PRESCO PLC

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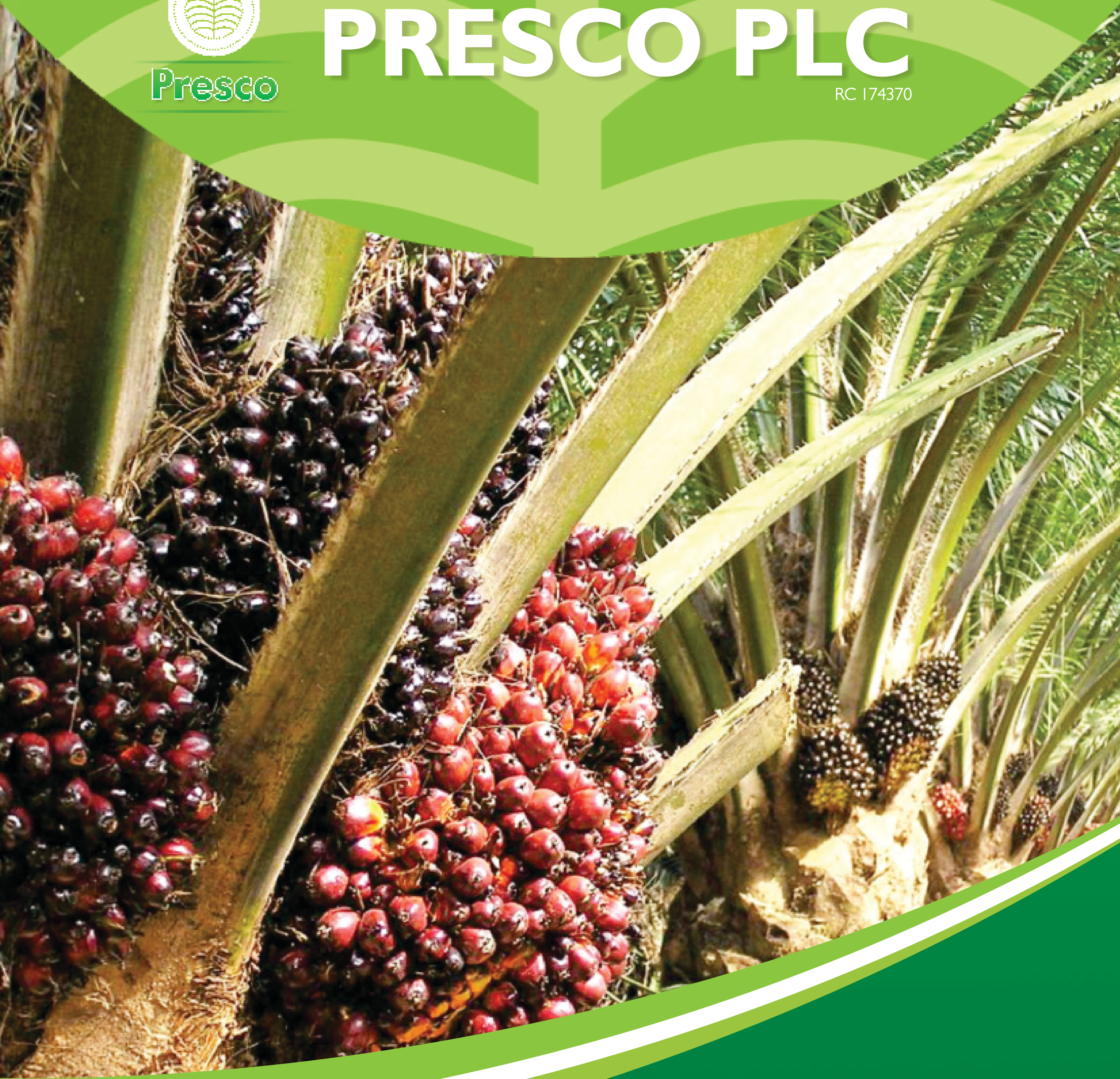

ANNUAL REPORT & ACCOUNTS 2015

PRESCO PLC

Producer of Specialty Fats and Oils

Presco is a fully integrated agro industrial establishment with oil palm plantations , palm oil mill, palm kernel crushing plant and vegetable oil refining plant. It is at present the only one of such in Nigeria.

Presco specialises in the cultivation of oil palm and the extraction, refining and fractionation of crude palm oil into finished products.

Presco supplies specialty fats and oils of outstanding quality to customers specification and assures reliability of supply of its products all year round. This is made possible by the integrated nature of the company's production cycle. Presco has commenced investment in the rubber sector and has already established a bud wood garden along with the acquisition of approximately 14,000 ha of land for oil palm and rubber plantation.

Contact information

Presco Plc
Obaretin Estate
Km 22, Benin / Sapele Road P O Box 7061
Benin City, Edo State, Nigeria

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Company Profile

COMPANY PROFILE

Presco is a public limited liability company incorporated on September 24, 1991 under Nigerian law. Its corporate head office is at the company's Obaretin Estate near Benin City.

Presco holds the Obaretin Estate (a concession of 7,000 hectares) and the Ologbo Estate (a concession of 11,000 hectares), both located in Edo State, and the Cowan Estate, a concession of 2,800 hectares in Delta State.

Presco today consists of :

- Oil palm plantations of 16466 hectares of which 11,587 are mature
- A palm oil mill with a capacity of 60 tonnes fresh fruit bunches/hour
- A refinery / fractionation plant with a capacity of 100 tonnes/day
- A palm kernel crushing plant with a capacity of 60M tonnes/day

Presco is a subsidiary of Siat s.a. (http://www.siat-group.com/) a Belgian agro-industrial company specialized in industrial as well as smallholder plantations of tree crops, mainly oil palm and rubber, and allied processing industries such as palm oil mills, palm oil refining / fractionation, soap making and crumb rubber factories. Siat diversified its activities into cattle ranching. Siat sa has subsidiaries in Nigeria, Ghana, Gabon, Cote d'Ivoire and Cambodia. Siat's head office is based in Brussels.

Brief history

During the seventies, the Government of the then Bendel State of Nigeria (which is now divided into two states: Edo State and Delta State) initiated a programme for the development of oil palm cultivation with the financial support of the World Bank.

Presco today:

Employment Generation

Presco is one of the largest employers of labour in Edo and Delta states, with a total of about 3,500 staff and workers

Indirectly, Presco's operations positively impact on the livelihoods of many more people through transport contracts, construction contracts, fresh fruit bunches and kernel purchases from farmers, as well as by the company being a large consumer of goods and services.

Plantation Development

In keeping with its aspiration of maintaining a leading position in the oil palm sub-sector of the agro-industry in Nigeria, Presco plans to continue its forward looking vision of plantation expansion and development in oil palm cultivation. Total land bank is 35000 hecters of which already planted with oil palm is 16,466 hecters

Industrial facilities

The fully integrated industrial facilities consist of palm oil mill with a capacity of 60 tonnes fresh fruit bunches per hour, palm kanel crushing plant with a capacity of 60 tonnes per day and refinery fractionation plant with a capacity of 100 tonnes per day.

Community Relations

To create a healthy environment for our operations, and in an effort to ensure that our presence has positive impact on the lives and social well-being of our host communities, our Relations Department handles all aspects of community relations. More specifically we focus on employment, educational infrastructure, road rehabilitation, scholarships for students, provision of electricity, water supplies and other essential facilities.

Environment

Presco firmly believes in environmentally friendly and sustainable production. All waste oil from the mill factory is recycled into the plantation or used as fuel to generate green process steam and electricity. As a member of the Siat Group of Companies, Presco is actively involved in a joint research programme with CIRAD. This research programme focuses on developing criteria for sustainable and environmentally responsible plantation development and management.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of Presco Plc will be held at The Dura Club, Obaretin Estate, Km.22, Benin/Sapele Road, Ikpoba-Okha LGA, Edo State on Wednesday, July 20, 2016, at 12.00 noon to transact the following business:

Ordinary Business:

1. To lay before the meeting the audited accounts of the Company for the year ended 31 December 2015 together with the reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect and re - elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

Special Business

6. To approve the remuneration of Directors
7. To re-appoint Akintola Williams Deloitte as the independent auditors of Presco Plc
8. To re - elect Dr. Shettima Mustafa, CON, who has attained the age of 70 years, as a director of the company pursuant to section 256 of the Companies and Allied Matters Act 2004.

NOTES

1. Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed; executed proxy forms should be deposited at the office of the Company's Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos not less than 48 hours before the time of the meeting.

2. Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed from Monday July 4, to Wednesday July 6, 2016 (both days inclusive) to enhance preparation for the payment of dividend.

3. Dividend

If the dividend recommended by the Directors is approved, dividend warrants will be posted on Thursday July 21, 2016 to the shareholders whose names are on the register of members at the close of business on Friday, July 1, 2016

4. E-Dividend

Pursuant to the directive of the Securities and Exchange Commission, notice is hereby given to shareholders to provide account for the purpose of e-dividend/bonus. A form is inserted into this Annual Report & Accounts 2015 for completion by all shareholders to furnish the particulars of their accounts to the Registrars (First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu)

5. **The Qualification Date**
   The qualification date for payment of dividend is July 1, 2016

6. **Registered Office,**
   Obaretin Estate, Km 22, Benin/Sapele Road, Ikpoba-Okha LGA, Edo State.

7. **Shareholders' Right to Ask Questions**
   Shareholders reserve the right to ask questions at the Annual General Meeting. Shareholders may also submit their questions prior to the meeting in writing to the company, in line with Rule 19. 12 (c) of the listing rules of Nigerian Stock Exchange. Such questions should be addressed to the Company Secretary and reach the Company at its Registered Office or by electronic mail at info.presco@siat-group.com not later than 7 days prior to the date of the meeting.

8. **Audit Committee**
   In accordance with Section 359(5) of the Companies and Allied Matters Act 2004 any member may nominate a qualified shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Meeting.

BY ORDER OF THE BOARD

Patrick Uwadia, Esq.
Company Secretary
FRC/2013/ICSAN/00000004864

Registered Office

Dated this 6th day of May 2016
Obaretin Estate, Ikoba/Okha LGA,
Edo State, Nigeria

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Financial Position

	2015 N'000	2014 Restated N'000
Total Assets	**55,477,999**	**49,818,490**
Shareholders Funds	30,395,473	29,058,955
Share Capital	500,000	500,000
Share Premium	1,173,528	1,173,528
Revenue Reserves	28,663,221	27,342,427

Statement of Comprehensive Income

	2015	2014
Turnover	10,448,353	9,137,704
Profit before taxation	4,214,741	7,900,779
Profit After taxation	2,320,794	5,194,043
Profit Retained	2,320,794	5,194,043
Total Comprehensive income	**2,336,518**	**5,196,421**

Information per 50 kobo ordinary share

	2015	2014
Earnings (kobo)	232	519
Dividend proposed (kobo)	100	100
Net assets per share (kobo)	30	29

Directors and Professional Advisers

BOARD OF DIRECTORS:

Mr. Pierre Vandebeeck (Belgian)	Chairman
Mr. Felix O. Nwabuko FCA	Managing Director Appointed wef 01 February 2015
Mr. Uday Pilani (Indian)	Managing Director Resigned wef 31 January 2015
Engr. James B. Erhuero, JP, mni, OON	Independent Non Executive Director
Mr. Georges Piana (Belgian)	Executive Director Resigned wef February 3rd 2016
Mr. Osa Osunde FCISN FCTI	Independent Non Executive Director
Dr. Shettima Mustafa, CON	Independent Non Executive Director
Mrs. Marie Vandebeeck (Belgian)	Non Executive Director
Chief Dr. Bassey E.O. Edem, FCA, MFR	Independent Non Executive Director
HRH Prince Aiguobasinmwin. Akenzua	Independent Non Executive Director
Mr. Nicolaas Martin Oosthuizen (South Africa)	Executive Director
Mr. Rudi Sylvain Bodar (Belgian)	Executive Director wef February 4, 2016

COMPANY SECRETARY:	Patrick Uwadia, Esq.
REGISTERED OFFICE:	Obaretin Estate, Km. 22, Benin/Sapele Road, Ikpoba-Okha Local Government Area, Benin City, Edo State.
REGISTRARS & TRANSFER OFFICE:	First Registrars Nigeria. Limited, Plot 2, Abebe Village Road P.M.B. 12692 Marina, Lagos, Nigeria
TECHNICAL PARTNER/ MANAGING AGENT:	sa Siat nv Brussels, Belgium
SOLICITORS:	Abdulai, Taiwo & Co. Goodwill House, 278, Ikorodu Road, Lagos, Nigeria
AUDITORS:	Akintola Williams Deloitte (Chartered Accountants) 235 Ikorodu Road, Ilupeju P. O. Box 965, Marina Lagos, Nigeria.

Chairman's Statement

Distinguished Shareholders, Fellow Directors, Ladies and Gentlemen,

It is my honour and privilege to welcome you all to the 23rd Annual General Meeting of our Company. We are here today to consider the Annual Report and Accounts of the Company for the year ended 31 December 2015, but as usual, before doing that it is necessary to review some of the relevant environmental factors under which we operated in the year 2015.

The Business Environment

In relation to 2014, increased challenges was experienced in 2015 business environment as issues flowing from the general election and political transition created uncertainty for the greater part of the year. Added to this were the worsening unavailability of forex for procurement of capex goods and essential inputs, policy inconsistencies, funding problems including rise in bank lending rates and security concerns in various parts of the country. The Naira depreciated by about 30% during the year and inflation rate rose to 9% at the end of 2015 compared to 8% at the end of 2014. Nevertheless the resilience and robustness of the Nigerian economy makes it remain a destination of choice.

By the Report of the Central Bank of Nigeria on the "Fourth Quarter of 2015, the National Bureau of Statistics (NBS) showed that provincial data indicated that growth in the key monetary aggregate accelerated at the end of the fourth quarter of 2015. On quarter - on- quarter basis, broad money supply grew by 7.0 %, in contrast to the decline of 0.5% at the end of the third quarter. The development relative to the preceding quarter was attributed, largely, to the respective increase of 11.2 and 8.2 per cent in foreign assets (net) and other assets (net) of the banking system. Over the level of 2014, broad money supply grew by 5.9%.

Operating Results

Presco Plc continues to reap the dividends of her expansion programme of the previous years.
The performance of the year 2015 is very good. We achieved a total of fresh fruit bunches (ffb) production of 176,477 tons as against 162,076 tons in the previous year; crude palm oil produced was 39,328 tons compared with 27,586 tons of the year 2014 and refined, bleached, deodorised oil of 29,159 tons compared with 25,279 tons of the year 2014. Our turnover for the year was N 10.448 billion as against N9.138 billion the previous year, resulting in a profit after tax of N 2.231 billion compared with restated 2014 N 5.194 billion.

