



RC: 640303

NOTORE CHEMICAL INDUSTRIES PLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

Financial statements

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NOTORE CHEMICAL INDUSTRIES PLC
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

Notes	Group		Company		
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	
	N'000	N'000	N'000	N'000	
Non-current assets					
Property, plant and equipment	14	399,762,507	263,308,384	399,762,507	263,308,383
Right of use assets	15	14,216	128,704	14,216	128,704
Investment property	16	93,132,811	77,585,727	93,132,811	77,585,727
Investments in subsidiaries	27	-	-	50,255	50,255
Total non-current assets		492,909,534	341,022,815	492,959,789	341,073,069
Current assets					
Inventories	18	9,437,144	8,175,717	9,437,144	8,175,718
Trade and other receivables	19a	4,311,021	2,306,088	5,344,015	3,206,376
Cash at bank and in hand	20	49,773,538	947,211	49,465,419	771,805
Total current assets		63,521,703	11,429,016	64,246,578	12,153,899
Total assets		556,431,237	352,451,831	557,206,367	353,226,968
Equity					
Ordinary shares	21	2,015,083	806,033	2,015,083	806,033
Share premium		132,579,261	27,995,916	132,579,261	27,995,916
Asset revaluation reserves		312,862,305	163,646,145	312,862,305	163,646,145
Accumulated losses	22	(339,776,474)	(148,562,250)	(339,051,344)	(147,837,120)
Treasury shares reserve		(1,080,831)	(1,080,831)	(1,080,831)	(1,080,831)
Total equity		106,599,344	42,805,013	107,324,474	43,530,143
Liabilities					
Non-current liabilities					
Borrowings	24a	218,254,058	162,978,200	218,254,058	162,978,200
Employee benefit obligation	23	2,103,439	2,166,867	2,103,439	2,166,867
Grant liability	24b	5,901	552,922	5,901	552,922
Deferred tax liability	12a	2,373,578	2,373,579	2,373,578	2,373,579
Total non-current liabilities		222,736,976	168,071,568	222,736,976	168,071,568
Current liabilities					
Borrowings	24a	140,124,347	65,666,943	140,124,347	65,666,943
Lease liability	15(b)	-	192,538	-	192,538
Trade and other payables	25	66,579,784	58,607,825	66,629,784	58,657,832
Contract liabilities		20,154,382	16,276,905	20,154,382	16,276,905
Grant liability	24b	236,404	717,508	236,404	717,508
Current tax liabilities	12	-	113,531	-	113,531
Total current liabilities		227,094,917	141,575,250	227,144,917	141,625,257
Total liabilities		449,831,893	309,646,818	449,881,893	309,696,825
Total equity and liabilities		556,431,237	352,451,831	557,206,367	353,226,968

The financial statements on pages 3 to 33 were approved and authorised for issue by the board of directors on 29th January 2025 and signed on its behalf by:



Mr. Ohis Ohiwerei
Managing Director/CEO
FRC/2017/CIBN/00000016412



Mr. Danjuma Etuh
Deputy Managing Director
FRC/2024/PRO/DIR/003/588796



Ms. Chekwubechukwu Onianwa
Chief Financial Officer
FRC/2022/PRO/ICAN/001/704370

The notes on pages 7 to 33 are an integral part of these financial statements.

NOTORE CHEMICAL INDUSTRIES PLC
 UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

	Notes	Group		Company	
		Twelve months	Twelve months	Twelve months	Twelve months
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		N'000	N'000	N'000	N'000
Revenue from contracts with customers	7	751,361	21,545,162	751,361	21,545,162
Cost of sales	8	(32,584,104)	(33,642,177)	(32,584,104)	(33,642,177)
Gross (loss)/Profit		(31,832,743)	(12,097,015)	(31,832,743)	(12,097,015)
Administrative expenses	9	(14,896,777)	(14,074,743)	(14,896,777)	(14,074,743)
Selling and distribution expenses	9b	(33,199)	(323,546)	(33,199)	(323,546)
Other income	10	16,609,927	3,458,206	16,609,927	3,458,206
Operating (loss)/income		(30,152,792)	(23,037,098)	(30,152,792)	(23,037,098)
Finance income	11a	3,553,369	130	3,553,369	130
Finance cost	11b	(164,614,801)	(91,139,933)	(164,614,801)	(91,139,933)
Finance costs - (net)	11	(161,061,432)	(91,139,803)	(161,061,432)	(91,139,803)
Loss before income tax		(191,214,224)	(114,176,901)	(191,214,224)	(114,176,901)
Income tax	12	-	(74,388)	-	(74,388)
Loss for the period		(191,214,224)	(114,251,289)	(191,214,224)	(114,251,289)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligations	25a	-	63,491	-	63,491
Deferred tax credit/(charge) on actuarial loss/gain	12a	-	-	-	-
Revaluation surplus on property, plant and equipment	14	149,216,161	81,614,774	149,216,161	81,614,774
Deferred tax charge on revaluation surplus	12a	-	-	-	-
Total items that will not be reclassified to profit or loss		149,216,161	81,678,265	149,216,161	81,678,265
Items that may be subsequently reclassified to profit or loss					
Total items that may be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the period-net of tax		149,216,161	81,678,265	149,216,161	81,678,265
Total comprehensive loss for the period		(41,998,063)	(32,573,024)	(41,998,063)	(32,573,024)
Earnings per share for loss attributable to the equity holders of the company					
Basic EPS (Naira)	13	(47.45)	(70.87)	(47.45)	(70.87)

The notes on pages 7 to 33 are an integral part of these financial statements.

NOTORE CHEMICAL INDUSTRIES PLC
 UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

	Note	Group		Company	
		Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
		N'000	N'000	N'000	N'000
Revenue from contracts with customers	29	152,431	9,775,564	152,431	9,550,990
Cost of sales	30	(7,946,308)	(15,980,669)	(7,946,308)	(15,867,390)
Gross loss		(7,793,877)	(6,205,105)	(7,793,877)	(6,316,400)
Administrative expenses	31a	134,322	(5,406,418)	134,322	(5,347,129)
Selling and distribution expenses	31b	98,795	(91,681)	98,795	(87,902)
Other income	32	16,043,781	2,558,793	16,043,781	2,558,793
Operating Profit/ (Loss)		8,483,021	(9,144,412)	8,483,021	(9,192,639)
Finance income	33	868,836	-	868,836	-
Finance cost	33b	12,084,873	(51,230,747)	12,084,873	(51,230,747)
Finance costs - (net)	33	12,953,709	(51,230,747)	12,953,709	(51,230,747)
Profit/ (Loss) before income tax		21,436,730	(60,375,159)	21,436,730	(60,423,387)
Income tax		-	(74,388)	-	(74,388)
Profit/ (Loss) for the period		21,436,730	(60,449,547)	21,436,730	(60,497,775)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligations		-	63,491	-	63,491
Deferred tax credit/(charge) on actuarial loss/gain		-	-	-	-
Revaluation surplus on property, plant and equipment		149,216,161	81,614,774	149,216,161	81,614,774
Deferred tax charge on revaluation surplus		-	-	-	-
Total items that will not be reclassified to profit or loss		149,216,161	81,678,265	149,216,161	81,678,265
Items that may be subsequently reclassified to profit or loss					
Total items that may be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the period- net of tax		149,216,161	81,678,265	149,216,161	81,678,265
Total comprehensive profit/(loss) for the period		170,652,891	21,228,719	170,652,891	21,180,490
Earnings per share for loss attributable to the equity holders of the company					
Basic EPS (Naira)		5.32	(37.50)	5.32	(37.53)

