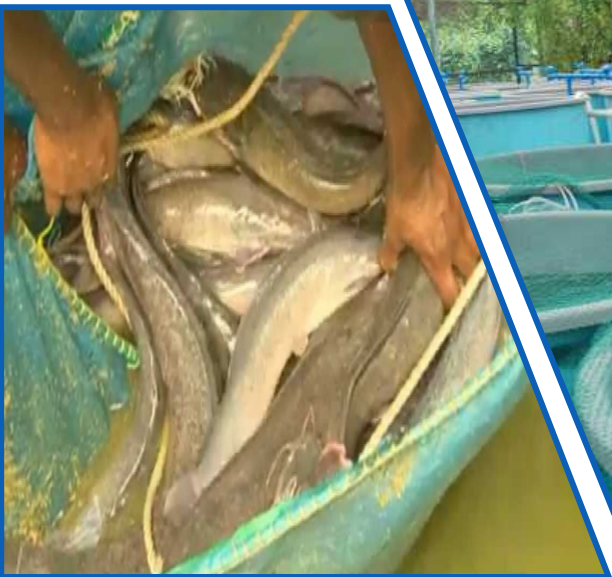
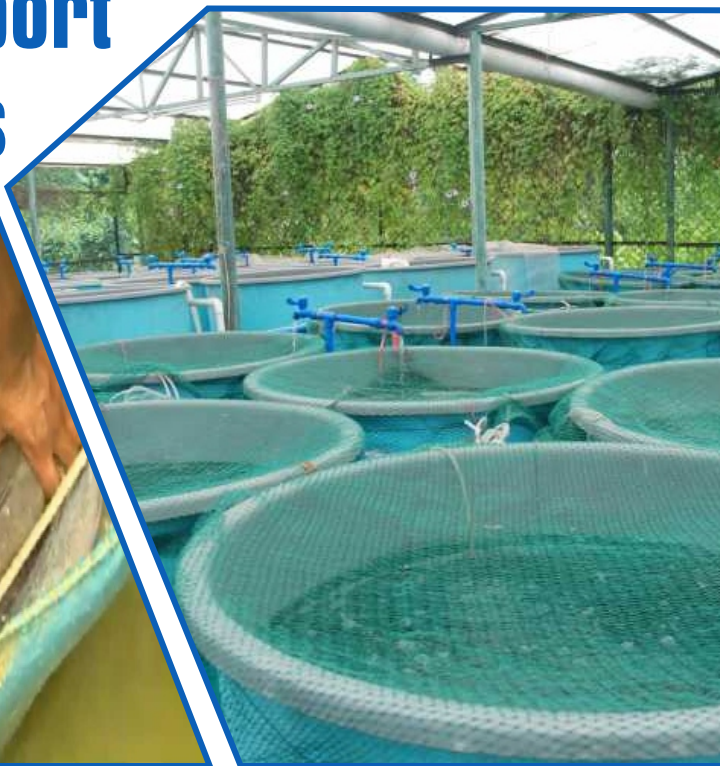
ELLAH LAKES PLC

RC 34296

OBRIKOM (Fish Farmers, Farmers)

2017 & 2018 Annual Report & Accounts





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ellah Lakes Plc (the "Company") will be held at Beverly Hills Hotel, Plot 130 Woji Road, GRA Phase II, Port-Harcourt, Rivers State on **Thursday 27th September 2018 at 11:00 A.M.**, for the purpose of:

1. **Transacting the following ordinary business:**
   1.1 To present the Financial Statements of the Company and the Consolidated Accounts for the financial years ended 31st July 2017 and 31st July 2018 and the reports of the Directors, Auditors and Audit Committee thereon.
   1.2 To appoint Olabode Akande & Co. as the Auditors to the Company.
   1.3 To authorise the Directors to fix the remuneration of the Auditors.
   1.4 To elect members of the Audit Committee.

2. **Transacting the following special business:**
   Ordinary Resolutions
   2.1 That the Authorised Share Capital of the Company be increased from ₦60,000,000.00 (Sixty Million Naira) comprising One Hundred and Twenty Million (120,000,000) Ordinary shares of 50 Kobo each to N1,000,000,000.00 (One Billion Naira) comprising Two Billion (2,000,000,000) Ordinary shares of 50 Kobo each by the creation of One Billion Eight Hundred and Eighty Million (1,880,000,000) Ordinary shares of 50 Kobo each; such new shares to rank equally in all respects with the existing ordinary shares in the capital of the Company.

   Special Resolutions
   2.2 That pursuant to the Company's Articles of Association:
      a. The Directors are hereby authorised to allot One Billion Eight Hundred and Eighty Million (1,880,000,000) Ordinary shares of 50 Kobo each to the shareholders of Telluria Limited ("Telluria Shareholders"), by way of a Special/Private Placement, in consideration of the transfer by the Telluria Shareholders of their entire shareholding in Telluria Limited to the Company on such terms and conditions as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities;

      b. The Directors are hereby authorised to enter into any agreement and/or execute any document necessary to give effect to the above resolutions; and

c. The Directors are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.

3. CLOSURE OF REGISTER OF MEMBERS AND TRANSFER BOOKS

The Register of Members and Transfer Book of the Company will be closed from Monday, September 17 to Tuesday, September 18, 2018, both date inclusive, for the purpose of preparing an up-to-date Register of Members.

BY ORDER OF THE BOARD,

Michael Ellah
COMPANY SECRETARY
Port-Harcourt, 30 August 2018

NOTES

Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy on his or her behalf to vote instead of him/her and such proxy need not be a member. To be valid, instrument of proxy should be duly stamped by the Commissioner of Stamp Duties. Executed proxy forms should be deposited at the office of CardinalStone Registrar, 358 Herbert Macaulay Way Yaba Lagos, not less than forty-eight (48) hours before the time of the Meeting.

Audit Committee

Any member may nominate a Shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 July 2017

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CORPORATE INFORMATION

Directors:	Gen. Zamani Lekwot (rtd)	Director
	Mallam Suleman Buda Usman	Director
	Mrs. Patricia Ireju Ellah	Director
	Umar Munir Abubaka	Director
	Dr. (Mrs) Chiamaka Mine Cookey-Gam	Director
	Mr. O. Adeyemi Wilson	Director
	Deacon Tom O.B. Ogboi	Director
	Frank Ellah	Managing Director

Registration number: RC: 34296

Company secretary: Michael Ellah

Registered office: 13B Forces Avenue
Old GRA, Port Harcourt
Rivers State.

Auditors: Olabode Akande & Co.
(Chartered Accountants)
270, Ikorodu Road, Obanikoro
Lagos.

Bankers: United Bank for Africa
Zenith Bank Plc

Registrars: CardinalStone Registrar
358 Herbert Macaulay Way
Yaba Lagos

RESULTS AT GLANCE

For the year

	31.07.2017 ₦	31.07.2016 ₦
Major profit or loss items:		
Revenue	20,774,577	59,372,048
Profit/(Loss) before taxation	(5,960,801)	(27,744,912)
Profit/(Loss) after taxation	(5,960,801)	(27,744,912)

At year end	31.07.2017 ₦	31.07.2016 ₦
Major financial position items:		
Total assets	1,166,618,918	1,173,079,720
Total liabilities	657,936,193	658,436,193
Share Capital	60,000,000	60,000,000
Shareholders' fund	508,682,725	514,643,527

CHAIRMAN'S STATEMENT

Fellow Shareholders, distinguished Ladies and Gentlemen, I welcome you to the Annual General Meeting of our company, Ellah Lakes Plc for the 2017 financial year. Before I present the report of our performance, kindly permit me to give a brief review of the operating environment under which we operated that impacted on our operations.

Global Economy

The global economy grew by 3.7% in 2017 compared to 3.2% in 2016. Oil prices closed the year at $68.03 per barrel increasing from $55.65 in January 2017. The US Dollar weaken against some major currencies such as the Euro and the Sterling

The Nigerian Economic Environment

For most part of 2017, the Nigerian economy was in a recession, which started in August 2016, but we exited the recession during the second quarter of 2017. On the average, the Nigerian economy grew by .83% for 2017. For most part of 2017 the Central Bank of Nigeria (CBN) maintained the monetary Policy Rate ("MPR") at 14% in its bid to curtail inflation. The Federal Government of Nigeria took some measures to improve the operating environment during the year by bringing into existence the Ease of Doing Business Executive Orders.

The Agricultural Sector

The agricultural sector grew by 3.45% in 2017 compared to 4.11% in 2016. It had the fastest growth in the Nigerian economy. According to the CBN, the improvement in agricultural production was attributed to increase in all sub-sectors except fishery. The agricultural sector enjoyed a total of N5.85 Billion in loans and advances, under the CBN Agricultural Credit Guarantee Scheme(ACGS), compared to N8.1 Billion in 2016. Out of the total for 2017,fisheries our sub-sector had 3.0% of the total.

Specific Challenges faced by Ellah Lakes Plc

During the year 2017, your company faced numerous challenges in the community where its fish farm is located. The major issue was the heightened level of militancy in the locality which since then has made the farm inaccessible. The militants ravaged the farm and removed major assets of the company such as generator parts and drove away the workers at the site. This problem is aside from the high cost of inputs and feeds which hampered our operations before invasion of the farm by the militants took place. As a result of the threat of the lives of our workers in the farm,

Chairman's Statement Cont'd

coupled with our tools and machineries that were vandalized, we had to close the farm on 6th September 2016 and informed the regulatory authorities.

Review of the Financial Performance for 2017

Arising from the above mentioned challenges, your company recorded a revenue of N20,774,577 in 2017. Operational expenses was N26,735,378, while the loss before tax for the year was N5,960,801, and loss after tax was N5,960,801

Conclusion

Distinguished Ladies and Gentlemen, 2017 financial year was greatly affected by the closure of the farm in 2016. The only activity for the year was the sale of stocks brought forward from the previous year. As a result of this, we need to look at the way forward with the hope that we can reopen the farm operations very soon in order to improve our performance. We are also hoping that the Government of Rivers State and the Federal Government of Nigeria will take necessary measures to bring lasting peace and security to the environment where we operate. This is so crucial to enable us retain our staff in the locality and be rest assured that they are safe and that our assets are secured.