Management Focus

At the turn of 2015 we reported that we envisaged increased challenges in market and macro-economic conditions in 2015 than was the case in 2014 and that our response will be to concentrate on efficiencies in the management of operations across our value chain and continue with our planned long-term expansion programmes. We are sailing in the right direction, making progress in all facets of our business and continually pushing forward in all fronts to sustain and further enhance our leadership position in our industry. 2016 will see further expansions in our oil palm plantation hectarage, additional investments in processing facilities and support infrastructure and commencement of developments in the 14,000 hectare new project site in Orhionmwon Local Government Area for oil palm and rubber. Increased resources will be invested in our research and development programmes and towards the completion of our RSPO certification.

Dividend

Your Board of Directors has proposed a dividend of 100 kobo per share, which amounts to N1,000,000,000.00 (One Billion Naira only) for shareholders' approval subject to withholding tax at the appropriate rate.

Community Relations

The Company's host communities' development programme continued during the year ended 31 December 2015. The focus continues on education, roads, water, electricity and support for out growers.

Research and Development

We are committed to Research and Development; it is at the forefront of new planting material development and has been very successful in increasing the quantity of FFB and Oil per hectare of plantation. We continue to put effort to be the leader in Research and Development. The amount that was spent on research and development in 2015 was N94.2 million.

We have collaborations with first class research organisations and national and international universities. Every year the research activities are increasing bringing us to our ambition of establishing Presco as a centre of excellence for oil palm cultivation and research in the West African region.

Our People

On behalf of the Board and Shareholders, I thank all employees for their loyalty and commitment to our Company. We also wish to thank those who have retired after many years of loyal service. All those who work for the Company, in whatever capacity, contribute an integral part to the progress that has been made.

Corporate Governance

We continue to strive to ensure we meet up with the requirements of the various regulatory bodies. In line with national and international requirements for greater disclosure and transparency of corporate governance this year's Annual Report as in the past retains an additional section, the Corporate Governance Report. It is expected that this will give greater confidence to our Shareholders as well as other stakeholders.

Appreciation

We continue to count on the support and technical expertise of our core shareholder, nv Siat sa, of which we hereby acknowledge. The contribution of nv Siat sa to Presco Plc over the past years has been the foundation of the Company's success. As for my colleagues on the Board, your wisdom and experience have greatly impacted on the growth of the Company.

To His Royal Majesty the Oba of Benin and to the Governments of Edo and Delta States may I express our deep gratitude for their continued support and for providing the enabling and conducive environment to carry on the company's business activities.

Finally, I thank all Shareholders for their commitment and support and belief.

Thank you and God bless

Pierre Vandebeeck
Chairman

DIRECTORS & OFFICERS
Board of Directors


Mr. Pierre Vandebeeck

Mr. Pierre Vandebeeck (Belgian)	Chairman
Mr. Felix Onwuchekwa Nwabuko, FCA	Managing Director /CEO
Engr. J.B. Erhuero, JP, mni, OON	Ind. - Non Executive Director
Mrs. Marie Vandebeeck (Belgian)	Non - Executive Director
Mr. Osa Osunde , FCISN	Ind. - Non Executive Director
Dr. Shettima Mustafa, CON	Ind. – Non Executive Director
Chief Dr. Bassey E. O. Edem, FCA, MFR	Ind. – Non Executive Director
Nicolaas Martinus Oosthuizen	Executive Director
HRH (Prince) Aiguobasinmwin Ogie Akenzua	Ind. – Non Executive Director
Mr. Rudi Sylvain Bodar (Belgian)	Executive Director

DIRECTORS' BRIEF:

Mr. Pierre Vandebeeck
Mr. Pierre Vandebeeck, a Belgian, is the Chairman Board of Directors of Presco Plc. He holds degrees in Chemistry from the Higher Institution for Chemistry, Sint Truiden, Belgium and Tropical Agriculture Engineering from Agricultural College, Vilvoorde, Belgium. He started his career in 1969 with Afrifina s.a. and was seconded to the Democratic Republic of Congo where he worked in several capacities in coffee, cocoa, rubber and palm plantations. Responsible for establishing several oil palm estates in Nigeria, Mr. Vandebeeck joined Socfinco s.a. in 1974 to start Socfinco' Nigerian operations. He worked as Plantation Manager for Adapalm from 1974 to 1978, then at the 10,000 hectare Risopalm oil palm project from 1978 to 1983. In 1983 he became the Director of Operations for Socfinco in Nigeria, responsible for the conception, preparation and implementation of major tree crop programmes for several state governments and private sector organizations. Prior to joining Presco in 1991 as Managing Director, he was Managing Director of Indufina s.a., Luxembourg from 1990 to 1991.He has been Chairman and Managing Director of Siat since 1991 and is a director of several other companies. Mr. Vandebeeck became the Chairman of Presco Plc on 1 January 2010.

Felix Onwuchekwa Nwabuko FCA ACIT MBA MI oD
Chartered Accountant and Consultant with extensive multi-industry, international, business and project management experience within big four audit firm, international industrial groups and world class university environments. Fellow of Institute of Chartered Accountants of Nigeria, Associate of Chartered Institute of Taxation Nigeria, Alumni of Manchester Business School, United Kingdom and University of Benin, Nigeria, Member Institute of Directors, United Kingdom. His experience spans ten years of professional practice experience at KPMG, over nineteen years' experience in strategic and operational management of large scale industrial oil palm plantation and processing enterprises in the Nigerian and Ghanaian oil palm and vegetable oil industry and seven years of project finance management in the United Kingdom. Managing Director of Presco Plc and Siat Nigeria Limited from 1st February 2015. Previous positions include Ag. Managing Director at Ghana Oil Palm Development Company Limited (GOPDC), Chief Financial Officer at GOPDC, Director of Finance and Corporate Affairs at Presco Plc, Financial Controller at Okomu Oil Palm Plc. Assistant Manager/Branch Manager at KPMG.

Engr. (Chief) James B. Erhuero, MBA, FNIM, JP, mni OON
Engr. J.B. Erhuero joined the Board of Presco Plc on 15 July 2004. He was one time Secretary to the Delta State Government where he previously served as head of Service. Before he became the Head of Service to the Delta state Government, he was a Permanent Secretary in the defunct Bendel State and Delta State Civil Service in the Ministries of Com & Industry, Finance & Economic Planning & Works & Transport. Engr. Erhuero holds a B.Sc honours degree in Mechanical Engineering and Masters' degree MBA (University of Benin 1988) in Systems and Manufacturing Engineering, Certificate in Industrial Projects' Appraisal from the University of Bradford, UK (1979), Member of the Nigerian Institute of Policy & Strategic Studies, Kuru, Jos, (mni…1995), Fellow of the Nigerian Institute of Management, FNIM & once a member of the Governing Council of the Institute – 2009 to 2013amongst others. He is a knight of St. Mulumba (KSM) .

Mrs. Marie Vandebeeck
Mrs. Vandebeeck was reappointed to the board of Presco Plc, in December 2012.
She is a Belgian and the Deputy Managing Director in charge of Corporate Affairs at Siat sa, Brussels, Belgium. Previous positions held include Assistant to the COO for the African Region at HeidelbergCement in Brussels; Deputy Managing Director in charge of Finance and Logistics at Siat sa, Brussels. She previously served at Siat Gabon where she held the position of Deputy Managing Director. She started her career at Siat sa, Brussels as Business Development Manager. Mrs. Vandebeeck holds a Master in Business Engineering from the Catholic University, Leuven and studied at College of management, ESC Lyon and followed a general management program at the Vlerick Leuven-Ghent Management School. She is on the Board of Siat sa, Brussels and other Companies in the Siat Group.

Osa Osunde, FCISN, FCTI, F.IoD
Osa Osunde FCISN, FCTI F.IoD is the Executive Chairman of Fidelity Finance Company limited (Member of the Nigerian Stock Exchange). He holds Higher National Diploma (HND) in accountancy from Auchi polytechnic (1986). He attended the prestigious New York Institute of Finance, New York, USA in 1992. He also attended and fully participated in an international seminar on Directors and Risk Management organized by Risk Reward Ltd, UK in collaboration with FITC in June 2009 amongst other local and over sea courses. He is a member of the New York Stock Exchange and also an Authorized Dealer of the Nigeria Stock Exchange. He is a chartered stockbroker and Fellow of the Chartered Institute of Stockbroker (FCS); being a tax expert, he is a fellow of the Institute of Taxation of Nigeria (FCTI). He is also a Fellow of the Institute of Directors (F.IoD) and many more. Mr. Osunde is on the board of many public companies quoted on the Nigeria Stock Exchange and numerous other private limited liability companies engaged in oil and gas and real estate businesses. He is happily married with children and joined the board of Presco Plc in May 2003

Dr. Shettima Mustafa, OFR, CON
Dr. Mustafa is a renowned Agriculturist who specialized in Plant Breeding and Agronomy.He had served the Federal Republic of Nigeria in various capacities including Honourable Minister of Agriculture and Natural Resources between 1990 and 1992, Honourable Minister of Defence between 2008 and 2009 and Minister of Interior between 2009 and 2010. He previously held the position of Head, Agricultural Projects Monitoring and Evaluation Unit, where he was the Overseer of the ADPs nationwide. He holds a B sc honours and Ph D from the Ahmadu Bello University, Zaria.

Chief Dr. Bassey E.O. Edem, FCA, MFR
Chief Bassey Edem Orok Edem is an administrator, Chartered Accountant and an Agri-Business Magnet. He holds a Diploma in Accountancy from Yaba College of Technology, a Bachelor of Science (B.SC.) in Accounting from University of Lagos, a Master of Business Administration (MBA) from the University of

Directors & Officers

Calabar and a Doctor of Business Administration (DBA) from the London Graduate School of Commonwealth University. He worked with the United Africa Company of Nigeria (UACN) Plc. In November 1979, he was transferred to Pamol (Nigeria) Limited, Promoted Managing Director/Chief Executive Officer 1982- and appointed Vice Chairman MD/CEO of the company from where he voluntarily retired in 2006. He was also an Executive Director of Dunlop Nigeria Plc (the parent company of Pamol Nigerian Ltd.) Chief Edem won the Unilever International Managing Director of the year Award in 1988. Chief Bassey E. O. Edem is a fellow of Chartered Association of Certified Accountants (FCCA) UK; Fellow of the institute of Chartered Secretaries and Administrators (FCIS) UK, Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and Alumnus of The Lagos Business School (CEP-1994) and the current President of NACCIMA. He was appointed as a director of Presco Plc December 6, 2013.

Mr. Nicholaas Marthinus Oostheuizen

Mr. Nicholaas Marthinus Oostheuizen, a Zambian permanent resident and the chief operating officer of Presco Plc was elevated to the position of an executive director on April 16, 2015. He holds a B. Sc Agric. (plant production), University of South Africa, AVCSA Certification (Crop Protection), Technicon Pretoria, South Africa and Qualified Aircraft Technician, South African Airways, Johanisburg, South Africa. He acquired experiences from various places namely:- General Manager, Kapunga Rice Project, Tanzania, from October 2013 to April 2014, Regional Production Manager AZ-Agro (member of Dreyfuss Group), Russian Federation, September 2010 to September 2013, and a number of other large scale agro – allied companies outside Nigeria from January 1983 to March 2013.

HRH (Prince) Aiguobasinmwin Ogie Akenzua,

HRH (Prince) Aiguobasinmwin Ogie Akenzua was appointed as a Director of Presco Plc on April 16, 2015. He holds a B. Sc in Computer Science and Information Technology, Igbinedion University, Okada and MPA, University of Benin, Benin City. He is Enogie of Siluko and Special Adviser to the Governor of Edo State on Special Duties. He was the Special Adviser to the Executive Governor of Edo State on Youth and Special Interests from 2008 to 2012 and the Special Adviser to the Executive Chairman of Ovia South West Local Government Area from 2007 to 2008.

Mr. Rudi Sylvain Bodar

Mr. Rudi Sylvain Bodar was appointed as Chief Financial Officer with effect from February 4, 2016. He was elevated to the Board of Directors of the company on April 14, 2016. A Belgian with Master's Degree in Business and Financial Management and a graduate in Insurance. A major in International Economy and Industrial Risks (I.A.R.D. non - life insurance) and Life Insurance (Actuarial mathematics) Previous positions held include Management, Sales, communication, leadership and Chief Financial Officer in large multinational organizations including but not limited to African Underground Mining Services Ltd, Semos and Yatela – Anglogold Ashanti Mali-West Africa) and in the construction, shipping, consulting and audit sectors.

Patrick Uwadia, Esq.

Patrick Uwadia, Esq. is the Company Secretary. He joined the Company in April, 2013. A Chartered Secretary, PGD, ACIS UK. He worked for Federal Ministry of Housing, Urban & Environment - Internal Audit, Road Construction Company of Nigeria Ltd - Internal Audit, Godfray Konu & Co/Island Nominees Ltd. Company Secretary, Peat, Marwick, Ani, Ogunde & Co / Marina Nominees Ltd - Company Secretary,Abdulai, Taiwo & Co Ltd - Company Secretary and The Okomu Oil Palm Company Plc - Company Secretary.

Directors of Presco

Mr. Pierre Vandebeeck

Felix Onwuchekwa Nwabuko
FCA ACIT MBA MI oD

Osa Osunde,
FCISN, FCTI, F.IoD

Engr. (Chief) James B. Erhuero,
MBA, FNIM, JP, mni OON

Dr. Shettima Mustafa,
OFR, CON

Mrs. Marie Vandebeeck

Chief Dr. Bassey E.O. Edem,
FCA, MFR

Mr. Nicholaas Marthinus Oostheuizen

HRH (Prince)
Aiguobasinmwin Ogie Akenzua

Mr. Rudi Sylvain Bodar

Report of the Directors

For The year Ended December 31, 2015

The Directors submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the Company.

1.1 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 stearin, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

1.2 OPERATING RESULT

The company's performance during the year under review is summarised below. Turnover increased by 14.34% from that of the previous year. A net operating profit after tax of N2.3Billion during the year compared to the restated previous year profit after tax of N5.19Billion.

	2015	2014 Restated	% Difference
Revenue	10,448,353	9,137,704	14.34
Gross profit	6,635,216	5,938,282	11.74
Profit for the year	2,320,794	5,194,043	-55.32

2. DIVIDEND

In respect of the current year, the Directors recommend for approval a dividend of 100k per share amounting to N1,000,000,000 subject to the deduction of withholding tax at the appropriate rate. At the last AGM, shareholders approved the Directors' recommendation of a dividend of 100 kobo per share amounting to N1,000,000,000, subject to the deduction of withholding tax at the appropriate rate.

3. DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr. Pierre Vandebeeck	(Belgian)	Chairman	
Mr. Uday Pilani	(Indian)	Managing Director	Resigned wef01 February 2015
Mr. Felix Nwabuko (FCA)	(Nigerian)	Managing Director	Appointed wef31 January 2015
Mr. Georges Piana	(Belgian)	Director	Resigned wef January 3, 2016
Engr. James B. Erhuero, JP, mni, OON	Nigerian	Ind. Non Executive Director	
Mr. Osa Osunde	(Nigerian)	Director	
Dr. Shettima Mustafa, CON	(Nigerian)	Ind. Non Executive Director	
Mrs. Marie Vandebeeck	(Belgian)	Non Executive Director	
Chief Dr. Bassey E. O. Edem, FCA, MFR	(Nigerian)	Ind. Non Executive Director	
HRH Prince Aiguobasinmwin. Akenzua	(Nigerian)	Ind. Non Executive	wef 16, April 2015
Mr. Nicolaas M. Oosthuizen	(S/African)	Non Executive Director	wef 16 April 2015
Mr. Rudi Sylvain Bodar	(Belgian)	Exec. Director	wef February 4, 2016

4 DIRECTORS' INTEREST IN SHARES

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, CAP C2O LFN 2004, and disclosed in accordance with the Listing Rules of the Nigerian Stock Exchange is as follows:

Names of Directors	As at 31 December 2015 (No. of shares)	
	Direct	Indirect
Engr. James B. Erhuero, JP, mni, OON	624,000	-
Dr. Shettima Mustafa, OFR, CON	167,500.00	-
Mr. Osa Osunde FCISN	1,000	3,041,221
Chief Dr. Bassey E. O. Edem, MFR	50,000	-

5 SUBSTANTIAL SHAREHOLDERS

The following shareholders held 5% and above of the issued share capital of the Company as at 31 December 2015.

	Shareholding	
	Number	%
Sa Siat nv	600,000,000	60
First Inland Bank/Fidelity Fin. Co. (TRDG)	81,633,788	8

6 SHARE RANGE ANALYSIS

The range of the distribution of the shares of the Company as at 31 December 2015 is as follows:

		Shareholders		Shareholding	
Share Range		Number	%	Number	%
1	1000	2,885	31.82	1,824,708	0.18
1001	5000	3,607	39.79	9,676,670	0.97
5001	10000	1,133	12.50	9,192,430	0.92
10001	50000	1,117	12.32	26,348,352	2.63
50001	100000	172	1.90	13,556,024	1.36
100001	500000	105	1.16	22,928,171	2.29
500001	1000000	18	0.20	12,020,353	1.20
1000001	5000000	17	0.19	45,505,615	4.55
5000001	10000000	2	0.02	11,524,276	1.15
10000001	50000000	8	0.09	165,291,013	16.53
50000001	100000000	1	0.01	82,132,388	8.21
100000001	1000000000	1	0.01	600,000,000	60.00
		9,066	**100.00**	**1,000,000,000**	**100.00**

7 CAPITAL ASSETS

Significant capital assets expenditure during the year was as follows:

	2015 N'000	**2014 N'000**
Work in progress	1,098,147	3,420,600
Building	98,845	30,827
Heavy duty equipment	-	32,250
Utilities	55,031	4,687
Furniture and fittings	8,719	19,604
Motor vehicles & wheel tractors	146,413	162,339
Processing Equipment	310,629	198,072

8 MAJOR CUSTOMERS

The Company's products are sold directly to customers comprising wholesalers, consumers and industrial users who are located within the Country. Some of these are: Nestle Nigeria Plc, Lagos; Chikki Foods Industries Limited, Lagos; Fries land Foods WAMCO Nigeria Plc, Lagos; Kraft Foods (Cadbury), Lagos; Kentucky Fried Chicken (KFC), Lagos; Golden Pasta Company Limited, Lagos; Fan Milk Plc, Ibadan; Beloxxi Industries Limited, Lagos; Dangote Group, Lagos.

9 COMMUNITY DEVELOPMENT PROJECTS/COMMUNITY RELATIONS

The Company's host communities' development programme continued during the year ended 31 December 2015. The focus is on education, roads, water, electricity and support to out growers. Total expenditure was N58,124,870.

10 DONATIONS

A donation of N500,000 was made to AFDB and N100,000 to Nigerian Chambers of Commerce and Industry (NACIMA) during the year.

11 RESEARCH & DEVELOPMENT

We are committed to Research and Development; it is at the forefront of new planting material development and has been very successful in increasing the quantity of FFB and Oil per hectare of plantation. We continue to put effort to be leader in Research and Development. The amount expended on research and development in the year under review was N94.2 million.

We have collaborations with first class research organisations and national and international universities. Every year the research activities are increasing bringing us to our ambition of establishing Presco as a centre of excellence for oil palm cultivation and research in the West African region.

12 EMPLOYMENT OF DISABLED PERSONS

The Company maintains a policy of giving fair consideration to applications for employment of disabled persons having regards to their particular aptitudes and abilities. At present there are three disabled persons employed by the Company.

13 HEALTH, SAFETY AND WELFARE

Medical services are provided free of charge for Company employees at the estate clinics. Appropriate personal protective equipment is provided for employees at work. There is a fire-fighting programme, which involves all employees and the use of sophisticated equipment. Welfare facilities provided include housing for employees (or payment of an allowance in lieu) and transport to and fro the work place.

14 EMPLOYEE INVOLVEMENT AND TRAINING

The Company maintains communication and consultation on a regular basis with employee representatives to brief employees on matters affecting them. On-the-job training facilities are provided for all categories of employees with a view to improving their performance, job satisfaction and prospects. External training programme are also undertaken.

15 EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events that occurred after the end of the reporting period.

16 AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004,. Akintola Williams Deloitte (Chartered Accountants) will continue in office as Auditors to the Company having indicated their willingness to do so A resolution will be proposed to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Patrick Uwadia, Esq
FRC/2013/ICSAN/00000004864
Company Secretary
6th May 2016

Presco Plc follows the Corporate Governance Guidelines which is in compliance with the code of Corporate Governance in Nigeria 2003 ("The Peterside Code") and supplemented by the Corporate Governance Guidelines for the Siat Group of which it is a member which is in line with International Best Practice.

THE BOARD

The Board is constituted of ten (10) Directors including the Chairman who has no executive responsibilities. The primary responsibility of the Board is to ensure that the Company's business strategy is appropriate and implemented effectively. The board is also responsible for the management of the Company's relationship with its various stakeholders.

On appointment, Directors receive a comprehensive induction, including site visits and meetings with senior management to help them build up quickly detailed understanding of the Company. Additional training is arranged as appropriate, by the Company and at the Company's expense.

INDEPENDENCE & EXECUTIVE STATUS OF DIRECTORS

Mr. Pierre Vandebeeck	(Belgian)	Non-Executive	
Mr. UdayPilani	(Indian)	Executive	Resigned wef 31 January2015
Mr. Felix Nwabuko (FCA)	(Nigerian)	Executive	Appointed wef 01 February 2015
Mr. Georges Piana	(Belgian)	Executive	Resigned wef 3 February, 2016
Engr. James B. Erhuero, JP, mni, OON	(Nigerian)	Independent	Non Executive)
Mr. Osa Osunde FCISN	(Nigerian)	Independent	Non-Executive)
Dr. Shettima Mustafa, CON	(Nigerian)	Independent	Non-Executive)
Mrs. Marie Vandebeeck	(Belgian)		Non-Executive
Chief Dr. Bassey E. O. Edem, FCA, MFR	(Nigerian)		Non-Executive
Mr. Nicolaas M. Oosthuizen	(S/African)		Non-Executive
HRH Prince A.O. Akenzua	Nigerian	Independent	Non Executive)
Mr. Rudi Sylvain Bodar	(Belgian)	Executive	Appointed wef February 4, 2016

BOARD MEETINGS

The Board of Directors met four times during the year, as follows:

Meeting Date	Main Items of Business
April 16, 2015	Consideration of Draft Audited Accounts as at December 31, 2015, unaudited accounts as at March 31, 2015, Operations Report, Filling of casual vacancies on the Board, Proposed Dividend and Date of Annual General Meeting.
July 22, 2015	Unaudited a/c for Q2 2015, Marketing Report, Operations Report, Sakpnba Land, Internal Audit Report
November 20, 2015	Operations Report and 2016 Budget Proposals
December 9, 2015	Unaudited accounts as at November 30, 2015, Operations Report, Establishment of Corporate Governance Committees

ATTENDANCE AT MEETING BY BOARD MEMBERS

The number of attendance at meetings by Board members during the year under review is as follows:

Names of Directors	Number of Attendance at meetings	
Mr. Pierre Vandebeeck (Chairman)	4	
Mr. Uday Pilani		Resigned wef 31 January 2015
Mr. Felix O. Nwabuko FCA, MD/CEO	4	Appointed wef 1 February 2015
Mr. Georges Piana	3	Resigned 3 February 2016
Engr. (Chief) James B. Erhuero, JP, mni, OON	3	
Mr. Osa Osunde FCISN	4	
Dr. Shettima Mustafa, CON	4	
Miss Marie Vandebeeck	4	Present by telephone
Chief Dr. Bassey E.O. Edem, FCA, MFR	4	
Nicolaas Martin Oosthuizen	4	
HRH Prince A. O. Akenzua	4	
Mr. Rudi Sylvain Bodar	1	Appointed wef 14 April 2016

CONFLICT OF INTEREST

All Directors and employees are expected to avoid direct or indirect conflicts of interest. Where a conflict of interest may arise in a matter to be decided by the Board of Directors, the Director concerned is expected to inform the Board and to abstain from voting. Transactions between the Company and Directors, where they arise, take place at arm's length.

There have been no transactions and other contractual relationships between the Company and its Board members and executive managers, which are not covered by its legal provisions on conflicts of interest.

The Company carries out transactions with its parent Company, sa Siat nv on an arm's length basis. The terms and conditions of transactions are covered by an agreement between Siat and Presco Plc. These transactions are in the nature of secondment of personnel and the purchase and supply of equipment and materials.

TRANSACTION IN SHARES AND COMPLIANCE WITH DIRECTIVES ON MARKET ABUSE

The use of inside or unpublished information about the Company in buying or selling of its shares is strictly forbidden. In order to comply with legislation on insider dealing and market manipulation (market abuse), Directors and executive management are expected to declare transactions on their own account in the shares or other financial instruments of the Company. Where significant, such transactions will be disclosed to the market. There were no such transactions in the year under review.

The company has adopted the code of conduct regarding Securities transactions by its directors on terms no less exacting than the required standard set on the rules.

Having made equiry of all directors, all directors have complied with the listing rules and the issuer's code of conduct regarding securities transactions by directors.

COMMITTEES

Statutory Audit Committee		
Engr. M.O. T. Olayiwola Tobun (Chairman)	Shareholder member,	(Re-elected on 22 July 2015).
Mr. Famous Igbinevbo	Shareholder member,	(Re-elected on 22 July 2015).
Mr. Kingsley Iyekekpolor	Shareholder member	(Re-elected on 22 July 2015).
Engr. James B. Erhuero, JP, mni, OON	Director member	(Re-elected on 22 July 2015).
Dr. Shettima Mustafa, CON	Director member	(Re-elected on 22 July 2015).
Mr. Osa Osunde FCISN	Director member	(Re-elected on 22 July 2015).

Risk Management Committee

The risk management committee have the duty to:

(a) Assist the board in its oversight of the risk profile, risk management framework and the risk strategy as may be determined by the board.

(b) Review the adequacy and effectiveness of risk management and controls in the company.

(c) Exercise oversight over management process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

(d) Undertake the review of the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile.

(e) Undertake periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile and make recommendations to the board as appropriate.

(f) Review and recommend for approval of the board risk management procedures and controls for new products and services.

(g) Ensure that Information Technology assets are managed effectively.(h) Review the company's Information Technology governance framework at least annually

BOARD AUDIT COMMITTEE

The board audit committee should have the following additional responsibilities:

(a) Exercise oversight over the integrity of the company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor, and performance of the company's internal audit function as well as that of external auditors;

(b) Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the company;

(c) Ensure the development of a comprehensive internal control framework for the company, obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;

(d) Oversee the process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;

(e) At least on a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the company;

(f) Discuss the annual audited financial statements with management and external auditors;

(g) Discuss policies and strategies with respect to risk assessment and management;

(h) Meet separately and periodically with management, internal auditors and external auditors;

(I) Review and ensure that adequate whistle-blowing procedures are in place and that a summary of issues reported are highlighted to the chairman of the committee;

(j) Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same;

(k) Review the independence of the external auditors and ensure that where approved non-audit services are provided by the external auditors, there is no conflict of interest;

(l) Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;

(m) Consider any related party transactions that may arise within the company or group;

(n) Invoke its authority to investigate any matter within its Charter for which purpose the company must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary; and

(o) Report regularly to the board.

Nomination and Governance Committee

The nomination and governance committee shall have the duty to:

(a) Review the structure, size and composition of the board at least annually and make recommendations on any proposed changes to the board.

(b) Establish the criteria for board and board committee membership, review prospective candidates' qualifications and any potential conflict of interest, assess the contribution of current directors against their re-nomination suitability, and make appropriate recommendations to the board.

(c) Periodically determine the skills, knowledge and experience required on the board and its committees.

(d) Identify individuals suitably qualified to become board members and make recommendations to the board for nomination and appointment as directors.

(e) Ensure the annual declaration of independence by independent non-executive directors and undertake the annual assessment of the independent status of such independent non-executive directors.

(f) Justify to the board and members of the company the re-classification of an existing non-executive director as an independent non-executive director.

(g) Ensure that the company has a succession policy and plan in place for the chairman of the board, the chief executive officer of the company, and all other executive and non-executive directors and senior management positions.

(h) Ensure that the board undertakes an annual performance evaluation of itself, its committees, the chairman and other individual directors.

COMPLAINTS MANAGEMENT POLICY

To Establish and Maintain Complaints Management Framework in Compliance with Rules Relating to Complaints Management Framework of the Nigerian Capital Market

To Establish and Maintain Open Easy Accessible Window to Enable All Stakeholders and Members of the Public Present or Lodge Complaints Concerning the Company's Operations, Business Activities, Management, Administration and Public Relation

To Establish and Maintain Competent and Functional Complaints Committee to Investigate and Resolve Complaints Received or Lodged

To Establish and Maintain Electronic Complaints Register

To Take All Necessary Measures in Full Compliance with the Provisions of the Code of Good Corporate Governance for Public Quoted Company in Particular and Organizations in General

COMPLAINTS MANAGEMENT COMMITTEE

To carry out the Complaints Management policy of the company as summarized above.

