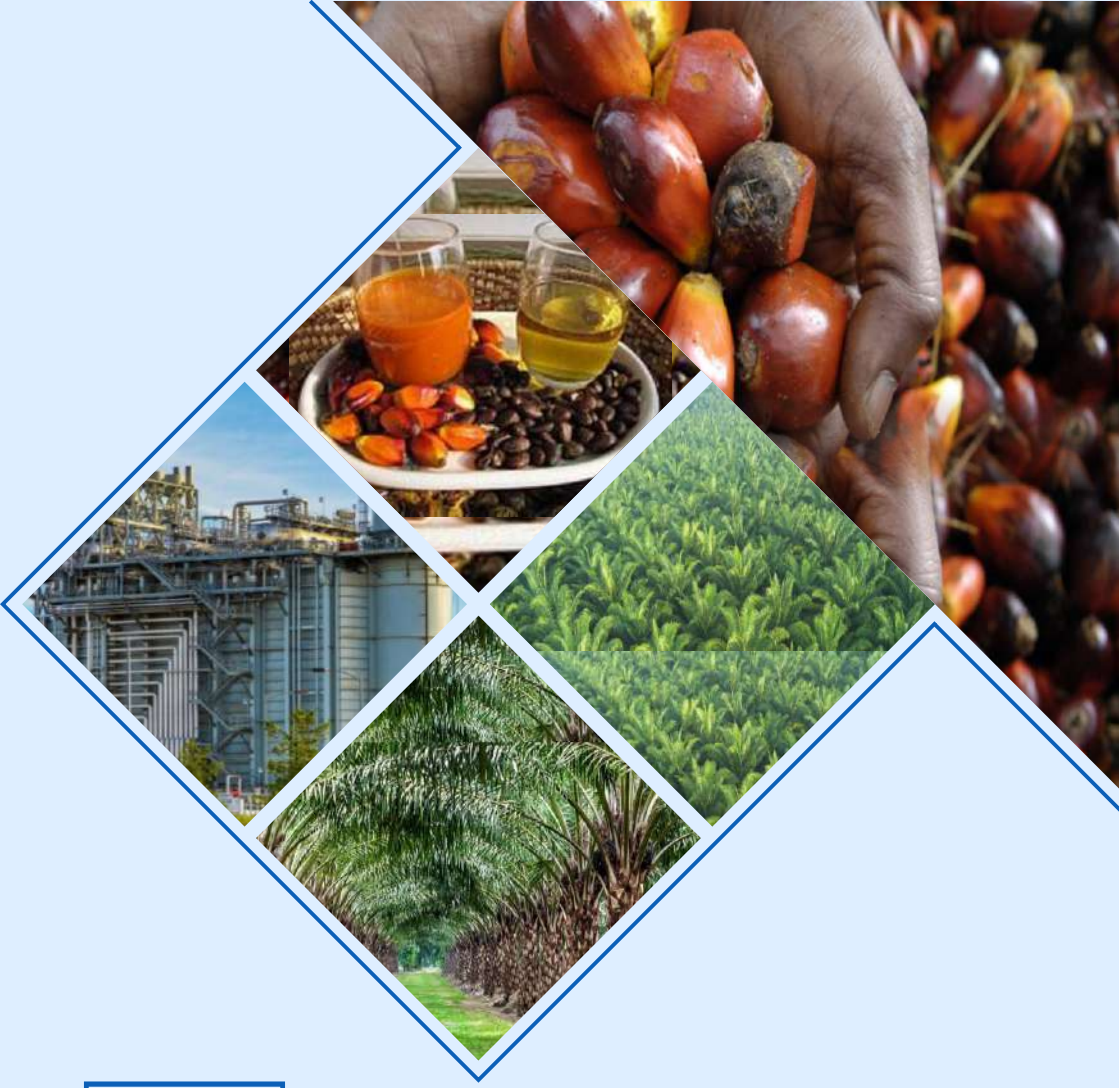

ELLAH
LAKES
PLC

2019 Annual Reports & Account

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "AGM") of Ellah Lakes Plc (the "Company") will hold on Friday, 6 December 2019 at Constantial Hotel, No .24-26 Airport Road, Benin City, Edo State at 12pm, to transact the following ordinary business:

1. To receive the audited financial statements of the Company for the year ended July 31, 2019 and the reports of the directors, auditors and audit committee thereon
2. To re-elect directors retiring by rotation
3. To authorize the directors to fix the remuneration of auditors
4. To elect members of the audit committee

Notes

1. PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member. The proxy form is enclosed in the annual report. To be valid, a proxy form must be completed in accordance with the instructions contained in the form, stamped by the Commissioner of Stamp Duties and deposited at the registered office of the company's registrar, Cardinal Stone Registrars Limited at 358 Herbert Macaulay Way, Yaba, Lagos not less than 48 hours before the scheduled time of the meeting.

2. CLOSURE OF REGISTER OF MEMBERS/TRANSFER BOOKS

The register of members and transfer books of the Company would be closed from 11 November to 15 November 2019 (both dates inclusive) to enable the registrar to make necessary preparations for the AGM.

3. RE- ELECTION OF DIRECTORS

In accordance with Section 259 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, Mallam Suleman Bada Usman, Mr. Francis Ellah and Mr. Enotie Ogbebor will retire by rotation. Mr. Francis Ellah and Mr. Enotie Ogbebor being eligible, offer themselves for re-election.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, any shareholder may nominate another shareholder for appointment to the audit committee. Such nomination shall be in writing and delivered to the company secretary at least 21 days before the date of the annual general meeting.

5. SHAREHOLDERS' RIGHT TO ASK QUESTIONS

Shareholders reserve the right to ask questions at the annual general meeting. Shareholders may also submit their questions prior to the meeting in writing to the Company, in line with Rule 19.12(c) of the Listing Rules of the Nigerian Stock Exchange. Such questions must be addressed to the company secretary by electronic mail at cosec@oakelegal.com not later than 48 hours before the date of the meeting.

Dated this 13th day of November 2019

BY ORDER OF THE BOARD
OAKE LEGAL
FRC/2019/00000012771
COMPANY SECRETARY

CORPORATE INFORMATION

DIRECTORS:

Gen. Zamani Lekwot (Rtd.)	Director	
Mallam Suleman Bada Usman	Director	
Mrs. Patricia Ireju Ellah Obowu	Director	
Umar Munir Abubaka	Director	Resigned w.e.f. 27.9.18
Chiamaka Mine Cookey-Gam	Director	
Mr. Adeyemi Wilson	Director	Resigned w.e.f. 27.9.18
Deacon Tom O.B. Ogboi	Director	Resigned w.e.f. 27.9.18
Francis Ellah	Director	
Enotie Ogbebor	Director	Appointed w.e.f. 27.9.18
Ms Osaro Oyegun	Director	Appointed w.e.f. 27.9.18
Joe Attueyi	Director	Appointed w.e.f. 27.9.18
Francis Chukwuka Mordi	Managing Director	Appointed w.e.f. 27.9.18