Thank you very much.

Francis Ellah
Chairman

REPORT OF THE DIRECTORS

The directors are pleased to submit herewith their report and the audited financial statements of the company for year ended 31 July 2017.

		31.07.2017	31.07.2016
1	**Result for the period**	₦	₦
	Profit/(Loss) before taxation	**(5,960,801)**	**(27,744,912)**
	Taxation	-	-
	Other comprehensive income	-	-
	Profit/(Loss) after taxation	**(5,960,801)**	**(27,744,912)**
	Retained Earnings, Beginning of the year	(256,144,267)	(228,399,355)
		(262,105,068)	**(256,144,267)**

2 Principal activities

The company is a public quoted company incorporated on 22 August, 1980 as a limited liability company. It was converted to public limited company on 16 June, 1992. It engages in the business of fish farming and plantation.

3 Review of business and future developments

As a result of militancy activities in the area where the farm is located the company has suspended business activities until the environment is safe for business activities. The directors are exploring strategies to keep the company afloat.

4 Directors

The composition of the Board of directors is set out on page 2 of these financial statements.

5 Property, plant and equipment

Movements in property, plant and equipment during the year are shown in Note 4 to the financial statements on Page 30. In the opinion of the directors, the market value of the Company's property, plant and equipment is not lower than the value shown in the financial statements.

Report Of the Directors cont'd

6 Analysis of Shareholders

Range			No of Holders	Holder's %	Holder's Cumulative	Units	Units %	Unit Cumulative
1	-	1,000	2,394	83.79	2,394	1,092,239	0.91	1,092,239
1,001	-	10,000	401	14.04	2,795	1,381,029	1.15	2,473,268
10,001	-	20,000	24	0.84	2,819	345,261	0.29	2,818,529
20,001	-	50,000	18	0.63	2,837	608,391	0.51	3,426,920
50,001	-	100,000	7	0.25	2,844	506,090	0.42	3,933,010
100,001	-	500,000	5	0.18	2,849	1,121,348	0.93	5,054,358
500,001	-	1,000,000	3	0.11	2,852	2,438,120	2.03	7,492,478
1,000,001	-	20,000,000	3	0.11	2,855	28,117,000	23.43	35,609,478
20,000,001	-	50,000,000	-	-	2,855	-	-	35,609,478
10,000,001	-	50,000,000	1	0.04	2,856	25,000,000	20.83	60,609,478
50,000,001	-	75,000,000	1	0.04	2,857	59,390,522	49.49	120,000,000
			2,857	100		120,000,000	100.00	

7 Dividend

The directors have not recommended any dividend for the period ended 31 July 2017 because the company made loss during the period under review.

8 Personnel

(i) ***Employment of disabled persons:***

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 July 2017 there were however, no disabled persons in the company's employment.

(ii) ***Employee's involvement and training:***

The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. The Company provides a range of training from time to time with potential broadening opportunities for employees' career development within the organisation.

(iii) ***Staff welfare and safety at work:***

The Company places high premium on its human resources and there is in existence provision for lunch, rent and transport

Report Of the Directors cont'd

allowances. The Company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

9 **Auditors**

Messrs Olabode Akande & Co. (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

10. **Shareholding of Directors**

Year	Name of Shareholder	Shareholding	
		Direct	Indirect
2017	Gen. Zamani Lekwot (rtd)	500,200	-
	Mallam Suleman Buda Usman	-	-
	Mrs Patricia Ireju Ellah	-	-
	Umar Munir Abubaka	-	-
	Dr (Mrs) Chiamaka Cookey-Gam	-	-
	Mr O. Adeyemi Wilson	-	-
	Deacon Tom O. B. Ogboi	-	-
	Frank Ellah	-	59,390,522

11. **Analysis of Shareholding**

The shares of the Company were fully owned by Nigeria citizens and institutions. The following Shareholders held more than 5% of the shares of the Company as at July 31, 2017

	No. Shares	%
Chief J. W. Ellah Sons & Co. Ltd.	59,390,522	49.49
UBAPC / Trustfund Pension PLC - main	25,000,000	20.83
Rims Merchant Bank Ltd.	15,168,000	12.64
Rivers State Ministry of Finance Inc	11,450,000	9.54

By order of the Board

Mr. Michael Ellah
Company Secretary

LAGOS, Nigeria
14 DEC ....., 2018

CORPORATE GOVERANCE

Due to the fact that the Company's operations were suspended on August 6, 2016, the various Board Committees of the Company could not hold any meeting during the year.

The following were the Board Committees in existence during the period even though they could not hold their respective meetings:

Finance and General Purpose Committee
Deacon Tom O. O. Ogboi
Dr. (Mrs.) Chiamaka Cookey-Gam
Umar Munir Abubakar

Corporate Governance Committee
Mr. A. O. Adeyemi Wilson
Mrs. Patricia Ireju Ellah
Mallam Sulaiman Buda Usman

STATEMENT OF DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The directors accept responsibility for the preparation and fair presentation of these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern entity in the years ahead.

Mr. Frank Ellah
Managing Director
....14/08/....., 2018

Dr. (Mrs.) Chiamaka Cookey-Gam
Director
....14/08/....., 2018

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF ELLAH LAKES PLC

Opinion
In our opinion, except for the going concern threat stated in this report, the accompanying financial statements give a true and fair view of the financial position of Ellah Lakes Plc as at 31 July 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 July 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern
The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. On August 6, 2016 the directors suspended business activities at the 100 hectares farm land in Omuaku Rivers State as a result of militancy activities which made operating on the farm a security concern. As a result, the company had to stop all activities on the farm pending the time the Government resolves the security issue. Consequently, the continuation of the company is

Report of the Independent Auditors
to the Members of Ellah Lakes Plc cont'd

dependent upon the directors ability to engage the stakeholders on ways to resolve the security challenges or find an alternative business venture in which the company can operate.

Based on our audit of the financial statements, we also have not identified such a material uncertainty except as disclosed above. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Key Audit Matters
Inability to confirm title to Property, plant and equipment
In the course of our audit we were unable to confirm the company's title to significant portion of its Property, plant and equipment as stated in the financial statements.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities for the Audit of the Financial Statements
Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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. In making those risk assessments, the auditor considers internal control relevant to

Report of the Independent Auditors
to the Members of Ellah Lakes Plc cont'd

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 the 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 opinion.

Report on Other Legal and Regulatory Requirements
The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:-

I) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion, proper books of account have been kept by the Company; and
iii) the Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1545784

Mr. Olabode Akande
FRC/2013/ICAN/00000001755
for
Olabode Akande & Co.
(Chartered Accountants)

Lagos, Nigeria
29th August, 2018

REPORT OF THE AUDITORS COMMITTEE
TO THE MEMBERS OF ELLAH LAKES PLC

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004, we, the members of the Audit Committee of Ellah Lakes Plc, having carried out our statutory functions under the Act, hereby report that:

(a) The accounting and reporting policies of the company are consistent with legal requirements and ethical practices.

(b) We reviewed the scope and planning of the external audit for the period ended July 31, 2017 and we confirm that they were adequate. Meanwhile, due to the inactivity of the company during the year, the internal audit functions were not in operation during the period.

(c) We have considered the independent auditors' post-audit report and management responses thereon, and are satisfied thereto.

Members of Audit Committee are

1	Christian Ugochukwu Nwanma	Shareholders Representative
2	Nyemike Ogbechie	Shareholders Representative
3	Dr.(Mrs.) Chiamaka Mine Cookey-Gam	Directors Representative

Mr. Christain Nwanma
Chairman of the Audit Committee
FRC/2017/ICAN 000000016424
Date: 7th August 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2017

	Notes	31.07.2017	31.07.2016
		₦	₦
Assets			
Non-Current assets			
Property, plant and equipment	4	1,059,017,286	1,079,623,033
Biological assets	5	36,860,926	38,908,756
		1,095,878,212	**1,118,531,789**
Current assets			
Inventory	6	51,311,890	51,311,890
Cash and cash equivalents	8	19,428,816	3,236,041
		70,740,706	**54,547,931**
Total assets		**1,166,618,918**	**1,173,079,720**
Liabilities			
Current liabilities			
Trade and other payables	9	23,301,018	23,801,018
		23,301,018	**23,801,018**
Non-current liabilities			
Payables to related parties	10.2	634,635,175	634,635,175
Deferred tax	11	-	-
		634,635,175	**634,635,175**
Total liabilities		**657,936,193**	**658,436,193**
Equity			
Share Capital	12	60,000,000	60,000,000
Retained earnings		(262,105,068)	(256,144,266)
Reserves		710,787,793	710,787,793
Total equity		**508,682,725**	**514,643,527**
Total liabilities and equity		**1,166,618,918**	**1,173,079,720**

The financial statements were approved by the Board of Directors on 14 August 2018 and signed on its behalf by:

Mr. Frank Ellah
Managing Director

Mrs. Chiamaka Cookey-Gam
Director

The accounting policies on pages 19 to 40 and the notes on pages 40 to 43 form an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 31 July 2017

	Notes	31.07.2017	31.07.2016
		₦	₦
Revenue	12	20,774,577	59,372,048
Cost of sales	13	-	(44,553,385)
Gross profit/(loss)		**20,774,577**	**14,818,663**
Administrative expenses	14	(18,677)	(12,369,466)
Personnel expenses	15	(4,063,125)	(11,094,836)
Depreciation	4	(22,653,576)	(19,099,273)
		(26,735,378)	**(42,563,575)**
Operating profit/(loss)		(5,960,801)	(27,744,912)
Taxation	10	-	-
		(5,960,801)	(27,744,912)
Other comprehensive income:			
Gain/(loss) on fair value adjustment		-	-
		(5,960,801)	**(27,744,912)**
Earning per share (EPS)		(0.05)	(0.23)

