consumables - Ipoki	38,370	13,521
Evacuation, Wages and Runnings expenses	4,017	3,004
	91,725	30,706

*Mill raw material and Consumables - CHQ includes non- cash raw material valued at the point of harvest which amounted to N1,690,000, (2021: N2,915,000) disclosed in note 19.2

11 Employee benefits expense

	6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000 *Unaudited
Pension	1,906	1,663
Wages	4,564	1,173
Staff cost	46,632	34,669
Leave allowance	3,061	104
Staff Welfare	9,979	1,501
	66,142	39,110

11.1 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:

Amount (₦)	Number	Number
100,000 - 500,000	23	24
500,001 - 1,000,000	10	10
1,000,001 - 1,500,000	13	10
1,500,001 - 2,000,000	5	4
2,000,001 - 2,500,000	1	-
2,500,001 - 3,000,000	-	1
3,000,001 - 3,500,000	2	2
3,500,001 - 4,000,000	-	1
5,000,001 - 5,500,000	1	1
6,000,000 and above	1	1
	56	54

11.2 The average number of full time personnel employed by the company during the year are as follows:

	2022 Number	2021 Number
Chief Executive Officer	1	1
Senior Manager	1	1
Manager	3	2
Officer	18	18
Junior	33	32
	56	54

		6 Months Ended 30-Jun 2022	6 Months Ended 30-Jun 2021
11.3	Director renumeration		
	Directors' remuneration paid during the year comprises:	₦'000	₦'000 *Unaudited
	Directors fees	34,500	-
	Other allowances and expenses	73,967	34,828
		108,467	34,828
11.4	The directors' renumeration shown above includes:		
	Highest paid director	14,794	9,180
	Chairman renumeration	13,759	8,235

11.5 Employee benefits expense

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:

	2022 Number	2021 Number
₦450,000 - ₦4,000,000	2	2
₦4,000,001 - ₦19,000,000	8	6

12	Other expenses		6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000 *Unaudited
	Rent and rates		336	336
	Repairs and maintenance		7,742	2,521
	Office general expenses		7,414	2,477
	Security expenses		14,473	4,440
	Motor vehicle licenses and renewal		55	-
	Land use charge		1,069	165
	Printing and communication expenses		1,172	1,154
	Advertising, publicity and subscriptions		4,118	636
	Hotel and travelling expenses		10,123	8,672
	Recruitment expenses		1,806	8,009
	Other professional fees and expenses		14,567	500
	AGM expenses		-	18,658
	Household equipment and materials		402	566
	Enumeration expenses*		5,047	-
	Fine and Penalty		1,870	-
	Website renewal		418	-
	Car Hire		2,656	-
	Insurance		1,622	-
	Bank Charges		1,634	1,165
	Directors remuneration	11	108,467	34,828
	Audit fees		12,500	200
	Secretarial fees		7,095	2,311
	Legal expenses		2,053	3,107
	Corporate social responsibility		5,324	1,117
	Damaged Items/Asset**		-	563
	Depreciation and amortisation expense		12,152	4,808
			230,115	96,233

* This relate to cost incurred to know the number of palm trees at various plantation estates.
** Its relate to cost incurred to repair damage items during END-SARS protest.

During the period, the company's auditor, Ernst and Young, did not offer any non-audit services to the company.

13 Depreciation and amortisation expense	6 Months Ended 30-Jun 2022 ₦'000	6 Months Ended 30-Jun 2021 ₦'000 *Unaudited
Depreciation of property, plant and equipment	20,141	8,000
Depreciation of bearer plants	12,703	4,994
Depreciation and amortisation	32,844	12,994
Raw materials and consumables used	20,692	8,186
Depreciation and amortisation expense	12,152	4,808

Depreciation and amortisation include depreciation of Property, plant and equipment and depreciation of Bearer's plant. (Note 17 and Note 18) . Company charged 63% to raw and consumables used and remainning 37% to other expenses.