Registration number:	RC: 34296
Company secretary:	OAKE Legal AIICO Plaza Plot PC 12, Churchgate Street Victoria Island, Lagos.
Registered office:	12, Ihama Road GRA Benin City, Edo State.
Independent Auditors:	Olabode Akande& Co. (Chartered Accountants) 270, Ikorodu Road, Obanikoro Lagos.
Bankers:	United Bank for Africa Zenith Bank Plc
Registrars	Cardinalstone Registrars Limited 358, Herbert Macaulay Way, Yaba, Lagos

RESULTS AT A GLANCE

For the year

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Major profit or loss items:				
Revenue	70	-	70	-
Profit/(Loss) before taxation	(831,855)	-	(737,350)	(10,928)
Profit/(Loss) after taxation	(831,855)	-	(737,350)	(10,928)

	2019	2018	2019	2018
At year end	₦'000	₦'000	₦'000	₦'000
Major financial position items:				
Total assets	5,658,233	-	4,798,390	1,155,831
Total liabilities	1,198,193	-	239,846	657,936
Share Capital	1,000,000	-	1,000,000	60,000
Shareholders' fund	4,460,040	-	4,554,544	497,894

CHAIRMAN'S STATEMENT

Fellow Shareholders, distinguished Ladies and Gentlemen, I welcome you to the Annual General Meeting of our company, Ellah Lakes Plc. for 2019 financial year.

The operations of the company for the period under review were greatly influenced by it's operating environment and in-house restructuring of the business. Permit me to give a brief review of the operating environment, under which we operated.

Global Economy

According to the World Bank, global growth in 2019 is expected to slow to 2.6 percent, reflecting weaker-than-expected trade and investment at the start of the year. Global growth is projected to gradually rise to 2.8 percent by 2021, founded on continued benign global financing conditions and a modest recovery in Emerging Market and Developing Economies (EMDEs). EMDE growth remains constrained by subdued investment. Subdued investment in emerging market and developing economies (EMDEs) is dampening potential growth prospects. Risks to the outlook remain firmly on the downside, including the possibility of escalating trade tensions.

Sub-Sahara Africa's growth is expected to accelerate to 3.3% in 2020, on the assumption that investor sentiment toward some of the large economies of the region improves, that oil production will recover in large exporters, and that robust growth in non-resource-intensive economies will be reinforced by continued strong agricultural production and sustained public investment. While per capita GDP is expected to rise in the region, it will nevertheless be insufficient to significantly reduce poverty. Growth in Nigeria is anticipated to edge up to 2.2% in 2020.

The Nigerian Economic Environment

3 years after the onset of the recession, the Nigerian economy is on a slight rebound. According to National Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) grew by 2.01% (year-on-year), in real terms, in the first quarter of 2019. Compared to the first quarter of 2018, which recorded real GDP growth rate of 1.89%, the Q1 2019 growth rate represented an increase of 0.12% points.

The Agricultural Sector

Growth in the Agriculture sector decelerated, partly due to clashes between farmers and herders, coupled with flooding in key middle-belt regions and continued insurgency in the northeast region of the country.

Four sub-activities make up the Agricultural sector: Crop Production, Livestock, Forestry and Fishing.

The sector grew by 22.58% year-on-year in nominal terms in Q1 2019, showing an increase of 16.78% points from the same quarter of 2018. Compared to the preceding quarter, the nominal GDP growth rate was about 4% points higher. Crop Production remains the major driver of the sector. This is evident as it accounted for 85% of agriculture GDP. Agriculture contributed 19.11% to nominal GDP during the quarter, higher than the recorded

contribution in the first quarter of 2018 but lower than recorded in the fourth quarter.
The sector, under the CBN Agricultural Credit Guarantee Scheme (ACGS), will no doubt continue to grow / expand and ultimately contribute a huge percentage to the Nigerian economy.

Challenges Faced by Ellah Lakes Plc.
The company faced insolvency and de-listing from the Nigerian Stock Exchange (NSE), and required drastic action by the Directors & shareholders to avert these unfortunate events. Following agreement by the Board of Directors & shareholders of Ellah Lakes Plc, the company acquired the entire assets and liabilities of Telluria Limited, in order to revitalize Ellah Lakes, and reposition it for growth.

Review of the Financial Performance for 2019
2019 has being ground-breaking for our company. I am pleased to report to you, our shareholders that today, we are now a strategically focused agri-business, positioned for growth, and is glad to state that, cultivation is rapidly expanding on the acquired plantations in Edo and Delta States. 900 hectares of land have been blocked out and we expect to achieve our target of 2000 hectares by Q2 2020.

The company is on the road to recovery due to the recapitalization of our Balance Sheet, following the acquisition of Telluria Limited in Q2 2019. The acquisition led to an increase in Shareholders fund from N497.8million to N4.5billion, with total assets moving in the same direction to close the year at N4.7billion.

Future Plans
We intend to deliver value for shareholders of Ellah Lakes in an aggressive but prudent fashion, through a combination of organic growth, mergers & acquisitions activity.
The board of Directors has been expanded into a diverse group of very experienced individuals to provide sound advice for the expanding management team.

At the Extra-Ordinary Meeting (EGM) held on 31 July 2019, we obtained shareholder approval to raise further capital for the expansion of the business and we expect to complete the re-financing process by the first quarter of 2020, even as we focus on the achievement of our operational targets.

Conclusion
Fellow Shareholders, I wish to thank all of you for your perseverance and understanding, as we transform this company, and I invite you to stay with us on this exciting journey back to profitability and growth.
Thank you & God bless Nigeria.

Olumide Akpata
Chairman

REPORT OF THE DIRECTORS

The directors are pleased to submit herewith their report and the Consolidated audited financial statements of the company for year ended 31 July 2019.

1 **Result for the period**	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	₦'000	₦'000	₦'000	₦'000
Profit/(Loss) before taxation	(831,855)	-	(737,350)	(10,788)
Taxation	-	-	-	-
Other comprehensive income	-	-	-	
Profit/(Loss) after taxation	(831,855)	-	(737,350)	(10,788)
Retained Earnings brought forward	(272,893)	-	(272,893)	(262,105)
	(1,104,748)	**-**	**(1,010,243)**	**(272,893)**

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 now engages in oil palm production and its derivatives.

3 **Review of business and future developments**

The company was handicapped at its farm in Obrikom, Rivers State as a result of militant activities which prevented it from accessing the farm since 2016. This necessitated restructuring of the company which now culminated into:

i. Disposing of its assets and liabilities at Obrikom in Rivers State.
ii. Increasing the authorised and paid up capital from N60 Million to N1 Billion during the year.
iii. Purchased 100% holding in Telluria Limited a company that is engage in agricultural production at its 2,400 hectares of land in Edo State through a business combination arrangement.
iv. The company is now focusing on actualising the potentials which are available in the derivatives of palm kernel and other agricultural produce.

4 **Directors**

The composition of the Board of directors is set out on page 3 of these financial statements.