NOTORE CHEMICAL INDUSTRIES PLC
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

Notes	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Cash flows from operating activities:				
Loss on ordinary activities before taxation	(191,214,224)	(114,176,901)	(191,214,224)	(114,176,901)
Adjustments for:				
Depreciation	14	13,118,916	8,465,194	13,118,916
Depreciation of right of use assets	15	77,581	98,297	77,581
Interest expense on leases	15(b)	5,106	19,815	5,106
Discounting fees	-	-	1,070,645	-
Writeoff of PPE impairment to income balance	14	-	-	-
Impairment of investment property	16	-	-	-
Current service cost and interest on gratuity	23	454,951	561,333	454,951
Fair value adjustment on investment property	16	(15,488,936)	(2,315,099)	(15,488,936)
Transfer from investment property to subsidiary	16	-	-	-
Grant income	10	(1,028,124)	(717,509)	(1,028,124)
Changes refinancing of past due obligations	-	3,909,992	3,909,992	-
Interest accrued	24a	-	-	-
Exchange difference on borrowings	11b	91,483,493	67,685,223	91,483,493
Decrease/(increase) of gratuity plan assets	-	(8,567)	(8,567)	(4,305)
Currency translation difference	-	-	-	-
(Gain)/Loss on disposal of fixed assets	-	-	1,970	1,970
Net adjustments for non-cash items	-	92,524,412	74,865,564	92,524,412
Adjustments for non-operating cash flow items:				
Interest received	11	(3,553,369)	(130)	(3,553,369)
Interest expense	11	73,130,242	23,434,894	73,130,242
Net adjustments for non-operating cash flow items	-	69,576,873	23,434,764	69,576,873
Changes in working capital:				
(Increase)/decrease in inventories	-	(1,261,427)	1,556,820	(1,261,426)
decrease/(increase) in trade and other receivables	-	(2,004,933)	2,337,118	(2,137,639)
Increase in trade and other payables	-	7,971,959	20,257,153	7,971,952
Cash generated from operating activities	-	(24,407,340)	8,274,518	(24,540,052)
Gratuity paid	23	(509,812)	(374,795)	(509,812)
Income taxes paid	12	(113,531)	-	(113,531)
Net cash generated from operating activities	-	(25,030,683)	7,899,723	(25,163,395)
Cash flows from investing activities:				
Purchases of property, plant and equipment	14	(389,391)	(2,528,311)	(389,391)
Proceeds from disposal of fixed assets	-	-	-	-
Derecognition of right of use	-	36,908	-	36,908
Addition to investment property	-	(58,148)	(109,384)	(58,148)
Ordinary shares allotment	-	105,792,395	-	105,792,395
Interest received	11	3,553,369	130	3,553,369
Net cash used in investing activities	-	108,935,132	(2,637,565)	108,935,132
Cash flows from financing activities:				
Proceeds from borrowings	24a	-	-	-
Addition to lease liability	-	-	-	-
Repayments of borrowings	24a	35,394,818	(2,900,439)	35,394,818
Changes in long term payables	-	-	-	-
Principal elements of lease payments	-	(103,066)	(10,184)	(103,066)
Refinancing of loan repayment maturities	24a	100,474,498	391,574	100,474,495
Increase/(decrease) in borrowings due to exchange loss	11b	(91,483,493)	-	(91,483,493)
Derecognition of lease	-	(95,644)	-	(95,644)
Interest paid on lease	-	1,066	(19,816)	1,066
Interest paid	11	(73,130,242)	(669,173)	(73,130,242)
Net cash (used in)/generated from financing activities	-	(28,942,063)	(3,208,038)	(28,942,066)
Net increase/ (decrease) in cash and cash equivalents	-	54,962,383	2,054,122	54,829,670
Cash and cash equivalents at beginning of period	-	(5,188,840)	(1,106,911)	(5,364,246)
Cash and cash equivalents at end of period	20	49,773,543	947,211	49,465,424

NOTORE CHEMICAL INDUSTRIES PLC
 UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
 FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

Group

	Share capital N'000	Share premium N'000	Foreign currency translation reserve N'000	Asset revaluation reserve N'000	Accumulated losses N'000	Treasury shares reserve N'000	Total equity N'000
Balance at 1 January 2023	806,033	27,995,916	-	86,584,932	(38,928,014)	(1,080,831)	75,378,036
Loss for the period	-	-	-	-	(114,251,289)	-	(114,251,289)
Other comprehensive income:							
PPE revaluation surplus, net of tax	-	-	-	81,614,774	-	-	81,614,774
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	-	63,491	-	63,491
Currency translation difference	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	81,614,774	(114,187,798)	-	(32,573,024)
Depreciation released to retained earnings				(4,553,561)	4,553,561		
Transaction with owners	-	-	-	-	-	-	-
Balance at 31 December 2023	806,033	27,995,916	-	163,646,145	(148,562,250)	(1,080,831)	42,805,012

Group

	Share capital N'000	Share premium N'000	Foreign currency translation reserve N'000	Asset revaluation reserve N'000	Accumulated losses N'000	Treasury shares reserve N'000	Total equity N'000
Balance at 1 January 2024	806,033	27,995,916	-	163,646,145	(148,562,250)	(1,080,831)	42,805,012
Loss for the period	-	-	-	-	(191,214,224)	-	(191,214,224)
Other comprehensive income:							
PPE revaluation surplus, net of tax	-	-	-	149,216,161	-	-	149,216,161
Ordinary shares allotment	1,209,050	104,583,345	-	-	-	-	105,792,395
Total comprehensive loss for the period	1,209,050	104,583,345	-	149,216,161	(191,214,224)	-	63,794,331
Transaction with owners	-	-	-	-	-	-	-
Balance at 31 December 2024	2,015,083	132,579,261	-	312,862,305	(339,776,474)	(1,080,831)	106,599,343

Foreign currency translation reserve refers to foreign currency exchange difference arising on translation of Notore Supply & Trading, a wholly owned subsidiary of the Company, from its functional and reporting currency of US dollars to Naira.

Treasury shares reserve relates to receivables from Employee share ownership plan (ESOP) reclassified to equity

NOTORE CHEMICAL INDUSTRIES PLC
 UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
 FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

Company	Share capital	Share premium	Asset revaluation reserve	Accumulated losses	Treasury shares reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2023	806,033	27,995,916	86,584,932	(38,202,884)	(1,080,831)	76,103,166
Loss for the period	-	-	-	(114,251,289)	-	(114,251,289)
Other comprehensive income:						
PPE revaluation surplus, net of tax	-	-	81,614,774	-	-	81,614,774
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	63,491	-	63,491
Total comprehensive loss for the period	-	-	81,614,774	(114,187,798)	-	(32,573,024)
Depreciation released to retained earnings	-	-	(4,553,561)	4,553,561	-	-
Transaction with owners	-	-	-	-	-	-
Balance at 31 December 2023	806,033	27,995,916	163,646,145	(147,837,120)	(1,080,831)	43,530,142

Company	Share capital	Share premium	Asset revaluation reserve	Accumulated losses	Treasury shares reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2024	806,033	27,995,916	163,646,145	(147,837,120)	(1,080,831)	43,530,142
Loss for the period	-	-	-	(191,214,224)	-	(191,214,224)
Other comprehensive income:						
PPE revaluation surplus, net of tax	-	-	149,216,161	-	-	149,216,161
Ordinary shares allotment	1,209,050	104,583,345	-	-	-	105,792,395
Total comprehensive loss for the period	1,209,050	104,583,345	149,216,161	(191,214,224)	-	63,794,331
Transaction with owners	-	-	-	-	-	-
Balance at 31 December 2024	2,015,083	132,579,261	312,862,305	(339,051,344)	(1,080,831)	107,324,473

Treasury shares reserve relates to receivables from Employee share ownership plan (ESOP) reclassified to equity

NOTORE CHEMICAL INDUSTRIES PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2024

(All amounts are in thousands of Naira, unless otherwise stated)

1.0 General information

Notore Chemical Industries Plc ("the Company") was incorporated in Nigeria on 30 November 2005 to manufacture and deal in nitrogenous fertilizers and all substances suited to improving the fertility of soil and water. The company fully rehabilitated a 500,000 metric tonne Urea Plant in Onne, Rivers State, Nigeria and commenced commercial production in the first quarter of 2010. It is a subsidiary of Notore Chemical Industries (Mauritius) Limited.

