Cadbury Nigeria Plc

Un-audited Financial Statements for the Half Year Ended 30 June 2024

Content

Financial highlights

For the Half Year Ended 30 June 2024
In thousands of naira

	Un-audited 30 June 2024	Un-audited 30 June 2023	Change %
Revenue	51,440,415	35,607,764	44
Gross profit	9,587,202	10,229,567	(6)
Results from operating activities	4,727,851	6,072,127	(22)
Loss before tax	(13,880,124)	(14,539,468)	(5)
Loss for the period	(9,716,087)	(14,539,468)	(33)
Share capital	1,140,142	939,101	21
Total equity	2,534,242	(1,424,868)	(278)
Data per 50k share			
Basic loss per share	(426)	(774)	(45)
Net assets per share	111	(76)	(246)

Statement of financial position

As at 30 June 2024
In thousands of naira

	Note	Un-audited 30 June **2024**	Audited 31 December **2023**
Assets			
Non-current assets			
Property, plant and equipment	9	15,361,683	14,564,239
Right-of-use assets	18	14,943	35,781
Intangible assets	10	123,206	141,954
Deferred taxation		8,391,347	8,391,345
Total non-current assets		**23,891,179**	**23,133,319**
Current assets			
Inventories	11	18,306,349	11,938,959
Trade and other receivables	12	10,304,653	7,320,449
Prepayments	13	818,827	583,288
Cash and cash equivalents	14	14,135,433	20,455,005
Total current assets		**43,565,262**	**40,297,701**
Total assets		**67,456,441**	**63,431,020**
Equity and liabilities			
Equity			
Share capital		1,140,142	939,101
Share premium	15	7,107,750	272,344
Other reserves	15	23,137,168	3,436,348
Share based payment reserve	15	201,574	201,574
Retained loss		(29,052,392)	(11,363,045)
Total equity		**2,534,242**	**(6,513,678)**
Liabilities			
Non-current liabilities			
Employee benefits	16	756,287	749,435
Lease liabilities	19	-	1,748
Total non-current liabilities		**756,287**	**751,183**
Current liabilities			
Borrowings	20	37,389,203	43,214,805
Current tax liabilities	8	(3,816,621)	437,461
Trade and other payables	17	30,582,047	25,530,503
Lease liabilities	19	11,283	10,746
Total current liabilities		**64,165,912**	**69,193,515**
Total liabilities		**64,922,199**	**69,944,698**
Total equity and liabilities		**67,456,441**	**63,431,020**

These financial statements were approved by the Board of Directors on 23 July 2024 and signed on its behalf by:

Adedotun Sulaiman)   Mr. Adedotun Sulaiman, MFR (Chairman)
FRC/2013/PRO/ICAN/002/00000002885

Oyeyimika Adeboye.)   Oyeyimika Adeboye (Managing Director)
FRC/2013/PRO/DIR/003/00000001089

The accompanying notes on pages 7 to 27 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
for the Half Year Ended 30 June 2024

In thousands of naira	Note	Un-audited 1 April-30 June **2024**	Un-audited 30 June **2024**	Un-audited 1 April-30 June **2023**	Un-audited 30 June **2023**
Revenue	5	27,744,857	51,440,415	19,044,632	35,607,764
Cost of sales		(23,149,775)	(41,853,213)	(11,823,092)	(25,378,196)
Gross profit		**4,595,082**	**9,587,202**	**7,221,540**	**10,229,567**
Other income	6	(204,474)	(215,963)	(3,353,197)	7,056
Selling and distribution expenses		(1,904,933)	(3,388,555)	(1,805,331)	(3,360,583)
Administrative expenses		(517,506)	(1,254,833)	(544,082)	(803,914)
Results from operating activities		**1,968,169**	**4,727,851**	**1,518,930**	**6,072,127**
Net finance cost	7	(5,391,614)	(18,607,975)	(20,991,651)	(20,611,595)
Loss before tax		**(3,423,445)**	**(13,880,124)**	**(19,472,721)**	**(14,539,468)**
Income tax credit	8	1,027,033	4,164,037	1,479,976	-
Loss for the period		**(2,396,412)**	**(9,716,087)**	**(17,992,745)**	**(14,539,468)**
Other comprehensive income					
Total comprehensive loss for the period		**(2,396,412)**	**(9,716,087)**	**(17,992,745)**	**(14,539,468)**
Basic earning per share (kobo)		**(105)**	(426)	**(958)**	**(774)**

The accompanying notes on pages 7 to 27 form an integral part of these financial statements.