5 **Directors interest in shares**

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and or notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, and disclosed in accordance with the Listing Rules of the Nigerian Stock Exchange is as follows:

Name of Director	2019		2018	
	Units (Direct)	Units (Indirect)	Units (Direct)	Units (Indirect)
Francis Ellah	-	59,390,522[1]	-	59,390,522[1]
Enotie Ogbebor	376,000,000	-	-	-
Osaro Oyegun	94,000,000	-	-	-
Joe Attueyi	-	-	-	-
Francis Chukwuka Mordi	-	902,400,000[2]	-	-

1. The indirect shares of Mr. Francis Ellah in 2018 and 2019 is held in the name of Chief J. W. Ellah Sons & Co. Ltd.
2. The indirect shares of Mr. Francis Chukwuka Mordi in 2019 is held in the name of CBO Capital Partners Limited and Blackman & Co. Consulting Limited.

6. Substantial Shareholders

The following shareholders held 5% and above of the issued share capital of the Company as at 31 July, 2019:

Name	Holding	% Holding
CBO Capital Partners Limited	564,000,000	28.20
Enotie Ogbebor	376,000,000	18.80
Blackman & Co. Consulting Limited	338,400,000	19.92
Lake-Oko Farms Limited	188,000,000	9.40

1. No individual represents the interest of Lake-Oko Farms Limited on the Board of Ellah Lakes Plc.
2. No other individual or entity holds more than 5% of the Company's shares asides from the substantial shareholders listed above.

7. Property, plant and equipment

Movements in property, plant and equipment during the year are shown in Note 4 to the consolidated and separate financial statements on Page 41. 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 consolidated and separate financial statements.

8 Analysis of Shareholders as at 31 July, 2019.

Range		No of Holders	Holder's %	Holder's Cumulative	Units	Units %	Unit Cumulative
1-	1,000	2,394	83	2,394	1,092,239	0	1,092,239
1,001-	10,000	401	14	2,795	1,381,029	0	2,473,268
10,001 -	20,000	24	1	2,819	345,261	0	2,818,529
20,001 -	50,000	18	1	2,837	608,391	0	3,426,920
50,001 -	100,000	7	0	2,844	506,090	0	3,933,010
100,001 -	500,000	5	0	2,849	1,121,348	0	5,054,358
500,001 -	1,000,000	3	0	2,852	2,438,120	0	7,492,478
1,000,001 -	20,000,000	9	0	2,861	98,617,000	5	106,109,478
20,000,001 -	50,000,000	5	0	2,866	181,980,000	9	288,089,478
50,000,001 -	100,000,000	3	0	2,869	245,510,522	12	533,600,000
100,000,001 -	200,000,000	1	0	2,870	188,000,000	9	721,600,000
200,000,001 -	500,000,000	2	0	2,872	714,400,000	36	1,436,000,000
500,000,001 -	1,000,000,000	1	0	2,873	564,000,000	28	2,000,000,000
		2,873	100		2,000,000,000	100	

9. Dividend

The directors have not recommended any dividend for the period ended 31 July 2019 because the company made loss during the period under review.

10. 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 2019 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 allowances. The Company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

11. Donations

The Company did not make donation to any organisation during the year.

12. 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.

By order of the Board

OAKELEY CAREY Company Secretary

Company Secretary

Lagos, Nigeria

28 October 2019

CORPORATE GOVERANCE

Following the re-commencement of business by the Company, the board of directors of the Company has recently been reconstituted. Board committees are expected to be reconstituted and meetings held in the Company's new financial year.

COMPLAINT MANAGEMENT POLICY

Following the re-commencement of operations by the Company, the board of directors intend to approve in compliment management policy for the Company, in accordance with the requirements of the Securities and Exchange Commission's rules relating to the Complaints Management framework of the Nigerian Capital market ("SEC Rules") issued on 16th February, 2015 and the Nigerian Stock Exchange Directive (NSE/LARD/LRD/15/04/22) to all listed companies ("the NSE Directive") issued on 22nd April, 2015, before the end of the next financial year.

Securities Transaction Policy

Following the re-commencement of operations by the Company, the board of directors intends to approve in the securities transaction policy for the Company, in accordance with Rule 17:15(d) of the NSE Rulebook, before the end of the next financial year.

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2011

We the undersigned hereby certify the following with regards to our financial reports for the year ended 31 July, 2019 that:

a) We have reviewed the report:

b) To the best of our knowledge, the report does not contain:
(i) Any untrue statement of material effect, or
(ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made:

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

d) We:
(i) Are responsible for establishing and maintaining internal controls;
(ii) Have designed such internal controls to ensure that materials information relating to the company is made known to such officers by others within the entity particularly during the period in which the periodic report are being prepared.
(iii) Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
(iv) Have presented in our report our conclusions about the effectiveness of the company's internal controls based on our evaluation as of that date.

e) We are not aware of and have disclosed as such to the Auditors and the Audit Committee:
(i) Significant deficiencies in the design and operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weakness in internal controls; and
(ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Chukwuka Mordi Managing Director FRC/2014/CIBN/00000005906	Ms Osaro Oyegun Director	Olufemi Olaleye Acting Chief Financial Officer FRC/2014/ICAN/000000008287

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

Chukwuka Mordi
Managing Director
FRC/2014/CIBN/00000005906

Ms Osaro Oyegun
Director

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, 2019 and we confirm that they were adequate.

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. Ms Osaro Oyegun - Directors Representative

Mr. Christian Nwama, FCA
Chairman of the Audit Committee
FRC/2017/ICAN 000000016424
28 October 2019

OLABODE AKANDE & CO.
(CHARTERED ACCOUNTANTS)

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Lamlat House
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Oshodi, Lagos
+234 (0) 803-309-5806
+234 (0) 705-940-0265
info@oaprofessionals.com

REPORT OF THE INDEPENDENT AUDITORS

To The Members Of Ellah Lakes Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated and separate financial statements of the Ellah Lakes Plc and its subsidiary, which comprise the consolidated and separate statements of financial position as at 31 July 2019, and the consolidated and separate statements of profit and loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Ellah Lakes Plc and its subsidiary as at 31 July 2019, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended on that date, and comply with Companies and Allied Matters Act CAP C20 Law of the Federation of Nigeria, 2004 and the applicable International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act 2011.

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 in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of Ellah Lakes Plc and its subsidiary in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgment were of significant importance in the performance of our audit of the consolidated and separate financial statements of the current year. These matters were fully addressed during the audit and in forming our opinion. We do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report,

Partners: O. A. Akande, S. K. Aiyelabola, O. A. Ogunrinde.
www.info@oaprofessionals.com

including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Disposal of assets of the company at Obrikom Farm
During the year the property, plant and equipment, inventory and biological assets of the company located in Obrikom in Rivers State were used as settlement to liabilities owed to Chief J. W. Ellah & Sons Company Limited. The company had abandoned the assets since 2016 as a result of militancy activities in Obrikom.
We checked all the necessary postings made in respect of the sales and ensured that they were properly reflected in the financial statements.

Increase in Authorised and issued share capital
During the year the company increased its authorised share capital from N60 Million to N1 Billion and also increased its paid up capital from N60 Million to N1 Billion by creation of additional 1,880,000,000 ordinary shares of 50 kobo each ranking parri passu with the existing shares.
We checked all the necessary legal documentation for the increase and the necessary accounting postings.