The principal activities of the Company are to manufacture, treat, process, produce, supply and deal in nitrogenous fertilizer and all substances suited to improving the fertility of soil and water.

The address of the Company's registered office is:

Notore Industrial Complex
Onne
Rivers State
Nigeria

The consolidated financial statements have been prepared through the consolidation of the subsidiaries with the Company. The subsidiaries are: Notore Supply and Trading Mauritius Limited, Notore Power Limited, Notore Foods Limited, Notore Seeds Limited, Notore Industrial City Limited, Notore Supply and Trading Limited BVI and Notore Train II Limited. Except Notore Power and Infrastructure Limited, all the subsidiaries are non-operating as at the reporting date.

These financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the parent company operates. The financial statements have been rounded to the nearest thousands Naira (NGN'000), except where otherwise indicated.

2.0 Basis of preparation and adoption of IFRSs

a) Statement of compliance

The consolidated financial statements of Notore Chemical Industries Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Companies and Allied Matters Act (CAMA) and Financial Reporting Council of Nigeria (FRC) Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 5.

b) Basis of measurement

The consolidated and separate financial statements have been prepared under the historical cost basis except for the under mentioned areas which are measured as indicated:

- Investment properties measured at fair value;
- Defined benefit asset measured at fair value;
- Financial instruments (borrowings) measured at fair value;
- Inventory is measured at lower of cost and net realisable value;
- Land and building and plant and machinery are carried at revalued amount;
- Gratuity valuation based on independent actuarial valuation performed by independent actuaries using the projected unit credit method

These financial statements were authorised for issue by the board of directors on 28th January 2025.

3.0 Changes in accounting policy and disclosures

3.1 *New accounting standards adopted by the group*

There was no new standard adopted in the current period.

4.0 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira which is the group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within 'administrative expenses'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

4.2 Trade receivables

Trade receivables are amounts due from customers for sale of fertilizer products in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Group's activities and it is stated net of value added tax (VAT), discounts, rebates and returns. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the credit evaluation done on the customer at the inception of the contract.

Revenue is recognised when the control of the goods is transferred to the customer. This occurs where goods are delivered to the customer's location or picked up from the Company's site.

Revenue from sale of fertiliser is recognised based on the price specified in the contract (sales order), net of the estimated discounts, rebates and returns. Discounts are applied immediately on sale and are all utilized within period ascertained by the Group. Rebates and returns on goods are estimated at the inception of the contract and deducted from transaction price.

The delivery service provided by the Group is a sales fulfillment activity and the income earned is recognised at the point in time when control passes to the customer.

4.0 Summary of significant accounting policies (cont'd)

4.4 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, cash balances with banks, other short term highly liquid investments with original maturity of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

4.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

4.6 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

4.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.8 Provisions and contingent liabilities

Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

4.9 Property, plant and equipment

Property, plant and equipment (excluding land & building and plant & machinery) are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Cost also includes expenditures for dismantling and removing items and restoring the site on which they were located. Obligations for dismantling, removal or site restoration are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each of such part. Depreciation of these assets or parts commences when the assets or parts are ready for their intended use. The carrying amount of a replaced part is derecognized when replaced. Impairment losses and gains and losses on disposals of property, plant and equipment are included in the statement of profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use.

4.0 Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

The major categories of property, plant and equipment (excluding land & building and plant & machinery) are depreciated on a straight-line basis as follows:

Asset category	Depreciation rate (%)
Motor vehicle	25
Computer equipment	33
Office equipment	25

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land & Building and Plant & Machinery are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, Knight Frank (FRC/2013/0000000000584), less subsequent depreciation. A revaluation surplus is recognised, net of tax, in other comprehensive income and accumulated in asset revaluation reserve in shareholders' equity. To the extent that the surplus reverses a loss previously recognised in profit or loss, the increase is first recognised in profit or loss. Revaluation loss that reverses previous surplus of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other losses are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the asset revaluation reserve to retained earnings within equity.

Depreciation is calculated using the straight-line method to allocate their revalued amounts, net of their residual values, over their estimated useful lives. Freehold land is not depreciated but leasehold land and leasehold improvements is depreciated over the remaining lease term. On an annual basis, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from asset revaluation reserves account to retained earnings. For Buildings and Plant & Machinery, depreciation is calculated as follows:

Asset category	Useful lives
Buildings	50 years
Plant and machinery	10-30 years

Capital work-in-progress is not depreciated. Attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and they are subsequently depreciated.

4.10 Intangible assets

Computer software licences are acquired and recognised at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures on software are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognised as expenses in the profit and loss as they are incurred. Amortisation is recognised in profit and loss account on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives, and residual values are reviewed at each reporting date and adjusted, if appropriate. An intangible asset is derecognised where it is certain that there would be no future flow of economic benefit to the Group as a result of holding such asset.

4.11 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.0 Summary of significant accounting policies (cont'd)

4.12 Financial instruments

(i) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(b) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(c) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(d) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

(e) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(f) Recognition and derecognition

Financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, inclusive of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

These include trade payables and bank borrowings. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank borrowings are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(g) Derecognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

4.0 Summary of significant accounting policies (cont'd)

4.13 Offsetting financial instruments

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

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.14 Impairment of financial assets

Assets carried at amortised cost

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

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

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

4.15 Share capital

The Company has only one class of shares: ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue over the par value is recorded in the share premium reserve.

4.16 Income taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2.5% of the chargeable profits.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the entities in the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates except where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.0 Summary of significant accounting policies (cont'd)

4.17 Employee benefits

The group operates various post-employment schemes, including both a defined contribution scheme and a defined benefit obligation scheme.

(i) Defined contribution scheme (Pension obligations)

The Group operates a defined contribution pension scheme for its employees in line with the provisions of the Pension Reform Act. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group's contributions to the defined contribution schemes are charged to the statement of profit or loss for the period to which they relate. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company contributes 10% for employees while employees contribute 8% of their total emoluments respectively.

(ii) Gratuity Scheme

The Group operates a funded defined benefit gratuity scheme for its employees. The employees' retirement benefits under the gratuity scheme depends on the individual's years of service and gross salaries at the end of each completed year and plan assets are managed by external reputable organisation.

The risk that the retirement benefits could cost more than expected or that the return on the investments is lower than expected remains with the Group, and may increase the Group's obligation. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of employees of the Group. The liability recognised in the statement of financial position in respect of the unfunded part of gratuity scheme is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of the Federal Government of Nigeria bonds. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in full to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of profit or loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.18 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 October 2019.