Statement of changes in equity
Attributable to equity owners of the company

In thousands of naira

	Share capital	Share premium	Other reserves	Shared based payment	Retained loss	Total equity
Balance at 1 January 2024	939,101	272,344	3,436,348	201,574	(11,363,045)	(6,513,678)
Comprehensive income for the period						
Loss for the period	-	-	-	-	(9,716,087)	(9,716,087)
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(9,716,087)**	**(9,716,087)**
Transactions with owners, recorded directly in equity						
Issue of Shares	201,041	6,835,406		-	-	7,036,447
*Prior year adjustment					(7,973,260)	(7,973,260)
Intercompany loan forgiveness			19,700,820			19,700,820
Total transactions with owners	201,041	6,835,406	19,700,820	-	(7,973,260)	18,764,007
Balance at 30 June 2024	**1,140,142**	**7,107,750**	**23,137,168**	**201,574**	**(29,052,392)**	**2,534,242**

In thousands of naira	Share capital	Share premium	Other reserves	Shared based payment	Retained loss	Total equity
Balance at 1 January 2023	939,101	272,344	3,436,348	176,896	8,477,939	13,302,628
Comprehensive income for the period						
Loss for the year	-	-	-	-	(19,089,704)	(19,089,704)
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(19,089,704)**	**(19,089,704)**
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(751,281)	(751,281)
Equity settled share based payment transaction	-	-	-	24,678	-	24,678
Total transactions with owners	-	-	-	24,678	(751,281)	(726,603)
Balance at 31 December 2023	**939,101**	**272,344**	**3,436,348**	**201,574**	**(11,363,045)**	**(6,513,678)**

The accompanying notes on pages 7 to 27 form an integral part of these financial statements.

*Prior year adjustment relates to accrued interest on short term bank loans not previously recognized in the 2023 audited financial statements.

Statement of cash flows

For the Half Year Ended 30 June 2024
In thousands of naira

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Cash flow from operating activities		
(Loss)/profit before tax	(13,880,124)	(28,157,034)
Adjustments for:		
Depreciation of property, plant and equipment	955,258	1,623,850
Impairment of property, plant and equipment	-	1,399,445
Depreciation of right of use assets	8,592	18,372
Amortisation of intangible assets	18,748	41,613
Equity settled share-based payment transaction	-	24,678
Write-back of impairment for receivables	-	(3,509)
Finance income	(225,487)	(2,262,684)
Exchange gain on foreign currency cash and cash equivalents	3,532,740	(1,116,389)
Loss on sale of property, plant and equipment	120,015	2,527
Accretion of interest on lease liabilities	539	1,144
Loss on lease modification	12,247	-
Interest on borrowings	2,401,235	1,357,841
Exchange loss on Intercompany loan	14,626,086	6,896,616
Exchange loss on Import finance facilities	1,388,140	20,431,495
Expense for employee benefits	6,852	246,162
	8,964,840	**504,127**
Change in:		
Increase in inventories	(6,367,391)	(25,793)
Increase in trade and other receivables	(2,984,205)	(2,171,540)
(Increase)/decrease in Prepayments	(235,539)	488,527
Increase in trade and other payables	6,279,361	6,459,189
Cash generated from operating activities	**5,657,067**	**5,254,510**
Employee benefit paid	-	(73,611)
VAT paid	(1,217,064)	(2,040,168)
Income tax paid	(90,045)	(343,501)
Net cash generated from operating activities	**4,349,957**	**2,797,230**
Cash flow from investing activities		
Interest received	225,487	2,262,684
Proceeds from sale of property, plant and equipment	132,598	4,434
Acquisition of property, plant and equipment	(2,005,315)	(3,700,256)
Net cash used in investing activities	**(1,647,230)**	**(1,433,138)**
Cash flow from financing activities		
Dividends paid	(10,753)	(124,717)
Additions to intercompany loan	34,420,000	6,196,000
Addition - Import finance facilities	8,345,117	30,824,426
Repayment - Intercompany loan	318,005	(14,902,456)
Repayment - Import finance facilities	(40,586,910)	(31,449,577)
Intercompany loan and interest conversion to Equity	(7,036,454)	-
Issue of Shares	7,036,447	-
Repayment of lease liabilities	(1,750)	(16,930)
Net cash used in financing activities	**2,483,701**	**(9,473,254)**
Net (decrease)/increase in cash and cash equivalents	5,186,428	(8,109,162)
Cash and cash equivalents at 1 January	20,455,005	27,447,778
Prior year adjustment on retained earnings	(7,973,260)	-
Exchange gain on foreign currency cash and cash equivalents	(3,532,740)	1,116,389
Cash and cash equivalents at 30 June	**14,135,433**	**20,455,005**

The accompanying notes on pages 7 to 27 form an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Cadbury Nigeria Plc is a company domiciled and incorporated in Nigeria 0n 9 January 1965. The address of the Company's registered office is Lateef Jakande Road, Ikeja, Lagos. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports.

The Company's brands fall into three principal categories, namely refreshment beverages, confectionery and intermediate cocoa products. Cadbury Bournvita and 3-in-1 Hot Chocolate are the refreshment beverages, TomTom, Candy Caramel, Candy Coffee, Buttermint and Clorets gum are the confectionery products, Bournvita Biscuit is the biscuit category while Cocoa Butter is a key product in the intermediate cocoa category. On 1 April 2013, the Company put on hold the production and sale of Bournvita Biscuits.

Cadbury Nigeria Plc is owned 79.39% (2023: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International and 20.61% (2023: 25.03%) by a highly diversified spread of individual and institutional shareholders.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Companies and Allied Matter Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act 2023. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company's Board of Directors on __ July 2024.