Attendance at meeting by Statutory Audit Committee members

The number of attendance at meetings by Audit Committee members during the year under review is as follows:

Names of Audit Committee Members	Number of Attendance at Meetings
Engr. Olayiwola Tobun (Chairman)	4
Mr. Famous I. Igbinevbo	4
Mr. Kingsley Iyekekpolor	4
Chief James B. Erhuero, JP, mni, OON	4
Dr. Shettima Mustafa, CON	4
Mr. Osa Osunde FCISN	4

The Audit Committee met four times during the year, as follows:

Meeting date	Main items of business
Oc tober 27, 2014	To elect Chairman, Approve Q3 unaudited a/c, Consider Int. Audit Report
Dec. 15, 2014	Presentation and approval of Internal Audit Report and unaudited a/c as at Sept. 30, 2014
April 15, 2015	Presentation and consideration of Internal Audit Report as at March 31, 2015 and unaudited a/c as at March 31, 2015.
July 21, 2015.	Approval of Unaudited a/c as at June 30, 2015 and Internal Audit Report as at June 30, 2015
November 19, 2015	Approval of Audit Planning Memorandum for Presco Plc and Unaudited a/c as at September 30, 2015 and Internal Report as at September 30, 2015
December 8, 2015	Approval of Unaudited a/c as at November 2015 and Internal Audit Report as at November 30, 2015

Remuneration Committee

A remuneration committee was constituted by the Board during the year under review in line with the requirement of Security and Exchange Commission (SEC).

The members of the committee are:

Mr. Felix Nwabuko FCA	Executive
Engr. James B. Erhuero, JP, mni OON	Independent Non Executive
Mr. Osa Osunde FCISN	Independent Non Executive

There is currently no Board Business Development Committee because the full Board reviews the long-term business plan annually.
There is currently no Board Corporate/Public Relations Committee because the full Board regularly reviews and evaluates aspects of the social and business environment and duly guides Executive Management.

Company Secretary
All Directors have access to, and the services of, the Company Secretary and may take independent professional advice at Presco's expense.

The Company Secretary is also responsible for facilitating the induction and professional development of Board members as well as ensuring information flow within the Board, its Committees and between the Non-Executive Directors and senior management.

The Company Secretary is Mr. Patrick Uwadia. He was employed on 8 April 2013.

Executive Management
Under the leadership of the Managing Director, Executive Management is responsible to the Board for the implementation of the strategy and policies approved by the Board, making and implementing operational decisions and running the Company. Non-executive Directors, using their knowledge and experience, challenge, monitor and approve the strategy and policies recommended by Executive Management.

Information Flows
It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out it responsibilities.

Internal Audit
The Company's internal audit function reports to the Managing Director. For its day-to-day and project work the department is guided by the instructions of the Audit Committee and the Company's Internal Audit Procedures Manual. The Internal Auditor is now Mr. Fayoyin Oyekunle who took over from Mr. Michael Onabajo who was deployed to the Accounts Department as the Management Accountant. Mr. Fayoyin Oyekunle has held the position since 5 May 2014.

Management
The CFO/Executive Director Mr. Georges Piana resigned with effect from February 3, 2016. He was replaced with a new CFO/Executive Director Mr. Rudi Sylvain Bodar with effect from February 4, 2016.

Environment, Health and Safety
The Company conducts its affairs in a safe and environmentally sustainable manner as well as promotes the health of its employees, contractors, customers and host communities. Presco Plc complies with all applicable environmental, health and safety laws and regulations and aims to improve its performance in these areas. Environmental, health and safety matters are integrated into business decision-making and training is provided to ensure that stakeholders are aware of the requirements of the Company's Corporate Governance Guidelines.
The Company commits significant resources towards environmental protection, health and safety. There are independent departments with budgets for same. The Company is a forerunner in the exercise to classify Nigerian Palm Oil under Roundtable for Sustainable Palm Oil (RSPO).

In compliance with the provisions of section 359 (3) to (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Committee reviewed the Financial Statement of the Company of the year ended 31st December, 2015 and report as follows:

1. The accounting and reporting polices of the Company are consistent with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit was adequate.
3. The company maintained effective systems of accounting and internal control during the year.
4. The company's management adequately responded to matters covered in the management report issued by the External Auditors.

Engr. M.O.T Olayiwola Tobun (Chairman)
FRC/2012/COREN/00000003231
Chairman, Statutory Audit Committee

Members of the Statutory Audit Committee are:

1.	Engr. Olayiwola Tobun	Shareholder-Chairman
2.	Mr. Famous Igbinevbo	Shareholder-Member
3.	Mr. Kingsley Iyekekpolor	Shareholder– Member
4.	Engr. James B. Erhuero, JP, mni, OON	Director – Member
5.	Dr. Shettima Mustafa, CON	Director – Member
6.	Osa osunde FCISN	Director – Member

The company secretary, Patrick Uwadia, acted as Secretary to the committee.

Mr. Famous Igbinevbo

Engr. Olayiwola Tobun
chairman

Kingsley Iyekekpolor

Engr. (Chief) James B. Erhuero,
MBA, FNIM, JP, mni OON

Dr. Shettima Mustafa,
OFR, CON

Osa Osunde,
FCISN, FCTI, F.IoD

Certification Pursuant To Section 60(2) Of Investment And Securities Act No. 29 of 2007

For The Year Ended December 31, 2015

We the undersigned hereby certify the following with regards to our financial reports for the year ended 31 December, 2015 that;

a) We have reviewed the report

b) To the best of our knowledge, the report does not contain:

(i) Any untrue statement of materials effect, or

(ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statement were made;

c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the period presented in the report.

d) We:
(I) Are responsible for establishing and maintaining internal controls;
(ii) Have designed such internal controls to ensure that maternal information relating to the company is made known to such officers by others within entities particularly during the period in which the periodic reports are being prepared;

(iii) Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;

(iv) Have presented in the report our conclusions about the effectiveness of the company's internal controls based on our evaluation as of that date;

(e) We have disclosed to the Auditors of the Audit Committee:
(i) Significant deficiencies in the design and 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
(ii) Any fraud, whether or not material, that involves management or other employees who have significant role in. the company's internal controls:

(f) 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 weakness.

Mr. Felix Nwabuko
Managing Director/CEO
FRC/2016/ICAN/00000014276

Mr. Rudi Sylvain Bodar
Chief Finance Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors of Presco Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2015, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("I FRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies:
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.
  The Directors are responsible for:
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.
The financial statements set out on pages 36 to 79 which have been prepared on the going concern basis, were approved by the Board of Directors on 6th May 2016 and were signed on its behalf by:

Chief Bassey Edem Orok Edem	**Mr. Felix Nwabuko**	**Mr. Rudi Sylvain Bodar**
Director	Managing Director	Chief Financial Officer
FRC/2015/1CAN/00000012205	FRC/2016/CAN/00000014276	

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

PRESCO PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Presco Plc which comprise the statements of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity, cash flows, a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Presco Plc as at 31 December 2015, and of its financial performance and cash flows for the year ended 31 December 2015 in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

i. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. The Company has kept proper books of account, so far as appears from our examination of those books.
iii. The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns

Hassan Lawal, FCA - FRC/2013/ICAN/00000001382
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
6 **May 2016**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1111728

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2015 N'000	2014 Restated N'000
Revenue	7	10,448,353	9,137,704
Cost of sales	8	(3,813,137)	(3,199,422)
Gross profit		**6,635,216**	**5,938,282**
Selling, general and administrative expenses	9	(2,940,936)	(3,300,732)
Distribution expenses		(198,608)	(169,110)
Other gains	10	364,639	22,004
Operating profit before changes in fair value of biological assets, tax and finance cost		**3,860,311**	**2,490,444**
Gain on biological assets revaluation	15	1,062,230	5,772,898
Finance costs	11	(707,800)	(362,562)
Profit before tax	12	**4,214,741**	**7,900,779**
Income tax expense	13	(1,893,947)	(2,706,736)
Profit for the year		**2,320,794**	**5,194,043**
Other Comprehensive Income (OCI)			
Item(s) that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	22.2	22,463	3,397
Income tax relating to components of OCI (-)	13	(6,739)	(1,019)
Other comprehensive income, net of tax		**15,724**	**2,378**
Total comprehensive income for the year		**2,336,518**	**5,196,421**
Earnings Per Share			
Basic (Naira)		2.32	5.19
Diluted (Naira)		2.32	5.19

The statement of significant accounting policies and notes on pages 36 to 79 from an integral part of these financial statements.

Statement of Financial Position

ASSETS	Notes	2015 N'000	2014 Restated N'00	1 Jan 2014 Restated N'00
Non-current assets				
Intangible assets	14	183,581	147,933	303,296
Biological assets	15	36,318,981	34,343,913	26,944,026
Property, plant and equipment	16	12,962,244	10,946,470	10,686,754
Other non-current assets	17	110	110	110
		49,464,916	**45,438,427**	**37,934,185**
Current assets				
Inventories	18	1,105,632	1,363,929	2,126,962
Biological assets	15	1,252,379	1,184,273	929,104
Trade and other receivables	19	2,985,728	1,768,774	1,914,507
Cash and bank balances	20	669,344	63,088	127,812
		6,013,083	4,380,063	5,098,385
TOTAL ASSETS		**55,477,999**	**49,818,490**	**43,032,571**
Equity and liabilities				
Equity				
Share capital	21	500,000	500,000	500,000
Share premium		1,173,528	1,173,528	1,173,528
Retained earnings		28,663,221	27,342,427	22,248,284
Other reserves		58,724	43,000	40,622
		30,395,473	**29,058,955**	**23,962,534**
Non-current liabilities				
Provisions		-	-	730
Defined benefit obligation	22	271,481	234,897	242,326
Borrowings	23	4,042, 077	2,354,727	4,151,080
Deferred income	25	224,191	111,787	177,001
Obligations under finance leases	26	521, 249	949,480	-
Deferred tax liabilities	28	13,597,465	12,589,436	10,276,677
		18,656,464	**16,240,327**	**14,847,814**
Current liabilities				
Overdrafts	24	1,514,634	352,722	702,943
Borrowings	23	527,721	307,426	-
Trade and other payables	29	3,356,707	3,397,025	3,391,864
Current tax liabilities	27	905,058	399,453	97,443
Obligations under finance leases	26	27,541	26,883	-
Deferred income	25	94,401	35,700	29,973
		6,426,063	4,519.209	4,222,223
Total equity and liabilities		**55,477,999**	**49,818,490**	**43,032,571**

The financial statements were approved by the board of directors and authorised on 14 April, 2016. They were signed on its behalf by:

Chief Dr. Bassey Edem Orok Edem
Director

Mr. Felix Nwabuko
Managing Director

Mr. Rudi Sylvain Bodar
Chief Financial Officer

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Other Reserves N'000	TOTAL N'000
Balance - 1 January 2014 (as restated)	500,000	1,173,528	22,248,384	40,622	23,962,534
Profit for the year	-	-	5,194,043	-	5,194,043
Actuarial gain on defined benefit plans	-	-	-	2,378	2,378
Total comprehensive income	**-**		**5,194,043**	**2,378**	**5,196,421**
Dividend paid	-	-	(100,000)	-	(100,000)
Balance - 31 December 2014 (as restated)	**500,000**	**1,173,528**	**27,342,427**	**43,000**	**29,058,955**
Balance -1 January 2015	500,000	1,173,528	27,342,427	43,000	29,058,955
Profit for the year	-	-	2,320,794	-	2,320,794
Actuarial gain on defined benefit plans	-	-	-	15,724	15,724
Total comprehensive income			**2,286,513**	**22,463**	**2,308,976**
Dividend paid	-	-	(1,000,000)	-	(1,000,000)
Balance - 31 December 2015	**500,000**	**1,173,528**	**28,663,221**	**58,724**	**30,395,473**

By a written resolution of the Directors of Presco Plc. dated March 31, 2016 it was resolved that a dividend of 100kobo per share amounting to N1 billion (2014: N1billion) be recommended for declaration by the members of the company at the next general meeting of the company.

Statement of Cash Flows

	Note	2015 N'000	2014 Restated N'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,336,518	5,196,421
Adjustments for:			
Income tax recognized in profit or loss	13	1,900,686	2,707,755
Depreciation and Amortization	16	904,979	1,260,150
Gain/Loss on disposal property plant and equipment - net		757	13,105
Tax paid	27	(387,217)	(92,986)
Movements in working capital:			
(Increase)/decrease in trade and other receivable	19	(1,216,954)	145,733
(Increase) in biological assets (Non-current)	15	(1,975,068)	(7,399,888)
(Increase) in biological assets (Current)	15	(68,106)	(255,169)
Decrease in inventories	18	258,297	763,033
(Increase)/decrease in intangible assets	14	(35,648)	155,363
(Decrease)/increase in trade and other payable	29	(40,315)	5,161
Increase/(decrease) in retirement benefits	22	36,584	(7,428)
(Decrease)/increase in finance lease-non - current	26	(428,230)	949,480
Increase in finance lease-current	26	658	26,883
Decrease in provisions		-	(730)
Increase/(decrease) in deferred income-non-current	25	112,404	(65,214)
Increase in deferred income - current	25	58,701	5,727
Net cash provided by operating activities		**1,458,043**	**3,407,396**
CASH FLOWS FROM INVESTING ACTIVITIES		-	
Capital expenditures		(2,983,976)	(1,532,971)
Proceeds from sale of property, plant and equipment		62,630	-
Net cash (used in) investing activities		**(2,921,346)**	**(1,532,971)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on loan principal		(1,921,249)	(1,796,353)
Dividends paid		(1,000,000)	(100,000)
Additions to current debts		220,295	307,426
Additional long term borrowings		3,608,600	-
Net cash provided by (used in) financing activities		**907,646**	**(1,588,927)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT		(555,656)	285,497
CASH AT BEGINNING OF PERIOD		(289,633)	(575,131)
CASH AND CASH EQUIVALENT AT END OF YEAR	**20**	**(845,289)**	**(289,634)**

1. General Information

Presco Plc was incorporated in Nigeria on 24th September, 1991 as Presco Industries Limited, a private limited liability Company, and became a public limited liability Company in February, 2002.
The Company owns oil palm plantations, a palm oil mill and palm kernel crushing plant, vegetable oil refining and fractionation plants and is at present the only fully integrated Company of its kind in Nigeria.