The Group primarily leases vehicle and building (used as office space and guest house). The lease terms are typically for fixed periods ranging from 1 year to 3 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Group has elected to separate lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Until the period ending 30 September 2019, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group with the exception of low value and short-term leases.

(j) The Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

4.0 Summary of significant accounting policies (cont'd)

4.18 Leases - (cont'd)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate (IBR) as the rate implicit in the lease cannot be readily determined. The IBR represents the rate that would have to be paid to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company has considered observable inputs (FGN bonds and prime lending rate) and has used a build-up approach to adjust the reference rate for leases of different duration.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable. The Group presents lease liabilities separately from other liabilities in the statement of financial position.

(b) Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group presents right-of-use assets as a separate line item in the statement of financial position (note 7.2b(ii)).

(c) Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N1,930,000 when new e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

(d) Extension and termination options

Extension and termination options are included in the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Group.

(ii) Leases in which the Group is a Lessor

The Group leases out its own property to third-party for residential purposes. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income arising from this is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.0 Summary of significant accounting policies (cont'd)

4.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. The Group's government grant relates to benefit of borrowing at below-market rate of interest.

Government grants related to assets, including non-monetary grants at fair value, is presented in the statement of financial position as deferred income and subsequently amortised to profit or loss on a systematic basis over the useful life of the asset.

4.20 Cost of sales

Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture and sale of product, as well as manufacturing labour, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost of haulage and export grant credit. Cost of sales is recognised in the period for which products are sold and matched with the appropriate revenue.

4.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to

4.22 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.23 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use. Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. After initial recognition, investment property is carried at fair value. Changes in fair values are presented in profit or loss as part of other income. Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Group and the cost can be reliably measured.

Valuation of investment property is performed annually.

4.24 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Investments in subsidiaries are recognised at cost less impairment.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.0 Summary of significant accounting policies (cont'd)

(c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.25 Segment reporting

An operating segment is a component of an entity: that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Operating segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segment has been identified as the Group Leadership Council ("the Board"). The Group's reportable segment has been identified on a product basis as Fertilizer and the Group is a one segment business.

4.26 Export expansion grant and Negotiable duty credit certificates

Export expansion grant (EEG) and Negotiable duty credit certificates (NDCC) are initially recognised at fair value when the Group has complied with all the conditions precedents. At the end of each reporting period, the Group assesses whether there is objective evidence that the EEG and NDCC are impaired. Where an objective evidence of impairment is identified, the carrying amount of EEG and NDCC is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in cost of sales in the consolidated statement of profit or loss.

4.27 Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.28 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

If an event provide evidence of conditions that existed at the end of the reporting period, then an adjustment is made to the financial statement. If an event is indicative of conditions that arose after the reporting period, then no adjustment is required. However, if its material a disclosure to that effect is made.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

5.1 Impairment of financial assets

The Group has two types of financial assets that are subject to impairment:

- cash and cash equivalents, and
- trade and other receivables.

While cash and cash equivalents are also subject to the impairment, no impairment loss was identified on items of cash and cash equivalents. The Group assesses impairment of trade and other receivables using the expected credit loss (ECL) model. The simplified approach is applied for trade receivables while the general approach is applied for other receivables.

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

The three-stage (general) approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL (12 months ECL) that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

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

5.2 Export Expansion Grant Receivable and Negotiable Duty Credit Certificates

Export Expansion Grant Receivable and Negotiable Duty Credit Certificates (NDCC) is Federal Government of Nigeria (FGN) incentive to stimulate export sales. The scheme has been dormant for years resulting to the Group's decision to make full provision for EEG earned in past years. However, NDCC has always been recognised because it is an instrument useful for settlement of duties and levies payable to government in lieu of cash. In 2018, management reversed full provision previously recognised against EEG receivable based on FGN's revised interest in resuscitating the scheme as evidenced by filing of all outstanding claims and submission of NDCC at hand to Nigeria Export Promotion Council (NEPC). In addition, the amount due to the Group under the scheme is a sovereign debt and the outstanding amount was confirmed by NEPC.

5.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations. The Group's actuaries determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

5 Critical accounting estimates and judgements (cont'd)

5.4 Income taxes and deferred tax

Taxes are paid by Group under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax laws and regulations as applied to the transactions and activities of the Group may be challenged by the relevant taxation authorities. The Group's management believes that its interpretation of the relevant tax laws and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

5.5 Functional currency

Functional currency is the currency of the primary economic environment in which the parent company operates. The assessment of the functional currency of the foreign subsidiary is subjective and involves the use of management's estimates and judgements. Management is of the opinion that the foreign subsidiary's functional currency is the US Dollars as it is the currency that mainly influences sales prices for its goods.

5.6 Fair value of investment property

Critical accounting estimates and judgements made on fair value of investment property are disclosed in Note 18 to the financial statements.

5.7 Going concern

Critical accounting estimates and judgements are made on use of going concern for preparation of the financial statements .

5.8 Foreign exchange rates

The Group uses foreign exchange rates to translate foreign currency denominated balances based on specific characteristics of the balance. The rate used to translate specific foreign currency denominated balance is the rate at which the future cash flows represented by the balance would have been settled if those cash flows had occurred at the measurement date.

5.9 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

6.0 Financial risk management

Introduction and overview of company and group risk management

6.1 The group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a treasury department under policies approved by the board of directors. Treasury identifies, evaluates, and manages financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, other price risk and investment of excess liquidity.

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7 Revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
7a Revenue by product line				
NPK	12,327	1,021,407	12,327	1,021,407
Urea and other chemicals	206,951	20,330,021	206,951	20,330,021
Ammonia	532,083	193,734	532,083	193,734
Infrastructure services	-	-	-	-
Total	751,361	21,545,162	751,361	21,545,162
7b Analysis by geographical location:				
Analysis by geographical location:				
Within Nigeria	751,361	21,297,765	751,361	21,297,765
Outside Nigeria	-	247,397	-	247,397
	751,361	21,545,162	751,361	21,545,162

The Group's reportable segment has been identified on a product basis as fertilizer because all the company's sales comprise mainly fertilizer products with similar risks and rewards. The Group is a one segment business and revenue is generated from local and export sales. An analysis based on customers' locations is set out above.

8 Cost of sales

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Raw materials and other chemicals	1,758,146	10,570,126	1,758,146	10,570,126
Overheads	15,438,326	11,950,104	15,438,326	11,950,104
Depreciation	12,589,444	8,001,469	12,589,444	8,001,469
Staff cost (Note 9d)	2,795,892	3,091,025	2,795,892	3,091,025
Haulage cost	2,296	29,453	2,296	29,453
Infrastructure services cost	-	-	-	-
Total	32,584,104	33,642,177	32,584,104	33,642,177

Analysis of depreciation charged by nature

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Depreciation on PPE charged to cost of sales	12,589,444	8,001,469	12,589,444	8,001,469
Depreciation on PPE charged to admin expenses	529,472	463,725	529,472	463,725
Total depreciation charged on PPE (Note 14)	13,118,916	8,465,194	13,118,916	8,465,194

9 Administrative expenses

The following balances are included as part of administrative expenses by nature:

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Employee benefit expense(Note 9d)	2,979,774	3,587,861	2,979,774	3,587,861
Repair and maintenance	275,370	151,693	275,370	151,693
Consultancy	1,100,319	701,271	1,100,319	701,271
Transportation & Travel	166,346	145,427	166,346	145,427
Depreciation	529,472	463,725	529,472	463,725
Depreciation of right of use asset (Note 15)	49,362	98,297	49,362	98,297
Corporate promotion expenses	13,026	127,370	13,026	127,370
Directors fees	1,306,868	3,053,348	1,306,868	3,053,348
Board expenses	147,459	46,666	147,459	46,666
Foreign currency exchange loss/(gain)	7,060,477	4,543,020	7,060,477	4,543,020
Bank charges	193,872	44,392	193,872	44,392
Other admin and general expenses	1,021,932	1,061,673	1,021,932	1,061,673
Auditor's remuneration provision	52,500	50,000	52,500	50,000
	14,896,777	14,074,743	14,896,777	14,074,743

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9b Selling and distribution expenses

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Marketing expenses	33,199	323,546	33,199	323,546

9c Employee benefits expense

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Salaries and wages	2,571,174	3,218,862	2,571,174	3,218,862
Other employee benefits	1,737,519	2,654,568	1,737,519	2,654,568
Termination benefits	789,689	(1,146)	789,689	(1,146)
Employer's pension contribution - defined contributions	230,758	285,983	230,758	285,983
Gratuity charge (Note 22a)	446,526	520,619	446,526	520,619
	<u>5,775,666</u>	<u>6,678,886</u>	<u>5,775,666</u>	<u>6,678,886</u>

9d Analysis of employee benefits expense charged to:

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Cost of sales	2,795,892	3,091,025	2,795,892	3,091,025
Administrative expenses	2,979,774	3,587,861	2,979,774	3,587,861
	<u>5,775,666</u>	<u>6,678,886</u>	<u>5,775,666</u>	<u>6,678,886</u>

10 Other income

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000
Fair value adjustment on investment property (Note 16)	15,488,936	2,315,099	15,488,936	2,315,099
Others	92,867	425,598	92,867	425,598
Grant Income (Note 23b)	1,028,124	717,509	1,028,124	717,509
	<u>16,609,927</u>	<u>3,458,206</u>	<u>16,609,927</u>	<u>3,458,206</u>

11 Finance income and costs

	Group		Company	
	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023	Twelve months 31 Dec 2024	Twelve months 31 Dec 2023
	N'000	N'000	N'000	N'000

11a Finance income

Interest income on short-term bank deposits	3,553,369	130	3,553,369	130
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11b Finance cost

Interest expense:				
– Interest and fees on borrowings	73,130,242	23,434,894	73,130,242	23,434,894
– Interest expense on lease liability	1,066	19,816	1,066	19,816
– Exchange difference on bank borrowings	91,483,493	67,685,223	91,483,493	67,685,223
	<u>164,614,801</u>	<u>91,139,933</u>	<u>164,614,801</u>	<u>91,139,933</u>

Net finance costs

	<u>161,061,432</u>	<u>91,139,803</u>	<u>161,061,432</u>	<u>91,139,803</u>
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12 Income tax expense (cont'd)

The movement in the current income taxation payable is as follows:

	Group and Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
At start of the period	113,531	213,055
Charge for the period - Income tax	-	74,388
Payment during the period	(113,531)	(173,912)
Total current income tax liabilities	-	113,531

12a Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group and Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	56,067,374	56,067,373
- Deferred tax assets to be recovered within 12 months	2,957,964	2,957,964
	59,025,338	59,025,337
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	61,396,000	61,396,000
- Deferred tax liabilities to be recovered within 12 months	2,916	2,916
	61,398,916	61,398,916
Deferred tax (liability)/asset - (net)	(2,373,578)	(2,373,579)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group and Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Deferred tax assets:		
Deferred income tax asset:		
Balance at the beginning of the year	59,025,337	59,025,337
Credit to profit or loss for the year	-	-
Credit to other comprehensive income for the year	-	-
Total deferred tax asset	59,025,337	59,025,337
Deferred tax liabilities:		
Deferred income tax liabilities:		
Balance at the beginning of the year	61,398,916	61,398,916
Charge to profit or loss for the year	-	-
Charge to other comprehensive income for the year	-	-
Total deferred tax liabilities	61,398,916	61,398,916

13 Earnings/(Loss) per share (LPS)

Basic Earnings/(loss) per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted loss per share is the same as Basic loss per share as there are no potential securities convertible to ordinary shares at both period ends.

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
(Loss)/Profit for the period attributable to shareholders	(191,214,224)	(114,251,289)	(191,214,224)	(114,251,289)
Weighted average number of ordinary shares in issue	4,030,166	1,612,066	4,030,166	1,612,066
Basic profit/(loss) per share (Naira)	(47.45)	(70.87)	(47.45)	(70.87)

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14 Property, plant and equipment

Group

	Land	Building	Plant & Machinery	Motor Vehicle	Computer Equipment	Office Equipment	Capital Work in Progress	Total
	N000	N000	N000	N000	N000	N000	N000	N000
Cost/valuation								
At 1 January 2023	6,179,970	17,185,754	156,077,344	671,487	480,742	491,329	8,026,697	189,113,323
Additions	-	-	53,728	-	51,247	2,703	2,420,633	2,528,311
Revaluation surplus	154,499	2,028,189	71,040,518	-	-	-	-	73,223,206
Disposal	4	-	-	-	(18,930)	(725)	-	(19,651)
Reclass	-	-	1,816,234	-	(16,101)	-	(1,800,133)	-
At 31 December 2023	6,334,473	19,213,943	228,987,823	671,487	496,958	493,307	8,647,197	264,845,188
Accumulated depreciation								
At 1 January 2023	-	-	-	671,291	365,493	444,077	-	1,480,861
Charge for the year	-	390,101	8,001,467	196	48,971	24,458	-	8,465,194
Revaluation surplus	-	(390,101)	(8,001,467)	0	-	-	-	(8,391,568)
Disposal	-	-	-	-	(16,960)	(725)	-	(17,686)
At 31 December 2023	-	-	-	671,487	397,504	467,810	-	1,536,801
Net Book Value								
At 31 December 2023	6,334,473	19,213,943	228,987,823	(0.043)	99,455	25,497	8,647,197	263,308,388
Cost/valuation								
At 1 January 2024	6,334,473	19,213,943	228,987,823	671,487	496,958	493,307	8,647,197	264,845,188
Additions	-	30,539	12,350	-	6,804	4,304	335,395	389,391
Revaluation surplus	-	4,463,416	131,700,967	-	-	-	-	136,164,383
Disposal	-	-	-	-	(2,733)	-	-	(2,733)
Reclass	-	-	(341,299)	-	-	-	309,555	(31,744)
Write-off	-	-	-	-	-	-	-	-
At 31 December 2024	6,334,473	23,707,898	360,359,841	671,487	501,029	497,611	9,292,147	401,364,485
Accumulated depreciation								
At 1 January 2024	-	-	-	671,487	397,504	467,810	-	1,536,801
Charge for the year	-	462,333	12,589,444	-	53,360	13,779	-	13,118,916
Revaluation surplus	-	(462,333)	(12,589,444)	-	-	-	-	(13,051,777)
Disposal	-	-	-	-	(1,961)	-	-	(1,961)
At 31 December 2024	-	-	0	671,487	448,902	481,589	-	1,601,978
Net Book Value								
At 31 December 2024	6,334,473	23,707,898	360,359,841	-	52,127	16,022	9,292,147	399,762,507

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14. Property, plant and equipment (continued)