Acquisition of Telluria Limited
During the year, the company acquired 100% holding in Telluria Limited - an Agro-allied company in Edo State.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation and fair presentation of the consolidated and separate 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 Law of the Federation of Nigeria, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated and separate 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 Consolidated and Separate Financial Statements. Our responsibility is to express an independent opinion on the consolidated and separate financial statements based on our audit. We conducted our audit in accordance with

REPORT OF THE INDEPENDENT AUDITORS *cont'd*

To The Members Of Ellah Lakes Plc

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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate 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 consolidated and separate 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 Group and the Company in so far as it appears from our examination of those books; and

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

Olabode Akande, FCA
FRC/2013/ICAN/00000001755
For: Olabode Akande & Co.
(Chartered Accountants)
Lagos, Nigeria.
28 October, 2019

Partners: O. A. Akande, S. K. Aiyelabola, O. A. Ogunrinde.
www.info@oaprofessionals.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 July 2019

	Notes	The Group 2019 ₦'000	The Group 2018 ₦'000	The Company 2019 ₦'000	The Company 2018 ₦'000
Assets					
Non-Current assets					
Property, plant and equipments	4	5,485,210	-	-	1,050,145
Biological assets	5	66,123	-	-	34,813
Goodwill	6	57,689	-	-	-
Investment	7	-	-	4,794,000	-
		5,609,022	**-**	**4,794,000**	**1,084,958**
Current assets					
Inventory	8	42,000	-	-	51,312
Receivables	9	3,861	-	-	-
Short term Investment	10	-	-	-	15,605
Cash and cash equivalents	11	3,350	-	390	3,955
		49,210	**-**	**390**	**70,872**
Total assets		**5,658,233**	**-**	**4,794,390**	**1,155,831**
Liabilities					
Current liabilities					
Trade and other payables	12	246,072	-	25,401	23,301
Current tax payable	15.1	-	-	-	-
		246,056	**-**	**25,401**	**23,301**
Non-current liabilities					
Payables to related parties	13	355,167	-	214,445	634,635
Borrowings	14	596,954	-	-	-
Deferred tax	15.2	-	-	-	-
		952,121	**-**	**214,445**	**634,635**
Total liabilities		**1,198,193**	**-**	**239,846**	**657,936**
Equity					
Share Capital	16	1,000,000	-	1,000,000	60,000
Share premium	17	3,854,000	-	3,854,000	-
Retained earnings		(1,104,748)	-	(1,010,243)	(272,893)
Reserves		710,788	-	710,788	710,788
Total equity		**4,460,040**	**-**	**4,554,544**	**497,894**
Total liabilities and equity		**5,658,233**	**-**	**4,794,390**	**1,155,831**

The financial statements were approved by the Board of Directors on 22 October 2019 and signed on its behalf by:

Chukwuka Mordi Managing Director FRC/2014/CIBN/00000005906	Ms Osaro Oyegun Director	Olufemi Olaleye Acting Chief Financial Officer FRC/2014/ICAN/000000008287

* Ms Osaro Oyegun was given a waiver to register with Financial Reporting Council of Nigeria. This waiver expires with 2019 financial statements, hence there is no FRCN no for her.

The notes on pages 22 to 50 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 July 2019

	Notes	The Group		The Company	
		2019	2018	2019	2018
		₦'000	₦'000	₦'000	₦'000
Revenue	18	70	-	70	
Cost of sales	19	-	-	-	-
Gross profit/(loss)		70	-	70	-
Expenses:					
Administraive expenses	20	(751,239)	-	(732,405)	(8)
Personnel expenses	21	(32,962)	-	(3,028)	-
Depreciation	4	(3,160)	-	(2,957)	(8,872)
Amortisation	5	(512)	-	(512)	(2,048)
		(787,873)	**-**	**(738,903)**	**(10,928)**
Other income	22	(44,052)	-	1,483	140
Operating profit/(loss)		(831,855)	-	(737,350)	(10,788)
Taxation	15	-	-	-	-
		(831,855)	-	(737,350)	(10,788)
Other comprehensive income:			-		
Gain/(loss) on fair value adjustment		-	-	-	-
		(831,855)	**-**	**(737,350)**	**(10,788)**
Earningsper share (kobo)		(0.42)		(0.37)	(0.09)

The notes on pages 22 to 50 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 July 2019

The Group

	Share capital	Share premium	Retained earnings	Other Equity reserve	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 August 2018	60,000	-	(272,893)	710,788	497,894
Additional shares	940,000	3,854,000	-	-	4,794,000
Profit/(loss) for the year	-	-	(831,855)	-	(831,855)
Other comprehensive income	-	-	-	-	-
At 31 July 2019	1,000,000	3,854,000	(1,104,748)	710,788	4,460,040
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 August 2017	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
At 31 July 2018	-	-	-	-	-

The Company

	Share capital	Share premium	Retained earnings	Other Equity reserve	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 August 2018	60,000	-	(272,893)	710,788	497,894
Additional shares	940,000	3,854,000	-	-	4,794,000
Profit/(loss) for the year	-	-	(737,350)	-	(737,350)
Other comprehensive income	-	-	-	-	-
At 31 July 2019	1,000,000	3,854,000	(1,017,543)	710,788	4,547,244
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 August 2017	60,000	-	(262,105)	710,788	508,683
Profit/(loss) for the year	-	-	(10,788)	-	(10,788)
Other comprehensive income	-	-	-	-	-
At 31 July 2018	60,000	-	(272,893)	710,788	497,894

The notes on pages 22 to 50 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For The Year Ended 31 July 2019

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Cashflows from operating activities				
Profit/(loss) before taxation	(831,855)	-	(737,350)	(10,788)
Adjustment for:				
Depreciation	3,207	-	2,957	8,872
Amortisation	512	-	512	-
Loss on disposal property, plant and equipment	518,977	-	518,977	-
Other assets	23,821		23,821	-
	(285,338)	-	(191,083)	(1,916)
Working capital:				
Changes in biological assets	(31,310)		34,813	2,048
Changes in Inventories	(9,312)	-	51,312	-
Receivables	(3,861)	-	-	-
Changes in payables	222,771	-	2,100	-
	196,912	-	(88,225)	2,048
Net cash from/used in operating activities	(88,426)	-	(102,858)	132
Cash flows from investing activities:				
Purchase of property, plant and equipment	(5,485,460)	-	-	-
Investment in Nigerian Treasury Bill	15,605	-	15,605	(15,605)
Goodwill	(57,689)	-	-	-
Investment in Telluria-	(4,794,000)	-	-	-
Proceeds on sales of sales of property, plant and equipment	503,878	-	503,878	-
Net cash used in investing activities	(5,023,665)	-	(4,274,516)	(15,605)
Cash flows from financing activities:				
Inflow from shares capital	940,000		940,000	-
Share premium	3,854,000		3,854,000	-
Loan received during the year	596,954		-	-
Loan from related parties	(279,468)		(420,190)	-
Net cash from/(used in) financing activities	5,111,486	-	4,373,810	-
Net increase/(decrease) in cash and cash equivalents	(606)	-	(3,565)	(15,474)
Cash and cash equivalents at beginning of the year	3,955	-	3,955	19,429
Cash and cash equivalents at end of the year	**3,350**	**-**	**390**	**3,955**

The notes on pages 22 to 50 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 July 2019

1. **Reporting Entity**

Ellah Lakes Plc is a public limited company incorporated on 22 August 1980 with Corporate Affairs Commission as a private limited liability company with registration number RC 299748. It was converted to public limited company on 16 June 1992. Its registered office is situated at No 12 Ihama Road, GRA, Benin City, Edo State.

