# Dangote Sugar Refinery Plc

# Consolidated and Separate Financial Statements

**for the period ended September 30, 2023**

**Dangote Sugar Refinery Plc**
Consolidated and Separate Financial Statements for the Period Ended September 30, 2023

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The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders:

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## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | Nigeria |
| **Nature of business and principal activities** | Refining of raw sugar into edible sugar and selling of refined sugar |
| **Chairman** | Alh. Aliko Dangote (GCON) |
| **Executive Director** | Hajiya Mariya Dangote |
| **Group Managing Director/CEO** | Mr. Ravindra Singhvi |
| **Director** | Mr. Olakunle Alake |
| **Director** | Mr. Uzoma Nwankwo |
| **Director** | Ms. Bennedikter Molokwu |
| **Director** | Dr. Konyinsola Ajayi |
| **Director** | Alh. Abdu Dantata |
| **Director** | Ms. Maryam Bashir |
| **Director** | Mrs. Yabawa Lawan Wabi |
| **Registered office** | GDNL Administrative Building<br>Terminal E, Shed 20<br>NPA Apapa Wharf Complex<br>Apapa<br>Lagos |
| **Holding company** | Dangote Industries Limited, incorporated in Nigeria |
| **Ultimate holding company** | Greenview International Corp. Cayman Island |
| **Auditors** | PricewaterhouseCoopers<br>(Chartered Accountants)<br>Landmark Towers<br>Plot 5B, Water Corporation Road<br>Victoria Island<br>Lagos |
| **Bankers** | Access Bank Plc<br>Coronation Merchant Bank<br>Ecobank Plc<br>Fidelity Bank Plc<br>First Bank of Nigeria Limited<br>First City Monument Bank Plc<br>FSDH Merchant Bank<br>Globus Bank Ltd<br>Guaranty Trust Bank Plc<br>Greenwich Merchant Bank<br>Jaiz Bank Plc<br>Providus bank Plc<br>Keystone bank Limited<br>Rand Merchant Bank<br>Sterling Bank Plc<br>Stanbic IBTC Bank Plc<br>Standard Chartered Bank Nigeria Limited<br>United Bank for Africa Plc<br>Union Bank of Nigeria Plc<br>Unity Bank Plc<br>Wema Bank Plc<br>Zenith Bank Plc |
| **Company Secretary/Legal Adviser** | Mrs. Temitope Hassan<br>3rd Floor, GDNL Administrative Building<br>Terminal E, Shed 20<br>NPA Apapa Wharf Complex<br>Apapa<br>Lagos |
| **Registrars** | Veritas Registrars Limited<br>Plot 89A Ajose Adeogun Street<br>Victoria Island<br>Lagos |

**Dangote Sugar Refinery Plc**
Consolidated and Separate Financial Statements for the Period Ended September 30, 2023

## Consolidated and separate statement of profit or loss and other comprehensive income

| | | GROUP | | | | | COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Qtr3, 2023 N'000 | 30/9/2023 N'000 | Qtr3, 2022 N'000 | 30/9/2022 N'000 | F/Yr, 2022 N'000 | Qtr3, 2023 N'000 | 30/9/2023 N'000 | Qtr3, 2022 N'000 | 30/9/2022 N'000 | F/Yr, 2022 N'000 |
| **Continuing operations** | | | | | | | | | | | |
| Revenue | 5 | 106,929,583 | 309,713,262 | 102,863,296 | 288,320,722 | 403,245,988 | 106,929,583 | 309,713,262 | 102,863,296 | 288,320,722 | 403,245,988 |
| Cost of sales | 6 | (100,461,533) | (245,056,582) | (84,245,812) | (230,884,913) | (311,282,950) | (100,461,533) | (245,056,582) | (84,245,812) | (230,884,913) | (311,282,950) |
| **Gross profit** | | **6,468,050** | **64,656,680** | **18,617,484** | **57,435,809** | **91,963,038** | **6,468,050** | **64,656,680** | **18,617,484** | **57,435,809** | **91,963,038** |
| Other income | 11 | 866,648 | 1,011,536 | 61,632 | 363,047 | 1,435,482 | 866,648 | 1,011,536 | 61,632 | 363,047 | 533,276 |
| Selling and distribution expenses | 7 | (156,051) | (459,605) | (188,991) | (557,800) | (741,408) | (156,051) | (459,605) | (188,991) | (557,800) | (741,408) |
| Administrative expenses | 7 | (3,293,486) | (9,125,109) | (2,734,696) | (7,369,535) | (10,310,342) | (3,036,829) | (8,359,138) | (2,477,602) | (6,707,152) | (9,357,639) |
| Impairment gains/(losses) | 23.3 | 58,712 | 58,712 | - | - | 63,537 | 58,712 | 58,712 | - | - | 63,537 |
| **Operating profit** | 14 | **3,943,873** | **56,142,214** | **15,755,429** | **49,871,521** | **82,410,307** | **4,200,530** | **56,908,185** | **16,012,523** | **50,533,904** | **82,460,804** |
| Finance income | 8 | 2,396,580 | 7,244,843 | 1,736,512 | 3,684,116 | 6,379,475 | 2,396,579 | 7,244,842 | 1,736,512 | 3,684,116 | 6,379,475 |
| Finance cost | 10 | (18,063,182) | (108,721,501) | (11,667,789) | (18,974,011) | (9,802,295) | (17,870,207) | (108,147,213) | (11,759,884) | (19,019,869) | (10,248,536) |
| Finance costs - net | | **(15,666,602)** | **(101,476,658)** | **(9,931,277)** | **(15,289,895)** | **(3,422,820)** | **(15,473,628)** | **(100,902,371)** | **(10,023,372)** | **(15,335,753)** | **(3,869,061)** |
| Change in fair value adjustment | 9 | 1,762,375 | 4,009,039 | 712,708 | 1,690,081 | 3,315,333 | 1,762,375 | 4,009,039 | 712,708 | 1,690,081 | 3,315,333 |
| **(Loss)/Profit before tax** | | **(9,960,354)** | **(41,325,405)** | **6,536,860** | **36,271,707** | **82,302,820** | **(9,510,723)** | **(39,985,147)** | **6,701,859** | **36,888,232** | **81,907,076** |
| Taxation | 12.1 | 10,920,543 | 14,298,111 | (1,946,496) | (11,439,422) | (27,560,686) | 10,920,543 | 14,298,111 | (1,946,496) | (11,439,422) | (27,560,686) |
| **(Loss)/Profit for the period** | | **960,189** | **(27,027,294)** | **4,590,364** | **24,832,285** | **54,742,134** | **1,409,820** | **(25,687,036)** | **4,755,363** | **25,448,810** | **54,346,390** |
| **(Loss)/Profit attributable to:** | | | | | | | | | | | |
| Owners of the parent | | 964,686 | (27,013,891) | 4,592,014 | 24,838,450 | 54,738,177 | 1,409,820 | (25,687,036) | 4,755,363 | 25,448,810 | 54,346,390 |
| Non-controlling interest | | (4,497) | (13,403) | (1,650) | (6,165) | 3,957 | - | - | - | - | - |
| | | **960,189** | **(27,027,294)** | **4,590,364** | **24,832,285** | **54,742,134** | **1,409,820** | **(25,687,036)** | **4,755,363** | **25,448,810** | **54,346,390** |
| **Total comprehensive (loss)/income for the period** | | **960,189** | **(27,027,294)** | **4,590,364** | **24,832,285** | **54,742,134** | **1,409,820** | **(25,687,036)** | **4,755,363** | **25,448,810** | **54,346,390** |
| **Total comprehensive (loss)/income attributable to:** | | | | | | | | | | | |
| Owners of the parent | | 964,686 | (27,013,891) | 4,592,014 | 24,838,450 | 54,738,177 | 1,409,820 | (25,687,036) | 4,755,363 | 25,448,810 | 54,346,390 |
| Non-controlling interest | | (4,497) | (13,403) | (1,650) | (6,165) | 3,957 | - | - | - | - | - |
| | | **960,189** | **(27,027,294)** | **4,590,364** | **24,832,285** | **54,742,134** | **1,409,820** | **(25,687,036)** | **4,755,363** | **25,448,810** | **54,346,390** |
| **Earnings per share** | | | | | | | | | | | |
| **Per share information** | | | | | | | | | | | |
| Basic earnings per share (Naira) | 15 | **0.08** | **-2.22** | **0.37** | **2.04** | **4.51** | **0.12** | **(2.11)** | **0.40** | **2.10** | **4.47** |
| Diluted earnings per share (Naira) | 15 | **0.08** | **-2.22** | **0.37** | **2.04** | **4.51** | **0.12** | **-2.11** | **0.40** | **2.10** | **4.47** |

## Consolidated and separate statements of financial position as at September 30, 2023

| | | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 16 | 163,172,403 | 157,761,632 | 151,019,061 | 97,987,162 | 93,696,015 | 88,529,830 |
| Investment in subsidiaries | 20 | - | - | - | 297,000 | 297,000 | 297,000 |
| Deposit for shares | 21 | - | - | - | 66,508,475 | 64,025,068 | 62,696,387 |
| **Total non-current assets** | | **163,172,403** | **157,761,632** | **151,019,061** | **164,792,637** | **158,018,083** | **151,523,217** |
| **Current assets** | | | | | | | |
| Inventories | 22 | 107,443,206 | 44,264,068 | 61,125,545 | 106,144,670 | 43,387,050 | 59,707,122 |
| Biological assets | 17 | 10,567,075 | 6,942,660 | 6,248,347 | 10,567,075 | 6,942,660 | 6,248,347 |
| Trade and other receivables | 23 | 173,566,981 | 107,434,891 | 82,175,171 | 173,023,126 | 106,797,356 | 81,818,500 |
| Other assets | 18 | 1,714,571 | 304,179 | 2,855,705 | 1,709,084 | 297,929 | 2,847,037 |
| Asset held for sale | 19 | 868,642 | 868,642 | 868,642 | 868,642 | 868,642 | 868,642 |
| Cash and cash equivalents | 24 | 159,214,886 | 174,858,294 | 169,752,763 | 159,096,736 | 174,658,116 | 169,410,032 |
| **Total current assets** | | **453,375,361** | **334,672,734** | **323,026,173** | **451,409,333** | **332,951,753** | **320,899,680** |
| **Total assets** | | **616,547,764** | **492,434,366** | **474,045,234** | **616,201,970** | **490,969,836** | **472,422,897** |
| **Equity** | | | | | | | |
| **Attributable to owners of Parent company** | | | | | | | |
| Share capital | 25 | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 |
| Share premium | 25 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 |
| Retained earnings | 26 | 113,606,100 | 158,845,237 | 128,945,510 | 115,728,368 | 159,635,722 | 130,738,142 |
| | | **126,000,063** | **171,239,200** | **141,339,473** | **128,122,331** | **172,029,685** | **143,132,105** |
| **Non-controlling interest** | 27 | (26,192) | (12,790) | (22,912) | - | - | - |
| | | **125,973,871** | **171,226,410** | **141,316,561** | **128,122,331** | **172,029,685** | **143,132,105** |
| **Liabilities** | | | | | | | |
| **Non-Current Liabilities** | | | | | | | |
| Deferred tax liabilities | 13 | 841,449 | 13,238,074 | 10,431,964 | 841,449 | 13,238,074 | 10,431,964 |
| Lease liability | 31.1 | 112,823 | - | 1,375,276 | - | - | 1,333,830 |
| Borrowings | 28 | 321,702 | 531,563 | 657,781 | 321,702 | 531,563 | 657,781 |
| | | **1,275,974** | **13,769,637** | **12,465,021** | **1,163,151** | **13,769,637** | **12,423,575** |
| **Current Liabilities** | | | | | | | |
| Current tax liabilities | 12.3 | 7,356,419 | 25,542,640 | 15,494,006 | 7,356,420 | 25,542,640 | 15,494,005 |
| Lease liability | 31.1 | 974,041 | 981,142 | 1,103,799 | 966,012 | 933,022 | 1,024,170 |
| Borrowings | 28 | 274,242 | 243,719 | 172,315 | 274,242 | 243,719 | 172,315 |
| Trade and other payables | 30 | 470,428,393 | 273,746,758 | 293,195,116 | 468,054,991 | 271,527,073 | 289,878,311 |
| Employee benefits | 29 | 751,304 | 762,567 | 762,568 | 751,303 | 762,567 | 762,568 |
| Other liabilities | 31 | 9,513,520 | 6,161,493 | 9,535,848 | 9,513,520 | 6,161,493 | 9,535,848 |
| **Total current liabilities** | | **489,297,919** | **307,438,319** | **320,263,652** | **486,916,488** | **305,170,514** | **316,867,217** |
| **Total liabilities** | | **490,573,893** | **321,207,956** | **332,728,673** | **488,079,639** | **318,940,151** | **329,290,792** |
| **Total equity and liabilities** | | **616,547,764** | **492,434,366** | **474,045,234** | **616,201,970** | **490,969,836** | **472,422,897** |

The consolidated and separate financial statements on pages 2 to 39, were approved by the board on October 27, 2023 and were signed on its behalf by:

**Alh. Aliko Dangote, GCON**
Chairman
FRC/2013/IODN/00000001766

**Mr. Ravindra Singh Singhvi**
Group Managing Director/CEO
FRC/2021/003/000000/22565

**Mr. Oscar Mbeche**
Group Chief Finance Officer
FRC*
* "Waiver granted by FRCN"

The accompanying notes on pages 6 to 39 form an integral part of the consolidated and separate financial statements.