Company

	Land	Building	Plant & Machinery	Motor Vehicle	Computer Equipment	Office Equipment	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/valuation								
At 1 January 2023	6,179,970	17,185,754	156,077,344	671,487	476,292	491,329	8,026,697	189,108,873
Additions	-	-	53,728	-	51,247	2,703	2,420,633	2,528,311
Revaluation surplus	154,499	2,028,189	71,040,518	-	-	-	-	73,223,206
Disposal	4	-	-	-	(18,930)	(725)	-	(19,651)
Reclass	-	-	1,816,234	-	(16,101)	-	(1,800,133)	-
At 31 December 2023	6,334,473	19,213,943	228,987,823	671,487	492,508	493,307	8,647,197	264,840,738
Accumulated depreciation								
At 1 January 2023	-	-	-	671,291	361,044	444,077	-	1,476,412
Charge for the year	-	390,101	8,001,467	196	48,971	24,458	-	8,465,194
Revaluation surplus	-	(390,101)	(8,001,467)	-	-	-	-	(8,391,568)
Disposal	-	-	-	-	(16,960)	(725)	-	(17,686)
At 31 December 2023	-	-	-	671,487	393,055	467,810	-	1,532,351
Net Book Value								
At 31 December 2023	6,334,473	19,213,943	228,987,823	-	99,454	25,497	8,647,197	263,308,387
Cost/valuation								
At 1 January 2024	6,334,473	19,213,943	228,987,823	671,487	492,508	493,307	8,647,197	264,840,738
Additions	-	30,539	12,350	-	6,804	4,304	335,395	389,391
Revaluation surplus	-	4,463,416	131,700,967	-	-	-	-	136,164,383
Write-down	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(2,733)	-	-	(2,733)
Reclass	-	-	(341,299)	-	-	-	309,555	(31,743)
Transfer to Investment property (Note 18)	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-
At 31 December 2024	6,334,473	23,707,898	360,359,841	671,487	496,579	497,611	9,292,147	401,360,036
Accumulated depreciation								
At 1 January 2024	-	-	-	671,487	393,055	467,810	-	1,532,352
Charge for the year	-	462,333	12,589,444	-	53,360	13,779	-	13,118,916
Revaluation surplus	-	(462,333)	(12,589,444)	-	-	-	-	(13,051,777)
Disposal	-	-	-	-	(1,961)	-	-	(1,961)
At 31 December 2024	-	-	0	671,487	444,453	481,589	-	1,597,529
Net Book Value								
At 31 December 2024	6,334,473	23,707,898	360,359,841	0	52,126	16,022	9,292,147	399,762,507

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15	Right of use assets	GROUP & COMPANY	
		31 Dec 2024	31 Dec 2023
		Building N'000	Building N'000
	Asset		
	Opening balance	545,311	545,311
	Additions during the year	-	-
	Derecognition	(65,126)	-
	Closing balance	480,185	545,311
	Depreciation		
	Opening balance	416,607	318,310
	Derecognition	(28,219)	-
	Charge for the year (Note 9)	77,581	98,297
	Closing balance	465,969	416,607
	Net book value	14,216	128,704

15(b)	Lease liabilities	GROUP & COMPANY	
		31 Dec 2024	31 Dec 2023
		N'000	N'000
	Opening balance	192,537	202,722
	Additions	-	-
	Interest expense (Note 11b)	5,106	19,815
	Derecognition:		
	Interest expense	(4,040)	-
	Lease liability	(91,604)	-
	Payments made during the period	(102,000)	(30,000)
	Net book value	-	192,537

16	Investment property	Group		Company	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		N'000	N'000	N'000	N'000
	Cost				
	Opening balance	77,585,727	75,161,244	77,585,727	75,161,244
	Addition	58,148	109,384	58,148	109,384
	Impairment	-	-	-	-
	Fair value adjustment (Note 10)	15,488,936	2,315,099	15,488,936	2,315,099
		93,132,811	77,585,727	93,132,811	77,585,727

Investment property is made up of an undeveloped land and a commercial property that is leased out to third parties. The commercial property leased to third parties contains an initial non-cancellable lease period of 3 years. Subsequent renewals are negotiated with the lessee and on average, the renewal periods are not less than 2 years. No contingent rents are charged. These properties were transferred from property, plant & equipment to investment property on transition date at its fair value as deemed cost.

17	Intangible assets	Group		Company	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		N'000	N'000	N'000	N'000
	Cost				
	Opening balance	92,800	92,800	92,800	92,800
	Addition	-	-	-	-
	Closing balance	92,800	92,800	92,800	92,800
	Accumulated amortisation				
	Opening balance	(92,800)	(80,291)	(92,800)	(80,291)
	Charge for the period	-	(12,509)	-	(12,509)
	Closing balance	(92,800)	(92,800)	(92,800)	(92,800)
	Net book value	-	-	-	-

18	Inventories	Group		Company	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		N'000	N'000	N'000	N'000
	Raw materials	3,027,778	1,961,245	3,027,778	1,961,245
	Finished goods	533,213	941,552	533,213	941,552
	Spare parts inventories	5,876,153	5,272,920	5,876,153	5,272,920
		9,437,144	8,175,717	9,437,144	8,175,717

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19a Trade and other receivables

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Financial instruments				
Employee receivables	20,000	729	20,000	729
Other receivables	4,000	4,000	4,000	4,000
	<u>24,000</u>	<u>4,729</u>	<u>24,000</u>	<u>4,729</u>
Non-financial instruments				
Advances to prepaid suppliers	265,347	926,533	265,347	926,533
Prepayments	74,836	27,927	74,836	27,927
Withholding tax receivables	32,230	145,760	32,230	145,760
Other receivables	3,914,608	1,201,139	3,914,608	1,201,139
Amount due from related party	-	-	1,032,994	900,288
Total	<u>4,287,021</u>	<u>2,301,359</u>	<u>5,320,015</u>	<u>3,201,647</u>
Total trade and other receivables	<u>4,311,021</u>	<u>2,306,088</u>	<u>5,344,015</u>	<u>3,206,376</u>

The trade receivable is not interest bearing. For receivables that are classified as 'current' due to their short-term maturities, the fair value approximates their carrying values.

Employee receivables are staff loans granted to staff members at below market rates. The fair value of the employee loans is based on cashflows discounted based on market borrowing rate.

All trade and other receivables are current.

20 Cash and cash equivalents

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Cash at bank and in hand (excluding overdrafts)	49,773,538	947,211	49,465,419	771,805
Cash and cash equivalents (excluding overdrafts)	<u>49,773,538</u>	<u>947,211</u>	<u>49,465,419</u>	<u>771,805</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Cash and cash equivalents (excluding overdrafts)	49,773,538	947,211	49,465,419	771,805
Bank overdrafts (Note 23)	(896,761)	(6,136,051)	(896,761)	(6,136,051)
Cash and cash equivalents (including overdrafts)	<u>48,876,777</u>	<u>(5,188,840)</u>	<u>48,568,658</u>	<u>(5,364,246)</u>

21 Share capital

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Authorised:				
2024: 4 billion (2023: 4 billion) ordinary shares of 50 Kobo each	2,015,083	2,015,083	2,015,083	2,015,083
Issued and fully paid:				
4 billion ordinary shares of 50 Kobo each	2,015,083	806,033	2,015,083	806,033

22 Accumulated losses

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Balance at the beginning	(148,562,250)	(38,928,014)	(147,837,120)	(38,202,884)
(Loss) for the period	(191,214,224)	(114,251,289)	(191,214,224)	(114,251,289)
Remeasurements of post employment benefit liabilities net of tax	-	63,491	-	63,491
Revaluation surplus realised for the year	-	4,553,561	-	4,553,561
Balance at the end	<u>(339,776,474)</u>	<u>(148,562,250)</u>	<u>(339,051,344)</u>	<u>(147,837,120)</u>

