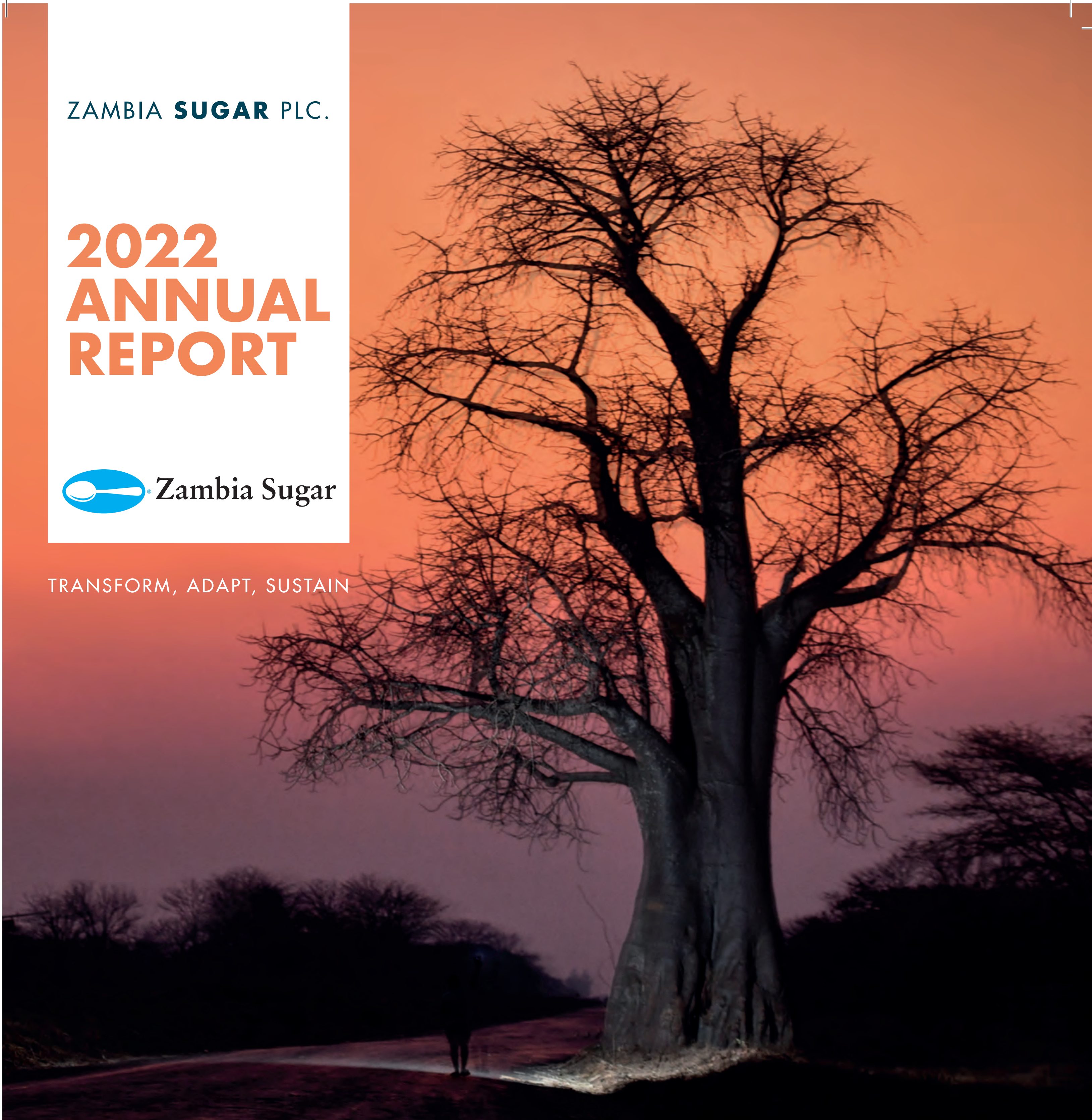
ZAMBIA **SUGAR** PLC.

2022 ANNUAL REPORT

Zambia Sugar

TRANSFORM, ADAPT, SUSTAIN



2022 FINANCIAL PERFORMANCE HIGHLIGHTS:

REVENUE
K 5 112 MILLION
2021: K 4 989 million

OPERATING PROFIT
K 1 242 MILLION
2021: K 1 615 million

PROFIT BEFORE TAX
K 1 005 MILLION
2021: K 1 086 million

EARNINGS PER SHARE
317.5 ngwee
2021: 343 ngwee

DIVIDEND PER SHARE
94.4 ngwee
2021: 85.5 ngwee

SALES
382 337 TONNES
DOMESTIC 276 071 TONNES & EXPORT 106 266 TONNES
2021: 413 000 TONNES
DOMESTIC 263 000 TONNES & EXPORT 150 000 TONNES

PRODUCTION
385 164 TONNES
2021: 397 000 TONNES

CANE SUGAR RATIO
8.24
2021: 8.1

CANE SUPPLY
3 169 374 TONNES
2021: 3 216 000 TONNES

CONTENTS

Zambia Sugar

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Board continued to work with Management to create a safe, healthy and respectful workplace, a beautiful estate and to be the best at serving customers. During the year under review, the impact of COVID-19 on the business was successfully contained and steps were taken to develop a robust ESG agenda which will be translated into concrete projects in the years ahead.

RESULTS

The Managing Director and financial reports will provide details of health and safety, operational and financial performance, highlights of which include:

- Reduction in lost time injuries and zero fatalities
- Successful containment of the COVID-19 pandemic which saw over 98% vaccination of employees and their dependents.
- Strong operational performance in Agriculture, Factory and Logistics operations
- Record domestic sales for the second year running
- Stellar financial performance similar to the previous year
- Alignment on three strategic objectives focused on customer centricity and route to consumer, maximum capacity utilization and achieving power self sufficiency

I am proud of the performance of the Company given that it was delivered in a year which presented numerous challenges in both the operational and economic environments. I especially wish to congratulate the staff for their fortitude during the period under review. It is because of their actions that the Company delivered another strong performance despite the challenging business environment.

The Board remains convinced that the Company is pursuing the safety vision of "zero harm to employees" with commitment and energy and will continue to support efforts to improve health and safety in the workplace. There are clear plans to achieve sustainable operational, commercial and financial objectives which should continue to create value for shareholders. The Company is committed to creating shared value working with all stakeholders including employees, contractors, suppliers, growers, local communities, and Government.

ECONOMIC OVERVIEW

The country attained a single digit inflation target and Gross Domestic

Product (GDP) for the year grew by 3.2% relative to the previous year. The Kwacha appreciated during the year driven by portfolio inflows on the back of positive investor sentiment related to the change of Government and the approval of the IMF funded programme. The country's international reserves increased to 5.4 months of import cover, the highest in the history of the Bank of Zambia.

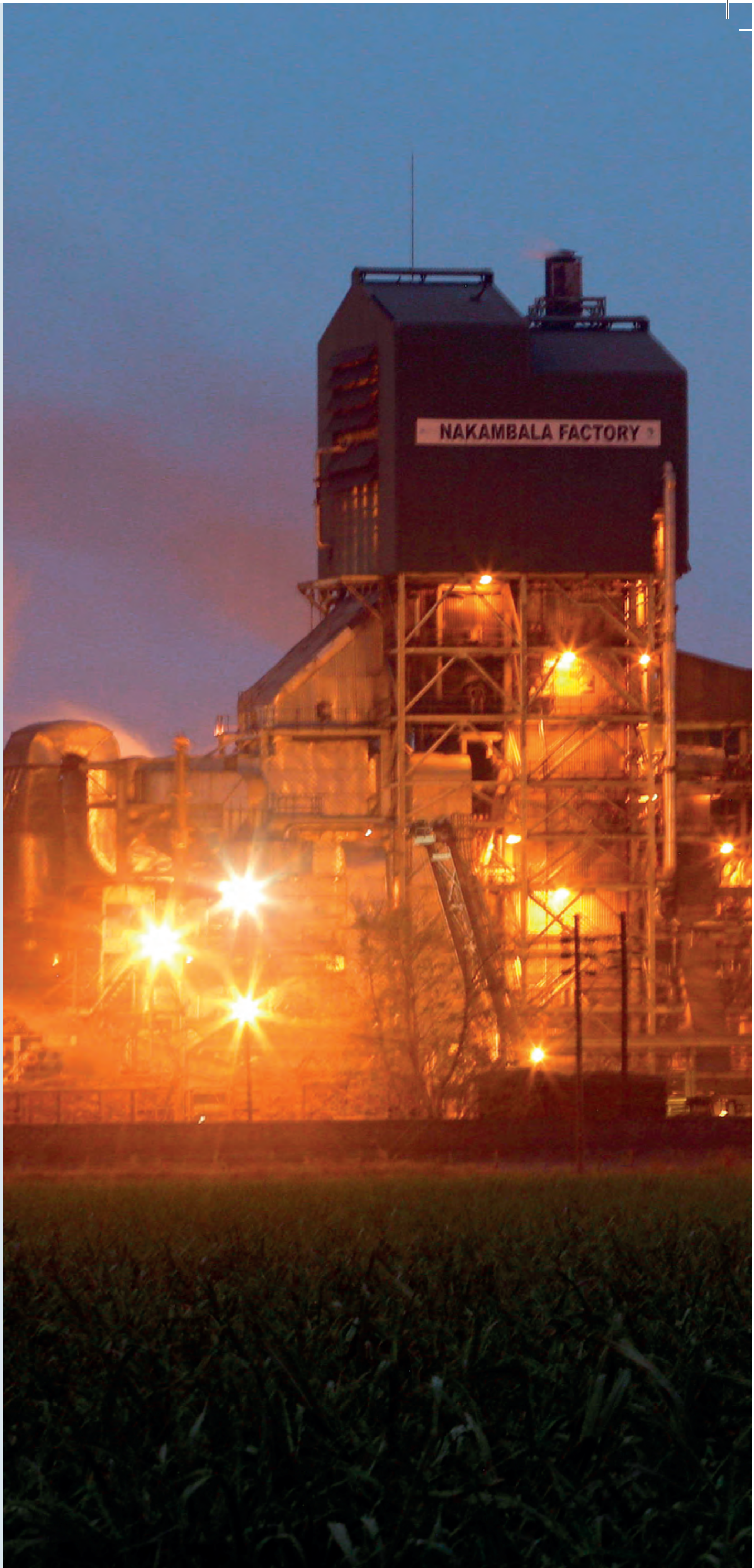
Although the copper price declined from the relative highs of $9 500 to just above $7 700 per tonne, the country continues to grow its output despite restrictions due to the COVID-19 pandemic. The Government has made mining royalties tax deductible in a drive to see the industry more than double production over the next 5 years. The spin offs from the mining industry will no doubt positively contribute to demand for sugar from consumers employed in this sector.

Positive sentiments surround the energy sector with the Government's commitment to resolving the challenges that aim at growing private sector investment. The Minister of Finance's budget speech presents even further confidence to investors given reference to financing of the Zambia-Tanzania-Kenya interconnector. Zambia Sugar will continue to pay particular interest in this area which is key to the Company's vision.

CREATING SHARED VALUE

The Company recorded good results in the strategic objective of local supplier development with a deliberate focus on local sourcing and promoting thriving local communities. The Company increased its procurement of local packaging working with a Zambian Company and further invested in supporting suppliers based in the Community where we operate.

The Government Policy of free education has created an enhanced



focus on support to schools not only within the area where we operate but across the country. With the growing number of pupils geared to begin enrolling in schools, the Company will continue to forge partnerships with local schools to enable the infrastructure to support the growing needs of the community. The Company is convinced that supporting schools is a worthy cause which contributes to developing the employee pipeline in future and is aligned with our principle of being a responsible corporate citizen.

SHARE PRICE OF ZAMBIA SUGAR

The share price of the Company at the beginning of the financial year was K 5.00 per share. At the close of the financial year the share price has sharply risen to K 18 per share, an increase of 260%. Zambia Sugar is currently the fourth most valuable stock on the LuSE with a market capitalization of K 5.7 billion. Therefore, the Zambia Sugar stock accounts for 7.71% of the Lusaka Securities Exchange equity market. The Board remains committed to upholding the value of the stock and safeguarding all the fundamentals related to the Company's overall performance.

DIVIDEND

The Board is focused on its commitment of delivering sustainable value to shareholders and upholding the Company's Dividend Policy. Consequently, at its October Board meeting a resolution was passed to pay a final dividend of 94.4 ngwee per share which is hereby being proposed for the year ended 31 August 2022. This is 12% higher than the dividend that was paid in the prior year at 84.5 ngwee per share. This represents a dividend pay-out ratio of 50% of free cash flow.

THE BOARD

The Board welcomed Mr. Andre Lubbe as Non-Executive member following the resignation of Dr Nelis Saayman who left the Illovo Sugar Africa Group. Andre is Illovo Sugar Africa's Commercial Director and joined the Zambia Sugar Board on 23 February 2022. He has had an illustrious career spanning the beverages and food manufacturing industry, and has extensive commercial knowledge and experience of working in African markets. The Board looks forward to his contribution to Zambia Sugar. Our best wishes extend to Nelis and his family in his future endeavours, and we appreciate his contribution to Zambia Sugar during his time on the Board.

OUTLOOK

Zambia Sugar remains well positioned to exploit its opportunities in the Zambian economy leveraging core competencies in Agriculture, Factory Operations, Sales and Marketing and Logistics. The expected stability in the exchange rate will help contain production costs but the forecast mid-term Kwacha strength will continue to put pressure on domestic sales due to illicit imports and proceeds from our exports to regional markets will be significantly reduced.

The Out-grower business model continues to be a success story as we aim to grow cane supply and we are hopeful that the proposed tax reforms in the Agro processing area will support our efforts in this area. We are pleased that good progress is being made in the energy sector and Zambia Sugar remains committed to explore opportunities for investment in electricity cogeneration and fuel ethanol should the policy environment be favourable.

CONCLUSION

I would like to thank all shareholders and stakeholders for their continued commitment and support. The Board remains committed to providing guidance to the Executive Team in the execution of the strategy which continues to be rooted in strong corporate governance principles. Many thanks to the customers for their continued loyalty, the employees for their hard work and commitment, contractors, and suppliers for reliable supply of much needed raw materials. I would also like to thank the Illovo Sugar Africa Group and Associated British Foods (ABF) for their continued assistance, guidance and support. Working together, we will continue to take Zambia Sugar from strength to strength in the years ahead.

NORMAN MBAZIMA
CHAIRMAN

COUNTRY MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

The Company delivered strong safety and health, operational, commercial, logistics and financial performances for the year under review. Our committed workforce once again demonstrated its resilience throughout the year in the midst of very challenging periods experienced due to the effects of the COVID-19 pandemic and the operational headwinds from disruptions in global supply chains. Commercial challenges were experienced throughout the year largely attributed to the appreciation of the Kwacha which saw an increase in illegal imports of sugar as well as significant reduction in proceeds from exports to regional markets. After adjusting for currency effects,, the financial performance was similar to the previous year and has once again put the Company in a position to pay dividends to shareholders.

HEALTH, SAFETY AND ENVIRONMENT

The health and safety of employees, contractors and visitors to the Company's operational sites continued to be a primary area of focus driven by the safety vision of "zero harm to employees". During the period under review the Company recorded improvements in lost time injuries, while the Total Injury Frequency Rate (TIFR) increased from 0.12 in the previous period to 0.61. This was attributable to the growing number of medical treatment cases (MTCs). Consequently, the Company has identified reduction of MTCs as a key area of focus. This will be done through promoting a safety culture which focuses on lead indicators including reporting and acting upon any unsafe acts or conditions. In addition, reporting near misses and being resolute in learning from serious events by consistently undertaking root cause analysis of injuries will be key.

At the beginning of the harvesting season the Company held a safety week which helped all stakeholders, especially employees and contractors, to reflect on their safety performance and how everyone is doing against our goal to attain "Zero Harm". The week-long activity further provided an opportunity to recognize individuals that consistently demonstrate safety leadership. At Zambia Sugar every employee has been given express authority to decline any work if it is established to be unsafe and safety of employees is a core value of the Company.

The Company recorded improvements in the vaccination of its employees, registering COVID-19 vaccination rate of over 98% and emerging as one of the leading companies in the Illovo Sugar Africa Group with respect to vaccinating employees and their dependents. The proactive management of the COVID-19 pandemic meant that there was no material disruption to company operations which was a proud achievement.

The Company also recorded a good performance in environment management throughout the financial year. All the stakeholders in the areas where the Company operates were actively engaged throughout the year with no adverse feedback. The Company complied with all the regulatory requirements and passed all audits including the FSSC 22000 audit which is critical to our operations. The Company continued to benchmark its performance against best-in-class in the Illovo Group and ABF Group as it seeks to continuously improve compliance and performance in these areas. The Company has ensured that environmental management plans are in place for all activities including those that involve major capital investment. The Company commenced work to develop a robust ESG agenda and is in the process of formulating projects to address pressing environmental, social and governance issues.

FINANCIAL PERFORMANCE

Zambia Sugar delivered strong financial performance for the second year running. Revenue peaked at K 5.1 billion a rise of 3% compared to 2021. The Company had a record performance in domestic sales volume, peaking at 276 071 tonnes which was a record. This is testament to the success of the commercial strategy despite the challenging market environment following the appreciation of the Kwacha which continues to encourage large volumes of illicit sugar imports. The Company mitigated this adverse impact through sales mix optimization and enhanced route to customer initiatives leveraging the improved logistics and commercial operations during the year especially during the last quarter.

Although the kwacha was ranked the world's best performing currency during the year, creating potential upside for the import of raw materials and spares, the Company suffered adverse effects through reduced proceeds from export sales. As a result, the Kwacha value of exports declined exacerbated by the drop in export volume. In mitigation, the Company focused on optimising sales mix and embarked on a sustained marketing effort within the domestic market which helped to reduce the impact of the drop in export proceeds.

Focused cost management helped to deliver an operating profit of K 1.242 billion for the year, which is similar to the prior year after stripping the effects of the massive depreciation of the Kwacha in 2021. The profit after tax was K 1.005 billion, marginally declining from K 1.086 billion in the prior year. The Company's strong performance recorded an earnings per share of 317.5 ngwee, slightly down from 343.1 ngwee recorded in 2021.

OPERATIONS

Agricultural performance was steady with an achievement of 3.169 million tonnes of cane, marginally down by 2% compared to the prior year. The Company is committed to improving total cane production and yield per hectare through investment in more efficient irrigation systems and adjustments to the farming system.

The factory produced 385 00 tonnes of sugar during the financial year down by 2% on the prior year. Refined sugar production for the year was 78 630 tonnes compared 80 320 tonnes in 2021 due to operational challenges experienced during the year. The sucrose content declined marginally compared to prior year although the Company is committed to a range of between 14.4% to 14.7%.

The Company is firmly positioned to sustain growth in sugar production and has developed strategies to achieve production of 445 000 tonnes which is close to the rated capacity of the factory within the next few years.

STAKEHOLDER ENGAGEMENTS

The Company continues to leverage the strengths it has established over the years in stakeholder management. Major stakeholders of the Company include employees, Unions, customers, suppliers, growers, regulators, local traditional authorities, Government, and local communities. The Company will continue to build and strengthen relationships with employees and is committed to doing so through consistent and open engagement.

At the beginning of the calendar year the Company updated and relaunched the vision and mission statements. "Respect" was added to its values to signify the importance of how employees are treated at work and how they engage with one another, with customers and other stakeholders. The vision relaunch was conducted over a 3-day period and was attended by 360 top leaders from across all the functions. The vision exercise once again highlighted that we have the people, capabilities, and resources to meet the challenges ahead of us and to work towards realisation of Zambia Sugar's potential.

ENVIRONMENT SOCIAL AND GOVERNANCE (ESG)

At Zambia Sugar good governance continues to be at the heart of operations focusing on values policies, behaviours and relationships while upholding processes which guide how things are done. The Company continues to monitor risks through a robust enterprise risk management process which includes identification of measures to minimize their impact as well as to capitalize on opportunities which arise from the risk management process.
With increased focus on ESG reporting, work to develop a comprehensive ESG plan has commenced and will be backed by concrete action which will be implemented in the years ahead.

OUTLOOK

The 2023 Financial year promises to be a challenging one for the Company but I am confident that the resilience we have developed over the years will enable us to rise to the challenge. The Company is well positioned to build on the success that has been achieved in the last 4 years of successive earnings growth.

The Company will continue to focus on ensuring sustainable supply of sugarcane, plant reliability and customer centricity supported by a robust Route to Consumer focus which is anchored on fully exploiting opportunities in the domestic and regional markets. We will work with the authorities on measures to curb the influx of illegal imports which threaten the viability of local manufacturing industries in the wake of a strong and stable Kwacha. We are looking forward to another strong performance in 2023.

ACKNOWLEDGEMENTS

Finally, I wish to express my sincere gratitude to the Board for the guidance and tireless work to provide resources which support operations and enable the Company to supply high quality products at the right price point for consumers. Despite the challenging environment experienced during the year, our employees and management once again demonstrated their commitment, resilience and dedication which helped the Company to create value for shareholders and stakeholders.

OSWALD MAGWENZI
COUNTRY MANAGING DIRECTOR

AT A GLANCE

A WIDE RANGE of products under the renowned Whitespoon brand. This includes direct consumption sugar enriched with **Vitamin A** (refined, brown and household), refined sugar for industrial customers, syrup, specialty sugars as well as molasses for both local and export markets.

CONSUMER-CENTRIC AGRICULTURAL AND AGRO-PROCESSING BUSINESS, with a vision to be the best at serving customers.

LARGEST SINGLE MILL CANE SUGAR PRODUCER IN AFRICA.

PRODUCES POWER FROM BIO-RENEWABLE SOURCES (CANE FIBRE (BAGASSE)).

1964
Zambia Sugar Plc was established.

IT IS LISTED on the Lusaka Securities Exchange (LuSE) with **25%** held as free float by institutional and private investors. **75%** of the Company's shares are held by the Illovo Sugar Africa Group.

ILLOVO SUGAR AFRICA is Africa's largest sugar producer with agricultural and production facilities in SIX countries, and has presence in 7 countries. Typical annual sugar production is 1.7 million tonnes.

Zambia Sugar is the country's leading sugar producer serving the domestic market and regional markets.

WINNER OF 4 2020 ILLOVO SUGAR AFRICA AWARDS
Best Factory Performance.
Safety Award.
Financial Management Award.
Best Country Performance.