14 Profit before tax	2022	2021
This is stated after charging:	₦'000	₦'000
Auditors' remuneration	12,500	200
Directors remuneration	108,467	34,828
Depreciation of property, plant and equipment	32,844	12,994
Staff cost	46,632	34,669

15 Income tax

The components of income tax expense for the year ended 30 June 2022 and 2021 are as follows:

15.1 Current income tax expense	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Company income tax	9,330	35,090
Education tax	4,936	439
Nigeria Police Trust Fund	9	9
Total current tax	14,275	35,538
Deferred tax expense in profit or loss	39,634	45,000
Income tax for the period	53,909	80,538

15.2 Reconciliation of effective tax rate		30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Profit before income tax expense	Rate	181,061	175,450
Income tax based on corporate tax rate	30%	54,318	52,635
Disallowables expenses		-	(121,266)
Non -taxables income		(5,345)	(35,436)
Claimable capital allowance		-	184,596
Education tax	2.5%	4,936	9
Total income tax expense	32.5%	53,909	80,538

15.3 Reconciliation of deferred tax liability	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Opening balance as at 1 January	97,654	873
Tax expense during the period/year recognised in P or L	39,634	96,781
Balance as at 30 June/ 31 December	137,288	97,654

15.4 Current tax liability

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Balance as at 1 January	41,842	30,573
Charge for the year	14,275	11,270
Income tax paid	-	-
Adjustments in respect of current income tax of previous year	-	-
Balance as at 30 June / 31 December	56,117	41,842

15.5 Deferred tax related to the following:

30 June 2022	Net balance at the beginning ₦'000	Recognised in Income statement ₦'000	Net Deferred Tax Liabilities/(assets) ₦'000
Buildings	7,813	4,907	12,720
Motor Vehicles	1,927	135	2,062
Plant and Equipment	(22,775)	5,499	(17,276)
Furniture and Fittings	(353)	3,742	3,389
Bearer Plants(Plantation Development)	124,629	3,735	128,364
Unutilized Capital allowance	(15,015)	15,015	-
Unrelief Loss Carried Forward	-	-	-
Increase in Fair Value of Biological Assets	1,428	6,601	8,028
	97,654	39,634	137,288

31 December 2021	Net balance at the beginning ₦'000	Recognised in Income statement ₦'000	Net Deferred Tax Liabilities/(assets) ₦'000
Buildings	4,439	3,374	7,813
Motor Vehicles	3	1,925	1,927
Plant and Equipment	(25,131)	2,355	(22,775)
Furniture and Fittings	(269)	(84)	(353)
Bearer Plants(Plantation Development)	69,578	55,051	124,629
Unutilized Capital allowance	(76,097)	61,082	(15,015)
Unrelief Loss Carried Forward	-	-	-
Increase in Fair Value of Biological Assets	28,348	(26,921)	1,428
	873	96,781	97,654

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (31 December 2021: 30%).
The deferred tax assets and liabilities have been offset because the company has a legally enforceable right to set off current tax assets against current tax liabilities.

16 Earnings per share (EPS)

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Profit attributable to ordinary shareholders	127,136	94,912
Weighted average number of ordinary shares for basic/diluted for basic	96,000	96,000
Basic, profit per ordinary share (kobo)	1.32	0.99
Diluted,profit per ordinary share (kobo)	1.32	0.99

