

**Industrial & Medical Gases Nigeria Plc**  
**Annual Report and Financial statements**  
**For the year ended 31 December 2024**

Industrial & Medical Gases Nigeria Plc  
Annual report and financial statements  
For the year ended 31 December 2024

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**Corporate information**

Registration number: RC 2035

Tax Identification Number: 00864426-0001

<b>Board of directors:</b>	<b>Names</b>	
	Mr. Aminu Ado	- Chairman
	Mr. Ayodeji Oseni	- Managing Director
	Mr. Oyeniya Olawale Oyedele	- Non-executive
	Mr. Adebayo Adeleke	- Non-executive
	Mr. Adeshina Alayaki	- Finance Director
	Mr. Ishaya Danjuma	- Non-executive
	Mrs. Adebola Esosa Oluwadeyi	- Non-executive
	Engr. Funmilola Ojelade (deceased 22.03.2023)	- Independent non-executive
	Mrs. Olusola Oworu (appointed 23.02.2024)	- Independent non-executive
	Engr. Dr. (Mrs.) Patricia Nekpen Opene-Odili (appointed 23.02.2024)	- Independent non-executive
<b>Company secretary:</b>	Mrs Aderonke Segun-Alabi	
<b>Registered office:</b>	Plots 1-3, Block H Oshodi Industrial Estate Oshodi Lagos State	
<b>Registrar:</b>	First Registrar & Investors Services 2 Abebe Village Road Iganmu PMB 12692, Marina Lagos	
<b>Independent Auditor:</b>	Ernst & Young 10th & 13th Floors, UBA House 57 Marina Lagos State.	
<b>Principal bankers:</b>	Standard Chartered Bank Nigeria Limited Zenith Bank Plc United Bank of Africa Plc Rand Merchant Bank Nigeria Limited First Bank of Nigeria Limited First City Monument Bank Plc Fidelity Bank Plc Access Bank Plc	
<b>FRC Number</b>	FRC/2013/00000000549	

Industrial & Medical Gases Nigeria Plc  
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The year at a glance

	2024 N'000	2023 N'000	% increase
Revenue	8,376,181	6,064,773	38
Results from operating activities	2,449,909	1,279,060	92
Profit before income tax	2,442,962	1,247,023	96
Income tax expense	(820,222)	(394,270)	108
Profit for the year	1,622,740	852,753	90
Total comprehensive income for the year	1,622,740	852,753	90
Declared cash dividend during the year	249,747	199,797	100
Dividend paid	196,441	157,031	25
Share capital	249,746	249,746	-
Total equity	5,914,551	4,183,907	41
Number of 50 kobo ordinary shares issued	<b>499,493,646</b>	<b>499,493,646</b>	-
<b>Per 50k share data</b>			
Basic earnings per share (kobo)	325	171	90
Dividend per share:			
- Declared during the year (kobo)	50	40	100
Net assets per share (Naira)	11.84	8.38	41
Stock exchange quotation at end of year (Naira)	34.2	13.45	154
<b>Market capitalisation at end of year (N:'000)</b>	<b>17,082,683</b>	<b>6,718,190</b>	<b>154</b>

**Industrial & Medical Gases Nigeria Plc**  
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**Directors' report**

The directors present their report on the affairs of Industrial & Medical Gases Nigeria Plc ("the Company") together with the financial statements and the auditor's report for the year ended 31 December 2024.

**1 Legal status**

Industrial & Medical Gases Nigeria Plc (formerly known as BOC Gases Nigeria Plc hereinafter "the Company"), a public company quoted on the Nigerian Stock Exchange in 1979, was incorporated as a public limited liability company on 12 November 1959 under the name Industrial Gases (Nigeria) Limited. The name was changed on 10 July 1961 to Industrial Gases Limited and thereafter to BOC Gases Nigeria Plc on 17 March 1997. The Company was a subsidiary of BOC Holdings Limited, U.K., which held 60% interest in the equity of BOC Gases Nigeria Plc. The Company's registered office address is Plots 1-3, Block H, Oshodi Industrial Estate, Oshodi, Lagos. In August 2021, BOC Holdings UK sold 60% of all the company shares it owned to TY Holdings Limited. The purchase brings TY Holdings Limited's ownership of the Company to 72%, in addition to the 12% of the Company that it already owned prior to this transaction. This change led to the name of BOC Gases Nigeria Plc being changed to Industrial & Medical Gases Nigeria Plc in August 2021, along with a new logo and trademark. Industrial & Medical Gases Nigeria Limited celebrated its first anniversary as a wholly indigenous business in August 2022.

**2 Principal activities**

The Company engages in the manufacture of Industrial & Medical gases as well as the sale of special gases, welding and medical equipment.

**3 Operating results**

The following is a summary of the Company's operating results:

	2024 N'000	2023 N'000
Revenue	8,376,181	6,064,773
Results from operating activities	2,449,909	1,279,060
Profit before income tax	2,442,962	1,247,023
Profit for the year	1,622,740	852,753
Total comprehensive income for the year	1,622,740	852,753
Retained earnings	5,307,154	3,934,161

**4 Proposed dividend**

The directors are pleased to recommend to shareholders at the forthcoming annual general meeting the declaration of N0.80kobo per share and bonus share of 1 share per every 10 shares. This dividend if approved by shareholders is subject to withholding tax deductible at the appropriate rate.

**5 Directors and their interests**

(a) The directors who served during the year and their interests in the shares of the Company are as follows:

Name	Date appointed/ (Exited)	2024		2023	
		No. of shares		No. of shares	
		Direct Holdings	Indirect Holdings	Direct Holdings	Indirect Holdings
Mr. Aminu Ado - Chairman	08/07/2022	Nil	Nil	Nil	Nil
Mr Oyeniyi Olawale Oyedele	10/03/2016	18,484	10,691,374	18,484	10,691,374
Mr Adeshina Alayaki	09/09/2010	30,000	Nil	90,000	Nil
Mr Adebayo Adeleke	16/06/2016	10,634	Nil	110,634	Nil
Mr Ayodeji Oseni	05/07/2016	23,457	Nil	23,457	Nil
Mr. Ishaya Danjuma	1/26/2022	Nil	Nil	Nil	Nil
Mrs. Adebola Esosa Oluwadeyi	1/26/2022	Nil	Nil	Nil	Nil
Engr Funmilola Ojelade (Deceased)	1/26/2022	Nil	Nil	Nil	Nil
Mrs. Olusola Oworu	23/02/2024	Nil	Nil	Nil	Nil
Engr. Dr. (Mrs.) Patricia Nekpen Opene-Odili	23/02/2024	Nil	Nil	Nil	Nil

**Directors' report - continued**

Other than as disclosed above, the directors do not have any other interests required to be disclosed under section 301 of the Companies and Allied Matters Act of Nigeria. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria, none of the Directors has notified the Company of any declarable interests in contracts with the Company.

**6 Responsibilities of the directors for internal control**

The Board retains full responsibilities for the overall direction and control of the Company. The directors are responsible for the Company's system of internal control and for monitoring effectiveness. They are also responsible for taking such steps as are reasonably available to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

The directors believe that intelligent risk taking is an important element of the Company's entrepreneurship approach. This means that the business risks need to be managed by applying effective controls. Management is responsible to the Board for the identification and measurement of risks and to confirm that effective systems of controls are in place and that appropriate corrective action is taken.

Systems of internal controls can provide only reasonable, not absolute assurance against material misstatement or loss. Systems of internal control exercised by the Board include:

Systems of internal controls exercised by the Board include:

- i. Delegating authority to management within defined areas of responsibility;
- ii. Receiving regular reports from management on financial performance and other issues;
- iii. Ensuring that a continual assessment is made of all risks and that appropriate measures are taken to mitigate the impact of those risks; and
- iv. Maintaining and directing an effective and independent internal audit function, receiving reports of findings as well as taking action thereon.

**7 Records of directors' attendance**

Further to the provisions of section 284(2) of the Companies and Allied Matters Act of Nigeria, the records of directors' attendance at Board meetings during the year is available at the Annual General Meeting for inspection. In addition, this is disclosed in the Corporate Governance report.

**8 Shareholding**

The fully paid shares of the Company as at 31 December were beneficially held as follows:

	2024	2023	2024 %	2023 %
TY Holdings Limited	358,001,868	358,001,868	72	72
Nigerian Citizens and other associations	141,491,778	141,491,778	28	28
	<b>499,493,646</b>	<b>499,493,646</b>	<b>100</b>	<b>100</b>

No other shareholder, except as disclosed above, held more than 5% of the issued share capital of the Company at the reporting date.

**9 Property, plant and equipment**

Information relating to changes in property, plant and equipment is given in Note 18 to these financial statements.

**10 Gifts and donations**

During the year, the Company made donations/scholarship amounting to N451,000 (2023: N551,000) being scholarship to students of the following schools during the year.

Directors' report - continued

	2024	2023
	Naira	Naira
<b>Beneficiaries</b>		
Kelly International Academy	230,000	230,000
Martha International School	221,000	221,000
Ford Group of School	-	100,000
	451,000	551,000

In compliance with section 43(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review (2023: Nil).

**11 Business review and future development**

The Company intends to continue fulfilling its objectives as stated in its Memorandum and Articles of Association.

**12 Major distributors**

The Company has a network of distributors and agents throughout Nigeria in order to ensure that its products are brought as close as possible to end-users. The major agent during the year is Keywe Emakpor- Benin.

**13 Suppliers**

The Company procures materials (mainly engineering spare parts, liquid gases and welding equipment) from PentAir, Nikiso Cosmodyne, Brother Gas, Airflow in France, Axxella Nigeria, Settala Italy.

The Company's major local suppliers are Orbit Maritime Limited, SCIB Nigeria and Company Limited, Central Horizon Gas Co Limited, Mantrac Nigeria Limited and Gaslink Nigeria Limited.

**14 Employment and employees**

(a) ***Employment of physically challenged persons***

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons.

(b) ***Health and safety at work and welfare of employees***

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. To this end, the Company has various forms of insurance policies, including workmen's compensation and group life insurance, to adequately secure and protect its employees.

(c) ***Employees' involvement and training***

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Training is carried out at various levels through in-house and external courses. Management, professional and technical expertise are the Company's major assets and the Company has continued the investment in developing such skills.

(d) ***Dissemination of information***

In order to maintain shared perception of our goals, the Company is committed to communicating information to employees in as fast and effective a manner as possible. The Company considers this critical to the maintenance of team spirit and high employee morale.

Directors' report - continued

**15 Related party transactions**

In terms of the Nigerian Exchange Group ("NGX") disclosures on rules governing transactions with related party or interested persons, effective 1 November 2014, the company obtained N5.5B loan from related party during the course of the financial year which exceeded 5% of the net tangible assets and also exceeded 5% of issued share capital.

The Company obtained N5.5B from related party, the aggregate value of which exceeded 5% of the Revenue/Income, have been carried out during the financial year ended 31 December 2024.

Details of all related party transactions during the year are disclosed in Note 35 to these Financial Statements.

**16 Independent auditor**

Messrs. Ernst & Young have expressed their willingness to continue in office as the Company's independent auditor in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD



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Aderonke Segun-Alabi (Mrs)

Company Secretary

FRC/2021/PRO/ICSAN/002/00000024129

Lagos, Nigeria

29-03-2025

#### Corporate governance report

Industrial & Medical Gases Nigeria Plc remains committed to ensuring that fair, honest and understandable business practices are integrated into the organizational culture. Sound corporate governance is a way of life within the Company and best practices are followed.

Governance principles are incorporated into all Company's structures, systems and policies which are constantly reassessed and reviewed to ensure that continuous compliance and best practice is adhered to.

Industrial & Medical Gases Nigeria Plc continues to implement the corporate governance rules of the Securities and Exchange Commission as well as those of The Nigerian Stock Exchange.

#### (a) The Board

The Board of Directors is responsible for setting the direction of the Company by establishing strategic objectives and key policies. The Board monitors compliance with the approved policies and achievements against objectives through quarterly performance reporting and budget updates.

Appointment to the Board are confirmed at its meetings for the new persons either introduced to the Board or short-listed respondents to its advertisement.

The Board ensures that new Directors, over time, but as soon as possible after joining the Board, receive induction and training.

Board meetings are held formally four times a year and ad-hoc meetings are arranged as necessary. Where directors are unable to attend any particular Board meeting, they communicate comments they may have regarding the agenda and general items to the Chairperson to be raised at the relevant meeting.

The agenda and relevant supporting documents are distributed to the directors well before each Board meeting. During the meeting, the appropriate executive director explains and motivates business items where decisions are required. The directors have unrestricted access to all Company information and records.

The attendance schedule for the year is on Note (e) below.

#### (b) Composition of the Board

The Board is made up of five (5) Non-Executive Directors (including the Chairman), two (2) Independent Non-Executive Director and two (2) executive directors:

##### Five non-executive directors

Mr. Aminu Ado

Oyeniya Olawale Oyedele

Adebayo Adeleke

Mr. Ishaya Danjuma

Mrs. Adebola Esosa Oluwadeyi

##### Two executive directors

Ayodeji Oseni - Managing Director

Adeshina Alayaki - Finance Director

##### Two Independent non-executive director

Engr Funmilola Ojelade (Deceased 22/03/23)

Mrs. Olusola Oworu (appointed 23/02/2024)

Engr. Dr. (Mrs.) Patricia Nekpen Opene-Odili (appointed 23/02/2024)

#### (c) The Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate to ensure a balance of power and authority, so that no individual has unfettered powers in decision making.

The Chairman has no executive functions, but provides overall leadership of the Board. He, in conjunction with other non-executive directors, monitors and evaluates the performance of the Managing Director to ensure that the strategic and operational objectives of the Company are achieved.

(d) **Rotation of directors**

At the Annual General Meeting to be held in June 2025, shareholders will be asked to re-elect the directors that are retiring by rotation, Messrs. Olawale Oyedele and Adebayo Adeleke in line with Sec 285(2) of the Company & Allied Matters Act of 2020 and the Company's Articles of Association.