The Obaretin Estate was initiated by the then Bendel State Government in the second half of the seventies with financial support from World Bank as part of the State Government oil palm development programme. The implementing agency was the Oil Palm Company Limited (OPCL), a state government concern. In 1985, the Bendel State Government relinquished control of Obaretin Estate to President Industries Nigeria Limited, a textile manufacturing group. Planting activities resumed in 1986 and construction of an integrated processing facility began in 1989.

The President group operated the project, then known as Presco Oil Mill and Plantations, as a division until 1991, when Presco was established as an incorporated Company and all the assets and liabilities of the project were transferred to the new Company.

Societe d'Investissement pour l'Agriculture Tropicale ('SIAT sa'), a Belgian Company involved in plantation investment and management in West Africa was invited to participate in the Company as Shareholders and Technical Partners in order to effect an intended broadening of the Company's capital base by bringing in professional managers as shareholders.

President Industries then held 67% of Presco's paid-up share capital of N50,000,000 comprising 50 million ordinary shares of N1 each. Siat sa of Belgium held the balance of 33%. Following a capitalization exercise in 1995, the Siat group increased its shareholding in Presco to 50%. The Siat Group subsequently became the sole shareholders in December 1997 when the President Group divested its interest in the Company.

In 2002, the Company became a public limited liability Company and with a successful Initial Public Offer (IPO) completed in October the same year, Presco shares were admitted to quotation at The Nigerian Stock Exchange. Presco Plc's shares are now actively traded on The Nigerian Stock Exchange, with the Siat Group holding 60% while the Nigerian Public holds 40%.

On re-registration as Public Company in 2002, the authorized share capital of the Company was increased to N250,000,000 divided into 500,000,000 ordinary shares of 50k each. In 2008, the authorized share capital was increased to N500,000,000 divided into 1,000,000,000 ordinary shares of 50k each, issued and fully paid up. The Company also increased its authorized share capital to N550,000,000 divided into 1,100,000,000 ordinary shares of 50k each with 1,000,000,000 issued and fully paid in 2015. There are currently 9,066 shareholders on the Company's register of shareholders.

1.1 Principal activities

Presco Plc specializes in the cultivation of oil palms and in the extraction, refining and fractioning of crude palm oil into vegetable oil and palm stearin. The Company supplies these specialty fats and oils to the high quality specifications of its customers and assures a reliability of supply of its products all year round, due to the integration of the entire cycle. The Company operates from two States, Obaretin Estate and Ologbo Estate in Edo State and Cowan Estate in Delta State.

2 Basis of Preparation

(a) Statement of compliance

The financial statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board - IASB (and adopted by Financial Reporting Council of Nigeria - FRCN).
Additional information required by national regulations is included where appropriate.

(b) Basis of Measurement

The principal accounting policies applied in the preparation of the above financial statements are set out below.
The financial statements have been prepared on the basis of the historical cost price method. Any exceptions to the historical cost price method are disclosed in the valuation rules described hereafter (such as biological assets).

(c) Functional and presentation currency

These Financial Statements are presented in Nigeria Naira which is the Company's functional currency. Except otherwise indicated, financial information presented in Nigeria Naira has been rounded to the nearest thousand.

Changes in accounting policy and disclosure

2.1 New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2015 and have insignificant or no material impact on the Company:
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014).

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70. The amendment requires retrospective application

2.2 New standards not yet effective

IFRS 14, 'Regulatory Deferral Accounts', issued in January 2014 (effective 1 January 2016)

The Standard was issued in January 2014 and is effective from 1 January 2016, with earlier application permitted. Many governments regulate the supply and pricing of particular types of activity by private entities, including utilities such as gas, electricity and water. These regulations are often designed to allow the suppliers to recover specified costs and other amounts through the prices they charge to customers. However, rate regulation is also designed to protect the interests of customers. Consequently, the rate regulation may defer the recovery of these amounts in order to reduce price volatility. The suppliers usually keep track of these deferred amounts in separate regulatory deferral accounts until they are recovered through future sales of the regulated goods or services.

In some jurisdictions, national accounting standard setting bodies permit or require entities that are subject to particular types of rate regulation to recognise these deferred amounts as part of assets (such as the related property, plant and equipment) or as separate receivables or payables. This changes the timing of when these amounts are recognised in profit or loss. IFRS does not have requirements specific to rate regulation. The IFRS Interpretations Committee has previously concluded that simply applying the specific requirements of another jurisdiction, such as US generally accepted accounting principles (US GAAP), might lead to the recognition of some items in the statement of financial position that would potentially conflict with the requirements of other Standards. The established practice of most entities that currently apply IFRS is not to recognise these regulatory deferral account balances but to allow them, instead, to flow through profit or loss as they arise.

IFRS 15, 'Revenue from Contracts with Customers', Issued: May 2014 (effective 1 January 2017)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017.

IFRS 9, 'Financial instruments', issued in November 2009 (effective 1 January 2018)

IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost.

The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IAS 16 and IAS 41 - Amendments to Agriculture: Bearer Plants (effective 1 January 2016)

"IAS 41 'Agriculture' requires all biological assets that are related to agricultural activity to be measured at fair value less costs to sell (subject to fair value being reliably measurable), based on the principle that their biological transformation is best reflected by fair value measurement. However, there is a class of

New standard not yet effective (Cont'd)

biological assets, known as bearer plants, that, once mature, are held by an entity solely to grow produce over their productive life. Examples include grape vines, rubber trees and oil palms.
Constituents told the IASB that IAS 41's fair value model was not appropriate for mature bearer plants that are no longer undergoing significant biological transformation as the way they use these assets is more similar in nature to manufacturing. The IASB listened to these concerns and made changes by issuing
'Agriculture: BearerPlants (Amendments to IAS 16 and IAS 41)'."

The Amendments define a bearer plant as a living plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales (this definition is not met if there is a more than 'remote' likelihood that the plant will be sold as agricultural produce, incidental scrap sales excepted)
- include bearer plants within the scope of IAS 16 'Property, plant and equipment' instead of IAS 41 (produce growing on bearer plants remains within the scope of IAS 41)
- clarify that until bearer plants are mature, they are to be accounted for as self-constructed items of property, plant and equipment
- require any difference between fair value and the carrying amount under IAS 41 (fair value less costs to sell) at the time of initial adoption to be recognized in opening retained earnings 'exempt entities from the requirement in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the impact of initial application on each financial statement line item affected.
- permit the fair value of the bearer plants at the beginning of the earliest period presented to be used as the deemed cost for IAS 16 purposes when first applied.

The Amendments do not result in any changes to existing accounting for 'bearer livestock' or plants with more than a remote likelihood of being harvested and sold as agricultural produce."

Amendments to IAS 1 Disclosure Initiative.

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity needs not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items:

o the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and

o the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

New standard not yet effective (Cont'd)

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Application of the amendments need not be disclosed

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2.3 Correction of an error

The following errors were corrected in respect of the prior year(s):

1. Biological assets. The fair value of biological asset was understated by N14.7 billion in 2014 (N13.5 billion in 2013)
2. Defined benefit obligation: Amounts recognized were different from amounts stated in the valuation report.
3. Property, plant and equipment. Error noted in accounting for finance lease obligation (land) for 2014 was corrected.

2.3.1 The impact on equity (increase/ (decrease)) of the above restatements is as follows

	2014 N'000	2013 N'000
Biological assets	14,795,199	13,576,619
Property, plant and equipment	78,119	-
Total assets	**14,873,318**	**13,576,619**
Finance lease obligation		-
Defined benefit obligation	-	91,944
Total liabilities	**-**	**91,944**
Net impact on equity	**14,873,318**	**13,668,563**

2.3.2 Impact on statement of profit or loss and other comprehensive income (increase/(decrease)):

	2014 N'000
Gain on biological assets revaluation	4,425,928
Selling, general and administrative expenses	54,544
Income tax expense	(1,892,759)
Net impact on profit or loss for the year	**2,587,713**
Other comprehensive income net of tax:	
Remeasurement of defined benefit obligation	68,369
Total comprehensive income for the year	**2,656,082**

2.3.3 Impact on basic and diluted earnings per share (EPS) (increase):

	2014 N'000
Earnings per share:	
Basic (Naira)	2.59
Diluted (Naira)	2.59

3 Summary of Significant Accounting Policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date.

Foreign exchange differences arising on translation are recognized in the income statement part of the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

(b) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(c) Biological Assets

Biological activities are measured at fair value (IAS 41).

Biological assets are recognised at the fair value according to an internal valuation model. This model is based on the discounted cash flow method (DCF).

The main variables in these models concern:

- Production volumes
- Selling price
- Cost price
- Discount rate

A biological asset or agricultural produce is only recognised when it controls the asset as a result of past events, when it is probable that future economic benefits associated with the asset will flow to the Company and when the fair value or cost of the asset can be measured reliably.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated selling costs and from the change in fair value less estimated selling costs of a biological asset is included in net profit or loss in the period in which it arises.

(d) Property, plant & equipment

Items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost, less accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Unless revised due to specific changes in the estimated useful life, annual depreciation rates are as follows:

• Buildings:	30 years
• Leasehold land:	25-99 years
• Processing equipment, Heavy duty equipment:	10-20 years
• Furniture & Utilities:	5-7 years
• Vehicles:	5-10 years
• IT equipment:	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a financial liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.
An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

For the current year, the Company does only have financial assets classified as "loans and receivables". Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.
Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(g) Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis.
The stock finished products (including biological assets after harvest) are valued by adding production

cost to the fair value of the biological asset concerned.

Inventories are written down on a case-by-case basis if the estimated net realizable value declines below the carrying amount of the inventories. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. When the reason for a write-down of the inventories has ceased to exist, the write-down is reversed.

(I Cash and cash equivalent

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.
For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call or short term maturity with banks (three months or less), net of bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

(j) Shareholders' equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Retirement benefits and other long term employees' benefits

Employee benefits mainly concern:

- retirement benefits: pension plans, termination benefits, other retirement obligations and supplemental benefits;
- other long-term employee benefits: long-service benefits granted to employees according to their

seniority in the Group;

- other employee benefits: post-employment medical care. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised immediately in profit or loss. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(m) Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified as either "financial liabilities at fair value through profit or loss" or "other Financial liabilities".

The Company does not hold any financial liabilities at fair value through profit or loss.

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(n) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(o) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (e.g. differences between carrying amounts under IFRS and the statutory tax bases). Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(p) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Segment information

The Chief Executive Officer is the Company's chief operating decision-maker. The Chief Executive Officer has determined that there is only one business and operating segment. Based on the information reviewed by the Chief Executive Officer for the purposes of allocating resources and assessing performance, the Company is only involved in cultivation of oil palms and in the extraction, refining and fractioning of crude palm oil into vegetable oil and palm stearin.

4 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimization of the equity balance. The Company's overall strategy remained unchanged.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23 offset by cash and bank balances) and equity of the Company comprising issued capital, reserves, retained earnings as disclosed in the statement of financial position).

The Company's risk management committee reviews the capital structure of the Company on a frequent basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Company has a gearing ratio of 16 per cent determined as the proportion of net debt to equity. Based on the committee's recommendations, the Company expects to maintain its current gearing ratio unchanged.

The Company is not subject to any externally imposed capital requirements.

Gearing Ratio

the gearing ratio as the yearend is as follows;

	2015 N'000	2014 N'000
Debt	5,556,711	2,707,449
Cash and bank balances	(669,344)	(63,088)
	4,887,367	**2,644,361**
Equity	**30,395,473**	**29,058,955**
Debt to equity ratio	**16%**	**9%**

Debt is defined as long and short term borrowings (excluding derivatives and financial guarantee contract)

Equity includes all capital and reserves of the Company that are managed as capital.

5 Financial instruments

5.1 Categories of financial instruments

Financial assets	2015 N'000	2014 N'000
Cash and bank balances	669,344	63,088
Loans and receivables	2,985,728	1,768,774
	3,655,072	**1,831,862**

Financial liabilities		
Amortized cost:		
Borrowings	4,042,077	2,354,727
Overdrafts	1,514,634	352,722
Trade and other payables	3,356,707	3,397,025
	8,913,418	**6,104,473**

5.2 Financial Risk Management

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;

- Ensuring significant and relevant skills and services are available consistently to the Company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall Company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The Company monitors and manages financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

5.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other prices.
The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. Market risks exposures are measured using sensitivity analysis.

5.2.1.1 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company are mainly exposed to USD and EUR. The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against USD and EUR currencies. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding balances of USD and EUR denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the USD and EUR. For a 3% weakening of Naira against the USD and EUR there would be an equal and opposite impact on profit, and the balances below would be negative.

	2015 N'000 Profit/(loss) after tax	2014 N'000 Profit/(loss) after tax
Naira strengthens by 3% against the USD	1,512	-
Naira strengthens by 3% against the EUR	25,884	-
Naira weakens by 3% against the USD	(1,512)	-
Naira weakens by 3% against the EUR	(25,884)	-

5.2.1.2 Interest rate risk

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

The Company is exposed to interest rate risk because it borrows funds denominated in USD and Naira at floating interest rates. The sensitivity analyses below have been determined based on the exposure to interest rates for both USD and Naira denominated borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 10 basis points (BP) increase or decrease are used when reporting LIBOR and NIBOR risks internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

If LIBOR had been 10 basis points (i.e. 1%) higher/lower and all other variables were held constant, the Company's profit or loss will be affected as follows:

	2015 N'000 Profit/(loss) after tax	2014 N'000 Profit/(loss) after tax
If LIBOR is 10 BP lower:		
Borrowings (USD)	612	3,138
If LIBOR is 10 BP higher:		
Borrowings (USD)	(612)	(3,138)
If NIBOR is 10 BP lower:		
Borrowings (NGN)	19,189	86,392
If NIBOR is 10 BP higher:		
Borrowings (NGN)	(19,189)	(86,392)

5.2.2 Liquidity risk management

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.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

5.2.2.1 Maturity analysis of financial liabilities

The following table details the Company's expected maturity for its non-derivative financial liabilities with agreed repayment periods. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	0-6 months N'000	6-12 months N'000	12-24 months N'000	24 months and above N'000	Total N'000
2015					
Trade and other payables	389,873	3,467,810	-	-	3,857,683
Borrowings	616,145	4,114,669	-	-	4,730,814
2014					
Trade and other payables	51,600	3,345,424	-	-	3,397,024
Borrowings	539,414	3,099,105	-	-	3,638,519

5.2.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposures to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Financial assets and other credit exposures

	Maximum credit risk	
	2015 N'000	2014 N'000
Bank balances	669,344	63,088
Trade and other receivables	2,985,728	1,768,774

The Company does not hold any collateral or other credit enhancements to cover this credit risk.