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

2. **Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies 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 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* 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 the period in which the estimates are revised and in any future periods affected.

(v.) **Accounting standards issued and not yet effective**

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 31 July, 2019. They have been adopted in preparing the financial statements for the year ended and are expected not to affect the entity in the year of initial application.

***Standards issued but not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019, however, the company has not applied the following new or amended standards in preparing these financial statements.

New or amended Standards	Summary of the requirements	Possible impact on the financial statements
IFRS 16 - Leases	This standard sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('leases') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as required by IAS 17 and introduces a single lease accounting model. Applying that model, a lessee is required to recognise: i. assets and liabilities for leases with a term of more than12 months, unless the underlying assets is of low value; ii. depreciation of lease assets separately from interest on lease liabilities in profit and loss. For lessors, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leases differently. IFRS 16 is effective for annual reporting periods beginning on or after 1 January, 2019.	The company does not have leases on its records. It will however assess the potential impact on its financial statements resulting from the application of IFRS 16 when it has it.
IFRS 9 Amendments	Under IFRS 9. a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.	The company is assessing the potential impact on its financial statements resulting from the application of IFRS 9 amendments.

New or amended Standards	Summary of the requirements	Possible impact on the financial statements
IFRIC Interpretation 23 uncertainty over Income Tax Treatment	Treatment: The Interpretation addresses the accounting for income taxes when tax treatment involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following: i. Whether an entity considers uncertain tax treatments separately, ii. The assumptions an entity makes about the examination of tax treatments by taxation authorities, iii. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, iv. How an entity considers changes in facts and circumstances. An entity has to determine whether to consider each uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.	The company is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

The following new or amended standards are issued, but not yet effective, up to the date of issuance of the Company's financial statements.

Amendment to IFRS 10 and IAS 28: Sale of contribution of assets between an investor and its associate or joint venture - Effective date has been deferred indefinitely.

IFRS 17 - Insurance contracts - 1 January 2021.

IFRIC Interpretation 23 Uncertainty over income tax treatment.

Annual improvements 2015-2017 cycle (issued in December 2017) - 1 January 2019.

IFRS 11 Joint Arrangements - I January 2019

IAS 12 Income taxes - 1 January, 2019

IAS 23 Borrowing costs - 1 January, 2019

Amendments to IAS 28: Long term interests in associates and joint ventures

Change in accounting policies in 2018

IFRS 9 Financial instrument act with Customers

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs that are effective for an annual period that begins on or after 1 January, 2018. The company has

elected not to restate comparatives as allowed by the transition provisions of IFRS 9. IFRS 9 introduced new requirements for

1) The classification and measurement of financial assets and financial liabilities.
2) Impairment of financial assets and
3) General hedge accounting

Details or these new requirements as well as their impact on the Company's financial statements are described below:

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Directors of the Company reviewed and assessed the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no material impact on the company's financial assets as regards their classification and measurement.

(b) Impairment of financial assets

In relation to the impairment of financial assets. IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on:

(1) debt investments measured subsequently at amortised cost or at fair value through other comprehensive income (FVTOCI):
(2) lease receivables;
(3) trade receivables and contract assets and
(4) financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS requires the company to measure the loss allowance for a financial

instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to twelve-month ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivable, contract assets and lease receivables in certain circumstances.

Overall, there was no significant impact on the company's statement of financial position and equity except for the effect of applying the impairment requirement of IFRS 9.

(c) General Hedge Accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the type of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospectively assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the company's risk management activities have also been introduced. The application did not have any impact on the financial statements.

Impact of application of IFRS 15 Revenue from Contract with Customers

IFRS 15 was issued in May 2014, and amended in April 2017, and establishes a five -steps model to account for revenue arising from contract with customers. Under the standard, revenue is recognised as an amount that reflects the consideration to an entity in exchange for transferring goods or services to a customer.

The company is into business of agriculture and has just restructured its activities, having been inactive for some years. The adoption of IFRS 15 does not have significant impact on the company's financial statement quantitatively.

2.2 Property, plant and equipment

Property, plant and equipment 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. IFRS requires that items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipment 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.

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.

2.5 Financial Instruments

1. Initial recognition and measurement of financial assets and liabilities

i. Initial recognition

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.
A *regular way purchase or sale* of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.

ii. Initial measurement

At initial recognition, the company shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, *transaction costs* that are directly attributable to the acquisition or issue of the financial asset or financial liability.

However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply **paragraph B5.1.2A of IFRS 9.**

When the company uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date.

At initial recognition, the company shall measure trade receivables at their transaction price (as defined in IFRS 15) if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

2. Classification of financial assets

The company shall classify financial assets as:

(i) those items to be subsequently measured at amortised cost,

(ii) those to be measured at fair value through other comprehensive income or,
(iii) those to be measured at fair value through profit or loss.

On the basis of both following conditions:
(a) the company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

3. Classification of financial liabilities

The company shall classify all financial liabilities as subsequently measured at amortised cost, except for:

(a) *financial liabilities at fair value through profit or loss*. Such liabilities, including *derivatives* that are liabilities, shall be subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraphs 3.2.15 and 3.2.17 of IFRS 9 apply to the measurement of such financial liabilities.

(c) *financial guarantee contracts*. After initial recognition, an issuer of such a contract shall (unless paragraph 4.2.1(a) or (b) applies of IFRS 9) subsequently measure it at the higher of:
(i) the amount of the *loss allowance* determined in accordance with Section 5.5 of IFRS 9 and
(ii) the amount initially recognised (see paragraph 5.1.1 of IFRS 9) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

(d) commitments to provide a loan at a below market interest rate. An issuer of such a commitment shall (unless paragraph 4.2.1(a) of IFRS 9 applies) subsequently measure it at the higher of:
(i) the amount of the loss allowance determined in accordance with Section 5.5 of IFRS 9 and
(ii) the amount initially recognised (see paragraph 5.1.1 of IFRS 9) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

(e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

4. Reclassification

When, and only when, the company changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with IFRS 9.

If the company reclassifies financial assets, it shall apply the reclassification prospectively from the *reclassification date*. The company shall not restate any

previously recognised gains, losses (including impairment gains or losses) or interest.

The company shall not reclassify any financial liability.

5. Subsequent measurement of financial assets

After initial recognition, the company shall subsequently measure financial assets as either:

(i) those measured at amortised cost;
(ii) those measured at fair value through other comprehensive income; or
(iii) those measured at fair value through profit or loss.

Measurement of financial assets

(i) A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 4.1.2 or at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9

6. Subsequent measurement of financial liabilities

After initial recognition, the company shall measure its financial liability at amortised cost.