(e) **Board committees**

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board committees certain functions to assist in discharging its duties properly. Each Board committee acts within agreed, written terms of reference. The Chairman of each Board committee reports and provides minutes of committee meetings at scheduled Board meetings.

The Board committees' chairmen and members are non-executive directors. The executive directors attend Board committee meetings by invitation. The established committees are shown below:

Committee	Purpose	Composition	Meetings
<b>Statutory Audit</b>			
Emmanuel Okafor (Chairman)	The Committee's functions are as stated in section 404 (6) of the Companies and Allied Matters Act.	Two non-executive directors	Met four times during the year.
Mr. Bello Owonikoko			
Mr. Kenneth Nwosu			
Mr. Adebayo Adeleke			
Mrs. Olusola Oworu (Appointed as member 23/02/2024)			
<b>Ad-hoc Committee</b>			
<b>Project &amp; Investment</b>			
Mr. Ishaya Danjuma (Chairman)	The Committee reviews the ongoing projects for the company's Five-year strategic expansion programme after becoming fully indigenous.	Five Non Executive Directors	Met four times during the year
Mrs. Adebola Esosa Oluwadeyi			
Engr. Dr. Patricia Opene-Odil (Appointed as member 23/02/2024)			
Mr. Olawale Oyeniye Oyedele			
Mr. Adebayo Adeleke			
<b>Committees</b>			
<b>Nomination, Governance, Retirement &amp; Remuneration Committee</b>			
	<b>Purpose</b>	<b>Composition</b>	<b>Meetings</b>
Mrs. Adebola Esosa Oluwadeyi (Chairperson)	Determines and makes recommendation to the Board on the framework, policy, cost of executive and senior management remuneration. Determines and recommends the executive directors and other senior employees are adequately remunerated. The remuneration of Directors, as well as the fees, reimbursable travel and hotel expenses as well as any other allowances and benefits are approved by the Board as advised/recommended by the Nomination, Governance, Retirement and Remuneration Committee.	Three Non Executive Directors and one Independent Non Executive	Met six times during the year.
Oyeniye Olawale Oyedele			
Mr. Ishaya Danjuma			
	Reviews and advises on the general principles under which compensation, training, succession plans and performance management are applied to senior employees of the Company.		
<b>Risk</b>			
Adebayo Adeleke (Chairman) Oyeniye Olawale Oyedele Mrs. Adebola Oluwadeyi	Monitors and reviews the Company's policies, practices, risks compliance with corporate governance principles and regulations.	Two Non-executive directors and one Independent non executive director	Met four times during the year.

Corporate governance report - continued

Details of directors' attendance at the Board and committee meetings are set out below:

Names	Date of appointment	Number of meetings held during the Financial period					
		Board - (5 meetings) Dates: Mar 28, April 15, Jun 27, Sep 19, Dec 12, 2024	Audit Committee - (4 meetings) Dates: Mar 27, Jun 26, Sept 18, & Dec 11, 2024	Nomination, Governance, Retirement & Remuneration - (6 meetings) Dates: Mar 26, June 25, Sept 17, Dec 10, & Dec 16, 2024	Risk Committee - (4 meetings) Dates: Mar 27, Jun 26, Sept 18 & Dec 11, 2024	Project Committee - (4 meetings) Dates: Mar 26, Jun 25, Sept 17, Dec 10, 2024	
Aminu Ado (Appointed Ag Board Chairman 8/7/22)**	26-Jan-2023	5 of 5	Nil	Nil	Nil	Nil	
Ishaya Danjuma**	26-Jan-2023	5 of 5	N/A	4 of 6	N/A	3 of 4	
Adebola Esosa Oluwadeyi**	26-Jan-2023	5 of 5	N/A	6 of 6	N/A	4 of 4	
Ayodeji Oseni	5-Jul-2016	5 of 5	4 of 4	N/A	4 of 4	4 of 4	
Adeshina Alayaki	9-Sep-2010	5 of 5	4 of 4	N/A	4 of 4	4 of 4	
Oyeniya Olawale Oyedele**	11-Mar-2016	5 of 5	N/A	6 of 6	4 of 4	4 of 4	
Adebayo Adeleke**	15-Jun-2016	5 of 5	6 of 6	Nil	4 of 4	4 of 4	
Mrs. Olusola Oworu***	23-Feb-2024	5 of 5	4 of 4	6 of 6	N/A	N/A	
Engr Dr. Patricia Opene-Odili***	23-Feb-2024	5 of 5	N/A	N/A	4 of 4	4 of 4	

\*\* Non-Executive Director  
\*\*\*Independent Non-Executive Director  
N/A: Not applicable as director is not a member of the related committee

(f) Performance assessment

Directors are required to dedicate sufficient time to be able to monitor, evaluate and comment effectively to the Board and management on the financial and operational information supplied to the Board.

(g) Employee relations

Encouragement of employee participation is a high priority. The Company has adopted several participating structures on issues that affect employees. License to work ensures every employee is competent in his/her job within specific time frames. Learning needs are identified through the development of competency profiles for specific jobs.

(h) Going concern

The directors, having considered all relevant factors, are of the opinion that the annual financial statements have been prepared on a going-concern basis. They believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

(i) Code of ethics

Inextricably linked to good corporate governance is the Company's code of ethics. The Company has always espoused the highest ethical standards of business conduct and full compliance with applicable laws, regulations and industry standards.

The Company aims to earn the trust of customers, shareholders, colleagues, suppliers and communities through honesty, performance excellence, good corporate governance and accountability. The Company expects people to respect confidential information, Company time and assets. The Company believes in open and honest communication, fair treatment and equal opportunities.

(i) Code of ethics

Guiding principles or core values within the code define our responsibilities towards, and what we expect from:

- Directors
- Employees
- Local communities and the public
- Customers, suppliers and markets; and
- Shareholders

Allegiance to the code of ethics is the starting point from which employees draw inspiration and guidance for behaviour within a group, society or the organization. An integrity line has been established to enable employees to report contraventions of the code of

(j) Social responsibility

The Company has a strong culture of social responsibility. The objective is to assist wisely and constructively thereby making a sustainable difference.

Corporate governance report - continued

(k) Risk management

Risk management has been further embedded in daily activities of the Company throughout 2024, and includes, but is not limited to, quarterly review of top risks faced by the Company and progress on mitigation plans.

(l) Internal controls

Management maintains accounting records and has developed systems designed to provide assurance as to the integrity and reliability of the financial statements. Responsibility for the adequacy and operations of the systems is delegated to the executive directors. These records and systems are designed to safeguard the Company's assets and minimize fraud.

Our systems of internal control are based on organizational structures, such as written policies and procedures, which include budgeting and forecasting disciplines and the comparison of actual results against these budgets and forecasts.

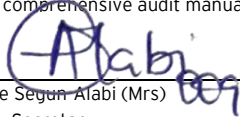
(m) Internal audit

We have in place an Internal Audit department, headed by a competent Internal Auditor with many years' experience. The unit renders independent, objective audit geared towards creating added value and improving business processes. It helps the Company to achieve objectives by assessing and helping to improve the effectiveness of risk management, control mechanisms and the management and monitoring of processes through a systematic and targeted approach. The Head of Internal Audit reports functionally to the Chairman Audit Committee, and administratively to the Managing Director.

Internal audit follows a risk-based approach and utilizes the Company's enterprise-wide risk assessment, as one of many contributors to their annual risks assessment, before arriving at their audit work plan for the year. The internal audit department focuses on six core audit functions, namely:

- Standard reviews, financial and operational processes;
- IT reviews; this role is conducted by the special auditors from the global function;
- Special reviews, as requested by the Audit Committee members or executive management;
- Projects, conducted as part of the controlling shareholder initiative and aligned to the Company's risk assessments;
- Self-assessments, conducted on a periodic basis; and
- Integrity line, conducting fraud investigations on cases reported to the independent ethics hotline.

The Internal auditor attends all Audit Committee meetings where all findings are presented. The Internal Audit department is guided by a comprehensive audit manual as developed by the function.

  
Aderonke Segun Alabi (Mrs)  
Company Secretary  
FRC/2021/PRO/ICSAN/002/00000024129  
Lagos, Nigeria  
29-03-2025

**Statement of Directors' responsibilities in relation to the preparation of the financial statements**

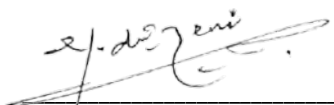
The Directors of Industrial & Medical Gases Nigeria Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2024 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020, and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial

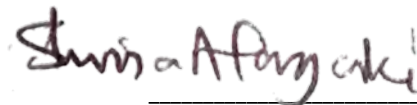
**Going Concern:**

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



Mr Ayodeji Oseni  
Managing Director/CEO  
FRC/2017/PRO/DIR/003/00000015942

29-03-2025



Mr Adeshina Alayaki  
Finance Director  
FRC/2013/PRO/DIR/003/0000000939

29-03-2025

#### Statement of corporate responsibility for the financial statements

In accordance with section 405 of the Companies and Allied Matters Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed based on our knowledge, the

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the period covered by the audited financial statements;

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statements report is being prepared;

(ii) have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements; and

(iii) certifies that Company's internal controls are effective as of that date.

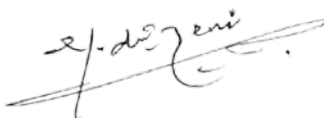
We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and

(ii) Whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and

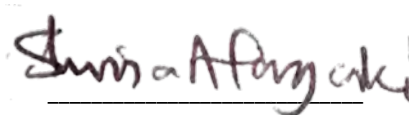
(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses

The financial statements of the Company for the year ended 31 December 2024 were approved by the directors on 29 March 2025.



Mr Ayodeji Oseni  
Managing Director/CEO  
FRC/2017/PRO/DIR/003/00000015942

29-03-2025



Mr Adeshina Alayaki  
Finance Director  
FRC/2013/PRO/DIR/003/0000000939

29-03-2025

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Report of the audit committee  
To the members of Industrial & Medical Gases Nigeria Plc

In accordance with the provisions of section 404(7) of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, 2011, we, the Members of the Audit Committee of Industrial & Medical Gases Nigeria Plc, having carried out our statutory functions under the Act, hereby report that:

- (a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- (b) the scope and planning of the audit for the year ended 31 December 2024 are satisfactory;
- (c) having reviewed the independent auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of our duties.

Members of the Audit Committee are:

- |                               |   |
|-------------------------------|---|
| 1) Mr. Emmanuel Okafor        | (Shareholders' representative) - Chairman |
| 2) Mr. Kenneth Nwosu          | (Shareholders' representative)            |
| 3) Mrs. Olusola Oworu         | (Directors' representative)               |
| 4) Mr. Kazeem Owonikoko Bello | (Shareholders' representative)            |
| 5) Mr. Adebayo Adeleke        | (Directors' representative)               |



Mr. Emmanuel Okafor  
FRC/2021/PRO/ICAN/002/00000022583

29-03-2025

**INDUSTRIAL AND MEDICAL GASES NIGERIA PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

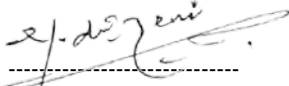
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

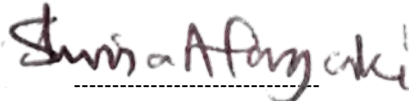
To comply with the provisions of Section 11 of SEC Guidance on implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of Industrial & Medical Gases Nigeria Plc for the year ended 31 December 2024.

We, Mr. Ayodeji Oseni (Managing Director) and Mr. Adeshina Alayaki (Finance Director) certify that:

- a. We have reviewed this management assessment on Internal control over financial reporting of Industrial & Medical Gases Nigeria Plc
- b. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the Statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d. We:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such Internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures as of the end of the period covered by this report based on such evaluation.
- e. We have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's Board of Directors;
  - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information: and
  - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f. We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

  
-----  
Mr. Ayodeji Oseni  
(Managing Director)  
FRC/2017/PRO/DIR/003/00000015942

29 March 2025

  
-----  
Mr. Adeshina Alayaki  
(Finance Director)  
FRC/2013/PRO/DIR/003/0000000939

29 March 2025

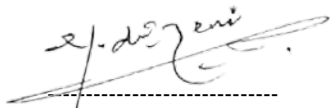
**INDUSTRIAL & MEDICAL GASES NIGERIA PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**MANAGEMENT ANNUAL ASSESSMENT OF, AND REPORT ON, THE ENTITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING**

To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of The Industrial & Medical Gases Nigeria Plc for the year ended 31 December 2024;

- i. The Industrial & Medical Gases Nigeria Plc's management is responsible for establishing and maintaining a system of Internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- ii. The Industrial & Medical Gases Nigeria Plc's management used the Internal Control-Integrated Framework (2013) of Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR.
- iii. The Industrial & Medical Gases Nigeria Plc's management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.
- iv. The Industrial & Medical Gases Nigeria Plc's external auditor Messrs. Ernst and Young that audited the financial statements and has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of Messrs. Ernst and Young that audited its financial statements will be filed as separately alongside the annual report.



Mr. Ayodeji Oseni  
(Managing Director)  
FRC/2017/PRO/DIR/003/00000015942

29 March 2025



Mr. Adeshina Alayaki  
(Finance Director)  
FRC/2013/PRO/DIR/003/00000000939

29 March 2025

## INDEPENDENT AUDITOR'S ATTESTATION REPORT ON MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Members of Industrial & Medical Gases Nigeria Plc

### Scope

We have been engaged by Industrial & Medical Gases Nigeria Plc ('the Company') to perform a limited assurance engagement, based on International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, herein referred to as the engagement, to report on Industrial & Medical Gases Nigeria Plc Internal Control over Financial Reporting (ICFR) (the "Subject Matter") contained in the company's Management's Assessment on Internal Control over Financial Reporting as of 31 December 2024 (the "Report").