17 Property, plant and equipment	Freehold land ₦'000	Leasehold land ₦'000	Buildings ₦'000	Plant & Equipments ₦'000	Motor Vehicles &cycles ₦'000	Furniture & Fittings ₦'000	Capital work in-progress ₦'000	Total ₦'000
Cost or valuation								
At 1 January 2021	2,640	98,757	96,894	344,391	50,778	37,998	-	631,458
Additions	-	7,876	62,705	18,471	13,885	9,171	8,390	120,498
At 31 December 2021	2,640	106,633	159,599	362,862	64,663	47,169	8,390	751,956
Additions	-	8,757	77,908	7,563	485	13,121	-	107,834
Transfer	-	-	-	8,390	-	-	(8,390)	-
At 30 June 2022	2,640	115,390	237,507	378,815	65,148	60,290	-	859,790
Depreciation								
At 1 January 2021	-	3,429	60,571	311,567	49,147	32,757	-	457,471
Depreciation charge for the year	-	4,239	8,108	10,604	3,670	6,762	-	33,383
At 31 December 2021	-	7,668	68,679	322,171	52,817	39,519	-	490,854
Depreciation charge for the period	-	2,259	8,560	3,361	1,773	4,188	-	20,141
At 30 June 2022	-	9,927	77,239	325,532	54,590	43,707	-	510,995
Carrying Amount								
At 30 June 2022	2,640	105,463	160,268	53,283	10,558	16,583	-	348,795
At 31 December 2021	2,640	98,965	90,920	40,691	11,846	7,650	8,390	261,102
Cost or valuation (*Unaudited)								
At 1 January 2021	2,640	98,757	96,894	344,391	50,778	37,998	-	631,458
Additions	-	3,938	31,353	9,236	6,943	4,586	4,195	60,249
At 30 June 2021 *Unaudited	2,640	102,695	128,247	353,627	57,721	42,584	4,195	691,707
Depreciation (* Unaudited)								
At 1 January 2021	-	3,429	60,571	311,567	49,147	32,757	-	457,471
Depreciation charge for the year	-	1,130	2,210	1,681	887	2,094	-	8,000
At 30 June 2021 *Unaudited	-	4,559	62,781	313,248	50,034	34,851	-	465,471
Carrying Amount								
At 30 June 2021 *Unaudited	2,640	98,137	65,466	40,379	7,687	7,733	4,195	226,236

* The leasehold land is depreciated over the shorter of the useful life of the asset or lease term.
* There are no restrictions on title and the company did not pledge any assets for any loan or guarantee during the period.
* There are no contractual commitments for the acquisition of property, plant and equipment during the reporting and comparative period.

18 Bearer's plant

	Matured Plantation	Work-in-progress	Total
Cost	₦'000	₦'000	₦'000
At 1 January 2021	409,726	149,031	558,757
Additions	71,527	171,238	242,765
Transfer	149,031	(149,031)	-
At 31 December 2021	630,284	171,238	801,522
Additions	-	99,250	99,250
Transfer	-	(63,172)	(63,172)
At 30 June 2022	630,284	207,317	837,600
Depreciation			
At 1 January 2021	172,916	-	172,916
Charge for the year	16,507	-	16,507
At 31 December 2021	189,423	-	189,423
Charge for the period	12,703	-	12,703
At 30 June 2022	202,126	-	202,126
Carrying Amount			
At 30 June 2022	428,158	207,317	635,475
At 31 December 2021	440,861	171,238	612,099
Cost (*Unaudited)			
At 1 January 2021	409,726	149,031	558,757
Additions	35,764	85,619	121,383
At 30 June 2021 (*Unaudited)	445,490	234,650	680,140
Depreciation (*Unaudited)			
At 30 June 2022	172,916	-	172,916
Charge for the year	4,994	-	4,994
At 30 June 2021 (*Unaudited)	177,910	-	177,910
Carrying Amount (*Unaudited)			
At 30 June 2021 (*Unaudited)	267,580	234,650	502,230

*Matured plantation relates to capitalized cost on matured palm trees that bears and produces fresh fruit bunches.
*Work-in-progress relates to capitalized cost on immature palm plantations. That is, the expenditure incurred on the nursery of seedlings at various estates of the company.

*Transfer relates to cost of 100,000 seedlings to inventories held for sale during the period.

19 Biological assets

This represent produce (Fresh Fruit Bunches) growing on bearer plants and is measured at fair value less cost to sell.

19.1 Non Current:

	30-Jun 2022	31-Dec 2021	30-Jun 2021
	₦'000	₦'000	₦'000 *Unaudited
At 1 January	137,447	132,688	132,688
Change in fair value on biological assets (P or L)	26,760	4,759	2,380
	164,207	137,447	135,068

19.2 Agricultural produce

This represent harvested (Fresh Fruit Bunches) from entity's biological asset and is measured at fair value less estimated cost to sell.