7. Amortised cost measurement

7.1 Financial assets

i. Effective interest method

Interest revenue shall be calculated by using the *effective interest method*. This shall be calculated by applying the *effective interest rate* to the *gross carrying amount of a*

financial asset except for:

(a) *purchased or originated credit-impaired financial assets*. For those financial assets, the company shall apply the *credit-adjusted effective interest rate* to the *amortised cost of the financial asset* from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become *credit-impaired financial assets*. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The company shall, in a reporting period, calculate interest revenue by applying the effective interest method to the amortised cost of a financial asset in accordance with IFRS 9, and shall, in subsequent reporting periods, calculate the interest revenue by applying the effective interest rate to the gross carrying amount if the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the requirements in the standard were applied (such as an improvement in the borrower's credit rating).

ii. Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a *modification gain or loss* in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated in accordance with paragraph 6.5.10. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

iii. Write-off

The company shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

8. Impairment

8.1 Recognition of expected credit losses

The company shall recognise a loss allowance for *expected credit losses* on a financial asset that is measured at amortised cost, a lease receivable, a *contract asset* or a loan commitment and a financial guarantee contract to which the impairment requirements apply in accordance with paragraphs 2.1(g), 4.2.1(c) or 4.2.1(d) of IFRS 9.

The company shall apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the company shall measure the loss allowance for a financial instrument at an amount equal to the *lifetime expected credit losses* if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to *12-month expected credit losses*.

8.2 Measurement of expected credit losses

An entity shall measure expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

9. Derecognition of financial assets

The company shall derecognise a financial asset when, and only when:

(a) the contractual rights to the cash flows from the financial asset expire, or
(b) it transfers the financial asset as set out in paragraphs 3.2.4 and 3.2.5 of IFRS 9

Paragraphs 3.2.4 of IFRS 9:

An entity transfers a financial asset if, and only if, it either:

(a) transfers the contractual rights to receive the cash flows of the financial asset, or
(b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in paragraph 3.2.5.

Paragraphs 3.2.5 of IFRS 9:

When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met.

(a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
(b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
(c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

On derecognition of a financial asset in its entirety, the difference between:
(a) the carrying amount (measured at the date of derecognition) and
(b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

10. Derecognition of financial liabilities

The company shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

11. Gains and losses

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profit or loss unless:
(a) it is part of a hedging relationship (see paragraphs 6.5.8–6.5.14 and, if applicable, paragraphs 89–94 of IAS 39 for the fair value hedge accounting for a portfolio hedge of interest rate risk);
(b) it is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income in accordance with paragraph 5.7.5;

(c) it is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability's *credit risk* in other comprehensive income in accordance with paragraph 5.7.7; or (d) it is a financial asset measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A and the entity is required to recognise some changes in fair value in other comprehensive income in accordance with paragraph 5.7.10.

Dividends are recognised in profit or loss only when:
(a) the entity's right to receive payment of the dividend is established;
(b) it is probable that the economic benefits associated with the dividend will flow to the entity; and
(c) the amount of the dividend can be measured reliably.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified in accordance with paragraph 5.6.2, through the amortisation process or in order to recognise impairment gains or losses.

Investments in equity instruments
At initial recognition, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is neither *held for trading* nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. (See paragraph B5.7.3 for guidance on foreign exchange gains or **losses.)**

Assets measured at fair value through other comprehensive income
A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A shall be recognised in other comprehensive income, except for impairment gains or losses (see Section 5.5) and foreign exchange gains and losses (see paragraphs B5.7.2–B5.7.2A), until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (see IAS 1). If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income in accordance with paragraphs 5.6.5 and 5.6.7. Interest calculated using the effective interest method is recognised in profit or loss.

12. Hedge accounting
The objective of hedge accounting is to represent, in the financial statements, the effect

of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

An entity may choose to designate a hedging relationship between a hedging instrument and a hedged item in accordance with paragraphs 6.2.1–6.3.7 and B6.2.1–B6.3.25. For hedging relationships that meet the qualifying criteria, an entity shall account for the gain or loss on the hedging instrument and the hedged item in accordance with paragraphs 6.5.1–6.5.14 and B6.5.1–B6.5.28.

When the hedged item is a group of items, an entity shall comply with the additional requirements in paragraphs 6.6.1–6.6.6 and B6.6.1–B6.6.16.

For a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities (and only for such a hedge), an entity may apply the hedge accounting requirements in IAS 39 instead of those in this Standard. In that case, the entity must also apply the specific requirements for the fair value hedge accounting for a portfolio hedge of interest rate risk and designate as the hedged item a portion that is a currency amount (see paragraphs 81A, 89A and AG114–AG132 of IAS 39). hedged item in accordance with paragraphs 6.5.1–6.5.14 and B6.5.1–B6.5.28.

When the hedged item is a group of items, an entity shall comply with the additional requirements in paragraphs 6.6.1–6.6.6 and B6.6.1–B6.6.16.

For a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities (and only for such a hedge), an entity may apply the hedge accounting requirements in IAS 39 instead of those in this Standard. In that case, the entity must also apply the specific requirements for the fair value hedge accounting for a portfolio hedge of interest rate risk and designate as the hedged item a portion that is a currency amount (see paragraphs 81A, 89A and AG114–AG132 of IAS 39).

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**

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.

The stock of finished products (including biological assets after harvest) are valued by adding the total cost to produce the goods.

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

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, 2019 there was no borrowing by the company.

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 **Employees 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 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.

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. Provisions are 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. Contingent liabilities are 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. Disclosure is required of contingent asset when an inflow of economic benefits is probable.

Subsequent measurement of provision

IFRS 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 plantation products*

Proceeds from sales of 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.

(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'.

· *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.

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.

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.

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 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 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-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

The Group

	Land	Buildings	Plant & Machinery	Furniture and fittings	Capital Work In Progress	Office equipment	Motor vehicles	Total
Cost:	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 August 2018	650,000	436,956	154,344	1,331	38,019	-	-	1,280,651
Additions	5,482,211	-	-	-	-	750	2,499	5,485,460
Disposal	650,000	436,956	154,344	1,331	38,019	-	-	1,280,651
At 31 July 2019	5,482,211	-	-	-	-	750	2,499	5,485,460
Depreciation:								
At 1 August 2018	-	66,713	154,344	577	-	-	-	221,680
Pre-acquisition charge	-	-	-	-	-	47	-	47
Post-acquisition charge	-	2,913	-	44	-	47	156	3,160
On Disposal	-	69,626	154,344	621	-	-	-	224,591
At 1 July 2019	-	-	-	-	-	94	156	250
Net Book Value at 31 July 2019	**5,482,211**	**-**	**-**	**-**	**-**	**656**	**2,343**	**5,485,210**
Net Book Value at 31 July 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The Company

Cost:								
At 1 August 2018	650,000	436,956	154,344	1,331	38,019	-	-	1,280,651
Additions	-	-	-	-	-	-	-	-
Disposal	650,000	436,956	154,344	1,331	38,019	-	-	1,280,651
At 31 July 2019	-	-	-	-	-	-	-	-
Depreciation:								
At 1 August 2018	-	66,713	154,344	577	-	-	-	221,633
Charge for the year	-	2,913	-	44	-	-	-	2,957
On Disposal	-	69,626	154,344	621	-	-	-	224,591
At 31 July 2019	-	-	-	-	-	-	-	-
Net Book Value at 31 July 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Book Value at 31 July 2018	**650,000**	**361,504**	**-**	**622**	**38,019**	**-**	**-**	**1,050,145**