## Dangote Sugar Refinery Plc
Consolidated and Separate Financial Statements for the Period Ended September 30, 2023

## Consolidated and separate statements of changes in equity

| Company | Note | Share Capital | Share Premium | Retained Earnings | Total |
|---|---|---|---|---|---|
| | | N'000 | N'000 | N'000 | N'000 |
| **Balance as at 1 January 2022** | | **6,073,439** | **6,320,524** | **117,436,204** | **129,830,167** |
| Profit for the period | | - | - | 25,448,810 | 25,448,810 |
| **Total comprehensive income for the period** | | **-** | **-** | 25,448,810 | **25,448,810** |
| **Transaction with owners:** | | | | | |
| Surplus on revaluation of Numan land | | | | | - |
| Dividend paid | | - | - | (12,146,874) | (12,146,874) |
| **Balance as at 30 September 2022** | | **6,073,439** | **6,320,524** | **130,738,140** | **143,132,105** |
| **Balance as at 1 October 2022** | | **6,073,439** | **6,320,524** | **130,738,140** | **143,132,105** |
| | | - | - | - | - |
| Profit for the period | | - | - | 28,897,580 | 28,897,580 |
| **Total comprehensive income for the period** | | **6,073,439** | **6,320,524** | **159,635,720** | **172,029,685** |
| **Transaction with owners:** | | | | | |
| Dividend paid | | - | - | - | - |
| **Balance as at 31 December 2022** | | **6,073,439** | **6,320,524** | **159,635,720** | **172,029,685** |
| Profit for the period | | - | - | (25,687,036) | (25,687,036) |
| **Total comprehensive income for the period** | | **-** | **-** | **(25,687,036)** | **(25,687,036)** |
| **Transaction with owners:** | | | | | |
| Dividend paid | | - | - | (18,220,314) | (18,220,314) |
| **Balance as at 30 September 2023** | | **6,073,439** | **6,320,524** | **115,728,370** | **128,122,331** |

| Group | Share Capital | Share Premium | Retained Earnings | Attributable to owners of parent company | Non-controlling interest | Total |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **Balance as at 1 January 2022** | **6,073,439** | **6,320,524** | **116,253,934** | **128,647,897** | **(16,747)** | **128,631,150** |
| Profit for the period | - | - | 24,838,450 | 24,838,450 | (6,165) | 24,832,285 |
| **Total comprehensive income for the period** | **-** | **-** | **24,838,450** | **24,838,450** | **(6,165)** | **24,832,285** |
| **Transaction with owners:** | | | | | | |
| Dividend paid | - | - | (12,146,874) | (12,146,874) | - | (12,146,874) |
| **Balance as at 30 September 2022** | **6,073,439** | **6,320,524** | **128,945,510** | **141,339,473** | **(22,912)** | **141,316,561** |
| **Balance as at 1 October 2022** | **6,073,439** | **6,320,524** | **128,945,510** | **141,339,473** | **(22,912)** | **141,316,561** |
| Profit for the period | - | - | 29,899,726 | 29,899,726 | 10,122 | 29,909,850 |
| **Total comprehensive income for the period** | **6,073,439** | **6,320,524** | **158,845,237** | **171,239,200** | **(12,790)** | **171,226,411** |
| **Transaction with owners:** | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| **Balance as at 31 December 2022** | **6,073,439** | **6,320,524** | **158,845,237** | **171,239,200** | **-12,790** | **171,226,410** |
| Profit for the period | **-** | **-** | (27,018,820) | (27,018,820) | (13,403) | (27,032,223) |
| **Total comprehensive income for the period** | **-** | **-** | **(27,018,820)** | **(27,018,820)** | **(13,403)** | **(27,032,223)** |
| **Transaction with owners:** | | | | | | |
| Dividend paid | - | - | (18,220,314) | (18,220,314) | - | (18,220,314) |
| **Balance as at 30 September 2023** | **6,073,439** | **6,320,524** | **113,606,103** | **126,000,066** | **(26,192)** | **125,973,871** |

The accompanying notes on pages 6 to 39 form an integral part of the consolidated and separate financial statements.

**Dangote Sugar Refinery Plc.**
Consolidated and Separate Financial Statements for the Period Ended September 30, 2023

## Consolidated and separate statements of cash flows

| | Note(s) | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| **Cash flows for operating activities** | | | | | | | |
| Profit before taxation | | **(41,325,405)** | **82,302,820** | **36,271,707** | **(39,985,147)** | **81,907,076** | **36,888,232** |
| **Adjustments for non-cash income and expenses:** | | | | | | | |
| Depreciation of property, plant and equipment | 16 | 7,565,910 | 9,731,508 | 7,633,992 | 6,805,937 | 8,814,028 | 6,979,637 |
| Impairment of financial assets | 23.3 | (58,712) | (63,537) | - | (58,712) | (63,537) | - |
| Government grant | 21b | - | (65,109) | - | - | (65,109) | - |
| (Profit)/loss on sale of assets | 11 | - | (174,602) | (174,602) | - | (174,602) | (174,602) |
| Property, plant and equipment impaired and written off | 16 | 43,220 | - | 4,695,443 | 43,220 | - | (9,473) |
| Prior year tax adjustment | | (4,929) | - | - | - | - | - |
| Interest income | 8 | (7,244,843) | (6,379,475) | (3,684,116) | (7,244,842) | (6,379,475) | (3,684,116) |
| Interest expense | 10 | 105,722 | 242,444 | 124,195 | 130,510 | 241,700 | 146,536 |
| Fair value loss/(gain) on biological assets | 9 | (4,009,039) | (3,315,333) | (1,690,081) | (4,009,039) | (3,315,333) | (1,690,081) |
| **Changes in working capital** | | | | | | | |
| (Increase)/decrease in Inventory | | (63,179,138) | 11,735,475 | (5,126,002) | (62,757,620) | 10,766,083 | (5,553,989) |
| Net (additon)/usage of biological assets | | 384,625 | 1,028,227 | 97,288 | 384,625 | 1,028,227 | 97,288 |
| (Increase)/decrease in trade and other receivables | | (66,073,378) | (57,215,821) | (32,019,638) | (66,167,058) | (60,431,549) | (35,516,230) |
| (Increase)/decrease in other assets | | (1,410,392) | (165,546) | (2,717,072) | (1,411,155) | (160,778) | (2,709,886) |
| Increase/(decrease) in other liabilities | | 3,352,027 | 1,655,678 | 5,030,033 | 3,352,027 | 1,655,687 | 5,030,042 |
| Increase/(decrease) in trade payables | | 196,681,635 | 75,734,978 | 91,812,983 | 196,527,918 | 84,788,758 | 99,769,643 |
| **Cash generated from operations** | | **24,827,303** | **115,051,707** | **100,254,129** | **25,610,665** | **118,611,176** | **99,572,999** |
| Finance cost paid | | - | - | - | - | - | - |
| Tax paid | 12.3 | (16,284,735) | (9,661,007) | (6,394,487) | (16,284,735) | (9,661,007) | (6,394,487) |
| Gratuity paid | 29 | (11,264) | (3,698) | (3,698) | (11,264) | (3,698) | (3,698) |
| **Net cash generated from operating activities** | | **8,531,304** | **105,387,002** | **93,855,944** | **9,314,663** | **108,946,471** | **93,174,814** |
| **Cash flows from investing activities** | | | | | | | |
| Purchase of property, plant and equipment | 16 | (13,019,900) | (26,151,896) | (18,698,998) | (11,140,303) | (22,037,671) | (11,699,369) |
| Proceeds on disposal of property,plant and equipment | | - | 203,162 | 203,163 | - | 203,162 | 203,163 |
| Interest received | 8 | 7,244,843 | 6,379,475 | 3,684,116 | 7,244,842 | 6,379,475 | 3,684,116 |
| **Net cash used in investing activities** | | **(5,775,057)** | **(19,569,259)** | **(14,811,720)** | **(3,895,461)** | **(15,455,034)** | **(7,812,091)** |
| **Cash flows from financing activities** | | | | | | | |
| Dividends paid | 26 | (18,220,317) | (12,146,874) | (12,146,874) | (18,220,317) | (12,146,874) | (12,146,874) |
| Unclaimed dividend received | | - | 39,269 | - | - | 39,269 | - |
| Deposit for shares | | - | - | - | (2,483,407) | (6,940,916) | (5,612,235) |
| Interest paid | 28 | (179,338) | (63,783) | (154,391) | (52,886) | (63,783) | (42,819) |
| Lease Liabilities paid - Interest | 31.1 | - | (113,552) | - | (10,678) | (112,808) | - |
| Lease Liabilities paid - Principal | | - | (1,409,999) | - | - | (1,389,678) | - |
| Repayment of borrowings | 28 | - | (274,314) | - | (213,294) | (274,314) | (206,547) |
| **Net cash used in financing activities** | | **(18,399,655)** | **(13,969,253)** | **(12,301,265)** | **(20,980,582)** | **(20,889,104)** | **(18,008,475)** |
| **Net increase in cash and cash equivalents** | | (15,643,408) | 71,848,490 | 66,742,959 | (15,561,380) | 72,602,333 | 67,354,249 |
| Cash and cash equivalents at beginning of period | | 174,858,294 | 103,009,804 | 103,009,804 | 174,658,116 | 102,055,783 | 102,055,783 |
| **Cash and cash equivalents at end of the period** | 24 | **159,214,886** | **174,858,294** | **169,752,763** | **159,096,736** | **174,658,116** | **169,410,032** |

The accompanying notes on pages 6 to 39 form an integral part of the consolidated and separate financial statements.

**Notes to the Consolidated and Separate Financial Statements**

## 1 General information

Dangote Sugar Refinery Plc (the Company) was incorporated as a Public Limited Liability company on 4 January 2005, commenced operation on 1 January 2006 and became quoted on the Nigerian Stock Exchange in March 2007. Its current shareholding is 68% by Dangote Industries Limited and 32% by the Nigerian public.

The ultimate controlling party is Greenview International Corporation, Cayman Island

The registered address of the Company is located at GDNL Administrative Building, Terminal E, Shed 20 NPA Apapa Wharf Complex, Apapa, Lagos

The consolidated financial statements of the Group for the Period ended 30 September comprise the Company and its subsidiaries - Taraba Sugar Company Limited, Adamawa Sugar Company Limited and Nasarawa Sugar Company Limited.

### 1.1 The principal activity

The principal activity of the Group is the refining of raw sugar into edible sugar and the selling of refined sugar. The Group's products are sold through distributors across the country.

### Going Concern status

The Group has consistently been making profits. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

### 1.3 Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political and social, and legal legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Group's access to capital and cost of capital for the Group and more generally, its business, result of operation, financial condition and prospects.

### 1.4 Financial period

These financial statements cover the financial period from 1 January 2023 to 30 September 2023 with comparatives for the year ended 31 December 2022 and period ended 30 September 2022.

## 2 Significant Accounting Policies

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

In addition, the CBN on 14 June 2023 issued a circular titled Operational Changes to the Foreign Exchange markets abolishing segmentation and introducing willing buyer willing seller on the Investors and Exporters (I & E) Window. Based on the prevailing market rates, the Group changed its USD/Naira closing rate of 461 as at 31 December 2022 to 756 as at 30 June 2023 and now to 776.79 as at 30 September 2023. Monetary Assets and liabilities for the Nigeria operations were revalued at this rate resulting in a revaluation loss of N72.88billion for the Company mainly driven by Letters of Credit and foreign vendor balances. This loss has been taken in the month of September. None of the new or revised standards effective 1 January 2023 had a material effect on the Financial statements.

### 2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) of IASB (together "IFRS") that are effective at 31 March 2022 and requirements of the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council (FRC) Act 2011 of Nigeria.

## 2.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for biological assets which is measured at fair value less cost to sell. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Naira unless otherwise stated.The principal accounting policies are set out below:

## 2.3 Consolidation of subsidiaries

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group‘s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

In the Company‘s separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

## 2.4 Revenue recognition

### a) *Accounting policy*

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

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

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Group is the principal in all of its revenue arrangement since it is the primary obligor in all of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

**Sale of goods**

Revenue is recognised when the control of the goods and service are transferred to the customer. This occurs when the goods are delivered to the customer and customer’s acceptance is received or when goods are picked up by the customers.

Revenue from sale of sugar and molasses is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the time lag between the recognition of revenue and granting rebates is within one month. Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

The delivery service provided by the Group is a sales fulfilment activity and the income earned is recognised at the point in time when the goods are delivered to the customer.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Contract liability is recognised for consideration received for which the performance obligation has not been met.

## Notes to the Consolidated and Separate Financial Statements

**Revenue recognition (continued)**

**Disaggregation of revenue from contract with customers**

The Group recognises revenue from the transfer of goods at a point in time in the following product lines. The Group derives revenue from the sale of sugar, molasses and freight services.

| | Freight services | Sale of sugar | Sale of molasses | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Revenue from contract with customers | 1,243,714 | 306,505,644 | 1,963,904 | 309,713,262 |

**2.5 Interest income Recognition**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's to that assets's net carrying amount on initial recognition.

**2.6 Pensions and Other post-employment benefits**

The Group operates a defined contribution based retirement benefit scheme for its staff, in accordance with the amended Pension Reform Act of 2014 with employee contributing 8% and the employer contributing 10% each of the employee’s relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense in statement of profit or loss when employees have rendered the service entitling them to the contributions.

**2.7 Taxation**

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

**Current tax**

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

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates of 30% at the reporting sheet date. Education tax is calculated at 2.5% of the assessable profits in accordance with the Tertiary Education Tax Act.

## 2.7 Taxation (continued)

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company account for all amounts previously recognised in other income in relation to that associate on the assets or liabilities. Therefore , if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets and liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustments) when it loses significant influence over the associate.

When the company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interest in the associates that are not related to the Company.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control those policies.

### Deferred tax

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2.8 Property, plant and equipment

### i. Recognition and measurement

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

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 construction recognised 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, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

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.

Gains and 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 recognized in the statement of comprehensive income.

### ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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 useful life.