The accounting policies on pages 19 to 40 and the notes on pages 40 to 43 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 July 2017

	Share capital	Retained earnings	Other Equity reserve	Total
	₦	₦	₦	₦
At 1 August 2016	60,000,000	(256,144,267)	710,787,793	514,643,526
Profit/(loss) for the year	-	(5,960,801)		(5,960,801)
Other comprehensive income	-	-	-	-
At 31 July 2017	**60,000,000**	**(262,105,068)**	**710,787,793**	**508,682,725**

	₦	₦	₦	₦
At 1 August 2015	60,000,000	(228,399,355)	710,787,793	542,388,438
Profit/(loss) for the year	-	(27,744,912)		(27,744,912)
Other comprehensive income	-	-	-	-
At 31 July 2016	**60,000,000**	**(256,144,267)**	**710,787,793**	**514,643,526**

The accounting policies on pages 19 to 40 and the notes on pages 40 to 43 form an integral part of these financial statements

STATEMENT OF CASH FLOW
for the Year Ended 31 July 2017

	31.07.2017	31.07.2016
	₦	₦
Cashflows from operating activities		
Profit/(loss) before taxation	(5,960,801)	(27,744,912)
Adjustment for:		
Depreciation	20,605,747	19,099,273
	14,644,946	(8,645,639)
Working capital:		
Change in biological assets	2,047,829	
Inventories	-	(21,249,760)
Change in payables	(500,000)	19,953,477
	1,547,829	(1,296,283)
Net cash from/(used in) operating activities	16,192,775	(9,941,922)
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(1,174,350)
Net cash used in investing activities	-	(1,174,350)
Net increase/(decrease) in cash and cash equivalents	16,192,775	(11,116,272)
Cash and cash equivalents at beginning of the year	3,236,041	14,352,313
Cash and cash equivalents at end of the year	19,428,816	3,236,041

The accounting policies on pages 19 to 40 and the notes on pages 40 to 43 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENT
for the Year Ended 31 July 2017

1. **Reporting Entity**

Ellah Lakes Plc is a Public Limited Company incorporated on 22 August 1980 with Corporate Affairs Commission's registration number RC 299748. It was convected to a Public Limited Company on 16 July 1992. Its registered office is situated at 17B Forces Avenue, GRA, Port Harcourt, Rivers State.

The company was registered to carry on business as agricultural producers, dealing in fishing, plantation etc.

2. **Summary of Significant Accounting Policies**

The accounting policies set out below have been fully applied to the financial statements.

2.1 **Basis of preparation**

(i) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (*'IFRS for SMEs'*) as issued by the International Accounting Standards Board ("IASB"), and in compliance with the requirements of the Financial Reporting Council (FRC) of Nigeria Act No. 6 of 2011. The standard has been adopted and applied in preparing these financial statements without any reservation.

(ii) **Basis of measurement**

The financial statements have been prepared on the historical cost basis.

(iii) **Functional and presentation currency**

These financial statements are presented in Nigerian Naira (₦) which is the Company's functional currency.

(iv) **Use of estimates and judgments**

The preparation of the financial statements in conformity with *IFRS for SMEs* requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

the period in which the estimates are revised and in any future periods affected.

2.2 Property, plant and equipments

Section 17.3 of IFRS for SMEs defines property, plant and equipments as tangible assets held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and are expected to be used during more than one period. *Section 17.15* requires that items of property, plant and equipments are stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipments includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates. Where a substantial period of time is required to bring the asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset. Depreciation is provided on straight line basis to allocate the cost/revalue amounts less their residual values over the estimated useful lives of the various classes of asset as follows:

Land	Nil
Building	50 years
Plants and machinery	10 years
Capitalised motor vehicles	5 years
Furniture and fittings	10 years
Biological Asset: Palm Plantation	25 years
Biological Asset: Brood Stock	3 years

The asset's residual values and useful lives are reviewed at each financial year end and adjusted prospectively if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

Impairment review is carried out when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses on non-revalue assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.3 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any). Direct computer software development costs recognised as intangible assets are amortised on a straight line basis over four (4) years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the intangible asset is reviewed at each financial year end. If the expected useful life is different from the previous estimates, the amortisation period will change. And if there is a change due to the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation period will change to reflect the pattern which will be accounted for as a change in accounting estimate.

2.4 **Biological assets**

Biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.

A gain on initial recognition of agricultural produce at fair value less costs to sell are included in profit or loss for the period in which it arises.

All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

2.5 Financial instruments

The Company follows the provisions of *section 11 of IFRS for SMEs* to account for its financial instruments; financial assets and liabilities. *Section 11.3 of IFRS for SMEs defines* financial instrument as a contract that gives rise to a financial asset of one entity and financial liability or equity of another entity.

i. **Financial assets**

- **Classification**

  The company classifies its financial assets in the following categories: loans and receivables, available for sale, fair value through profit or loss and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise only other receivables in the balance sheet.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

- **Fair value through profit or loss**

  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.As at 31 July 2017 the company did not have any instruments classified at fair value through profit or loss.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

- **Held-to-maturity investments**
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. During the year, the Company did not hold any investments in this category.

  Recognition, de-recognition and measurement
  Regular purchases and sales of financial assets are recognised on the trade-date–the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, except for instruments carried at fair value through profit or loss which are recognised at fair value with transactions costs being expensed to profit or loss.

  Financial assets are derecognised when and only when:
  - The contractual rights to receive cash flows from the investments have expired; or
  - The company transfers the financial asset, including substantially all risks and rewards of ownership of the asset.

Measurement after initial recognition
Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss.
When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

i. Financial liabilities

- **Recognition, de-recognition and measurement**

  The company initially recognises debt securities issued on the date that they are originated and other financial liabilities are recognized on the date at which the company becomes a party to the contractual provisions of the instrument.

  Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

  A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

  Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

- **Compound instruments**

  This is financial instrument that has characteristics of both equity and liability. Section 22.13 of IFRS for SMEs requires that compound instrument should be allocated between Equity and Liability components. The liability is determined at the fair value of a similar liability that does not have a conversion feature. The equity component is the residual amount.

(a) **Initial recognition and measurement of financial assets and liabilities**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value (transaction price) plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.Financial liabilities and equity instruments, issued by the Company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(b) **Subsequent measurement**

Subsequent measurement of financial instrument depends on the classification of the instrument; at fair value or at amortised cost. Financial instruments classified as held at fair value through profit or loss are measured at subsequent reporting dates at fair value.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments/debts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

Amortised cost

In line with Section 11.15 of IFRS for SMEs, amortised cost of a financial asset or financial liability at each reporting date is the net of the following amount:

- the amount at which the financial asset or financial liability is measured at initial recognition,
- minus any repayments of the principal,
- plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount,
- minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

Effective interest rate

Financial instruments valued at amortised cost are subsequently measured using the effective interest rate. 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 on 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 where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Company's right to receive payment is established.

(c) De-recognition of financial instruments

Financial assets are derecognised when the contractual right to receive cash flows from the investments have expired or on trade date when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

(d) Gains and losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Company's right to receive payment is established.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

(e) Offsetting of financial instruments

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

(f) Impairment of financial asset

- **Assets carried at amortised cost**

  At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

  Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

  The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

rate, the discount rate for measuring any impairement loss is the current effective interest rate determined under the contract.When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

- **Assets carried at fair value**
  At each reporting date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss.Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

2.6 Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.7 Inventories

Section 13.4 of IFRS for SMEs requires that Inventories should be stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The Company's inventories include brood stock and palm plantation stock. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid investments that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the Company unless otherwise stated.

2.9 Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.10 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs. As at 31st July, 2017 there was no borrowing by the company

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.11 Employee benefits

Employee benefits include short-term employee benefits (salaries and wages, housing allowance and transport allowance etc.), post-employment benefits (pensions and other retirement benefits).

(a) Short term employee benefit

The company recognises a liability and an expense for short term employee benefits, including bonuses, only when contractually or constructively obliged.

(b) Defined contribution

The Company plans to operate a funded defined contributory scheme with some Pension Fund Administrators that will be nominated by the employees. This is in compliance with the provision of the Pension Reform Act, 2014 whereby employer and employees contribute 10% and 8% respectively. Staff contributions to the scheme will be funded through payroll deductions, while the Company's contribution will be charged to statement of profit or loss account.

2.12 Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 the tax expected to be payable or recoverable on differences between the carrying amounts of assets and

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of the 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 calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, 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.

Deferred tax is charged or credited to profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

2.13 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. *Section 21.7 of IFRS for SMEs* requires that provisions should be initially measured at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Contingent liabilities

This is a liability that is either a possible but uncertain obligation or a present obligation that is not recognized because it is not probable (i.e. more likely than not) that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. *Section 21.15 of IFRS for SMEs* requires that contingent liabilities should be disclosed unless the possibility of an outflow of resources is remote.

Contingent assets

Contingent asset is a possible asset arising from past events and whose existence will be confirmed only by the occurrence or non – occurrence of one or more future uncertain events that are not completely within the control of the entity. Contingent asset is not recognized as an asset.

Section 21.15 of IFRS for SMEs requires the disclosure of contingent asset when an inflow of economic benefits is probable.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

Subsequent measurement of provision
Section 21.11 of IFRS for SMEs requires that an entity should review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.14 Share capital
Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Ordinary shares are classified as equity.

2.15 Revenue
Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the entity activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts. The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below.

(a ***Sales of fish and plantation products***
Proceeds from sales of fish and plantation products are recognised in the books when significant risks and rewards of ownership have been transferred to the buyer.