(b) Basis of preparation

These financial statements have been prepared in accordance with the going concern assumption under the historical cost basis except for the following;

- Equity-settled share-based payment arrangements – fair value
- Defined benefit obligations – present value of the obligation
- Inventory - lower of cost or net realizable value
- Lease liabilities - present value of the obligation

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions, estimation uncertainties, and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are described below;

Note 13 – Impairment assessment of property, plant and equipment
Note 13 – Estimated useful lives of property, plant and equipment
Note 15 – Deferred taxation
Note 15 – Net realisable value of inventory
Note 21 – Employee benefits
Note 22 – Share-based payment plan
Note 26 – Provision of expected credit losses (ECL) on trade receivables
Note 26 – Provision of expected credit losses (ECL) on related parties receivables
Note 28 – Contingent liabilities and commitments

Deferred taxation-key assumptions

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecgonised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the financial statements (Continued)

2 Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Provision of expected credit losses (ECL) on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision of expected credit losses (ECL) on related parties receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all related parties receivables. In applying the provision matrix, the Company estimates the ultimate write offs for a defined population of relate parties receivables. A loss ratio is calculated according to the ageing profile of the related parties receivables by applying the historic write offs to the payment profile of the population adjusted to reflect current and forward looking information on macroeconomic factors. The Company exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets.

Estimated useful lives of property, plant and equipment

Property, Plant and Equipment are depreciated over their useful lives. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimation of the useful lives are based on technical evaluations carried out by experts and those staff with knowledge of the assets and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of property, plant and equipment.

Impairment assessment of property, plant and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available unobservable inputs that are developed based upon the best information available under the circumstances, which might include the Company's own data less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Net realisable value of inventory

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale. The Company estimate selling price of inventory based on current market condition, including supply and demand mechanism, pricing trends and macro-economics conditions that might affect the selling price of the inventory. The Company also evaluate historical sales data and patterns to understand the inventory performance in the past to provide insights to likely selling price in the future, adjusted for factors such as inventory damage, obsolescene, change in technology. The Company estimated selling cost include marketing expenses, commision on sales, shipping costs and other incidential cost directly related to the sale. If the inventory require further processing or manufacturing before it can be sold, estimated cost of completion will include material cost, labour cost and overhead necessary to complete the inventory.

Notes to the financial statements (Continued)

2 Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Employee benefits (Long service awards)

Employee benefit is other long-term employment benefit plan (long service awards) other than a defined contribution plan and defined benefit plan. The Company's net obligation in respect of long service awards is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the long service awards, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognized liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in profit or loss.

The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelēz International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelēz International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. They are presented as employee expenses and included in administrative expenses in the statement of profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Contingent liabilities and commitments

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

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3 Material accounting policies

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in net finance cost (see note 7). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(b) Financial instruments

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 of the Company's debt instruments is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company classifies its debt instruments at amortised cost. The Company has no equity investments.

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 business model for the Company's financial assets 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).

The Company's financial assets include trade and other receivables, cash and cash equivalents and amount due from related parties. 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, borrowings, amounts due to related parties and lease liabilities.

ii) 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 classified at amortised cost under IFRS 9: Financial instruments. 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 general approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. 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. Non-trade receivables from related parties, other assets and cash and cash equivalents have been assessed for impairment under this approach.

The simplified approach is applied for trade receivables from related parties and third party customers. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted using forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss

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.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(b) Financial instruments (continued)

iii) 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 as finance income/cost.

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.

iv) 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.

(c) Property, plant and equipment

i. Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow into the entity and the cost of the item can be measured reliably.

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Other items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except capital work in progress measured at cost less any 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 recognized includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to the location and 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 or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as profit or loss in the statement of profit or loss and other comprehensive income.

ii. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company.

iii. Depreciation and impairment

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(c) Property, plant and equipment

iii. Depreciation and impairment (continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Freehold land
- Buildings – 40 years
- Plant and Machinery
  - o Power Generating Equipment –20 years
  - o Packaging Equipment – 15 years
  - o Food and Candy Processing Equipment – 15 years
  - o Totebins - 2 years
- Motor Vehicles - 4 years
- Office furniture and Equipment – 6.67 years

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.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

iv. Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. An impairment loss on goodwill is recognised as an expense and is not reversed1 in a subsequent period.

(b) Intangible assets, Property, plant and equipment, Right-of-use assets, Investments in subsidiaries, associates and joint ventures

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

(d) Intangible assets (Software)

Recognition and measurement

i Software acquired is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use.

The estimated useful lives for the current and comparative years of significant items of intangible asset are as follows:

- Software
  - o Catalyst SAP – 7 years
  - o Others – 5 years

iii **Impairment**

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(d) Intangible assets (Software)

iv Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment whenever there is an indication that it may be impaired.

(e) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to control the use of the asset(s).

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company separates non-lease components from lease components.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company average lease term is four (4) years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as non-current assets in the statement of financial position, separately from property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is based on the money market rate derived from Bloomberg. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The interest expense is included in administrative expenses and presented under operating activities in the Statement of Cash Flows. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing is as follows:
* Engineering spares and consumable stock - purchase cost on a weighted average basis including transportation and clearing costs;

* Raw, sundry and non-returnable packaging materials, finished products and products in process measured on the basis of weighted average cost. The cost of finished goods and products in progress comprises raw materials, direct labor, other direct costs and related production overheads;

* Stock-in-transit - purchase cost incurred to date;

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock values are adjusted for obsolete, slow-moving or defective items where appropriate.