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight line | 50 years |
| Plant and machinery | Straight line | 15 -50 years |
| Furniture and fixtures | Straight line | 5 years |
| Motor vehicles | Straight line | 4 years |
| Tools and equipment | Straight line | 4 years |
| Computer equipment | Straight line | 3 years |
| Aircraft | Straight line | 25 years |
| Bearer plants | Straight line | 6 years |

Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### 2.8 Property, plant and equipment (continued)

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

### 2.9 Intangible assets

**Intangible assets acquired separately**

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

**Derecognition of intangible assets**

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

**Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating-unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

### 2.10 Employee benefits

A liability is recognised when an employee has rendered services for benefits to be paid in the future, and an expense when the entity consumes the economic benefit arising from the service provided by the employee.

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

**Long-term employee benefits (Defined contribution plan)**

Employees are members of defined contribution plans. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The group makes provision for retirement benefits in accordance with the Pension Reform Act 2014. The employees contribute 8% of their gross salary (basic, housing and transport) while the Group contributes 10% on behalf of the employees to the same plan.

**Notes to the Consolidated and Separate Financial Statements**

**2.10 Employee benefits (**continued**)**

**Long-term employee benefits (Defined benefit plan)**

For defined benefit plans, the Group's contributions were based on the recommendations of independent actuaries and the liability measured using the projected unit credit method, up to the date of cessation of the scheme on 30 September, 2013.

Under the plan, the employees were entitled to retirement benefits which vary according to length of service. Actuarial gains and losses were recognised in the income statement. These gains or losses were recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs were recognised as an expense on a straight-line basis over the average period until the benefits became vested. If the benefits vested immediately following the introduction of, or changes to, a defined benefit plan, the past-service cost was recognised immediately.

**2.11 Government grants**

Government grants are recognised when there is reasonable assurance that:
i) the group will comply with the conditions attaching to them; and
ii) the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. Grants related to income are presented as a credit in the profit or loss (separately).

**2.12 Leases**

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

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

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group primarily leases land and building (used as office space, outlets, warehouse and residential use). The lease terms are typically for fixed periods ranging from 2 years to 25 years but may have extension options. On renewal of a lease, the terms may be renegotiated.

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

**Leases in which the Group is a lessee**

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

**Leases in which the Group is a Lessor**

(i) Operating lease
When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

(ii) Finance lease
When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

## 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packaging materials, engineering spares and consumable stock is determined on a weighted average basis. Cost of finished goods is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods in transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 2.14 Provisions

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

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

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

## 2.15 Financial instruments

***a) Financial instruments accounting policy***

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments disclosures.

**i) Classification and measurement**

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

The business models applied to assess the classification of the financial assets held by the company are;

• Hold to collect: Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. Assets held under this business model are measured at amortised cost

• Fair value through other comprehensive income: Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

• Fair value through profit or loss: This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The financial assets of Dangote Sugar are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest ((for interest bearing financial assets)

**2.15 Financial instruments** (continued)

The Company's financial assets include trade and other receivables, cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

**Financial liabilities**
Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and interest bearing loans and borrowings.

**Impairment of financial assets**

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

The simplified approach is applied for trade receivables while the general approach is applied to staff loans, amounts due from related parties that are not trade related, balances with banks.

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

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

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

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

**Significant increase in credit risk and default definition**
The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

**2.15 Financial instruments** (continued)

**Derecognition**
Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

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

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

**2.16 Earnings per share**

The Group 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 Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any. 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 the effects of all dilutive potential ordinary shares.

**2.17 Functional and presentation currency**

Items included in the consolidated and separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated and separate financial statements are presented in Naira which is the Company's functional and presentation currency.

**Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

**2.18 Borrowing costs**

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.19 Segment information

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

- where operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;

- for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director of Dangote Sugar Refinery Plc

### 2.20 Biological assets

A biological asset is defined as a living animal or plant while biological transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in biological asset.

**Recognition of assets**

The Group recognises biological assets or agricultural produce when, and only when, all of the following conditions are met:

- the Group controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the Group; and
- the fair value or cost of the asset can be measured reliably.

Biological asset consists of growing cane which are yet to be harvested as at year end, and these are measured at fair value less cost to sell.

The basis of fair value determination of growing canes have been included in Note 17.

### 2.21 Business combination under common control

Business combinations under common control occur when combining entities/businesses are ultimately controlled by the same party(ies) both before and after the business combination, and that control is not transitory.

The Group applies the “predecessor method” of accounting for business combinations under common control because such transactions are outside the scope of the reporting standard on Business Combinations (IFRS 3). The assets and the liabilities of the acquiree are recorded at the predecessor carrying values from the financial statements of the highest entity that has common control for which financial statements are prepared. Therefore, no goodwill is recorded in the consolidated financial statements of the acquirer.

Any difference arising between the acquirer’s cost of investment and the acquiree’s net assets is recorded directly in equity. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities. Comparative amounts are not restated but the transaction is accounted for prospectively, i.e., from the effective date of the transaction (transfer of control). Any expenses incurred as a result of the combination are written off immediately in the statement of profit or loss and other comprehensive income.

## 3 Critical judgements and sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Notes to the Consolidated and Separate Financial Statements**

**i) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 32.

**Sensitivity of estimates used in IFRS 9 ECL**

**Estimation uncertainty in measuring impairment loss**

In establishing sensitivity to ECL estimates for trade receivables and related parties receivables, two variables (GDP growth rate and Inflation rate) were considered. The Company's receivables portfolio reflects greater responsiveness to both variables considered.

**ii) Fair values of biological assets**

The directors have developed a model using the multi-period excess earnings method (MPEEM) under the income approach for the valuation of sugar cane. In order to generate a stream of cash flows to be used in this model, the directors calculate tonnage using information on hectares of farmland planted, the age of growing cane per hectare and the yield rate per hectare.

The cane price is then applied on the tonnage and discounted to arrive at the fair value of the sugar cane. The cane price is based on the industry out-grower price.

The directors exercise significant judgement in determining the yield rate per hectare, the discount rate, cost of sales, selling and distribution expenses, administrative expenses and contributory assets charges.

## 4 New Standards and Interpretations

**i) Standards and interpretations effective and adopted in the current year**

There are no new standards applicable to annual reporting period commencing 1 January 2023 which are expected to have a material impact on the group:

**ii) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 5 Revenue

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Revenue from the sale of sugar - 50kg | 297,996,223 | 390,985,952 | 279,472,161 | 297,996,223 | 390,985,952 | 279,472,161 |
| Revenue from the sale of sugar - Retail | 8,509,421 | 7,886,641 | 5,515,675 | 8,509,421 | 7,886,641 | 5,515,675 |
| Revenue from the sale of molasses | 1,963,904 | 2,147,585 | 1,718,428 | 1,963,904 | 2,147,585 | 1,718,428 |
| Freight income | 1,243,714 | 2,225,810 | 1,614,458 | 1,243,714 | 2,225,810 | 1,614,458 |
| | **309,713,262** | **403,245,988** | **288,320,722** | **309,713,262** | **403,245,988** | **288,320,722** |

### 5.1 Segment information

Segment information is presented in respect of the group's reportable segments. For management purpose, the Group is organised into business units by geographical areas in which the group operates and the locations that comprise such regions represent operating segments.

The Group has 4 reportable segments based on location of the principal operations as follows: Northern Nigeria, Western Nigeria, Eastern Nigeria and Lagos.

**Segmental revenue and results**

Revenue from external customers by region of operations is listed below.

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Nigeria:** | | | | | | |
| Lagos | 136,425,304 | 173,039,994 | 122,964,320 | 136,425,304 | 173,039,994 | 122,964,320 |
| North | 133,494,106 | 178,811,926 | 129,962,418 | 133,494,106 | 178,811,926 | 129,962,418 |
| West | 28,326,868 | 34,622,781 | 24,375,134 | 28,326,868 | 34,622,781 | 24,375,134 |
| East | 11,466,984 | 16,771,287 | 11,018,849 | 11,466,984 | 16,771,287 | 11,018,849 |
| | **309,713,262** | **403,245,988** | **288,320,722** | **309,713,262** | **403,245,988** | **288,320,722** |

| | Segment Revenue | | Segment Cost of Sales | | Segment Gross Profit | |
|---|---|---|---|---|---|---|
| **Group** | 30/9/2023 N'000 | 30/9/2022 N'000 | 30/9/2023 N'000 | 30/9/2022 N'000 | 30/9/2023 N'000 | 30/9/2022 N'000 |
| **Nigeria:** | | | | | | |
| Lagos | 136,425,304 | 122,964,320 | (102,940,424) | (94,061,742) | 33,484,881 | 28,902,578 |
| North | 133,494,106 | 129,962,418 | (109,834,311) | (107,352,274) | 23,659,795 | 22,610,145 |
| West | 28,326,868 | 24,375,134 | (22,630,110) | (20,103,532) | 5,696,758 | 4,271,603 |
| East | 11,466,984 | 11,018,849 | (9,651,737) | (9,367,367) | 1,815,247 | 1,651,482 |
| | **309,713,262** | **288,320,722** | **(245,056,582)** | **(230,884,913)** | **64,656,680** | **57,435,809** |

| | Segment Revenue | | Segment Cost of Sales | | Segment Gross Profit | |
|---|---|---|---|---|---|---|
| **Company** | 30/9/2023 N'000 | 30/9/2022 N'000 | 30/9/2023 N'000 | 30/9/2022 N'000 | 30/9/2023 N'000 | 30/9/2022 N'000 |
| **Nigeria:** | | | | | | |
| Lagos | 136,425,304 | 122,964,320 | (102,940,424) | (94,061,742) | 33,484,881 | 28,902,578 |
| North | 133,494,106 | 129,962,418 | (109,834,311) | (107,352,274) | 23,659,795 | 22,610,145 |
| West | 28,326,868 | 24,375,134 | (22,630,110) | (20,103,532) | 5,696,758 | 4,271,603 |
| East | 11,466,984 | 11,018,849 | (9,651,737) | (9,367,367) | 1,815,247 | 1,651,482 |
| | **309,713,262** | **288,320,722** | **(245,056,582)** | **(230,884,913)** | **64,656,680** | **57,435,809** |

## 5.1 Segment information (Continued)

### 5.1.1 Segment assets and liabilities

The amount provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the of the segment and the physical location of the asset.

Investments in shares held by the Group and deferred tax assets are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additionals to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The amounts provided to the chief operating decision maker with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the Group's treasury function.

The table below provides information on the segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the balance as at 30 June 2023;

| | Total Segment Assets | | | Total Segment liabilities | | |
|---|---|---|---|---|---|---|
| | **30/9/2023 N'000** | **31/12/2022 N'000** | **30/9/2022 N'000** | **30/9/2023 N'000** | **31/12/2022 N'000** | **30/9/2022 N'000** |
| **Group** | | | | | | |
| **Nigeria:** | | | | | | |
| Lagos | 443,753,661 | 333,317,516 | 255,077,564 | 366,657,972 | 191,500,745 | 148,606,779 |
| North | 172,794,103 | 159,116,850 | 144,376,356 | 123,074,472 | 116,469,137 | 103,688,979 |
| **Sub-total** | **616,547,764** | **492,434,366** | **399,453,920** | **489,732,444** | **307,969,882** | **252,295,758** |
| Unallocated deferred tax | - | - | - | 841,449 | 13,238,074 | 10,431,964 |
| **Total** | **616,547,764** | **492,434,366** | **399,453,920** | **490,573,893** | **321,207,956** | **262,727,722** |

| | Total Segment Assets | | | Total Segment liabilities | | |
|---|---|---|---|---|---|---|
| | **30/9/2023 N'000** | **31/12/2022 N'000** | **30/9/2022 N'000** | **30/9/2023 N'000** | **31/12/2022 N'000** | **30/9/2022 N'000** |
| **Company** | | | | | | |
| **Nigeria:** | | | | | | |
| Lagos | 511,290,395 | 398,375,874 | 318,134,072 | 367,389,239 | 208,981,917 | 149,341,821 |
| North | 104,911,575 | 92,593,962 | 78,989,780 | 119,848,951 | 96,720,160 | 98,973,325 |
| **Sub-total** | **616,201,970** | **490,969,836** | **397,123,852** | **487,238,190** | **305,702,077** | **248,315,146** |
| Unallocated deferred tax | - | - | - | 841,449 | 13,238,074 | 10,431,964 |
| **Total** | **616,201,970** | **490,969,836** | **397,123,852** | **488,079,639** | **318,940,151** | **258,747,110** |

Included in the Lagos segment is asset held for sale of N868.6 million (2022: N868.6 million).

**Information about major customers**

The Company has One Customer(NBC) whose Sales make up 23.2% of total revenue. The revenue from the customer within the third quarter 2023 is #68.23 Billion and the revenue from the customer is Included in Lagos Region.

**5.1 Segment information (Continued)**

**Distributors**

The Group sells unfortified sugar mainly to pharmaceutical, food and beverage manufacturers, while Vitamin A-fortified sugar is sold to distributors who sell to small wholesalers, confectioners and other smaller value-adding enterprises who provide the distribution network to the Nigerian retail market. The Group sells a small amount of sugar directly to retail customers. Retail packaging comes in various sizes of 250g, 500g, and 1kg under the brand name “Dangote Sugar”. Sales to distributors account for 65% of the Group's revenue.