(b ***Interest income***
Interest income is recognized using the effective interest method.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

(c ***Dividend income***
Dividend income from investment is recognized when the Company's right to receive payment has been established and is shown as 'other income

2.16 Foreign currencies

- ***Transactions and balances***
  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the Entity operates, which is the Nigerian Naira (₦).Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. Risk management framework

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 entity;
- Influencing the business 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.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The board recognizes the critical importance of having efficient and effective risk management systems in place.

The principles that guide management on risk are:

a. **Effective balancing of risk and reward** by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.

b. **Business decisions based on an understanding of risk** as management perform rigorous assessment of risks in relationships, provision of services and other business activities.

c. **Proper focus on clients to reduce risks** by knowing its clients and ensuring that the services the Company provides are suitable for and appreciated by its clients.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient provision of business services. The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

Ellah Lakes Plc is to produce fish and plantation products to members of the public. The company has exposure to significant risks which are categorised as follows:

- Regulatory risk
- Business environment risk
- Operational risk
- Market risk
- Liquidity risk

3.1 Regulatory risk

Regulatory risk arises from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the company. In order to manage this risk, the Company is an active participant on topical issues in the industry.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

a. Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for. The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

b. Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products or services.

Taxation risk occurs in the following key areas:

- Transactional risk
- Operational risk
- Compliance risk
- Financial accounting risk

Transactional risk concerns specific transactions entered into by the company, including supplies of fish and palm produce.

Operational risk is underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Compliance risk is the risk associated with meeting the company's statutory obligations.

Financial accounting risk is the risk that relates to inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the Company's taxation risk, management with the help of the engaged tax practitioner ensures that the Company fulfils its responsibilities under tax law in each jurisdiction which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products/services, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

a. Accounting risk

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies
- Establish proper internal accounting controls
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resource persons, and if required external resources, to identify and advise on any material impact on the company.

3.2 Business environment risk

This relates to the following risks:

- Reputational risk
- Strategic risk

a. *Reputational risk*

Reputational risk is the risk of loss caused by a decline in the reputation of the Company or any of its specific business units from the perspective of its stakeholders — shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

b. Strategic risk

Strategic risk is the risk of an unexpected negative change in the Company value, arising from adverse effect of executive decisions on both business strategies and their implementation. This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve these goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

3.3 Operational risk

Operational risk is the risk of loss (direct or indirect) resulting from inadequate or failed internal processes, people and systems as well as from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. Appropriate and adequate controls are implemented by management while executive review of controls and systems (electronic and manual checks) are periodically carried out. There is provision for back-up facilities and contingency planning. The internal control systems and procedures are also subject to regular internal audit reviews.

3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments and also its purchases especially of agricultural inputs.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk includes currency risk, interest rate risk and credit risk.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

a. Currency risk

The company is exposed to currency risk on services rendered and borrowings that are denominated in a currency other than the functional currency which is primarily the Nigerian Naira (₦)

b. Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

c. Credit risk

Credit risk is the risk of financial loss to the Company if a party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its financial instrument, and arises principally from the company's receivables from customers and related parties. Management ensures that its net exposure to credit risk is kept to an acceptable level.

3.5 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial liabilities that are settled by delivering cash or a financial asset. This risk also involves delay to carry out its day-to-day business operations. Management's approach to managing liquidity is to ensure, as far as possible, that the company will always have sufficient funds to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or affecting the daily business operations.

3.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the management defines as the result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

The Board's objectives in managing capital are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide an adequate return to the shareholders commensurate with the level of risk.

4 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Furniture and fittings	Capital Work In Progress	Total
	₦	₦	₦	₦	₦	₦
Cost:						
At 1 August 2016	650,000,000	436,956,201	154,344,212	1,331,300	38,018,970	1,280,650,683
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
At 31 July 2017	650,000,000	436,956,201	154,344,212	1,331,300	38,018,970	1,280,650,683
Depreciation:						
At 1 August 2016	-	57,973,602	142,610,678	443,370	-	201,027,650
Charge for the year	-	8,739,124	11,733,493	133,130	-	20,605,747
On Disposal	-		-	-	-	-
At 31 July 2017	-	66,712,726	154,344,171	576,500	-	221,633,397
Net Book Value at 31 July 2017	**650,000,000**	**370,243,475**	**41**	**754,800**	**38,018,970**	**1,059,017,286**
Net Book Value at July 2016	**650,000,000**	**378,982,599**	**11,733,534**	**887,930**	**38,018,970**	**1,079,623,033**

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

5 Biological assets

	Palm Plantations	Brood Stock	Total
	₦	₦	₦
Cost	**51,195,718**	**6,600,000**	**57,795,718**
Amortisation/depreciation:	-	-	
Balance brought forward	12,286,973	6,599,990	18,886,963
Charge for the year	2,047,829	-	2,047,829
on disposal	-	-	-
Balance carried forward	14,334,802	6,599,990	20,934,792
Carrying Cost at 31 July, 2017	**36,860,916**	**10**	**36,860,926**
Carrying Cost at 31 July, 2016	**38,908,746**	**10**	**38,908,756**

	31.07.2017	31.07.2016
	₦	₦
6 Inventory		
Palm oil/ Bunches	2,851,000	2,851,000
Raw materials	48,460,890	48,460,890
Write downs	-	-
	51,311,890	51,311,890
7 Cash and cash equivalents		
Cash at bank	19,428,816	3,236,041
	19,428,816	3,236,041
8 Payables		
Trade payable	23,301,018	23,801,018
	23,301,018	**23,801,018**
9 Related Party Payables		
Loan from Chief J W Ellah Sons & Co. Ltd	634,635,175	634,635,175
	634,635,175	**634,635,175**

The is loan extended to the company by Chief J W Ellah Sons & Co. Ltd - The majority shareholder of the company. As at 31 July 2017 the above balance was due to it.

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

		₦	₦
10	**Taxation**	**31.07.2017**	**31.07.2016**
	Current tax (10.1)	-	-
	Deferred tax (10.2)	-	-
		-	-

10.1	**Current tax payable**		
	Income tax	-	-
	Education tax	-	-
		-	-

As a result of the loss made during the period, the company is not liable to pay company income tax and education tax.

10.2	**Deferred tax**		
	At 1 January 2016		
	Arising/(reversing) during the year		
		-	-

11	**Authorized:**		
	120,000,000 ordinary shares @ ₦0.50 each	**60,000,000**	**60,000,000**
	Issued and fully paid:		
	120,000,000 ordinary shares @ ₦0.50 each	**60,000,000**	**60,000,000**

12	**Revenue**		
	Sales of fish/ Service	20,774,577	59,372,048
	Other income	-	-
		20,774,577	**59,372,048**

13	**Cost of sales**		
	Goods & services	-	44,553,385
		0	**44,553,385**

Notes to the Financial Statement
for the Year Ended 31 July 2017 cont'd

		31.07.2017	31.07.2016
15	**Personnel expenses**	₦	₦
	Salaries and wages	4,063,125	11,094,836
	Pension contribution-employer	-	-
		4,063,125	**11,094,836**

16 **Related Party disclosures**

Related parties of the Company include key management personnel and entity which are controlled, jointly controlled or significantly influenced, or for which siginficant voting power is held, by key management personnel or their close members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ellah Lakes Plc.

Details of transactions between the Company and related parties are disclosed as follows:

16.1 **Outstanding balances at the end of the year**

	31.07.2017	31.07.2016
	₦	₦
Due to Chief J W Ellah Sons & Co. Ltd.	634,635,175	634,635,175

17 **Contingent liabilities and capital commitments**

17.1 **Contingent liabilities**

Litigations

The Company does not have any pending litigations as at 31 July 2017.

17.2 **Capital commitments**

There are no capital commitments as at 31 July 2017.

18 **Events after the reporting period**

No material transactions have occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the year ended 31 July 2017.

STATEMENT OF VALUE ADDED
for the Year Ended 31 July 2017

	31.07.2017 ₦	%	31.07.2016 ₦	%
Gross earnings	20,774,577		59,372,048	
Bought-in-material and services	(18,677)		(51,320,719)	
Value added/(consumed)	**20,755,900**	**100**	**8,051,329**	100
Applied as follows				
In payment to employees:				
Personnel expenses	4,063,125	20	11,094,836	138
In payment to government:				
Current tax	-		-	-
Retained for future maintenance of assets and expansion of business:				
Depreciation	20,605,747	99	20,605,747	256
Amortisation of biological assets	2,047,829	10	4,095,658	51
Deferred tax	-		-	-
Profit/(loss) for the year	(5,960,801)	(29)	(27,744,912)	(345)
Value added/(consumed)	**20,755,900**	**100**	**8,051,329**	**100**

FIVE YEAR FINANCIAL SUMMARY
for the Year Ended 31 July 2017

	31.07.2017	31.07.2016	31.07.2015	31.07.2014	31.07.2013
Statement of profit or loss	**₦**	**₦**	**₦**	**₦**	**₦**
Revenue	**20,774,577**	**59,372,048**	**72,212,376**	**96,342,735**	**21,084,255**
Profit/(loss) before tax	(5,960,801)	(27,744,912)	(34,729,542)	(13,943,914)	(24,800,992)
Taxation	0	0			
Profit/(loss) after tax	**(5,960,801)**	**(27,744,912)**	**(34,729,542)**	**(13,943,914)**	**(24,800,992)**