5.2.4 Fair value of financial instruments

a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis
The Company does not have financial assets and financial liabilities that are measured at fair value on a recurring basis

b. Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

c Fair value hierarchy

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
2015				
Financial assets				
Loans and receivables:				-
Cash and bank balances	-	669,344	-	669,344
Trade and other receivables	-	2,985,728	-	2,985,728
	-	**3,655,072**	**-**	**3,655,072**
Financial liabilities				
At amortized cost:				
Borrowings	-	5,556,711	-	5,556,711
Trade and other payables	-	3,356,707	-	3,356,707
	-	**8,913,418**	**-**	**8,913,418**
2014				
Financial assets				
Loans and receivables:				-
Cash and bank balances	-	63,088	-	63,088
Trade and other receivables	-	1,768,774	-	1,768,774
	-	**1,831,862**	**-**	**1,831,862**
Financial liabilities				
At amortized cost:				
Borrowings	-	2,707,449	-	2,707,449
Trade and other payables	-	3,397,025	-	3,397,025
	-	**6,104,473**	**-**	**6,104,473**

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties

5.2.4 Fair value of financial instruments (cont'd)

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities or available for sale.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

6.1 Property, plant and equipment

Property plant and equipment represent a significant proportion of the asset base of the Company.

Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

6.2 Provision for defined benefit obligation

The Company operates an unfunded defined benefit scheme. IAS 19 requires the application of theProjected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc. and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

6.3 Taxation

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges.

The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self-assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under selfassessment thus making tax positions uncertain.

6.4 Valuation of financial liabilities

As at the end of the reporting period, the Company was granted some government assisted loans at below market rates (see note 23). In accordance with IAS 20, the government grant which is the difference between the proceeds of the loans and their fair value has been accounted for and disclosed in note 25.

Based on IAS 39, all financial liabilities should be initially recognized at fair value. In computing the fair value of these loans, the imputed interest rate used in discounting the cashflows associated with the loans is based on management judgement of best estimate of its borrowing cost at the time the loans were granted.

6.5 Biological assets

Fair value of the produce is measured with reference to the price in an active market at the point of harvest adjusted for its present location and condition.

7 Revenue

	2015 N'000	2014 N'000
Local sales		
Sales of main products	10,446,806	9,125,631
Mill by-products	1,547	12,073
	10,448,353	**9,137,704**

8 Cost of sales

Raw materials consumed	334,704	97,495
Upkeep of mature plantings, harvesting & laboratory	1,150,228	888,672
Mill processing, refinery and packaging costs	2,328,205	2,213,255
	3,813,137	**3,199,422**

9 Selling, general and administrative expenses

	2015 N'000	2014 N'000
Clearing and handling	195,682	85,837
Office and housing expenses	54,531	43,027
Rent and rate	14,645	9,245
Repairs and maintenance	162,748	80,983
Postage and telephone	15,577	17,940
Insurance	102,275	69,512
Legal	23,509	4,182
Audit fees	24,000	12,000
Professional and other consultancy fees	65,989	95,655
Donation	1,327	500
Subscription and licences	25,456	9,867
Transport and travelling	240,813	553,141
Management fees (note 34)	-	300,000
Security	45,395	55,399
Selling expenses	37,323	1,641
Community development	58,125	54,515
Meeting, entertainment and public relations	38,455	22,342
Directors' fees	26,184	20,617
Staff costs	799,937	679,009
Depreciation	466,265	763,317
Bank charges	91,478	43,570
Exchange losses	392,880	249,809
Others	58,341	128,624
	2,940,936	**3,300,732**

10 Other gains

Livestock sales	1,587	378
Others	313,766	15,680
Financial income	49,286	5,946
	364,639	**22,004**

11 Finance costs

	N'000	N'000
Interests on loans	524,028	20,825
Interests on overdrafts, etc.	156,684	161,472
Other interests	27,088	180,265
	707,800	**362,562**

12 Profit before taxation

Profit before taxation is stated after charging the following:

Depreciation of property plant and equipment	1,118,697	1,260,150
Directors' remuneration	26,184	7,289
Auditors' remuneration	24,000	12,000
Loss on disposal of fixed assets	1,007	5,945
Interest on loans, overdraft, etc.	707,800	362,562
Management fee (note 34)	-	300,000
Seconded staff cost	599,675	563,212
Exchange loss	443,312	-

13 Tax expenses

	2015 N'000	2014 N'000
Income tax		
Current income tax	805,307	300,000
Education tax	87,349	94,996
	892,657	394,996
Deferred tax	1,008,029	2,312,759
	1,900,686	**2,707,755**
Analysis of income tax expense :		
Income tax recognised in profit or loss (note 13.1)	1,893,947	2,706,736
Income tax recognised in other comprehensive income (note 13.1)	6,739	1,019
	1,900,686	**2,707,755**

The current tax charge has been computed at the applicable rate of 30% (2014: 30%) plus education levy of 2% (2014: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as legal fees, donations, public relations expenses and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as dividend income and income from government bonds which are not taxable.

13.1 Effective tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

The income tax expense for the year can be reconciled to the accounting profit as follows:

		2015 N'000	%	2014 N'000	%
Profit before tax from continuing operations	(A)	4,214,741	100	7,900,779	100
Income tax expense calculated at 30% of PBT (Period 1: 30%)		1,264,422	30	2,370,234	30
Effect of income that is exempt from taxation		-	-	-	-
Effect of expenses that are not deductible in determining taxable profit		30,540	1	-	-
Effect of concessions (research and development and other allowances)		(56,550)	(1)	(64,452)	(1)
Effect of unused tax losses and tax offsets not recognized as deferred tax assets		-	-	-	-
Education tax at 2% of assessable profits		87,349	2	97,279	1
Adjustments recognised in the current year in relation to the current tax of prior years		568,185	13	303,67 6	4
		1,893,947	**45**	**2,706,736**	**34**

Effective tax rate

The tax rate used for 2015 above is the corporate tax rate of 30% & 2% (for tertiary education tax) payable by corporate entities in Nigeria on taxable profits under tax laws of the country.

13.1 Effective tax reconciliation (cont'd)

Income tax recognized in other comprehensive income

	2015	2014
	N'000	N'000
Current tax		
Deferred tax		
Arising on income and expenses recognized in other comprehensive income:	6,739	1,019
Arising on actuarial (gains)/losses on staff retirement benefit	-	-
Translation of foreign operations	-	-
Fair value re-measurement of hedging instruments entered into for a hedge of a net investment in a foreign operation	-	-
Fair value re-measurement of available-for-sale financial assets	-	-
Fair value re-measurement of hedging instruments entered into for cash flow hedges	-	-
Property revaluations	-	-
	6,739	1,019
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	-	-
Relating to available-for-sale financial assets	-	-
On disposal of a foreign operation	-	-
Arising on gains/losses of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items		
Total income tax recognized in other comprehensive income	6,739	1,019

14 Intangible assets

	Computer software	Genetic	Total
Cost			
At 1 January 2014	116,512	260,163	376,675
Additions during the year	1,737	62,302	64,039
Transfer	-	(204,879)	(204,879)
At 31 December 2014	**118,249**	**117,586**	**235,835**
Additions during the year	-	148,262	148,262
Transfer	(1,737)	(99,266)	(101,003)
At 31 December 2015	**116,512**	**166,582**	**283,094**
Amortization			
At 1 January 2014	73,380	-	73,380
Charge during the year	14,522	-	14,522
Transfer	-	-	-
At 31 December 2014	**87,902**	**-**	**87,902**
Charge during the year	11,611	-	11,611
Transfer	-	-	-
At 31 December 2015	**99,513**	**-**	**99,513**
Carrying amount			
At 31 December 2015	**16,999**	**166,582**	**183,581**
At 31 December 2014	**30,347**	**117,586**	**147,933**

Computer software relates to cost of acquisition of Absolute Business System (ABS) amortized over 11 years.

Genetic relates to the costs of fruits planted for research and development purposes and is not subject to amortization.

15 Biological assets

	2015 N'000	2014 N'000
Biological assets consist of palm tree and its kernels.		
At fair value		
At 1 January	35,528,186	27,873,130
Additions for the year	1,203,773	1,997,534
Transfer	(20,723)	-
Amortization	(202,107)	(115,375)
Fair value gain/(loss)	1,062,230	5,772,898
	37,571,360	**35,528,186**

Analysis of biological assets
The company's biological assets are analysed as follows:

	2015 N'000	2014 N'000
Matured plantation	26,675,665	25,225,012
Immature plantation	10,895,695	10,303,174
	37,571,360	**35,528,186**

Further analysed into:

	2015 N'000	2014 N'000
Current	1,252,379	1,184,273
Non-current	36,318,981	34,343,913
	37,571,360	**35,528,186**

At 31 December 2015, Presco's material biological asset consists only of palm trees coming from 3 existing estates (Obaretin, Cowan and Ologbo):
Mature Palm trees for a total of 15,356 hectares;
Immature Palm trees for a total of 1,294 hectares and; Pre nursery and Main nursery seedlings available to generate a total of 1,800 hectares of planting.

Since no reliable market-based prices are available to value the biological asset, the calculation method used (the income approach method) determines the present value of expected net cash flows from the biological asset in its present location and condition, discounted at a current market-determined rate. The net cash flows that the asset is expected to generate in its most relevant market, meaning at the earliest point at which a market exists being the price/ MT of FFB used to value the harvest net of cost of up keeping, harvesting, transporting and selling the fruits. Any cash flows for financing the assets, taxation or re-establishing biological assets after harvest have been excluded. The assumptions applied in the valuation were average CPO price in the local market and taking into account Nigerian Market specificities like interest rates, inflation rates etc., and a discount rate of 23% at 31 December 2015.

16 PROPERTY, PLANT AND EQUIPMENT

In thousand naira	Building N'000	Leasehold Land N'000	Processing Equipment N'000	Heavy Duty Equip N'000	Vehicles & Wheel, Tractors N'000	Furniture & Fittings N'000	Utilities N'000	Spare Parts N'000	Work-In-Progress N'000	Total N'000
Cost										
At 1 January 2014	859,215	1,815,200	7,549,462	793,226	1,255,339	358,367	551,490	416,472	1,826,898	15,425,669
Additions	30,827	532,298	198,072	32,250	162,339	19,604	4,687	10,183	3,420,600	4,410,861
Transfers (Note 16.1)	(3,245)	159,294	1,220,371	(129,425)	(117,219)	(17,817)	31,832		(4,021,681)	(2,877,890)
Disposals	-	-	-	-	(326)	-	(12,778)	-	-	(13,103)
At 31 December 2014	**886,796**	**2,506,792**	**8,967,906**	**696,051**	**1,300,133**	**360,154**	**575,232**	**426,655**	**1,225,818**	**16,945,537**
Additions	98,845	1,310,992	310,629	-	146,413	8,719	55,031	-	1,098,147	3,028,776
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(77,809)	(30,166)	(182,432)	(144,468)	(3,756)	(44,636)	-	(483,267)
At 31 December 2015	**985,641**	**3,817,784**	**9,200,726**	**665,885**	**1,264,114**	**224,405**	**626,507**	**382,019**	**2,323,965**	**19,491,046**
Accumulated Depreciation										
At 1 January 2014	(330,389)	(624,532)	(2,295,795)	(361,173)	(625,817)	(283,451)	(217,760)	-	-	(4,738,917)
Charge for the year	(42,005)	(478,459)	(400,307)	(104,194)	(177,513)	(15,960)	(41,712)	-	-	(1,260,150)
At 31 December 2014	**(372,394)**	**(1,102,991)**	**(2,696,102)**	**(465,367)**	**(803,330)**	**(299,411)**	**(259,472)**	**-**	**-**	**(5,999,067)**
Charge for the year	(40,482)	(51,225)	(514,360)	(79,050)	(163,949)	(15,118)	(40,795)	-	-	(904,979)
Disposals	-	-	15,573	30,166	182,432	144,413	2,660	-	-	375,244
At 31 December 2015	**(412,876)**	**(1,154,216)**	**(3,194,889)**	**(514,251)**	**(784,847)**	**(170,116)**	**(297,607)**	**-**	**-**	**(6,528,802)**
Carrying amount										
At 31 December 2015	**572,766**	**2,663,567**	**6,005,837**	**151,634**	**479,268**	**54,290**	**328,900**	**382,019**	**2,323,965**	**12,962,244**
At 31 December 2014	**514,403**	**1,403,800**	**6,271,804**	**230,684**	**496,804**	**60,744**	**315,760**	**426,655**	**1,225,818**	**10,946,470**
At 1 January 2014	**528,826**	**1,190,668**	**5,253,667**	**432,053**	**629,522**	**74,916**	**333,730**	**416,472**	**1,826,898**	**10,686,754**

16.1 It refers to asset transfer/movement from one asset class to another within the property plant and equipment class.

16.2 Assets pledged as security
There are no asset pledged as security for loan or other form of borrowing.

Impairment of tangible and intangible assets excluding goodwill
At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.
An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

		2015 N'000	2014 N'000
17	**Other noncurrent assets**		
	Guarantee paid in cash	110	110
18	**Inventories**		
	Supplies	778,649	787,204
	Finished Goods	120,712	105,832
	Goods in Transit	206,271	470,893
		1,105,632	**1,363,929**

The cost of inventories recognized as an expense during the year in respect of continuing operations was N633.4 million (2014 - N637 million).

19 Trade and other receivables

	2015 N'000	2014 N'000
Trade receivables	794,355	401,721
Payments in advance	800	6,405
Amount re -invoiced	-	7,591
Intercompany receivable (Note 3 1.1)	1,859,469	949,929
Sundry debtors	331,105	403,127
	2,985,728	**1,768,774**

Trade receivables

The average credit period granted to customers is 30 days. No interest is charged on overdue receivables. The Company does not hold any collateral for trade receivables. Allowance for doubtful debts are recognised against trade receivables on a case by case basis, after specific review of individual customer balances. Where there are indications of impairment, allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of trade receivables that are past due but not impaired:	2015 N'000	2014 N'000
31-60 days	120,966	
61 days & above	82,634	
	203,599	**-**

20 Cash and cash equivalent

	2015	2014
Cash and bank balances	669,344	63,088
Bank overdrafts	(1,514,634)	(352,722)
	(845,290)	**(289,634)**

21 Share Capital

	2015	2014
Authorised share capital		
1,100,000,000 ordinary shares of 50kobo each	550,000	550,000
Issued and fully paid up capital		
1,000,000,000 ordinary shares of 50kobo each	500,000	500,000

22 Defined benefit obligation

22.1 Defined contribution plans

The employees of the Company are members of a state-managed retirement benefit plan operated by the government of Nigeria. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the Company's statement of comprehensive income of N28.6 million (2014: N25 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 December 2015, contributions of N3.5 million (2014: N6.4 million) due in respect of the 2015 (2014) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

22.2 Defined benefit plans

The company recognises provision for post-employment benefits for all its permanent employees in accordance with the statute. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method". Post-employment benefit recognised by the company amounted to approximately NGN271 million as at 31 December 2015 (2014: NGN 235 million).