A company's Internal Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Control over Financial Reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, Internal Control over Financial Reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Criteria applied by Industrial & Medical Gases Nigeria Plc

In designing, establishing and operating the Internal Control over Financial Reporting (ICFR) and preparing the Management's assessment of the Internal Control over Financial Reporting (ICFR), Industrial & Medical Gases Nigeria Plc applied the requirements of Internal Control-Integrated Framework (2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and SEC Guidance on Management Report on Internal Control Over Financial Reporting (Criteria). Such Criteria were specifically designed to enable organizations effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization; As a result, the subject matter information may not be suitable for another purpose.

**INDEPENDENT AUDITOR'S ATTESTATION REPORT ON MANAGEMENT'S ASSESSMENT OF  
INTERNAL CONTROL OVER FINANCIAL REPORTING - continued**

To the members of Industrial & Medical Gases Nigeria Plc- continued

**Industrial & Medical Gases Nigeria Plc's responsibilities**

Industrial & Medical Gases Nigeria Plc's management is responsible for maintaining effective Internal Control over Financial Reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Industrial & Medical Gases Nigeria Plc's management's assessment of the Internal Control over Financial reporting as of 31 December 2024 in accordance with the criteria.

**Our responsibilities**

Our responsibility is to express a conclusion on the design and operating effectiveness of the Internal Control over Financial Reporting based on our Assurance engagement.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, those standards require that we plan and perform our engagement to obtain limited assurance on the entity's Internal Control over Financial Reporting based on our assurance engagement.

**Our independence and quality management**

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA code) and have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Description of procedures performed.**

The procedures we performed included obtaining an understanding of Internal Control over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.





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INDEPENDENT AUDITOR'S ATTESTATION REPORT ON MANAGEMENT'S ASSESSMENT OF  
INTERNAL CONTROL OVER FINANCIAL REPORTING

To the members of Industrial & Medical Gases Nigeria Plc- continued

**Conclusion**

In conclusion, nothing has come to our attention to indicate that the internal control over financial reporting put in place by management is not adequate as of 31 December 2024, based on the requirements of Committee of Sponsoring Organizations of the Tread-way Commission (COSO) Framework and SEC Guidance on Management Report on Internal Control Over Financial Reporting.

**Other Matter**

We also have audited, in accordance with the International Standards on Auditing, the annual report for the year ended 31 December 2024 of Industrial & Medical Gases Nigeria Plc and we expressed an unmodified opinion in our Auditor's report dated 29 March 2025.

Our conclusion is not modified in respect of this matter.

Signed:

Williams .I. Erimona, FCA  
FRC/2013/PRO/ICAN/004/00000002190  
For: Ernst & Young  
Lagos, Nigeria.



Date: 29 March 2025.



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INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF INDUSTRIAL & MEDICAL GASES NIGERIA PLC

Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of Industrial & Medical Gases Nigeria Plc ('the Company'), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Industrial & Medical Gases Nigeria Plc as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF INDUSTRIAL & MEDICAL GASES NIGERIA PLC - Continued**

**Report on the Audit of the Financial Statements - continued**

The Key Audit Matter applies to the audit of the financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Expected Credit Loss (ECL) assessment on trade receivables.</b></p> <p>As at 31 December 2024, the Company reported gross trade receivables of N1.5 billion and the related Expected Credit Loss allowance of N288 million. Given the subjective nature of the calculation of ECL, there is a heightened risk that the extent of allowances could be misstated. The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation, including in areas of:</p> <ul style="list-style-type: none"> <li>• assessing the relationship between default and macro-economic variables.</li> <li>• incorporating forward looking information in the expected credit loss and establishing multiple scenarios with related probability weights.</li> <li>• validating the completeness and accuracy of historical data used to recalibrate the models</li> <li>• validating the completeness and accuracy of data used to run the models; and</li> </ul> <p>The determination of ECL on trade receivables is considered a key audit matter given the significant balances of the accounts, related ECL allowances and impairment charges, and the level of complexity and judgement involved in the process. See Note 2b (l) (c) - <i>Impairment</i> for the related accounting policies and Note 22 - <i>Trade Receivables</i> to the financial statements for the details of the balances.</p>	<p>We obtained management's model for the computation of expected credit loss on trade receivables and performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Tested the ageing analysis of trade receivables used in the computation of ECL for completeness and accuracy.</li> <li>• Verified disclosures made in the financial statements were in line with IFRS 9.</li> <li>• Tested the policies, processes and model compliance with IFRS 9.</li> <li>• Recomputed the payment profile of the customers for sales recorded during the year and reviewed the bad debt in the year written off (deemed losses).</li> <li>• Evaluated the loss rate to ensure that the calculation reflects the probability weighted outcome.</li> <li>• Evaluated the scalar adjustment multiplier to determine if they were appropriate.</li> <li>• Recalculated the regression analysis for the dependent variables which were applied to the scalar.</li> <li>• Analyzed forward looking information and confirmed completeness, correctness, and applicability for the Company.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Industrial & Medical Gases Nigeria Plc Annual Report and Audited Financial Statements for the year ended 31 December 2024", which includes the Corporate Information, The year at a glance, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities in relation to the preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Certification of Management Assessment on Internal Control over Financial Reporting, Report of the Audit Committee, Management Annual Assessment of And Report on the Entity's Internal Control over Financial Reporting and Other National Disclosures, which we obtained prior to the date of this report, and the Chairman's Statement and Managing Director's Statement, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.



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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL & MEDICAL GASES NIGERIA PLC - Continued

### Report on the Audit of the Financial Statements - continued

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL & MEDICAL GASES NIGERIA PLC - Continued

Report on the Audit of the Financial Statements - continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

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

In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC) Guidance on Assurance Engagement Report on Internal Control over Financial Reporting:

We performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an unmodified conclusion in our report dated 29 March 2025.

Signed:

Williams J. Erimona, FCA  
FRC/2013/PRO/ICAN/004/0000002190

For: Ernst & Young  
Lagos, Nigeria

29 March 2025



Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2024

	Notes	2024 N'000	2023 N'000
Revenue	5	8,376,181	6,064,773
Cost of sales	8	(4,484,456)	(3,213,083)
<b>Gross profit</b>		<b>3,891,725</b>	<b>2,851,690</b>
Other income	6	32,392	93,404
Gain on foreign exchange transactions	12	1,211,714	502,898
Other operating expenses	7	(38,245)	(32,070)
Selling and distribution expenses	9	(1,146,481)	(1,089,012)
Credit loss expenses	10	(163,343)	(68,870)
Administrative expenses	11	(1,337,853)	(978,980)
<b>Operating profit</b>		<b>2,449,909</b>	<b>1,279,060</b>
Finance income	15(a)	16,847	103,026
Finance expenses	15(b)	(23,794)	(135,063)
<b>Profit before income tax</b>		<b>2,442,962</b>	<b>1,247,023</b>
Income tax expense	16(a)	(820,222)	(394,270)
<b>Profit for the year</b>		<b>1,622,740</b>	<b>852,753</b>
<b>Total comprehensive income for the year</b>		<b>1,622,740</b>	<b>852,753</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (kobo)	17	325	171

The accompanying notes and material accounting policies form an integral part of the financial statements.


Industrial & Medical Gases Nigeria Plc  
Annual report and financial statements

Statement of financial position

As at:

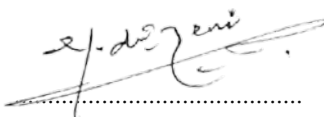
	Notes	31 December 2024 N'000	31 December 2023 N'000
<b>ASSETS</b>			
Property, plant and equipment	18	6,790,015	2,865,670
Right of use asset	19	14,986	19,372
<b>Total non-current assets</b>		<b>6,805,001</b>	<b>2,885,042</b>
Inventories	21	908,320	673,405
Trade and other receivables	22	1,226,683	1,075,009
Prepayments	20	570,473	347,380
Other assets	23	211,226	125,138
Short term deposits	24b	4,631,551	-
Cash and cash equivalents	24a	525,137	2,288,304
<b>Total current assets</b>		<b>8,073,390</b>	<b>4,509,236</b>
<b>Total assets</b>		<b>14,878,391</b>	<b>7,394,278</b>
<b>EQUITY</b>			
Share capital	25a	249,746	249,746
Capital contribution	25b	357,651	-
Retained earnings		5,307,154	3,934,161
<b>Total equity</b>		<b>5,914,551</b>	<b>4,183,907</b>
<b>LIABILITIES</b>			
Employee benefit obligation	27	32,637	34,823
Loans and borrowings	31.2	3,921,944	-
Deferred tax liabilities	28	330,885	562,165
<b>Total non-current liabilities</b>		<b>4,285,466</b>	<b>596,988</b>
Income tax liabilities	16 (c)	1,078,326	198,355
Trade and other payables	29	2,066,274	1,919,083
Loans and borrowings	31.2	1,407,160	360,463
Provisions	30	-	56,764
Contract liabilities	32	126,614	78,718
<b>Total current liabilities</b>		<b>4,678,374</b>	<b>2,613,383</b>
<b>Total liabilities</b>		<b>8,963,840</b>	<b>3,210,371</b>
<b>Total equity and liabilities</b>		<b>14,878,391</b>	<b>7,394,278</b>

These financial statements were approved by the Board of Directors on 29 March 2025 and signed on its behalf by:

  
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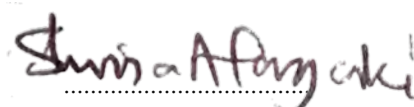
Mr. Aminu Ado  
(Chairman)

FRC/2022/PRO/DIR/003/368775

  
.....

Ayodeji Oseni  
(Managing Director)

FRC/2017/PRO/DIR/003/00000015942

  
.....

Mr Adeshina Alayaki  
(Finance Director)

FRC/2013/PRO/DIR/003/00000000939

The accompanying notes and material accounting policies form an integral part of the financial statements.

Industrial & Medical Gases Nigeria Plc  
Annual report and financial statements

Statement of changes in equity  
For the year ended 31 December 2024

	Notes	Attributable to equity holders of the Company			
		Share capital	Capital contributions	Retained earnings	Total equity
		N'000	N'000	N'000	N'000
Balance at 1 January 2024		249,746	-	3,934,161	4,183,907
<b>Comprehensive income for the year</b>					
Profit for the year		-	-	1,622,740	1,622,740
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	1,622,740	1,622,740
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Capital contribution	25b	-	357,651	-	357,651
Declared Dividend	26	-	-	(249,747)	(249,747)
<b>Total transactions with owners of the Company</b>		-	357,651	(249,747)	107,904
<b>Balance at 31 December 2024</b>		<b>249,746</b>	<b>357,651</b>	<b>5,307,154</b>	<b>5,914,551</b>

For the year ended 31 December 2023

	Notes	Share capital	Capital contributions	Retained earnings	Total equity
		N'000	N'000	N'000	N'000
		Balance at 1 January 2023	249,746	-	3,251,672
<b>Comprehensive income for the year</b>					
Profit for the year		-	-	852,753	852,753
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	852,753	852,753
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Declared Dividend	26	-	-	(199,797)	(199,797)
Statute Barred Dividend		-	-	29,533	29,533
<b>Total transactions with owners of the Company</b>		-	-	(170,264)	(170,264)
<b>Balance at 31 December 2023</b>		<b>249,746</b>	<b>-</b>	<b>3,934,161</b>	<b>4,183,907</b>

The accompanying notes and material accounting policies form an integral part of the financial statements.

**Industrial & Medical Gases Nigeria Plc**  
**Annual report and financial statements**  
**For the year ended 31 December 2024**

**Statement of cash flows**

		2024 N'000	2023 N'000
<b>Cash flows from operating activities</b>			
Profit before income tax		2,442,962	1,247,023
Adjustments for:			
Depreciation of property, plant and equipment	18	340,028	340,990
Depreciation - right of use asset	19	4,386	2,559
Write off of inventories	8	859	79,089
Credit loss expense on trade and other receivables	10	163,343	68,870
Provision for legal cost	30	25,350	25,000
Finance income	15a	(16,847)	(103,026)
Current service cost-long service award	27a(i)	3,069	23,446
Interest expense on employee benefit obligation	27a(i)	6,162	5,392
Actuarial gain on long service award	27a(i)	(4,544)	(4,802)
Interest expense on intercompany borrowings	15b	17,632	30,530
Interest cost on commercial paper	15b	-	99,141
Unrealised exchange (gains) /loss on foreign exchange transactions	12	(1,924)	65,635
Gain on sale of property, plant and equipment	6	(22,132)	(11,098)
		<b>2,958,344</b>	<b>1,868,749</b>
<b>Changes in:</b>			
Increase in inventories		(235,774)	(274,198)
Increase in trade and other receivables*		(315,017)	(358,175)
Decrease in related party receivables		-	1,591,979
(Increase)/decrease in other assets		(86,088)	159,382
Increase in prepayments		(223,093)	(126,541)
Increase in trade and other payables		(101,467)	700,813
Increase in provisions		-	30,000
Increase/(decrease) in contract liability		47,897	(56,756)
<b>Cash generated from operating activities</b>		<b>2,044,802</b>	<b>3,535,252</b>
Long service awards paid	27a	(6,873)	(8,032)
Income tax paid	16(c)	(93,824)	(193,837)
Payment of litigation cost	30	(82,114)	(55,000)
<b>Net cash flows from operating activities</b>		<b>1,861,991</b>	<b>3,278,383</b>
<b>Cash flows from investing activities</b>			
Interest received on short term deposit	15a	16,847	103,026
Proceeds from sale of property, plant and equipment	6	22,132	65,480
Additional investment to short term deposit	24b	(4,600,000)	-
Acquisition of property, plant and equipment	18	(3,430,704)	(910,900)
Lease prepayment	19	-	(21,930)
<b>Net cash flows used in investing activities</b>		<b>(7,991,725)</b>	<b>(764,324)</b>
<b>Cash flows from financing activities</b>			
Repayment of commercial papers	31.1	-	(1,099,128)
Interest paid on commercial paper	31.1	-	(99,141)
Intercompany loan received	31.2	5,500,000	600,000
Principal repayment of intercompany loan	31.2	(350,000)	(250,000)
Interest paid on intercompany loan	31.2	(706,559)	(20,067)
Dividends paid	26(b)	(196,441)	(157,031)
<b>Net cash flows generated from/ (used in) financing activities</b>		<b>4,247,000</b>	<b>(1,025,367)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,882,734)</b>	<b>1,488,692</b>
Cash and cash equivalents at 1 January		2,288,304	1,002,086
Effect of exchange rate fluctuations on cash held	12	119,567	(202,474)
<b>Cash and cash equivalents at 31 December</b>	<b>24</b>	<b>525,137</b>	<b>2,288,304</b>

The changes in trade and other receivables have been adjusted for the effect utilised.