The company has twelve maintained plantations estates across Ondo state (Okitipupa axis) including Company Head Quarter. Due to the security challenges in the area, management strategies to operate effectively by temporary lease right to harvest Fresh Fruit Bunches to host communities member's in elevan plantations estate for short term and consideration.

During the period, all harvested fruit at Company Head Quarter were transfered to milling factories for production of crude palm oil at fair value which amounted to N 1.69 million (31 December 2021: N 2.92 million) (30 June 2021 *unaudited: N2.915 million).

As at June 2022, no fresh fruit bunches harvested unconsumed.

20 Investment- equity	30-Jun 2022	31-Dec 2021
	₦'000	₦'000
Investment in Sovereign Trust Insurance	144	160

At 30 June 2022, the Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

Quoted Equity	Unit held	Fair value At 30 June.	Fair value loss during the period	Dividend Income during
Sovereign Trust Insurance	532,343	144	(16)	-
		144	(16)	-

The number of unit held in 31 December 2021 remain the same, and fair value is N159,702 with significate change (gain) during the year.

21 Deferred assets	30-Jun 2022	31-Dec 2021
	₦ 000	₦ 000
Project Everest (Core investor)	106,950	106,950

There were capital commitments for project everest that was set up by the directors of okitipupa Oil Palm Plc for the Sale of 51% stake to the interested core investor, Injection of fresh capital into the company, and re-listing the shares of the company at the Nigeria Stock Exchange.

As at June 2022, Greenwich Trust Limited was appointed as company financial adviser (Lead consultant) to oversee the above objectives with the support of the sub-consultants.

Details of transactions between the company and appointed consultants are dosclosed below:

	2022	2021
	₦ 000	₦ 000
Financial adviser (Lead consultant)	80,000	80,000
Sub- consultants	26,950	26,950
	106,950	106,950
Analysis of cash flow movement		
As at January	106,950	104,500
Payable to sub-consultant	-	-
cash paid	-	2,450
As at 30 June / 31 December	106,950	106,950

22 Inventories

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Finished crude palm oil	23,026	744
Agro Chemical	5,153	8,223
Raw Materials	2,223	-
Seedlings	63,172	-
Stationeries and Printings	2,077	778
	95,651	9,745

Analysis of production of crude palm oil.

The Company harvested 4,024 bunches (31 December 2021: 6,274 bunches) of fresh fruit bunches (FFB) at Company Head Quarter, bought fresh fruit bunches of 110,103 (31 December 2021: 82,009) and sold 97.21 metric tonnes of palm oil (31 December 2021- 89.01 tons).

Net effect of inventories valuation of N24,721000 is a reversal of write-down stationaries, agro chemical in the store, raw material and finished crude palm oil.

Reconciliation of change in inventories to statement of cash flows is as follows

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Opening Balance	9,745	283
Closing balance	(95,651)	(8,828)
Add back non-cash items:		
Non- cash in Finished crude palm oil	22,282	-
Non- cash in agro chemical	5,298	-
Non-cash in Seedlings	63,172	-
Non- cash in raw material	2,223	-
Change in inventories in statement of cash flows	7,069	(8,545)

23 Trade and other receivables

		30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Trade licensees*	23.1	73,971	6,178
Other receivables	23.2	6,469	6,469
Staff loan	23.3	2,000	1,019
Salaries advances	23.4	2,739	1,191
Staff advances	23.5	1,388	-
		86,567	14,857

Terms and conditions of the above financial assets:

Trade receivables are non -interest bearing and are generally on term of 30 days. The reconciliation of gross carrying value and impairment allowance are provided in much detail under credit risk note 5.2.2. Trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

23 Trade and other receivables-Continued

23.1 Trade receivables

	2022	2021
	₦'000	₦'000
Trade receivables	118,688	55,978
Allowance for expected credit losses	(44,717)	(49,800)
	73,971	6,178

Reconcilation of expected credit loss of trade and Other receivables

	Trade Receivables	Other Receivables	Salaries advances	Staff advances	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	49,800	8,301	551	3,895	62,547
Reversal of expected credit loss	(5,083)	-	-	-	(5,083)
At 30 June	44,717	8,301	551	3,895	57,464

	Trade Receivables	Other Receivables	Salaries advances	Staff advances	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	-	-	-	-	-
Expected credit loss for the period	49,800	8,301	551	3,895	62,547
At 31 December	49,800	8,301	551	3,895	62,547

23.2 Other receivables comprises of amount paid in advance to service provider (unclaimed dividend in custody of Greenwich Registrars and Data Solutions Ltd) during the periods.