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2015 by Alexander Forbes Consulting Actuaries Nigeria Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Details at the end of December 2015 were: Gratuity Scheme NGN 52.50 million, Retirement Scheme NGN196.51 million and Long Service Awards NGN 22.48 million

	2015 N'000	2014 N'000
As at 1st January	234,897	242,326
Current service costs	40,326	27,081
Interest costs	33,552	29,865
Payment during the year	(14,831)	(60,977)
As at 31st December	**293,944**	**238,294**
Premeasurements-OCI	(22,463)	(3,397)
	271,481	**234,897**

Amounts recognised in statement of comprehensive income in respect of these defined benefit schemes are as follows:

	2015 N'000	2014 N'000
Current service cost	40,326	27,081
Interest on obligation	33,552	29,865
Premeasurements - OCI	(22,463)	(3,397)
	51,415	**53,549**

Of the expense for the year, N73.88 million (2014: N56.95 million) has been included in administrative expenses. Actuarial gains and losses have been reported in other comprehensive income.

22.2 Defined benefit plans (cont'd)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2015	2014
Financial assumptions	%	%
Discount rate	11.4	12.5
Expected rate(s) of salary increases	7.5	10.0
Inflation	9.0	9.0

Demographic assumptions

Mortality

Pre-retirement mortality: A49/52 tables

The mortality rates as at the previous year's valuation were based on the WHO World Health Statistics (2009) data.

Withdrawal/retirement

Age Brand	Rate of withdrawal	Rate of retirement
18 - 30	3.0%	0.0%
31 - 44	2.0%	0.0%
45 - 50	5.0%	0.0%
51	0.0%	4.5%
52	0.0%	4.0%
53	0.0%	3.5%
54	0.0%	3.0%
55	0.0%	100.0%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Employee benefit type	Parameters	Main result	+1%	-1%
	Discount rate	000	000	000
Retirement		-196,506	-187,534	- 206,579
Change			**-4.6%**	**5.1%**
Long Service Awards		-22,484	- 21,481	- 23,593
Change			**-4.5%**	**4.9%**
Gratuity		-52,491	-50,483	- 54,701
Change			-3.8%	4.2%
Total	**Discount rate**	**-271,481**	**- 259,498**	**-284,873**
			-4.4%	**4.9%**
	Salary increase rate	**Main result**	**+1%**	**-1%**
Retirement		-196,506	- 207,458	-186,629
Change			**5.6%**	**-5.0%**
Long Service Awards		-22,484	- 23,541	- 21,512
Change			**4.7%**	**-4.3%**
Gratuity		-52,491	- 54,767	-50,392
Change			**4.3%**	**-4.0%**
Total	**Discount rate**	**-271,481**	**-285,766**	**-258,533**
			5.3%	**-4.8%**
	Mortality rate	**Main result**	**Rated up 1 year**	**Rated down 1 year**
Retirement		-196,506	-195,778	-197,168
Change			**- 0.4%**	**0.3%**
Long Service Awards		-22,484	- 22,440	-22,523
Change			**-0.2%**	**0.2%**
Gratuity		-52,491	- 51,549	-53,527
Change			**-1.8%**	**2.0%**
Total	**Mortality rate**	**271,481**	**-269,767**	**-273,218**
			-0.6%	**0.6%**

22.2 Defined benefit plans (cont'd)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

23 Borrowings

	2015 N'000	2014 N'000
UBA CACS loan	1,793,194	-
Fidelity Nistra loan	2,000,000	-
IBTC PAIF loan	776,604	918,583
Intercompany loan - SIAT	-	1,743,570
	4,569,798	**2,662,153**

Included in the statement of financial position as:

	2015 N'000	2014 N'000
Current	527,721	307,426
Non-current	4,042,077	2,354,727
	4,569,798	**2,662,153**

UBA CACS loan: The Company obtained a 7% N2 billion loan under the CBN Commercial Agriculture Credit Scheme (CACS) in two tranches of N982 million and N1.018 billion in July 2015 and November 2015 respectively. The loan was facilitated by United Bank for Africa (UBA) for the purpose of financing the expansion program of the company in rubber planting. The loan has a tenor of 6 years inclusive of 9 months moratorium. Using imputed market interest rates of 14% for an equivalent loan of 9%, the fair value of the loan is estimated at N1.78billion. The difference of N220million between the gross proceeds and the fair value of the loan is the benefit derived from the below-market interest rate loan and is recognised as deferred revenue (see note 25).

Fidelity Nistra loan: This is a N2 billion loan granted to the Company in February 2015 by Fidelity Bank as an interest rate of 18% which was reviewed upward to 20% in July 2015. The loan which has a tenor of 5 years (inclusive of 18 months moratorium) was granted for the purpose of financing the establishment of 14,400 hectares rubber plantation at Upper Sakponba area of Benin City, Edo State. This is secured by a negative pledge, letter of comfort from the SIAT Group, Brussels and credit guarantee from NIRSAL.

IBTC PAIF loan : In November 2013, the Company received a 7% N1.066 billion loan under the CBN=N=500b Power and Aviation Intervention Fund (PAIF) facilitated by Stanbic IBTC Bank for the purpose of financing the purchase of a 2.5MW steam turbine with a view to expanding the Company's power generating capacity. The loan has a tenor of 7 years inclusive of 12 months moratorium. Using imputed market interest rates of 14% for an equivalent loan of 7%, the fair value of the loan is estimated at N859million. The difference of N207million between the gross proceeds and the fair value of the loan is the benefit derived from the below-market interest rate loan and is recognised as deferred revenue (see note 25).

		2015 N'000	2014 N'000
24	**Bank overdraft (Note 21)**	**1,514,634**	**352,722**

25 Deferred income

	2015 N'000	2014 N'000
Opening balance	147,487	206,974
Addition	220,140	-
Recognized in profit or loss	(49,035)	(59,487)
	318,592	**147,487**
Included in the statement of financial position as:		
Current	94,401	35,700
Non-current	224,191	111,787
	318,592	**147,487**

The deferred income arises as a result of the benefit received from below-market-interest rate government assisted loans (see note 24) granted to date. The credit is recognized in the profit or loss account over the tenor of the loan.

26 Obligations under finance leases

26.1 Leasing arrangements

The Company leased certain of its landed property under finance leases. The average lease terms range from 25 year to 99 years (2014: 25 year to 99 years). The Company has options to purchase the landed property for a nominal amount at the end of the lease terms. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.40% to 2.42% (2014: 2.40% to 2.42%) per annum.

26.2 Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Not later than one year	42,272	42,257	27,541	26,883
Later than one year and not later than five years	180,530	181,188	117,075	114,277
Later than five years	708,529	1,150,832	404,174	835,202
	931,331	**1,374,277**	**548,790**	**976,363**
Less: future finance charges	(382,542)	(397,914)	-	-
Present value of minimum lease payments	**548,790**	**976,363**	**548,790**	**976,363**

Included in the statement of financial position as:

	2015 N'000	2014 N'000
Current	27,541	26,883
Non-current	521,249	949,480
	548,790	**976,363**

27 Current Tax Liabilities

	2015 N'000	2014 N'000
Opening balance	**399,453**	97,443
Charge for the year	892,657	394,996
	1,292,110	**492,439**
Underprovision for the previous year	165	-
Payment during the year	(387,217)	(92,986)
	905,058	**399,453**

28 Deferred taxes

	2015	2014
Balance as at 1 January	(12,589,436)	(10,276,677)
Charge for the year	(1,008,029)	(2,312,759)
Balance at 31 December	**(13,597,465)**	**(12,589,436)**

	Opening balance	Movements recognized in the year by the company	Recognised directly in equity	Closing balance
	N'000	N'000	N'000	N'000
12/31/2015				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	12,659,905	1,007,665	-	13,667,572
Property, plant and equipment @ 10%	-	-	-	-
Loss	-	-	-	-
Provisions	- 70,469	- 10,975	-	(81,444)
Exchange difference	-	11,339		11,339
	12,589,436	**1,008,029**	**-**	**13,597,465**
12/31/2014				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	10,349,375	2,310,530		12,659,905
Property, plant and equipment @ 10%	-	-		-
Loss	-	-		-
Provisions	(72,698)	2,229		(70,469)
Exchange difference	-	-		-
	10,276,677	**2,312,759**	-	**12,589,436**

28 Deferred taxes

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position.

	2015 N'000	2014 N'000
Deferred tax assets	-	-
Deferred tax liabilities	(13,597,465)	(12,589,436)
	(13,597,465)	(12,589,436)

The following are the major deferred tax liabilities recognised by the Company and movements thereon during the current and prior reporting period.

	2015 N'000	2014 N'000
At 1 January	(12,589,436)	(10,276,677)
Charge to profit or loss	(1,001,290)	(2,311,740)
Charge to other comprehensive income	(6,739)	(1,019)
At 31 December	(13,597,465)	(12,589,436)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

There are no unrecognised deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

29 Trade and other payables

	2015 N'000	2014 N'000
Trade payables	83,060	176,010
Accruals	79,471	46,779
Sundry creditors	883,683	562,734
Intercompany payables (Note 33.1)	2,310,493	2,611,502
	3,356,707	**3,397,025**

The average credit period on purchases is 30 days. No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

30 Earnings per share from continuing operations

	2015 N'000	2014 N'000
Net profit attributable to equity holders of the Company	2,320,794	5,194,043
Effect of dilutive potential ordinary shares:	-	-
Earnings from continuing operations for the purpose of diluted earnings per share excluding discontinued operations	**2,320,794**	**5,194,043**

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

	N'000	N'000
Weighted average number of shares ('000)	1,000,000	1,000,000
Basic (Naira)	2.32	5.19
Diluted (Naira)	2.32	5.19

31 Related party transactions

Details of transactions and outstanding balances between the company and its related parties during the year are disclosed below:

31.1 Trading transactions

The company entered into transactions with its related parties during the year

	Sales of goods and services		Purchases of goods and services	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
SIAT Nigeria Limited	262,987	-	216,053	-
SIAT SA	-	-	2,897,263	-

The following balances were outstanding at the end of the reporting period:

	Due from related parties		Due to related parties	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
SIAT Nigeria Limited	663,766	-	217,440	-
SIAT SA	1,188,315	-	2,093,053	-
SIAT Gabon	2,430	-	-	-
GOPDC (Ghana)	4,683	-	-	-
	1,859,194	-	2,310,493	-

Sales and purchases of goods and services were done at prevailing market prices. The outstanding balances are unsecured and will settled in cash. No guarantee has been given or received. No expense has been recognised in the current or prior year for bad debts in respect of amounts owed by related parties.

31.2 Loans to related parties

	2015 N'000	2014 N'000
Loans to key management personnel	-	-
Others	-	-

The Company did not provide loans to its key management personnel at rates comparable to the average commercial interest rate during the year. Loans to key management personnel are unsecured.

31.3 Loans from related parties

	2015 N'000	2014 N'000
sa Siat nv, Belgium	-	1,743,570

The Company was provided loans at rates comparable to the average commercial interest rate in the prior year. The loans from the ultimate controlling company were unsecured and was repaid during the current year.

31.4 Details of related companies

a sa Siat nv, Belgium

Presco Plc is a subsidiary of sa Siat nv, Belgium, with 60% holding. The company had significant transactions of N2.2 billion during the year. There was a closing balance of N1.74 million in favour of sa Siat nv during the year.

b Ghana oil Palm Development Company Limited

Ghana oil Palm Development Company Limited is a related company to Presco Plc. During the year, the company had no significant transactions. Sa SIAT nv, Belgium (the parent company of Presco) is also the parent company of Ghana oil Palm Development Company limited.

c Siat Gabon

Siat Gabon is a related company of Presco Plc. There was no material transactions between the two companies during the year. Sa SIAT nv, Belgium (the parent company of Presco) is also the parent company Siat Gabon

d Compagnie Heveicole de Cavally, Ivory Coast

Compagnie Heveicole de Cavally, Ivory Coast is a related company to Presco Plc. There was no transactions between the companies during the year. Sa SIAT nv, Belgium (the parent company of Presco) is also the parent company Compagnie Heveicole de Cavally.

e Siat Nigeria Limited

Siat Nigeria Limited is a related company of Presco Plc. There was no material transactions between the two companies during the year. Sa SIAT nv, Belgium (the parent company of Presco) is also the parent company Siat Nigeria Limited.

31.5 Compensation of key management personnel

The remuneration of key management personnel was as follows:

	2015 N'000	2014 N'000
Short-term benefits	6,145	3,084
Post -employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
	6,145	3,084

The remuneration of key management personnel is determined by remuneration committee having regard to the performance of individuals and market trends.

32 Directors

	2015 N'000	2014 N'000
Directors' remuneration and fees	16,287	6,389
Others	9,897	900
	26,184	**7,289**

32 Directors (cont'd)

The number of directors excluding the Chairman whose emoluments were within the following ranges:

N			Number	Number
600000	-	610,000	-	-
611,000		700000	-	-
1320000	-	1330000	9	9
1450000	-	1460000	1	1
1500000	-	Above	-	-
			10	**10**

	N'000	N'000
Highest paid Director received.	600	667

33 Employees

	Number	Number
Average number of persons employed during the year :		
Management staff	30	26
Senior staff	86	72
Junior staff	326	372
	442	**470**

Staff costs relating to the above employees were:

	2015 N'000	2014 N'000
Salaries, wages and other benefits	285,747	257,750
Pension	38,776	-
Gratuity	11,277	-
Long service awards	-	-
	297,024	**257,750**

The table below shows the salary band and the number of the employees of the company, other than employees who discharged their duties wholly or mainly outside Nigeria during the year.