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23 **Employee benefit obligations**

(a) **Defined benefit scheme**

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements:

	Group & Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Balance sheet obligations for:		
Post-employment benefit	2,103,439	2,166,867
Liability in the balance sheet	<u>2,103,439</u>	<u>2,166,867</u>
Income statement charge included in employee benefits expense for:		
Key management compensation	8,425	40,714
Employee cost (9c)	446,526	520,619
	<u>454,951</u>	<u>561,333</u>
Remeasurements for:		
Change in financial assumption and experience adjustment	-	(63,491)
	<u>-</u>	<u>(63,491)</u>

	Group & Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Present value of obligations (funded)	2,150,627	2,205,488
Fair value of plan assets	(47,188)	(38,621)
Deficit of funded plan	<u>2,103,439</u>	<u>2,166,867</u>

The movement in the defined benefit obligation over the period is as follows:

	Group & Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Balance at the beginning of the period	2,205,488	2,082,441
Charge during the period:		
Current service cost	243,572	301,239
Interest cost	211,379	260,094
	<u>454,951</u>	<u>561,333</u>
	<u>2,660,439</u>	<u>2,643,774</u>
Remeasurements:		
Actuarial losses/(gains) - change in financial assumption	-	151,491
Actuarial losses/(gains) - experience adjustment	-	(214,982)
Total	<u>-</u>	<u>(63,491)</u>
Payments from plans:		
Benefits paid by the employer	(509,812)	(374,795)
Total	<u>(509,812)</u>	<u>(374,795)</u>
Balance at the end of the period	<u>2,150,627</u>	<u>2,205,488</u>

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24a **Borrowings**

	Group	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Non-current		
Bank borrowings	218,254,058	162,978,200
Total non-current borrowings	<u>218,254,058</u>	<u>162,978,200</u>
Current		
Bank overdrafts (Note 19)	896,761	6,136,051
Bank borrowings	139,227,586	59,530,892
Total current borrowings	<u>140,124,347</u>	<u>65,666,943</u>
Total borrowings (non-current & current)	<u><u>358,378,405</u></u>	<u><u>228,645,143</u></u>

	Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Non-current		
Bank borrowings	218,254,058	162,978,200
Total non-current borrowings	<u>218,254,058</u>	<u>162,978,200</u>
Current		
Bank overdrafts (Note 19)	896,761	6,136,051
Bank borrowings	139,227,586	59,530,892
Total current borrowings	<u>140,124,347</u>	<u>65,666,943</u>
Total borrowings (non-current & current)	<u><u>358,378,405</u></u>	<u><u>228,645,143</u></u>

Movement in borrowings (excluding overdraft) is represented as follows:

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Opening balance	222,509,092	140,703,064	222,509,092	140,703,064
Refinancing of past due obligation	99,577,734	85,375,640	99,577,734	85,375,640
Repayments	35,394,818	(3,569,612)	35,394,818	(3,569,612)
Closing balance	<u>357,481,644</u>	<u>222,509,092</u>	<u>357,481,644</u>	<u>222,509,092</u>

Bank borrowings are categorised as follows

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Bank of Industry (BoI) borrowings	7,584,233	10,151,903	7,584,233	10,151,903
Other bank borrowings	349,897,411	212,357,189	349,897,411	212,357,189
	<u>357,481,644</u>	<u>222,509,092</u>	<u>357,481,644</u>	<u>222,509,092</u>

24b **Grant liability**

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Non-current	5,901	552,922	5,901	552,922
Current	236,404	717,508	236,404	717,508
Total grant liability	<u>242,305</u>	<u>1,270,430</u>	<u>242,305</u>	<u>1,270,430</u>

Movement in grant liability is presented as follows:

At 1 January	1,270,429	1,987,938	1,270,429	1,987,938
Grant income recognised in profit or loss (Note 10)	(1,028,124)	(717,509)	(1,028,124)	(717,509)
Closing balance	<u>242,305</u>	<u>1,270,429</u>	<u>242,305</u>	<u>1,270,429</u>

The grant liability arose from benefits from Bank of Industry (BoI) borrowing at below market rate of interest.

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25 Trade and other payables

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Financial Instrument				
Trade payables	35,421,133	25,983,904	35,421,133	25,983,904
Accrued expenses	7,115,268	6,923,134	7,115,268	6,923,134
Amounts due to related parties	21,167,204	20,893,477	21,217,204	20,943,477
	<u>63,703,605</u>	<u>53,800,515</u>	<u>63,753,605</u>	<u>53,850,515</u>
Non-financial instruments				
Accrued expenses	2,876,179	4,807,311	2,876,179	4,807,311
Contract liabilities	20,154,382	16,276,905	20,154,382	16,276,905
	<u>23,030,561</u>	<u>21,084,216</u>	<u>23,030,561</u>	<u>21,084,222</u>
Total trade and other payables	<u>86,734,166</u>	<u>74,884,731</u>	<u>86,784,166</u>	<u>74,934,737</u>

26 Related party transactions

Notore Chemical Industries (Mauritius) Limited

Kwararafa Africa Limited and Notore Chemical Industries (Mauritius) Limited are the ultimate parent of Notore Chemical Industries Plc. Kwararafa Africa Limited and Notore Chemical Industries (Mauritius) Limited, the subsidiaries, Directors, close family members of the Directors and any employee who is able to exert significant influence on the operating policies of the Group are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

As at 31 December 2024, Kwararafa Africa Limited owned 60% of the issued share capital of the Company and Notore Chemical Industries (Mauritius) Limited owned 30.6% of the issued share capital of the Company and. Kwararafa Africa Limited and Notore Chemical Industries (Mauritius) Limited, its subsidiaries, directors, close family members of the directors and any employee who is able to exert significant influence on the operating policies of the group are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

Transactions with related parties

Transactions with related parties are mainly in relation to supply of services, the exchange of goods, the provision and utilisation of financial resources, with other Notore subsidiaries or associated companies. These transactions are an integral part of the ordinary course of its business. All transactions were carried out for the mutual benefit of the parties involved. The transactions during the year and year end balances with related parties are shown below:

(b) Amount due to related parties:

Particulars:

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Notore Supply and Trading Mauritius Limited	-	-	-10,000	-10,000
Notore Foods Limited	-	-	-10,000	-10,000
Notore Seeds Limited	-	-	-10,000	-10,000
Notore Industrial City Limited	-	-	-10,000	(10,000)
Notore Train II Limited	-	-	-10,000	(10,000)
Eroton Exploration and Production Company Limited	(21,167,200)	(20,893,477)	(21,167,200)	(20,893,477)
	<u>(21,167,200)</u>	<u>(20,893,477)</u>	<u>(21,217,200)</u>	<u>(20,943,477)</u>

Amount due from related parties:

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	N'000	N'000	N'000	N'000
Notore Power and Infrastructure Limited	-	-	1,032,994	900,288

The payables to related parties arise mainly from supply of services and are due two months after the date of purchase. The payables bear no interest.