The Group provides a delivery service to customers by transporting refined sugar to other destinations. Freight income represents revenue earned in this respect during the period. The associated cost of providing this service is included in Cost of sales.

| **6 Cost of sales** | **GROUP 30/9/2023 N'000** | **GROUP 31/12/2022 N'000** | **GROUP 30/9/2022 N'000** | **COMPANY 30/9/2023 N'000** | **COMPANY 31/12/2022 N'000** | **COMPANY 30/9/2022 N'000** |
|---|---|---|---|---|---|---|
| Raw material | 200,664,818 | 256,326,637 | 190,432,404 | 200,664,818 | 256,326,637 | 190,432,404 |
| Direct labour cost | 5,382,718 | 6,656,813 | 5,006,197 | 5,382,718 | 6,656,813 | 5,006,197 |
| Direct overheads | 22,384,823 | 26,353,968 | 19,356,429 | 22,384,823 | 26,353,968 | 19,356,429 |
| Depreciation | 4,321,415 | 5,465,238 | 4,452,795 | 4,321,415 | 5,465,238 | 4,452,795 |
| Freight expenses | 12,302,807 | 16,480,294 | 11,637,088 | 12,302,807 | 16,480,294 | 11,637,088 |
| | **245,056,582** | **311,282,950** | **230,884,913** | **245,056,582** | **311,282,950** | **230,884,913** |

Included in freight expenses is the depeciation charge on the company's fleet of trucks . The amount so included is as stated below:

| | | | | | | |
|---|---|---|---|---|---|---|
| Depreciation charge on trucks | 2,094,294 | 2,829,306 | 2,117,247 | 2,094,294 | 2,829,306 | 2,117,247 |

| **7 Administrative expenses** | | | | | | |
|---|---|---|---|---|---|---|
| Management fees | 1,010,114 | 958,431 | 752,981 | 1,010,114 | 958,431 | 752,981 |
| Assessment rates and municipal charges | 23,278 | 26,110 | 18,677 | 23,278 | 26,110 | 18,677 |
| Auditors Fees and remuneration | 78,738 | 85,000 | 63,763 | 73,322 | 78,283 | 57,878 |
| Cleaning and fumigation | 57,916 | 74,651 | 53,997 | 57,916 | 74,651 | 53,997 |
| Legal, consulting and professional fees | 198,891 | 206,789 | 119,932 | 198,891 | 205,817 | 119,932 |
| Consumables | 6,310 | 12,253 | 9,712 | 6,310 | 12,253 | 9,712 |
| Depreciation | 1,150,201 | 1,436,964 | 1,063,947 | 390,229 | 519,484 | 409,594 |
| Donations and scholarships | 187,913 | 341,620 | 246,415 | 187,913 | 341,620 | 246,415 |
| Employee costs (note 36) | 3,733,892 | 4,080,854 | 3,010,138 | 3,733,892 | 4,080,854 | 3,010,138 |
| Entertainment | 6,434 | 8,408 | 6,474 | 6,434 | 8,408 | 6,474 |
| Insurance | 395,633 | 385,867 | 291,831 | 395,633 | 385,867 | 291,831 |
| Bank charges | 235,813 | 263,062 | 187,864 | 235,231 | 260,879 | 185,717 |
| Magazines, books, print and periodicals | 26,034 | 29,611 | 21,074 | 26,034 | 29,611 | 21,074 |
| Utilities | 211,399 | 235,643 | 172,275 | 211,399 | 235,643 | 172,275 |
| Petrol and oil | 73,412 | 53,935 | 37,522 | 73,412 | 53,935 | 37,522 |
| Repairs and maintenance | 259,187 | 373,457 | 215,312 | 259,187 | 348,106 | 215,312 |
| Secretarial fees | 32,165 | 39,717 | 30,845 | 32,165 | 39,717 | 30,845 |
| Security expense | 340,855 | 457,469 | 340,257 | 340,855 | 457,469 | 340,257 |
| Staff welfare | 52,151 | 44,794 | 34,715 | 52,151 | 44,794 | 34,715 |
| Subscriptions | 17,498 | 16,334 | 14,610 | 17,498 | 16,334 | 14,610 |
| Sustainability Expenses | 17,744 | 19,366 | 14,510 | 17,744 | 19,366 | 14,510 |
| Telephone and fax | 116,270 | 191,615 | 139,871 | 116,270 | 191,615 | 139,871 |
| Training | 93,307 | 60,599 | 24,958 | 93,307 | 60,599 | 24,958 |
| Travel-local | 691,569 | 769,600 | 450,309 | 691,569 | 769,600 | 450,309 |
| Travel-overseas | 108,385 | 138,193 | 47,545 | 108,385 | 138,193 | 47,545 |
| | **9,125,109** | **10,310,342** | **7,369,535** | **8,359,138** | **9,357,639** | **6,707,152** |

| **Selling and Distribution expenses** | | | | | | |
|---|---|---|---|---|---|---|
| Selling and marketing expenses | 459,605 | 741,408 | 557,800 | 459,605 | 741,408 | 557,800 |
| | **459,605** | **741,408** | **557,800** | **459,605** | **741,408** | **557,800** |

**Notes to the Consolidated and Separate Financial Statements**

| | | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| 8 | **Finance income** | | | | | | |
| | Interest income on bank deposits | 7,244,843 | 6,379,475 | 3,684,116 | 7,244,842 | 6,379,475 | 3,684,116 |
| | | **7,244,843** | **6,379,475** | **3,684,116** | **7,244,842** | **6,379,475** | **3,684,116** |

Interest is earned on bank deposits at an average rate of 6.6 % p.a. on short term (30days) bank deposits.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 9 | **Change in fair value of biological assets** | | | | | | |
| | Fair value gain/(loss) on biological assets (Note 17) | 4,009,039 | 3,315,333 | 1,690,081 | 4,009,039 | 3,315,333 | 1,690,081 |
| | | **4,009,039** | **3,315,333** | **1,690,081** | **4,009,039** | **3,315,333** | **1,690,081** |
| 10.0 | **Finance cost** | | | | | | |
| | Exchange loss in the ordinary course of business | 90,997,699 | 1,889,423 | 14,330,541 | 90,423,411 | 2,336,430 | 14,376,969 |
| | Finance cost on Letter of Credit | 17,593,292 | 7,670,428 | 4,466,804 | 17,593,292 | 7,670,406 | 4,466,791 |
| | Interest on lease payments | 43,668 | 113,552 | 81,691 | 43,668 | 112,808 | 81,134 |
| | Interest on bank loan | 86,842 | 128,892 | 94,975 | 86,842 | 128,892 | 94,975 |
| | | **108,721,501** | **9,802,295** | **18,974,011** | **108,147,213** | **10,248,536** | **19,019,869** |

10.1 In line with the CBN circular of 14 June 2023 ( Operational Changes to the Foreign Exchange markets ) which introduced the "willing buyer willing seller" on the Investors and Exporters (I & E) Window based on the prevailing market rates, the Group changed its USD/Naira closing rate of 461 as at 31 December 2022 to 756 as at 30 June 2023 and now 776.79 as at 30 September 2023. Monetary Assets and liabilities for the Nigeria operations were revalued at this rate resulting in a revaluation loss of N72.88 billion for the Group. This was driven by Letters of Credit and foreign vendor balances. The revaluation loss is included as part of 90.997 billion for group (N90.42 billion for the company) in note 10.0 above. The loss has been fully recognised in the month of September 2023.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 11 | **Other income** | | | | | | |
| | Insurance claim income | 246,621 | 39,577 | 34,468 | 246,621 | 39,577 | 34,468 |
| | Sale of scrap | 649,117 | 16,590 | 10,688 | 649,117 | 16,590 | 10,688 |
| | Grant income | 33,957 | 65,109 | 52,156 | 33,957 | 65,109 | 52,156 |
| | Rental income | 73,826 | 193,455 | 80,283 | 73,826 | 193,455 | 80,283 |
| | Provision no longer required | 8,014 | 197,011 | 1,242 | 8,014 | 1,943 | 1,242 |
| | inventory adjustment variance | - | 707,138 | - | - | - | - |
| | (Loss)/Profit on sale of asset | - | 174,602 | 174,602 | - | 174,602 | 174,602 |
| | Miscellaneous income | - | 42,000 | 9,607 | - | 42,000 | 9,607 |
| | | **1,011,536** | **1,435,482** | **363,047** | **1,011,536** | **533,276** | **363,047** |
| 12 | **Taxation** | | | | | | |
| 12.1 | **Major components of the tax expense** | | | | | | |
| | **Current Tax** | | | | | | |
| | Income tax based on profit for the year | (3,221,336) | 22,587,806 | 10,559,466 | (3,221,336) | 22,587,806 | 10,559,466 |
| | Education tax expense | 1,319,850 | 2,162,675 | 879,956 | 1,319,850 | 2,162,675 | 879,956 |
| | Police trust fund | - | 4,095 | - | - | 4,095 | - |
| | | **(1,901,487)** | **24,754,576** | **11,439,422** | **(1,901,487)** | **24,754,576** | **11,439,422** |
| | **Deferred tax** | | | | | | |
| | Deferred tax expense/(credit) recognised in the current period | (12,396,624) | 1,832,477 | - | (12,396,624) | 1,832,477 | - |
| | Adjustments recognised in the current period in relation to the deferred tax of prior periods | - | 973,632 | - | - | 973,632 | - |
| | | **(14,298,111)** | **27,560,686** | **11,439,422** | **(14,298,111)** | **27,560,686** | **11,439,422** |

The tax rates used in the above comparative figures are the corporate tax rate of 30% (2022: 30%) payable by corporate entities in Nigeria. Education tax rate is also payable at 3% of assessable profit (2022: 2.5% of assessable profit) while Police trust fund is 0.005% (2022: 0.005%) of the net profit of the companies operating business in Nigeria.

## 12.2 Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Accounting profit before tax** | **(41,325,405)** | **82,302,820** | **36,271,707** | **(39,985,147)** | **81,907,076** | **36,888,232** |
| Income tax expense calculated at 30% of PBT | (3,221,336) | 24,572,124 | 10,559,466 | (3,221,336) | 24,572,124 | 10,559,466 |
| Tertiary education tax expense calculated at 2.5% of assessable profits | 1,319,850 | 2,162,675 | 879,956 | 1,319,850 | 2,162,675 | 879,956 |
| Effect of income that is exempt from taxation | - | (450,746) | - | - | (450,746) | - |
| Effect of investment allowance | - | (59,506) | - | - | (59,506) | - |
| Effect of expenses that are not deductible in determining taxable profit | - | 292,468 | - | - | 292,468 | - |
| Effect of tax adjustments (police trust fund levy ) | - | 4,095 | - | - | 4,095 | - |
| Adjustments recognised in the current period in relation to the deferred tax of prior periods | (15,524,549) | 973,632 | - | (15,524,549) | 973,632 | - |
| Adjustment recognised due to difference in tax rate | - | 65,943 | - | - | 65,943 | - |
| **Income tax expense recognised in profit or loss** | **(17,426,036)** | **27,560,686** | **11,439,422** | **(17,426,036)** | **27,560,686** | **11,439,422** |

## 12.3 Current tax liabilities

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| At January 1 | 25,542,640 | 10,449,071 | 10,449,071 | 25,542,640 | 10,449,071 | 10,449,071 |
| Charge for the period | (1,901,486) | 24,754,576 | 11,439,422 | (1,901,486) | 24,754,576 | 11,439,422 |
| Payment made during the period | (16,284,735) | (9,661,007) | (6,394,487) | (16,284,735) | (9,661,007) | (6,394,487) |
| Balance end of the period | **7,356,419** | **25,542,640** | **15,494,006** | **7,356,420** | **25,542,640** | **15,494,006** |

## 13 Deferred tax balances

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2022: 30%). The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement.

Deferred tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Deferred tax assets /(iabilities)**

Deferred tax liabilities are attributable to the following:

| | GROUP 30/9/2023 | GROUP 31/12/2022 | GROUP 30/9/2022 | COMPANY 30/9/2023 | COMPANY 31/12/2022 | COMPANY 30/9/2022 |
|---|---|---|---|---|---|---|
| Property plant and equipment @ 30% | (469,585) | (12,866,209) | (11,913,613) | (469,585) | (12,866,209) | (11,913,613) |
| Property plant and equipment @ 10% | (121,878) | (121,878) | (121,878) | (121,878) | (121,878) | (121,878) |
| Fair value adjustment | (1,077,482) | (1,077,483) | (68,956) | (1,077,482) | (1,077,483) | (68,956) |
| Exchange difference @ 32% | - | - | 802,447 | - | - | 802,447 |
| Provisions | 827,496 | 827,496 | 870,036 | 827,496 | 827,496 | 870,036 |
| | **(841,449)** | **(13,238,074)** | **(10,431,964)** | **(841,449)** | **(13,238,074)** | **(10,431,964)** |

**13 Deferred tax balances (Continued)**

Deferred income tax charged in profit or loss ("P/L) are attributable to the following items:

**13.1 Deferred tax reconciliation**

| | Opening balance | Movement recognised in the year-SPL | Movement recognised in the equity | Closing balance |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **Group as at 31 December 2022** | | | | |
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| Property, plant and equipment @ 30% | 11,913,613 | 952,596 | - | 12,866,209 |
| Property, plant and equipment @ 10% | 121,878 | - | - | 121,878 |
| Provisions | (870,036) | 42,540 | - | (827,496) |
| Exchange rate | (802,447) | 802,447 | - | - |
| Fair value adjustment | 68,956 | 1,008,527 | - | 1,077,483 |
| | **10,431,964** | **2,806,110** | **-** | **13,238,074** |
| **Company as at 31 December 2022** | | | | |
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| Property, plant and equipment @ 30% | (9,665,999) | (2,247,614) | - | (11,913,613) |
| Property, plant and equipment @ 10% | (121,878) | - | - | (121,878) |
| Exchange rate | - | 802,447 | - | 802,447 |
| Fair value adjustment | - | (68,956) | - | (68,956) |
| Provisions | 884,076 | (14,040) | - | 870,036 |
| | **(8,903,801)** | **(1,528,163)** | **-** | **(10,431,964)** |

**14 Operating profit**

Profit for the period is arrived at after charging/(crediting):

| | GROUP | GROUP | GROUP | COMPANY | COMPANY | COMPANY |
|---|---|---|---|---|---|---|
| | 30/9/2023 | 31/12/2022 | 30/9/2022 | 30/9/2023 | 31/12/2022 | 30/9/2022 |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Depreciation of property, plant and equipment (note 16) | 6,805,937 | 9,731,507 | 2,245,846 | 6,805,937 | 8,814,028 | 2,245,845 |
| (Profit)/loss on sale of property, plant and equipment (note 11) | - | (174,602) | (174,602) | - | (174,602) | (174,602) |
| Defined contribution plans (note 36) | 377,329 | 449,219 | 330,082 | 377,329 | 449,219 | 330,082 |
| Auditors remuneration | 78,738 | 85,000 | 63,763 | 73,322 | 78,283 | 57,878 |