5 Biological assets

The Group	Palm Plantations	Brood Stock	Total
	₦'000	₦'000	₦'000
Cost:			
Balance August 1 2018	51,196	6,600	57,796
Additions	66,123	-	66,123
Disposals	(51,196)	(6,600)	(57,796)
Balance July 31 2019	66,123	-	66,123
Amortisation/depreciation:			
Balance August 1 2018	16,383	6,600	22,983
Charge for the year	512	-	512
on disposal	(16,895)	(6,600)	(23,495)
Balance July 31 2019	-	-	-
Carrying Cost at 31 July, 2019	**66,123**	**-**	**66,123**
Carrying Cost at 31 July, 2018	-	-	-

The addition is the cost of land preparation for the crops plantations

The Company	Palm Plantations	Brood Stock	Total
	₦'000	₦'000	₦'000
Cost:			
Balance August 1 2018	51,196	6,600	57,796
Additions	-	-	-
Disposals	(51,196)	(6,600)	(57,796)
Balance July 312019	-	-	-
Amortisation/depreciation:			
Balance August 1 2018	16,383	6,600	22,983
Charge for the year	512	-	512
on disposal	(16,895)	(6,600)	(23,495)
Balance July 31 2019	-	-	-
Carrying Cost at 31 July, 2019	-	-	-
Carrying Cost at 31 July, 2018	**34,813**	-	**34,813**

As part of the restructuring exercise, the company disposed off its Property, plant and equipment, biological assets and inventory at Obrikom, in Rivers State as a settlement for its liabilities to Chief J W Ellah& Sons Company Limited.

6 Goodwill

	The Group		The Company	
	2019	2018	2019	2018
Cost:	₦'000	₦'000	₦'000	₦'000
At 1 August,	-	-	-	-
Acquisition of Telluria Limited during the year	57,689	-	-	-
Balance at 31 July,	57,689	-	-	-
Amortisation/Impairment:				
Balance at 1 August,	-	-	-	-
Amortisation/Impairment	-	-	-	-
Balance at 31 July,	-	-	-	-
Carrying amount at 31 July,	57,689	-	-	-

Goodwill is the excess of the consideration made over the assets of the Telluria Limited less its liabilities as at the date of acquisition. This will be amortised over a period of ten years.

7 Investment

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
1,000,000 ordinary shares in Telluria Limited	-	-	4,794,000	-
	-	-	4,794,000	-

The company acquired 100% holding in the share capital of Telluria Limited, an Agro Allied Company during the year by issuing 1,880,000,000 at N2.55 per share as purchase consideration.

8 Inventory

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Palm oil/ Bunches	-	-	-	2,851
Raw materials	42,000	-	-	48,461
Write downs	-	-	-	-
	42,000	-	-	51,312

As part of the restructuring exercise, the company disposed off its Property, plant and equipment, biological assets and inventory at Obrikom, in Rivers State as a settlement for its liabilities to Chief J W Ellah & Sons Company Limited.

	The Group		The Company	
9 Receivables				
	2019	**2018**	**2019**	**2018**
	₦'000	₦'000	₦'000	₦'000
Other receivables	1,800	-	-	-
Related party receivables	2,061	-	-	-
	3,861	-	-	-
10. Short term Investment				
Investment in Nigerian Treasury Bills	-	-	-	15,605
11. Cash and cash equivalents				
Cash at bank	3,342	-	390	3,955
Cash in hand	8	-	-	-
	3,350	-	390	3,955
12. Payables				
Trade payables	23,301	-	23,301	23,301
Salary payables	41,059	-	-	-
Other payables and accruals	181,712	-	2,100	-
	246,072	**-**	**25,401**	**23,301**

These are expenses incurred by the company which were yet to be settled as at year end. They are expected to be settled within 12 months.

	The Group		The Company	
13 Related Party Payables				
	2019	**2018**	**2019**	**2018**
	₦'000	₦'000	₦'000	₦'000
Loan from Chief J W Ellah Sons & Co. Ltd	-	-	-	634,635
CBO Capital	305,032	-	5,032	-
Director	50,135	-	-	-
Telluria Limited	-	-	209,413	-
	355,167	-	214,445	**634,635**

The balance of ₦634,635,175 brought forward from last year were settled during the year through disposals of Property, plant and machinery, biological assets and inventories.

For The Year Ended 31 July 2019

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
14 Borrowings				
Term loan	596,954	-	-	-
	596,954	-	-	-
15 Taxation				
Current tax (14.1)	-	-	-	-
Deferred tax (14.2)	-	-	-	-
	-	-	-	-
15.1 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.

15.2 Deferred tax				
At 1 August 2018	-	-	-	-
Arising/(reversing) during the year	-	-	-	-
	-	-	-	-
16 Authorised Share Capital:				
3,000,000,000 ordinary share of 50 kobo each	1,500,000	-	1,500,000	60,000
Issued and fully paid:				
2,000,000,000 ordinary shares@ ₦0.50 each	1,000,000	-	1,000,000	60,000
17 Share premium				
Balance 1 August, 2018	-	-	-	-
During the year	3,854,000	-	3,854,000	-
As at 31 July, 2019	**3,854,000**	**-**	**3,854,000**	**-**

Share premium is the excess paid over and above the nominal share capital.

18 Revenue				
Sales	70	-	70	-
	70	-	70	-
19 Cost of sales				
Goods and services	-	-	-	-
	-	-	-	-

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
20. Administrative expenses				
Bank charges	188	-	12	8
Audit fees	1,575	-	1,575	-
Annual General Meeting Expenses	6,757	-	6,757	-
Professional and legal Fees	163,318	-	158,241	-
Regulatory charges	23,510	-	23,510	-
Penalty	5,505	-	5,505	-
Advertisement	734	-	734	-
Share issues expenses	16,895	-	16,895	-
Loss on disposal of assets	518,977	-	518,977	-
Telecommunication	1,510	-	-	-
Marketing	951	-	-	-
Entertainment	2,156	-	-	-
Insurance	1,920	-	-	-
Medical	151	-	-	-
Maintenance costs	817	-	-	-
Printing and stationeries	760	-	-	-
Office supplies	133	-	-	-
Dues and subscription	53	-	-	-
Travel	4,314	-	-	-
Other Expense	1,016	-	-	-
	751,239	-	**732,405**	**8**
21 Personnel expenses				
Salaries and wages	32,962	-	3,028	-
Pension contributionemployer	-	-	-	-
	32,962	-	**3,028**	-
22 Other income				
Interest income	1,207	-	1,207	

23 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 significant 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:

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

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Chief J W Ellah Sons & Co. Ltd.	-	-	-	634,635
CBO Capital	310	-	5,032	-
Telluria Limited	-	-	209,413	-
Director	50	-	-	-
	360	**-**	**214,445**	**634,635**

24 **Contingent liabilities and capital commitments**

24.1 **Contingent liabilities**

Litigations

The Company does not have any pending litigations as at 31 July 2019.

24.2 **Capital commitments**

There are no capital commitments as at 31 July 2019.

25 **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 2019.