RECIPIENT of Zambia Institute of Directors' **2022** Overall Corporate Governance Award.

OPERATES OWN ELECTRICITY PLANT WITH CAPACITY TO PRODUCE 40 MW.

LARGEST EMPLOYER IN THE SOUTHERN PROVINCE.

LARGEST PROPERTY RATES PAYER in Southern Province.

SUPPLIES 8 000 000 LITRES OF BULK WATER TO 300 000 RESIDENTS OF MAZABUKA DISTRICT.

WINNER OF 3 2021 ILLOVO SUGAR AFRICA AWARDS
Best Agricultural Performance.
Commercial Award.
Best Country Performance.

ADMINISTERS FIVE SCHOOLS

(Primary and Secondary) on the estate.

ILLOVO SUGAR AFRICA IS OWNED 100% BY ASSOCIATED BRITISH FOODS.

ASSOCIATED BRITISH FOODS

(ABF) is a diversified international food, ingredients and retail group with sales of **£13.9** BILLION, **133 000** employees and operations in **53** countries across Europe, Africa, the Americas, Asia and Australia.

THE COUNTRY'S LEADING SUGAR PRODUCER

serving the domestic market and regional markets.

ZAMBIA'S LEADING CONTRIBUTOR

to non-traditional exports (NTE).

Zambia Sugar®

AN **ILLOVO SUGAR AFRICA** COMPANY

28 000 Ha UNDER CULTIVATION.

EMPLOYS, 6 379 DIRECT AND 4 774 INDIRECT EMPLOYEES.

ONE OF THE LEADING

performing Companies on Lusaka Securities Exchange (LuSE).

ACCEPTED TO THE ALLIANCE WATER STEWARDSHIP

(AWS) Board and commenced the implementation of the AWS Standard, becoming the second organisation in Zambia to implement this standard.

ABOUT ZAMBIA SUGAR PLC

Zambia Sugar Plc is the country's leading sugar producer serving the domestic market and regional markets, producing a wide range of sugar and sugar products under the renowned Whitespoon brand. This includes direct consumption sugar enriched with Vitamin A (refined, brown and household), refined sugar for industrial customers, syrup, specialty sugars as well as molasses for both local and export markets.

Zambia Sugar prides itself as a world-class consumer-centric agricultural and agro-processing business, with sales in excess of K 5.112 billion, 6 379 employees supported by depots and customer networks across the country and region.

Zambia Sugar is the largest single mill cane sugar producer in Africa. Its roots extend to 1964 when it was established. It is listed on the Lusaka Securities Exchange with 25% held as free float by institutional and private investors. 75% of the Company's shares are held by the Illovo Sugar Africa Group. Illovo Sugar Africa is Africa's largest sugar producer with a presence in seven countries on the African continent. It has agricultural and production facilities in six of these countries with marketing and distributions in one. Typical annual sugar production for the group is 1.7 million tonnes.

VISION:
To be a safe, healthy, and respectful workplace, a beautiful estate and a diversified agribusiness which is the best at serving customers.

MISSION:
To make safe and high- quality food, that is abundant, available, and affordable for consumers.

HOW: By harnessing people's talents, abilities, natural resources, facilities, processes, and technology.

ZAMBIA SUGAR PLC - OWNERSHIP STRUCTURE AND OPERATING LOCATIONS

Associated British Foods plc

100%

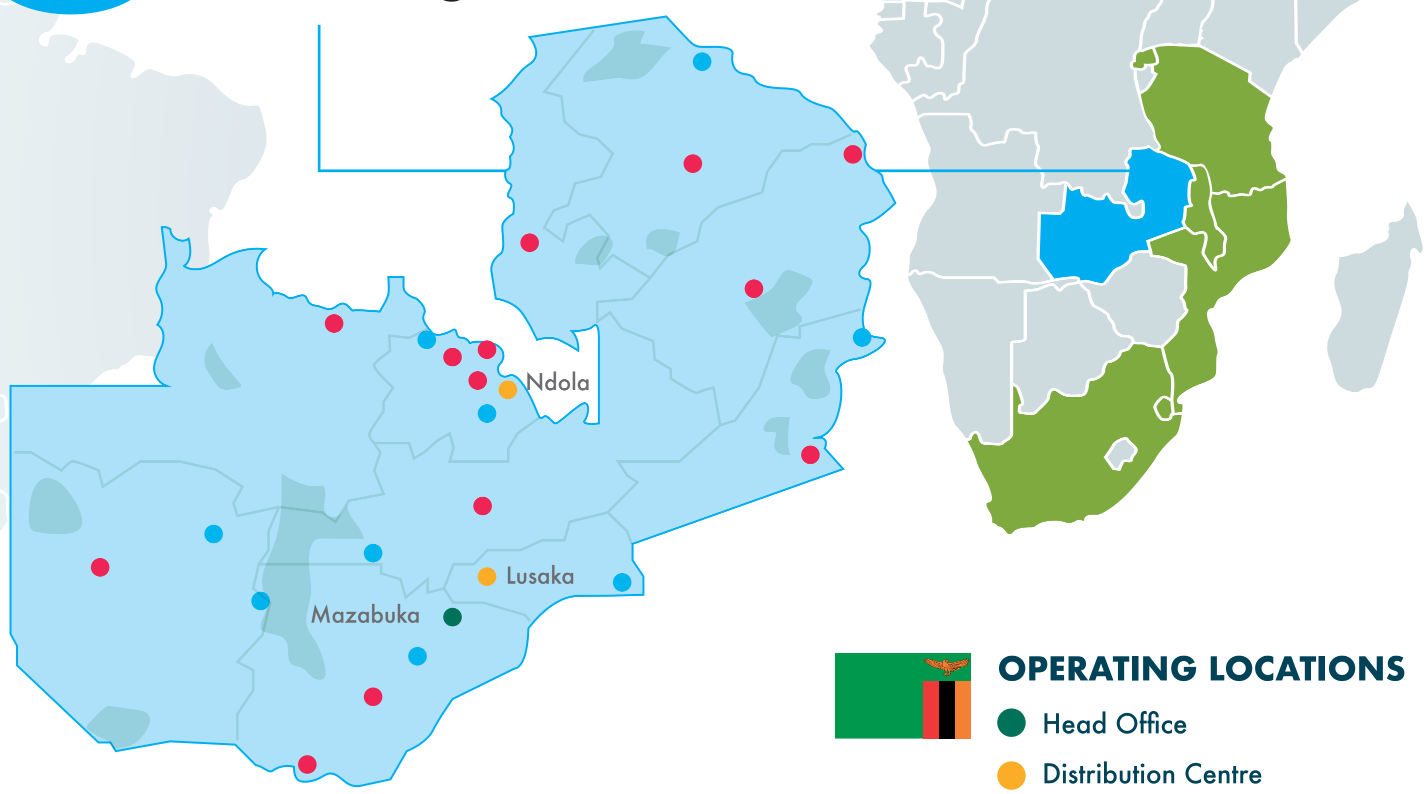
ABSugar

SUGAR ILLOVO AFRICA

An AB Sugar company

75%

Zambia Sugar



OPERATING LOCATIONS

- Head Office
- Distribution Centre
- Depot
- Sub-depot

SHAREHOLDING

Associated British Foods (AB Sugar) owns 100% of Illovo.

Illovo Sugar Africa Holdings Limited owns 75% of Zambia Sugar Plc.

ASSOCIATED BRITISH FOODS

Associated British Foods is a diversified international food, ingredients and retail group with sales of £13.9 billion, 128 000 employees and operations in 53 countries across Europe, Africa, the Americas, Asia and Australia. It has customers in over 100 countries. The company's purpose is to provide safe, nutritious, affordable food and clothing that is great value for money. With the breadth of its business, brands and global reach, ABF aims to consistently deliver value to all its stakeholders.

AB Sugar, which is the company that manages all of ABF's sugar interests across the globe, including Illovo Sugar Africa, is one of the largest sugar producers in the world. Illovo is the largest cane sugar producer in Africa and British Sugar is the sole processor of the UK sugar beet crop. AB Sugar produces around 4.5 million tonnes of sugar annually.

The company produces a diverse portfolio of products from processing of sugar cane and beet, including ethanol, which is produced to mix with petrol or used within alcoholic drinks and a range of animal feed products benefiting from molasses, betaine, raffinate and vinasse, an ingredient for use within children's medicine from the horticultural operations. AB Sugar is also a renewable power generator selling surplus electricity to local grids, and much more. Simply for us, there is no such thing as waste. The Company sells its products into a range of industry sectors, including food and drink, fuels, pharmaceutical, agriculture and horticulture, power and energy.

ABF has evolved its reporting on the issues most material to the businesses within the Group. A set of 'ESG Insights' downloads, which reveal why the issue matters to ABF and the progress being made is available on the ABF website.

At ABF's horticulture business, the company grows a non-psychoactive variety of cannabis that is specially cultivated for medical purposes. Enough is produced of the crop annually to help treat thousands of children a year globally.

ILLOVO SUGAR AFRICA GROUP

Illovo Sugar Africa is a Pan-African, consumer centric agri-business with roots in growing and making sugar and related products. As Africa's biggest sugar producer, the company has presence in seven countries including extensive agri-business operations in six African countries and marketing and distribution operations in one other.

Illovo Sugar Africa is a wholly-owned subsidiary of Associated British Foods Plc (ABF), a diversified international food, ingredients and retail group operating in 53 countries. The company focuses on supplying a diverse range of sugar products to the domestic markets in which it operates and to the regional neighbours, with high sea exports of bulk and speciality sugars to long standing international customers. Illovo also produces syrup, together with a range of downstream products including furfural and furfuryl alcohol, natural flavourants, high quality ethyl alcohol and lactulose.

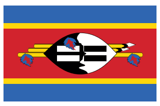
Through own internal electricity generating capability, using bio-renewable boiler-feedstock such as the cane fibre residue post the extraction process, Illovo aims to ensure reliable, cost-effective energy supply to all of its own operations and where economically viable, to export power into the national grids of the countries in which the company operates.

The company takes enormous pride in the people employed across a range of disciplines in the seven countries of operation, with the focus on Values-Driven Leadership, talent management, leadership growth and an active learning and development process underscored by the Group's customised Engaged Performance Management Approach which tracks the professional growth and achievement of strategy-aligned personal objectives of every single employee.

The Group-wide safety programme under the brand name of "Illovo Safe" and based on the premise of all employees returning home as they left before going to work, is focused on creating a safe working environment and is in alignment with the occupational health and safety legislation of our six countries of operation.

As a major private investor in Africa, the company operates and markets products in countries which face considerable challenges in the form of poverty, unemployment, inequality and disease. The United Nations (UN) classifies Malawi, Mozambique, Zambia and Tanzania as among the world's least developed countries. The Group has a significant positive impact on the rural communities in the areas where it operates, by creating valuable jobs and economic opportunities, and providing accommodation, health care, educational assistance and basic services to employees.

In addition, where no such facilities exist, Illovo provides medical care to communities, assists in education delivery, provides municipal and civic services and access to water and sanitation, and participates in community outreach programmes. The company's continuing ambition is to create an African sugar company that is anchored on delivering value to customers and consumers, promoting sustainable agricultural and sound manufacturing processes mindful of the impacts on the environment and through the collaborative weight of the employees, resources and skills, supporting the needs and aspirations of the many communities and stakeholders through the Thriving African Community purpose.

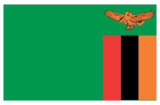

ESWATINI


SOUTH AFRICA


MALAWI


TANZANIA


MOZAMBIQUE


ZAMBIA


RWANDA

With a presence in 7 countries, Illovo Sugar Africa is a Pan-African, consumer centric agri-business with roots in growing and making sugar and related products, sustainably.

ILLOVO SUGAR AFRICA EMPLOYEES:

30 000

TONNES OF SUGAR PRODUCED ANNUALLY:

1.7 MILLION

STRATEGY

Zambia Sugar's vision is to be a safe, healthy, and respectful workplace, a beautiful estate and a diversified agribusiness which is the best at serving customers. The Company continues to focus on several strategic objectives which are underpinned by the following pillars:

CONSUMER CENTRICITY /MARKET FOCUS/ROUTE TO CUSTOMER	SUSTAINABLE CANE SUPPLY	OPERATIONAL EXCELLENCE	PEOPLE CAPABILITY DEVELOPMENT
DIVERSIFIED INVESTMENT	SUSTAINABLE COST CONTROL	ADVOCACY	

The Company's mission is to make safe and high-quality food, that is abundant, available, and affordable taking a long-term view focused on creating value for its shareholders, business partners, employees, and the communities in which it operates.

THE COMPANY'S STRATEGIC OBJECTIVES INCLUDE:

1. Maximising milling capacity utilisation to ensure sugar production of 445 000 tonnes from 3.6 million tonnes of sugar cane cultivated at Nakambala Estate and supported by the strong network of growers at Mazabuka.

The Company continues to focus on innovation by introducing new farming systems, new supporting initiatives, seed cane propagation using the speedling concept, new irrigation systems on the agricultural side, while focusing on improved refinery throughout, enhanced recoveries and sustained plant reliability supported by a reliable and efficient power supply.

2. Achieving power self-sufficiency to improve reliability of power supply to ensure demand from the factory, agriculture and estate are met sustainably. This will be achieved through investment in new infrastructure, through energy mass balance as well as further long-term investment in power plant at Nakambala. The Company will ensure continued focus on enhancing its relationship with ZESCO with a commitment to honouring agreements already in place.

3. Be the best at serving customers. Consumer needs continue to drive the Zambia Sugar business and the sugar industry in general. For this reason, customer centricity and commercialisation remain centre stage in the Company's strategy. The Company's strategic objective of focusing on consumers translates in major investment decisions that include investment in new warehousing at Nakambala and other locations such as Lusaka, introduction of very small packs to cater to the various needs and increased capacity for refined sugar which continues to fuel the manufacture of confectionary and the beverage manufacturing subsector.

The Company continues to place enhanced focus on Route To Customer (RTC) initiatives. The Company's efforts in building sustainability of the RTC using various commercial initiatives have resulted in retention of nearly 100% of the resellers; continued year on year growth in tonnage sold per reseller and growth in pre-pack sales volumes despite the challenging economic environment.

In focusing on being the best at serving customers, Zambia Sugar has continued to forge strategic partnerships both up and down the value chain to ensure unmatched service delivery to consumers leveraging the support from Winning Outbound Logistics Organisation (WOLO) implementation as well as focusing on other long-term investment and modernization programmes of various systems including the out bound logistics.

Zambia Sugar continued recording improved reseller performance thanks to the Whitespoon Reseller loyalty club. The Company held its second awards dinner which was graced by the presence of the Minister of Commerce, Trade and Industry, Honourable Chipoka Mulenga, MP.

The Company is committed to supporting resellers in their quest to grow their business. This is fundamental and the business believes sustainable growth can only be attained if there is corresponding growth among resellers. To this end, the Company launched the reseller financing initiative which has seen a number of resellers accessing relatively cheaper financing from the financial institutions.

The Company remains committed to enhancing the Whitespoon brand to ensure that it remains top of mind for all consumers. To demonstrate this commitment the Company launched new brand visuals and leverage of the "Stir Up" campaign to embed the brand in the market.

"The visuals epitomize what Whitespoon is all about: Stirring up consumers' best days by providing the much-needed energy for a healthy, happy and energetic family to get through their day-to-day activities successfully" - Chembe Kabandama, Commercial Director.

This campaign has led to increased brand visibility across the different trade segments, with the roll out of point of sale (POS) elements such as posters, price cards, table mats, supermarket base wraps, buntings, back shelf decals, danglers, trader boxes as well as billboards in key trade segments both in the first and last mile.

All packaging was revised to reflect the "Stir Up" theme and energy for life, with an inclusion of a family on the pack, depicting the energy Whitespoon products provide to the whole family in a relatively convenient and affordable manner.

(L-R): Eugune Chungu (Corporate Affairs Director), Abigail Masiliso Mbeti (Aunt Mbeti), Mandandi Mandandi (Mundcha), Hon. Chipoka Mulenga (Minister of Commerce, Trade & Industry), Oswald Magwenzi (Country Managing Director), Ibrahim Mitha (Kavulamungu), Jithen Patel (Anthenoen) and Chembe Kabandama (Commercial Director).

While producing high quality products at Nakambala remains key, ensuring that these products reach the intended consumers when they want it, in the pack size they prefer and at the price they can afford is just as fundamental. The Company has dedicated a significant proportion of its resources in optimizing the Route to Consumer (RTC) initiative to maximize market penetration and availability of Whitespoon products countrywide.

MAJOR MILESTONES

1955

Local Mazabuka farmer, Tony Dahl, plants sugar cane at his Better Ole Farm (later called Dahlia Sugar Estate). This was later to be taken over by Zambia Sugar Plc.

1960

Cane is first planted in Chirundu on the Southern Rhodesia side with the refinery located in Ndola.

1966

Tate & Lyle develop, **Nakambala Estate.**

1967

The first **commercial cane planted** at Nakambala.

1968

Raw sugar is produced at Nakambala and refined at Ndola Refinery.

1980

Zambia Sugar Plc and the Commonwealth Development Corporation (CDC) establish an **out growers' scheme** - the Kaleya Small Holders Company Limited (KASCOL).

1995

The Company is privatised - Tate & Lyle (**50.9%**), CDC (**31%**) & GRZ-ZPTF (**18.1%**).

1996

Zambia Sugar Plc is listed on the Lusaka Securities Exchange, Lusaka Stock Exchange (LuSE).

2001

Illovo acquires a **50.9%** share in Zambia Sugar Plc, and later increases it to **89.71%**.

2007/09

Zambia Sugar Plc undergoes the biggest expansion project since its inception, increasing its sugar production capacity from **200 000** tonnes to **445 000** tonnes annually. This expansion of both agriculture and milling capacity is commissioned in 2009. It is the largest single investment outside the Mining sector in Zambia.

2015

First woman Managing Director, **Rebecca Katowa**, appointed to head the biggest single mill producer in Africa.

An **expansion** of sugar refining capacity takes place with the launch of the Product Alignment and Refinery project (PAAR).

2016

It increases production capacity of refined sugar from **40 000 t**onnes per year to **90 000** tonnes per year. The Commissioning is held in July 2016 by the Head of State, His Excellency **President Edgar Lungu**.

2016

Zambia Sugar Plc increases free-float to **25%** thereby reducing Illovo's shareholding from **89.71%** to **75%.**

ABF acquires a **100%** shareholding in Illovo Sugar Africa.

2021

Domestic sugar sales hit 263,000 tonnes.

After 24 years of service, Rebecca Katowa retires as Zambia Sugar Plc Country Managing Director. Rebecca is succeeded by Oswald Magwenzi former Ubombo Sugar Managing Director.

2022

Record domestic sugar sales of 276,000 tonnes.

OPERATIONS - MANUFACTURING

Zambia Sugar is committed to producing every gram of sugar safely. The factory operations follow a clear set of objectives to be achieved in line with the Company's vision. These objectives include:

- Sustainably improving the overall recovery from the current 83.6% to 85% by 2027. This will involve improvements in extraction while working within a 34-week season. The factory's vision would mean crushing 3.6 million tonnes of cane by 2027. The Company has introduced a series of initiatives to support this improvement. Some of the initiatives are plant reliability initiatives to minimise prolonged downtime, leaks and overflow elimination as well as C- shed scaling up. The Company has also planned other capital investments to improve mill reliability as well as help mitigate any molasses losses.

- Achieving energy self-sufficiency by improving average own- generation capacity utilization from 21 MVA to 30 MVA by 2027 and reducing steam % per tonne of cane proccessed. This interesting journey has been stimulated by the government's enhanced focus on the energy sector. This has been supported by the investment in the Zambia-Tanzania- Kenya connector that is currently being given focus. There is further legislation pertaining to net metering which will promote investment in private power generation projects. Zambia Sugar anticipates to be an active participant in the energy sector with prospects of exporting into the national grid by 2027.

- Increase refined sugar production from 85 000 tonnes to 95 000 tonnes. through debottling initiatives with plans for further capacity expansion by 2028.

- The sugar industry has a specified measurement of downtime or production lost. It is called Loss Time Available (LTA) and is expressed as a percentage. LTA measures the lost time or plant unavailability for production due largely to two internal factors, equipment failures or breakdown, and operational impact due to operational errors.

An assessment of LTA excludes all planned maintenance downtime such as the stop days or any stoppages due to external factors such as bad weather, non-availability of sugar cane, etc. Major contributor to LTA is plant failures. LTA is a measure of how successful the assets of a sugar mill are managed. The lower the LTA the better the mill is being operated.

The Company has a strategic objective to sustainably reduce LTA from 12% to 5% by 2027.

Zambia Sugar's milling complex maximises the use of all input materials with very few waste products.

In good conditions, sugar cane contains between 13% and 15% sucrose, which is used in sugar mills to produce household, brown and refined sugar.

Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.

Water contained in sugar cane amounts to between 68% and 72% of total content. During the extraction process, this water is released and recycled for use within the factory, reducing reliance on external water resources.

Organic and non-organic impurities captured in the form of "filtercake" during the manufacturing process are returned to the cane fields for use as a fertiliser.

Sugar cane is a large grass variety which grows well in tropical and subtropical climates across the globe, absorbing around 18 tonnes CO_2 per hectare per annum.

Harvesting in the southern hemisphere takes place between April and December when the cane is 12 to 24 months old (12 months in Zambia).

Once harvested, the cane commences a new growing cycle from its existing roots; this re-growth is called a "ratoon".

Replanting takes place only every seven to 10 years, minimising soil disturbance and exposure to wind and water erosion. In regions where irrigated cane yields are significantly high such as in Zambia, water for irrigation is sourced from secure and sustainable water resources such as large rivers, lakes and dams within permitted rights of use.

Molasses is a by-product of the sugar manufacturing process. Zambia Sugar sells molasses to farmers to be used as an animal feed supplement and it is used as a key ingredient in the manufacture of yeast, ethanol and sanitizer.

Molasses is also used as a dust suppressant on gravel/dirt roads. It is also a rich source of potassium (K) and can be used as a fertilizer and be applied directly to sugar cane fields.

During the 2022 financial year the factory produced 385 164 tonnes of sugar with an improvement in factory recoveries.

The factory embarked on a strong drive to improve sugar recoveries through a recoveries project; the key objective was

SUGAR CANE

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INTEGRATED SUGAR CANE PROCESSING

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2. In normal to good conditions, sugar cane contains between 13% and 15% sucrose, which is used in sugar mills to produce household, brown and refined sugar.

3. Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.

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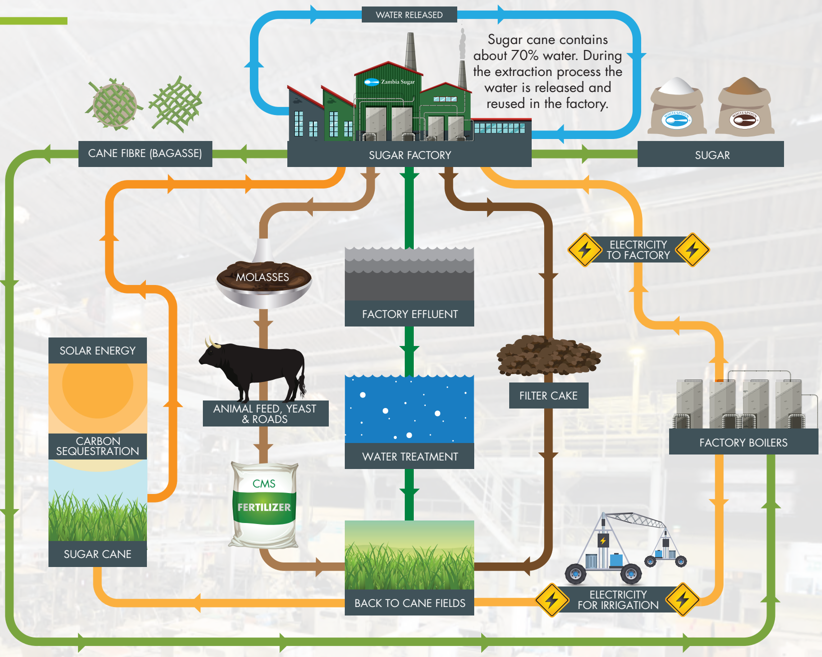


to continuously improve systems, processes and the ways of working thereby ensuring sustainable recoveries in the future.

The refinery produced a record sugar output last season while the focus on energy efficiencies resulted in a significant reduction in energy consumed in the factory and in agriculture.

The strategic focus and opportunities are the continuous improvements in energy efficiencies, cost reduction initiatives, plant reliability and sugar recoveries. Capability development in processes, systems, people and plant and design remain high on the strategic agenda.

OPERATIONS - AGRICULTURE

Zambia Sugar's strategy is focused on producing 445 000 tonnes of sugar per annum reliably and sustainably. This will be supported by agriculture consistently producing 3.6 million tonnes of sugar cane on an annual basis.

Zambia Sugar's strategy is focused on producing 445 000 tonnes of sugar per annum, to achieve this agriculture is required to produce 3.6 million tonnes of sugar cane on an annual basis. The Company's Agricultural strategy focus is therefore aimed at providing this volume of cane consistently. The major initiative that will support this objective is a new farming system. This involves increasing replanting area, adjusting planting dates, planting higher yielding varieties more resistant to pest and disease, fallow cropping and permanent beds with controlled traffic. The anticipated increase in yield is an average of 20 tonnes per ha across the estate per annum.

The Company will continue to work with all the major stakeholders to ensure that the Grower model is enhanced. Although several risks to the sustainable growth of the model exist the Company continues to make the necessary steps to ensure the risks are mitigated. Consequently, the Company is actively engaging growers in both commercial and small holder categories to enable an additional expansion of 1 000 ha of area under cultivation. This program will result in an additional 2 tonnes per ha increase in the yield across the supply area.

In addition, the Company has commenced a program to upgrade its irrigation and drainage systems from furrow to more efficient Drip and Pivot systems for better water use. A planned total of 2 000 ha will undergo conversion during this phase. The objective is in line with the Company's Environmental Social and Governance (ESG) agenda and commitment to the attainment of the United Nations (UN) Sustainable Development Goals.

Other support initiatives that the Company will continue to pursue include use of technology such as drones, Inbound logistics scheduling systems, use of GIS and data analytics to support the shift to precision agriculture.

The Company will leverage the youthful talent in the country by providing not only employment opportunities but a technology that resonates well with the youth while focusing on productivity.

The Company remains committed to the successful implementation of these agricultural programs. With the consistent performance of more than 3.2 million tonnes per annum over the past several years, this objective to attain 3.6 million tonnes per annum is attainable and continues to motivate the team.

SUPPLY CHAIN

Zambia Sugar Plc procured a greater proportion of its goods and services from within Zambia in 2022. 74% of expenditure excluding cane purchases and utilities were procured from within Zambia. This is in line with the Company's strategic objective to enhance its local supplier development programme which continues to be a key focus in line with its Creating Shared Value strategy.

The Company has continued to demonstrate the success of this strategy with the much-publicised successes of the Supplier Relationship Management (SRM) with Habib (a local packaging supplier) now firmly embedded.

The Company continues to enhance this by including other packaging suppliers in Zambia as well as Mazabuka based promising suppliers to the SRM programme. A target to engage five suppliers for 2023 financial year has been set with the ultimate objective of achieving the following:

- Working collaboratively with respective suppliers to deliver value for the business through optimal price.
- Improved product delivery (OTIF) thereby reducing supply risk.
- Reduced quality issues as monitored through Non-Conformity Reports.
- Elimination of stockouts and improved stock holding levels.
- Improved planning, forecasting and adaptability thereby responding to changes in forecasts/plans.
- Improved services to the factory.
- Improved partnerships between local suppliers and Original Equipment Manufacturers (OEMs) on sub-contract works.

Although the disruptions in our supply chains locally and abroad caused by the effects of COVID-19 continued in the year, the Company showed resilience ensuring an effective delivery of service to all our customers.

In developing resilience, the Company focussed on several areas which included increasing inventory levels as well as the number of suppliers in the database which would be revised accordingly in due course. This was particularly important because lead times for procured goods increased and some suppliers began to close business within the supply chains. The Company further allowed for some flexibility in the supply chain.

The Company derived great benefit through working closely with the Group procurement teams. It standardised the business processes in line with best practice, introduced dashboards to track respective KPIs and enhanced engagements with respective suppliers. The Company embraced the new ways of working demonstrating the embedding of the Operating Model. These included the meetings held while standing, use of Trello boards, working with online meeting tools and engaging suppliers remotely.

The Company continued to focus on the "buy better and spend better" initiatives with the ultimate objective of identifying and driving value for the business. The Company recorded sizeable savings because of these initiatives exceeding the targeted amounts by just under 10% for the year.

The Company's Sales and Operations Planning (S&OP) was rated the best in the Illovo Sugar Africa Group, a great testament to the value add that the process has brought to the business. The alignment between market demand and operational supply helps to continuously ensure flow of sugar to all the markets throughout the year.

The Company continued the development and alignment of the Material Resource Planning and Depot Replenishment Planning processes further enhancing the accuracy of the Sales and Operational Planning process as well as resulting in further efficiencies in procurement and logistics operations.

WINNING OUTBOUND LOGISTICS ORGANISATION (WOLO)

The logistics sector continued to play a fundamental role in facilitating trade demonstrating the integral nature that logistics plays in the supply chain of many goods and services.

Although both inbound and out bound logistics continued to be impacted by the effects of COVID- 19 through border closures or stringent procedures at the borders thereby increasing lead times, the Company managed to mitigate this impact through the benefits derived from WOLO. This resulted in minimal delays at the border leading to timely delivery of products at the factory. Other benefits included guaranteed continued sugar availability across the country and in the desired quantities.

Zambia Sugar's WOLO was one of the finalists at the Associated British Foods (ABF) Awards Conference held in England, United Kingdom, for most innovative and revolutionary initiative competing against the others from ABF Group of 53 countries across Europe, Southern Africa, the Americas, Asia and Australia.

The Company continued to meet the provisions of Statutory Instrument (SI) No. 7 requiring Zambia Sugar to move at least 30% of its production output by rail. The Company achieved this objective in the financial year.

Following the enactment into law of SI No 35 requiring at least 50 % of a manufacturer's exported and imported bulk goods to be moved by local transporters, the Company has moved to ensure compliance at all levels. During the year, 89% of all sugar exported from Zambia was moved by Zambian registered companies.

The Company buys all its fertilisers locally.


COMPANY VISION, MISSION, VALUES

The Company fully demonstrates that it is an important part of the wider agri-business value chain. It does this by upholding the Values of the Group in every area of operation.

VALUES

INTEGRITY -
UPHOLDING VALUES
We consistently live our values, treat all individuals in a fair and consistent manner, as well as act in accordance with ethical guidelines and statutory requirements. We are welcomed by the communities in which we operate, are trusted by investors, and our employees are proud to work for us.

ACCOUNTABILITY -
DELIVERY FOCUSED
We find ways to break through resistance and obstacles, and strive to seek new methods in order to continuously improve. We align our day-to-day work with the Illovo vision and strategic intent, and our objectives, action plans and commitments are delivery focused. We also engage in celebrating our achievements.

INCLUSIVENESS -
EMBRACING DIVERSITY
We leverage on our diversity in order to maximise performance by actively supporting transformation initiatives. Because we value innovation, creativity and inclusion, we respect each other's opinions and perspectives, treat people with dignity and respect, and build culturally diverse teams.

EMPOWERMENT -
EMPOWERING PEOPLE
We are committed to the development of our people through the continued acquisition of new knowledge and skills. We use various methodologies to enhance the learning experience and the transfer of skills. We earn each other's trust, provide constructive feedback and hold ourselves and others accountable for performance development.

COMMITMENT -
WORKING COLLABORATIVELY
We are committed to the success of the whole and together look for ways to co-operate and support each other, even when the immediate benefit is one-way. We value strong networks and working relationships that are underpinned by teamwork, open communication, trust and respect. We invest time and other resources to build and nurture high-performing teams.

RESPECT -
ESTEEMING OTHERS
We promote an open transparent engagement showing respect towards our friends, colleagues and neighbours in every interaction. We listen to what others have to say and respond with our views, making sure that we value every contribution. We explain why we have to say "no" when the situation requires it.

VISION

To be a safe, healthy, and respectful workplace, a beautiful estate and a diversified agribusiness which is the best at serving customers.

MISSION

To make safe and high- quality food, that is abundant, available, and affordable for consumers.

HOW: *By harnessing people's talents, abilities, natural resources, facilities, processes, and technology.*

PEOPLE

The Company understands the value of good people, strong and accountable teams, the power of brands, the need for continuous investment and the need to maintain strong and enduring relationships with customers and suppliers.

Across the Company, every employee is required to demonstrate strong values through the work they do every day.

The Company remains committed to investing in the health and safety of every employee, promoting diversity, and respecting human rights. The Company has adopted another value at the recently held vision launch which is respect- respecting everyone's dignity; acting with integrity; progressing through collaboration; and delivering with rigour.

The Company prides itself on being a first-class employer, working actively to develop people and create opportunities for progression. As a result, employees tend to stay with the Company for a long time, building exciting careers that help them fulfil their goals at work, at home and in the community. The Company is committed to being a net exporter of talent within the Illovo Group and Associated British Food Group.

The Company believes that most people are inherently good and that with encouragement, engagement and support they will do the right thing in the right way. The high standards of integrity enable focus on the drive for a strong culture, recognising that acting responsibly is the only way to build and manage a business over the long term.

Zambia Sugar remains committed to developing leaders for the business by recruiting and developing leaders using initiatives including Managers in Training (MIT) and Engineers in Training (EIT). The Talent management programme spearheaded by the Country Managing Director will continue to focus on the succession pipeline across the organisation.

Focus on competencies remains key and the company places emphasis on development of skills through training, coaching and mentorship as well as supporting the employees to grow their knowledge base and improve their abilities and nurture desired behaviours in line with the Company's values. The development of capabilities through introduction of processes and adopting routines continue to contribute to this result. In addition, ensuring that the operating model and the accompanying organisation structures remain embedded with improvements in areas where gaps are identified, is the focus the Company will take while leveraging the learning and development pillar. It is important that every employee remains aware and contributes their full share to the attainment of the strategy through their daily activities making sure that they devise corrective measures within their space.

The Company continues to place strict focus on the performance management programme in place to help enhance accountability of every individual. This includes ensuring that there is role clarity, the individual agrees smart goals with their line supervisor and remain goal oriented throughout the course of the execution period. The Company will continue to focus on teams and ensure they become high performance using coaching and mentoring.

The organisation's performance will continue to be driven by strict adherence to safety. Individuals who demonstrate leadership in safety present the most confidence at being successful in any other leadership roles. The Company will continue to place focus on safety linking key performance indicators to the individual's personal performance areas.

The Company will continue to focus on strategy execution ensuring that a good change management program is always in place.

TOTAL TRAINING ATTENDANCE BY YEAR

With COVID-19 incidents subsiding, the Company was able to resume normal training activity for the year. Attendance significantly increased due to the "Speak Up" roll out which involved all employees including the Seasonals that need to understand this critical Policy.

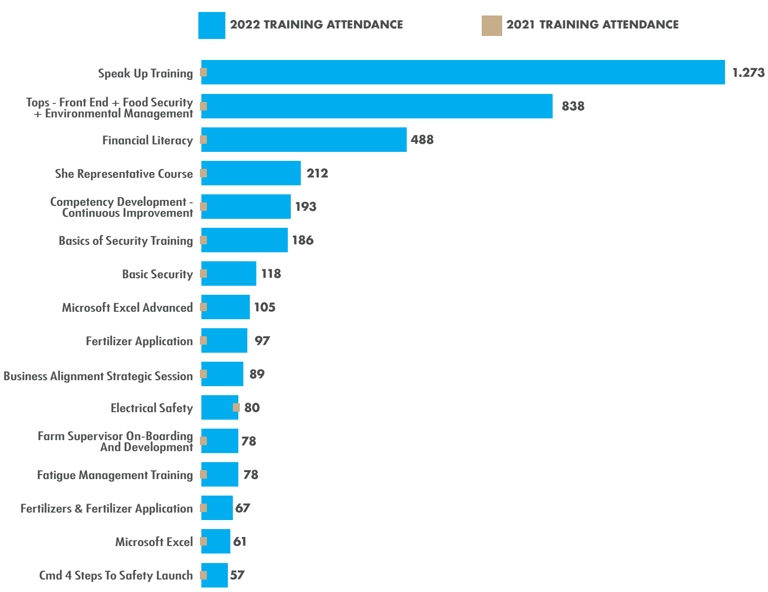
2022 TRAINING ATTENDANCE	2021 TRAINING ATTENDANCE
5 116	1 112

MAJOR TRAINING PROGRAMMES

The Company conducted several major programmes, including fatigue management during the year. This was targeted at employees in addition to seasonal employees, contractors and interns. The top 10 programmes conducted in the year include:

1. **Speak Up** – to roll out the new policy moving from Anonymous Tip Offs
2. **TOPs** – pre-season start technical refreshers and new learnings for Factory employees
3. **SHERQ** – annual pre-season start refreshers and preparations for all Safety Representatives
4. **Competency Framework** develop programmes to support embedding of the new Op Model
5. **Security Trainings** – pre-season start skills enhancement training
6. **Financial Literacy**
7. **Business Alignment Strategy** sessions for Agric Crop production employees
8. **Data Management skills** training – MS Excel for new supervisory layer
9. **Farm Supervisor Onboarding** – support to learn new Ways of working under new Op Model
10. **Fatigue Management Training** – new programmes to drive new Employee Wellness initiatives

TRAINING COMPLETED 2022 VS 2021



SAFETY, HEALTH, ENVIRONMENT, RISK & QUALITY (SHERQ)

At Zambia Sugar Plc Safety remains a key area of focus with the goal of achieving "zero harm to employees and contractors". The Company is focused on ensuring that every person goes home in the same condition they came to work in.

All employees have express authority awarded by the Country Managing Director to decline any work that is observed to be unsafe. This means that before any work is executed a thorough risk assessment should be conducted. In addition, employees, contractors and visitors are encouraged to point out any unsafe acts or conditions at all of our operations as well as reporting any near misses.

SHERQ BALANCED SCORECARDS SHOWING ANNUAL PERFORMANCE

Indicator	Closing SHERQ Balanced Scorecard Score		Lost Time Injury Frequency Rate (LTIFR)		Total Injury Frequence Rate (TIFR)		Lost Time Incidients (LTI)	
Group Target	≥ 85%		≤0.10		≤1.00		5	
Period	February 2022	February 2021	February 2022	February 2021	February 2022	February 2021	February 2022	February 2021
Actual	87%	97%	0.03	0.06	0.61	0.12	3	7

Safety performance continued to be favourable as seen in the the Safety, Health, Environment, Risk and Quality (SHERQ) balanced scorecard. While there was a reduction in the number of Lost Time Injuries (LTIs), medical treatment cases increased, resulting in an increase in the total injury frequency rate.

The Company will continue to focus on improving the safety performance by placing greater emphasis on and strengthening contractor safety management, coaching and 4 Steps to Safety. The Company continues to place the slogan, "Safety, My Responsibility, Our Way of Life", at the heart of any operation throughout the organisation.

The Company's Safety Programme will continue to enhance safety awareness by including refresher courses for leaders on the fundamentals of SHERQ through the Illovo Safe Academy.

ILLOVO SAFE

SAFETY, MY RESPONSIBILITY, OUR WAY OF LIFE.

Safety focus: Reflecting on Safety standards & behaviours and acknowledging performance.

ENVIRONMENT

Environmental Management continued to be a key area of focus during the period under review. There were no penalties from the regulators due to non-compliance. The Company endeavours to move from compliance to performance based on the firm conviction that it is the right thing to do, and the Company is able to set internal standards of its own, with support from Illovo Sugar Africa Group and ABF Group, and continue to benchmark against these standards.

Environmental performance indicators were within specification on wastewater discharged to the aquatic environment and potable water distributed within the networks.

Boiler and incinerator emissions were also compliant. The Company continues to focus on improved measures to manage dust emissions. An action plan which includes both short and long-term plans is being implemented to install new filters on the boilers.

QUALITY & FOOD SAFETY

During the year under review, Zambia Sugar recorded good performance with regards to Quality and Food Safety certification and protection of the licence to operate. All internal and external assurance, accreditation, customer, and other important audits were successfully passed with no major findings from the FSSC V5.1 recertification audit.

Customer complaints management with a focus on improved investigations remained key with corrective actions implemented and feedback given to customers after investigations in a timely manner.

There were no product recalls or litigations arising from quality or food safety related complaints during the year under review.

COMMUNITY SERVICES

COVID -19 infection rates remained low during the period. Community and employee vaccinations together with sensitisation on both preventative measures and vaccine uptake continued. There were no severe cases, hospitalisation or deaths recorded during the year. With the consistently good trends and in line with the national COVID-19 management guidelines, most COVID-19 restrictions have since been lifted with no negative effects observed as a result of this decision.

COMMUNITY SERVICES

Zambia Sugar remains committed to the eradication of Malaria. The Company continues to support all stakeholders fighting to end Malaria. The Company does this by sharing best practices in Malaria control and eradication with fellow members in the End Malaria Council (EMC) of which it is a member. The EMC is committed to ending Malaria not only in Zambia but the world over.

Malaria is a leading cause of illness, death and worker absenteeism in Africa and 80% of those who die from malaria are pregnant women and children under the age of 5.

With 9 000 deaths each year, Zambia has a new case of malaria every 3.7 seconds, businesses lose an average of USD 600 - 714 million in revenue due to malaria-related productivity loss, and 18 -21 million days of work are missed owing to malaria illness and caregiving.

The National Malaria Elimination Programme (NMEP) with its partners implement proven interventions; treated bed nets (LLINs), indoor spraying, preventive medicines for pregnant women, prompt malaria testing and treatment, larviciding, surveillance, research, social behaviour change communication, and accelerators in appropriate communities such as Mass Drug Administration (MDA).

END MALARIA COUNCIL AND END MALARIA FUND AT WORK

Zambia launched the "Malaria Ends with Me" campaign in 2018 and in March 2019 and established a multisectoral End Malaria Council (EMC). The EMC is a country-owned and country-led initiative to convene senior leaders across sectors to:

- Make malaria elimination a national development priority.
- Mobilise financial resources from new partners and advocate for sustained funding from existing sources.
- Champion "Malaria Ends with Me" and provide a venue for the NMEP to engage other sectors.

The Council comprising private and public sectors, civil society and community leaders established a public-private End Malaria Fund (EMF) to mobilise resources in a transparent and accountable manner. Subnational EMCs were also launched in all 10 provinces.

The EMC and EMF have continued mobilizing resources, advocacy and action through one-to-one appeals to private sector companies, engagement with faith leaders and the use of media platforms; a golf tournament and sensitization 'malaria investment' cocktail; placement of donation boxes, sale of branded materials, use of mobile money platforms and direct bank account donations. The EMC and EMF successfully supported the MDA in four selected provinces and achieved good results.

The NMEP plans to distribute 11.6 million nets in 2023. Zambia has mobilised to procure 8.8 million nets—but faces a gap to procure 2.8 million nets.

We, the End Malaria Council and Fund, urgently seek your support in helping mobilize the remaining resources to protect your employees and their families at risk as well as women and children. Join us and together we can make history - a malaria-free Zambia.

More information is available at https://endmalaria.org.zm or contact **+260979788776**

ILLOVO THRIVING COMMUNITY

STAKEHOLDER ENGAGEMENT

DOING THE RIGHT THINGS RIGHT

Zambia Sugar is committed to good stakeholder engagement. Acting responsibly is the right thing to do. Doing the right thing for all stakeholders and the environment takes a deliberate effort in order to continually happen. The business environment today continues to be unpredictable and dynamic. It requires effective ways of understanding what really matters most, of maximising opportunities while minimising risks, and of being transparent.

UNDERSTANDING WHAT MATTERS MOST

Understanding what matters most, what is material to the Company, all the stakeholders the Company interfaces with, and the planet's future, is all about engaging actively and sharing knowledge.

The Company continues to engage all stakeholders and tries to uphold a thorough understanding of their different priorities and concerns. Working in a collaborative way, complemented by the Company's own extensive knowledge and expertise, help to set the right priorities that ultimately deliver positive change in the communities the Company operates in, and among the stakeholders it interfaces with.

The Company ensures that it works well with all its stakeholders through engaging in a designed set of activities throughout the year. These stakeholders include employees and contractors, customers and consumers, communities, suppliers, Government and regulatory authorities, industry and trade associations, Academia, NGOs and traditional leaders. A deliberate and focused engagement with these stakeholders secures the Company's social licence to operate.