Statement of Financial Position:	**31.07.2017**	**31.07.2016**	**31.07.2015**	**31.07.2014**	**31.07.2013**
Assets employed:	**₦**	**₦**	**₦**	**₦**	**₦**
Property, plant and equipment	1,059,017,286	1,079,623,033	1,093,452,298	1,106,743,064	1,091,372,975
Biological assets	36,860,926	38,908,756	43,004,413	44,537,737	48,785,566
Inventories	51,311,890	51,311,890	30,062,130	28,858,128	35,295,294
Cash and cash equivalent	19,428,816	3,236,041	14,352,313	15,301,737	2,390,606
Liabilities	(657,936,193)	(658,436,193)	638,482,717	(617,322,686)	(585,782,547)
	508,682,725	**514,643,528**	**542,388,438**	**578,117,981**	**592,061,895**
Financed by:					
Share Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Retained earnings	(262,105,068)	(256,144,266)	228,399,355	(192,669,812)	(178,725,898)
Reserves	710,787,793	710,787,794	710,787,793	710,787,793	710,787,793
	508,682,725	**514,643,528**	**542,388,438**	**578,117,981**	**592,061,895**

SHARE CAPITAL HISTORY
for the Year Ended 31 July 2017

Year	Authorised Share Capital		Issued & Fully Paid		Consideration
	No of Shares	₦	No of Shares	₦	
1980	1,000,000	1,000,000	1,000,000	1,000,000	Cash
1991	29,000,000	30,000,000	29,000,000	30,000,000	Cash
1994	60,000,000	30,000,000	60,000,000	30,000,000	Stock split
2004	60,000,000	30,000,000	120,000,000	60,000,000	Cash

REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 July 2018

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CORPORATE INFORMATION

Directors:	Gen. Zamani Lekwot (rtd)	Director
	Mallam Suleman Buda Usman	Director
	Mrs. Patricia Ireju Ellah	Director
	Umar Munir Abubaka	Director
	Dr. (Mrs) Chiamaka Mine Cookey-Gam	Director
	Mr. O. Adeyemi Wilson	Director
	Deacon Tom O.B. Ogboi	Director
	Frank Ellah	Managing Director

Registration number: RC: 34296

Company secretary: Michael Ellah

Registered office: 13B Forces Avenue
Old GRA, Port Harcourt
Rivers State.

Auditors: Olabode Akande & Co.
(Chartered Accountants)
270, Ikorodu Road, Obanikoro
Lagos.

Bankers: United Bank for Africa
Zenith Bank Plc

Registrars: CardinalStone Registrar
358 Herbert Macaulay Way
Yaba Lagos

RESULT AT A GLANCE

For the year	31.07.2018	31.07.2017
	₦	₦
Major profit or loss items:		
Revenue	140,000	20,774,577
Profit/(Loss) before taxation	(10,788,369)	(5,960,801)
Profit/(Loss) after taxation	(10,788,369)	(5,960,801)

At year end	31.07.2018	31.07.2017
	₦	₦
Major financial position items:		
Total assets	1,155,830,549	1,166,618,918
Total liabilities	657,936,193	657,936,193
Share Capital	60,000,000	60,000,000
Shareholders' fund	497,894,356	508,682,725

CHAIRMAN'S STATEMENT

Fellow Shareholders, distinguished Ladies and Gentlemen, I welcome you to the Annual General Meeting of our company, Ellah Lakes Plc for the 2018 financial year. Our operations in 2018 was affected by the changes in the macro-economic environment as stated below.

Global Economy
The World Bank had forecasted the global economy to grow by 3.1% in 2018.

The Nigerian Economic Environment
The International Monetary Fund (IMF) projected that the Nigerian economy will grow by 2.1% in 2018. Up to June 30, 2018, the GDP of Nigeria grew by 1.5% (year on -year) in real terms according to the National Bureau of Statistics (NBS). Growth of the Nigerian economy in the period under review had been constrained by political uncertainty, particularly with the approaching general elections in 2019, weak business environment, and security concerns arising from the attack on many communities in the North Central Zone of the country by the herdsmen and some other armed bandicts, who have been operating undeterred for some time, and most seriously in the period under review.

Specific Challenges faced by Ellah Lakes Plc
The numerous locational problems faced by your company in 2017 continued in 2018. As a result, no income was earned by the company throughout the year from sale of fish.

Review of the Financial Performance for 2018
Arising from the above mentioned challenges, your company recorded only N140,000 as revenue in 2018. Loss before tax was N10,788,369 for the year.

Future Plans
Given the dismal performance of the company in the past couple of years, and with the closure of the farm due to militants' activities in its locality, it has become necessary for us as a company to come up with a strategy for better performance in the future. A major idea that has been brought forward by the board for consideration in this meeting is the need to raise additional funds to enable the company have the resources to diversify its geographical areas of operation, in addition to having additional working capital to improve its operations in the near future. A number of options have been considered but the one we have found most profound is the proposal by Telleria Farms Limited to buy into our company. Telluria has a

Chairman's Statement cont'd

2,400 hectares farm in Edo State where they grow cassava for starch production for exports. They also grow palm trees for the production of palm oil and palm kernel with other by- products. We see this collaboration with Telluria Farms Limited as a worthwhile growth strategy for Ellah Lakes Plc at this time due to the fact that it will bring into our operations the production of agricultural products with greater value added than fish production. The products are also not highly susceptible to incidences of diseases as we have in fisheries and animal husbandry in general. The market for the finished products are export oriented and this will greatly enhance our performance in the near future.

To put this arrangement into action, the shareholders of Telluria Farms Limited have expressed their willingness to invest exclusively in a special placement to be carried out by Ellah Lakes Plc with the issue of 1,880,000,000 ordinary shares of 50k each to them. In consideration for these shares they will make available for the exclusive use of Ellah Lakes Plc, their 2,400 hectres of land in Edo State in addition to the working capital and other requirements for running the business for future growth and profitability.

The board have brought relevant resolutions for this transaction for your consideration and approval at this meeting. I urge you to consider the proposal and give it your support to enable us have an opportunity to turnaround the fortunes of Ellah Lakes Plc from the present prostate level that it has found itself.

Conclusion

Fellow Shareholders, our Company is facing challenges not only limited to its operating environment but also liquidity issues brought about by poor revenue generation and attendant lack of operational capital.

Consequently, it is imperative to consider any practical alternative that could inject fresh capital and new business potential to solve these very immediate issues or face the stack reality of final closure and loss of the Company. It is therefore a clarion call that I make to you today to contribute your quota in salvaging the company by supporting all the resolutions proposed for this meeting to enable us take the company to another level where the prospect of growth and profitability is better than what we have at this time.

Thank you for your understanding.

Francis Ellah
Chairman

REPORT OF THE DIRECTORS

The directors are pleased to submit herewith their report and the audited financial statements of the company for year ended 31 July 2018.

		31.07.2018	31.07.2017
1	**Result for the period**	₦	₦
	Profit/(Loss) before taxation	**(10,788,369)**	**(5,960,801)**
	Taxation	**-**	**-**
	Other comprehensive income	**-**	-
	Profit/(Loss) after taxation	**(10,788,369)**	**(5,960,801)**
	Retained Earnings, Beginning of the year	(262,105,068)	(256,144,267)
		(272,893,437)	**(262,105,068)**

2 **Principal activities**

The company is a public quoted company incorporated on 22 August, 1980 as a limited liability company. It was converted to public limited company on 16 June, 1992. It engages in the business of fish farming and plantation.

3 **Review of business and future developments**

As a result of militancy activities in the area where the farm is located the company has suspended business activities until the environment is safe for business activities. The directors are exploring strategies to keep the company afloat.

4 **Directors**

The composition of the Board of directors is set out on page 2 of these financial statements.

5 **Property, plant and equipment**

Movements in property, plant and equipment during the year are shown in Note 4 to the financial statements on Page 30. In the opinion of the directors, the market value of the Company's property, plant and equipment is not lower than the value shown in the financial statements.

REPORT OF THE DIRECTORS cont's

6 Analysis of Shareholders

Range			No of Holders	Holder's %	Holder's Cumulative	Units	Units %	Unit Cumulative
1	-	1,000	2,394	83.79	2,394	1,092,239	0.91	1,092,239
1,001	-	10,000	401	14.04	2,795	1,381,029	1.15	2,473,268
10,001	-	20,000	24	0.84	2,819	345,261	0.29	2,818,529
20,001	-	50,000	18	0.63	2,837	608,391	0.51	3,426,920
50,001	-	100,000	7	0.25	2,844	506,090	0.42	3,933,010
100,001	-	500,000	5	0.18	2,849	1,121,348	0.93	5,054,358
500,001	-	1,000,000	3	0.11	2,852	2,438,120	2.03	7,492,478
1,000,001	-	20,000,000	3	0.11	2,855	28,117,000	23.43	35,609,478
20,000,001	-	50,000,000	-	-	2,855	-	-	35,609,478
10,000,001	-	50,000,000	1	0.04	2,856	25,000,000	20.83	60,609,478
50,000,001	-	75,000,000	1	0.04	2,857	59,390,522	49.49	120,000,000
			2,857	100		120,000,000	100.00	

7. Dividend

The directors have not recommended any dividend for the period ended 31 July 2018 because the company made loss during the period under review.

8. Personnel

(I) **Employment of disabled persons:**

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 July 2018 there were however, no disabled persons in the company's employment.

(ii) **Employee's involvement and training:**

The company is commited to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. The Company provides a range of training from time to time with potential broadening opportunities for employees' career development within the organisation.

(iii) **Staff welfare and safety at work:**

The Company places high premium on its human resources and there is in existence provision for lunch, rent and transport

REPORT OF THE DIRECTORS cont's

allowances. The Company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

9. Auditors

Messrs Olabode Akande & Co. (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

10. Shareholding of Directors

		Shareholding	
Year	**Name of Shareholder**	**Direct**	**Indirect**
2017	Gen. Zamani Lekwot (rtd)	500,200	-
	Mallam Suleman Buda Usman	-	-
	Mrs Patricia Ireju Ellah	-	-
	Umar Munir Abubaka	-	-
	Dr (Mrs) Chiamaka Cookey-Gam	-	-
	Mr O. Adeyemi Wilson	-	-
	Deacon Tom O. B. Ogboi	-	-
	Frank Ellah	-	59,390,522

11. Analysis of Shareholding

The shares of the Company were fully owned by Nigeria citizens and institutions. The following Shareholders held more than 5% of the shares of the Company as at July 31, 2017

	No. Shares	%
Chief J. W. Ellah Sons & Co. Ltd.	59,390,522	49.49
UBAPC / Trustfund Pension PLC - main	25,000,000	20.83
Rims Merchant Bank Ltd.	15, 168,000	12.64
Rivers State Ministry of Finance Inc	11,450,000	9.54

By order of the Board

Mr. Michael Ellah
Company Secretary

LAGOS, Nigeria
14/08/..., 2018

CORPORATE GOVERNANCE REPORT

Due to the fact that the Company's operations were suspended on August 6, 2016, the various Board Committees of the Company could not hold any meeting during the year.