(g) Dividend

Dividends are recognized as a liability in the period they are declared.
Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 432 of the Companies and Allied Matters Act (CAMA), 2020, are written back to retained earnings.

The Securities and Exchange Commission (SEC) published a circular in 2015 directing Capital Market Registrars to return all unclaimed dividend which has been in their custody for fifteen (15) months and above to the paying companies. These unclaimed dividends are included as a liability to the shareholders until they become statute barred in accordance with the provisions of Section 432 of Companies and Allied Matters Act (CAMA), 2020.

(h) Employee benefits

i Defined contribution plan

A defined contribution scheme is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognized as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 8% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10.3% of each employee’s Basic salary, Transport and Housing Allowances.

ii Defined contribution gratuity scheme

The Company has a defined contribution gratuity scheme for its Nigerian employees called Employee Investment Scheme, which is funded. Under this scheme, a specified amount in accordance with the Gratuity Scheme Agreement is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employees’ entitlements are calculated based on their actual salaries and paid to Cadbury Nigeria Employee Investment Scheme (CPFA) Limited each month. TheCadbury Employee investment schemeis held with Stanbic IBTC Pension Fund.

iii Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iv Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelēz International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelēz International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense (split by function between cost of sales, administrative expenses and selling & distribution expenses), with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(h) Employee benefits (continued)

iv Share-based payment transactions (continued)

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. They are presented as exployee expenses and included in administrative expenses in the statement of profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

v Other long-term employee benefits

The Company’s other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees. The Company’s obligation in respect of the Long Service Awards scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company’s obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognized fully in profit or loss.

vi Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future pre-tax cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(k) Government grants

The Company is a beneficiary of the Export Expansion Grant (EEG), an unconditional grant related to export sales. The EEG aims to support active exporters in expanding their international business. It is a post-shipment incentive designed to expand export volumes and improve global competitiveness of the Nigerian products. The value of the grant is based on the amount awarded in the grant certificate. The grant is recognized in the statement of profit or loss as a deduction from cost of sales when the grant becomes receivable.

(l) Revenue from contracts with customers

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

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

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(l) Revenue from contracts with customers (continued)

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 Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods arises from sales of products to third parties and related parties. Revenue from the sale of goods is recognised when the control of the goods are transferred to the buyer. This occurs when the goods are transferred to the customer in accordance with the terms of the trade contract. The Company offers a credit period of 38 days which is deemed suitable and conditional upon the provision of a bank guarantee, otherwise payment would be made in advance. The payment term is as contained in the customer's contract and contracts with customers do not contain a financing component. Returns are not allowed for goods sold, so the Company does not have a return Policy.

Delivery occurs when the goods have been shipped to the agreed location, the risks of obsolescence and loss have been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of the estimated rebates. Rebates are estimated at the inception of the contract.

Disaggregation of revenue from contract with customers

The Company recognises revenue from the transfer of goods at a point in time in the following product lines and geographical regions. The below information is stated in thousands of Naira.

Product lines	**Nigeria**	**Other Countries**	**Total**
Refreshment Beverages	31,390,698	-	**31,390,698**
Confectionery	14,351,203	99,179	**14,450,382**
Biscuit	(1,312)		**(1,312)**
Intermediate cocoa products	-	5,600,647	**5,600,647**
Total	**45,740,589**	**5,699,826**	**51,440,415**

(m) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, interest on lease liabilities, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets.

(n) Taxation

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:

Company Income Tax- This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2020 as amended to date.

Tertiary Education Tax- Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

The Nigeria Police Trust Fund (NPTF) – This relates to levy on the net profit of companies operating business in Nigeria. It is established by the Nigeria Police Trust Fund (Establishment) Act 2019 (as amended).

The Company offsets current tax assets and current tax liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

ii. Deferred tax

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

ii. Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

iii. Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(o) Share capital

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

Incremental costs that are directly attributable to issuing new shares are deducted from equity (net of any income tax benefit). Non-incremental costs that are not directly attributable to the share issue are recorded as an expense in profit or loss.

(p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, 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 own shares held (if any), for the effects of all dilutive potential ordinary shares.

(q) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at banks, call deposits and cash in transit. Cash in transit comprises cash transfers initiated via an electronic transfer system which are not yet settled into the Company's bank account by the bank and for which the Company received confirmation of transfer in the form of a swift advice from the relevant bank. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and call deposits with associated exchange difference for foreign currency-denominated balances, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

(r) Operating segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and retu All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.rns that are different from those of other segments. The Company’s primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company’s internal reporting structure.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities. The Board of Directors is the Chief Operating decision maker.

Notes to the financial statements (Continued)

3 Material accounting policies (continued)

(s) Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations to standards

The following new standard, amendment to standard and interpretation are effective for the period under review. The Company is not affected by all other effective amendments during the year.

(i) IFRS 17 - Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The standard had no impact on the Company's financial statements.

(ii) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The standard had impact on the Company's financial statements.

(iii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The standard had impact on the Company's financial statements.