OUR COMMUNITIES

Zambia Sugar continues to work with the communities especially in the areas in which it operates.

WATER

The Company has partnered with the Southern Water and Sanitation Company (SWSC) to supply bulk raw water to over 300 000 residents of Mazabuka district. This is the only reliable source of water making it vital for the district. The Company makes every effort to supply at least 8 000 000 litres per day to SWSC to meet the growing water demand in the district. The Company always ensures that this water supply is uninterrupted and undertakes repair works on the pipes and pumping systems at its own cost as well as offering the utility company a wide range of support during its operations for the benefit of the local community. Zambia Sugar provides potable water to the population of 16 000 that resides on the estate.

HEALTH AND WELLNESS PROGRAMMES

The Company continues to uphold health and safety as a priority. A campaign to promote responsible consumption of its products as well as a need for healthy diets and lifestyles among the population, continues. In 2019 the Company joined the Making Sense of Sugar Campaign that is being promoted by the ABF Group through AB Sugar. The aim of Making Sense of Sugar is to provide information based on robust science to help inform and educate people about sugar and the role it can play as part of a healthy balanced diet. Making Sense of Sugar has been funded and developed by AB Sugar. It is part of the Company's commitment to thriving and healthy communities - helping to find collaborative solutions to the health challenges in the different countries in which the Group operates.

In addition, the Company operates a "Making Sense of Sugar" page which is available on the Zambia Sugar website which helps give relevant information to visitors to the site. The Company uses other additional channels to communicate information about sugar and health. The Company works closely with a group of local Doctors called Teledoctors providing health information to the public on radio and television. It uses this platform to communicate any facts that people need to know about sugar and its consumption. It also aims to raise awareness on several health issues affecting people including Non-Communicable Diseases (NCDs).

Making sense of ***sugar***

As a responsible business, the Company is actively contributing to the debate around the role sugar can play in one's diet through the Making Sense of Sugar campaign, developed by AB Sugar which manages all of ABF's global sugar interests, including the Illovo Sugar Africa Group.
The campaign, initiated in 2014, is committed to provide access to objective scientific advice on sugar, diet and health to over 25 million people around the world by 2030. The campaign has since been expanded to reach a global audience. In December 2019, Zambia Sugar joined sugar-producing companies in countries like Malawi and Tanzania in this effort to reach the African audience and offer content adapted to the Zambian reality.

Making Sense of Sugar helps inform and educate people about sugar and the role it can play as part of a healthy, balanced diet. The aim of this campaign is to provide factual information based on robust science for everyone so that they can make their own informed choices about what they choose to consume. For more information on Making Sense of Sugar in Zambia, visit:

https://makingsenseofsugar.com/zm/

SPORT

The Company enhanced sporting activities following the relaxing of the COVID-19 restrictions across the country. These sporting activities included Aerobics for the estate Community. The Company provides support to sporting clubs including athletics, Karate, swimming, soccer, golf, and tennis.

The Company will begin to improve the sporting facilities at the estate and will ensure that as many of its employees and households totaling about 16 000 take advantage of these facilities. The Company will embark on this programme in a phased and sustainable manner incorporating the shared value approach.

At national level, the Company contributes towards the development of sport through support of national associations that run development programmes and host sporting events. During the year the Company provided support to cycling, soccer, golf, tennis, and athletic activities.

OUR COMMUNITIES

PRIMARY AND SECONDARY EDUCATION SUPPORT

With the Government Policy of free education up to secondary school many of the children in the country will have an opportunity to access education. This will require additional infrastructure and human resources. The Company will continue to work closely with the district education office to assess the Ministry's long-term plans and how the Company can provide support.

In addition to administering Nakambala Private School, one of the schools situated at the estate with an excellent pupil performance, the Company provides various forms of support to community and Government-run schools in the area, surrounding communities and across the country.

OTHER SUPPORT TO COMMUNITIES

The Company continues to support local communities in the provision of social services ranging from housing to related services including lighting of townships, sanitation, refuse collection, road maintenance and water reticulation. The Company provideds support to the local community by grading roads and dredging furrows thereby averting flooding which normally affects the area. Other support includes repairs to bridges to ensure access from farming communities to market centres. The Company also conducts robust HIV/AIDS programmes as well as programmes in the prevention against Malaria. This continues to have positive results including Malaria eradication from the estate.

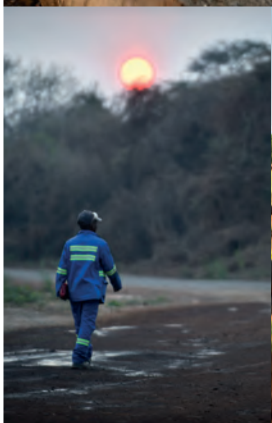
The Company shares of best practices in Malaria control and does so using various channels including its privileged board position on the End Malaria. Council (EMC) chaired by the Ministry of Health.

SUGAR FORTIFICATION

Zambia Sugar Plc continues to support the country's supplementation programme to aid the lowering of the nutrient deficiency gap in children. The programme helps to reduce infant and maternal mortality caused by Vitamin A deficiency. This runs in conjunction with Government's nutrient supplementation programme targeted at children under 5-years. Zambia Sugar actively participates in this programme with its Whitespoon products being fortified with Vitamin A.

Due to the incidence of COVID-19, the country experienced challenges in continuing with this programme resulting in a heavy reliance on sugar fortification. To this end, Government designated the Company as an essential goods supplier during the COVID-19 pandemic.











MAZABUKA MUNICIPAL COUNCIL
FIRE BRIGADE
0974 155 198

VALUE ADDED STATEMENT

The value added statement reflects the wealth that the Group and the Company has been able to create through its agricultural, manufacturing and selling operations, and its subsequent distribution and reinvestment in the business.

During the period under review, K 1 910 million (August 2021: K 2 199 million) was created. Of this amount, K 941 million (August 2021: K 970 million) was distributed to employees, providers of capital and to government. Of the wealth created, 35% (August 2021: 27%) was paid to employees.

The balance of the wealth created was retained and reinvested in the company towards the reduction of debt and the ongoing working capital requirements.

	Group		Company	
	August 2022 K '000	August 2021 K '000	**August 2022 K '000**	August 2021 K '000
Wealth created				
Revenue	**5 111 776**	4 988 980	**5 111 776**	4 988 980
Dividend income	**-**	-	**86 342**	41 744
Paid to growers for cane purchases	**(1 497 047)**	(1 383 094)	**(1 214 065)**	(1 130 541)
Manufacturing and distribution costs	**(1 703 850)**	(1 406 374)	**(2 161 945)**	(1 825 970)
	1 910 879	2 199 512	**1 822 108**	2 074 213
Wealth distributed				
To employees as salaries, wages and other benefits	**662 309**	586 261	**628 531**	512 274
To lenders of capital as interest	**74 196**	176 826	**80 717**	326 127
To government as corporate taxation	**204 035**	206 920	**190 818**	64 030
	940 540	970 007	**900 066**	926 969
Wealth reinvested				
Retained profits	**1 005 148**	1 086 067	**960 973**	1 006 130
Depreciation	**115 436**	111 073	**103 902**	99 735
	1 120 584	1 197 140	**1 064 875**	1 105 865
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**109 833**	116 949	**108 571**	115 663
Net VAT amount paid to government	**116 867**	73 934	**116 867**	63 840
Customs and excise duties	**23 446**	70 553	**23 446**	70 553
Withholding taxes and Withholding VAT collected on behalf of government	**418 645**	**423 899**	**404 669**	**416 003**
	668 791	**685 335**	**653 553**	**666 059**

BOARD OF DIRECTORS

Board Committee Key
RN - Remuneration & Nominations Committee
RM - Risk Management Committee
AC - Audit Committee
C - Committee Chair

NORMAN MBAZIMA (63) FCCA, FZICA
Chairman {RN}

Norman Mbazima is the Independent Non-Executive Chairman of the Board of Zambia Sugar Plc. He is a Zambian National and was appointed to the Board on 26 February 2019. Norman is a Chartered Accountant with extensive experience in Anglo American Group, which he joined in 2001. He served on the Board of Kumba Iron Ore, a business unit of Anglo American from September 2012 to September 2016. He joined the Board of Anglo American, South Africa, as the Deputy Chairman in June 2015 and is a member of the Group Management Committee.

He has also served as CEO of Thermal Coal and during this time, oversaw the business unit's record operating profit in 2011 combined with an improved safety performance.

Norman began his career in accounting roles at Zambia Consolidated Copper Mines, before spending 17 years with Deloitte & Touche, Zambia. His former roles include; CEO of Scaw Metals, Finance Director and Acting CEO of the Platinum business unit of Anglo American as well as CFO of the former Anglo Coal business unit and CFO of Konkola Copper Mines.

Norman has had extensive experience in the mining industry including managing operations, capital raising and managing finances, negotiating transactions, and interfacing with stakeholders including labour, communities, Government departments, and a wide variety of investors.

EXECUTIVE DIRECTORS

OSWALD MAGWENZI (54) BSc, MSc, PGDipM, MBA
Executive Director {RN} {RM}

Oswald Magwenzi is Country Managing Director of Zambia Sugar Plc. He is a Zimbabwean National and was appointed to the Board on 18 August 2021. He is former Managing Director of Ubombo Sugar Limited. He spearheaded an industry-wide effort to improve water use efficiency in the Eswatini sugar industry. Oswald played an instrumental role in the development, financing and implementation of the Lower Usuthu Smallholder Irrigation Project (LUSIP) and the Komati Downstream Development Project, vital to Eswatini's growth.

Oswald has had an exemplary career spanning over 30 years in the sugar, irrigation and international finance sectors. He worked first for the Illovo Sugar Africa Group and then left to spend three years with the World Bank's International Finance Corporation focusing on agribusiness investments in Eastern and Southern Africa. He returned to Illovo in 2012 and in 2013 took up the role of Managing Director at Ubombo Sugar in Eswatini. He focused on value creation and developed new opportunities through a dedicated diversification strategy that included power generation.

Oswald holds a BSc Agriculture Honours degree from the University of Zimbabwe, a Diploma in Marketing from the London Chamber of Commerce and Industry, an MSc in Irrigation Engineering and Post-graduate Certificate in Civil Engineering from the University of Southampton in the UK and an MBA (Finance) from the University of Southern Queensland in Australia.

RAPHAEL CHIPOMA (48) MBA, FCCA, FZICA
Executive Director

Raphael Chipoma joined the Executive Committee as Finance Director in 2019. He is responsible for providing leadership and coordination in financial strategy, planning, control and reporting, treasury, legal, IT and taxation at Zambia Sugar Plc. He is a Zambian national and was appointed to the Board on 1 December 2019.

Raphael has over 24 years of diverse senior finance leadership experience across a number of countries in Sub-Saharan Africa including oil marketing, commodity trading, logistics, healthcare and manufacturing sub sectors. He has held Finance Director roles in BP Africa, Impala Terminals, Stryker South Africa and Lafarge Zambia.

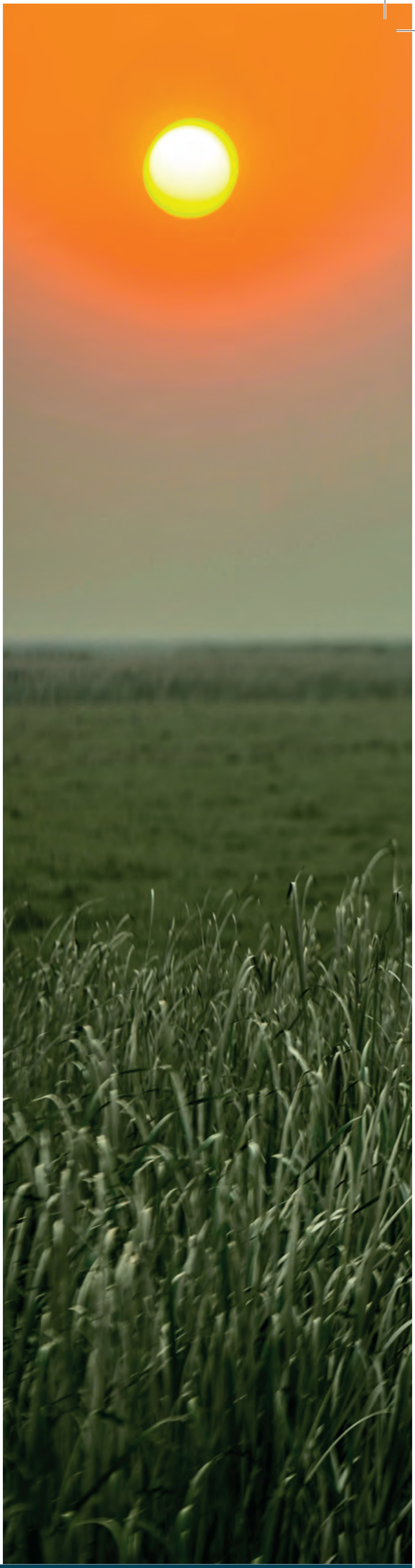
Raphael holds a Master of Business Administration from Oxford Brookes University and is a fellow of the ZICA and ACCA.

MARC POUSSON (56) NHD ElecEng, GCC (Elec)
Executive Director

Marc Pousson joined the Executive Management Committee as Factory Director in June 2020. He is responsible for factory operations and manufacturing at Nakambala Sugar Estate. He is a South African National and was appointed to the Board on 1 June 2020.

Marc has over 25 years' sugar milling experience and has held a number of leadership positions within the Illovo Sugar Africa Group. Prior to this he served as General Manager of Nchalo Sugar Estate for 3 years and as a Director of Illovo Sugar (Malawi) Plc.

Marc holds a Higher National Diploma from Durban University of Technology and a Government Certificate of Competency in Electrical Engineering.



NON-EXECUTIVE INDEPENDENT DIRECTORS

DIPAK K. A. PATEL (69)
Independent Non-Executive Director

Dipak Patel is a Zambian National and was appointed to the Board on 8 December 2006. He is a businessman and chairman of various companies. He previously served as a Member of Parliament for Lusaka Central Constituency for 15 years and also held ministerial positions during this time including Minister of Commerce, Trade and Industry.

He is an advocate on the need to address third-world poverty through fair trade. In addition, he is a member of the Board of Trustees of the Investment Climate Facility, nominated by the Department for International Development of the United Kingdom.

ROSETA CHABALA (42) BA Ed, MSc
Independent Non-Executive Director {RN} {AC} {C}

Roseta Chabala is a Zambian National and was appointed to the Board on 1 February 2020. She is Chairperson of the Remunerations and Nominations Committee. Roseta was Chief Executive Officer of Zambia Association of Manufacturers (ZAM) for four years. She later joined Metal Fabricators of Zambia as Managing Director, a role she held until July 2021.

She has a wealth of experience and expertise in lobbying and advocacy, capacity building and business linkages both local and regional for the manufacturing industry. Her contribution in promoting the manufacturing industry and development of the private sector has been recognised by both the private sector and Government. She holds a Master of Science degree in International Trade Policy and Trade Law.

FIDELIS M. BANDA (71) ACIS, FCMA, CGMA, FZICA
Independent Non-Executive Director {AC} {C}

Fidelis Banda is a Zambian National and was appointed to the Board on 17 May 2001. He is Chairperson of the Audit Committee. He is a seasoned Accountant whose association with Zambia Sugar Plc began 46 years ago when he was appointed as a management trainee.

He rose through the ranks to eventually become Finance Director/Company Secretary in 1995. He held this position until his retirement in 2002. He is also a member of the Board of several other companies within the country.

NON-EXECUTIVE DIRECTORS

AMI R. MPUNGWE (71) BA(Hons)
Non-Executive Director {RN} {AC} {RM}

Ami Mpungwe is a Tanzanian National and was appointed to the Board on 27 October 2006. He brings a wealth of experience as a Non-Executive Director of two Illovo subsidiaries, namely Illovo Sugar (Malawi) Limited and Kilombero Sugar Company Limited in Tanzania. Ami also serves as director of a number of other companies in Tanzania and has had over 25 years' experience in the Tanzanian Government, which included serving as a Deputy High Commissioner accredited to Zambia from 1979 to1985.

GAVIN B. DALGLEISH (56) BSc, MSc Chem Eng
Non-Executive Director {RN} {AC} {RM}

Gavin Dalgleish is a South African National and was appointed to the Board on 29 August 2012. He is Managing Director of Illovo Sugar Africa (Pty) Ltd, a role he has held since September 2013. He joined Illovo in 1988 and has since held a number of technical, business development, operational and general management positions within the Illovo Sugar Africa Group.

Gavin also spent three years leading the Australia-based global technology unit of AB Mauri, a yeast business which is a subsidiary of Illovo's holding company, Associated British Foods Plc, before returning to Illovo in December 2010. He was appointed Operations Director for Illovo Sugar Limited (ISL) (now Illovo Sugar Africa (Pty) Ltd) in 2012 before assuming his current role.

Gavin holds a Bachelor of Science degree in Chemical Engineering and a Master of Science degree in Chemical Engineering

DOUG KASAMBALA (52) BSc, MBA, ACMA
Non-Executive Director {AC} {RN} {RM}

Doug Kasambala is a Malawian National and was appointed to the Board on 1 February 2020. He is Illovo Sugar Africa Group Finance Director. He is CIMA-qualified and held the role of Director in KPMG UK Corporates where he led the manufacturing finance capability. Prior to joining the consultancy group, he was a Finance Transformation Consultant with IBM for three years. Doug has led large complex finance and management information transformation projects at large blue-chip FTSE-25 multinational corporations including BP, Glaxo SmithKline, AstraZeneca and Associated British Foods group.

Doug holds a Bachelor of Science degree in Computer Science from the University of Malawi, and Master of Business Administration degree in Finance from the University of Nottingham.

ANDRE LUBBE (59) BCom, BA
Non-Executive Director {RM} {C}

Andre is a South African National and was appointed to the Board on 23 February 2022. He is chairperson of the Risk Management Committee. He is the Illovo Sugar Africa Group Commercial Director.

Andre has many years of experience in commercial, logistics and business operations which he attained in various leadership roles. He worked for SABMiller, joining in 1987 and serving in various senior capacities including Regional Sales & Trade Marketing Manager for the North & Western Cape Regions, Regional Manager for the Eastern & Southern Cape Regions. He also has 3 years' experience with PARMALAT South Africa as Divisional Manager- Inland Region, from 2008 to 2010 before returning to SABMiller Africa. Andre served as Commercial Director in the Nigeria business unit from 2011 to 2012. He then assumed the role of Head of Distribution and Route to Market Development at SABMiller Africa from 2012 to 2016 before leaving to join the Illovo Group.
Andre holds a Bachelor of Commerce Degree majoring in Economics and Marketing from University of Pretoria and a Business Administration Honours degree from the University of Stellenbosch, Business School.

EXECUTIVE MANAGEMENT COMMITTEE

OSWALD MAGWENZI
Country Managing Director

Refer to Profile under Board of Directors

RAPHAEL CHIPOMA
Finance Director

Refer to Profile under Board of Directors

MARC POUSSON
Factory Director

Refer to Profile under Board of Directors

JAPHET BANDA
Human Resources Director

Japhet Banda joined the Executive Management Team as Human Resources Director in 2018. He is responsible for human resources policies, staffing and talent management, human resource development and training, industrial relations, retirement funding, compensation and benefits, human resource administration, payroll and employee welfare.

Japhet is a Zambian National and was previously employed as Corporate Affairs Manager in 2015 when he joined Zambia Sugar Plc. He has over 26 years' experience in the beer and sugar manufacturing, construction, journalism and publishing subsectors. He has held leadership roles at Zambian Breweries, International Labour Organisation (ILO) and Chilanga Cement Ltd.

Japhet holds a Master of Commerce degree in Management, a Postgraduate Diploma in Management and a Diploma in Journalism.

EUGENE CHUNGU
Corporate Affairs Director

Eugene Chungu joined the Executive Management Team as Corporate Affairs Director on 1 December 2019. He is responsible for advocacy, stakeholder management, internal and external communications, corporate social responsibility, as well as media relations.

Eugene is a Zambian National with more than 21 years' experience covering the manufacturing, construction, telecommunications and mining sectors. He has held leadership roles including Corporate Affairs General Manager at Konkola Copper Mines Plc, Corporate Affairs and Communications Director at Lafarge Zambia and Lafarge South East Africa as well as National Marketing Manager at Telecel, what is today, MTN.

Eugene holds a Bachelor of Agricultural Sciences degree majoring in Economics from the University of Zambia and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM). He also holds a Master of Business Administration degree majoring in Marketing from Oxford Brookes University.

ANTHONY H. DOMLEO
Agriculture Director

Anthony Domleo joined the Executive Management Team as the Agricultural Director on 1 April 2012. He is responsible for agricultural operations and smallholder development.

Anthony is a South African National with over 39 years' experience in the agricultural sector having held the position of Agricultural Manager of Ubombo Sugar Limited of Eswatini from 2005 before transferring to Zambia Sugar.
Anthony began his career with Illovo Sugar Ltd (CG Smith Sugar Ltd at the time) in 1983 at the Sezela Mill of South Africa where he held positions of Farm Manager and Field Manager for Small Grower Development, respectively.

Anthony holds a Bachelor of Commerce degree as well as a Diploma in Agriculture

STUART S. FORBES

Business Improvement Director

Stuart Forbes joined the Executive Management Team as the Supply Chain Manager in 2014. He is responsible for driving the delivery of strategy execution and strategic projects to enhance revenue and reduce costs, ensuring that organisational effectiveness is achieved through systemic integration, capability development and key business analytics.

Stuart is a South African National with over 30 years' experience in supply chain and operations management, human resources development and continuous improvement. Before his appointment, he was the Continuous Improvement Manager and Group Operations Systems Manager for Illovo Sugar Africa Group. He previously worked for Toyota (South Africa) and had his own consultancy with a key focus on continuous improvement processes within operations and many other businesses.

Stuart holds a Bachelor degree of Technology (Management) and a ABP – Advanced Business Programme.

CHEMBE KABANDAMA

Commercial Director

Chembe Kabandama joined the Executive Management Team as the Marketing Director on 1 September 2015. Chembe is responsible for sales and marketing operations in respect of domestic markets and new market opportunities.

He is a Zambian National with more than 25 years' experience covering the petroleum, manufacturing, construction and sugar sectors. Chembe has held leadership roles at Agip Petroleum, Kobil Petroleum and Lafarge Zambia Plc before joining Zambia Sugar Plc.