	2022	2021
	₦'000	₦'000
Other receivables	14,770	14,770
Allowance for expected credit losses	(8,301)	(8,301)
At 30 June/31 December	6,469	6,469

23.3 The staff loans represent interest free loans given to members of staff of Okitipupa Oil Palm Plc. The loans repayments are usually monthly or quarterly; depending on the agreement with individual members of staff. The amount due from key managemnt personnel as at 30 June 2022 disclose in note 34

23.4 Salary advances were non- interest advance payment made to staff upon request which are deductable from the individual staff salary on a monthly basis.

	2022	2021
	₦'000	₦'000
At 1 January	1,191	586
Advances during the year	4,526	1,742
Deducted from salaries during the year	(2,427)	(586)
Allowance for expected credit losses	(551)	(551)
At 30 June/31 December	2,739	1,191

*The amount impaired represent staff that have resigned.

23.5 This relates to upfront payment to the company staff for specific expenses to be incurred on behalf of the Company yet to be retired at the end of the year.

	2022	2021
	₦'000	₦'000
Staff advances	5,283	3,895
Allowance for expected credit losses	(3,895)	(3,895)
At 30 June/31 December	1,388	-

24 Cash and cash equivalents

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000	30-Jun 2021 ₦'000 *Unaudited
Cash balances	151	250	153
Bank balances	8,155	114,326	12,541
	8,306	114,576	12,694

Cash and cash equivalents in the statement of financial position comprises cash at bank and on hand.

25 Share capital

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Authorised :		
100,000,000 ordinary shares of 50 kobo each	50,000	50,000
Issued called up shares capital:		
96,000,000 ordinary shares of 50 kobo each	48,000	48,000
	48,000	48,000

26 Share Premium

Share premium	9,368	9,368

Companies and Allied Matters Act 2020 requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

27 Deposit for shares

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Deposit for shares	134,000	134,000

Deposit for shares includes N120 million payments made by Ondo State Government to offset the company's indebtedness to Guaranty Trust Bank in 2011 and N 14 million spent by Estaport Farms Limited to call for Annual General Meeting in 2011 was agreed and approved by the board to be recognised as deposit for shares.

There is no obligation on the Company to refund the deposit in the nearest future.

28 Dividend

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Dividend Declared	24,000	24,000
Dividend Paid	(17,531)	(17,531)
Unclaimed Dividend	6,469	6,469

At Annual General Meeting held on 14th April 2021, the board of director approved payment of dividend of 25 kobo per ordinary share exclusive of withholding tax.

29 Other post-employment benefits obligations

	Note	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Other Post-employment benefit	29.1	50,724	50,436
		50,724	50,436

29.1 Other Post-employment benefit

Contributions during the period:		
Company	28,180	28,020
Employees	22,544	22,416
At 30 June / 31 December	50,724	50,436

29 Post-employment benefits obligations-Continued

The Company has a defined contribution plan for employees post-employment benefits. In accordance with the Pension Reform Act 2014, the Company and its employees make a joint contribution of 10% and 8% basic salary, housing and transport allowance respectively to each employee's retirement savings account maintained with their nominated pension fund administrators.

30 Other payables

		30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
Sundry creditors	30.1	153,654	139,481
Pay As You Earn		9,184	16,369
Industrial Training Fund		7,587	7,587
Witholding Tax	30.2	25,798	19,784
Development Levy		1,330	1,330
Accruals	30.3	51,570	51,574
Provision	30.4	43,805	45,917
		292,928	282,042

30.1 Sundry creditors represents amount payable to the company's service providers at the end of the period and year respectively. The amount is non-interest bearing with average terms below six and twelve months respectively.