(iv) Amendments on IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

The standard had no impact on the Company's financial statements.

4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Notes to the financial statements (Continued)

5 Revenue

Revenue for the period comprises:

In thousands of naira	Un-audited 30 June 2024	Un-audited 30 June 2023
Domestic sales	45,740,589	34,893,272
Export sales	5,699,826	714,492
	51,440,415	**35,607,764**

6 Other income / (Expense)

Other income comprises:

In thousands of naira	Un-audited 30 June 2024	Un-audited 30 June 2023
Other income	-	7,056
Insurance claims received	11,299	-
Other Expense	(95,000)	-
Loss on disposal of property,plant and equipment	(120,015)	-
Loss/Gain on lease termination	(12,247)	-
	(215,963)	**7,056**

7 Net finance (cost)/income

Recognized in profit or loss:

In thousands of naira	Un-audited 30 June 2024	Un-audited 30 June 2023
Finance income		
Interest income on bank deposits	225,487	1,144,105
Finance cost		
Interest expense on leases	(539)	(588)
Interest expense on borrowings	(2,678,020)	(437,974)
Bank Charges and fees	(388,827)	-
Exchange Difference- Realized	(14,974,305)	(549,018)
Exchange Difference- Unrealized	(791,771)	(20,768,120)
Net finance (cost)/income recognised in profit or loss	**(18,607,975)**	**(20,611,595)**

8 Income tax expense

Tax recognised in profit or loss:

In thousands of naira	Un-audited 30 June 2024	Un-audited 30 June 2023
Current period income tax	(4,164,037)	-
	(4,164,037)	**-**
Deferred tax expense		-
	(4,164,037)	**-**

Recognized in statement of financial position *In thousands of naira*	Un-audited 30 June 2024	Audited 31 December 2023
Balance, beginning of the year	437,461	383,006
Current year charge	(4,164,037)	416,702
Payments during the year	(90,045)	(343,501)
WHT credit notes utilised	-	(18,746)
Balance, end of the period	**(3,816,621)**	**437,461**

Notes to the financial statements (Continued)

9 Property, plant and equipment

The movement on these accounts was as follows:

In thousands of naira	Leasehold Land	Buildings	Plant & machineries	Office furniture & equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost							
At 1 January, 2024	652,800	5,839,165	26,076,450	2,139,398	2,113,936	704,163	37,525,912
Additions	-				-	2,005,315	2,005,315
Transfers	-	195,094	2,037,290	34,969	-	(2,267,353)	-
Disposals	-	-	-	-	(632,897)	-	(632,897)
At June 30, 2024	**652,800**	**6,034,259**	**28,113,740**	**2,174,367**	**1,481,039**	**442,125**	**38,898,330**
Accumulated depreciation							
At 1 January, 2023	-	2,679,697	18,278,768	1,223,632	779,576	-	22,961,673
Depreciation for the period	-	101,633	666,897	40,045	146,683	-	955,258
Disposals	-	-	-	-	(380,284)	-	(380,284)
At June 30, 2024	**-**	**2,781,330**	**18,945,665**	**1,263,677**	**545,975**	**-**	**23,536,647**
Carrying amounts							
At January 1, 2024	**652,800**	**3,159,468**	**7,797,682**	**915,766**	**1,334,360**	**704,163**	**14,564,239**
At June 30, 2024	**652,800**	**3,252,929**	**9,168,075**	**910,690**	**935,064**	**442,125**	**15,361,683**

Notes to the financial statements (Continued)

10 Intangible assets

Intangible assets represent purchase and installation cost of software licenses. The movement on this account during the period was as follows:

In thousands of naira

	Un-audited 30 June 2024	Audited 31 December 2023
Cost		
Balance at 1 January	878,014	701,260
Additions	-	176,754
	878,014	**878,014**
Accumulated amortisation		
Balance at 1 January	736,060	694,447
Amortisation for the period	18,748	41,613
	754,808	**736,060**
Carrying amounts		
At the beginning of the year	**141,954**	**6,813**
At the end of the period	**123,206**	**141,954**

11 Inventories

In thousands of naira

	Un-audited 30 June 2024	Audited 31 December 2023
Raw and packaging materials	10,307,001	5,079,137
Product in process	187,204	337,097
Finished products	3,673,900	3,552,444
Spare parts	1,996,609	1,533,142
Goods in transit	2,141,635	1,437,139
	18,306,349	**11,938,959**

12 Trade and other receivables

In thousands of naira

	Un-audited 30 June 2024	Audited 31 December 2023
Trade receivable	8,410,652	5,058,314
Other receivables	871,373	1,161,401
Withholding tax receivable	395,417	395,416
Due from related parties	627,211	705,318
	10,304,653	**7,320,449**

Notes to the financial statements (Continued)

13 Prepayments

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Prepaid insurance	216,619	388,892
Prepaid rent*	17,929	2,758
Advances to suppliers	151,712	164,618
Other prepayments**	432,567	27,020
Prepaid Adverising	-	-
	818,827	**583,288**

*Prepaid rent relates to short-term apartment leases for expats to which the Company elected to apply the short-term lease recognition exemptions.

**Other prepayments relates to car, housing and leave allowances paid to employees earlier than their due dates and as per company policies.