Chembe holds a Bachelor of Engineering degree from the University of Zambia and is a Chartered Management Accountant from the Chartered Institute of Management Accountants (CIMA). He also holds a Master of Business Administration degree from the Eastern and Southern African Management Institute.

JOHN NKONJELA

Supply Chain Director

John Nkonjela joined the Executive Management Team as Supply Chain Director in November 2019. He is responsible for procurement, inventory, inbound and outbound logistics, warehousing and customer service. He was previously employed as Finance Manager- Operations from September 2013 when he joined Zambia Sugar.

John is a Zambian National and has over 24 years' experience in financial, operational, general management and commercial experience gained through executing various senior roles in the Finance Department.

John holds a Bachelor of Arts degree in Accountancy obtained from the Copperbelt University. He also has a Master of Business Administration degree obtained from Herriot Watt University (UK). He is a fellow of both the Chartered Association of Certified Accountants (FCCAUK) and the Zambia Institute of Chartered Accountants (ZICA). He is also an associate member of the Zambia Institute of Purchasing and Supply.

RUMBANI MWANDIRA

Estate Support Services Director

Rumbani Mwandira joined the Executive Management Team as Estate Support Services Director in April 2020. He is responsible for Safety & Health, Environment, Enterprise Risks, Quality and Food Safety, Capital projects Community Services, Security and Emergency Response Management.

Rumbani is a Zambian National and has over 27 years' experience in the beverage industry, mining and energy sectors. He joined Zambia Sugar on 1 November 2017 in the role of Factory Manager. He has experience in leading firms such as ZCCM, Zamox and SABMiller, both in Zambia and Ghana.

Rumbani holds a Bachelor of Science degree in Mechanical Engineering as well as a Master of Business Administration degree.

CORPORATE GOVERNANCE

At Zambia Sugar compliance is one of the highest priorities, based on its vision which is, "To be a safe, healthy and respectful workplace, a beautiful estate and a diversified agribusiness which is the best at serving customers."

The Company is committed to the improvement of corporate governance as a priority for management with the aim of enhancing sustainable growth and good corporate citizenship by adhering to the relevant codes of governance, principles of fairness, accountability, responsibility, transparency and integrity.

The Company believes that embedding a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good Corporate Governance. Consequently, the Company adheres to the laws applicable to it, to include among others, the Companies Act, Employment Code Act and Factories Act.

The Company is guided by Lusaka Securities Exchange (LuSE) Governance Code. It continues to enforce the Declaration of Gifts and Ethics policies which are in place. In addition to compliance with regulatory requirements, the Company endeavours to ensure that standards of ethical and responsible conduct are met throughout the organization.

FRAMEWORK

The Company's Corporate Governance framework aims to provide for prudent management and enable strong oversight of the business in addition to ensuring adequate protection to the interests of all stakeholders.

This report aims to provide an overview of the Company's governance practices. To avoid duplication of information, other relevant information will be contained in the other reports and financial statements that form part of the Annual Report for the year.

THE BOARD OF DIRECTORS

The Board currently comprises of 11 Directors, including four Independent Non-Executive Directors. The Board is mandated in terms of its Charter, which requires that there is an appropriate balance of power and authority on the Board.

New appointments to the Board are carried out in a transparent manner and are subject to the recommendations of the Remunerations and Nominations Committee and, following approval of the Board, are subject to confirmation by Shareholders at the next Annual General Meeting.

The roles of the Chairperson and the Chief Executive are separated, and the Chairman is a Non-Executive Independent Director.

THE BOARD COMPOSITION

At the date of this report, the Board comprised the following Directors:

Director	Title	Appointment Date
Norman Mbazima	Non- Executive Independent Director (Chairman)	26 February 2019
Fidelis Banda	Non-Executive Independent Director	17 May 2001
Roseta Chabala	Non-Executive Independent Director	1 February 2020
Dipak Patel	Non-Executive Independent Director	8 December 2006
Ami Mpungwe	Non-Executive Director	27 October 2006
Gavin Dalgleish	Non-Executive Director	29 August 2012
Doug Kasambala	Non-Executive Director	1 February 2020
Andre Lubbe	Non-Executive Director	23 February 2022
Oswald Magwenzi	Executive Director	18 August 2021
Raphael Chipoma	Executive Director	1 December 2019
Marc Pousson	Executive Director	01 June 2020

A brief curricula vitae of Directors has been included in this report.

The Board is satisfied that all the Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals.

BOARD MEETINGS

The Zambia Sugar Board meets formally four times annually and the Company's Articles of Association makes provision for decisions to be taken between meetings through written resolutions, where necessary. The meetings of the Board were presided over by the Chairman.

Written notices of Board meetings, agendas and other management reports were circulated timeously. The minutes of the meetings were appropriately recorded by the Company Secretary, circulated, and approved at subsequent Board meetings.

Four meetings were convened in 2021/22 and attendance was as shown in the table below;

Director	264TH BOARD MEETING (27/10/2021)	265th BOARD MEETING (23/02/2022)	266th BOARD MEETING (11/05/2022)	267th BOARD MEETING (17/08/2022)	TOTAL MEETINGS ATTENDED	TOTAL MEETINGS HELD
Norman Mbazima	✓	✓	✓	✓	4	4
Fidelis Banda	✓	✓	✓	✓	4	4
Roseta Chabala	✓	✓	✓	✓	4	4
Ami Mpungwe	✓	✓	✓	✓	4	4
Dipak Patel	✓	✓	✓	✓	4	4
Gavin Dalgleish	✓	✓	✓	✓	4	4
Douglas Kasambala	✓	✓	✓	✓	4	4
Nelis Saayman	✓	RS	RS	RS	1	4
Raphael Chipoma	✓	✓	✓	✓	4	4
Marc Pousson	✓	✓	✓	✓	4	4
Andre Lubbe	BA	✓	✓	✓	3	4
Oswald Magwenzi	✓	✓	✓	✓	4	4

KEY: ✓ = Attended **x** = Absent **BA** = Before Appointment **RS** = Resigned

BOARD COMMITTEES

The Board is assisted in the discharge of its responsibilities by three committees namely:

- the Audit Committee.
- the Risk Management Committee.
- the Remuneration and Nominations Committee.

The Board Committees operate under approved mandates and terms of reference, which define their functions and responsibilities. Following each meeting, the Committee Chair reports to the Board on the Committee's activities and makes such recommendations as are deemed appropriate in the circumstances.

Minutes of Committee meetings are made available to all Directors on a timely basis. Non-Executive Directors actively participate in all Committees. Through the Company's Executive Committee, Management meets weekly and serves to assist the Board in coordinating, guiding, and monitoring the management and performance of the Company.

AUDIT COMMITTEE

The Audit Committee supports the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations. It is composed of three members, all of whom are independent of management.

The Head of the Internal Audit function reports at the Audit Committee meetings and has unrestricted access to the Chairperson of the Audit Committee. The Department has a robust and continuous training program.

As a consequence of the foregoing, the Board has satisfied itself of the effectiveness of the Audit Committees input to the business and therefore deems appropriate the composition of the Audit Committee.

Audit Committee Attendance Schedule

Name	Category	22 October 2021 meeting	4 May 2022 meeting
Banda F B	Chairperson	✓	✓
Mpungwe AR	Member	✓	x
Kasambala D	Member	✓	✓
Chabala R	Member	✓	✓

KEY: ✓ = Attended **x** = Absent **BA** = Before Appointment **RS** = Resigned

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is responsible for reviewing the Company's risk philosophy, strategy and policies; ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the Company's risk management function; ensuring the implementation of an on-going process of risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls, pursuing measures for increasing risk awareness, reviewing significant legal matters, reviewing adequacy of insurance coverage and providing reports to the Board.

During the year under review, the Committee satisfied its responsibilities.

Risk Management Committee Attendance

Name	Category	27 October 2021	11 May 2022
Saayman N	Chairperson	✓	RS
Mpungwe AR	Member	✓	✓
Dalgleish GB	Member	✓	✓
Kasambala D	Member	✓	✓
Lubbe A	Chairperson	BA	✓
Magwenzi O	Member	✓	✓

KEY: ✓ = Attended **x** = Absent **BA** = Before Appointment **RS** = Resigned

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee provides oversight over the remuneration and compensation for senior management so as to retain and motivate staff to perform at the level of the quality required. The Committee is chaired by an Independent Non-Executive Director..

Remuneration and Nominations Committee Attendance Schedule

Name	Category	22 October 2021	23 February 2022	17 August 2022
Chabala RM	Chairperson	✓	✓	✓
Mpungwe AR	Member	✓	✓	✓
Dalgleish GB	Member	✓	✓	✓
Mbazima N	Member	✓	✓	✓
Kasambala D	Member	✓	✓	✓
Magwenzi O	Member	✓	✓	

KEY: ✓ = Attended **x** = Absent **BA** = Before Appointment **RS** = Resigned

Retirement and Election of Directors

It is the Board's policy that new directors are subject to confirmation at the first opportunity following their appointment. All Non-Executive Directors, are subject to retirement and re-election on a rotational basis with one-third of the board being re-elected annually.

Performance Evaluation of the Board

The Board will continue to implement necessary changes to enhance its performance.

Board induction and development

Newly appointed directors are taken through the Company's Articles of Association, the Board Charter, Codes of conduct, policies, listing regulations and applicable acts such as Companies Act and Securities Act. They follow a tailored induction programme facilitated by the Company Secretary which includes a scheduled trip to tour the factory and other head office operations.

Company Secretary

The Company Secretary is responsible for implementing and sustaining high levels of Corporate Governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the business. All Directors have direct access to the Company Secretary.

STAFF DEVELOPMENT, TRAINING AND INFORMATION TECHNOLOGY

Zambia Sugar Plc is committed to staff development and training as this is a key ingredient to continued and improved operations.

The Company places emphasis on information technology as key in its strategy of delivering quality products which are the first choice of our customers and consumers. To this end, the Company has over the last two years, invested in the automation of all key processes from raw and packaging material receipts to manufacturing, sales & distribution and final payment system for our goods and services. All the outlining Depots in the country are connected via satellite.

STAKEHOLDER RELATIONS

Zambia Sugar Plc places considerable importance in maintaining active investor relations through open, fair and transparent communications. The Company ensures timely dissemination of information to its investors and other stakeholders through various media. A dedicated shareholders unit, through the Transfer Secretaries, is responsible for active interaction with the shareholders. Although the COVID-19 pandemic has had an impact on this activity over the past few years, the Company does organize a shareholders' day every year to augment and harness the relationship with the shareholders.

The Company considers the AGM to be key in providing shareholders with the opportunity to ask the Board, including the Chairperson of the Audit Committee, questions concerning the affairs of the Company. Accordingly, all legal and regulatory requirements, notices and information are released well in advance to shareholders, regulators, stock exchange and Company websites.

Ultimately, the Company ensures that copies of the Annual Report which includes the Annual Financial Statements are made available well before the AGM as this ensures that the shareholders have insight into the business performance.

The Company considers effective internal communication as being critical to the success of the business. The Company communicates actively with its internal stakeholders including employees and contractors, making sure that strategy is fully understood, and the various functions are implementing their various actions in line with the attainment of this strategy. Any update from Management to this internal audience is communicated and feedback is received using the various internal communications channels that are available. Similarly, the Company communicates with external stakeholders on a regular basis for the benefit of enhancing its image among the various stakeholders and attaining the Company objectives.

INTERNAL AUDITORS

Internal audit function is in place at Zambia Sugar Plc and it aims to add value to the Company and improve operations. The function provides an independent assurance service to the Board, the Audit Committee and Management. The function is formally defined and generally seeks to help the Company accomplish its objectives by ensuring the governance, risk management and control processes that Management has put in place are effective. The Head of the Internal Audit function attends the Audit Committee meetings and has unrestricted access to the Chairperson of the Audit Committee.

EXTERNAL AUDITORS

Every year external Auditors are appointed by the shareholders and are subject to reappointment at the AGM. The current external auditors of the Company are EY Zambia. As a reassurance, EY Zambia confirms in a formal report to the Audit Committee that processes to ensure compliance with the policy are in place and that these processes are monitored on an ongoing basis.

The Company together with External Auditors ensures that quality and independent audits are undertaken through regular and systematic Audit Planning, in addition to a rotation of client staff engaged on the audits.

ORGANISATIONAL INTEGRITY

In an effort to foster integrity within the organization, the Company continues to enforce the Ethics policy and encourages all employees to make a declaration of their assets and/or business involvements every year. Employees are also encouraged to declare all the gifts received in the course of employment by way of a gift register.

INTERNAL CONTROL

The Company's control systems are designed to help safeguard its assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. These control systems are based on established Illovo Sugar Africa and ABF Group policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

The Company monitors the effectiveness of these internal controls and systems through the internal audit department, with the aid of self-assessment audit checklists. The Independent External Auditors, through the audit work they perform, confirm that the above-mentioned monitoring procedures are being effectively applied.

Nothing has come to the attention of the Directors or the Independent External Auditors to indicate that any material breakdown in the functioning of abovementioned internal controls and systems has occurred during the year under review.

ETHICS

Zambia Sugar's objective is to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The Company has a Code of Conduct and Business Practices, determining the minimum standards required of all staff, which is disseminated throughout the Company and reviewed annually by senior management, and is also available on the websites: www.zamsugar.co.zm and www.illovosugar.com. All managers are required to give written assent to this Code. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

FRAUD CONTROL

The Company has in place a hotline called Speak Up where people are invited from within and outside the Company to anonymously report any wrongdoings. The service is operated by independent forensic accountants, and all matters arising are then appropriately investigated and reported upon.

ANTI BRIBERY AND CORRUPTION

The Company has rolled out an Anti-Bribery and Corruption Policy (ABC). The ABC policy is embedded in the Company's operations and widely disseminated, with employees required to assent that they understand and abide by the provisions of the policy. Appropriate ABC training for employees is on-going and visibility of the policy is sustained in communication briefs. The Company has embarked on embedding the relevant ABC provisions in supply agreements and suppliers, transporters, sugar distributors and agents are required to assent to these provisions. The Company liaises with the national Anti-Corruption Commission (ACC) where required and from time to time shares best practices with them and other entities operating in Zambia.

LEGAL COMPLIANCE AND COMPETITION

The Board requires management to submit an annual declaration confirming that the Company's operations complied with the applicable Laws of Zambia. In addition, the Company complies with the competition requirements of the Competition and Consumer Protection Act, No. 24 of 2010 and all relevant employees make annual declarations confirming that they were not involved in any anti-competitive practices. The Company has recourse to the group Company secretary and external legal advice on matters of legal compliance.

INSIDER TRADING

Directors and officers of the Company who have access to unpublished, price sensitive information, in respect of the Company, are prohibited from dealing in the shares of the Company, during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

SHARE DEALING

In terms of the Company's Code of Conduct for Dealing in Securities, the Directors and Company Secretary are required to obtain clearance from either the Chairman or Managing Director before dealing in the securities of the Company. Additionally, the Company has a formal Share Dealing Policy approved by the Board and implemented by the Company Secretary.

MARKET DISCLOSURE

The Company prepares interim and final results as required by Lusaka Securities Exchange (LuSE) and SEC rules and also prepares a detailed narrative statement to accompany the results. Our results are disseminated widely through the LuSE, newswires and our own distribution lists.

CONTROLLING SHAREHOLDER

The Company's controlling shareholder has complied with the LuSE free float requirement which is 75% held by majority shareholder and 25% is held as free float. At the date of the report the Company had met its compliance requirement.

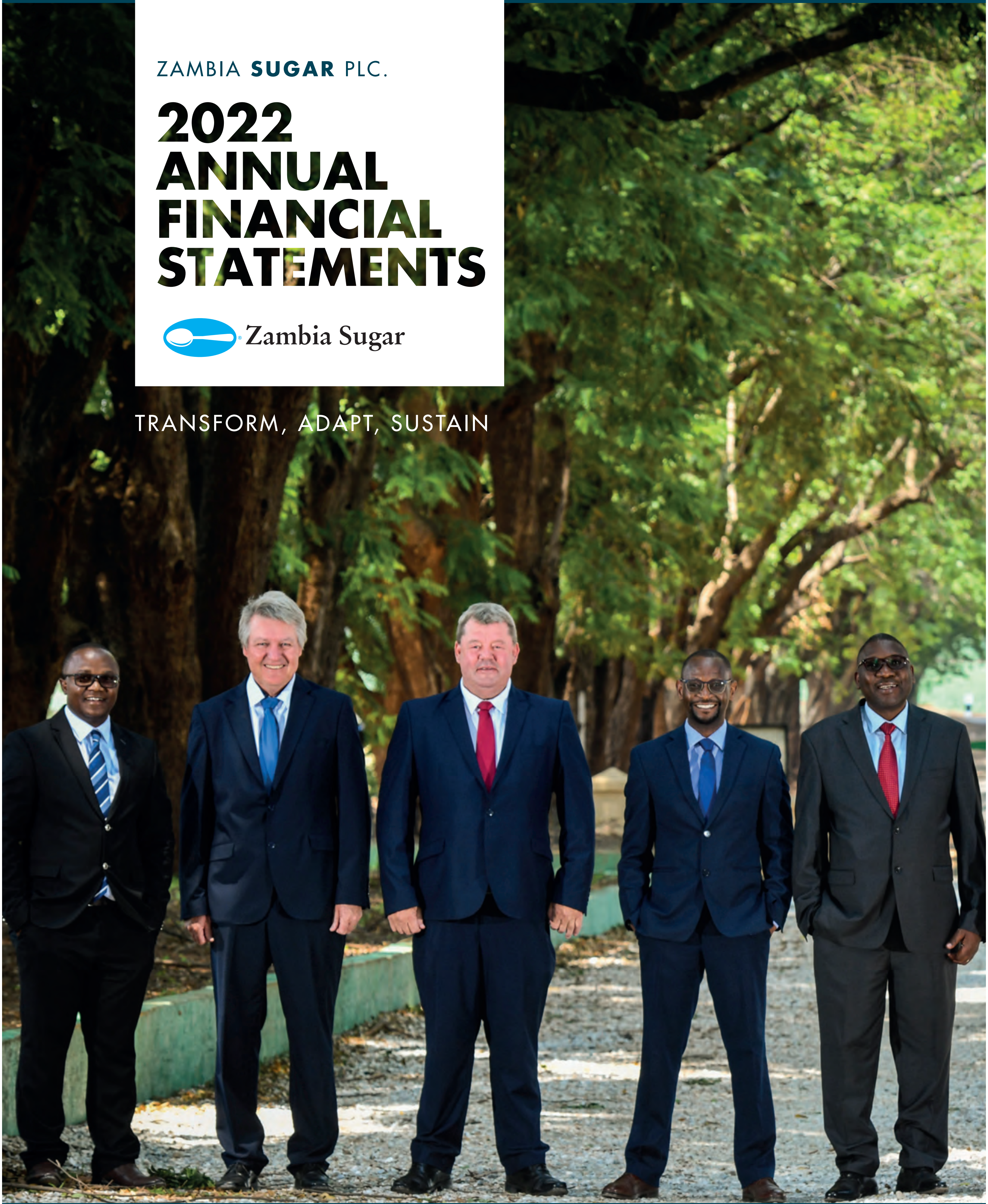
SUGAR ILLOVO AFRICA | ILLOVO THRIVING COMMUNITY | Zambia Sugar

ZAMBIA **SUGAR** PLC.

2022 ANNUAL FINANCIAL STATEMENTS

Zambia Sugar

TRANSFORM, ADAPT, SUSTAIN



CONTENTS

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report which forms part of the Annual Financial Statements of Zambia Sugar Plc and the subsidiary ("Group") for the year ended 31 August 2022.

The details of the Company's business and postal addresses are:

BUSINESS ADDRESS:
Plot No. 118a, Livingstone/ Lubombo Road, Nakambala Estate, Mazabuka, Zambia.

POSTAL ADDRESS:
P.O. Box 670240,
Mazabuka,
Zambia.

EMAIL:
Corporate@zamsugar.zm
www.zamsugar.co.zm

PRINCIPAL ACTIVITIES

The principal activities of the Group are the growing of sugar cane and the production of sugar and other speciality products for sale into domestic and export markets.

AGRICULTURE

Total sugar cane delivered to the factory in the two growing seasons in the financial year was 3.169 million tonnes (August 2021 3.216 million tonnes), with own operations supplying 1.669 million tonnes (August 2021: 1.727 million tonnes) and growers supplying a total of 1.500 million tonnes (August 2021: 1.489 million tonnes). The sustained delivery level is attributable to the improved factory performance in the financial year despite the major plant availability challenges during the first months of the season. Cane yields at the close of the financial year increased slightly to 106 tonnes of cane per ha. (August 2021: 105 tonnes of cane per ha.) for the estate and it increased slightly more for the Growers at 124 tonnes of cane per ha. (August 2021: 122 tonnes of cane per ha.).

Cane quality has been trending below average for the April 2022 to March 2023 season to date mainly due to climatic factors. The sucrose content for the current financial year was 14.40% (August 2021: 14.67%)

PRODUCTION

Sugar production during the financial year was 385 164 tonnes (August 2021: 397 032 tonnes). Refined sugar production for the year was 78 630 tonnes (August 2021: 80 320 tonnes).

Major challenges impacting sugar production in the year can be attributable to lower cane quality. The season start was also delayed by a major breakdown of the T2 shredder. The business is committed to maximising production and is focusing on continuous improvement, cost optimisation, quality and plant reliability.

COMMERCIAL

Total revenue for the year was K 5 112 million (2021: K 4 989 million). Demand in the domestic market improved by 5% growth in the financial year. This growth was assumed to be stunted by the inflow of the foreign sugar brands and illicit trade as a result of the appreciation of currency and reduction in COVID-19 pandemic trade and travel restrictions. The Group also continued with its marketing strategy of an optimised portfolio that focusses on low income consumer segments. The foreign market was however negatively impacted by supply constraints especially during the off-crop period. The Group had a 29% reduction in its performance compared to the last financial year. Commercial readiness ensured the business capitalised on all opportunities that arose in regional markets.

SUPPLY CHAIN

The winning outbound logistics organisation (WOLO) team continued to deliver what our customers want, when they want it, in the most cost effective manner possible while ensuring employee safety, product quality and customer service. The business continued to comply with applicable statutory requirements including moving at least 30% of our sugar by rail.