30.2 Withholding Tax

	2022 ₦'000	2021 ₦'000
At 1 January	19,784	-
Amount withheld during the period/year	8,246	19,784
Payment during the period	(2,232)	-
At 30 June /31 December	25,798	19,784

30.3 Accruals relates to audit fees payable, wages and salaries , other non-interest bearing payable and terminal benefit of employee.

Accrued terminal benefit relates to old employee (Employee who served from 1 June 2006 to 30 November 2018) valued at termination date and no interest has been applied to the accrued liability between the termination date and the reporting date except benefit paid (if any).

The valuation of accrued terminal benefit as at termination date were done by Zamara Actuaries, Administrators and Consultants Limited duly signed and authorised by James Olubayi with FRCN number: FRC/2019/00000012910. The accrued liability is calculated as the terminal benefits for the employees based on the final earnings for each member as at reporting date. The terminal benefits is the sum of the retirement benefit entitlement and service gratuity benefit entitlement based on the old staff contracts of service as at the termination date.

Reconciliation of accrued terminal benefit *The accrued terminal benefit comprises of 134 male and 37 female:*	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
At 1 January	51,570	52,097
Benefit paid during the period	-	(527)
At 30 June /31 December	51,570	51,570

30 Other payables-Continued

30.4 The provision relates to obligation that is probables over the matter on-negotiation with Unity bank and employee that served on or before 1 June 2006. The amount relate to the probable portion that is deemed to give rise to obligation as at 30 June 2022.

	30-Jun 2022 ₦'000	31-Dec 2021 ₦'000
At 1 January	45,917	45,917
Benefit paid during the period*	(2,112)	-
At 30 June /31 December	43,805	45,917

* The benefit paid during the period represent payment made to old employee who served on or before 2006.

31 Contract Liabilities

		30-Jun 2022 ₦'000	31-Dec 2021 ₦'000	30-Jun 2021 ₦'000
At 1 January		637,063	280,651	46147
Received during the period/year		536,689	1,021,250	603,199
Released to the statement of profit or loss	8.2	(539,749)	(664,839)	(330,815)
At 31 December		634,003	637,063	318,532
Current		634,003	637,063	318,532
		634,003	637,063	318,532

The contract liabilities relates to advance consideration received from trade licensees' for right to farming and havested of Fresh Fruit Bunches at allocated plantation estates excluding company head quarter. Lease income is recognised based The lease income recognition based on the allocated acres of land to licensees annually over a period of one year and apportioned over the months.

32 Contingent assets and liabilities

a) Contingent Asset

As at 30 June 2022, there is a matter on negotiation between the Company and Guarantee Trust Bank in respect of excess payment of previous indebtedness of the Company to the Bank of N27,724,822. The negotiation is still at early stage as the bank has not accept overcharging the Company.

b) Contingent Liabilities

As as 30 June 2022, matter on negotiation in respect of interest overcharge by unity Bank on a loan taken and repaid by the Company is on-going. Information gotten from Company's Lawyer indicate that probability of exposure to additional liabilities by the Company is remote. The company made provision for the deemed exposure that may arise of N15,206,395. The contingent liability not provided for in the financial statements is N162,709,175. In the opinion of the Board of Directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from there claims. Thus, no provision has been made in these financial statements

Furthermore, there is contingent liability of N23,653,146 relating to claim by old employees of the the Company relating to employment obligation before 2006. In the opinion of the Board of Directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from there claims. Thus, no provision has been made in these financial statements.

33 Capital commitments

There were no known capital commitments as at 30 June 2022 (31 Decenber 2021: Nil).

34 Related party transactions

The following shows the total amount of transactions that have been entered into with related parties for the period ended 30 June 2022.

Details of transactions between the Company and its related parties are disclosed below.