**15 Earnings per share**

**Basic and diluted earnings per share**

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders by weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

| | GROUP | GROUP | GROUP | COMPANY | COMPANY | COMPANY |
|---|---|---|---|---|---|---|
| | 30/9/2023 | 31/12/2022 | 30/9/2022 | 30/9/2023 | 31/12/2022 | 30/9/2022 |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Profit for the period | (27,013,891) | 54,738,177 | 24,838,450 | (25,687,036) | 54,346,390 | 25,448,810 |
| Earnings used in the calculation of basic earnings per share from continuing operations | **(27,013,891)** | **54,738,177** | **24,838,450** | **(25,687,036)** | **54,346,390** | **25,448,810** |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **12,146,878** | **12,146,878** | **12,146,878** | **12,146,878** | **12,146,878** | **12,146,878** |
| Basic and diluted earnings per share from continuing operations (Naira) | (2.22) | 4.51 | 2.04 | (2.11) | 4.47 | 2.10 |

**16. Property, Plant and Equipment**

| **Group** | **Bearer Plant** | **Land** | **Building** | **Plant & Machinery** | **Furniture & Fittings** | **Motor Vehicles** | **Computer Equipment** | **Aircraft** | **Tools & Equipment** | **Capital Work In Progress** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **COST:** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| | | | | | | | | | | | - |
| **Balance, 1/1/2022** | **9,516,973** | **5,751,213** | **21,992,422** | **43,476,696** | **408,146** | **30,125,392** | **361,395** | **899,828** | **9,141,898** | **78,164,836** | **199,838,799** |
| Additions during the year | - | - | 2,754,697 | 3,235,504 | 29,830 | 5,184,585 | 73,010 | - | 133,322 | 14,777,209 | 26,188,158 |
| Reclassifications | 5,262,059 | - | 502,281 | 673,611 | 2,724 | 15,248 | 1,498 | - | 57,682 | (6,515,103) | - |
| Adjustment (Note 16.2) | - | - | - | - | - | - | - | - | - | (3,353,987) | (3,353,987) |
| Disposal | - | - | - | - | - | (854,563) | - | - | - | - | (854,563) |
| **Balance, 31/12/2022** | **14,779,032** | **5,751,213** | **25,249,400** | **47,385,810** | **440,699** | **34,470,664** | **435,903** | **899,828** | **9,332,901** | **83,072,956** | **221,818,406** |
| Addition-BIP | - | - | - | - | - | - | - | - | - | 1,879,598 | 1,879,598 |
| Additions-Apapa and Numan | 0 | 397,639 | 9,667 | 699,087 | 45,584 | 234,013 | 87,738 | - | 48,096 | 9,618,479 | 11,140,303 |
| Reclassifications | 3,245,384 | - | 23,563 | - | 848 | - | - | - | - | (3,269,794) | - |
| Expensed | - | - | - | - | - | - | - | - | - | (43,220) | (43,220) |
| **Balance, 30/9/2023** | **18,024,415** | **6,148,852** | **25,282,630** | **48,084,897** | **487,131** | **34,704,677** | **523,641** | **899,828** | **9,380,997** | **91,258,018** | **234,795,086** |
| | | | | | | | | | **tool** | | |
| **DEPRECIATION:** | | | | | | | | | | | |
| **Balance, 1/1/2022** | **6,504,305** | **66,245.03** | **5,392,770** | **18,702,941** | **324,937** | **15,898,333** | **285,255** | **290,904** | **7,695,054** | **-** | **55,160,744** |
| Charge for the year | 1,633,389 | 24,514 | 1,246,379 | 1,703,154 | 58,518 | 3,939,928 | 46,162 | 35,993 | 1,043,471 | - | 9,731,507 |
| Written off | - | - | - | - | - | (9,473) | - | - | - | - | (9,473) |
| Disposal | - | - | - | - | - | (826,003) | - | - | - | - | (826,003) |
| **Balance, 31/12/2022** | **8,137,693** | **90,759** | **6,639,149** | **20,406,095** | **383,455** | **19,002,785** | **331,416** | **326,897** | **8,738,525** | **-** | **64,056,775** |
| Charge for the period | 1,851,737 | - | 854,390 | 1,030,058 | 23,314 | 2,610,897 | 48,805 | 26,995 | 359,741 | - | 6,805,937 |
| Charge-BIP | | | 47,200 | 374,894 | 39 | 305,355 | 1,976 | | 30,509 | | 759,973 |
| **Balance, 30/9/2023** | **9,989,431** | **90,759** | **7,540,738** | **21,811,047** | **406,808** | **21,919,036** | **382,198** | **353,891** | **9,128,775** | **-** | **71,622,685** |
| **NET BOOK VALUE:** | | | | | | | | | | | |
| **Balance, 31/12/2022** | **6,641,338** | **5,660,454** | **18,610,251** | **26,979,715** | **57,244** | **15,467,879** | **104,487** | **572,931** | **594,376** | **83,072,956** | **157,761,631** |
| **Balance, 30/9/2023** | **8,034,984** | **6,058,093** | **17,741,892** | **26,273,850** | **80,323** | **12,785,640** | **141,443** | **545,937** | **252,222** | **91,258,018** | **163,172,403** |

### 16. Property, Plant and Equipment

| Company | Bearer Plant | Land | Building | Plant & Machinery | Furniture & Fittings | Motor Vehicles | Computer Equipment | Aircraft | Tools & Equipment | Capital Work In Progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **COST:** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| **Balance, 1/1/2022** | **9,516,973** | **5,146,460** | **18,577,109** | **37,018,599** | **408,354** | **28,549,127** | **347,515** | **899,828** | **7,316,555** | **30,149,078** | **137,929,600** |
| Additions during the year | - | - | 81,338 | 1,118,915 | 29,830 | 4,943,352 | 72,344 | - | 133,322 | 15,674,832 | 22,053,932 |
| Reclassifications | 5,262,059 | - | 502,281 | 673,611 | 2,724 | 15,248 | 1,498 | - | 57,682 | (6,515,103) | - |
| Adjustment ( Note 16.2) | - | - | - | - | - | - | - | - | - | (3,353,987) | (3,353,987) |
| Disposal | - | - | - | - | - | (854,563) | - | - | - | - | (854,563) |
| **Balance, 31/12/2022** | **14,779,032** | **5,146,460** | **19,160,728** | **38,811,125** | **440,908** | **32,653,164** | **421,357** | **899,828** | **7,507,559** | **35,954,821** | **155,774,983** |
| Additions during the period | 0 | 397,639 | 9,667 | 699,087 | 45,584 | 234,013 | 87,738 | - | 48,096 | 9,618,479 | 11,140,303 |
| Reclassifications | 3,245,384 | - | 23,563 | - | 848 | - | - | - | - | (3,269,794) | - |
| Expensed | - | - | - | - | - | - | - | - | - | (43,220) | (43,220) |
| **Balance, 30/9/2023** | **18,024,415** | **5,544,099** | **19,193,958** | **39,510,212** | **487,339** | **32,887,176** | **509,095** | **899,828** | **7,555,655** | **42,260,285** | **166,872,065** |
| **DEPRECIATION:** | | | | | | | | | | | |
| **Balance, 1/1/2022** | **6,504,305** | **66,245** | **5,087,448** | **19,863,922** | **347,763** | **16,339,834** | **278,305** | **290,904** | **5,321,691** | **-** | **54,100,416** |
| Charge for the year | 1,633,389 | - | 1,135,579 | 1,362,400 | 31,702 | 3,543,484 | 42,445 | 35,993 | 1,029,034 | - | 8,814,028 |
| Written off | - | - | - | - | - | (9,473) | - | - | - | - | (9,473) |
| Disposal | - | - | - | - | - | (826,003) | - | - | - | - | (826,003) |
| **Balance, 31/12/2022** | **8,137,693** | **66,245** | **6,223,027** | **21,226,322** | **379,465** | **19,047,842** | **320,750** | **326,897** | **6,350,725** | **-** | **62,078,968** |
| Charge for the period | 1,851,737 | - | 854,390 | 1,030,058 | 23,314 | 2,610,897 | 48,805 | 26,995 | 359,741 | - | 6,805,937 |
| **Balance, 30/9/2023** | 9,989,431 | 66,245 | 7,077,416 | 22,256,380 | 402,779 | 21,658,739 | 369,555 | 353,891 | 6,710,467 | - | 68,884,905 |
| **NET BOOK VALUE:** | | | | | | | | | | | |
| **Balance, 31/12/2022** | **6,641,338** | **5,080,216** | **12,937,701** | **17,584,804** | **61,443** | **13,605,321** | **100,608** | **572,932** | **1,156,834** | **35,954,821** | **93,696,015** |
| **Balance, 30/9/2023** | **8,034,985** | **5,477,855** | **12,116,542** | **17,253,832** | **84,561** | **11,228,438** | **139,540** | **545,937** | **845,189** | **42,260,285** | **97,987,162** |

**Notes to the Consolidated and Separate Financial Statements**

**16. Property, Plant and Equipment (continued)**

The following Right-of Use assets have been included in the property, plant and equipment movement schedules above:

| | GROUP Land N'000 | GROUP Building N'000 | COMPANY Land N'000 | COMPANY Building N'000 |
|---|---|---|---|---|
| **COST:** | | | | |
| **Balance, 31/12/2022** | **228,865** | **3,773,973** | **228,865** | **3,650,020** |
| **Additions during the period** | - | - | - | - |
| **Balance, 30/9/2023** | **228,865** | **3,773,973** | **228,865** | **3,650,020** |
| **DEPRECIATION:** | | | | |
| **Balance, 31/12/2022** | **138,888** | **2,584,489** | **138,888** | **2,472,733** |
| **Depreciation charge for the period** | 14,194 | 634,725 | 14,194 | 599,082.31 |
| **Balance, 30/9/2023** | **153,082** | **3,219,214** | **153,082** | **3,071,816** |
| **NET BOOK VALUE:** | | | | |
| **Balance, 31/12/2022** | **89,978** | **1,189,484** | **89,978** | **1,177,287** |
| **Balance, 30/9/2023** | **75,784** | **554,760** | **75,784** | **578,204** |

| | | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| 17 | **Biological assets** | | | | | | |
| | **Cost** | | | | | | |
| | Carrying value at the beginning of the period | 6,942,660 | 4,655,554 | 4,655,554 | 6,942,660 | 4,655,554 | 4,655,554 |
| | Net (usage)/addtion | (384,625) | (1,028,227) | (97,288) | (384,625) | (1,028,227) | (97,288) |
| | Fair value adjustments | 4,009,039 | 3,315,333 | 1,690,081 | 4,009,039 | 3,315,333 | 1,690,081 |
| | Carrying amount at the end of the period | **10,567,074** | **6,942,660** | **6,248,347** | **10,567,074** | **6,942,660** | **6,248,347** |
| | Current | 10,567,075 | 6,942,660 | 6,248,347 | 10,567,075 | 6,942,660 | 6,248,347 |
| | Non-current | - | - | - | - | - | - |
| | | **10,567,075** | **6,942,660** | **6,248,347** | **10,567,075** | **6,942,660** | **6,248,347** |

**Description of biological assets and activities**

Biological assets comprise of growing cane. The growing cane represents biological assets which are expected to be harvested as agricultural produce, intended for production of sugar. The biological assets have been measured at fair value less cost to sell. As at 30 Sep 2023, the group has a total of 8,137 hectares of growing canes.

**Basis for measurement of fair value**

The Group adopted the multi-period excess earnings method (MPEEM) under the income approach to estimating the fair value of the Biological Assets. The MPEEM estimates the fair value of an asset based on the cash flows attributable to the asset after deducting the cash flows attributable to other assets (contributory assets). This approach is commonly used for sugarcane considering that land, plant and machinery and the bearer plant are accounted as PPE in line with IAS 16 and considered as contributory assets for the purpose of MPEEM valuation.

The fair value of biological assets are determined based on unobservable inputs, using the best information available in the circumstances and therefore falls within the level 3 fair value category. Growing cane were valued using the income approach.

| **Key assumptions and inputs** | **30/9/2023** | **31/12/2022** | **30/9/2022** | **30/9/2023** | **31/12/2022** | **30/9/2022** |
|---|---|---|---|---|---|---|
| Industry out-grower price. (N per ton) | 26,401 | 17,874 | 16,311 | 26,401 | 17,874 | 13,479 |
| Average yield per hectare (tonnes) | 82.74 | 81.90 | 81.92 | 82.74 | 81.90 | 79.90 |
| Discount rate (%) | 14.29% | 15.46% | 15.65% | 14.29% | 15.46% | 15.65% |

Changes in fair value of the biological asset are recognised in the statement of profit and loss.

**Financial risk management strategies for biological assets**

The group is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks. The group has strong environmental policies and procedures in place to comply with environmental and other laws.

The group is exposed to risks arising from fluctuations in the price and sales volume of sugar. The group closely monitors the market demand for sugar and makes relevant adjustments to price and production volumes.

| | | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| 18 | **Other assets** | | | | | | |
| | Prepaid rent | 944,461 | - | 78,483 | 944,461 | - | 78,483 |
| | Prepaid insurance | 155,172 | 150,551 | 254,010 | 149,685 | 144,426 | 246,092 |
| | Prepaid housing allowances | 349,750 | 39,407 | 349,841 | 349,750 | 39,407 | 349,841 |
| | Prepaid medicals | 32,126 | 64,145 | 16,198 | 32,126 | 64,145 | 16,198 |
| | Others | 233,062 | 50,076 | 2,157,173 | 233,062 | 49,951 | 2,156,423 |
| | | **1,714,571** | **304,179** | **2,855,705** | **1,709,084** | **297,929** | **2,847,037** |
| | Current | 1,714,571 | 304,179 | 2,855,705 | 1,709,084 | 297,929 | 2,847,037 |
| | Non-current portion | - | - | - | - | - | - |
| | | **1,714,571** | **304,179** | **2,855,705** | **1,709,084** | **297,929** | **2,847,037** |

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **19 Asset held for sale** | 868,642 | 868,642 | 868,642 | 868,642 | 868,642 | 868,642 |

The asset is a large expanse of land at Plot 23 Division 9, W110 Road, Kolai'a Local Government, Tipaza Province, Algeria. It is currently covered with light green vegetations, with delineating boundaries/paths partly marked with wire-mesh fitted to steel poles. The immediate neighbourhood features both industrial and agricultural uses and notable landmarks in the vicinity of the property include SPA Société Des Tabacs Algero-Emirate (STAEM) and Zone Industrielle Mazafran. Based on land survey plan, the site extends to c.6 Hectares 22 Yards 29 Centiyard.