HUMAN RESOURCES

The Company continued to be a significant provider of employment, with an average workforce of 5 410 (2021: 5 049) during the year with numbers peaking at 6 379 (2021: 6 179). The average number of employees employed in each month of the period under review was as follows:

Year	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
August 2022	**6 086**	**5 965**	**5 990**	**5 332**	**4 083**	**3 878**	**4 532**	**5 334**	**5 399**	**5 646**	**6 295**	**6 379**
August 2021	**6 130**	**6 119**	**4 952**	**5 108**	**3 674**	**3 384**	**3 409**	**5 429**	**5 318**	**5 407**	**5 481**	**6 179**

The total remuneration paid in respect of the above employees was **K 607 million** (2021: K 545 million).

PROSPECTS

The Company expects to face challenges in the new financial year as tight liquidity will likely slow down demand growth which will be exacerbated by increased competition triggered by the appreciation of the Kwacha. A stable exchange rate will assist in controlling costs denominated in foreign currency but depending on the level at which the Kwacha will be pegged at in terms of exchange rate, this may do little to limit the exposure to illegal imports. The Company will continue to focus on ensuring the reliability of the plant through investing in maintenance and securing the cane crop which underpins production of high-quality sugar for our markets.

Sugar production for the April 2022 - March 2023 season is expected to be higher than the April 2021 - March 2022 season as per the current seasonal estimations.

FINANCIAL RESULTS

The Group's results are as follows:

Group		**August 2022**	**August 2021**
	Note	**K' 000**	K' 000
Revenue	4	**5 111 776**	4 988 980
Operating profit	5	**1 242 498**	1 614 962
Exchange movements on leases	30	**11 174**	11 251
Net financing costs	6	**(74 196)**	(274 761)
Profit before taxation		**1 179 476**	1 351 452
Taxation charge	7	**(174 328)**	(265 385)
Profit for the year		**1 005 148**	1 086 067
Profit attributable to:			
Shareholders of Zambia Sugar Plc		**1 005 148**	1 086 067
Earnings per share (ngwee per share)	8	**317.5**	343.1

DIVIDENDS

A dividend of 94.4 ngwee per share is being proposed for the year ended 31 August 2022 (August 2021: 84.5 ngwee).

DIRECTORATE AND SECRETARY

The names of the Directors and the Company Secretary in office at the date of this report are reflected below:

Norman Mbazima	Chairman
Fidelis Banda	Non-Executive Independent Director
Roseta Chabala	Non-Executive Independent Director
Ami Mpungwe	Non-Executive Independent Director
Dipak Patel	Non-Executive Independent Director
Gavin Dalgleish	Non-Executive Director
Doug Kasambala	Non-Executive Director
Andre Lubbe	Non-Executive Director
Oswald Magwenzi	Executive Director (Managing Director)
Raphael Chipoma	Executive Director
Marc Pousson	Executive Director
Harriet Kapekele Katongo	Company Secretary

Appointments and Resignations

During the year under review, the following changes were made:

- Mrs Rebecca Katowa retired as Managing Director and Member of the Board effective 31 November 2021.
- Mr Oswald Magwenzi was appointed as Managing Director effective 1 September 2021.
- Mr Nelis Saayman resigned as Non-Executive Director of the Board effective 23 February 2022.
- Mr Andrew Lubbe was appointed as Non-Executive Director effective 23 February 2022.

Directors' Interests and Emoluments

None of the Directors had any interest in any contract with the Group during the period under review. The Directors that held beneficial interests in the issued ordinary share capital of the company as at 31 August 2022 were as follows:

	August 2022	August 2021
	No. of shares	No. of shares
Fidelis Banda	**7 176**	7 176
Norman Mbazima	**75 000**	75 000

Directors' Loans

There were no Directors' loans during the current and previous year.

PROPERTY, PLANT AND EQUIPMENT

The significant additions to property, plant and equipment for the Group were:

	August 2022	August 2021
	K'000	K'000
Opening Capital Work in Progress	**25 489**	35 758
Additions to Capital Work in Progress	**121 875**	50 137
	147 364	85 895
Items Capitalised during the year		
- Buildings	**(1 632)**	(728)
- Plant & equipment	**(94 338)**	(54 646)
- Motor vehicles	**(17 498)**	(4 833)
- Furniture & Fittings	**(1 508)**	(199)
	(114 976)	(60 406)
Closing Capital work in progress	**32 388**	25 489
Cane Roots Capitalised during the year	**(57 100)**	(38 568)

During the year, expenditure valued at K 121.8 million (2021: K 50.1million) were added to property, plant and equipment as capital work in progress while K 115 million (2021: K 60 million) was completed and transferred to the relevant category of assets. During the year K 57 million (2021: K 38 million) was added in respect of cane roots.

SHARE CAPITAL

A detailed analysis of the shareholding is shown below:

Range	Number of holders	Number of shares	%
1 - 1 000	2 379	839 553	0.3
1001 - 5 000	570	1 237 634	0.4
5 001 - 10 000	112	792 275	0.3
10 001 - 100 000	93	2 869 581	0.9
100 001 - 1 000 000	18	6 475 327	2.0
> 1 000 001 - 100 000 000	6	66 928 476	21.1
> 100 000 001	1	237 428 539	75.0
Totals	**3 179**	**316 571 385**	**100.0**

Classification	Number of holders	Number of shares	%
Illovo Group Holdings Limited	1	237 428 539	75.0
Pension Funds	61	57 033 510	18.0
Local Companies	65	1 168 263	0.4
Local Individuals	2 749	3 484 380	1.1
Foreign Individuals	276	413 741	0.1
Foreign Companies	27	17 042 952	5.4
Totals	**3 179**	**316 571 385**	**100.0**

SIGNIFICANT SHAREHOLDING

As at 31 August 2022, the Company has been advised of the following notable interests in its ordinary share capital:

	Number of Shares	%
Illovo Group Holdings Limited	237 428 539	75.00
National Pension Scheme Authority	30 788 021	9.73
Standard Chartered Zambia Securities Nominees Ltd	16 911 458	5.34

Other than the shareholdings listed above, the directors are not aware of any individual shareholding that exceeds 5% of the issued share capital.

EXPORTS

The value of products exported by the Group during the year was K 1 114 million (2021:K 1 636 million)

DONATIONS

The Group made donations to the value of K 1.230 million (2021: K 1.183 million) in respect of various charitable activities. No donation was of a political nature.

OCCUPATIONAL HEALTH

Providing a safe and healthy working environment is a key priority and is underpinned by a robust Health and Safety policy. Occupational health policies help to support implementation of activities and practices that advance the promotion of health and reduction in risk behaviours. Significant investments have been made in the health of our people and community.

Not only are measures in place to protect workers against occupational health hazards and to safe guard the general health and well-being of employees, but also to ensure that the measures impacted all those who come into contact with our operations such as visitors to our operations and our communities.

COVID-19 PANDEMIC

The COVID-19 pandemic has continued to have an impact both at the employee level as well as at a corporate level for the Group.

The Group has continued to adhere to its developed guidelines and policies in line with the World health Organisation and the Government of the Republic of Zambia. The Group has also continued to aid the local community through donations done via its corporate social responsibility department. The details are disclosed on Note 31.

ENVIRONMENT

The performance of the Company in environmental management practises was satisfactory relative to the environmental regulations on air, land, water, ecology and noise. Compliance to regulatory and legislative obligations was satisfactory. The Company embeds and implements best practices in environmental management throughout the operations; enhancing monitoring and performance mechanisms and measures performance against environmental regulations. There is strong commitment to the environmental governance best practices and accountability from the operation through to the Board of Directors.

Our underlying environment philosophy is to continually investigate means to reduce the impact of our operations on the environment and there were no major contraventions on regulated environmental aspects recorded in the year.

QUALITY AND FOOD SAFETY

The Quality and Food Safety performance for the period under review was satisfactory. The business successfully retained its permit to supply certifications by institutions such as Zambia Compulsory Standards Agency (ZCSA) and the South African Bureau of Standards (SABS). Further, the business's Quality Management Systems (QMS) continue to be impressive with continuous improvement consolidation on the main systems' enhancers. These were reflected in effective customer complaint closures, enhanced internal incidence management, as well as good performance of the Quality and Food Safety Scorecard.

The Company continues to look at ways of enhancing our food safety and quality procedures and ensuring that we maintain our food safety management system to continually meet the requirements of Food Safety System Certification (FSSC).

TECHNOLOGY, RESEARCH AND DEVELOPMENT

In order to optimise the return from existing installed capacity, the Group continues to benefit from well-established resources from within the Illovo group, which provides technical expertise in agricultural and sugar production and downstream product manufacture to all Group operations. A centralised core of expertise exists to ensure technical standards are optimised and maintained for both existing equipment and new agricultural and factory installations, and to keep abreast with technical innovations. Benchmarking to improve productivity and reduce unit costs is a major area of attention in all operations, with additional resources recently having been allocated to enhance operational performance and benchmarking across the Illovo Group.

AUDIT AND NON-AUDIT REMUNERATION

In the current year, the Auditors' remuneration amounted to K 2.9 million (2021: K 2.8 million).

AUDITORS

In accordance with the provisions of section 171(3) of the Zambian Companies Act, the auditors, Messrs EY Zambia, will retire as auditors of the Company at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board,

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act of Zambia, 2017 requires the Directors to prepare financial statements for each financial year that present fairly the state of the financial affairs of the Company as at the end of the financial year and of its profit or loss.

It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act of Zambia, 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act of Zambia, 2017.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The financial statements of the Company as indicated above, were approved by the Directors on 27 October 2022 and are signed on its behalf by:

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

EY Zambia
EY Place
Plot No. 354437
PO Box 35483
Alick Nkhata Road
Lusaka 10101, Zambia

Tel: +260 211 378300/1/3/4
Fax: +260 211 378302
Email: info@zm.ey.com

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Zambia Sugar Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

Opinion

We have audited the financial statements of Zambia Sugar Plc and its subsidiary set out on pages 68 to 126, which comprise the consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of financial position as at 31 August, 2022, consolidated and company statement of changes in equity and consolidated and company statement of cash flows for the year then ended, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and company financial statements present fairly, in all material respects the financial position of Zambia Sugar Plc as at 31 August 2022, and its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Zambia, 2017 and the Securities Act of Zambia, 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits in Zambia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Zambia Sugar Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Building a better working world

Key Audit Matters	How KAM was addressed in the audit
Fair value of growing cane	
The Group and Company carries its growing cane at fair value in accordance with IAS-41, Agriculture. The growing cane valuation is based on the estimated sucrose content (adjusted for the Company's long-term view of the average maturity of the cane) and the estimated sucrose price for the following season, less the estimated costs for harvesting and transport. There is significant management judgement in the estimation of the sucrose content and price, expected cane yield and average maturity of the growing cane. As at 31 August 2022, the fair value of growing cane was estimated at K 589.5 million. We considered this as a key audit matter as the determination of the fair value involves significant judgement and estimates. A management expert was utilised in the determination of yield and sucrose content values that will be extracted from the area under cane. The Company's disclosures about significant judgements and estimates related to fair value of growing cane are included in Note 16 which details the assumptions and key inputs used by management.	Our procedures included, among others: • Evaluating the sucrose price per ton, the direct costs (Haulage and harvest (crop removal costs) per ton against the approved 2022/2023 budget and to the industry norms. • Evaluating the production inputs utilised in the calculation of the fair value such as estimated sucrose content to the signed factory production report at the beginning of November 2021. • Performing a retrospective review of the inputs above by assessing the August 2021 forecast to the actual results and investigating of any material difference. • Assessing the Ratoon Maintenance costs to the forecast prepared by Management by agreeing the prior year estimates to actual results to assess the reasonableness of management forecasts. • Assessing the accuracy of management's valuation by re-performing the mechanics of the valuation calculation. • For area under cane, we obtained the field maps and then used google earth to recalculate the size of the area under cane and comparing this to management's position and for any differences determined whether this was reasonable. • Performing the profit adjustment calculation which is based on the inputs from the August2023 Valuation. • Obtained an understanding of the competence and expertise of management's expert involved in the budgeting of the growing cane inputs. • We reviewed the financial statements pertaining to the growing cane and ensured that disclosures relating to growing cane were properly and adequately disclosed in line with IAS 41.

Other information

The Directors are responsible for the other information. The other information comprises the Directorate and corporate information, Value Added Statement, five-year review, the Chairman's Statement, Report of the Directors and the Director's Responsibility Statement, which we obtained prior to the date of this report, and the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017 and the Securities Act of Zambia, 2016 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are also responsible for overseeing Zambia Sugar Plc's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Building a better working world

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion. We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

As required by Section 259(3) of the Companies Act of Zambia, 2017 we report to you, based on our audit that:

- We have no relationship, interest or debt in the company; and
- Based on our audit, we did not come across any serious breaches of corporate governance principles or practices contained in Part VII, sections 82 to 122 of the Companies Act of Zambia, 2017 by the directors.

As required by Part III, Rule18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act Zambia, we report that:

- The annual financial statements have been properly prepared in accordance with Securities and Exchange Commission rules.
- The Company has, through the financial year, kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission rules.
- The statement of financial position and statement of comprehensive income are in agreement with the Company records.
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

EY Zambia

EY Zambia
Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's report is:

Mark M Libakeni
Partner - Practicing certificate number: AUD/F000397

03 November 2022
Lusaka

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 August 2022

	Note	Group		Company	
		August 2022 K'000	August 2021 K'000	**August 2022 K'000**	August 2021 K'000
Revenue	4	**5 111 776**	4 988 980	**5 111 776**	4 988 980
Cost of sales		**(2 905 169)**	(2 426 649)	**(3 058 388)**	(2 572 588)
Gross profit		**2 206 607**	2 562 331	**2 053 388**	2 416 392
(Loss)Profit on disposal of plant and equipment		**(5 549)**	2 887	**(5 530)**	3 057
Distribution expenses		**(441 979)**	(424 087)	**(441 979)**	(424 087)
Administration expenses		**(516 058)**	(524 993)	**(504 174)**	(514 992)
Expected credit loss expense on financial assets	17	**(523)**	(1 176)	**(523)**	(1 176)
Operating profit	5	**1 242 498**	1 614 962	**1 101 182**	1 479 194
Dividend income		**-**	-	**86 342**	41 744
Lease liability foreign exchange gain		**11 174**	11 251	**11 174**	11 251
Net finance costs	6	**(74 196)**	(274 761)	**(80 717)**	(274 676)
Finance Costs		**(80 924)**	(275 162)	**(80 917)**	(275 049)
Finance Income from an effective interest rate		**6 728**	401	**200**	373
Profit before taxation	5	**1 179 476**	1 351 452	**1 117 981**	1 257 513
Taxation expense	7	**(174 328)**	(265 385)	**(157 008)**	(251 383)
Profit for the year		**1 005 148**	1 086 067	**960 973**	1 006 130
Profit for the year attributable to:					
Equity holders of the parent		**1 005 148**	1 086 067	**960 973**	1 006 130
		1 005 148	1 086 067	**960 973**	1 006 130
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**1 005 148**	1 086 067	**960 973**	1 006 130
		1 005 148	1 086 067	**960 973**	1 006 130
Basic and diluted earnings per share (ngwee per share)	8	**317.5**	343.1	**303.6**	317.8

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 August 2022

	Note	Group		Company	
		August 2022 K'000	August 2021 K'000	**August 2022 K'000**	August 2021 K'000
ASSETS					
Non-current assets		**2 040 527**	1 988 905	**1 997 071**	1 956 413
Property, plant and equipment	11	**1 924 825**	1 864 665	**1 772 108**	1 722 912
Intangible asset	13	**67 902**	67 902	**-**	-
Right-of-use assets	30	**47 800**	56 338	**47 800**	56 338
Investment in subsidiary	14	**-**	-	**177 163**	177 163
Current assets		**2 857 327**	2 591 987	**2 691 513**	2 443 135
Inventories	15	**1 395 034**	1 122 883	**1 363 724**	1 089 174
Growing cane	16	**589 538**	506 258	**492 328**	426 703
Trade and other receivables	17	**698 811**	579 181	**662 332**	545 866
Amounts due from related parties	24	**1 164**	378	**1 164**	378
Cash and bank balances	18	**172 780**	383 287	**171 965**	381 014
Assets classified as held for sale	12	**1 701**	2 864	**1 701**	2 864
Total assets		**4 899 555**	4 583 756	**4 690 285**	4 402 412
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Zambia Sugar Plc		**3 315 459**	2 577 814	**3 032 446**	2 338 976
Share capital and premium	19	**247 338**	247 338	**247 338**	247 338
Capital redemption reserve		**40**	40	**40**	40
Retained earnings		**3 068 081**	2 330 436	**2 785 068**	2 091 598
Total equity		**3 315 459**	2 577 814	**3 032 446**	2 338 976
Non-current liabilities		**310 791**	757 225	**279 588**	730 128
Long-term borrowings	20	**-**	403 000	**-**	403 000
Lease Liabilities	30	**49 350**	66 425	**49 350**	66 425
Deferred tax liability	21	**261 441**	287 800	**230 238**	260 703
Current liabilities		**1 273 305**	1 248 717	**1 378 251**	1 333 308
Trade and other payables	22	**711 320**	630 293	**680 844**	600 021
Lease Liabilities	30	**23 675**	25 052	**23 675**	25 052
Contract Liabilities	23	**216 595**	219 765	**216 595**	219 765
Short-term borrowings	20	**54 602**	14 069	**54 602**	14 069
Amounts due to related parties	24	**28 366**	21 717	**172 254**	142 878
Current tax liability	7	**119 836**	109 093	**112 082**	103 817
Bank overdraft	18	**97 654**	207 568	**97 654**	207 546
Provisions	26	**21 257**	21 160	**20 545**	20 160
Total liabilities		**1 584 096**	2 005 942	**1 657 839**	2 063 436
Total equity and liabilities		**4 899 555**	4 583 756	**4 690 285**	4 402 412

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 63. The financial statements on pages 68 to 126 were approved and authorised for issue by the Board of Directors on 27 October 2022 and were signed on its behalf by:

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2022

	Notes	Share capital and premium K'000	Capital redemption reserve K'000	Retained earnings K'000	Attributable to shareholders of Zambia Sugar Plc K'000	Total K'000
Group						
Balance at 1 September 2020		**247 338**	**40**	**1 320 346**	**1 567 724**	**1 567 724**
Total comprehensive income for the year		-	-	1 086 067	1 086 067	1 086 067
Dividends paid	9	-	-	(75 977)	(75 977)	(75 977)
Balance at 31 August 2021		**247 338**	**40**	**2 330 436**	**2 577 814**	**2 577 814**
Balance at 01 September 2021		**247 338**	**40**	**2 330 436**	**2 577 814**	**2 577 814**
Total comprehensive income for the year		-	-	**1 005 148**	**1 005 148**	**1 005 148**
Dividends paid	9	-	-	(267 503)	(267 503)	(267 503)
Balance at 31 August 2022		**247 338**	**40**	**3 068 081**	**3 315 459**	**3 315 459**
Company						
Balance at 1 September 2020		**247 338**	**40**	**1 161 445**	**1 408 823**	**1 408 823**
Total comprehensive income for the year		-	-	1 006 130	1 006 130	1 006 130
Dividends paid	9	-	-	(75 977)	(75 977)	(75 977)
Balance at 31 August 2021		**247 338**	**40**	**2 091 598**	**2 338 976**	**2 338 976**
Balance at 01 September 2021		**247 338**	**40**	**2 091 598**	**2 338 976**	**2 338 976**
Total comprehensive income for the year		-	-	960 973	960 973	960 973
Dividends paid	9	-	-	(267 503)	(267 503)	(267 503)
Balance at 31 August 2022		**247 338**	**40**	**2 785 068**	**3 032 446**	**3 032 446**

The Capital Redemption Reserve was created on the redemption of preference shares in 1996.

Dividends worth K 267.503 million were paid during the year ended 31 August 2022 (August 2021: K 75.977 million) and therefore the dividend per share, calculated on a cash basis, was 84.5 ngwee per share (August 2021: 24 ngwee).