14 Cash and cash equivalents

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Bank balances	13,908,628	11,362,780
Call deposits	226,805	8,903,376
Cash intransit	-	188,849
	14,135,433	**20,266,156**

15 Capital and reserves

(a) Ordinary shares

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Minimum issued shares 2,280,284,619 (2023: 1,878,201,962) ordinary shares of 50k each	1,140,142	939,101

	Un-audited 30 June 2024	Audited 31 December 2023
Issued and fully paid ordinary shares of 50k each 2,280,284,619 ordinary shares of 50k each (2023: 1,878,201,962)	1,140,142	939,101

(b) **Share premium**

The balance in the share premium account was as follows:

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Balance at 1 January	272,344	-
Share premium	6,835,406	-
	7,107,750	272,344

(c)

Shareholding structure:	**Number of Ordinary Shares**	**Percentage Shareholding**
Cadbury Schweppes Overseas Limited	1,810,214,310	79.39%
Total Directors' Shareholdings	648,000	0.03%
Free Floats	469,422,309	20.59%
Institution holdings*	193,796,795	8.50%
Other shareholders	275,625,514	12.09%
Total	**2,280,284,619**	**100%**

** Institution holdings comprises shares held by institutional shareholders for various investors which are available for trade on the floor of the Nigerian Exchange Group (NGX).*

Compliance with Free Float Requirements

As at 30 June 2024, Cadbury Nigeria Plc is complaint with the Free Float requirement for the Main Board of the Nigerian Stock Exchange, with free float of 20.59% (2023: 24.99%)

Notes to the financial information (Continued)

(d) Other reserves

The balance in the other reserves account was as follows:

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Balance at 1 January	3,436,348	3,436,348
Intercompany loan forgiveness	19,700,820	-
	23,137,168	**3,436,348**

On 28 January 2024, the Board of Directors negotiated a debt forgiveness of $20 million from CSOL on the $40 million received on 15 January 2024. The debt forgiveness was necessary due to the significant devaluation of the Nigerian Naira from N911.68 in December to N1400+ in January 2024 against the US Dollar. The debt forgiveness amount has been included as part of other reserves in the financial statements as it is a contribution from the parent company.

16 Employee benefits

Employee benefits comprises:

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Long service awards	756,287	749,435
	756,287	**749,435**

17 Trade and other payables

In thousands of naira	Un-audited 30 June 2024	Restated 31 December 2023
Trade payables	9,800,708	8,617,109
Dividend payable	489,529	500,283
Pension payable	80,644	57,342
*Accrued expenses	9,419,507	3,717,021
Due to related parties	10,080,984	11,858,738
Contract liabilities	210,662	279,997
Unpaid decapitalisation fund	500,013	500,013
	30,582,047	**25,530,503**

*Included in the accrued expense (N4.9 billion) is the prior year adjustment which relates to accrued interest on short term bank loans not previously recognized in the 2023 audited financial statements.

18 Contingent liability

The Company has no contingent liabilities for the period (2023: Nil) arising from pending litigations. In the opinion of the Directors and based on independent legal advice, the company is not expected to suffer any material loss arising from these claims. Accordingly, no provisions have been made in this regard.

19a Leases

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Un-audited 30 June 2024	Audited 31 December 2023
As at 1 January	12,494	13,100
Additions	-	15,180
Accretion of interest	539	1,144
Payments	(1,750)	(16,930)
Balance, end of the period	**11,283**	**12,494**
Lease - Currrent Liabilities	11,283	10,746
Lease - Non Current Liabilities	-	1,748
	11,283	**12,494**

The following are the amounts recognised in profit or loss:	Un-audited 30 June 2024	Audited 31 December 2023
Depreciation expense of right-of-use assets	8,592	18,372
Accretion of interest on lease liabilities	539	1,144
Expense relating to leases of low-value assets (included in administrative expenses)	-	19,419
Loss on lease modification	12,247	-
Expense relating to leases of low-value assets (included in admin expenses)	2,426	-
Total amount recognised in profit or loss	**23,804**	**38,935**

Notes to the financial information (Continued)

19b Right of Use Asset

	Un-audited 30 June 2024	Audited 31 December 2023
Cost or deemed cost		
Balance as at 1 January	66,036	50,856
Additions	-	15,180
Modification	(30,001)	-
Balance, end of the period	**36,035**	**66,036**
Accumulated depreciation		
Balance as at 1 January	30,255	11,883
Charge for the period	8,592	18,372
Modification	(17,755)	-
Balance, end of the period	**21,092**	**30,255**
Carrying amounts		
Balance as at 1 January	**35,781**	**15,122**
Balance, end of the period	**14,943**	**35,781**

20 Borrowings

	Un-audited 30 June 2024	Audited 31 December 2023
Short term borrowings	37,389,203	43,214,805
	37,389,203	**43,214,805**

Movement in short term borrowings during the period is as follows:

As at 1 January	43,214,805	23,860,460
Additions to intercompany loan	34,420,000	6,196,000
Additions to Import finance facilities	8,345,117	30,824,426
Intercompany loan forgiveness	(19,700,820)	-
Repayment - Intercompany loan	318,005	(14,902,456)
Intercompany loan and interest conversion to Equity	(7,036,454)	-
Repayment - Import finance facilities	(40,586,910)	(31,449,577)
Accrued interest on intercompany loan	2,401,235	1,357,841
Exchange loss on Intercompany loan	14,626,086	6,896,616
Exchange loss on Import finance facilities	1,388,140	20,431,495
Balance, end of the period	**37,389,203**	**43,214,805**

On 15 January 2024, the Board of Directors approved the intercompany loan of $40 million from CSOL to support the repayment of overdue FX loans owed from local banks. The Intercompany loan was used to repay overdue FX loans from local banks.