The Management of DSR assess that the land's value has not been impaired or diminished since the last valuation carried out on 19th August 2021 by international Land Economists, KNIGHT FRANK LLP, as the opportunities presented in the valuation remain valid. The threat of Corona virus and political stability of the country, Algeria, where the land is located has also improved since the valuation. The DSR Management therefore assess the fair value of the land remains the same as the value presented in the valuation report by KNIGHT FRANK LLP.

## 20 Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

| **Company** | | | Carrying amount | | |
|---|---|---|---|---|---|
| **Name of Company** | **Held by** | **% interest** | **30/9/2023 N'000 N'000** | **31/12/2022 N'000 N'000** | **30/9/2022 N'000 N'000** |
| Dangote Taraba Sugar Ltd | Dangote Sugar Refinery Plc | 99 | 99,000 | 99,000 | 99,000 |
| Dangote Adamawa Sugar Ltd | Dangote Sugar Refinery Plc | 99 | 99,000 | 99,000 | 99,000 |
| Nassarawa Sugar Company Limited | Dangote Sugar Refinery Plc | 99 | 99,000 | 99,000 | 99,000 |
| | | | 297,000 | 297,000 | 297,000 |

## 21 Deposit for shares

The Board of Directors of Dangote Sugar Refinery Plc (DSR) resolved that the total funding of its Backward Integrated Project entities (Dangote Taraba Sugar Ltd, Dangote Adamawa Sugar Ltd and Nasarawa Sugar Company Limited) shall be converted to deposit for shares or equity contribution in the books of both DSR and the respective entities and same shall thereafter be converted to equity in future.

| **Total funding to date** | **30/9/2023 N'000** | **31/12/2022 N'000** | **30/9/2022 N'000** |
|---|---|---|---|
| Nasarawa Sugar Company Limited | 37,977,580 | 35,602,607 | 34,880,871 |
| Dangote Adamawa Sugar Ltd | 26,632,540 | 26,524,563 | 25,918,685 |
| Dangote Taraba Sugar Ltd | 1,898,355 | 1,897,898 | 1,896,831 |
| | **66,508,475** | **64,025,068** | **62,696,387** |

| **22 Inventories** | **GROUP 30/9/2023 N'000** | **GROUP 31/12/2022 N'000** | **GROUP 30/9/2022 N'000** | **COMPANY 30/9/2023 N'000** | **COMPANY 31/12/2022 N'000** | **COMPANY 30/9/2022 N'000** |
|---|---|---|---|---|---|---|
| Raw materials | 14,959,314 | 11,032,640 | 22,255,860 | 14,849,432 | 10,921,054 | 22,199,044 |
| Raw material in transit | 22,731,016 | 37,330 | 18,446 | 22,731,016 | 37,330 | 18,446 |
| Work-in-process | 4,461,176 | 2,418,224 | 2,261,997 | 4,461,176 | 2,418,224 | 2,261,997 |
| Finished goods | 23,609,026 | 5,060,699 | 6,099,591 | 23,609,026 | 5,060,699 | 6,099,591 |
| Finished goods in transit | 1,901,551 | 1,879,649 | 1,166,618 | 1,901,551 | 1,879,649 | 1,166,618 |
| Production supplies | 34,901,603 | 18,679,161 | 25,174,253 | 34,087,826 | 17,888,377 | 23,813,985 |
| Chemicals and consumables | 4,493,272 | 5,029,616 | 3,943,349 | 4,118,395 | 5,054,968 | 3,942,011 |
| Packaging materials | 730,323 | 470,825 | 549,507 | 730,323 | 470,825 | 549,507 |
| | **107,787,282** | **44,608,144** | **61,469,621** | **106,488,746** | **43,731,126** | **60,051,199** |
| Allowance for obsolete inventory | (344,076) | (344,076) | (344,076) | (344,076) | (344,076) | (344,076) |
| | **107,443,206** | **44,264,068** | **61,125,545** | **106,144,670** | **43,387,050** | **59,707,123** |
| **Movement in provision for obsolete inventory** | | | | | | |
| As at 1 January | (344,076) | (344,076) | (344,076) | (344,076) | (344,076) | (344,076) |
| Charge for the period | - | - | - | - | - | - |
| As at 30 September | **(344,076)** | **(344,076)** | **(344,076)** | **(344,076)** | **(344,076)** | **(344,076)** |
| Amount of inventory charged as expense in the period: | - | - | (344,076) | - | - | (344,076) |

No inventory was pledged as security for any liability.

**Notes to the Consolidated and Separate Financial Statements**

| 23 Trade and other receivables | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Trade receivables | 18,786,040 | 4,651,950 | 13,137,719 | 18,786,040 | 4,651,950 | 13,137,719 |
| Allowance for doubtful debts and impairments | (231,944) | (131,462) | (469,939) | (231,944) | (131,462) | (469,939) |
| | **18,554,096** | **4,520,488** | **12,667,780** | **18,554,096** | **4,520,488** | **12,667,780** |
| Staff loans and advances | 525,566 | 384,473 | 387,055 | 520,089 | 377,992 | 387,209 |
| Allowance for impaired Staff advances | (108,952) | (69,289) | (72,628) | (108,952) | (69,289) | (72,628) |
| Allowance for impaired staff loans (Note 23.2) | (23,950) | (23,950) | (23,950) | (23,950) | (23,950) | (23,950) |
| Other financial assets | 110,996,448 | 83,031,542 | 37,041,751 | 110,651,016 | 82,572,232 | 37,021,288 |
| Advance payment to contractors | 3,895,398 | 2,796,730 | 5,232,979 | 3,702,452 | 2,624,986 | 4,896,617 |
| Insurance claim receivable | 373,388 | 373,388 | 373,388 | 373,388 | 373,388 | 373,388 |
| Allowance for impaired Insurance claim | (373,388) | (373,388) | (373,388) | (373,388) | (373,388) | (373,388) |
| Negotiable Duty Credit Certificates (Note 23.1) | 623,592 | 623,592 | 623,592 | 623,592 | 623,592 | 623,592 |
| Other receivables | 11,042,273 | 13,105,852 | 21,539,892 | 11,042,273 | 13,105,852 | 21,539,892 |
| Receivable from Olam Group | - | 602,997 | - | - | 602,997 | - |
| Allowance for impaired receivables from Olam Group | - | (602,997) | - | - | (602,997) | - |
| Amount due from related parties (Note 35) | 28,744,725 | 3,303,865 | 5,345,169 | 28,744,725 | 3,303,865 | 5,345,169 |
| Allowance for impaired -related parties Trade(Note 23.2) | (42,720) | - | (389,301) | (42,720) | - | (389,301) |
| Allowance for impaired -related parties Non-Trade(Note 23.2) | (639,495) | (238,412) | (177,168) | (639,495) | (238,412) | (177,168) |
| | **173,566,981** | **107,434,891** | **82,175,171** | **173,023,126** | **106,797,356** | **81,818,500** |

Other financial asset is in respect of the deposit for open Letters of Credit with the banks.

Trade receivables disclosed above include amounts (see note 32 for aged analysis) that are past due more than 30 days as at the reporting date for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

**23.1 Negotiable duty credit certificate**

The Company has received certificates for N707 million termed as Negotiable Duty Credit Certificate (NDCC).However, N83.5 Million matured during the year 2022 which reduced the balance to N623.6 Million.The NDCC is an instrument of the government for settling of the EEG receivables. The NDCC is used for the payment of Import and Excise duties in lieu of cash. The recently issued Government promissory notes that relates to the last tranches of export carried out by the company are being converted to cash based on the maturity dates indicated on the instruments. However, the old NDCC which ought to be utilized for payment of import and exercise duty in lieu of cash is yet to be enjoyed just like other players within the industry

**23.2 Allowance for impairment of financial assets**

| **Company and Group** | **Other Receivables** | **Trade** | **Related party** | | **Staff loans** | **Total** |
|---|---|---|---|---|---|---|
| | | | **Trade-related** | **Non-trade related** | | |
| | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| Balance as at 1/1/2022 | 373,388 | 469,939 | 389,301 | 177,168 | 23,950 | 1,433,746 |
| Increase/(decrease) in allowance for credit losses for the period | 602,997 | (338,477) | (389,301) | 61,244 | - | (63,537) |
| Balance as at 31/12/2022 | 976,385 | 131,462 | - | 238,412 | 23,950 | 1,370,209 |
| Net impact on retained earnings in prior period | 602,997 | (338,477) | (389,301) | 61,244 | - | (63,537) |
| Balance as at 1/1/2023 | 976,385 | 131,462 | - | 238,412 | 23,950 | 1,370,209 |
| Increase/(decrease) in allowance for credit losses for the period | (602,997) | 100,482 | 42,720 | 401,083 | - | (58,712) |
| Balance as at 30/9/2023 | 373,388 | 231,944 | 42,720 | 639,495 | 23,950 | 1,311,497 |
| Net impact on retained earnings in current period | (602,997) | 100,482 | 42,720 | 401,083 | - | (58,712) |

**Dangote Sugar Refinery Plc**
Consolidated and Separate Financial Statements for the Period Ended September 30, 2023

**Notes to the Consolidated and Separate Financial Statements**

| 23.3 Provision for impairment (gain)/loss on financial assets | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Balance at the beginning of the period | 1,370,210 | 1,433,747 | 1,433,748 | 1,370,210 | 1,433,747 | 1,433,748 |
| Impairment (gain)/loss recognised in profit or loss | (58,712) | (63,537) | - | (58,712) | (63,537) | - |
| | 1,311,498 | 1,370,210 | 1,433,748 | 1,311,498 | 1,370,210 | 1,433,748 |
| Receivables written off as uncollectible | - | - | - | - | - | - |
| Balance at the end of the period | 1,311,498 | 1,370,210 | 1,433,748 | 1,311,498 | 1,370,210 | 1,433,748 |

**24 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short term deposits with 30 days tenure. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Cash in hand | 2,807 | 4,047 | 5,400 | 2,400 | 2,400 | 2,400 |
| Bank balances | 21,679,945 | 20,782,004 | 20,382,048 | 21,562,202 | 20,583,473 | 20,042,317 |
| Short term deposits | 136,492,135 | 151,682,243 | 147,025,314 | 136,492,135 | 151,682,243 | 147,025,314 |
| Nigerian Treasury bill | 1,040,000 | 2,390,000 | 2,340,000 | 1,040,000 | 2,390,000 | 2,340,000 |
| | **159,214,886** | **174,858,294** | **169,752,763** | **159,096,736** | **174,658,116** | **169,410,032** |

**Notes to the Consolidated and Separate Financial Statements**

## 25 Share capital and Premium

The balance in the share capital account was as follows:

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Authorised:** | | | | | | |
| Balance at January 1 (15,000,000,000 Ordinary shares of N0.50 each) | 6,073,439 | 7,500,000 | 7,500,000 | 6,073,439 | 7,500,000 | 7,500,000 |
| Cancellation during the period | - | (1,426,561) | - | - | (1,426,561) | - |
| **Balance at end of period** | **6,073,439** | **6,073,439** | **7,500,000** | **6,073,439** | **6,073,439** | **7,500,000** |
| **Allotted, called up issued and fully paid:** | | | | | | |
| 12,146,878,239 Ordinary shares issued at N0.5 each | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 | 6,073,439 |
| | - | - | - | - | - | - |
| **Balance at end of period** | **6,073,439** | **6,073,439** | **6,073,439** | **6,073,439** | **6,073,439** | **6,073,439** |
| **Share premium** | | | | | | |
| 12,000,000,000 ordinary shares of N0.5 each issued at N0.5267 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 | 6,320,524 |

Share premium represents the excess of the shareholders' value over the nominal share capital at the point of the commencement of operations in January 2006.

## 26 Retained earnings

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Balance at January 1 | 158,845,237 | 116,253,935 | 116,253,934 | 159,635,722 | 117,436,206 | 117,436,206 |
| Prior year tax adjustment | (4,929) | - | - | - | - | - |
| (Loss)/Profit for the period | (27,013,891) | 54,738,177 | 24,838,450 | (25,687,036) | 54,346,390 | 25,448,810 |
| Dividend paid during the period | (18,220,317) | (12,146,874) | (12,146,874) | (18,220,317) | (12,146,874) | (12,146,874) |
| Balance at September 30 | **113,606,100** | **158,845,237** | **128,945,510** | **115,728,368** | **159,635,722** | **130,738,142** |

## 27 Non-controlling interest

| | | | | | | |
|---|---|---|---|---|---|---|
| Balance brought forward | (12,790) | (16,747) | (16,747) | - | - | - |
| Share of Profit/(loss) for the period | (13,403) | 3,957 | (6,165) | - | - | - |
| Balance at September 30 | **(26,192)** | **(12,790)** | **(22,912)** | **-** | **-** | **-** |

**Notes to the Consolidated and Separate Financial Statements**

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **28 Borrowings** | | | | | | |
| *Held at amortised cost* | | | | | | |
| Bank loan | 595,944 | 775,282 | 830,096 | 595,944 | 775,282 | 830,096 |
| | **595,944** | **775,282** | **830,096** | **595,944** | **775,282** | **830,096** |
| Non-current liabilities | 321,702 | 531,563 | 657,781 | 321,702 | 531,563 | 657,781 |
| Current liabilities | 274,242 | 243,719 | 172,315 | 274,242 | 243,719 | 172,315 |
| | **595,944** | **775,282** | **830,095** | **595,944** | **775,282** | **830,095** |
| **Movement of borrowings** | | | | | | |
| Balance brought forward | 775,282 | 984,487 | 984,487 | 775,282 | 984,487 | 984,487 |
| Accrued interest | 86,842 | 128,892 | 94,975 | 86,842 | 128,892 | 94,975 |
| Interest payment | (52,886) | (63,783) | (42,819) | (52,886) | (63,783) | (42,819) |
| Principal repayment | (213,294) | (274,314) | (206,547) | (213,294) | (274,314) | (206,547) |
| | **595,944** | **775,282** | **830,095** | **595,944** | **775,282** | **830,096** |

In 2016, the Group received a 10-year loan of N2 Billion from Zenith Bank Plc, with two years moratorium on principal, at an interest of 9% per annum payable quarterly. It is secured on fixed and floating assets of Savannah Sugar Limited.