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

as at 31 August 2022

	Note	Group		Company	
		August 2022 K'000	August 2021 K'000	**August 2022 K'000**	August 2021 K'000
Cash flows from operating activities					
Profit before tax		**1 179 476**	1 351 452	**1 117 981**	1 257 513
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant & equipment		**83 526**	88 308	**77 052**	77 208
Depreciation of right-of-use asset	30	**20 578**	19 395	**20 578**	19 395
Depreciation of cane roots		**31 910**	22 765	**26 850**	22 527
Net impairment losses on financial assets	17	**733**	5 514	**733**	5 514
Finance Income	6	**(6 728)**	(401)	**(200)**	(373)
Finance Costs	6	**80 924**	275 162	**80 917**	275 049
Dividend income		**-**	-	**(86 342)**	(41 744)
Assets classified as held for sale sold	12	**11**	987	**11**	987
Change in fair value of biological assets		**(84 991)**	(124 912)	**(65 625)**	(108 208)
Lease liability foreign exchange	30	**(11 174)**	(11 251)	**(11 174)**	(11 251)
Provisions raised during the year	26	**21 257**	20 160	**20 545**	20 160
Provisions utilised during the year	26	**(20 160)**	(15 639)	**(13 256)**	(15 639)
Profit/(loss) on disposal of property and equipment		**5 549**	(2 887)	**5 530**	(3 057)
Cash operating profit		**1 300 911**	1 628 653	**1 173 600**	1 498 081
Working capital movements		**(300 396)**	(204 803)	**(283 554)**	(149 838)
Increase in inventories		**(272 151)**	(179 399)	**(274 550)**	(165 583)
Increase (Decrease) in amounts due to related parties		**6 649**	(14 134)	**29 376**	26 745
(Increase)/Decrease in amounts due from related parties		**(786)**	2 878	**(786)**	(2 878)
(Increase)/Decrease in trade and other receivables	17	**(119 630)**	(91 441)	**(115 247)**	(77 466)
Increase/(Decrease) in trade and other payables	22	**88 692**	139 191	**80 823**	131 242
(Decrease)/Increase in contract liabilities	23	**(3 170)**	(61 898)	**(3 170)**	(61 898)
Cash generated from operations		**1 000 515**	1 423 850	**890 046**	1 348 243
Finance Income received	6	**6 728**	401	**200**	373
Finance Costs paid	6	**(72 500)**	(239 502)	**(72 473)**	(239 389)
Payment of interest portion of lease liabilities	30	**(17 634)**	(20 018)	**(17 634)**	(20 018)
Taxation paid	7	**(192 576)**	(143 003)	**(181 837)**	(133 526)
Net cash outflows from operating activities		**724 533**	1 021 728	**618 302**	955 683
Cash flows from investing activities					
Purchase of property, plant and equipment	11	**(180 109)**	(107 969)	**(158 764)**	(87 390)
Dividends received		**-**	-	**86 342**	41 744
Proceeds from disposal of plant and equipment		**1 298**	28 633	**1 298**	28 465
Net cash outflows from investing activities		**(178 811)**	(79 336)	**(71 124)**	(17 181)
Net cash inflows before financing activities		**545 722**	942 392	**547 178**	938 502
Cash flows from financing activities					
Dividends paid to shareholders of Zambia Sugar Plc	9	**(267 503)**	(75 977)	**(267 503)**	(75 977)
Repayment of borrowings	20	**(362 467)**	(716 953)	**(362 467)**	(716 953)
Payment of principal portion of lease liabilities	30	**(19 095)**	(40 707)	**(19 095)**	(40 707)
Net cash outflows from financing activities		**(649 065)**	(833 637)	**(649 065)**	(833 637)
Net increase/decrease in cash and cash equivalents		**(103 343)**	108 755	**(101 887)**	104 865
Net cash and cash equivalents at beginning of period		**175 719**	75 145	**173 468**	70 690
Net foreign exchange differences		**2 750**	(8 180)	**2 730**	(2 087)
Net cash and cash equivalents at end of period		**75 126**	175 719	**74 311**	173 468
Bank and cash balances		**75 126**	175 719	**74 311**	173 468
Comprising of:					
Cash and bank balances	18	**172 780**	383 287	**171 965**	381 014
Bank overdraft	18	**(97 654)**	(207 568)	**(97 654)**	(207 546)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Zambia Sugar Plc is a public limited company incorporated and domiciled in Zambia. Its parent company is Illovo Sugar Proprietary Limited and its ultimate holding company is Associated British Foods Plc. The addresses of its registered office and principal place of the business are disclosed under corporate information on page 58 of these annual financial statements. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Zambian Companies Act 2017, using the historical cost convention except for certain financial instruments and biological assets that are stated at fair value. All principal accounting policies have been applied on a basis consistent with those of the previous year, except for the application of the revised standards which have been described in note 2.3. The application of these standards has had no material impact on the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

These financial statements are presented in Zambian Kwacha ("K") in units of Thousands. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The principal accounting policies set out below apply to both consolidated and separate financial statements.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and Nanga Farms Limited (its subsidiary).The investment in the subsidiary is held at cost in the company financial statements. Control is achieved where the company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.1 Basis of consolidation (Cont.)

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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in net assets since the date of the combination. Non-controlling interests are allocated their proportionate share of total comprehensive income even if this results in the non-controlling interest having a deficit, unless there is doubt as to the recoverability of the deficit.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction provided the remaining shareholding is of an associate. i.e. if there is significant influence or it is a Joint venture.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities,non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. The Group did not have any such transaction during the financial year under review.

2.2 Summary of significant accounting policies

2.2.1 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period,

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.2 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability; Or

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 —** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.2.3 Revenue from contracts with customers

The Group is in the business of selling sugar and sugar related products. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.3 Revenue from contracts with customers (Cont.)

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

(a) Sale of goods

Revenue from sale of sugar and sugar related products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., rebates). In determining the transaction price for the sale of sugar and sugar related products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

• **Variable consideration**
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of sugar provide customers with volume rebates. The amounts are determined by the respective contractual terms the Group has with the customer.

• **Volume rebates**
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. These amounts may subsequently be repaid in cash to the customer or are offset against amounts payable by customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(b) Advances received from customers

Generally, the Group receives only short-term advances from its customers. They are presented as contract liabilities. The Group does not receive long-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that good or service will be one year or less.

(c) Contract balances

Contract liabilities
A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.4 Leases

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

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

(i) Right-of-use assets
The Group 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 accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial measurement of the lease liabilities, 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, as follows:

• Land leases	17 years
• Warehouse leases	1 year
• IT leases	4 years

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance 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.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the 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. The Group's lease liabilities are included in the IFRS 16 disclosure note (see Note 30).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.4 Leases (Cont.)

(iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). 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.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

2.2.5 Foreign currencies

The financial statements of the Group are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated and separate financial statements, the results and financial position are expressed in Zambian Kwacha ('K'), which is the functional currency of the Company and its subsidiary, as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its subsidiary, transactions in currencies other than the Company and its subsidiary's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.2.6 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.6 Non-current assets held for sale (Cont.)

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Additional disclosures are provided in Note 12.

2.2.7 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 capitalisation.

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

2.2.8 Employee benefits

(i) Retirement benefits

The Group's employees are members of a separately administered defined contribution pension scheme. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as provided for by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is charged to profit or loss in the year in which it arises.

(ii) Short -term employee benefits

Short -term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Examples include wages,salaries,bonuses and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognised in the profit and loss (Note 5). The expected cost of short-term compensated absences is recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements and the end of the period.

2.2.9 Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.9 Taxation (Cont.)

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investment in subsidaires,deferred tax assets are recognised only to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or 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 also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.10 Property, plant and equipment

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised accumulated impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are initially shown as capital work in progress and are later classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost of assets (other than assets 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 the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

• Leasehold buildings	2 - 60 years
• Canals and domestic water works	2 - 60 years
• Furniture, fittings and equipment	5 - 12 years
• Plant and machinery	15 - 50 years
• Vehicles	5 - 15 years

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

In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. The IFRS 16 standard does not differentiate between an operating lease and a finance lease for the lessee. The standard requires that for any lease a right of use asset and lease liability be recognised unless the Group deems the lease as short-term lease or of low value. The Group considers the amounts paid for Ground rates as a "Low Value" lease. Any advance payment is treated as a prepayment and amortised over the period of the lease on a straight line basis.

Bearer plants comprising of cane roots are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalised to cane roots include land preparation costs, seed cane costs and other costs related to establishing new area under cane. Depreciation of bearer plants commences when they are ready for their intended use and capitalisation to recognise the cane roots has occurred. Crop establishment costs are recognised in the Statement of Profit and Loss , at the end of each reporting month the amounts are reallocated to capital work in progress. At the end of the planting season the entire amount in capital work in progress is capitalized and depreciated over the remaining useful life of the respective fields.

Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 12 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually at the cash-generating unit level.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.2.12 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.13 Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term bank overdrafts on which interest is charged.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at hand and bank, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.14 Provisions

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

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. When 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 the effect of the time value of money is material).

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.

A contingent liability is disclosed when the Group has 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 Group; or a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

2.2.15 Growing cane

The fair value of growing cane is determined as the estimated sucrose content in the sugar cane at 31 March, valued at the estimated sucrose price for the following season. The estimated sucrose price is adjusted for the estimated costs of harvesting the sugar cane and transporting it from the field to the mill. The sucrose content is estimated in tonnes and is adjusted by a factor to reflect the growth of the cane at 31 March (i.e. the cane growth percentage). The cane growth percentage reflects the long-term average climate and agricultural conditions at each operation and will not fluctuate for year-on-year changes in milling season length or weather events (e.g. floods or drought). Rather, such changes are embodied in the fair value through a revision to the estimated sucrose content to which the cane growth percentage is applied.

The valuation as at August is derived from the March valuation by deducting the costs necessarily incurred to farm sugar cane until the commencement of the following season and the expected profit margin on the cane growing activity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.16 Factory overhaul costs

Factory overhaul costs comprise expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after financial year end. This expenditure is written off in full over its expected useful life being the duration of one sugar season.

2.2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventory are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow moving inventories are identified and written down to their net realisable value and obsolete inventories are written off.

2.2.18 Segmental analysis

Segment reporting is presented in respect of the group's business segments (reportable segments). The business segments format is based on the group's management and internal reporting structure and combines businesses with common characteristics. Inter segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following business segments:

Cane growing - the growing of sugar cane for use in the sugar production process;
Sugar production - the manufacture of sugar from sugar cane.

2.2.19 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement
Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss) are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.19 Financial instruments – initial recognition and subsequent measurement (Cont.)

a) Financial assets (Cont.)

Initial recognition and measurement (Cont.)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.
With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost mainly comprises trade receivables and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

2.2 Summary of significant accounting policies (Cont.)

2.2.19 Financial instruments – initial recognition and subsequent measurement (Cont.)

a) Financial assets (Cont.)

Impairment of financial assets (Cont.)
For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment such as inflation, growth in gross domestic product and interest rates.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The default classification of 365 days is made on the following basis:

- Customers at times exceed their payments terms for various reasons. Often, debt falls into 120 days due to reconciling issues/WHVAT related issues/misallocations/disputes over commissions being applied. It takes extensive engagement and reconciling to resolve some of these issues. The recoverability in most instances is not in question.
- In certain circumstances, customers go through temporary cash flow challenges, but they are fully committed to settling the debts. In these instances, payment plans are entered into. In certain instances, these payment plans can extend even beyond 12 months.
- The default classification of 365 days gives management a strong indication that the debt is potentially irrecoverable. Debt that falls into the category of 120-365 days old provides management with an indication of potential irrecoverability.
- This should always be considered against the backdrop of agreed upon payment plans with customers, or other relevant information specific to that customer. If there are payment plans which are being met, then management may make specific adjustments to expected default.

b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, amounts due to related parties, loans and borrowings including bank overdrafts, and derivative financial instruments (refer to note 2.2.20).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.19 Financial instruments – initial recognition and subsequent measurement (Cont.)

b) Financial liabilities (cont.)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at amortised cost (Trade and other payables, Loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20 and Note 22.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.20 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.20 Derivative financial instruments and hedge accounting (Cont.)

Initial recognition and subsequent measurement (Cont.)
The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described as follows:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.2 Summary of significant accounting policies (Cont.)

2.2.20 Derivative financial instruments and hedge accounting (Cont.)

Fair value hedges (Cont.)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.3 Changes in accounting policies and disclosures

New and amended standard and interpretations

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year, except for the adoption of the following revised accounting standards and amendments applicable to the Group:

2.3.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.4 International Financial Reporting Standards in issue, but not yet effective

2.4.1 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments must be applied to transactions within the annual reporting periods beginning on or after 1 January 2022.

These amendments had no impact on the consolidated financial statements of the Group as disposal proceeds are recognised directly to profit and loss.

2.4.2 Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published are effective for annual periods beginning on or after 1 January 2022.

The Group's current practice is in line with these amendments, they are expected to have no impact on the consolidated financial statements of the Group.

2.4.3 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments published are effective for annual periods beginning on or after 1 January 2023.

The Group's current practice is in line with these amendments, they are expected to have no impact on the consolidated financial statements of the Group.

2.4.4 Reference to the Conceptual Framework (Amendments to IFRS 3)

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
- and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022 and are expected to have no impact on the consolidated financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.4 International Financial Reporting Standards in issue, but not yet effective (Cont.)

2.4.5 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are expected to have an impact on the consolidated financial statements of the Group.

2.4.6 Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are expected to have an impact on the consolidated financial statements of the Group.

2.4.7 IFRS 1 First-time Adoption of International Financial Reporting Standards

Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments are expected to have no impact on the consolidated financial statements of the Group as the company and subsidiary report in the same currency.

2.4.8 IFRS 9 Financial Instruments

Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022.

The Group's current practice is in line with these amendments, they are expected to have no impact on the consolidated financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2.4 International Financial Reporting Standards in issue, but not yet effective (Cont.)

2.4.9 IAS 41 Agriculture

Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

The Group's current practice is in line with these amendments, they are expected to have no impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets, liabilities and contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

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.

In making its judgement, management has assessed at each reporting date whether there is any indication that the group's tangible and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3.1.1 Impairment of non-financial assets

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 data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group 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. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

3.1 Critical judgements in applying accounting policies (Cont.)

3.1.2 Provision for expected credit losses of trade receivables

The Group 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 Group's historical observed default rates. The Group 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 17.

3.1.3 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. See Note 28 for further disclosures.

3.1.4 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group is reasonably certain that the renewal option will be exercised for all it's lease contracts and therefore factors this into its lease asset and liability amounts. See Note 30.

3.1.5 Leases-estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates and inflation rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). Refer to note 30.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

3.1 Critical judgements in applying accounting policies (Cont.)

3.1.6 Assets held for sale

Assets are classified as held for sale if they meet the following criteria;

(1) the assets are available for immediate sale and can be sold to the buyer in their current condition
(2) the actions to complete the sale were initiated and expected to be completed within one year from the date of initial reclassification
(3) A potential buyer has been identified and negotiations are at an advanced stage
(4) the shareholders have approved the plan to sell

The Group has assets classified as held for sale in the current financial period. However, for some of the assets conditions 2 and 3 were unfulfilled in the current year. Management are still actively committed to have the items sold. For more details on the asset classified as held for sale, refer to Note 12.

3.2 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of uncertainty at the reporting date that have the most significant effect on the amounts recognised in the financial statements.

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

3.2.1 Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11 to the financial statements.

Cane roots valuation
The escalated average costs of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in note 11 to the financial statements.

3.2.2 Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport. The value of growing cane is further adjusted for the estimated cane growth percentage, the costs necessarily incurred to farm the sugar cane until the commencement of the following season and the expected profit margin on the cane growing activity.

The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. In addition, management prepares detailed costs forecasts to determine the costs to farm the sugar cane to maturity as well as the expected profit margin. The carrying value of growing cane is disclosed in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

3.2 Key sources of estimation uncertainty (Cont.)

3.2.3 Income taxes

At the time of preparing the annual financial statements, estimates are used to determine the income tax charge for the year. When the income tax computation is finalised and submitted to the Zambia Revenue Authority, any differences to the estimate will be recognised in profit or loss in the period in which such determination is made. The tax charge is only considered final once submitted to the Zambia Revenue Authority in June. See Note 7.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting date, that management have assessed as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.4 Provision for expected credit losses of trade receivables

The Group 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).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 17.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

4. REVENUE

4.1 Disaggregated revenue information

From secondary business segments as follows:				
Local market	**4 016 181**	3 353 437	**4 016 181**	3 353 437
Export market	**1 095 595**	1 635 543	**1 095 595**	1 635 543
Total revenue	**5 111 776**	4 988 980	**5 111 776**	4 988 980
From geographical business segments as follows:				
Zambia	**4 016 181**	3 353 437	**4 016 181**	3 353 437
Democratic Republic of Congo	**832 356**	847 044	**832 356**	847 044
Kenya	**83 332**	331 903	**83 332**	331 903
Rest of Africa	**98 073**	259 401	**98 073**	197 056
South Africa	**81 834**	197 056	**81 834**	259 401
Europe	**-**	139	**-**	139
Total revenue	**5 111 776**	4 988 980	**5 111 776**	4 988 980

The Group recognised rebates on its revenue amounting to K 70.7 million for the year ended 31 August 2022 (2021: K 74.1 million).

4.2 Contract balances

Contract liabilities opening balance	**219 765**	281 663	**219 765**	281 663
Amounts prepaid by customers during the year	**1 378 764**	1 707 007	**1 378 764**	1 707 007
Amounts invoiced to customers during the year	**(1 381 934)**	(1 768 905)	**(1381 934)**	(1 768 905)
Contract liabilities (Note 23)	**216 595**	219 765	**216 595**	219 765

Contract liabilities relate to amounts received in advance from customers in relation to sales contracts. These liabilities were previously disclosed under trade and other payables (Note 22).

5. OPERATING PROFIT

Operating profit has been determined after charging/(crediting) the following:

Employees remuneration expenses	**607 514**	545 221	**575 274**	515 967
Unrealised Exchange (Gain) Loss (trading balances)	**(2 389)**	(5 632)	**(1 724)**	(3 904)
Realised Exchange (Gain) Loss (trading balances)	**18 142**	34 324	**17 572**	29 638
Depreciation expense (see note 11)	**115 436**	111 073	**103 902**	99 735
Factory overhaul costs expensed (see note 15.1)	**180 845**	141 761	**180 845**	141 761
Employer contributions to pension funds (see note 29)	**54 795**	41 040	**53 257**	39 189
Operational support fees (see note 24)	**60 077**	74 296	**60 077**	74 296
Lease expenses (see note 30)	**26 815**	23 332	**26 815**	23 332
- Depreciation expense of right-of-use assets	**20 578**	19 395	**20 578**	19 395
- Interest expense on lease liabilities	**17 411**	15 188	**17 411**	15 188
- Foreign exchange loss	**(11 174)**	(11 251)	**(11 174)**	(11 251)
Short-term lease Charges	**79 581**	59 085	**75 413**	54 359
Low Value Lease Charges (Property and Ground Rates)	**258**	258	**218**	218
Directors' emoluments for services as directors	**1 257**	1 221	**1 203**	1 205
Auditors' remuneration	**3 060**	2 365	**2 218**	2 429
- Audit fees	**2 905**	2 895	**2 063**	2 425
- Other expenses	**155**	41	**155**	4
Profit/(Loss) on disposal of plant and equipment	**5 549**	(2 887)	**5 530**	(3 057)
Charitable donations	**2 082**	1 184	**1 914**	1 019
Fair value adjustments				
- Livestock	**1 712**	3 098	**-**	-
- growing cane (see note 16)	**83 280**	121 814	**65 625**	108 208

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

6. NET FINANCIAL COSTS

Interest charged on:				
Related party borrowings (see note 24)	**6 571**	157 017	**6 567**	156 904
Bank overdraft and short-term facilities	**51 671**	20 210	**51 671**	20 210
Other*	**22 682**	97 935	**22 679**	97 935
Total Interest charged	**80 924**	275 162	**80 917**	275 049

*Other finance costs comprise foreign gains and losses on bank transactions and leases.

Finance Income				
Finance Income from an effective interest rate on cash and bank	**(6 728)**	(401)	**(200)**	(373)
	74 196	274 761	**80 717**	274 676

7. TAXATION

Current Tax				
- current year charge	**204 035**	183 667	**190 818**	171 819
- prior year charge	**-**	23 253	**-**	23 253
Deferred taxation (see note 21)				
- current year charge	**(26 363)**	65 491	**(30 466)**	63 337
- (over) provision in prior year	**(3 344)**	(7 026)	**(3 344)**	(7 026)
Total taxation charge	**174 328**	265 385	**157 008**	251 383
Included under current liabilities:				
Taxation payable at beginning of period	**(109 093)**	(45 085)	**(103 817)**	(42 180)
Current year charge	**(204 035)**	(183 667)	**(190 818)**	(171 819)
Prior year charge	**-**	(23 253)	**-**	(23 253)
(Over)/under provision in current tax liability	**716**	(91)	**716**	(91)
	(312 412)	(252 096)	**(293 919)**	(237 343)
Paid during the year	**192 576**	143 003	**181 837**	133 526
- Prior year	**-**	-	**-**	-
Taxation payable at beginning of period	**(119 836)**	(109 093)	**(112 082)**	(103 817)
Reconciliation of taxation rate :	**%**	%	**%**	%
Statutory taxation rate applicable to agricultural entities	**10.0**	10.0	**10.0**	10.0
Increase/(decrease) in charge due to:				
- Expenses disallowed for tax purposes	**0.8**	3.8	**0.9**	3.5
- Tax rate differential on non-farming income	**5.6**	5.0	**6.1**	5.0
- Other adjustments*	**(2.3)**	1.5	**(2.6)**	1.5
Effective rate of taxation	**14.1**	20.3	**14.4**	20.0

*Other adjustments comprise the blended rate adjustment and the under/(over) provision in prior year.

'The Company's effective tax rate for the year is 14.4% (August 2021 19.9%) as a result of tax effect of the varying tax rates on different streams of income. Taxable business profits are currently split and taxed as follows:

a) Agriculture, 10%;
b) Non-traditional exports, 15%;
c) Manufacturing, 30%; and
d) Rental Income 12.5%

The under/over provisions in taxation liabilities arises on account of differences in the financial year end, which is set at 31 August, and the taxation year end set at 30 June.

7. TAXATION (CONT.)

Ageing of Disallowed Interest
Effective 1 January 2019 deductible interest expense shall be restricted to 30% of EBITDA as provided under section 29 of the Zambia Income Tax Act (as amended). The Group and Company had no disallowed interest as at August 2021 (August 2020: K 228 million) available to carry forward for a period of not more than 5 years from the charge year in which they were disallowed, for set off against future taxable profits.