	Note	Interest received ₦ 000	30-Jun 2022 ₦ 000	31-Dec 2021 ₦ 000
Amounts due from related parties				
Chief Executive officer	22.3	Nil	2,000	1,019
			2,000	1,019

Transactions with key management personnel .

i The Company management approved N 2million loan to Mr.Taiwo Adewole the chief executive Officer which is expected to be deducted from his salaries for next six months without any interest.

ii Mr. Adewale Osomo is a non executive Director, he is also a principal partner of Osborne Law . Osborne Law is providing legal, secretarial, and sub-consultant services to Okitipupa Oil Palm Plc. During the period N6 million was paid for services rendered (31 December 2021: N32.2 million).The transactions were carried out at arms length.

iii The managing director of Around D' Clock Security Company Limited is related to one of Non-Excecutive Director. Around D' clock Security company Limited has an existing contract for provide security personnel to the Company Head Quarter and plantation estates. During the period N34 million was paid for the services rendered (31 Decemebr 2021: N77.7 million). The transaction was carried out at arms length.

35 COVID-19

There have been no impact of COVID-19 on the Company's business operations. There is no knowledge of COVID -19 affecting customer orders due to the pandemic.

36 Events after reporting date

Enumeration of palm trees at various estate

The Directors plan to commence enumaration of palm trees at various plantation estates which could impacted lease income activities.This might increase or decrease the company acreage allocation to trade licensees.

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Other National Disclosures

OKITIPUPA OIL PALM COMPANY PLC
Value added statement
for the six months ended 30 June

	30-Jun 2022 N'000	%	30-Jun 2021 N'000 *Unaudited	%
Revenue	630,702		360,212	
Bought in materials and services:				
-Local	(242,188)		(97,830)	
	388,514		262,382	
Value added	388,514		262,382	
Applied as follows:				
To Employees:				
- as salaries, wages and other staff costs	66,142	17%	39,110	15%
- Directors remuneration	108,467	28%	34,828	13%
To Government as:				
- Income tax expense	14,275	4%	35,538	14%
- Deferred tax expense	39,634	10%	45,000	17%
Retained in the business:				
To maintain and replace				
- Depreciation and amortisation	32,844	8%	12,994	5%
- Retained for future development	127,152	33%	94,912	36%
Value added	388,514	100	262,382	100

OKITIPUPA OIL PALM COMPANY PLC
Four and Half -year financial summary
for the six months ended 30 June

Statement of profit or loss and other comprehensive income

	30-Jun 2022	30-Jun 2021	31-Dec 2020	1-Jan 2020	31-Dec 2018
		*Unaudited	*Restated	*Restated	
	N'000	N'000	N'000	N'000	N'000
Revenue	630,702	360,212	555,086	281,179	272,107
Profit before taxation	181,061	175,450	288,394	(65,918)	(68,709)
Profit for the year	127,152	94,912	245,992	3,553	(68,709)
Total comprehensive income for the year	127,136	94,912	245,992	3,553	(68,709)

Statement of financial position

	30-Jun 2022	31-Dec 2021	31-Dec 2020	1-Jan 2020	31-Dec 2018
Employment of funds	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	348,795	261,102	173,987	122,478	81,052
Bearers Plant	635,475	612,099	385,841	382,501	379,996
Biological Assets	164,207	137,447	132,688	38,194	-
Deferred tax assets	-	-	-	76,250	18,237
Investment-equity	144	160	50	50	50
Deferred assets	106,950	106,950	-	-	-
Current asset	190,524	139,178	310,447	83,353	32,711
Current liability	1,040,241	1,017,852	895,834	781,788	441,025
Net current assets	(849,717)	(878,674)	(585,387)	(698,435)	(408,314)
Non Current liabilities	(137,288)	(97,654)	(873)	(12,442)	(6,271)
Net assets	268,566	141,430	106,306	(91,404)	64,750
Funds Employed					
Share capital	48,000	48,000	48,000	48,000	48,000
Share premium	9,368	9,368	9,368	9,368	9,368
Retained earnings/Accumulated Losses	77,104	(50,048)	(85,062)	(282,772)	(126,618)
Fair value reserve	94	110	-		
Deposit for shares	134,000	134,000	134,000	134,000	134,000
	268,566	141,430	106,306	(91,404)	64,750