The accompanying notes and material accounting policies form an integral part of the financial statements.

## Notes to the Financial Statements

### 1 Reporting entity

Industrial & Medical Gases Nigeria Plc (formerly BOC Gases Nigeria Plc hereinafter "the Company"), a public company quoted on the Nigerian Stock Exchange in 1979, was incorporated as a public limited liability company on 12 November 1959 under the name Industrial Gases (Nigeria) Limited. The name was changed on 10 July 1961 to Industrial Gases Limited and thereafter to BOC Gases Nigeria Plc on 17 March 1997. The Company was a subsidiary of BOC Holdings Limited, U.K., which holds 60% interest in the equity of BOC Gases Nigeria Plc. BOC Holdings Limited, U.K. is a subsidiary of Linde Plc, United Kingdom, the ultimate holding company. The Company's registered office address is Plots 1-3, Block H, Oshodi Industrial Estate, Oshodi, Lagos. In August 2021, TY Holdings Limited acquired additional 60% of the entire shares of the Company owned by BOC Holdings UK. The purchase is in addition to the existing 12% shares of the Company owned by TY Holdings Limited prior to this transaction bringing the ownership of TY Holdings Limited in BOC Gases Nigeria Plc to 72%. As a result of this development, the name of BOC Gases Nigeria Plc was changed to Industrial & Medical Gases Nigeria Plc, with a new logo and trademark.

#### 1.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and Companies and Allied Matters Act (CAMA), 2020. The financial statements were authorised for issue by the Board of Directors on 29 March 2025.

#### 1.2 Composition of Financial Statements

These financial statements comprise:

\*Statements of profit or loss and other comprehensive income

\*Statements of financial position

\*Statements of changes in equity

\*Statement of cash flows

\*Notes to the financial statements comprising of material accounting policies information and other explanatory information in respect of current and preceding year.

The Directors also provided the following additional statements in compliance with Companies and Allied Matters Act:

\*Value added statement

\*Five-year financial summary

#### 1.3 Financial Period

These financial statements cover the period from 1 January 2024 to 31 December 2024 with comparative figures for the financial year from 1 January 2023 to 31 December 2023.

#### 1.4 Basis of preparation

##### (a) Functional currency and presentation currency

These financial statements are presented in Naira, which is the company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

##### (b) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may defer from these estimates.

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

In particular, the company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future years. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

## Notes to the Financial Statements

### 1.4 Basis of preparation-Continued

#### (i) Judgement

In applying the Company's accounting policies the Directors have made the following judgement which has the most significant effect on the amounts recognised in the financial statements.

##### **Leasehold land**

The Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that the Lagos State Governor will usually renew the lease upon expiration and that the substance of the lease is that the Company has ownership of the land, not a right to use the land for a predefined period.

Consequently, the Company has discontinued depreciation of leasehold land. See Note 18.

#### (ii) Estimate and Assumptions

##### **Estimated useful lives and residual values of intangible assets and property, plant and equipment**

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Management estimates the useful lives of its assets from historical trends and past experience of replacement of such assets or by vendor specifications of the life of such assets. The Company recognizes the effect of a change in an accounting estimate prospectively by including it in profit and loss in the period of the change and future periods affected by the change. The Company has carried out a review of the residual values and useful lives of property, plant and equipment during the year and that has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

#### (iii) Recoverability of financial assets

The Company reviews all financial assets at least annually and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered past due when they exceed the credit period granted

Notes to the Financial Statements

1.4 Basis of preparation-Continued

(c) Use of judgments and estimates-Continued

(iv) Expected credit losses (ECL)

The company recognises a loss allowance for expected credit losses on trade receivables and related party receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade receivables. The company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(v) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

2 Material accounting policy information

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain reclassifications and changes in presentation structure have been made to the prior year's financial statements to aid comparability with the current year's financial statements. These reclassifications have had no impact on prior year's reported

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Naira at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in profit or loss.

(b) Financial instruments

(i) Non-derivative financial assets- recognition and measurement

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company has the following non-derivative financial assets: receivables, cash and cash equivalents. Cash and cash equivalents comprise cash on hand, cash balances with banks and call deposits with original maturities of three months or less.

(a) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

▶the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

▶the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

▶the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

▶the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or FVTOCI.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

▶the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

▶the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**2 Material Accounting Information- Continued**

**(b) Financial instruments- Continued**

**(b) Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

**(c) Impairment**

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date where appropriate.

**(d) Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, consideration is given to both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

**(II) Financial liabilities and equity instruments**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities are trade and other payables, and borrowings.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

**Financial liabilities at amortised cost (loans and borrowings)**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

**2 Material Accounting Information- Continued**

**(b) Financial instruments- Continued**

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Classification as debt or equity**

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

**Equity instruments**

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

**Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company does not hold financial liabilities measured at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. The Company has measured its loans and borrowings through amortised cost.

**(III) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(IV) Definition of default**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- ▶when there is a breach of financial covenants by the debtor; or
- ▶Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**(V) Credit-impaired financial assets**

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Financial Statements

2 Material Accounting Information- Continued

(b) Financial instruments- Continued

(VI) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due unless there is adequate security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(VII) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information such as gross domestic product (GDP) and inflation. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The Company measures the loss allowance at an amount equal to lifetime ECL at the current reporting date. An impairment gain or loss is recognised in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(VIII) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are recognised at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment comprise tangible items that are held for use in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one accounting period. Buildings comprise of factories and offices. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Spare parts that meet the definition of property, plant and equipment and are expected to be used during more than one period are capitalized and accounted for accordingly.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements

2 Material Accounting Information- Continued

(c) Property, plant and equipment- Continued

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives. Depreciation of assets commences when the assets are available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over

The estimated useful lives for the current and comparative periods are as follows:

Buildings	40 years
Plant and machinery Cylinder and Valves	5-20years
Motor vehicles	5-10years
Commercial tankers	15 years
Furniture and fittings	3-10 years

Land is not depreciated

Capital work in progress are carried at cost less any recognised impairment loss. Cost includes professional fees, borrowing cost capitalised for qualifying assets. Assets in the course of construction are not depreciated until they get to the stage of intended usage.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

No depreciation is charged on capital work in progress. The attributable cost of each asset is transferred to the relevant category at

(iv) Derecognition of assets

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

-Raw materials: purchases cost on a weighted average basis.

-Spares and consumables: product cost and other incidental costs on a weighted average basis

-Goods in transit: purchase cost incurred to date and other incidental cost

-Finished goods and work in progress: Cost of direct material and labour, plus a proportion of manufacturing overhead based on normal operating capacity on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items. Inventory write-downs are recognised in profit or loss in the relevant period.

(e) Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation 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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its staff. Staff contributions to the scheme are funded through payroll deductions whilst the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 8% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 15% of each employee's basic salary, transport and housing allowances.

Notes to the Financial Statements

2 Material Accounting Information- Continued

(e) Employee benefits- Continued

(ii) Other long-term employee benefits

The Company's other long-term employee benefits represent long service awards scheme instituted for all permanent employees. The Company's obligation in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The actuarial method used to value the obligation is the projected unit credit method. The obligations have been calculated from the first principles using the data as at 31 December 2024 and the assumptions are based on various data checks performed on the data including: \* changes to employee static data(date of birth, date of engagement, genders) \* Changes in salary, salary review dates as well as expected future increase and \* long service awards payment. Re-measurements are recognised immediately in profit or loss in the period in which they arise. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(iv) Short-term benefits

Short-term employee benefits 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 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.

(f) Provisions

A provision is recognised if, as a result of past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(g) 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 recognised 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 recognised 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.

(h) Revenue

Revenue is measured on the consideration specified in the contract for sales of goods and rendering of services in the ordinary course of the Company's activities and is stated net of value-added tax (VAT), discount and rebates. The Company derives revenue principally from sale of gas, related equipment and delivery charges, and engineering services.

Revenue from sale of gas, related equipment, tank/cylinder rentals and delivery charge are recognised at a point in time when control of goods has been transferred, being when the products are delivered to the Customers (end users). Delivery occurs when the products have been shipped to the specific location and the control has been transferred and evidence of delivery received from the Customers and the customers have exceeded the period to return the unsold products.

Revenue from engineering services are recognised over time as service milestones are achieved. The Company has objective evidence that all criteria for acceptance have been satisfied. No revenue is reported if control of the goods has not been transferred to the customers.

Notes to the Financial Statements

2 Material Accounting Information- Continued

(h) Revenue- Continued

**Sale of of gas, related equipment, tank and cylinder rentals and delivery charges**

The Company sells gas and gas products to end user customers through its plants and depots. For sales of products to the customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factory/depots if it is self- collection or at the point at which the goods are delivered if the agreement is for the Company to deliver. Payment for the transaction price is done by the time goods are collected; otherwise, a receivable is recognised at that point.

**Engineering services**

The Company renders engineering services to customers such as pressure cylinders testing and pipeline purging. Such services are recognised as performance obligations performed over time. Hence, revenue is recognised once the performance obligation has been met. Payment for the services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

**Determining the transaction price**

The Company has fixed unit price for each of the products and the Company's revenue is derived from fixed price contract and the amount of revenue to be earned from each contract is determined by reference to those fixed prices. The Company has full discretion over the price to sell the products.

**Allocating amounts to performance obligation**

For most contracts, there is a fixed unit price for each of the product sold. There is no judgement involved in allocating the contract price to each unit ordered in such contract (It is the total contract price divided by the number of units ordered), Where a Customer orders more than one item, the Company is able to determine the split of the total contract price between each product by referencing to each product's stand alone selling prices.

For service contracts, revenue is recorded in the period in which the services are rendered. Revenue from contract with multiple deliverables or performance obligation is accounted for as a separate performance obligation and the transaction price will be allocated to each performance obligation based on stand-alone prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

**Contract liabilities**

A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the company transfers the related goods or services. Contract liabilities are recognized as revenue when the company performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Significant financing component**

The company receives advance payments from customers for the sale of gas products. There may be a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the goods, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception.

The company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

**Other Income**

This comprises income from genset hire, gain from disposal of property, plant and equipment, gain from sale scraps. Income from genset hire represent incidental sale of excess electricity to third party from genset hire. Income arising from disposal of items of property, plant and equipment, old books and scraps is recognised at the time when proceeds from the disposal has been received by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

Notes to the Financial Statements

**2 Material Accounting Information- Continued**

**(i) Operating profit**

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

**(j) Finance income and finance costs**

Finance income comprises interest income on funds invested and net gains on foreign exchange differences. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs comprise unwinding of the discount on provisions and interest expenses on borrowings (except interest expenses that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets) and are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis. Borrowing cost directly attributable to the acquisition, construction or production of asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing cost are expensed in the period in which they occur. Borrowing costs are interest and other costs the entity incurs in connection with borrowing of funds.

**(k) Income tax**

Income tax expense comprises current tax - company income tax and tertiary education tax, and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

**(i) Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year in accordance with Companies Income Tax Act (CITA) using tax rates as at the reporting date and any adjustment to tax payable in respect of previous years. Corporate Income tax is assessed at 30% of taxable profit.

The Tertiary Education Trust Fund Act repeals the Education Tax Act Cap. E4, Laws of the Federation of Nigeria, 2004 and Education Tax Fund Act No. 17, 2003 and establishes the Tertiary Education Trust Fund charged with the responsibility for imposing, managing and disbursing the tax to public tertiary institutions in Nigeria. Tertiary education tax is assessed at 3% of assessable profit. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

i. When there is a legally enforceable right to offset current tax assets against current tax liabilities and

ii. When they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the liability method. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Deferred tax assets and liabilities are offset when there is a legally enforceable rights to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the current tax assets and liabilities are being settled on a net basis.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

**2 Material Accounting Information- Continued**

**(k) Income tax- Continued**

**(iii) Withholding tax receivables**

Withholding taxes (WHT) are advance payments of income taxes deducted by the Company's customers at source upon payments. WHT receivables are measured at cost.

The Company offsets tax assets arising from WHT credits and current tax liabilities if, the entity has a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Tax asset written down are recognised in profit or loss income tax expense.

**(l) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares.

**(m) Dividends**

Dividends are recognised as liability in the period they are declared.

Dividends, which remain unclaimed for a period exceeding twelve (12) years from the date of declaration, are no longer actionable by the shareholders in accordance with section 432 of the Companies and Allied Matters Act of Nigeria and are therefore written back to retained earnings.

**(n) Cash and Cash Equivalents**

Cash includes currency on hand and currency in deposits with banks or other financial institutions. Cash also includes deposits in accounts or cash management pools that have the general characteristics of demand deposit accounts, which means the Company may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Cash Equivalents: Cash equivalents are short-term of not more than three months, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

**(o) Fixed Deposits**

Fixed deposits are recognized at cost at initial recognition and subsequently measured at amortized cost. Fixed deposits with a tenure of 90 days or less are classified as part of cash and cash equivalents, while those with a tenure exceeding 90 days but less than 12 months are classified as fixed deposits under current assets. Interest income is recognized using the effective interest rate (EIR) method, in accordance with IFRS 9 - Financial Instruments, and impairment is assessed based on the Expected Credit Loss (ECL) model. Movements in fixed deposits are reflected in investing activities in the statement of cash flows.

**(p) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating results are reviewed by the Company'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.

The Company's primary format of segment reporting is based on business segments. The business segments are determined by management based on Company's internal reporting structure.