On 28 January 2024, the Board of Directors negotiated a debt forgiveness of $20 million from CSOL on the $40 million received on 15 January 2024. The debt forgiveness was necessary due to the significant devaluation of the Nigerian Naira from N911.68 in December to N1400+ in January 2024 against the US Dollar. The debt forgiveness amount has been included as part of other reserves in the financial statements as it is a contribution from the parent company.

The Shareholders of Cadbury Nigeria PLC held an extraordinary general meeting of the Company on 8th February 2024 and resolved to convert the interCompany loan of $7.72 million owed by the Company to Cadbury Schweppes Overseas Limited ("CSOL") to equity by the allotment of 402,082,657 ordinary shares of 50kobo to CSOL, each shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company at the price of ₦17.50 per share being the share price of the Company as at close of trading on 27th December 2023. This will increase shareholder funds and the net assets position of the Company by ₦7,038 billion.

21a Related Parties

(i) Amount due from related parties

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Cadbury Ghana Limited	518,800	485,335
Mondelez South Africa (Pty) Limited	109,646	87,457
Mondelez Europe Services	-	133,761
Mondelez India Foods Pvt Ltd	-	-
Mondelez Europe GmbH CH - Switzerland	-	-
	628,446	**706,553**
Impairment provision	(1,235)	(1,235)
	627,211	**705,318**

Notes to the financial information (Continued)

(ii) Amounts due to related parties

In thousands of naira	Un-audited 30 June 2024	Audited 31 December 2023
Mondelez Egypt Foods SAE (MEF)	-	294,992
Cadbury Ghana Limited	2,649,230	2,831,953
Mondelez South Africa (Pty) Ltd	360,288	216,901
Cadbury Schweppes Overseas Ltd	-	2,026,265
Reading Scientific Services	4,591	7,042
Mondelez Pakistan Limited (MP)	438,079	263,747
Mondelez India Foods Pvt Ltd	899,037	435,553
Mondelez UK R&D Limited	99,573	60,353
Mondelēz International AMEA Pte Ltd	5,569,441	4,647,168
Mondelez Europe GmbH CH - Switzerland	-	787,337
Mondelez Global LLC	37,759	22,733
CS Business services (India) Pvt Ltd	22,984	264,694
	10,080,982	**11,858,738**

21b Related Parties

(b) Parent and Ultimate holding companies

The Company is a subsidiary of Mondelēz International incorporated in the United States of America. Mondelēz International, through Cadbury Schweppes Overseas Limited held 79.39% of the issue and fully paid share capital of the Company as at 30th June 2024 (2023: 74.97%). Amount due to Cadbury Schweppes Overseas Ltd at the end of the period is NIL for Dividend (2023: N2,026.3 million for 2020, 2021 and 2022 dividend).

(c) Related party transactions

The Company entered into the following transactions with the under-listed related parties during the period:

(i) Mondelēz International AMEA PTE Ltd (MIAPL)

The Company has the exclusive rights to manufacture, distribution and marketing of Mondelēz's international brands in Nigeria and also provide services. In consideration for this, royalties, technical know-how and management services are paid to Mondelēz International AMEA PTE Ltd.

The Company made an accrual of N1,042 million & N716 million for Q2 2024 royalties and technical know-how and management service fees respectively. Amount due to MIAPL at the end of the period was N5,569.4million (2023: N4647.27 million).

(ii) Cadbury Ghana Limited (CGL)

The Company sells confectionery to CGL and in turn purchases 3-in-1 Hot chocolate from CGL. There were sales of N95.8 million during the period (2023: N300.5 million), Purchases during the period was N7,414.9 million (2023: N15,732.3 million). The net amount due to CGL at the end of the period was N2,130.4 million (2023: N2,346.6 million). The Company and CGL are subsidiaries of the same parent company.

(iii) Mondelez Pakistan Limited (MP)

The Company shares the same parent company with MP. Transactions during the period is NIL (2023: Nil) representing mainly salary recharges to the company for expatriates in its employment. Amount due to MP at the end of the period was N438.1 million (2023: N263.7 million) as a result of FX devaluation in Nigeria.

(iv) Mondelēz South Africa (Pty) Limited (KFSA)

The Company shares the same parent company with KFSA. Transactions during the period amounted to N46.3 million (FY2023: N260.5 million) representing mainly salary recharges to/from KFSA. The net amount due to KFSA at the end of the period was N250.6 million (2023: N129.4 million).

(v) Mondelez Eygpt Foods SAE (MEF)

The Company purchases certain Gum product from MEF which it sells and market to its consumers. Transactions during the period is N 225.2 million (2023: N1307.9 million). Amounts due to MEF at the end of the period is NIL (2023: N295 million).