N	2015 Number	2014 Number
70001 - 200000	-	-
200001 - 300000	-	-
300001 - 400,000	-	9
400001 - 500,000	308	363
500001 - 600,000	18	-
600001 - 700,000	15	39
700001 - 800,000	32	1
800001 - 900,000	-	0
900001 - 1,000,000	22	18
1000001 - 1,100,000	1	7
1100001 - 1,200,000	14	7
1200001 - 1,300,000	2	-
1300001 - 1,400,000	-	-
1400001 - 1,500,000	-	-
1500001 - 1,600,000	-	-
1600001 - 1,700,000	-	-
1700001 - 1,800,000	-	-
1800001 - 1,900,000	-	-
1900001 - 2,000,000	-	-
2000001 - 3,000,000	27	24
3000001 - 4,000,000	3	2
	442	**470**

34 Contingent Liabilities

The company is the defendant in various law suits arising from normal course of business. There were contingent liabilities as at 31 December 2015 in respect of pending litigation estimated at N 2.092billion.
The Directors are of the opinion that it is most likely that this will not result to any significant liability on the Company.

A total of N361 million relating to management fees to be paid to the parent company (SIAT BV) has not been recognised in the books of Presco Plc. as the National Office of Technology Acquisition and Promotion (NOTAP) approval which is statutorily required for such fees to become payable is pending as at year end.
The fees will become a liability and will be recognised as such in the books upon approval by NOTAP.

35 Capital Commitments

Capital expenditure authorized by the Board, but not provided for in the accounts was nil (2014: Nil).

36 Events after the reporting period

There were no events after the reporting period could have had a material effect on the financial statements of the Company that have not been provided for or disclosed in the financial statements.

37 Dividend Proposed

By a written resolution of the Directors of Presco Plc. dated March 31, 2016 it was resolved that a dividend of 100kobo per share amounting to N1 billion (2014: N1billion) be recommended for declaration by the members of the company at the next general meeting of the company.

38 Restatement of some comparative Figures

Some comparative figures have been restated to reflect a more meaningful comparison due to changes in format to comply with statutory requirements.

OTHER NATIONAL DISCLOSURES
STATEMENT OF VALUE ADDED
(Non IFRS statement)

	2015 N'000	%	2014 N'000	%
Turnover	10,448,353		9,137,704	
Other income	1,426,869		5,794,901	
	11,875,222		14,932,605	
Bought in materials and services:				
- Imported	3,368,623		3,699,977	
- Local	842,156		924,994	
VALUE ADDED	**7,664,443**	**100**	**10,307,634**	**100**
APPLIED AS FOLLOWS:				
To pay employees:				
Salaries, wages and other benefits	799,937	10	679,009	7
To pay Government:				
Income and education taxes	892,657	12	394,996	4
To pay providers of capital:				
Interest expense	707,800	9	362,562	4
To providefor replacement of assets, payment of dividend and future expansion:				
- Depreciation of fixed assets	919,502	12	1,261,887	12
- Dividend	1,000,000	13	100,000	1
- Deferred tax	1,008,029	13	2,312,759	22
- Profit and loss account	2,336,518	30	5,196,421	50
	7,664,443	**100**	**10,307,634**	**100**

Value added represents the additional wealth which the Company have been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, government, providers of capital and that retained for the future creation of more wealth.

OTHER NATIONAL DISCLOSURES
FIVE-YEAR FINANCIAL SUMMARY
(Non IFRS statement)

	IFRS			GAAP	
	2015 N'000	2014 N'000	2013 N'000	2012 N'000	2011 N'001
Statement of Financial Position					
ASSETS/(LIABILITIES)					
Intangible assets	183,581	147,933	303,296	169,024	-
Biological assets	36,318,981	34,343,913	26,944,026	16,839,424	2,280,015
Property, plant and equipment	12,962,244	10,946,470	10,686,754	8,534,791	5,270,513
Other non-current assets	110	110	110	110	-
Net Current assets	(412,979)	(139,144)	876,162	(326,248)	537,028
Non-current liabilities	(18,656,464)	(16,240,327)	(14,847,814)	(8,129,003)	(3,396,403)
Total	**30,395,473**	**29,058,955**	**23,962,534**	**17,088,098**	**4,691,153**
CAPITAL EMPLOYED					
Equity	500,000	500,000	500,000	500,000	500,000
Share premium	1,173,528	1,173,528	1,173,528	1,173,528	1,173,528
Revenue Reserves	28,663,221	27,342,427	22,248,384	15,414,570	3,017,625
Other Reserves	58,724	43,000	40,622	-	-
Shareholders' funds	**30,395,473**	**29,058,955**	**23,962,534**	**17,088,098**	**4,691,153**

Statement of comprehensive income					
Revenue	**10,448,353**	**9,137,704**	**8,485,143**	**11,251,521**	**8,536,172**
Profit before taxation	4,214,741	7,900,779	2,333,970	3,875,622	2,580,305
Other comprehensive profit	22,463	3,397	-	-	-
Taxation	(1,900,686)	(2,707,755)	(996,768)	(387,553)	(887,884)
Profit after taxation	**2,336,518**	**5,196,421**	**1,337,202**	**3,488,069**	**1,692,421**
Declared Dividend	**-**	**1,000,000**	**100,000**	**1,000,000**	**500,000**
Earnings Per Share (Kobo)					
Numbers of ordinary shares in issue ('000 units)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Basic	234	520	134	349	169
Dividend proposed	100	100	10	100	100
Net assets	30	29	24	17	5

Share Capital History

Year	Year	Values (Naira)	Fully paid Number of Shares	Values (Naira)	Description
1991	50,000,000	50,000,000	50,000,000	50,000,000	Cash
1992	50,000,000	50,000,000	50,000,000	50,000,000	
1993	50,000,000	50,000,000	50,000,000	50,000,000	
1994	100,000,000	100,000,000	100,000,000	100,000,000	Cash
1995	100,000,000	100,000,000	100,000,000	100,000,000	
1996	130,000,000	130,000,000	100,000,000	100,000,000	
1997	130,000,000	130,000,000	100,000,000	100,000,000	
1998	130,000,000	130,000,000	130,000,000	130,000,000	Conversion of debt to equity
1999	260,000,000	130,000,000	260,000,000	130,000,000	Conversion of share N1 to 50K
2000	260,000,000	130,000,000	260,000,000	130,000,000	
2001	500,000,000	250,000,000	300,000,000	150,000,000	Conversion of debt to equity
2002	500,000,000	250,000,000	500,000,000	250,000,000	IPO
2003	500,000,000	250,000,000	500,000,000	250,000,000	

Year	Authorised Number of Share	Value(Naira)	Fully paid Number of shares	Value(Naira)	Description
2004	500,000,000	250,000,000	500,000,000	250,000,000	
2005	500,000,000	250,000,000	500,000,000	250,000,000	
2006	500,000,000	250,000,000	500,000,000	250,000,000	
2007	500,000,000	250,000,000	500,000,000	250,000,000	
2008	1,000,000,000	500,000,000	1,000,000,000	500,000,000	Bonus 1: 1
2009	1,000,000,000	500,000,000	1,000,000,000	500,000,000	
2014	1,100,000,000	550,000,000	1,000,000,000	500,000,000	

BONUS HISTORY

Date Issued	Number Issued	Amount (Naira)	Bonus Ratio
2008	500,000,000	250,000,000	0

PROXY FORM
23rd Annual General Meeting

I/We*--
the undersigned, being a member/s of Presco Plc, RC 17370, hereby appoint*----------------------------------or failing him/her,**--as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, July 20, 2016 and at any adjournment thereof. Unless otherwise instruc-ted, the proxy will Vote or abstain fromVoting as he/she thinks fit.

Dated this ----------day of-------------2016
Signature--------------------------------------NOTES1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must reach the Company Secretary's officeat Obaretin Estate, Km 22, Benin Sapele Road, Ikpoba / Okha LGA, P O Box 7061 Benin City, Edo State, not less than 48hours before the time of the meeting2. Where the appointor is a corporation, this form may be under seal or under the hand of an officer or attorney dulyauthorized3. This proxy will be used in the event of a poll being directed, or demanded. 4. In the case of joint holders the signature of any one of them will suffice, but the name of all joint holders must be shown

THE PROXY WILL (OR ABSTAIN FROM VOTING) AS HE/SHE THINKS FIT IN RESPECT OF ANY OTHER BUSINESS PROPOSED AT THE MEETING OF PRESCO PLC, RC 17370 (23RD ANNUAL GENERAL MEETING)HELD AT DURA CLUB, OBARETIN ESTATE, KM 22, BENIN SAPELE ROAD, IKPOBA/OKHA LGA, EDOSTATE, ON WEDNESDAY JULY 23RD 2016 AT 12.00 NOON
I/We desire this proxy to be used in favor of or against the resolution as indicated along side.Strike out whichever is not desired.

Ordinary Resolution	For	Against
1. To declare a dividend		
2. To elect Mr. Rudi Sylvain Bodar as a Director		
3. To re - elect Dr Shettima Mustafa		
4. To re – elect Chief Dr. Bassey E. O. Edem FCA		
5. To authorize Directors to fix the remuneration of Independent Auditors		
6. To elect members of the Audit Committee		
Name of Candidate--------------		
Name of Candidate--------------		
Name of Candidate--------------		

Please indicate with X in the appropriate box how you wish your vote to be cast on the resolutions setout above, Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

Shareholders' Right to Ask Questions

Shareholders reserve the right to ask questions at the Annual General Meeting. Shareholders may also submit their questions prior to the meeting in writhing to the company, in line with Rule 19. 12 (c) of the listing rules of Nigerian Stock Exchange. Such questions should be addressed to the Company Secretary and reach the Company at its Registered Office or by electronic mail at info.presco@siat-group.com not later than 7 days prior to the ate of the meeting.

- -

Before posting the above form, please tear off this part and retain it for admission to the meeting

ADMISSION CARD **PRESCO PLC, RC 174370**

Number of shares held----------------------------------Signature---Please admit the shareholder named in this form or his/her duly appointed proxy to the company's 23nd Annual General Meeting to be held at the Dura Club, Obaretin Estate, Km 22, Benin Sapele Road, Ikpoba-Okha LGA, Edo State, on Wenesday July 23rd , 2016 at 12.00 noon
Name of Shareholder *---Signature---------------------------------
Name of Proxy**--Signature---------------------------------
A member (Shareholder) of the company , entitled to attend and vote is entitled to appoint a proxy to attend and vote for him/her. A proxy need not be a member. The proxy form has been prepared to enable you to exercise your right to vote.

IMPORTANT

Please insert name in BLOCK LETTERS on both the proxy form and admission card where marked*If a proxy is to attend on your behalf, please insert the name of the person, whether a member of the company or not, who attend the meeting and vote on your behalf where marked **

The Company Secretary Presco Plc,
Obaretin Estate, Km 22,
Ikpoba - Okha Local Gov. Area
P O Box 7061, Benin City, Edo State

First Registrars Nigeria. Limited,
Plot 2, Abebe Village Road
P.M.B. 12692 Marina,
Lagos,
Nigeria

Presco Plc

PRESCO PLC

SHAREHOLDERS DATA UPDATE

This is to inform shareholders of PRESCO PLC. in our stable to update their personal details such as:

Surname ....

First Name .... Other Names ....

e-Mail Address ....

Primary GSM Number .... Alternative GSM Number ....

Clearing House number (CHN) .... Bank Verification Number (BVN) ....

Preferred Stockbroker's Name ....

Date of Birth ....

Bank Name .... Bank Account Number ....

Old Address ....

New Addresses (to be used for address update) ....

....

Next of Kin .... Next of Kin phone number ....

I/We hereby authorise PRESCO Plc to update my/our shareholding accounts with the above information

....	....
Individual shareholder signature	Joint Shareholder Signature
....	....
Corporate Shareholder	Company Seal

Kindly download the update form from our website
http://www.XXX.com

First Registrars Nigeria. Limited,
Plot 2, Abebe Village Road
P.M.B. 12692 Marina,
Lagos,
Nigeria

Affix Current Passport
(To be stamped by Bankers)
Write your name at the back of your passport photograph

E-DIVIDEND

FirstRegistrars & INVESTOR SERVICES

E-DIVIDEND ACTIVATION FORM

Instruction **Only Clearing Banks are acceptable**

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
First Registrars & Investor Services Ltd.
2, Abebe Village Road, Iganmu
P.M.B. 12692 Lagos. Nigeria.

I/We hereby request that henceforth, all my/our dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Branch

Bank Address

Bank Account Number

Account Opening Date

Account Type (Tick)

Shareholder Account information

Surname First Name Other Names

Address:

City State Country

Previous Address (if any)

CHN (if any) Email Address

Mobile Telephone 1 Mobile Telephone 2

Signature(s) Joint/Company's Signatories Company's Seal

Authorised Signature of Banker Authorised Stamp of Banker

First Registrars & Investor Services Limited
...connecting you to your wealth.
website:www.firstregistrarsnigeria.com; E-mail: info@firstregistrarsnigeria.com

First Registrars Nigeria. Limited,
Plot 2, Abebe Village Road
P.M.B. 12692 Marina,
Lagos,
Nigeria

Dear Shareholder,

Introducing the E-Dividend mandate Management System (E-D MMS)

We are pleased to inform you that dividends on your shareholdings can now be paid directly into your preferred Bank Account.

This is made possible with the e-Dividend Mandate Platform that allows you to register/validate your e-dividend mandate at any Branch of a Bank nearest to you nationwide or First Registrars offices.

The platform also provides you a quick and convenient way to enjoy the benefits of the direct cash settlement (DCS) from your Registrar, whilst minimizing the incidents of unclaimed dividends.

To register and be mandated for your e-dividend free of charge within 150 days spanning April 14, 2016 to September 13, 2016, please visit any of the First Registrars office listed below or a Bank branch nearest to you.

it is easy and it is a one-off exercise!!!

First Registrars & Investor Services Ltd.
Plot 2, Abebe Village Road,
Iganmu,
Lagos
Tel: 23412799880, +23412701078
Email: info@firstregistrarsnigeria.com

Abuja
First Bank Nigeria Limited
Jos Street Branch
Plot 451, Opposite Sharon hotel
Area 3, Garki, Abuja
Tel: +234 802 315 4938

Enugu
First Bank of Nigeria Limited (Main Branch)
21, Okpara Avenue
Enugu
Enugu State
Tel: +234 805 459 0483

Ibadan
First Bank Nigeria Limited (2nd Floor)
48, Molete/Challenge Road
Opposite Texaco,
Ibadan, Oyo State
Tel: +234 802 571 4780

Kaduna
First Bank of Nigeria Limited (Area Office)
14, Bank Road, Kaduna
Kaduna State
Tel: +234 802 396 4430

Port Harcourt
First Bank of Nigeria Limited (2nd Floor)
22/24, Aba Road
Port Harcourt
Rivers State
Tel: +234 80556 56430

Thank you.


Presco
0700IMMACULATE•0805 250 6848