**(q) Share capital**

The Company has only one class of shares, namely 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 price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(r) Leases**

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

Notes to the Financial Statements

2 Material Accounting Information- Continued

(r) Leases- Continued

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(s) Borrowing 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. Capitalization is suspended during periods which involve interruption in active development. Also, capitalization stops when all the substantial activities, essential for preparing the asset for its intended use or sale, have been accomplished.

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

Notes to the financial statements

3 New Standards and Interpretations

3.1 Standards issued and effective as at 1 January 2024

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial

	Issued standards and interpretations	Impact on the Company's Financial Statements
3.1.1	<p>Amendments to IAS 1: Classification of Liabilities as Current or Non-current</p> <p>'In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification</p> <p>In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.</p>	<p>The amendment has been applied as required in the Company's financial statements for the period ended.</p>
3.1.2	<p>Amendments to IFRS 16: Lease Liability in a Sale and Leaseback:</p> <p>'In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.</p>	<p>The application had no impact on the disclosures or on the amounts reported in these financial statements.</p>
3.1.3	<p>Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7:</p> <p>'In May 2024, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.</p> <p>'The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.</p>	<p>The application had no impact on the disclosures and amounts reported in these financial statements.</p>

## Notes to the Financial Statements

### 3 New Standards and Interpretations

#### 3.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Title	Description	Relevance
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	The impact of the amendment is still being assessed. See details below
IAS 21	Lack of exchangeability	The impact of the amendment is still being assessed. See details below
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statements	The impact of the amendment is still being assessed. See details below
IFRS 19	Subsidiaries without Public Accountability: Disclosures	The impact of the amendment is still being assessed. See details below
IFRS 10 and IAS 28	Selection or contribution of assets between an investor or joint venture	The impact of the amendment is still being assessed. See details below
IFRS 9 and IFRS 7	Power purchase agreements	The impact of the amendment is still being assessed. See details below

#### 3.2.1 Amendments to the Classification and Measurement of Financial Instruments–Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶A clarification that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- ▶Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- ▶Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments
- ▶The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Company is currently not intending to early adopt the Amendments.

#### 3.2.2 Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company’s financial statements.

## Notes to the Financial Statements

### 3 New Standards and Interpretations - continued

#### 3.2 Standards issued but not yet effective - continued

##### 3.2.3 IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

##### 3.2.4 IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company doesn't have equity instruments that are publicly traded, it is not eligible to elect to apply IFRS 19.

##### 3.2.5 Amendments to IFRS 10 and IAS 28: Selection or contribution of assets between an investor or joint venture

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. There is currently no effective date for this amendment.

##### 3.2.6 Power Purchase Agreements- Amendments to IFRS 9 and IFRS 7

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- ▶ Clarifying the application of the 'own-use' requirements
- ▶ Permitting hedge accounting if these contracts are used as hedging instruments
- ▶ Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed. Management would assess the likely impact of the amendment

## Notes to the Financial Statements

### 4 Measurement of Fair Values

Some of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established framework in respect of the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and report directly to the Finance Director.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: input other than quoted prices included in level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e as derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 33 - Financial Instruments

Notes to the Financial Statements

5 Revenue

	2024 N'000	2023 N'000
Gas sales	8,007,869	5,724,926
Engineering services	80,646	44,927
Sales of gas equipment	20,164	14,038
Delivery charges revenue	63,375	106,107
<b>Revenue from contract with customers</b>	<b>8,172,054</b>	<b>5,889,998</b>
Rental income on gas equipments	204,127	174,775
	<b>8,376,181</b>	<b>6,064,773</b>
<b>Timing</b>	<b>N'000</b>	<b>N'000</b>
Revenue recognised at a point in time	8,091,408	5,845,071
Revenue recognised over a period of time	80,646	44,927
	<b>8,172,054</b>	<b>5,889,998</b>

**Operating segment**

The Company's operating segment is based on the way in which financial information is organized and reported to the Company's Chief Operating Decision Maker (CODM).

The Company's Board of directors (BOD) is its Chief Operating Decision Maker. Final decisions on allocation and utilization of the Company's resources are taken by the BOD. The various committees of the Company also report to the BOD. The BOD also meets on a quarterly basis to assess the Company's financial performance and determine necessary action plans towards achieving the Company's strategic goals and objectives.

For the purpose of assessing the Company's financial performance, the financial information presented is on the basis of the Company's activities as an entity. Therefore, the directors are of the opinion that the Company has a single operating segment. Accordingly, no additional segment information has been presented in these financial statements.

Although the Company has one operating segment, the Company reports revenues from external customers attributed to the Company's country of domicile and revenues generated from export sales and services. No revenue was generated from export sales and services in the current reporting periods (2023:Nil).

**Information about major customers**

Included in revenues are revenues of approximately N1.6 billion (2023: N0.94 billion) which arose from sales to the Company's largest customer. No other single customers contributed 20 per cent or more to the Company's revenue in either 2024 or 2023.

No further operating segment information is reported.

Notes to the Financial Statements

6 Other income

Other income comprises:	2024 N'000	2023 N'000
Income from genset hire	-	60,482
Gain on sale of property, plant and equipment	22,132	11,098
Insurance claim	-	13,371
Gain on sale of scrap	10,260	8,453
	<u>32,392</u>	<u>93,404</u>

7 Other operating expenses

Cost incurred on hiring of generation set	2024 N'000	2023 N'000
	<u>38,245</u>	<u>32,070</u>

The Company rented two generators which was used to generate electricity for its operation. Part of the electricity generated was sold to a third party (Cordeau) and income earned has been recognised in other income, whereas the attributable cost incurred on the electricity generated is recorded in other operating expenses.

8 Cost of sales

	2024 N'000	2023 N'000
Changes in finished goods	2,186,788	1,311,389
Raw materials and consumables	1,208,130	740,112
Facility, onsite and engineering service costs	-	7,251
Depreciation of property, plant and equipment (Note 11b)	250,268	242,087
Personnel expenses (Note 14ai)	244,225	188,123
Travel and entertainment	9,893	11,753
Write off of inventories	859	79,089
Repairs and maintenance	584,293	633,279
	<u>4,484,456</u>	<u>3,213,083</u>

Cost of sales represents the direct costs associated with the production of goods sold by the company. These costs are allocated to cost of sales based on the usage of materials, distinguishing them from other expense categories.

9 Selling and distribution expenses

	2024 N'000	2023 N'000
Personnel expenses (Note 14ai)	398,877	278,813
Vehicle running expenses	400,417	398,847
Transit and decanting losses (Note 9.2)	52,390	138,971
Repairs and maintenance	102,916	72,693
Trade receivable written off	-	9,163
Hired cylinders and ISO tanks (Note 9.1)	93,551	93,818
Depreciation of property, plant and equipment (Note 11b)	75,859	73,672
Travel and entertainment	22,471	23,035
<b>Total selling and distribution expenses</b>	<u>1,146,481</u>	<u>1,089,012</u>

9.1 Cost incurred on Hired cylinders and ISO tanks relates to charges paid for its rentals from both local and foreign vendors. The ISO tanks are rented from foreign suppliers to bring in imported items e.g. bulk argon and propane while cylinders are rented locally from our local vendors to supply products to our customers. The rent is a daily rental and low value. The average rent period is for a short term of 30 - 90 days

9.2 Transit and decanting losses relate to losses incurred during the transportation of gasses from point of production to point of delivering the gas into the storage tank of customers.

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Notes to the Financial Statements

10 Credit loss expenses

		2024 N'000	2023 N'000
Impairment charge on trade receivable	22	163,343	76,891
Impairment writeback on related party receivables	35	-	(8,021)
		<u>163,343</u>	<u>68,870</u>

11 Administrative expenses

(a) Analysis of expenses		2024 N'000	2023 N'000
Professional fees*		97,596	64,613
Audit remuneration		19,200	16,000
Provision for legal claim (Note 30)		25,350	25,000
Depreciation of property, plant and equipment (Note 11b)		13,900	25,231
Depreciation of right of use (Note 19)		4,386	2,559
General office expenses**		707	(59,948)
Personnel expenses (Note 14ai)		159,595	239,588
Directors remuneration (Note 13b)		151,363	108,129
Travel and entertainment		105,098	62,444
Vehicle running expenses		4,379	1,424
Repairs and maintenance		32,041	10,046
Insurance premium		26,689	20,417
Levies and rates		5,798	4,102
Bank charges		69,396	13,863
Donations, business and community development		451	551
Software licence fee		85,361	62,990
Electricity		329,437	139,863
Telephone and Local internet service charge		15,076	33,672
Security and safety		73,768	41,450
Canteen service expenses		28,714	26,274
Subscription & publicity expenses		56,284	114,732
Office rentals and repairs expenses		6,000	1,531
Site cleaning expenses		20,128	17,175
Stationeries expenses		7,136	7,274
<b>Total administrative expenses</b>		<u>1,337,853</u>	<u>978,980</u>

\*Included in professional fees is non-assurance services provided in connection with the independent attestation of the company's Internal control over financial reporting (ICFR) amounting to N6 million (2023: N5 million) which is being paid to EY.

\*\*Included in the general expenses are the Nigerian content development levy and the postage expenses.

(b) Depreciation for the year is analysed as follows:		2024 N'000	2023 N'000
Cost of sales		250,268	242,087
Administrative expenses		13,900	25,231
Selling and distribution expenses		75,859	73,672
		<u>340,027</u>	<u>340,990</u>

12 Net gain on foreign exchange transactions

		2024 N'000	2023 N'000
Unrealised gain/ (loss) on foreign exchange transactions - receivable		1,924	(65,635)
Unrealised gain on cash and cash equivalent		(119,567)	202,474
Realised (loss)/gain on foreign exchange transactions - payable		1,329,357	366,059
		<u>1,211,714</u>	<u>502,898</u>

Notes to the Financial Statements

13 Profit for the year

(a) Profit for the year has been arrived at after charging/(crediting):

	Notes	2024 N'000	2023 N'000
Depreciation	18	340,028	340,990
Auditors remuneration	11	19,200	16,000
Personnel expenses	14	802,697	711,915
Directors' remuneration	11	151,363	108,129
Net change in foreign exchange transactions	12	(1,211,714)	(502,897)
Net change on sale of property, plant and equipment	6	(22,132)	(11,098)

(b) Directors' remuneration

Directors' remuneration for the year includes:

	2024 N'000	2023 N'000
Fees as directors	22,000	13,000
Other emoluments (including pensions)	129,363	95,129
	<b>151,363</b>	<b>108,129</b>

The directors' remuneration shown above includes:

	2024 N'000	2023 N'000
Chairman	7,500	6,000
Highest paid director	60,630	47,672
	<b>68,130</b>	<b>53,672</b>

Other directors received emoluments in the following ranges:

N		N	2024 Number	2023 Number
240,001	-	450,000	-	-
500,001	-	2,000,000	-	-
4,500,001	-	14,000,000	7	5
16,600,001	-	16,700,000	-	-
19,300,001	-	19,400,000	-	-
19,400,001	-	25,000,000	-	-
25,000,001	-	40,000,000	-	1
40,000,001	-	50,000,000	1	1
50,000,001	-	60,000,000	1	-
			<b>9</b>	<b>7</b>

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(c) Non audit services

Details of non-audit services provided by other professionals in relation to the financial statement are as follows

Name of professional	FRC number of the professional	Name of the firm	FRC Number of the firm	Nature of services	2024 N'000	2023 N'000
Olumide Esan	FRC/2024/PRO/1 CAN/004/17911 4	Deloitte consulting	FRC/2023/COY/091021	Transfer pricing & tax advisory	4,396	3,877
Wayne Van Jaarsveld	FRC/2021/002/0 0000024507	Alexander Forbes Consulting Actuaries Nigeria	FRC/2012/000000000 0504	Actuary services	500	500

14 Personnel expenses

(a) Personnel expenses comprises:

	2024 N'000	2023 N'000
Salaries, wages, allowances and bonus	527,170	531,329
Employer's contributions to defined contribution plans	60,766	59,059
Actuarial gain on long service award (Note 27ai)	(4,544)	(4,802)
Ben skill levy*	18,526	11,359
Service cost on employee benefits obligations	3,069	23,446
Training, recruitment and canteen expenses	29,633	21,781
Medical expenses	24,088	23,671
Severance pay	99,245	-
Other personnel expenses (see (b) below)	44,744	40,681
	<b>802,697</b>	<b>706,524</b>

\*Ben skill levy relates to Industrial Training Fund (ITF) and Nigeria Social Insurance Trust Fund (NSITF) levy.

(i) Personnel expense has been allocated as follows

Cost of sales (Note 8)	244,225	188,123
Administrative expenses (Note 11)	159,595	239,588
Selling and distribution expenses (Note 9)	398,877	278,813
	<b>802,697</b>	<b>706,524</b>

(b) Other personnel expenses relates to labour contractor costs .