(vi) Mondelez Europe Services (MES)

The Company shares the same parent company with MES. Transactions during the period amounted to N8.2 million (2023: N209.7 million) representing mainly research, development and quality (RD&Q) recharges from the company to MES. Amount due from MES at the end of the period is NIL (2023: N133.8 million).

(vii) Reading Scientific Services (RSS)

The Company shares the same parent company with RSS. Transactions during the period is N4.6 million (2023: N3.9 million) representing mainly research, development and quality (RD&Q) recharges from RSS to the company. Amount due to RSS at end of the period was N4.5 million (2023: N7.0 million) resulting from FX devaluation in Nigeria.

(viii) Mdlz India Foods Pvt Ltd (MIF)

The Company shares the same parent company with MIF. Transactions during the period amounted to N182 million (2023: N167.1 million) representing mainly salary recharges to the company for expatriates in its employment. Amount due to MIF at the end of the period was N899 million (2023: N435.6 million).

Notes to the financial information (Continued)

(ix) Mondelez UK R&D Limited (MU)
The Company shares the same parent company with MU. Transactions during the period is Nil (2023: Nil). Amount due to MU at end of the period was N99.5 million (2023: N60.4 million) representing mainly research & development recharges from MU to the company, as a result of FX devaluation in Nigeria.

(x) Mondelez Bahrain Biscuits W.L.L. (MBB)
The Company shares the same parent company with MBB. The Company purchases chocolates and Oreo biscuit from Mondelez Bahrain Biscuits.Transactions during the period is NIL (2023: 1691.6 million). Amount due to MBB at end of the period was NIL (2023: 264.7 million).

(xi) Mondelez Europe GmBH CH- Switzerland
The Company shares the same parent company with Mondelez Switzerland.
Transactions during the period is NIL (2023: N650.7 million). Amount due to MBB at end of the period is NIL.

(xii) Mondelez Global LLC
Mondelez Global LLC provides application enhancement and information management system service to the company. Transaction during the period was NIL. Amount due to Mondelez Global LCC at the end of the period was N37.7 million (2023: N22.7 million).

22 Information on reportable segments

(i) **Business segments**

The Company has three reportable business segments summarized as follows:

Segment	**Description**
Refreshment Beverages	This includes the manufacturing and sale of Bournvita and 3-in-1 Hot Chocolate.
Confectionary	This includes the manufacturing and sale of Tom Tom, Buttermint, Candy Caramel, Candy Coffee and Clorets gum.
Biscuit	This includes the production and sale of Bournvita Biscuit.
Intermediate Cocoa Products	This includes the manufacturing and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Information regarding each reportable business segment is shown below:

Revenue	Un-audited	Un-audited
In thousands of naira	30 June	30 June
	2024	2023
Refreshment beverages	31,390,698	24,913,316
Confectionary	14,351,203	8,550,227
Biscuit	(1,312)	798,411
Intermediate cocoa products	-	1,345,810
	45,740,589	**35,607,764**

Depreciation, amortisation and Impairment	Un-audited	Un-audited
In thousands of naira	30 June	30 June
	2024	2023
Refreshment beverages	674,334	545,647
Confectionary	308,292	187,266
Biscuit	(28)	17,487
Intermediate cocoa products	-	29,476
	982,598	**779,875**

Net finance (cost)/income	Un-audited	Un-audited
In thousands of naira	30 June	30 June
	2024	2023
Refreshment beverages	(12,770,219)	(14,421,101)
Confectionary	(5,838,290)	(4,949,309)
Biscuit	534	(462,161)
Intermediate cocoa products	-	(779,024)
	(18,607,975)	**(20,611,595)**

Notes to the financial information (Continued)

Profit before taxation	Un-audited	Un-audited
In thousands of naira	30 June	30 June
	2024	2023
Refreshment beverages	(9,525,605)	(10,172,679)
Confectionary	(4,354,917)	(3,491,254)
Biscuit	398	(326,010)
Intermediate cocoa products	-	(549,525)
Total per profit or loss account	**(13,880,124)**	**(14,539,468)**

Assets & liabilities by reportable segments are not presented to the Chief Operating Decision Maker (the Board of Directors). Consequently, information on segment assets & liabilities has not been presented.

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

All the Company's assets are located in Nigeria.

22 Information on reportable segments (continued)

(ii) **Geographical segments**

The Company has two reportable geographical segments summarised as follows:

Segment	**Description**
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries outside of Nigeria mainly in Africa and Europe.

Information regarding the operations of each reportable geographical segment is shown below:

	Un-audited	Un-audited
	30 June	30 June
In thousands of naira	2024	2023
Domestic sales	45,740,589	34,893,272
Export sales	5,699,826	714,492
	51,440,415	**35,607,764**

23 Events after the reporting period

There are no significant subsequent events, which could have had a material effect on the Company's financial position as at 30 June 2024 and its operating results as at that date, that have not been adequately provided for or disclosed in the financial statements.

24 Other Disclosures

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Nigerian Stock Exchange 2015 (Issuers Rule), Cadbury Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews 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.