The following were the Board Committees in existence during the period even though they could not hold their respective meetings:

Finance and General Purpose Committee
Deacon Tom O. O. Ogboi
Dr. (Mrs.) Chiamaka Cookey-Gam
Umar Munir Abubakar

Corporate Governance Committee
Mr. A.O. Adeyemi Wilson
Mrs. Patricia Ireju Ellah
Mallam Sulaiman Buda Usman

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The directors accept responsibility for the preparation and fair presentation of these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirments of the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern entity in the years ahead.

Mr. Frank Ellah
Managing Director
....14.08....., 2018

Dr. (Mrs.) Chiamaka Cookey-Gam
Director
....14.08....., 2018

REPORT OF THE AUDIT COMMITTEE

To the Members of Ellah Lakes Plc.

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004, we, the members of the Audit Committee of Ellah Lakes Plc, having carried out our statutory functions under the Act, hereby report that:

(a) The accounting and reporting policies of the company are consistent with legal requirements and ethical practices.

(b) We reviewed the scope and planning of the external audit for the period ended July 31, 2018 and we confirm that they were adequate. Meanwhile, due to the inactivity of the company during the year, the internal audit functions were not in operation during the period.

Members of Audit Committee are

1	Christian Ugochukwu Nwanma	Shareholders Representative
2	Nyemike Ogbechie	Shareholders Representative
3	Dr. (Mrs.) Chiamaka Mine Cookey-Gam	Directors Representative

Mr. Christain Nwanma
Chairman of the Audit Committee
FRC/2017/ICAN 000000016424
Date: 7th August 2018

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ELLAH LAKES PLC

Report on the Audit of the Financial Statements

Opinion

In our opinion, except for the going concern threat stated in this report, the accompanying financial statements give a true and fair view of the financial position of Ellah Lakes Plc as at 31 July 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 July 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. In December, 2017 the directors suspended business activities at the 100 hectares farm land in Omuaku Rivers State as a result of militancy activities which made operating on the farm a security concern. As a result, the company had to stop all activities on the farm pending the time the Government resolves the security issue. Consequently, the continuation of the company is dependent upon the directors ability to engage the stakeholders on ways to resolve the

Report of the Independent Auditors cont'd

security challenges or find an alternative business venture in which the company can operate.

Based on our audit of the financial statements, we also have not identified such a material uncertainty except as disclosed above. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Key Audit Matters

Inability to confirm title to Property, plant and equipment

In the course of our audit we were unable to confirm the company's title to significant portion of its Property, plant and equipment as stated in the financial statements.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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. In making those risk assessments, the auditor considers internal control 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 the 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 opinion.

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:-

I) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company; and

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
1545784

Mr. Olabode Akande
FRC/2013/ICAN/00000001755
for
Olabode Akande & Co.
(Chartered Accountants)

Lagos, Nigeria
29th August, 2018

STATEMENT OF FINANCIAL POSITION
as at 31 July 2018

	Notes	31.07.2018	31.07.2017
		₦	₦
Assets			
Non-Current assets			
Property, plant and equipment	4	1,050,145,032	1,059,017,286
Biological assets	5	34,813,098	36,860,926
		1,084,958,130	**1,095,878,212**
Current assets			
Inventory	6	51,311,890	51,311,890
Investment	7	15,605,479	-
Cash and cash equivalents	8	3,955,050	19,428,816
		70,872,420	**70,740,706**
Total assets		**1,155,830,549**	**1,166,618,918**
Liabilities			
Current liabilities			
Trade and other payables	9	23,301,018	23,301,018
		23,301,018	**23,301,018**
Non-current liabilities			
Payables to related parties	10	634,635,175	634,635,175
Deferred tax	11	-	-
		634,635,175	**634,635,175**
Total liabilities		**657,936,193**	**657,936,193**
Equity			
Share Capital	12	60,000,000	60,000,000
Retained earnings		(272,893,437)	(262,105,068)
Reserves		710,787,793	710,787,793
Total equity		**497,894,356**	**508,682,725**
Total liabilities and equity		**1,155,830,549**	**1,166,618,918**

The financial statements were approved by the Board of Directors on 14 August, 2018 and signed on its behalf by:

Mr. Frank Ellah
Managing Director

Mrs. Chiamaka Cookey-Gam
Director

The accounting policies on pages 19 to 41 and the notes on pages 38 to 41 form an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 31 July 2018

	Notes	31.07.2018	31.07.2017
		₦	₦
Revenue	12	140,000	20,774,577
Cost of sales	13	-	-
Gross profit/(loss)		**140,000**	**20,774,577**
Administrative expenses	14	(8,286)	(18,677)
Personnel expenses	15	-	(4,063,125)
Depreciation	4	(8,872,254)	(20,605,747)
Amortisation	5	(2,047,829)	(2,047,829)
		(10,928,369)	**(26,735,378)**
Operating profit/(loss)		(10,788,369)	(5,960,801)
Taxation	10	-	-
		(10,788,369)	(5,960,801)
Other comprehensive income:			
Gain/(loss) on fair value adjustment		-	-
		(10,788,369)	**(5,960,801)**
Earning per share (EPS)		(0.09)	(0.05)

The accounting policies on pages 19 to 41 and the notes on pages 38 to 41 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 July 2018

	Share capital	Retained earnings	Other Equity reserve	Total
	₦	₦	₦	₦
At 1 August 2017	60,000,000	(262,105,068)	710,787,793	508,682,725
Profit/(loss) for the year	-	(10,788,369)	-	(10,788,369)
Other comprehensive income	-	-	-	-
At 31 July 2018	**60,000,000**	**(272,893,437)**	**710,787,793**	**497,894,356**

	₦	₦	₦	₦
At 1 August 2016	60,000,000	(256,144,267)	710,787,793	514,643,526
Profit/(loss) for the year	-	(5,960,801)	-	(5,960,801)
Other comprehensive income	-	-	-	-
At 31 July 2017	**60,000,000**	**(262,105,068)**	**710,787,793**	**508,682,725**

The accounting policies on pages 19 to 41 and the notes on pages 19 to 43 form an integral part of these financial statements

STATEMENT OF CASH FLOW
for the Year Ended 31 July 2018

	31.07.2018	31.07.2017
	₦	₦
Cashflows from operating activities		
Profit/(loss) before taxation	(10,788,369)	(5,960,801)
Adjustment for:		
Depreciation	8,872,254	20,605,747
	(1,916,115)	14,644,946
Working capital:		
Change in biological assets	2,047,829	2,047,829
Inventories	-	-
Change in payables	-	(500,000)
	2,047,829	1,547,829
Net cash from/(used in) operating activities	131,714	16,192,775
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	-
Investment in Nigeria Treasury Bills	(15,605,479)	-
Net cash used in investing activities	(15,605,479)	-
Net increase/(decrease) in cash and cash equivalents	(15,473,766)	16,192,775
Cash and cash equivalents at beginning of the year	19,428,816	3,236,041
Cash and cash equivalents at end of the year	**19,428,816**	**19,428,816**

The accounting policies on pages 19 to 41 and the notes on pages 19 to 43 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENT
for the Year Ended 31 July 2018

1. **Reporting Entity**

Ellah Lakes Plc is a Public Limited Company incorporated on 22 August 1980 with Corporate Affairs Commission's registration number RC 299748. It was convected to a Public Limited Company on 16 July 1992. Its registered office is situated at 17B Forces Avenue, GRA, Port Harcourt, Rivers State.

The company was registered to carry on business as agricultural producers, dealing in fishing, plantation etc.

2. **Summary of Significant Accounting Policies**

The accounting policies set out below have been fully applied to the financial statements.

2.1 **Basis of preparation**

(i) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (*'IFRS for SMEs'*) as issued by the International Accounting Standards Board ("IASB"), and in compliance with the requirements of the Financial Reporting Council (FRC) of Nigeria Act No. 6 of 2011. The standard has been adopted and applied in preparing these financial statements without any reservation.

(ii) **Basis of measurement**

The financial statements have been prepared on the historical cost basis.

(iii) **Functional and presentation currency**

These financial statements are presented in Nigerian Naira (₦) which is the Company's functional currency.

(iv) **Use of estimates and judgments**

The preparation of the financial statements in conformity with *IFRS for SMEs* requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

the period in which the estimates are revised and in any future periods affected.

2.2 Property, plant and equipments

Section 17.3 of IFRS for SMEs defines property, plant and equipments as tangible assets held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and are expected to be used during more than one period. *Section 17.15* requires that items of property, plant and equipments are stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipments includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates. Where a substantial period of time is required to bring the asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset. Depreciation is provided on straight line basis to allocate the cost/revalue amounts less their residual values over the estimated useful lives of the various classes of asset as follows:

Land	Nil
Building	50 years
Plants and machinery	10 years
Capitalised motor vehicles	5 years
Furniture and fittings	10 years
Biological Asset: Palm Plantation	25 years
Biological Asset: Brood Stock	3 years

The asset's residual values and useful lives are reviewed at each financial year end and adjusted prospectively if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

Impairment review is carried out when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses on non-revalue assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.3 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any). Direct computer software development costs recognised as intangible assets are amortised on a straight line basis over four (4) years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the intangible asset is reviewed at each financial year end. If the expected useful life is different from the previous estimates, the amortisation period will change. And if there is a change due to the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation period will change to reflect the pattern which will be accounted for as a change in accounting estimate.