(c) Number of employees of the Company as at 31 December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

N		N	2024 Number	2023 Number
1,800,001	-	1,900,000	51	3
2,000,001	-	2,100,000	5	2
2,100,001	-	2,200,000	3	-
2,300,001	-	2,600,000	5	-
2,600,001	-	2,700,000	3	1
2,700,001	-	2,900,000	5	-
2,900,001	-	3,000,000	-	3
3,000,001	-	3,100,000	-	2
3,100,001	-	3,200,000	-	1
3,200,001	-	3,600,000	2	7
3,600,001	-	3,900,000	2	1
3,900,001	-	4,000,000	1	4
4,000,001	-	4,500,000	3	15
4,500,001	-	5,500,000	2	18
5,500,001	-	6,000,000	4	7
6,100,001	-	7,000,000	1	4
7,000,001	-	8,000,000	-	3
	Above 8,000,001		5	15
			<b>92</b>	<b>86</b>

Notes to the Financial Statements

(d) The number of persons employed as at 31 December are:

	2024 Number	2023 Number
Operations	52	54
Sales and marketing	20	18
Finance and information technology	14	10
Administration	6	4
	<u>92</u>	<u>86</u>

15 Finance income and finance costs

(a) Finance income comprises:

	2024 N'000	2023 N'000
Interest income on bank deposits	16,847	103,026
	<u>16,847</u>	<u>103,026</u>

(b) Finance expenses comprises:

Interest cost on intercompany loan (Note 31.1)	17,632	30,530
Interest cost on employee benefit obligation (Note 27)	6,162	5,392
Interest cost on commercial Paper (Note 31.2)	-	99,141
	<u>23,794</u>	<u>135,063</u>
<b>Net finance costs</b>	<u>(6,947)</u>	<u>(32,037)</u>

16 Income taxes

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2024 N'000	2023 N'000
<b>Current tax expense in respect of current year</b>		
Income tax	941,330	155,125
Tertiary education tax	103,008	31,154
Police Trust Fund Levy	122	62
NASENI Levy	6,107	3,109
Capital gains tax	936	-
	<u>1,051,503</u>	<u>189,450</u>
<b>Deferred tax (credit) /expense</b>		
(Reversal) and origination of temporary differences	28 (231,281)	204,820
	<u>820,222</u>	<u>394,270</u>

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(b) Reconciliation of effective tax rate

	2024 N'000	2023 N'000
<b>Profit before income tax</b>	<b>2,442,962</b>	<b>1,247,023</b>
Income tax expense calculated using statutory rate of 30%	732,889	374,107
Impact of Tertiary education tax	103,008	31,154
Impact of Police Trust Fund	122	62
Impact of NASENI Levy	6,107	3,109
Impact of Capital gains tax	936	-
<b>Effect of:</b>		
Non-deductible expenses	346,677	1,160
Non-taxable income	(49,489)	(11,434)
Balancing charge	3,833	(204,820)
Capital allowance utilised	(92,580)	-
Investment Allowance	-	(3,888)
Effective tax rate (32%: 36%)	<b>1,051,503</b>	<b>189,450</b>

(c) Movement in current tax liability

	2024 N'000	2023 N'000
Balance at 1 January	198,355	445,477
Cash payments during the year	(93,824)	(193,837)
Withholding tax credit notes utilised	(77,708)	(242,735)
Charge for the year	1,051,503	189,450
<b>Balance at 31 December</b>	<b>1,078,326</b>	<b>198,355</b>

17 Earnings per share

**Basic earnings per share**

Basic earnings per share at 31 December 2024 was based on the profit attributable to ordinary shareholders of N1.6 billion (2023: N853 million), and on the 499,493,646 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2023: 499,493,646 for the purpose of earnings per share), and is calculated as follows:

	2024	2023
<b>Profit attributable to ordinary shareholders (N'000)</b>	<b>1,622,740</b>	<b>852,753</b>
<b>Weighted average number of ordinary shares (basic)</b>		
Issued ordinary shares at 1 January (number)	499,493,646	499,493,646
Weighted average number of ordinary shares during the year	499,493,646	499,493,646
Basic earnings per share (Kobo)	<b>325</b>	<b>171</b>

**Diluted earnings per share**

At the reporting date, the Company had no potential dilutive securities convertible to ordinary shares (2023:Nil). Consequently, diluted and basic earnings per share are the same.

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18 Property, plant and equipment

(a) The movement on these accounts was as follows:

	Land N'000	Buildings N'000	cylinders and valves N'000	Motor vehicles N'000	Commercial tankers N'000	Furniture and fittings N'000	Capital work-in- progress N'000	Total N'000
<b>Cost</b>								
Balance at 1 January 2023	2,542	200,855	3,798,969	673,688	102,745	105,920	422,010	5,306,730
Additions	-	-	159,018	112,480	-	21,858	617,544	910,900
Disposals	-	-	(508,362)	(34,608)	-	-	-	(542,970)
Transfers	-	-	442,922	-	-	-	(442,922)	-
<b>Balance at 31 December 2023</b>	<b>2,542</b>	<b>200,855</b>	<b>3,892,547</b>	<b>751,560</b>	<b>102,745</b>	<b>127,778</b>	<b>596,632</b>	<b>5,674,660</b>
Balance at 1 January 2024	2,542	200,855	3,892,547	751,560	102,745	127,778	596,632	5,674,660
Additions	-	-	-	7,310	-	-	4,257,062	4,264,372
Disposals	-	-	-	(12,776)	-	-	-	(12,776)
Transfers	-	351,336	45,883	-	-	15,025	(412,243)	-
<b>Balance at 31 December 2024</b>	<b>2,542</b>	<b>552,191</b>	<b>3,938,430</b>	<b>746,094</b>	<b>102,745</b>	<b>142,803</b>	<b>4,441,451</b>	<b>9,926,256</b>
<b>Accumulated Depreciation</b>								
Balance at 1 January 2023	-	92,545	2,305,458	401,281	63,735	93,571	-	2,956,590
Depreciation for the year	-	18,027	233,653	80,937	-	8,373	-	340,990
Disposals	-	-	(453,983)	(34,608)	-	-	-	(488,591)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>110,572</b>	<b>2,085,128</b>	<b>447,610</b>	<b>63,735</b>	<b>101,944</b>	<b>-</b>	<b>2,808,989</b>
Balance at 1 January 2024	-	110,572	2,085,128	447,610	63,735	101,944	-	2,808,989
Depreciation for the year	-	10,235	230,607	87,917	-	11,269	-	340,028
Disposals	-	-	-	(12,776)	-	-	-	(12,776)
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>120,807</b>	<b>2,315,735</b>	<b>522,751</b>	<b>63,735</b>	<b>113,213</b>	<b>-</b>	<b>3,136,241</b>
<b>Carrying Amounts</b>								
At 31 December 2024	2,542	431,384	1,622,695	223,343	39,010	29,590	4,441,451	6,790,015
At 31 December 2023	2,542	90,284	1,807,419	303,950	39,010	25,834	596,632	2,865,670

i The Company's capital commitment which are approved and contracted amounted to N2.298 billion (2023:N3.621 billion). Capital commitments approved and not contracted amounted to

ii No asset of the Company was pledged as security.

iii The Company is currently constructing its Sagamu plant. The carrying amount of costs incurred and capitalised up to 31 December 2024 totalled N4.4 billion (2023: N596 million). Included in this amount are capitalised borrowing cost amounting N865.2 million (2023:Nil).

iv There was no impairment recognised in property, plant and equipment during the year.

	2024 N'000	2023 N'000
<b>v Reconciliation of additions to property, plant and equipment per the statement of cashflow</b>		
Additions to property, plant and equipment per statement of financial position	4,264,372	910,900
Interest income capitalised to asset under construction	31,551	-
Interest expense capitalised to asset under construction	(865,219)	-
<b>Additions reported in cashflows</b>	<b>3,430,704</b>	<b>910,900</b>

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18 Property, plant and equipment- Continued

(b) Plant, machinery, cylinders and valves comprise:

	Cost N'000	Depreciation charge for the year N'000	Disposal N'000	Accumulated depreciation N'000	Carrying amount N'000
Plant and machinery	3,118,967	190,349	-	1,907,910	1,211,057
Cylinders	757,726	35,332	-	366,260	391,466
Valves	61,737	4,926	-	41,565	20,172
<b>At 31 December 2024</b>	<b>3,938,430</b>	<b>230,607</b>	<b>-</b>	<b>2,315,735</b>	<b>1,622,695</b>
Plant and machinery	3,077,159	196,402	(453,983)	1,717,562	1,359,597
Cylinders	757,725	32,144	-	330,927	426,798
Valves	57,663	5,107	-	36,639	21,024
<b>At 31 December 2023</b>	<b>3,892,547</b>	<b>233,653</b>	<b>(453,983)</b>	<b>2,085,128</b>	<b>1,807,419</b>

(c) Capital work-in-progress

	2024 N'000	2023 N'000
Capital work-in-progress comprises:		
Land	437,853	170,349
Valves	1,547	-
Office Furniture	5,308	-
Building	-	352,768
Plant and machinery	3,996,743	73,516.28
	<b>4,441,451</b>	<b>596,633</b>

(d) Disposal of property, plant and equipment

\*In 2024 the company sold motor vehicles with a nil net book value for a cash consideration of N22.1 million. The net gain on disposal is recognised as part of other income in the statement of profit or loss.

19 Right-of-use assets

	2024 N'000	2023 N'000
<b>Cost:</b>		
At 1 January	21,930	-
Additions*	-	21,930
<b>At 31 December</b>	<b>21,930</b>	<b>21,930</b>
<b>Depreciation</b>		
At 1 January	2,559	-
Charge	4,386	2,559
<b>At 31 December</b>	<b>6,945</b>	<b>2,559</b>
<b>At 31 December Carrying Amount</b>	<b>14,986</b>	<b>19,372</b>
<b>Depreciation recognised in profit and loss:</b>		
Depreciation of right-of-use	4,386	2,559
	<b>4,386</b>	<b>2,559</b>

\*The company entered into a lease agreement in 2023. The lease relates to rent of property for Warri office space. The lease term is 5 years with no right of extension. The company made advance payment for the tenure of the lease contract.

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20 Prepayments	2024	2023
	N'000	N'000
Subscription and IT expenses	44,422	18,362
Insurance	3,664	9,282
*Advance payments to suppliers	522,387	319,736
	<u>570,473</u>	<u>347,380</u>

\*Prepayments represent subscription, IT and insurance expenses prepaid by the Company and advance payments made to suppliers.

\*\*Advance payments to suppliers relates to prepayment for goods which were yet to be received as at year end.

Prepayments	2024	2023
	N'000	N'000
Current	570,473	347,380
	<u>570,473</u>	<u>347,380</u>

21 Inventories	2024	2023
	N'000	N'000
Raw materials	114,105	74,084
Spares and consumables	403,451	216,419
Finished goods	390,764	382,902
	<u>908,320</u>	<u>673,405</u>

(a) In 2024, amount recognised in cost of sales amounted to N3.4 billion (2023: N2.051 billion) representing changes in finished goods of N2.2 billion (2023: N1.3billion) and changes in raw materials and consumables of N1.2billion (2023: N740million).

The write-off of inventories (spares, consumables and finished goods) amounted to N859,000 (2023: N79.09million). The write offs of inventory relate to obsolete and damaged inventory items.

(b) None of the inventories was pledged as securities for borrowing.

22 Trade and other receivables	2024	2023
	N'000	N'000
<b>Financial Instrument</b>		
Trade receivables	1,514,820	1,191,449
Impairment on trade receivables	(288,137)	(124,794)
	1,226,683	1,066,655
Other receivables	-	8,354
	<u>1,226,683</u>	<u>1,075,009</u>
Other receivables comprises of:		
Staff loan	-	8,354
	<u>-</u>	<u>8,354</u>
<b>Reconciliation of trade receivables gross carrying amount</b>		
Opening balance	1,191,449	820,037
Additions	20,718,772	11,492,390
Payments from debtors	(20,395,401)	(11,120,978)
	<u>1,514,820</u>	<u>1,191,449</u>
<b>Movement in Impairment on trade receivable:</b>		
At 1 January	124,794	47,903
Additional allowance (Note 10)	163,343	76,891
At 31 December	<u>288,137</u>	<u>124,794</u>

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Trade receivables

The average credit period on sales of goods and services is 30 days.

Of the trade receivables balance at the end of the year in financial statements, ₦300.5 million (2023: ₦231.4 million) are due from the Company's largest trade debtor. There are no other customers which represent more than 20% of the total balance of trade receivables of the Company after impairment. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base. The movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

<b>12/31/2024</b>	<b>0-30days</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>181- 365</b>	<b>&gt; 365</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Expected credit loss rate	0.5%	2%	5%	13%	42%	100%	
Estimated total gross carrying amount at default	280,113	373,696	170,871	345,661	204,234	140,246	1,514,820
Expected credit loss	1,424	8,285	8,237	44,043	85,902	140,246	<b>288,137</b>
<b>12/31/2023</b>	<b>0-30days</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>181- 365</b>	<b>&gt; 365</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Expected credit loss rate	3%	3%	6%	11%	42%	100%	
Estimated total gross carrying amount at default	512,403	282,016	162,141	107,128	80,503	47,257	1,191,449
Expected credit loss	13,926	8,463	9,467	11,826	33,855	47,257	<b>124,794</b>

The Company's exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 33(a). The receivables are not interest bearing and no pledge was received for the balances.

The estimated total gross carrying amount at default as at 31 December 2024 reflects the gross amount after excluding customers with credit balance N126.6 million from the net trade receivable balance of N1.514 billion.

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23 Other assets

	2024 N'000	2023 N'000
Withholding tax receivables	211,226	125,138
	<u>211,226</u>	<u>125,138</u>

The movement on withholding tax receivables during the year was as follows:

	2024 N'000	2023 N'000
Balance at 1 January	125,138	284,520
Additions	163,796	83,353
Utilisations during the year	(77,708)	(242,735)
Balance at 31 December	<u>211,226</u>	<u>125,138</u>

23.1 Other assets splitted into:

Current	211,226	125,138
	<u>211,226</u>	<u>125,138</u>

24 Cash and cash equivalents

	2024 N'000	2023 N'000
(a) Bank balances	497,969	273,708
Fixed deposit	25,799	2,013,227
Cash in hand	1,369	1,369
Cash and cash equivalents in the statement of cash flows	<u>525,137</u>	<u>2,288,304</u>
Cash and cash equivalent per Statement of financial position	<u>525,137</u>	<u>2,288,304</u>

The cash and cash equivalent line item on the balance sheets states the amount of cash on hand and other highly liquid assets readily convertible into cash. The assets considered as cash equivalents are those that can generally be liquidated in less than 90 days. The carrying amount of these assets is appropriately equal to their fair value.

(b) Short term deposit

	2024 N'000	2023 N'000
Principal invested	4,600,000	-
Interest income capitalised under asset under construction	31,551	-
	<u>4,631,551</u>	<u>-</u>

**Short- term deposits**

The company's short-term deposit represents deposits held by United capital with a fixed term ranging from 120-183 days and interest ranging between 18%-25%. An expected credit loss test has been conducted in accordance with IFRS 9, and the balance is deemed not significant.