**29 Employee benefits**

**Defined benefit plan**

The Group operated a defined benefit plan for all qualifying employees up till 30 September 2013. Under the plan, the employees were entitled to retirement benefits which vary according to length of service. At the date of discontinuation, qualified staff as at this date are to be paid their retirement benefit at the point of exit hence the recognition as a current liability as it is payable on demand. The amounts stated in the financial statement as at 2013 are based on actuarial valuation carried out in 2013. For the purpose of comparison the present value of the defined benefit obligation, and the related current service cost and past service cost stated in the books up till 30 September 2013 was measured using the Project Unit Credit Method.

The most recent Actuarial Valuation was carried out in 2013 using the staff payroll of 30 September 2013.

| **Movement in gratuity** | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Balance as at 1 January | 762,567 | 766,265 | 766,265 | 762,567 | 766,265 | 766,265 |
| Benefits paid from plan | (11,264) | (3,698) | (3,698) | (11,264) | (3,698) | (3,698) |
| Balance as at 30 September | **751,304** | **762,567** | **762,568** | **751,303** | **762,567** | **762,568** |

**Defined contribution plan**

The Group operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees contribute 8% of their gross salary (basic, housing and transport) while the Group contributes 10% on behalf of the employees to the same plan.

| **30 Trade and other payables** | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Trade payables | 9,869,090 | 7,560,691 | 4,184,955 | 9,382,008 | 7,191,248 | 2,200,307 |
| Letters of Credit | 407,148,798 | 218,242,613 | 211,178,971 | 406,082,760 | 217,301,321 | 210,390,982 |
| Dividend Payable | 1,595,512 | 1,556,243 | 1,556,243 | 1,595,512 | 1,556,243 | 1,556,243 |
| Accruals and sundry creditors | 34,834,134 | 21,291,777 | 23,172,105 | 34,626,775 | 21,067,297 | 23,002,154 |
| Other credit balances | 7,720,970 | 11,268,253 | 40,862,515 | 7,691,073 | 11,244,335 | 40,573,663 |
| Due to related parties (Note 35) | 9,259,889 | 13,827,181 | 12,240,327 | 8,676,863 | 13,166,629 | 12,154,963 |
| | **470,428,393** | **273,746,758** | **293,195,116** | **468,054,991** | **271,527,073** | **289,878,311** |

| | | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|---|
| **31** | **Other Liabilities** | | | | | | |
| | Advance payment for goods | 9,513,520 | 6,161,493 | 9,535,848 | 9,513,520 | 6,161,493 | 9,535,848 |
| **31.1** | **Lease Liability** | 1,086,864 | 981,142 | 2,479,075 | 966,012 | 933,022 | 2,358,000 |

*Lease liabilities*

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Opening balance as at 1 January | 981,142 | 2,354,879 | 2,354,880 | 933,022 | 2,306,439 | 2,306,439 |
| Additions | - | 36,261 | 36,261 | - | 16,261 | 16,261 |
| Interest expense | 116,400 | 113,552 | 154,834 | 43,668 | 112,808 | 81,134 |
| Payments made during the period | (10,678) | (1,523,550) | (66,901) | (10,678) | (1,502,486) | (45,834) |
| Closing balance as at 30 September | **1,086,864** | **981,142** | **2,479,075** | **966,012** | **933,022** | **2,358,000** |
| Current | 974,041 | 981,142 | 1,103,799 | 966,012 | 933,022 | 1,024,170 |
| Non-current | 112,823 | - | 1,375,276 | - | - | 1,333,830 |
| | **1,086,864** | **981,142** | **2,479,075** | **966,012** | **933,022** | **2,358,000** |

**31.2 Amounts recognised in the statement of profit or loss**

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Depreciation charge on right of use assets | | | | | | |
| Land | 14,194 | 40,183 | - | 14,194 | 40,183 | - |
| Buildings | 634,725 | 828,974 | 650,298 | 599,082 | 769,488 | 605,799 |
| | **648,919** | **869,157** | **650,298** | **613,276** | **809,671** | **605,799** |
| Interest expense (included in finance cost) | 43,668 | 113,552 | 81,691 | 43,668 | 112,808 | 81,134 |
| Foreign exchange difference | - | - | - | - | - | - |
| Expense related to short term leases (included in administrative expenses) | - | - | - | - | - | - |

### 31.4 Leases where the Group is a lessor.

The Group has leased one of its buildings to a related party. These are classified as operating leases.

Lease rental recognised in profit or loss as rental income in which the Group acts as a lessor is as shown below:

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| *Other income* | | | | | | |
| Rental income on operating lease (Note 11) | 73,826 | 193,455 | 80,283 | 73,826 | 193,455 | 80,283 |

## 32 Risk management

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group is made up of equity comprising issued capital, share premium and retained earnings. The Group is not subject to any externally imposed capital requirements.

The Group’s risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group is not geared as at 30 September 2023 (see below).

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position as at 30 September 2023) less cash and cash equivalents. Total capital is calculated as ‘equity' as shown as at 31 March 2023 plus net debt.

The gearing ratio at 2023 and 2022 respectively were as follows:

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Total borrowings** | | | | | | |
| Borrowings (Note 28) | 595,944 | 775,282 | 830,096 | 595,944 | 775,282 | 830,096 |
| Less: Cash and cash equivalent (Note 24) | 159,214,886 | 174,858,294 | 169,752,763 | 159,096,736 | 174,658,116 | 169,410,032 |
| Net Cash | 158,618,942 | 174,083,012 | 168,922,667 | 158,500,792 | 173,882,834 | 168,579,936 |
| Total Equity | 125,973,871 | 171,226,410 | 141,316,561 | 128,122,331 | 172,029,685 | 143,132,105 |
| Gearing ratio | 0% | 0% | 1% | 0% | 0% | 1% |

### Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### Liquidity risk management

The Company monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. To manage liquidity risk, our allocation of Letters of Credit on raw sugar and spares/chemicals are spread over dedicated banks. Therefore, the establishment of these Letters of Credit which are commitments by the banks provide security to our funds placed on deposit accounts. In other words our funds placed are substantially tied to our obligations on raw sugar and spares.

**32 Risk management (continued)**

| **Group** | **Less than one year** | **More than one year** | **Total** |
|---|---|---|---|
| **At 30 September 2023** | **N'000** | **N'000** | **N'000** |
| Borrowings | 274,242 | 321,702 | 595,944 |
| Letters of Credit | 407,148,798 | - | 407,148,798 |
| Lease liability | 974,041 | 112,823 | 1,086,864 |
| Trade and other payables | 63,279,595 | - | 63,279,595 |
| | **471,676,676** | **434,525** | **472,111,201** |
| **At 31 December 2022** | | | |
| Borrowings | 243,719 | 531,563 | 775,282 |
| Letters of Credit | 218,242,613 | - | 218,242,613 |
| Lease liability | 981,142 | - | 981,142 |
| Trade and other payables | 55,504,145 | - | 55,504,145 |
| | **274,971,619** | **531,563** | **275,503,182** |
| **At 30 September 2022** | | | |
| Borrowings | 172,315 | 657,781 | 830,096 |
| Letters of Credit | 211,178,971 | - | 211,178,971 |
| Lease liability | 1,103,799 | 1,375,276 | 2,479,075 |
| Trade and other payables | 82,016,145 | - | 82,016,145 |
| | **294,471,230** | **2,033,057** | **296,504,287** |

| **Company** | **Less than one year** | **More than one year** | **Total** |
|---|---|---|---|
| **At 30 September 2023** | **N'000** | **N'000** | **N'000** |
| Borrowings | 274,242 | 321,702.00 | 595,944.00 |
| Letters of Credit | 406,082,760 | - | 406,082,760 |
| Lease liability | 966,012 | - | 966,012.00 |
| Trade and other payables | 61,972,231 | - | 61,972,231 |
| | **469,295,245** | **321,702** | **469,616,947** |
| **At 31 December 2022** | | | |
| Borrowings | 243,719 | 531,563 | 775,282 |
| Letters of Credit | 217,301,321 | - | 217,301,321 |
| Lease liability | 933,022 | - | 933,022 |
| Trade and other payables | 54,225,751 | - | 54,225,751 |
| | **272,703,814** | **531,563** | **273,235,377** |
| **At 30 September 2022** | | | |
| Borrowings | 172,315 | 657,781 | 830,096 |
| Letters of Credit | 210,390,982 | - | 210,390,982 |
| Lease liability | 1,024,170 | 1,333,830 | 2,358,000 |
| Trade and other payables | 79,487,330 | - | 79,487,330 |
| | **291,074,797** | **1,991,611** | **293,066,408** |

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its investing activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial institutions. The Group has a credit management committee that is responsible for carrying out preliminary credit checks, review and approval of bank guarantees to credit customers. A credit controller also monitors trade receivable balances and resolves credit related matters.

Before accepting any new customer to buy on credit, the customer must have purchased goods on cash basis for a minimum period of six months in order to test the financial capability of the customer. Based on good credit rating by the credit committee of the Company, the customer may be allowed to migrate to credit purchases after the presentation of an acceptable bank guarantee which must be valid for one year.

***Concentration of risk***

55% of the trade receivables are due from a single customer whose credit history is good. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

## 32 Risk management (continued)

*Deposits with banks and other financial institutions*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, lists of financial institutions that the Group deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

*Maximum exposure to credit risks*

The carrying value of the Group's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

| Financial instrument | GROUP<br>30/9/2023<br>N'000 | GROUP<br>31/12/2022<br>N'000 | GROUP<br>30/9/2022<br>N'000 | COMPANY<br>30/9/2023<br>N'000 | COMPANY<br>31/12/2022<br>N'000 | COMPANY<br>30/9/2022<br>N'000 |
|---|---|---|---|---|---|---|
| Trade receivables | 18,554,096 | 4,520,488 | 12,667,780 | 18,554,096 | 4,520,488 | 12,667,780 |
| Other receivables | 11,808,325 | 13,770,474 | 22,203,756 | 11,802,848 | 13,763,993 | 22,203,911 |
| Deposit for open Letters of Credit with the banks | 110,996,448 | 83,031,542 | 37,041,751 | 110,651,016 | 82,572,232 | 37,021,288 |
| Amount due from related party | 28,062,510 | 3,065,453 | 4,778,700 | 28,062,510 | 3,065,453 | 4,778,700 |
| Cash and cash equivalents | 159,214,886 | 174,858,294 | 169,752,763 | 159,096,736 | 174,658,116 | 169,410,032 |
| | **328,636,265** | **279,246,251** | **246,444,750** | **328,167,206** | **278,580,282** | **246,081,711** |

Excluded from the other receivables balance shown above are the VAT, advance to vendors, Withholding tax receivable and NDCC receivables, these are not financial instruments.

**Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fluctuations in interest rates on its borrowings. The Group pays fixed/floating rate interest on its borrowings. The company actively monitors interest rate exposures on its investment portfolio and borrowings so as to minimise the effect of interest rate fluctuations on the income statement. The risk on borrowings is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings. All loans, cash and cash equivalent are fixed interest based and therefore the company does not have any exposure to the risk of changes in market rates.