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27 **Investments in subsidiaries**

Principal subsidiaries

The group had the following subsidiaries as at 31 December 2024

Name	Investment Amount N'000	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by parent %	Proportion of ordinary shares held by group %	Proportion of ordinary shares held by non-controlling interests %
Notore Supply and Trading Mauritius Limited	255	Mauritius	Sale of fertilisers and	100.00	100.00	-
Notore Power and Infrastructure Limited*	10,000	Nigeria	Power generation, distribution and sale	99.99	99.99	0.01
Notore Foods Limited	10,000	Nigeria	Marketing of farm produce	99.99	99.99	0.01
Notore Seeds Limited	10,000	Nigeria	Development and marketing of high yield seeds	99.99	99.99	0.01
Notore Industrial City Limited	10,000	Nigeria	Development and operating of industrial parks	99.99	99.99	0.01
Notore Train II Limited	10,000	Nigeria	Fertiliser and petrochemical production through investment in other fertiliser and petrochemical companies	99.99	99.99	0.01
	50,255					

Movement in investment in subsidiaries

	Company	
	31 Dec 2024	31 Dec 2023
	N'000	N'000
Opening balance	50,255	50,255
Increase during the period	-	-
Closing balance	50,255	50,255

28 **Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), Notore Chemical Industries Plc has in place the necessary policy to guide its Directors, Audit Committee members, employees and all individuals categorized as insiders in relation to their dealings in the Company's shares. The Company has also made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy during the period under review.

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29 Revenue from contracts with customers

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
NPK	-	-	-	-
Urea and other chemicals	-	9,522,592	-	9,522,592
Ammonia	152,431	28,398	152,431	28,398
Infrastructure and services	-	224,574	-	-
Total	152,431	9,775,564	152,431	9,550,990
Analysis by geographical location:				
Within Nigeria	152,431	9,775,564	152,431	9,550,990
Outside Nigeria	-	-	-	-
	152,431	9,775,564	152,431	9,550,990

The Group's reportable segment has been identified on a product basis as fertilizer because all the company's sales comprise mainly fertilizer products with similar risks and rewards. The Group is a one segment business and revenue is generated from local and export sales. An analysis based on customers' locations is set out above.

30 Cost of sales

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Raw materials and other chemicals cost	261,737	5,641,541	261,737	5,641,541
Overheads	4,069,821	7,246,981	4,069,821	7,246,981
Depreciation	3,123,612	2,031,170	3,123,612	2,031,170
Staff cost	491,138	929,615	491,138	929,615
Haulage cost	-	18,083	-	18,083
Infrastructure and accomodation services cost	-	113,279	-	-
Total	7,946,308	15,980,669	7,946,308	15,867,390

31a Administrative expenses

The following balances are included as part of administrative expenses:

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Employee benefit expense	152,840	894,055	152,840	846,676
Repair and maintenance	103,164	57,476	103,164	57,476
Consultancy	26,676	451,568	26,676	419,065
Transportation & Travel	27,963	83,528	27,963	82,611
Depreciation	132,358	119,474	132,358	123,362
Depreciation of right of use asset (Note 15a)	14,216	24,574	14,216	24,574.00
Corporate promotion expenses	8,399	3,421	8,399	3,421
Directors fees	(705,676)	2,473,536	(705,676)	2,473,536
Board expenses	36,579	-	36,579	-
Foreign currency exchange (profit)/loss	(236,522)	1,091,715	(236,522)	1,091,715
Bank charges	140,913	13,770	140,913	13,247
Other admin and general expenses	151,643	179,051	151,643	192,696
Auditor's remuneration provision	13,125	14,250	13,125	18,750
	(134,322)	5,406,418	(134,322)	5,347,129

31b Selling and distribution expenses

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Marketing expenses	(98,795)	91,681	(98,795)	87,902

31c Employee benefits expense

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Salaries and wages	519,547	759,145	519,547	759,245
Other employee benefits	(103,574)	894,840	(103,574)	847,361
Termination benefits	42,228	(292)	42,228	(292)
Employer's pension contribution - defined contributions	49,929	66,418	49,929	66,418
Gratuity charge	135,848	103,559	135,848	103,559
Total	643,978	1,823,670	643,978	1,776,291

31d Analysis of employee benefits expense charged to:

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Cost of sales	491,138	929,615	491,138	929,615
Administrative expenses	152,840	894,055	152,840	846,676
	643,978	1,823,670	643,978	1,776,291

32 Other income

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
Fair value adjustment on investment property (Note 15)	15,488,936	2,315,099	15,488,936	2,315,099
Others	64,852	64,316	64,852	64,316
Grant Income on BOI loan	489,993	179,378	489,993	179,378
	16,043,781	2,558,793	16,043,781	2,558,793

33 Finance income and costs

	Group		Company	
	Three months 31 Dec 2024	Three months 31 Dec 2023	Three months 31 Dec 2024	Three months 31 Dec 2023
	N'000	N'000	N'000	N'000
33a Finance income				
Interest income on short-term bank deposits	868,836	-	868,836	-
33b Finance cost				
Interest expense:				
- Interest and fees on borrowings	5,549,637	10,220,457	5,549,637	10,220,457
- Interest expense on lease liability	-	1,273	-	1,273
- Exchange difference on bank borrowings	(17,634,510)	41,009,017	(17,634,510)	41,009,017
	(12,084,873)	51,230,747	(12,084,873)	51,230,747
Net finance costs	(12,953,709)	51,230,747	(12,953,709)	51,230,747

34 Shareholder pattern and freefloat information

Notore prepares interim financial statements for publication and submission to the Securities and Exchange Commission (SEC) and Nigeria Stock Exchange (NSE) on a quarterly basis.

Also, in accordance with the requirements of Rule 2.0 of the Free Float Rules on Self-Assessment and Self-Regulation as issued by the NSE, the shareholding pattern of Notore is shown below;

Shareholding Analysis

The shareholding pattern of the Company as at 31 December 2024 is as stated below:

Share Range		Number Of Shareholders	Number Of Holdings
1	10,000	769	146,020
10,001	50,000	7	172,857
500,001	1,000,000	2	1,577,800
1,000,001	5,000,000	3	12,101,170
10,000,001	50,000,000	2	82,691,750
50,000,001	100,000,000	2	151,691,205
100,000,001	500,000,000	1	129,629,630
5,000,000,001	3,000,000,000	2	3,652,155,068
TOTAL :-		668	4,030,165,500

Shareholding Structure / Free float Status

Shareholders	No. of ordinary shares	% holding
i Substantial shareholdings	3,652,155,068	90.62%
iii Other influential shareholdings	363,989,422	9.04%
Free float	14,021,010	0.35%
	<u>4,030,165,500</u>	<u>100.00%</u>
i Substantial shareholdings		
Kwararafa Africa Limited	2,418,099,300	60.00%
Notore Chemical Industries [Mauritius] Limited	1,234,055,768	30.62%
	<u>3,652,155,068</u>	<u>90.62%</u>
ii Directors shareholdings		
Mr. Thomas Etuh (Indirect)	1,209,049,650	30.00%
	<u>1,209,049,650</u>	<u>30.00%</u>
iii Other influential shareholdings		
TY Holdings Limited	129,629,630	3.22%
African Finance Corporation	77,265,575	1.92%
Solvent Financial Services Limited	108,735,797	2.70%
Employee Stock Option [ESOP] Stanbic IBTC	48,358,420	1.20%
	<u>363,989,422</u>	<u>9.04%</u>

Declaration

- (A) Notore Chemical Industries Plc with a free float percentage of 0.35% as at 31st December 2024, is working to comply with the Exchange's free float requirements for companies listed on the Main Board.
- (B) Notore Chemical Industries Plc with a free float value of N876,313,125 as at 31st December 2024, is working to comply with the Exchange's free float requirements for companies listed on the Main Board.