2.4 **Biological assets**

Biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.

A gain on initial recognition of agricultural produce at fair value less costs to sell are included in profit or loss for the period in which it arises.

All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

2.5 Financial instruments

The Company follows the provisions of *section 11 of IFRS for SMEs* to account for its financial instruments; financial assets and liabilities. *Section 11.3 of IFRS for SMEs defines* financial instrument as a contract that gives rise to a financial asset of one entity and financial liability or equity of another entity.

i. **Financial assets**

- **Classification**

  The company classifies its financial assets in the following categories: loans and receivables, available for sale, fair value through profit or loss and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise only other receivables in the balance sheet.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

- **Fair value through profit or loss**

  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.As at 31 July 2017 the company did not have any instruments classified at fair value through profit or loss.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

- **Held-to-maturity investments**
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. During the year, the Company did not hold any investments in this category.

  Recognition, de-recognition and measurement
  Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, except for instruments carried at fair value through profit or loss which are recognised at fair value with transactions costs being expensed to profit or loss.

  Financial assets are derecognised when and only when:
  - The contractual rights to receive cash flows from the investments have expired; or
  - The company transfers the financial asset, including substantially all risks and rewards of ownership of the asset.

Measurement after initial recognition
Available-for-sale financial assets are subsequently carried at fair value.
Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.Changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss.When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

I. **Financial liabilities**

- **Recognition, de-recognition and measurement**

  The company initially recognises debt securities issued on the date that they are originated and other financial liabilities are recognized on the date at which the company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

  Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.

  The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss

- **Compound instruments**

  This is financial instrument that has characteristics of both equity and liability. Section 22.13 of IFRS for SMEs requires that compound instrument should be allocated between Equity and Liability components. The liability is determined at the fair value of a similar liability that does not have a conversion feature. The equity component is the residual amount.

(a) **Initial recognition and measurement of financial assets and liabilities**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value (transaction price) plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

Financial liabilities and equity instruments, issued by the Company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(b) Subsequent measurement

Subsequent measurement of financial instrument depends on the classification of the instrument; at fair value or at amortised cost. Financial instruments classified as held at fair value through profit or loss are measured at subsequent reporting dates at fair value.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments/debts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Company's right to receive payment is established.

(e) Offsetting of financial instruments

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

(f) Impairment of financial asset

- **Assets carried at amortised cost**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

- **Assets carried at fair value**
  At each reporting date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss.Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.6 **Trade receivables**
Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.7 **Inventories**
Section 13.4 of IFRS for SMEs requires that Inventories should be stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. The Company's inventories include land acquired for the purpose of reselling to the general public. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid investments that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the Company unless otherwise stated. In the statement of financial position, bank overdrafts are included in current liabilities.

2.9 Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.10 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.11 Employee benefits

Employee benefits include short-term employee benefits (salaries and wages, housing allowance and transport allowance etc.), post-employment benefits (pensions and other retirement benefits).

(a) Short term employee benefit

The company recognises a liability and an expense for short term employee benefits, including bonuses, only when contractually or constructively obliged.

(b) Defined contribution

The Company plans to operate a funded defined contributory scheme with some Pension Fund Administrators that will be nominated by the employees.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

This is in compliance with the provision of the Pension Reform Act, 2014 whereby employer and employees contribute 10% and 8% respectively. Staff contributions to the scheme will be funded through payroll deductions, while the Company's contribution will be charged to statement of profit or loss account.

2.12 Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

The carrying amount of deferred tax assets is reviewed at the end of the 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 calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, 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.

Deferred tax is charged or credited to profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

2.13 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Section 21.7 of IFRS for SMEs requires that provisions should be initially measured at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Contingent liabilities

This is a liability that is either a possible but uncertain obligation or a present obligation that is not recognized because it is not probable (i.e. more likely than not) that the entity will be

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Section 21.15 of IFRS for SMEs requires that contingent liabilities should be disclosed unless the possibility of an outflow of resources is remote.

Contingent assets
Contingent asset is a possible asset arising from past events and whose existence will be confirmed only by the occurrence or non – occurrence of one or more future uncertain events that are not completely within the control of the entity. Contingent asset is not recognized as an asset.Section 21.15 of IFRS for SMEs requires the disclosure of contingent asset when an inflow of economic benefits is probable.

Subsequent measurement of provision
Section 21.11 of IFRS for SMEs requires that an entity should review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.14 Share capital
Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Ordinary shares are classified as equity.

2.15 Revenue
Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

of the entity activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.
The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below.

(a **Sales of eggs**
Proceeds from sales of eggs are recognised in the books when significant risks and rewards of ownership have been transferred to the buyer.

(b **Interest income**
Interest income is recognized using the effective interest method.

(c **Dividend income**
Dividend income from investment is recognized when the Company's right to receive payment has been established and is shown as 'other income

2.16 Foreign currencies

- **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the Entity operates, which is the Nigerian Naira (₦).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

3. Risk management framework

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 entity;
- Influencing the business 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 primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The board recognizes the critical importance of having efficient and effective risk management systems in place.

The principles that guide management on risk are:

a. **Effective balancing of risk and reward** by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.

b. **Business decisions based on an understanding of risk** as management perform rigorous assessment of risks in relationships, provision of services and other business activities.

c. **Proper focus on clients to reduce risks** by knowing its clients and ensuring that the services the Company provides are suitable for and appreciated by its clients.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient provision of business services. The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

Ruma Investments Limited is to produce prime quality eggs and with time chicken to members of the public. The company has exposure to significant risks which are categorised as follows:

- Regulatory risk
- Business environment risk
- Operational risk
- Market risk
- Liquidity risk

3.1 Regulatory risk

Regulatory risk arises from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the company. In order to manage this risk, the Company is an active participant on tropical issues in the industry.

a. Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for. The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

b. Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products or services.

Taxation risk occurs in the following key areas:

- Transactional risk
- Operational risk
- Compliance risk
- Financial accounting risk

Transactional risk concerns specific transactions entered into by the company, including supplies of eggs and chickens.

Operational risk is underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

Compliance risk is the risk associated with meeting the company's statutory obligations.

Financial accounting risk is the risk that relates to inadequacy of proper internal controls over financial reporting, including tax provisioning. In managing the Company's taxation risk, management with the help of the engaged tax practitioner ensures that the Company fulfils its responsibilities under tax law in each jurisdiction which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products/services, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

a. Accounting risk

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies
- Establish proper internal accounting controls
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

3.2 Business environment risk

This relates to the following risks:

- Reputational risk
- Strategic risk

a. Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the Company or any of its specific business units from the perspective of its stakeholders:- shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

b. Strategic risk

Strategic risk is the risk of an unexpected negative change in the Company value, arising from adverse effect of executive decisions on both business strategies and their implementation. This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve these goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

3.3 Operational risk

Operational risk is the risk of loss (direct or indirect) resulting from inadequate or failed internal processes, people and systems as well as from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. Appropriate and adequate controls are implemented by management while executive review of controls and systems (electronic and manual checks) are periodically carried out. There is provision for back-up facilities and contingency planning. The internal control systems

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

and procedures are also subject to regular internal audit reviews.

3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments and also its purchases especially of agricultural inputs.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk includes currency risk, interest rate risk and credit risk.

a. Currency risk

The company is exposed to currency risk on services rendered and borrowings that are denominated in a currency other than the functional currency which is primarily the Nigerian Naira (₦)

b. Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

c. Credit risk

Credit risk is the risk of financial loss to the Company if a party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its financial instrument, and arises principally from the company's receivables from customers and related parties. Management ensures that its net exposure to credit risk is kept to an acceptable level.

3.5 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial liabilities that are settled by delivering cash or a financial asset. This risk also involves delay to carry out its day-

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

to-day business operations. Management's approach to managing liquidity is to ensure, as far as possible, that the company will always have sufficient funds to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or affecting the daily business operations.

3.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the management defines as the result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board's objectives in managing capital are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide an adequate return to the shareholders commensurate with the level of risk.

4 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Furniture and fittings	Capital Work In Progress	Total
	₦	₦	₦	₦	₦	₦
Cost:						
At 1 August 2017	650,000,000	436,956,201	154,344,212	1,331,300	38,018,970	1,280,650,683
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
At 31 July 2018	650,000,000	436,956,201	154,344,212	1,331,300	38,018,970	1,280,650,683
Depreciation:						
At 1 August 2017	-	66,712,726	154,344,171	576,500	-	221,633,397
Charge for the year	-	8,739,124	-	133,130	-	8,872,254
On Disposal	-		-	-	-	-
At 31 July 2018	-	75,451,850	154,344,171	709,630	-	230,505,651
Net Book Value at 31 July 2018	**650,000,000**	**361,504,351**	**41**	**621,670**	**38,018,970**	**1,050,145,032**
Net Book Value at July 2017	**650,000,000**	**370,243,475**	**41**	**754,800**	**38,018,970**	**1,059,017,286**

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

5 Biological assets

	Palm Plantations	Brood Stock	Total
	₦	₦	₦
Cost	**51,195,718**	**6,600,000**	**57,795,718**
Amortisation/depreciation:	-	-	
Balance brought forward	14,334,802	6,599,990	20,934,792
Charge for the year	2,047,829	-	2,047,829
on disposal	-	-	-
Balance carried forward	16,382,631	6,599,990	22,982,621
Carrying Cost at 31 July, 2018	**34,813,088**	**10**	**34,813,098**
Carrying Cost at 31 July, 2017	**36,860,916**	**10**	**36,860,926**

		31.07.2018	31.07.2017
		₦	₦
6	**Inventory**		
	Palm oil/ Bunches	2,851,000	2,851,000
	Raw materials	48,460,890	48,460,890
	Write downs	-	-
		51,311,890	51,311,890
7	**Investment**		
	Investment in 10% Nigerian Treasury Bill	15,605,479	-
	The company has investment in Nigerian Treasury Bill		
8	**Cash and cash equivalents**		
	Cash at bank	3,955,050	19,428,816
		3,955,050	19,428,816
9	**Payables**		
	Trade payable	23,301,018	23,301,018
		23,301,018	**23,301,018**
10	**Related Party Payables**		
	Loan from Chief J.W. Ellah Sons & Co. Ltd	634,635,175	634,635,175
		634,635,175	**634,635,175**

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

		31.07.2018 ₦	31.07.2017 ₦
11	**Taxation**		
	Current tax (10.1)	-	-
	Deferred tax (10.2)	-	-
		-	-
11.1	**Current tax payable**		
	Income tax	-	-
	Education tax	-	-
		-	-

As a result of the loss made during the period, the company is not liable to pay company income tax and education tax.