## 33 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Trade and other receivables | 169,421,379 | 104,387,957 | 76,691,987 | 169,070,470 | 103,922,166 | 76,671,679 |
| Cash and cash equivalents | 159,214,886 | 174,858,294 | 169,752,763 | 159,096,736 | 174,658,116 | 169,410,032 |
| | **328,636,265** | **279,246,251** | **246,444,750** | **328,167,206** | **278,580,282** | **246,081,711** |

## 34 Financial liabilities by category

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Borrowings | 595,944 | 775,282 | 830,096 | 595,944 | 775,282 | 657,781 |
| Lease liabilities | 1,086,864 | 981,142 | 2,479,075 | 966,012 | 933,022 | 2,358,000 |
| Trade and other payables | 470,428,393 | 273,746,758 | 293,195,116 | 468,054,991 | 271,527,073 | 289,878,311 |
| | **472,111,201** | **275,503,182** | **296,504,287** | **469,616,947** | **273,235,377** | **292,894,092** |

## 35 Related party information

### 35.1 Related parties and Nature of relationship and transactions

| Related parties | Nature of relationship and transactions |
|---|---|
| NASCON Allied Industries PLC | Fellow subsidiary from which the Company purchases raw salt as input in the production process |
| Bluestar Shipping line Limited | Fellow subsidiary Company that provides clearing and stevedoring services |
| Taraba Sugar Company Limited | Subsidiary- Backward integrated project |
| Adamawa Sugar Company Limited | Subsidiary- Backward integrated project |
| Nassarawa Sugar Company Limited | Subsidiary- Backward integrated project |
| Dangote Global Services Limited (UK) | Fellow subsidiary- Payment for foreign procurements |
| Dangote Oil and Gas Company Limited | Fellow subsidiary - Supply of AGO and LPFO |
| Dangote Industries Limited | Parent company that provides management support and receives 7.5% of total reimbursables as management fees |
| Dancom Technologies Limited | Fellow subsidiary - Supply of IT services |
| MHF Properties Limited | Fellow subsidiary - Property rentals. |
| Greenview Development Company Limited | Fellow subsidiary - Property rentals. |
| Kura Holdings Limited | Fellow subsidiary - Travel services |
| Aliko Dangote Foundation | Under common control- Incures expenses on each other's behalf |
| Dangote Sinotrucks west Africa Limited | Fellow subsidiary- Supply of fleet trucks |
| Dangote Cement Plc | Fellow subsidiary - exchange of diesel and LPFO |
| Dangote Packaging Limited | Fellow subsidiary- Supplies empty for bagging of finished sugar |

**35 Related party information (continued)**

| iv) Amount owed by related parties | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Dangote Global Services Limited | 1,336,338 | 530,604 | 741,724 | 1,336,338 | 530,604 | 741,724 |
| NASCON Allied Industries Plc | 111,714 | 128,461 | 304,562 | 111,714 | 128,461 | 304,562 |
| Greenview Development Nig. Limited | 1,170,311 | 521,470 | 1,730,543 | 1,170,311 | 521,470 | 1,730,543 |
| Bluestar Shipping Lines Limited | 224,040 | 39,652 | - | 224,040 | 39,652 | - |
| Dangote Oil and Gas Company Limited | 458,176 | - | 181,081 | 458,176 | - | 181,081 |
| MHF Properties Limited | 309 | - | - | 309 | - | - |
| Dancom Technologies Limited | - | - | (26,491) | - | - | (26,491) |
| AG Dangote Construction Limited | 959,130 | 959,130 | 959,130 | 959,130 | 959,130 | 959,130 |
| Aliko Dangote Foundation | 26,340 | 110,042 | 117,135 | 26,340 | 110,042 | 117,135 |
| Dangote Cement PLC | 1,023,201 | 1,014,506 | 1,337,485 | 1,023,201 | 1,014,506 | 1,337,485 |
| Dangote Industries Limited | 23,435,166 | - | - | 23,435,166 | - | - |
| **Gross amount due from related parties (Note 23)** | **28,744,725** | **3,303,865** | **5,345,169** | **28,744,725** | **3,303,865** | **5,345,169** |
| Allowance for impaired -related parties Trade (Note 23.2) | (42,720) | - | (389,301) | (42,720) | - | (389,301) |
| Allowance for impaired -related parties Non-Trade(Note 23.2) | (639,495) | (238,412) | (177,168) | (639,495) | (238,412) | (177,168) |
| **Net amount due from related parties** | 28,062,510 | 3,065,453 | 4,778,700 | 28,062,510 | 3,065,453 | 4,778,700 |

| v) Amount owed to related parties | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Dangote Cement PLC | 8,961,067 | 7,673,487 | 7,519,876 | 8,381,272 | 7,016,166 | 7,437,741 |
| Dangote Packaging Limited | 213,259 | 431,175 | 51,844 | 213,259 | 431,175 | 51,844 |
| Dangote Oil and Gas Company Limited | - | (253,514) | - | - | (253,514) | - |
| Kura Holdings Limited | 7,200 | 3,446 | 3,446 | 7,200 | 3,446 | 3,446 |
| Dangote Fertilizer Limited | 31,088 | 1,011,888 | 1,256,888 | 31,088 | 1,011,888 | 1,256,888 |
| Bluestar Shipping line Limited | - | - | 476,680 | - | - | 476,680 |
| MHF Properties Limited | - | 87 | | - | 87 | - |
| Dangote Oil Refinery Company | - | 11,894 | - | - | 11,894 | - |
| Dancom Technologies Limited | 15,401 | 26,807 | 3,231 | 12,170 | 23,576 | - |
| Dangote Sinotruck west Africa Limited | 31,873 | - | 357,322 | 31,873 | - | 357,322 |
| Dangote Industries Limited | - | 4,921,911 | 2,571,040 | - | 4,921,911 | 2,571,040 |
| | 9,259,889 | 13,827,181 | 12,240,327 | 8,676,863 | 13,166,629 | 12,154,962 |

## 35 Related party information (continued)

**35.3** Sales of goods to related parties were made at the Company's usual market price without any discount to reflect the quantity of goods sold to related parties. Purchases were made at market price and there was no discount on all purchases.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Dangote Industries Limited (DIL) in recognition of the requirement of transfer pricing regulations that all transactions between connected taxable persons shall be carried out in a manner that is consistent with arm's length principle has come up with basis of computing its management fees and royalty taking into cognizance certain principles.
Royalty payment shall be made in addition to management fees payable from 1 January 2015 at the rate of 0.5% of the total revenue.

### 35.4 Loans to and from related parties

There are no related party loans as at 30 September 2023

### 35.5 Key Management Personnel

**List of Directors of Dangote Sugar Refinery Plc**

| | | |
|---|---|---|
| 1 | Alh. Aliko Dangote (GCON) | Chairman |
| 2 | Hajiya Mariya Dangote | Board Member (Executive Director) |
| 3 | Mr. Ravindra Singhvi | Board Member (Group Managing Director/CEO) |
| 4 | Mr. Olakunle Alake | Board Member (Director) |
| 5 | Mr. Uzoma Nwankwo | Board Member (Director) |
| 6 | Ms. Bennedikter Molokwu | Board Member (Director) |
| 7 | Dr. Konyinsola Ajayi (SAN) | Board Member (Director) |
| 8 | Alh. Abdu Dantata | Board Member (Director) |
| 9 | Ms. Maryam Bashir | Board Member (Director) |
| 10 | Mrs. Yabawa Lawan Wabi | Board Member (Director) |

**List of key management staff**

| | | 2023 | 2022 |
|---|---|---|---|
| 1 | Group Managing Director/CEO | Mr. Ravindra Singhvi | Mr. Ravindra Singhvi |
| 2 | Executive Director | Hajiya Mariya Dangote | Hajiya Mariya Dangote |
| 3 | Group Chief Finance Officer | Mr. Oscar Mbeche | Mr. Oscar Mbeche |
| 4 | Company Secretary/Legal Adviser | Mrs. Temitope Hassan | Mrs. Temitope Hassan |
| 5 | General Manager, Refinery | Mr. Christopher Okoh | Mr. Christopher Okoh |
| 6 | Chief Internal Auditor | Mr.Babafemi Gbadewole | Mr.Babafemi Gbadewole |
| 7 | General Manager, Sales and marketing | Mr. Saddiq Bello | Mr. Saddiq Bello |
| 8 | General Manager, Human Resources a | Mr. Hassan Salisu | Mr. Hassan Salisu |
| 9 | Head, Risk Management | Mr. Ayokunle Ushie | Mr. Ayokunle Ushie |
| 10 | Head, Supply Chain | Mr. Ganiyu Bakare | Mr. Ganiyu Bakare |
| 11 | Chief Executive Numan | Mr. Chinnaya Sylvian | Mr. Chinnaya Sylvian |
| 12 | GGM Operational Services- Numan | Mr Bello Dan-Musa Abdullahi | |
| 13 | Head, DSR Logistics and Transport | Mr. Olusegun Idowu | Mr. Olusegun Idowu |
| 14 | Head, HSSE | Mr. Itoro Unaam | Mr. Itoro Unaam |
| 15 | Head, Internal Control | Mr. Godfrey Ojo | Mr. Godfrey Ojo |
| 16 | Head, Corporate Affairs | Ms. Ngozi Ngene | Ms. Ngozi Ngene |

## 35 Related parties (Cont'd)

**35.6** Compensation to key management staff

| | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Short-term employee benefits | - | 746,619 | - | - | 746,619 | - |
| | **-** | **746,619** | **-** | **-** | **746,619** | **-** |

## 36 Employee costs

The following items are included within employee benefits expenses:

| **Direct employee costs** | GROUP 30/9/2023 N'000 | GROUP 31/12/2022 N'000 | GROUP 30/9/2022 N'000 | COMPANY 30/9/2023 N'000 | COMPANY 31/12/2022 N'000 | COMPANY 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Basic | 1,576,037 | 3,258,058 | 1,490,408 | 1,576,037 | 3,258,058 | 1,490,408 |
| Medical claims | 122,530 | 197,328 | 149,563 | 122,530 | 197,328 | 149,563 |
| Leave allowance | 164,152 | 259,795 | 157,529 | 164,152 | 259,795 | 157,529 |
| Short term benefits | 2,848,194 | 1,523,550 | 2,669,055 | 2,848,194 | 1,523,550 | 2,669,055 |
| Other short term costs | 437,305 | 1,131,068 | 328,550 | 437,305 | 1,131,068 | 328,550 |
| Pension | 234,053 | 287,014 | 211,092 | 234,053 | 287,014 | 211,092 |
| Termination benefits | 448 | - | - | 448 | - | - |
| | **5,382,718** | **6,656,813** | **5,006,197** | **5,382,718** | **6,656,813** | **5,006,197** |

| **Indirect employee costs** | 30/9/2023 N'000 | 31/12/2022 N'000 | 30/9/2022 N'000 | 30/9/2023 N'000 | 31/12/2022 N'000 | 30/9/2022 N'000 |
|---|---|---|---|---|---|---|
| Basic | 956,751 | 1,108,588 | 821,870 | 956,751 | 1,108,588 | 821,870 |
| Medical claims and allowance | 52,005 | 47,785 | 43,166 | 43,042 | 47,785 | 36,372 |
| NSITF and ITF levies | 80,512 | 90,026 | 70,256 | 80,512 | 90,026 | 70,256 |
| Short term benefits | 1,320,986 | 2,085,990 | 1,261,315 | 1,504,232 | 2,085,990 | 1,402,735 |
| Other short term costs | 1,176,843 | 586,260 | 694,327 | 1,002,561 | 586,260 | 559,701 |
| Pension | 143,276 | 162,205 | 118,990 | 143,276 | 162,205 | 118,990 |
| Termination benefit | 3,517 | - | 213 | 3,517 | - | 213 |
| | **3,733,892** | **4,080,854** | **3,010,138** | **3,733,892** | **4,080,854** | **3,010,138** |

| **Total employee costs** | | | | | | |
|---|---|---|---|---|---|---|
| Direct employee cost | 5,382,718 | 6,656,813 | 5,006,197 | 5,382,718 | 6,656,813 | 5,006,197 |
| Indirect employee cost | 3,733,892 | 4,080,854 | 3,010,138 | 3,733,892 | 4,080,854 | 3,010,138 |
| | **9,116,610** | **10,737,667** | **8,016,335** | **9,116,610** | **10,737,667** | **8,016,335** |

**Average number of persons employed during the period was:**

| | 30/9/2023 Number | 31/12/2022 Number | 30/9/2022 Number | 30/9/2023 Number | 31/12/2022 Number | 30/9/2022 Number |
|---|---|---|---|---|---|---|
| Management | 144 | 149 | 143 | 138 | 133 | 128 |
| Senior Staff | 604 | 608 | 569 | 593 | 595 | 555 |
| Junior Staff | 2,243 | 2,309 | 2,111 | 2,210 | 2,275 | 2,086 |
| | **2,991** | **3,066** | **2,823** | **2,941** | **3,003** | **2,769** |

## 37 Free Float Computation

| | |
|---|---|
| Company Name: | **Dangote Sugar Refinery Plc** |
| Board Listed: | Main Board |
| Year End: | December |
| Reporting Period: | Period Ended 30 September 2023(Q3) |
| Share Price at end of reporting period: | N53.90 (2022:N16.05) |

**Shareholding structure/Free Float Status**

| | 30-Sep-23 | | 30-Sep-22 | |
|---|---|---|---|---|
| **Description** | **Unit** | **Percentage** | **Unit** | **Percentage** |
| Issued Share Capital | 12,146,878,241 | 100% | 12,146,878,241 | 100% |
| Substantial Shareholdings (5% and above): | | | | |
| Dangote Industries Limited | 8,122,446,281 | 66.87% | 8,122,446,281 | 66.87% |
| Dangote Aliko | 653,095,014 | 5.38% | 653,095,014 | 5.38% |
| **Total Substantial Shareholdings** | **8,775,541,295** | **72.25%** | **8,775,541,295** | **72.25%** |
| **Directors' Shareholdings (direct and indirect), excluding directors with substantial interest:** | | | | |
| Mr. Olakunle Alake (Direct) | 7,194,000 | 0.06% | 7,194,000 | 0.06% |
| Ms Benedicta Molokwu (Direct) | 1,483,400 | 0.01% | 1,483,400 | 0.01% |
| Alhaji Abdu Dantata (Direct) | 1,044,400 | 0.01% | 1,044,400 | 0.01% |
| Mr. Uzoma Nwankwo (Direct) | 384,692 | 0.00% | 384,692 | 0.00% |
| Dr. Konyinsola Ajayi (SAN) | - | - | - | - |
| Ms. Maryam Bashir | - | - | - | - |
| Mr. Ravindra Singhvi | - | - | | |
| **Total Directors' Shareholdings** | **10,106,492** | **0.08%** | **10,106,492** | **0.08%** |
| **Free Float in Units and Percentage** | **3,361,230,454** | **27.67%** | **3,361,230,454** | **27.67%** |
| **Free Float in Value (N)** | **181,170,321,470.60** | | **53,947,748,786.70** | |

**Declaration:**

(A) Dangote Sugar Refinery PLC with a free float percentage of 27.67% as at 30 September 2023, is compliant with The Exchange's free float requirements for companies listed

(B) Dangote Sugar Refinery PLC with a free float value of N53,947,748,786.70 as at 30 September 2022, is compliant with The Exchange's free float requirements for companies

## 38 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers’ Shares, Rulebook of The Exchange 2015 (Issuers’ Rule), Dangote Sugar Refinery Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorized as insiders in relation to their dealings in the Company’s shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the Policy during the period.