CONSOLIDATED STATEMENT OF VALUE ADDED

For Year Ended 31 July 2019

	The Group				The Company			
	2019		2018		2019		2018	
	₦'000	%	₦'000	%	₦'000	%	₦'000	%
Gross earnings	(43,982)		-		1,553		140	
Bought-in-material and services	(751,239)		-		(732,405)		(8)	
Value added/(consumed)	**(795,220)**	**100**	**-**	**100**	**(730,853)**	**100**	**132**	**100**
Applied as follows								
In payment to employees:								
Personnel expenses	32,963	(4)	-	-	3,028	(1)	-	-
In payment to government:								
Current tax	-	-	-	-	-	-	-	-
Retained for future maintenance of assets and expansion of business:								
Depreciation	3,160	(1)	-	-	2,957	(-)	8,872	6,736
Amortisation of biological assets	512	(-)	-	-	512	(-)	2,048	1,555
Deferred tax	-	-	-	-	-	-		
Profit/(loss) for the year	(831,855)	105	-	-	(737,350)	101	(10,788)	(8,191)
Value added/(consumed)	**(795,220)**	**100**	**-**	**-**	**(730,853)**	**100**	**132**	**100**

CONSOLIDATED ONE YEAR FINANCIAL SUMMARY

The Group	**2019**
Statement of profit or loss	₦'000
Revenue	70
Profit/(loss) before tax	(831,855)
Taxation	-
Profit/(loss) after tax	**(831,855)**

Statement of Financial Position:	**2019**
	₦'000
Assets employed:	
Property, plant andequipment	5,485,210
Biological assets	66,123
Goodwill	57,689
Inventories	42,000
Receivables	3,861
Cash and cash equivalent	3,350
Liabilities	(1,198,193)
	4,460,040
Financed by:	
Share Capital	1,000,000
Share premium	3,854,000
Retained earnings	(1,104,748)
Reserves	710,788
	4,460,040

FIVE-YEAR FINANCIAL SUMMARY

The Company	2019	2018	2017	2016	2015
Statement of profit or loss	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	70	70	20,775	59,372	72,212
Profit/(loss) before tax	(737,350)	(10,928)	(5,961)	(27,745)	(34,730)
Taxation	-	-	-	-	-
Profit/(loss) after tax	**(737,350)**	**(10,928)**	**(5,961)**	**(27,745)**	**(34,730)**
Statement of Financial Position:					
Assets employed:					
Property, plant and equipment	-	1,050,145	1,059,017	1,079,623	1,093,452
Biological assets	-	34,813	36,861	38,909	43,004
Goodwill	-	-	-	-	-
Investments	4,794,000	-	-	-	-
Inventories	-	51,312	51,312	51,312	30,062
Cash and cash equivalent	390	19,560	19,429	3,236	14,352
Liabilities	(239,846)	(657,936)	(657,936)	(658,436)	(638,483)
	4,554,544	**497,894**	**508,683**	**514,644**	**542,388**
Financed by:					
Share Capital	1,000,000	60,000	60,000	60,000	60,000
Share premium	3,854,000	-	-	-	-
Retained earnings	(1,010,243)	(272,893)	(262,105)	(256,144)	(228,399)
Reserves	710,788	710,788	710,788	710,788	710,788
	4,554,544	**497,894**	**508,683**	**514,644**	**542,388**

SHARE CAPITAL HISTORY

For the Year Ended 31 July 2019

Year	Authorised Share Capital		Issued &Fully Paid		Consideration
	No of Shares	₦	No of shares	₦	
1980	1,000,000	1,000,000.00	1,000,000	1,000,000.00	Cash
1991	29,000,000	30,000,000.00	29,000,000	30,000,00	Cash
1994	60,000,000	30,000,000.00	60,000,000	30,000,000.00	Stock Split
2004	60,000,000	30,000,000.00	120,000,000	60,000,000.00	Cash
2019 - TILL DATE	2,000,000,000	1,000,000,000.00	2,000,000,000	1,000,000,000.00	Non cash

PROXY FORM

For the Year Ended 31 July 2019

Please Affix
Postage Stamp

Annual General Meeting to be held at 12noon Friday, December 6, 2019 at Constantial Hotel, No 24-26 Airport Road, Benin City, Edo State.

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 Friday, December 6,2019 at 12 noon and at any adjournment thereof.

Dated this .....day of ---------- 2019

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 48hours before the time for holding the meeting

NUMBER OF SHARES			
Ordinary resolutions		For	
1.	1.1 To present the financial of the Company and the Consolidated Accounts for the financial year ended 31 July 2019 and 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 authorize the Directors to fix the remuneration of the Auditors.		
	1.4 To elect members of the Audit Committee		
Please indicate with 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above.			

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

.....

ADMISSION CARD

Please admit the shareholder named on his Admission Card of his duly appointed proxy to the Annual General Meeting of Ellah Lakes Plc. which will be held at Consantial Hotel, No 24 -26 Airport Road, Benin City Edo State.

Name of shareholder	Number of shares held	Signature of person attending

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.

Kezezika

OAKE LEGAL
FRC/2019/00000012771
COMPANY SECRETARY

Affix
Current
Passport

Write your name at the back of your passport photograph

CARDINALSTONE REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

The Registrar,
CardinalStone Registrars Limited
358, Herbert Macaulay Way, Yaba,
P.O. Box 9117, Marina, Lagos
Nigeria.

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s)

Joint\Company's Signatories

Company Seal (If applicable)

TICK NAME OF COMPANY

SHAREHOLDER'S ACCOUNT NO.

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG MORTGAGE BANK PLC	
	AG LEVENTIS PLC	
	ARBICO NIGERIA PLC	
	BANKERS WAREHOUSE PLC	
	BETA GLASS PLC	
	CAPITAL HOTELS PLC	
	ELLAH LAKES PLC	
	EVANS MEDICALS PLC	
	FCMB BOND 1	
	FCMB BOND 2	
	FCMB BOND 3	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA INSURANCE PLC	
	JOS INT. BREWERIES PLC	
	LAFARGE AFRICA PLC	
	LAFARGE BOND 1	
	LAFARGE BOND 2	
	LAPO MICROFINANCE BANK	
	LAW UNION AND ROCK INS. PLC	
	LEGACY EQUITY FUND	
	LEGACY DEBT FUND	
	LEGACY USD BOND FUND	
	LIVESTOCK FEEDS PLC	
	MORISON INDUSTRIES PLC	
	NAHCO BOND	
	NAHCO AVIANCE PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NPF MICROFINANCE BANK PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINTS PLC	
	ROYAL EXCHANGE PLC	
	SKYE BANK PLC	
	TOTAL NIGERIA PLC	
	TRANS-NATIONWIDE EXP. PLC	
	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090

CARDINALSTONE REGISTRARS
Address: Lagos: 358, Herbert Macaulay Way, Beside St. Dominic Catholic Church, Yaba, Lagos.
Port Harcourt: FCMB Building 85, Aba Express Way by Garrison Junction, Port Harcourt.
Abuja: FCMB Building 252, Herbert Macaulay Way, Central Business District, Abuja.
website: www.cardinalstoneregistrars.com, **E-mail:** registrars@cardinalstone.com