25 Issued and fully paid ordinary shares of 50 kobo each

(a) Movement in share capital	2024 N'000	2023 N'000
In issue at 1 January		
499,493,646 units of ordinary shares at 50 kobo per share	249,746	249,746
499,493,646 units of ordinary shares at 50 kobo per share	<u>249,746</u>	<u>249,746</u>

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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	2024	2023
	N'000	N'000
<b>(b) Movement in Capital Contribution</b>		
As at January	-	-
Additions during the year	357,651	-
<b>As at December</b>	<b>357,651</b>	<b>-</b>

Capital contribution represents difference between the fair value and the contractual amount of low interest rate related party loan recognised in equity, see Note 31.2.

26 Dividends

(a) Dividends

The following dividends were declared by the Company for the respective years

	2024	2023
	N'000	N'000
	249,747	199,797

No dividend was declared in respect of the year ended 31 December 2024 (2023: N0.50 kobo).

(b) Dividends payable

	2024	2023
	N'000	N'000
<b>Balance at 1 January</b>	125,807	132,554
Dividend declared*	249,747	199,797
Payments during the year	(196,441)	(157,031)
Withholding tax remitted	(24,975)	(19,980)
Statue barred dividend	-	(29,533)
<b>Balance at 31 December</b>	<b>154,138</b>	<b>125,807</b>

During the year, the Board of directors have proposed a dividend of N0.80k per share and a bonus issue of 1 share for every 10 units of share held by the shareholders. The dividend declared during the year amounting to N249 million was from 2023 profit and has been recognised as a liability after approval by the shareholders at the Annual General Meeting.

The balance at year end is included in trade and other payables in Note 29.

27

Employee benefit obligation

Long service awards

The Company operates a long service award plan for qualifying employees of the Company. The normal retirement age is 60 years. Under the plan, the Company shall give long service awards to any employee who has completed a minimum of five (5) years of service with the Company, in accordance with the table below:

Years of Service	Gift Items	Unit Price	Payment
5	Framed Certificate and Tie or Scarf	₦5000	One week's salary
10	Framed Certificate and Tie or Scarf	₦5000	
15	Framed Certificate and Tie or Scarf	₦5000	
20	Framed Certificate and Tie or Scarf	₦5000	
25	Framed Certificate and Tie or Scarf	₦5000	
30	Framed Certificate and Tie or Scarf	₦5000	
35	Framed Certificate and Tie or Scarf	₦5000	
40	Framed Certificate and Tie or Scarf	₦5000	

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The obligation is independently determined at each year end by an external actuary. The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31st December 2023 and estimates done for the next two subsequent years ended 31 December 2024 and 31 December 2025 by Alexander Forbes Consulting Actuaries Nigeria (FRC/2012/000000000504). The present value of the long service award and the related current services cost were measured using the Projected Unit Credit Method. This is not the first year of implementation.

	2024 N'000	2023 N'000
(a) Long service awards benefit plan (see (i) below)	32,637	34,823

**(i) Movement in long service awards benefits plan**

The movement on the long service awards benefit plan liability during the year was as follows:

	2024 N'000	2023 N'000
<b>Balance at 1 January</b>	34,823	18,819
Service costs (Note 14a)	3,069	23,446
Interest costs (Note 15b)	6,162	5,392
Actuarial gain (Note 14a)	(4,544)	(4,802)
Payments during the year	(6,873)	(8,032)
<b>Balance at 31 December</b>	<b>32,637</b>	<b>34,823</b>

Other long-term benefits expense recognised in profit or loss for long service awards obligation comprise:

	2024 N'000	2023 N'000
Current/past service costs	3,069	23,446
Interest on obligation	6,162	5,392
	<b>9,231</b>	<b>28,838</b>

**(b) Pension contribution payable (statutory)**

The balance on the pension payable account represents the amount due to the Pension Fund Administrators, which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	2024 N'000	2023 N'000
<b>Balance at 1 January</b>	11,129	23
Charge for the year	60,766	59,059
Employees contribution	73,287	72,882
Payments during the year	(145,012)	(120,835)
<b>Balance at 31 December</b>	<b>170</b>	<b>11,129</b>

The balance as at year-end is included in statutory deductions under trade and other payables (note 29)

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(c) Actuarial assumptions

The actuarial valuation of the Company's long service awards was carried out by Alexander Forbes Consulting Actuaries Nigeria Limited (FRC/2012/000000504). The actuarial report was signed by Wayne Van Jaarsveld (FRC/2021/NAS/0000024507), of Alexander Forbes Consulting Actuaries Nigeria Limited

Principal financial actuarial assumptions at the reporting date (expressed as weighted averages):

	2024	2023
Long-term average discount rate (per annum)	17%	17%
Average pay increase (per annum)	17%	17%
Average rate of inflation (per annum)	18%	18%
Average duration (years)	5	5

These assumptions depict management's estimate of the likely future experience of the Company.

**Mortality**

The rate of mortality assumed for employees was based on rates published in A1967/70 Tables jointly by the Institute and Faculty of Actuaries in the UK due to unavailability of published reliable demographic data in Nigeria.

Pre-retirement A1967/70 Tables

Sample age group	Number of deaths per 1000 lives
25	7
30	7
35	9
40	14
45	26
50	48
55	84
60	144

The same assumption was applied at the previous valuation date.

**Withdrawals from service**

It was assumed that withdrawals would be in accordance with the following table:

Age group	Annual rate of withdrawal	
	2024	2023
18 - 34	4%	4%
35 - 44	3%	3%
45 - 49	1%	1%
50 - 54	2%	2%
55 - 59	3%	3%
60+	-	-

It is assumed that all the employees covered by the long service awards scheme would retire at age 60 (2023: age 60).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumption, holding other assumptions constant, would have affected the long service awards obligation by the amounts shown below:

	2024		2023	
	Increase N'000	Decrease N'000	Increase N'000	Decrease N'000
Discount rate (1% movement)	30,975	34,475	33,161	36,641
Salary increase rate ( 1% movement)	34,610	30,825	36,391	33,363
Mortality rate ( 1 year movement)	32,619	32,652	34,696	34,939

**Maturity Profile on Defined Benefit Obligation**

Year	Amount N'000
2025	3,489
2026	5,315
2027	9,549
2028	13,107
2029	3,505
2030-2034	64,672

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28 Deferred tax liabilities

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets		Liabilities	
	2024 N'000	2023 N'000	2024 N'000	2023 N'000
Property, plant and equipment	-	-	(524,750)	(534,178)
ROU assets-PV of lease payments	4,945,215	-	-	-
Lease liability	-	-	(4,945,215)	-
Employee benefits obligation	10,770	11,492	-	-
Trade and other receivables	95,085	41,182	-	-
Stock Provision	2,013	48,904	-	-
Legal claim provision	485,863	18,733	-	-
Foreign exchange Loss	-	-	(399,866)	(148,298)
	<b>5,538,946</b>	<b>120,311</b>	<b>(5,869,831)</b>	<b>(682,476)</b>
<i>Movement in temporary differences is as follows:</i>		Balance	Recognised in	Balance
		1 January	profit or loss	31 December
		2023	2023	2023
		N'000	N'000	N'000
Property, plant and equipment		(480,375)	(53,803)	(534,178)
Employee benefits obligation		6,117	5,375	11,492
Expected credit loss		18,176	23,006	41,182
Stock provision		35,671	13,233	48,904
Legal claim provision		-	18,733	18,733
Foreign exchange Loss		63,066	(211,364)	(148,298)
		<b>(357,345)</b>	<b>(204,820)</b>	<b>(562,165)</b>
		Balance	Recognised in	Balance
		1 January 2024	profit or loss	31 December 2024
Property, plant and equipment		(534,178)	9,428	(524,750)
ROU assets-PV of lease payments		-	4,945,215	4,945,215
Lease liability		-	(4,945,215)	(4,945,215)
Employee benefits obligation		11,492	(722)	10,770
Expected Credit Loss		41,182	53,903	95,085
Stock Provision		48,904	(46,891)	2,013
Legal claim provision		18,733	467,130	485,863
Foreign exchange loss		(148,298)	(251,568)	(399,866)
		<b>(562,165)</b>	<b>231,280</b>	<b>(330,885)</b>

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28 (b) Net deferred tax liabilities reflected in the statement of financial position are as follows:

	2024 N'000	2023 N'000
Deferred tax assets	5,538,946	120,311
Deferred tax liabilities	(5,869,831)	(682,476)
Net deferred tax liabilities	<u>(330,885)</u>	<u>(562,165)</u>

29 Trade and other payables

	Note	2024 N'000	2023 N'000
<b>Financial liabilities</b>			
Trade payables		1,067,007	1,040,162
Leave allowance payable		9,758	9,758
Dividend payable	26(b)	154,138	125,807
Agency and cylinder deposit		272,461	291,892
Accrued expenses		428,303	429,593
		<u>1,931,667</u>	<u>1,897,212</u>
<b>Non-financial liabilities</b>			
Statutory deductions( VAT, WHT, PAYE & Pension Payable)		134,607	21,871
		<u>2,066,274</u>	<u>1,919,083</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Included in the accrued expenses are accrual for goods received but invoiced not yet received of N299.3million (2023: N264.8 million), and accrual for Directors fees of N22million (2023: 13 million).

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 33

30 Provisions

	2024 N'000	2023 N'000
Movement in provision for legal claim is analysed as follows:		
Balance as at 1 January	56,764	86,764
Additional provision recognised in profit or loss (Note 11)	25,350	25,000
Payment made during the year	(82,114)	(55,000)
Balance as at 31 December	<u>-</u>	<u>56,764</u>
<b>Provision classified into:</b>		
Current	-	56,764
	<u>-</u>	<u>56,764</u>

31 Loans and Borrowings

31.1 Loans from third parties

	2024 N'000	2023 N'000
Balance at 1 January	-	1,099,128
Interest expense on borrowings	-	99,141
Repayment of loan	-	(1,198,269)
Balance at 31 December	<u>-</u>	<u>-</u>

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	2024 N'000	2023 N'000
<b>31.2 Loans from related parties</b>		
Balance at 1 January	360,463	-
Proceeds from borrowings	5,500,000	600,000
Interest expense on borrowings	17,632	30,530
Interest expense recognised under capital work-in-progress	865,219	-
Reclassified to capital contribution (Note 25b)*	(357,651)	-
Repayment of interest on loan	(706,559)	(20,067)
Principal repayment of loan	(350,000)	(250,000)
<b>Balance at 31 December</b>	<u>5,329,104</u>	<u>360,463</u>
<b>Loans and Borrowings classified into:</b>		
Current	1,407,160	360,463
Non-Current	3,921,944	-
	<u>5,329,104</u>	<u>360,463</u>

The Company obtained a N5.5 billion low interest loan at a contractual rate fixed at MPR-4% on the disbursement date of the loan to support the company's on-going construction of its Sagamu plant. The loan is obtained from General TY Danjuma, the beneficial owner of the parent company and repayable in 60 months after a moratorium period of 24 months. The loan has been remeasured to fair value at initial recognition using a market interest rate of similar loans at 26%. The difference between the nominal amount and the fair value was recognised as a capital contribution. The loans are subsequently measured at amortised cost using the effective interest rate method. At the remeasurement date, the fair value of the loan amounted to N5.142 billion (2023:Nil) and amount of N357 million was accounted for in equity as capital contribution, see Note 25b.

Changes in liabilities arising from financing activities:

	Loans and borrowings	Dividend payable	Total
<b>1 January 2024</b>	360,463	125,807	486,270
<b>Changes from financing cashflows</b>			
- Proceeds from borrowings	5,500,000	-	5,500,000
- Repayment of third party borrowings	-	-	-
-Repayment of intercompany borrowings	(350,000)	-	(350,000)
- Repayment of interest on third party borrowings	-	-	-
-Repayment of interest on intercompany borrowings	(706,559)	-	(706,559)
- Dividend paid	-	(196,441)	(196,441)
	<u>4,803,904</u>	<u>(70,634)</u>	<u>4,733,269</u>
<b>Other changes</b>			
- Interest expense	17,632	-	17,632
Capital contribution	(357,651)	-	(357,651)
- Dividend declared	-	249,747	249,747
-Withholding tax remitted	-	(24,975)	(24,975)
-Interest expense capitalised under capital work-in-progress	865,219	-	865,219
-Statue Barred Dividend	-	-	-
<b>31 December 2024</b>	<u>5,329,104</u>	<u>154,138</u>	<u>5,483,241</u>
	<u>Loans and borrowings</u>	<u>Dividend payable</u>	<u>Total</u>
<b>1 January 2023</b>	1,099,128	132,554	1,231,682
<b>Changes from financing cashflows</b>			
- Proceeds from borrowings	600,000	-	600,000
- Repayment of third party borrowings	(1,099,128)	-	(1,099,128)
-Repayment of intercompany borrowings	(250,000)	-	(250,000)
- Repayment of interest on third party borrowings	(99,141)	-	(99,141)
-Repayment of interest on intercompany borrowings	(20,067)	-	(20,067)
- Dividend paid	-	(157,031)	(157,031)

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	230,792	(24,477)	206,315
Other changes			
- Interest expense	129,671	-	129,671
Capital contribution	-	-	-
- Dividend declared	-	199,797	199,797
-Withholding tax remitted	-	(19,980)	(19,980)
-Interest expense capitalised to asset under construction	-	-	-
-Statue Barred Dividend	-	(29,533)	(29,533)
<b>31 December 2023</b>	<b>360,463</b>	<b>125,807</b>	<b>486,270</b>

32 Contract liabilities

	2024 N'000	2023 N'000
Customer advances	126,614	78,718
	<b>126,614</b>	<b>78,718</b>

The movement in contract liabilities is analysed as follows:

Balance at 1 January	78,718	135,474
Additions	126,614	-
Revenue recognised	(78,718)	(56,756)
Balance at 31 December	<b>126,614</b>	<b>78,718</b>

The contract liability arises as a result of receipts of advances for which a related sale has not occurred in the current year.

33 Financial risk management and financial instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- ▶ credit risk
- ▶ liquidity risk
- ▶ market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of directors on its activities.