11.2	**Deferred tax**		
	At 1 August 2017		
	Arising/(reversing) during the year		
		-	
12	**Authorized:**		
	120,000,000 ordinary shares@ ₦ 0.50 each	**60,000,000**	**60,000,000**
	Issued and fully paid:		
	120,000,000 ordinary shares@ ₦0.50 each	**60,000,000**	**60,000,000**
13	**Revenue**		
	Sales of fish/ Service	-	20,774,577
	Other income	140,000	-
		140,000	**20,774,577**
14	**Cost of sales**		
	Goods & services	0	-
		0	0
15	**Administrative expenses**		
	Audit fees	-	-
	Bank charges	8,286	18,677
	Travel fares - Local	-	-
		8,286	**18,677**

Notes to the Financial Statement
for the Year Ended 31 July 2018 cont'd

		31.07.2018	31.07.2017
15	**Personnel expenses**	₦	₦
	Salaries and wages	-	4,063,125
	Pension contribution-employer	-	-
		0	**4,063,125**

16 **Related Party disclosures**

Related parties of the Company include key management personnel and entity which are controlled, jointly controlled or significantly influenced, or for which siginficant voting power is held, by key management personnel or their close members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ellah Lakes Plc.

Details of transactions between the Company and related parties are disclosed as follows:

16.1 **Outstanding balances at the end of the year**

	31.07.2018	31.07.2017
	₦	₦
Due to Chief J W Ellah Sons & Co. Ltd.	634,635,175	634,635,175

17 **Contigent liabilities and capital commitments**

17.1 **Contingent liabilities**

Litigations

The Company does not have any pending litigations as at 31 July 2018.

17.2 **Capital commitments**

There are no capital commitments as at 31 July 2018.

18 **Events after the reporting period**

No material transactions have occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the year ended 31 July 2018.

STATEMENT OF VALUE ADDED
for the Year Ended 31 July 2018

	31.07.2018		31.07.2017	
	₦	%	₦	%
Gross earnings	140,000		20,774,577	
Bought-in-material and services	(8,286)		(18,677)	
Value added/(consumed)	**131,714**	**100**	**20,755,900**	100
Applied as follows				
In payment to employees:				
Personnel expenses	-	-	4,063,125	20
In payment to government:				
Current tax	-		-	-
Retained for future maintenance of assets and expansion of business:				
Depreciation	8,872,254	6,736	20,605,747	99
Amortisation of biological assets	2,047,829	1,555	2,047,829	10
Deferred tax	-		-	-
Profit/(loss) for the year	(10,788,369)	(8,191)	(5,960,801)	(29)
Value added/(consumed)	**131,714**	**100**	**20,755,900**	**100**

FIVE YEAR FINANCIAL SUMMARY
for the Year Ended 31 July 2018

Statement of profit or loss	31.07.2018 ₦	31.07.2017 ₦	31.07.2016 ₦	31.07.2015 ₦	31.07.2014 ₦
Revenue	**140,000**	**20,774,577**	**14,180,550**	**14,180,550**	**14,180,550**
Profit/(loss) before tax	(10,928,369)	(5,960,801)	(7,500,173)	(34,729,542)	(13,943,914)
Taxation	0	0	(598,777)	-	-
Profit/(loss) after tax	**(10,928,369)**	**(5,960,801)**	**(8,098,950)**	**(34,729,542)**	**(13,943,914)**

Statement of Financial Position: Assets employed:	31.07.2018 ₦	31.07.2017 ₦	31.07.2016 ₦	31.07.2015 ₦	31.07.2014 ₦
Property, plant and equipment	1,050,145,032	1,059,017,286	1,079,623,033	1,093,452,298	1,106,743,064
Biological assets	34,813,098	36,860,926	38,908,756	43,004,413	44,537,737
Inventories	51,311,890	51,311,890	51,311,890	30,062,130	28,858,128
Investments	15,605,479	-	-	-	-
Cash and cash equivalent	3,955,050	19,428,816	3,236,041	14,352,313	15,301,737
Liabilities	(657,936,193)	(657,936,193)	(658,436,193)	638,482,717	(617,322,686)
	497,894,356	**508,682,725**	**514,643,528**	**542,388,438**	**578,117,981**
Financed by:					
Share Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Retained earnings	(272,893,437)	(262,105,068)	(256,144,266)	228,399,355	(192,669,812)
Reserves	710,787,793	710,787,793	710,787,794	710,787,793	710,787,793
	497,894,356	**508,682,725**	**514,643,528**	**542,388,438**	**578,117,981**

SHARE CAPITAL HISTORY
for the Year Ended 31 July 2018

Year	Authorised Share Capital		Issued & Fully Paid		Consideration
	No of Shares	₦	No of Shares	₦	
1980	1,000,000	1,000,000	1,000,000	1,000,000	Cash
1991	29,000,000	30,000,000	29,000,000	30,000,000	Cash
1994	60,000,000	30,000,000	60,000,000	30,000,000	Stock split
2004	60,000,000	30,000,000	120,000,000	60,000,000	Cash

PROXY FORM

For the Year Ended 31 July 2018

Annual General Meeting to be held at 11:00a.m Mon. Thursday, September 27, 2018 at Beverly Hills Hotel, Plot 130 Woji Road, GRA Phase II, Port-Harcourt, Rivers State

Please Affix Postage Stamp

I/We .....

.....

Being a member/members of Ellah Lakes Plc

hereby appoint .....

.....

or failing

Him/Her, the Chairman of the meeting as my/our proxy to act and vote for me/us in my/our behalf at the Annual General Meeting of the company to be held on Thursday, Sept. 27, 2018 at 11.00am and at any adjournment thereof.

Dated this ..... day of September 2018

Shareholder's signature .....

Notes:

1. THIS PROXY FORM SHOULD NOT BE COMPLETED AND RETURNED IF THE MEMBER WILL BE ATTENDING THE MEETING.
2. A member (shareholder) entitled to attend and vote at the general meeting is entitled to and may if he/she wishes, appoint a proxy to act for him/her. All proxy Forms must be deposited with the Company's Registrar, CardinalStone Registrars Ltd, 358 Herbert Macaulay Way, Yaba, Lagos, not later than 48 hours before the time for holding the meeting.
3. Following the normal practices, the name of two Directors of the company have been entered on the Form to ensure that someone will be at the meeting to act as proxy. But if you wish, you may appoint anyone else.
4. If executed by a corporation, the proxy card should be sealed with the company seal.
5. In the case of joint shareholders, it should be shown.
6. The proxy must produce the admission card sent with the notice of the meeting to obtain entry of the meeting.

NUMBER OF SHARES				
Ordinary resolutions			**For**	**Against**
1.	1.1	To present the Financial Statements of the Company and the Consolidated Accounts for the financial years ended 31st July 2017 and 31st July 2018 and the reports of the Directors, Auditors and Audit Committee thereon.		
	1.2	To appoint Olabode Akande & Co. as the Auditors to the Company.		
	1.3	To authorise the Directors to fix the remuneration of the Auditors.		
	1.4	To elect members of the Audit Committee.		
2.	2.2 a.	That pursuant to the Company's Articles of Association: The Directors are hereby authorised to allot One Billion Eight Hundred and Eighty Million (1,880,000,000) Ordinary shares of 50 Kobo each to the shareholders of Telluria Limited ("Telluria Shareholders"), by way of a Special/Private Placement, in consideration of the transfer by the Telluria Shareholders of their entire shareholding in Telluria Limited to the Company on such terms and conditions as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities;		
	b.	The Directors are hereby authorised to enter into any agreement and/or execute any document necessary to give effect to the above resolutions; and		
	c.	The Directors are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.		
Special Resolution				
1.		The Directors are hereby authorised to allot One Billion Eight Hundred and Eighty Million (1,880,000,000) Ordinary shares of 50 Kobo each to the shareholders of Telluria Limited ("Telluria Shareholders"), by way of a Special/Private Placement, in consideration of the transfer by the Telluria Shareholders of their entire shareholding in Telluria Limited to the Company on such terms and conditions as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities;		
2.		The Directors are hereby authorised to enter into any agreement and/or execute any document necessary to give effect to the above resolutions; and		
3.		The Directors are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.		
Please indicate with 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above.				

ADMISSION CARD

Please admit the shareholder named on this Admission Card of his duly appointed proxy to the Annual General Meeting of Ellah Lakes Plc which will be held at Beverly Hills Hotel, Plot 130 Woji Road, GRA Phase II, Port-HArcourt, on Thursday, September 27, 2018 at 11.00am.

Name of shareholder	Number of shares held	Signature of person attending

Note

1. This admission card must be produced by the shareholder or his/her proxy in order to obtain entrance to the meeting.
2. Shareholders or their proxies are requested to sign the admission card before attending the meeting.

Mr Michael Ellah
Company Secretary