The Company's risk management policies are established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2024 N'000	2023 N'000
Trade and other receivables	22	1,514,820	1,191,449
Cash and cash equivalents*	24	523,768	2,286,935
		<u>2,038,588</u>	<u>3,478,384</u>

\*excluding cash in hand

There are no collaterals associated with these balances.

**Trade and other receivables**

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limits are established for qualifying customers and these limits are reviewed regularly by the Risk Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company. Management reviews each customer's credit limit in line with the customer's performance in the preceding quarter and perceived risk factor assigned to the customer.

More than 60 percent of the Company's customers have been transacting with the Company for over three years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a small and medium scale, listed or high profiled customer, industry, aging profile and existence of previous financial difficulties. Trade receivables relate mainly to the Company's high profiled customers. Customers with no trading activities for a period of up to one year are placed on a dormant customer list and future sales are made on cash basis only with approval of

The company establishes an allowance for impairment based on the expected credit losses in respect of trade and other receivables. The expected credit losses are estimated using provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The company has identified inflation rate, crude oil prices and prime lending rate as most relevant factors, and accordingly adjust the historical loss rate based on expected changes in these factors.

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	2024 N'000	2023 N'000
Trade receivables		
-Corporate customers	1,491,446	1,136,501
-Individual customers	23,374	54,947
- Impairment	(288,137)	(124,794)
	<u>1,226,683</u>	<u>1,066,654</u>
- Other receivables	-	8,355
	<u>1,226,683</u>	<u>1,075,009</u>

**Impairment losses**

The ageing of trade and other receivables at the reporting date was:

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	Gross Carrying amount	Impairment	Gross carrying amount	Impairment
	2024 N'000	2024 N'000	2023 N'000	2023 N'000
Past due 0-30 days	280,113	1,424	512,403	13,926
Past due 31-60 days	373,696	8,285	282,016	8,463
Past due 61-90 days	170,871	8,237	162,141	9,467
Past due 91-180 days	345,661	44,043	107,128	11,826
Past due 181-365 days	204,234	85,902	80,503	33,855
More than 365 days	140,246	140,246	47,257	47,257
	<b>1,514,820</b>	<b>288,137</b>	<b>1,191,449</b>	<b>124,794</b>

The movement in the allowance for impairment in respect of trade and other receivables during the year was as

	2024 N'000	2023 N'000
<b>Balance at 1 January</b>	(124,794)	(47,903)
Impairment charge on trade and other receivables	(163,343)	(76,891)
<b>Balance at 31 December</b>	<b>(288,137)</b>	<b>(124,794)</b>

The impairment loss relates to customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances and disputed invoices. The Company believes that all unimpaired amounts that are past due are still collectible, based on historic payment behaviour and the underlying customers' credit ratings.

The increase in impairment allowance during the year is largely as a result of increase in gross carrying amount due to more credit sales made during the year.

**Related parties receivables**

Management has contract for major related parties transactions and the exposure to credit risk is monitored on an ongoing basis.

Outstanding receivables has been collected by the Company during the year. Accordingly, no impairment loss on trade receivables was recognised during the year.

**Cash and cash equivalents**

The Company held cash and cash equivalents (excluding cash in hand) of N498 million as at 31 December 2024 (2023: N274 million), which represents its maximum credit exposure on these assets. The Company mitigates the credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance. Cash and cash equivalent is subject to expected credit loss impairment model, however the impairment is assessed as immaterial.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company. Typically, the Company's credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, and excluding the impact of statutory deductions. Statutory deductions include; Value added tax payable, Withholding tax payable, Pension payable and Personal Income Tax deductions (PAYE).

	Less than 1 year N'000	1-2 years N'000	2-3 years N'000	3-5 years N'000	Total N'000
<i>Non-derivative financial liabilities</i>					
<b>31 December 2024</b>					
Trade and other payables*	1,931,667	-	-	-	1,931,667
Borrowings	193,974	3,722,924	2,640,211	2,851,474	9,408,583
	<b>2,125,641</b>	<b>3,722,924</b>	<b>2,640,211</b>	<b>2,851,474</b>	<b>11,340,250</b>
<b>31 December 2023</b>					
Trade and other payables*	1,897,212	-	-	-	1,897,212
Borrowings	360,463	-	-	-	360,463
	<b>2,257,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,257,675</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

\*Trade and other payables is exclusive of statutory deductions.

**Guarantees**

The Company has not provided any guarantees as at year-end.

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(c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Company manages market risks by keeping costs low through various cost optimisation programmes. Moreover, market developments are monitored and discussed regularly and mitigating actions are taken where necessary.

(d) **Currency risk**

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than its functional currency, the Naira. The currencies in which these transactions primarily are denominated are Euro (€), British Pound Sterling (GBP), US Dollar (USD), South African Rand (ZAR) and Angolan Kwanza (AOA). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company's foreign sales are less than 4% of the total sales. Thus the exposure to currency risk in that regard is minimal. The Company's significant exposure to currency risk relates to its importation of various raw materials, spares and other property, plant and equipment. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

**Exposure to currency risk**

The Company's foreign currency risk exposure at the end of the reporting period expressed in respective foreign currency units are as follows:

	31 December 2024					31 December 2023				
	EURO	GBP	USD	ZAR	AOA	EURO	GBP	USD	ZAR	AOA
<b>Financial asset</b>										
Cash and cash equivalents	259	89	73,124	-	-	1,111	89	2,396,468	-	-
Trade receivables			195,802					72,123		
<b>Financial liability</b>										
Trade payables	(145,398)	-	-	(3,225,418)	12,573,570	(229,651)	-	-	(2,755)	(12,574)
<b>Net exposure</b>	<b>(145,139)</b>	<b>89</b>	<b>268,926</b>	<b>(3,225,418)</b>	<b>12,573,570</b>	<b>(228,540)</b>	<b>89</b>	<b>2,468,591</b>	<b>(2,755)</b>	<b>(12,574)</b>

Notes to the Financial Statements

The following significant exchange rates applied during the year:

	Average rate		Year end spot rate	
	2024	2023	2024	2023
	N	N	N	N
EURO	1613.73	768.33	1595.41	995.10
GBP	1908.04	886.82	1925.45	1144.57
USD	1490.65	708.78	1535.82	907.11
ZAR	81.73	38.18	81.26	48.94
AOA	1.68	0.95	1.67	1.08

(e) **Sensitivity analysis**

A reasonably possible loss of strength of the Naira, as indicated below, against the EURO, GBP, USD, ZAR and AOA at 31 December would have increased/(decreased) profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2024, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Profit or loss 20 percent strengthening N
<b>31 December 2024</b>	
EURO	(46,311,242)
GBP	34,258
USD	82,604,386
ZAR	(52,419,493)
AOA	4,199,572
<b>31 December 2023</b>	
EURO	(45,484,031)
GBP	20,364
USD	447,856,716
ZAR	(26,966)
AOA	(2,715,891)

A weakening of the Naira against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(f) **Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. In managing interest rate risk, the Company ensures that significant portion of its interest rate risk exposure is at a fixed rate. The company have fixed interest facilities and it is therefore not exposed to interest rate risk.

(g) **Fair Value Sensitivity for fixed rate instruments**

The Company does not account for any fixed rate financial liabilities as at fair value through profit or loss (FVTPL). Therefore a change in interest rates at the reporting date would not affect profit or loss.

## Notes to the Financial Statements

### (h) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as adjusted net debt divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	N'000	N'000
Total liabilities	8,963,840	3,210,371
Less: Cash and cash equivalents	(525,137)	(2,288,304)
Net debt	<u>8,438,703</u>	<u>922,067</u>
Total equity	<u>5,914,551</u>	<u>4,183,907</u>
Debt to adjusted capital ratio	<u>1.43:1</u>	<u>0.22:1</u>

There were no changes in the Company's approach to capital management during the year.  
The Company is not subject to any externally imposed capital requirements.

### (i) Fair values

#### *Fair values vs carrying amounts*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2024 Carrying amount N'000	2023 N'000	2024 Fair Value N'000	2023 N'000
<b>Financial assets measured at fair value</b>				
Trade and other receivables	1,226,683	1,075,009	1,226,683	1,075,009
Cash and cash equivalents	525,137	2,288,304	525,137	2,288,304
	<u>1,751,820</u>	<u>3,363,313</u>	<u>1,751,820</u>	<u>3,363,313</u>
<b>Financial liabilities measured at amortised cost</b>				
<b>Other financial liabilities</b>				
Trade and other payables (Note 29)	1,931,667	1,897,212	1,931,667	1,897,212
Loans and borrowings (Note 31.2)	5,329,104	360,463	5,142,349	600,000
	<u>7,260,771</u>	<u>2,257,675</u>	<u>7,074,016</u>	<u>2,497,212</u>

The basis for determining fair values is disclosed in Note 4.

Trade and other receivables, cash and cash equivalents, trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values approximate their carrying values with the exception of loans and borrowings.

\*Trade and other payables is exclusive of statutory deductions

## 34 Contingencies and commitments

### (a) Guarantees

The Company had no guarantees or contingent liabilities in respect of guarantees as at year-end (2023: Nil).

### (b) Financial commitments

The directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the financial position of the Company as at 31 December 2024 and its operating results as at that date, have been taken into consideration in preparing of these financial statements.

### (c) Pending litigations and claims

The Company had no outstanding pending litigation at year end. Additionally there are no contingent assets at year end.

Notes to the Financial Statements

35 Related parties

(a) Parent and ultimate controlling party:

TY Holding limited is the majority shareholder of the company with a shareholding of 72% and the ultimate controlling party.

Other related party transactions

	2024 N'000	2023 N'000
<b>Related party balance</b>		
At 1 January	-	8,021
Additional provision	-	-
Write-back of impairment on trade receivables	-	(8,021)
At 31 December	-	-

(aii) Amount due to related parties

Amount due to related parties	Note	Nature of relationship	Transaction Value	2024 N'000 Balance	2023 N'000 Balance	Nature of transaction
		Ultimate Beneficial				Transfer under finance arrangement
TY Danjuma	31.2	Owner	882,851	5,329,104	-	
<b>Amount due to related parties</b>		Parent company				Transfer under finance arrangement
TY Holdings	31.2	Parent company	30,530	-	360,463	

(b) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

Loans to key management personnel

The Company did not grant any loans to or receive any loans from any key management personnel during the year.

Key management personnel compensation

In addition to their salaries, the Company also contributes to a post-employment defined contribution plan on behalf of key management personnel in the form of pensions, and to the Company's long service award scheme.

Key management personnel compensation comprised the following:

	2024 N'000	2023 N'000
Short-term employee benefits	185,596	157,457
Post-employment benefits (pension contribution)	17,623	15,853
Other long term benefits (long service awards)	14,817	524
	<b>218,036</b>	<b>173,834</b>

Directors of the Company control 0.08 percent of the voting shares of the Company.

No key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entity. Directors of the Company do not purchase goods from the Company.

36 Events after the reporting date

There were no significant events after the reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2024 and the profit for the year ended on that date which have not been adequately accounted for or disclosed in this financial statements.

## Other National Disclosures

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Value added statement

	2024 N'000	%	2023 N'000	%
Revenue	8,376,181		6,064,773	
Bought in materials and services:				
- Local	(4,484,456)		(3,213,083)	
- Imported	(355,277)		(748,192)	
	<u>3,536,448</u>		<u>2,103,498</u>	
Other income	32,392		93,404	
Finance income	16,847		103,026	
<b>Value added by operating activities</b>	<u><u>3,585,687</u></u>	<u><u>100</u></u>	<u><u>2,299,928</u></u>	<u><u>100</u></u>

Distribution of value added

To government as:

Income tax	820,222	23	394,270	17
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To employees:

Salaries, wages and allowances	802,697	22	711,915	31
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Retained in the business:

Deferred tax charge	-	-	-	-
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To maintain and replace:

- Property, plant and equipment	340,028	10	340,990	15
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To augment reserves	1,622,740	45	852,753	37
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<b>Value added</b>	<u><u>3,585,687</u></u>	<u><u>100</u></u>	<u><u>2,299,928</u></u>	<u><u>100</u></u>
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Value added represents the additional wealth created through the effort of the Company and its employees. This statement shows the allocation of wealth to the government, employees and retained in the business for creation of more wealth.

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	2024 N'000	2023 N'000	2022 N'000	2021 N'000	2020 N'000
<b>Revenue</b>	8,376,181	6,064,773	5,338,879	3,699,230	3,171,173
Results from operating activities	2,449,909	1,279,060	688,451	495,540	392,357
Profit before income tax	2,442,962	1,247,023	704,386	552,197	414,502
Profit for the year	1,622,740	852,753	448,343	372,020	292,107
Total comprehensive income for the year	1,622,740	852,753	448,343	292,543	292,543
<b>Employment of funds</b>					
Non Current Assets	6,805,001	2,885,042	2,412,617	2,118,885	2,554,960
Current assets	8,073,390	4,509,236	4,371,272	3,477,126	2,862,910
Current Liabilities	(4,678,374)	(2,613,383)	(2,906,307)	(2,131,352)	(2,038,872)
Contract liability	(4,285,466)	(596,988)	(376,164)	(411,584)	(499,322)
<b>Net assets</b>	<b>5,914,552</b>	<b>4,183,907</b>	<b>3,501,418</b>	<b>3,053,075</b>	<b>2,879,676</b>
<b>Funds employed</b>					
Share capital	249,746	249,746	249,746	208,122	208,122
Capital contribution	357,651	-	-	-	-
Retained earnings	5,307,154	3,934,161	3,251,672	2,844,953	2,671,554
	<b>5,914,551</b>	<b>4,183,907</b>	<b>3,501,418</b>	<b>3,053,075</b>	<b>2,879,676</b>
<b>Per share data (kobo):</b>					
Earnings per share (Basic and diluted)	325	171	90	89	70
Share price at year-end	3,420	1345	740	945	870
Declared dividend per share	50	40	-	50	30
Bonus shares	-	-	1 for 5	-	-
Net assets per share	1,184	838	701	733	692