The Group had no deductible interest in the prior and current financial year.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

8. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Group 2022	Group 2021	Company 2022	Company 2021
Earnings per share (ngwee per share)	**317.5**	343.1	**303.6**	317.8
Headline earnings per share (ngwee per share)	**319.1**	342.3	**305.1**	317.0
Number of shares	**SHARES '000**	SHARES '000	**SHARES '000**	SHARES '000
Weighted average number of ordinary shares for the purposes of basic earnings, diluted earnings and headline earnings per share	**316 571**	316 571	**316 571**	316 571
Reconciliation of earnings	**K'000**	K'000	**K'000**	K'000
Profit attributable to shareholders of Zambia Sugar Plc	**1 005 148**	1 086 067	**960 973**	1 006 130
Earnings for the purposes of earnings per share	**1 005 148**	1 086 067	**960 973**	1 006 130
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar Plc	**1 005 148**	1 086 067	**960 973**	1 006 130
Gain on sale of property, plant and equipment	**5 549**	(2 887)	**5 530**	(3 057)
Tax effect of adjustments	**(555)**	289	**(553)**	306
Headline earnings for the year	**1 010 142**	1 083 469	**965 950**	1 003 379

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

There are no transactions that gave rise to diluted earnings per share.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

9. DIVIDENDS PAID

Dividends of K 267.503 million were paid in the current year (2021:K 75.977 million)

	Group 2022	Group 2021	Company 2022	Company 2021
Dividends proposed per share - final 2022 to be proposed at AGM (ngwee)	**94.4**	84.5	**94.4**	84.5
Number of ordinary shares in issue ('000)	**316 571**	316 571	**316 571**	316 571

10. SEGMENT ANALYSIS

The Group's inter segmental revenue generated from cane sales is eliminated on consolidation of segments

	Group			Company		
YEAR ENDED 31 AUGUST 2022	Sugar production	Cane growing	TOTAL	Sugar production	Cane growing	TOTAL
	K'000	K'000	K'000	K'000	K'000	K'000
External customers	5 111 776	-	5 111 776	5 111 776	-	5 111 776
Inter Segment	(1 580 326)	1 580 326	-	(1 279 690)	1 279 690	-
Revenue	3 531 450	1 580 326	5 111 776	3 832 086	1 279 690	5 111 776
Material items of expense						
Employee Costs	(199 153)	(218 825)	(417 978)	(199 153)	(187 899)	(387 052)
Electricity and Fuel	(49 666)	(125 828)	(175 494)	(49 666)	(114 913)	(164 579)
Operating Costs	(365 891)	(361 658)	(727 549)	(365 891)	(287 969)	(653 860)
Refining, Packing & Storage	(227 058)	-	(227 058)	(227 058)	-	(227 058)
Cane Haulage	-	(147 548)	(147 548)	-	(111 123)	(111 123)
Operating profit	783 556	458 942	1 242 498	783 572	317 610	1 101 182
Property, plant and equipment	1 378 786	546 039	1 924 825	1 363 682	408 426	1 772 108
Balance at beginning of period	1 395 189	469 476	1 864 665	1 386 381	336 531	1 722 912
Additions at cost	79 995	102 414	182 409	68 636	91 280	159 916
Assets transfers	-	-	-	-	-	-
Depreciation charge for the period	(92 580)	(22 856)	(115 436)	(87 517)	(16 385)	(103 902)
Net book value of disposals	(3 818)	(2 995)	(6 813)	(3 818)	(3 000)	(6 818)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	177 163	177 163
Right-of-use assets	47 800	-	47 800	47 800	-	47 800
Assets classified as held for sale	1 701	-	1 701	1 701	-	1 701
Current assets	1 599 146	1 258 181	2 857 327	1 599 146	1 092 367	2 691 513
Inventories	763 685	631 349	1 395 034	763 685	600 039	1 363 724
Growing cane	-	589 538	589 538	-	492 328	492 328
Trade and other receivables	662 332	36 479	698 811	662 332	-	662 332
Amounts due from related parties	1 164	-	1 164	1 164	-	1 164
Cash and cash equivalents	171 965	815	172 780	171 965	-	171 965
Current liabilities	878 207	353 098	1 231 305	1 022 095	314 156	1 336 251
Trade and other payables	381 273	330 047	711 320	381 273	299 571	680 844
Lease Liabilities	23 675	-	23 675	23 675	-	23 675
Contract Liabilities	216 595	-	216 595	216 595	-	216 595
Short-term borrowings	7 057	5 545	12 602	7 057	5 545	12 602
Amounts due to related parties	28 366	-	28 366	172 254	-	172 254
Current tax liability	112 082	7 754	119 836	112 082	-	112 082
Bank overdrafts	97 654	-	97 654	97 654	-	97 654
Provisions	11 505	9 752	21 257	11 505	9 040	20 545
Non-current liabilities	220 283	132 508	352 791	220 283	101 305	321 588
Long-term borrowings	42 000	-	42 000	42 000	-	42 000
Lease Liabilities	49 350	-	49 350	49 350	-	49 350
Deferred tax liability	128 933	132 508	261 441	128 933	101 305	230 238
Net asset value	**1 928 943**	**1 386 516**	**3 315 459**	**1 788 432**	**1 244 014**	**3 032 446**

The Group's business operating units are segmented up to operating profit stage.

10. SEGMENT ANALYSIS (CONT.)

The Group's inter segmental revenue generated from cane sales is eliminated on consolidation of segments

YEAR ENDED 31 AUGUST 2021	Group			Company		
	Sugar production	Cane growing	TOTAL	Sugar production	Cane growing	TOTAL
	K'000	K'000	K'000	K'000	K'000	K'000
External customers	4 988 980	-	4 988 980	4 988 980	-	4 988 980
Inter Segment	(1 504 909)	1 504 909	-	(1 238 749)	1 238 749	-
Revenue	3 484 071	1 504 909	4 988 980	3 750 231	1 238 749	4 988 980
Material items of expense						
Employee Costs	(169 472)	(207 977)	(377 449)	(169 472)	(177 543)	(347 015)
Electricity and Fuel	15 021	(131 002)	(115 981)	15 021	(122 390)	(107 369)
Operating Costs	(599 025)	(507 353)	(1 106 378)	(599 025)	(445 480)	(1 044 505)
Refining, Packing & Storage	(185 351)	-	(185 351)	(185 351)	-	(185 351)
Cane Haulage	-	(125 538)	(125 538)	-	(96 065)	(96 065)
Operating profit	1 081 852	533 110	1 614 962	1 081 855	397 339	1 479 194
Property, plant and equipment	1 395 189	469 476	1 864 665	1 386 381	336 531	1 722 912
Balance at beginning of period	1 427 191	464 116	1 891 307	1 418 383	340 413	1 758 796
Additions at cost	33 045	62 442	95 487	33 045	41 695	74 740
Depreciation charge for the period	(60 950)	(50 123)	(111 073)	(60 950)	(38 785)	(99 735)
Net book value of disposals	(4 097)	(6 959)	(11 056)	(4 097)	(6 792)	(10 889)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	177 163	177 163
Right-of-use assets	56 338	-	56 338	56 338	-	56 338
Assets classified as held for sale	2 864	-	2 864	2 864	-	2 864
Current assets	1 909 858	682 129	2 591 987	1 909 858	533 277	2 443 135
Inventories	998 184	124 699	1 122 883	998 184	90 990	1 089 174
Growing cane	-	506 258	506 258	-	426 703	426 703
Trade and other receivables	530 282	48 899	579 181	530 282	15 584	545 866
Amounts due from related parties	378	-	378	378	-	378
Cash and cash equivalents	381 014	2 273	383 287	381 014	-	381 014
Current liabilities	1 082 177	166 540	1 248 717	1 203 338	129 970	1 333 308
Trade and other payables	480 017	151 276	631 293	480 017	120 004	600 021
Lease Liabilities	25 052	-	25 052	25 052	-	25 052
Contract Liabilities	219 765	-	219 765	219 765	-	219 765
Short-term borrowings	9 145	4 924	14 069	9 145	4 924	14 069
Amounts due to related parties	21 717	-	21 717	142 878	-	142 878
Current tax liability	103 817	5 276	109 093	103 817	-	103 817
Bank overdrafts	207 546	22	207 568	207 546	-	207 546
Provisions	15 119	5 041	20 160	15 119	5 041	20 160
Non-current liabilities	589 078	168 147	757 225	589 078	141 050	730 128
Long-term borrowings	261 950	141 050	403 000	261 950	141 050	403 000
Lease Liabilities	66 425	-	66 425	66 425	-	66 425
Deferred tax liability	260 703	27 097	287 800	260 703	-	260 703
Net asset value	**1 690 129**	**884 821**	**2 574 950**	**1 560 160**	**775 952**	**2 336 112**

The Group's business operating units are segmented up to operating profit stage.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Motor Vehicles	Furniture and fittings	Capital work in progress	Cane Roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
GROUP								
Cost								
Balance at 1 September 2020	**756 526**	**1 608 830**	**102 620**	**26 741**	**35 758**	**332 308**	**-**	**2 862 783**
Additions	-	6 123		659	50 137	38 568	-	95 487
Capitalisation	728	54 646	4 833	184	(60 406)	15	-	-
Transfers	-	-	-	-	-	(36 190)	36 190	-
Disposals	-	(20 553)	(3 256)	(344)	-	(75 193)	-	(99 346)
Balance at 31 August 2021	**757 254**	**1 649 046**	**104 197**	**27 240**	**25 489**	**259 508**	**36 190**	**2 858 924**
Additions	-	8 979	2 766	-	121 875	-	48 789	182 409
Capitalisation	1 632	94 338	17 498	1 508	(114 976)	57 100	(57 100)	-
Transfers	3 759	8 306	(10 171)	(1 894)	-	-	-	-
Disposals	-	(10 827)	(2 638)	-	-	(39 827)	-	(53 292)
Balance at 31 August 2022	**762 645**	**1 749 842**	**111 652**	**26 854**	**32 388**	**276 781**	**27 879**	**2 988 041**
Accumulated depreciation								
Balance at 1 September 2020	**144 129**	**560 258**	**68 907**	**21 322**	**-**	**176 860**	**-**	**971 476**
Charge for period	13 006	65 637	7 834	1 831	-	22 765	-	111 073
Disposals	-	(10 017)	(2 903)	(177)	-	(75 193)	-	(88 290)
Balance at 31 August 2021	**157 135**	**615 878**	**73 838**	**22 976**	**-**	**124 432**	**-**	**994 259**
Charge for year	12 827	63 518	6 777	404	-	31 910	-	115 436
Transfers	174	3 214	(3 348)	(40)	-	-	-	-
Disposals	-	(4 728)	(1 924)	-	-	(39 827)	-	(46 479)
Balance at 31 August 2022	**170 136**	**677 882**	**75 343**	**23 340**	-	**116 515**	-	**1 063 216**
Net carrying amount								
Balance at 31 August 2022	**592 509**	**1 071 960**	**36 309**	**3 514**	**32 388**	**160 266**	**27 879**	**1 924 825**
Balance at 31 August 2021	600 119	1 033 168	30 359	4 264	25 489	135 076	36 190	1 864 665

11. PROPERTY, PLANT AND EQUIPMENT (CONT.)

	Leasehold land and buildings	Plant and machinery	Motor Vechiles	Furniture and fittings	Capital work in progress	Cane Roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
COMPANY								
Cost								
Balance at 1 September 2020	**669 079**	**1 557 985**	**99 330**	**25 975**	**24 265**	**276 290**	**-**	**2 652 924**
Additions	-	-	-	-	36 172	38 568	-	74 740
Capitalisation	728	47 732	362	-	(48 822)	-	-	-
Transfers	-	-	-	-	-	(31 692)	31 692	-
Disposals	-	(20 553)	(3 256)	-	-	(75 193)	-	(99 002)
Balance at 31 August 2021	**669 807**	**1 585 164**	**96 436**	**25 975**	**11 615**	**207 973**	**31 692**	**2 628 662**
Additions	-	8 979	457	-	105 715	-	44 765	159 916
Capitalisation	1 632	64 314	17 498	1 508	(84 952)	49 690	(49 690)	-
Transfers	3 759	20 316	(22 197)	(1 878)	-	-	-	-
Disposals	-	(10 832)	(2 549)	-	-	(13 241)	-	(26 622)
Balance at 31 August 2022	**675 198**	**1 667 941**	**89 645**	**25 605**	**32 378**	**244 422**	**26 767**	**2 761 956**
Accumulated depreciation								
Balance at 1 September 2020	**142 441**	**521 150**	**66 853**	**20 810**	**-**	**142 874**	**-**	**894 128**
Charge for year	12 633	58 888	4 322	1 365	-	22 527	-	99 735
Disposals	-	(10 017)	(2 903)	-	-	(75 193)	-	(88 113)
Balance at 31 August 2021	**155 074**	**570 021**	**68 272**	**22 175**	**-**	**90 208**	-	**905 750**
Charge for period	12 581	58 650	5 422	399	-	26 850	-	103 902
Transfers	4	10 732	(10 729)	(7)	-		-	-
Disposals	-	**(4 728)**	**(1 835)**	-	-	**(13 241)**	-	**(19 804)**
Balance at 31 August 2022	167 659	634 675	61 130	22 567	-	103 817	-	989 848
Net carrying amount								
Balance at 31 August 2022	**507 539**	**1 033 266**	**28 515**	**3 038**	**32 378**	**140 605**	**26 767**	**1 772 108**
Balance at 31 August 2021	514 733	1 015 143	28 164	3 800	11 615	117 765	31 692	1 722 912

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned. Cane Roots have been split to show movements in Capital work in progress. The Prior year transfer in both Group and company demonstrates the movement of the respective closing balance on the capital work in progress for the cane roots from the main asset account for the cane roots. This was to ensure more visibility in each respective asset category. In accordance with Zambia Companies Act, 2017 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

The Directors consider that the fair value of the property, plant and equipment as at 31 August 2022 is at least equal to their carrying values as reflected in the statement of financial position.

Leasehold Land

On 1 April 2007, the Company entered into land leasehold agreements with six local farmers for the purposes of growing sugar cane. The agreements are for a period of 17 years and the total leasehold land area is 2 055 ha. The leases have since been reclassified under IFRS 16 upon adoption on 1 September 2019 and are disclosed in Note 30.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

12. ASSETS HELD FOR SALE

On 30 May 2016, Management completed the construction of the refinery and decided to discontinue the internal use of the heavy duty machinery (cranes), contractors' camp and other assets directly connected to the construction of the refinery. This decision was taken in line with the company's strategy to focus on its sugar business and related products. Consequently, all excess assets were classified as a disposal group. There were no liabilities associated with this decision. Measurement of the disposal group's assets at fair value less costs to sell did not result in a profit or loss. Due to the restrictions in movement and public gathering as a result of the Covid-19 pandemic, Management could not actively seek buyers to finalise the sale of some of the items by 31 August 2022. These restrictions have since been removed in the next financial year. Management are still committed to have the items sold.

The carrying amounts of assets in the disposal group is analysed as follows:

Property, plant & equipment

	Group 2022	Group 2021	Company 2022	Company 2021
Balance at start of year	2 864	3 851	2 864	3 851
Disposals during the year	-	-	-	-
Assets classified as held for sale sold	(11)	(987)	(11)	(987)
Assets classified as held for sale reclassified	(1 152)	-	(1 152)	-
Balance at end of year	**1 701**	2 864	**1 701**	2 864

13. INTANGIBLE ASSET

	Group 2022	Group 2021	Company 2022	Company 2021
Balance at the beginning and end of year	**67 902**	67 902	**-**	-

The intangible asset (Goodwill) represents a strategic cane supply arrangement arising from the acquisition of a controlling interest in Nanga Farms Plc. The arrangement provides security over cane supply to Zambia Sugar Plc, is considered to have an indefinite useful life, and is tested for impairment annually. The intangible asset is considered to have an indefinite useful life as the cane supply agreement has no time frame to it and hence is considered indefinite.

The Group performed its annual impairment test in August 2022. The test is based on a 5 year assessment of the key performance indicators of the Group. The indicators used are Production parameters, Sales volumes, Pricing, Currency and Inflation. There was no indication of impairment of this asset as at 31 August 2022.The investment in Nanga Farms ensures security of source of cane supply as the Group has control of the product from Nanga, thereby preventing other entities from accessing sugar cane from Nanga Farms.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the investment in Nanga Farms is most sensitive to the following assumptions:
- Discount rates
- Production inputs price inflation
- Operational parameters
- Gross and EBITDA margins

Discount rates - Discount rates represent the current market assessment of the specific risks taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise or decline in the discount rate by +0.5% would not result in impairment.

13. INTANGIBLE ASSET (CONT.)

Production inputs price inflation - Estimates are obtained from published indices in Zambia, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements. Management has considered the possibility of greater than forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. If prices of raw materials increase on average by 0.5% more than the forecast price inflation, the Group will still have no impairment.

Operational parameters - Operational parameters include cane tonnages, cane yields, sucrose percentage in sugar cane, sucrose price, Overall recovery, Currency and Inflation. Management have used the average for the past five years to assess if the Group has impairment indicators. A significant adverse movement in operational parameters would result in an indication of impairment in the investment.

14. INVESTMENTS IN SUBSIDIARIES

The principal subsidiaries of Zambia Sugar Plc are as follows:

	Issued capital	Effective percentage holding	Shares at cost	Amounts due by subsidiary	Amounts due by subsidiary
	K'000	%	K'000	K'000	K'000
August 2022					
Direct Investment					
Tukunka Agriculture Ltd	**10 000**	**100**	**-**	**-**	**-**
Nanga Farms Plc	**487**	**14.27**	**21 539**	**-**	**-**
Indirect Investment					
Nanga Farms Plc	**487**	**85.7**	**155 624**	**-**	**144 173**
August 2021					
Direct Investment					
Tukunka Agriculture Ltd	10 000	100	-	-	-
Nanga Farms Plc	487	14.27	21 539	-	-
Indirect Investment					
Nanga Farms Plc	487	85.7	155 624	-	122 170

15. INVENTORIES

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Maintenance stores	**263 135**	297 055	**240 959**	262 853
Provision for obsolescence	**(6 083)**	(4 043)	**(5 565)**	(3 550)
	257 052	293 012	**235 394**	259 303
Factory overhaul costs	**62 683**	64 957	**62 683**	64 957
Finished goods - sugar (at cost) and Molasses	**1 065 645**	764 914	**1 065 647**	764 914
Other Inventory - Livestock	**9 654**	7 827	**-**	-
Total inventories at the lower of cost and net realisable value	**1 395 034**	1 122 883	**1 363 724**	1 089 174
Movement in provision for slow moving stocks				
Balance at beginning of year	**4 043**	3 963	**3 550**	3 397
Amounts written off during the year	**2 040**	80	**2 015**	153
Provision raised during the year	**6 083**	4 043	**5 565**	3 550

The costs of individual items of inventory are determined using weighted average costs.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

15. INVENTORIES (CONT.)

15.1 Factory overhaul cost

Balance at beginning of year	**64 957**	37 475	**64 957**	37 475
Capitalised during the year	**178 571**	169 243	**178 571**	169 243
	243 528	206 718	**243 528**	206 718
Amortised during the year	**(180 845)**	(141 761)	**(180 845)**	(141 761)
Balance at end of year	**62 683**	64 957	**62 683**	64 957

Factory overhaul costs are classified under Inventory in Note 16 as they satisfy the definition of inventory in the form of materials or supplies to be consumed in the production process.

Factory overhaul costs represents expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after the year-end. The expenditure is written off in full over its expected useful life being the duration of one sugar season.

16. GROWING CANE

The carrying value of growing cane is reconciled as follows:

Carrying value at beginning of year	**506 258**	384 444	**426 703**	318 495
Change in fair value	**83 280**	121 814	**65 625**	108 208
Carrying value at end of year	**589 538**	506 258	**492 328**	426 703

The fair value of the growing cane is determined using inputs that are unobservable, using the best information available in the circumstances and therefore fall into the level 3 fair value category (see note 2.2.15).

Expected area to harvest (hectares)	**16 163**	16 584	**13 458**	13 880
Estimated yield (tonnes cane per hectare)	**115. 9**	115.7	**114. 9**	114.7
Sucrose content in cane (%)	**14.39**	14.36	**14.39**	14.36
Average maturity of cane at 31 March (%)	**65.70**	65.7	**65.70**	65.70

A 1% change in the unobservable inputs could increase or decrease the fair value of the standing cane by the following values:

Estimated sucrose content (tonnes)	**269 414**	275 391	**222 424**	228 521
Estimated sucrose price (K/tonne)	**5 788**	5 077	**5 788**	5 077

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

17. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:

Gross trade receivables	**377 523**	248 444	**377 523**	248 444
Allowance for expected credit losses	**(16 847)**	(16 114)	**(16 847)**	(16 114)
	360 676	232 330	**360 676**	232 330
VAT receivable	**266 131**	281 634	**229 769**	251 959
Other receivables	**72 004**	65 217	**71 887**	61 577
Balance at end of year	**698 811**	579 181	**662 332**	545 866

Movement in the allowance for expected credit losses

Balance at beginning of year	**(16 114)**	(10 600)	**(16 114)**	(10 600)
Amounts raised during the year	**(1 256)**	(6 805)	**(1 256)**	(6 805)
Amounts recovered during the year	**-**	115	**-**	115
Amounts utilised during the year	**523**	1 176	**523**	1 176
Balance at end of year	**(16 847)**	(16 114)	**(16 847)**	(16 114)

The Group's receivables are mainly categorised into Sugar credit customers, Industrial Customers, Retail Chain stores, Molasses customers, Sundry credit customers, Transporters, Growers and Staff Sales.

The Group's other receivables mainly comprise supplier prepayments, staff debtors, amounts to be recovered from suppliers and growers for fuels and consumables.

The gain in the Allowance for expected credit losses can be attributed to improved debt management procedures and a higher volume of cash sales in the current financial year.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Additional disclosures concerning the management of credit risk have been provided in note 28.4.

18. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Bank and cash balances	**172 780**	383 287	**171 965**	381 014
Bank overdraft - unsecured	**(97 654)**	(207 568)	**(97 654)**	(207 546)
Cash and cash equivalents at end of year	**75 126**	175 719	**74 311**	173 468

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

19. SHARE CAPITAL AND PREMIUM

Authorised:				
350 000 000 (August 2021: 350 000 000) ordinary shares of K 0.01 each (August 2021: K 0.01 each)	**3 500**	3 500	**3 500**	3 500
Issued and fully paid				
316 571 385 (August 2021: 316 571 385) ordinary shares of K 0.01 each (August 2021: K 0.01 each)	**3 166**	3 166	**3 166**	3 166
Share premium	**244 172**	244 172	**244 172**	244 172
	247 338	247 338	**247 338**	247 338

20. BORROWINGS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Note	Years of repayment	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
Related party loans	a	2020-2023	**54 602**	417 069	**54 602**	417 069
Total borrowings			**54 602**	417 069	**54 602**	417 069
Less:						
Short-term borrowings	a		**54 602**	14 069	**54 602**	14 069
Long-term borrowings	a		**-**	403 000	**-**	403 000
The amounts are due for repayment in the following years ending 31 August:						
2022			**-**	14 069	**-**	14 069
2023			**54 602**	403 000	**54 602**	403 000

Summary of borrowing arrangements

(a) Loans from related parties are disclosed in Note 24.2.1

(b) There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current or previous year.

(c) The reduction in debt can be attributed to improved financial performance in the financial years ended August 2021 and August 2022.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

21. DEFERRED TAX LIABILITY

Balance at beginning of year	**287 800**	229 432	**260 703**	204 488
Charged to profit or loss:				
- Current year income statement charge	**(26 363)**	65 676	**(30 466)**	63 337
- under provision in prior year	**(3 344)**	(7 026)	**(3 344)**	(7 026)
- under/(over)provision in deferred tax liability	**3 348**	(282)	**3 345**	(96)
Balance at end of year	**261 441**	287 800	**230 238**	260 703
Analysis of liability:				
Property, plant and equipment	**248 811**	259 338	**230 261**	243 511
Right of use assets, lease liabilities	**(4 769)**	(4 983)	**(4 769)**	(4 983)
Cane Roots	**16 973**	17 513	**14 060**	14 946
Factory overhaul costs	**11 851**	13 266	**11 851**	13 266
Growing cane	**58 954**	50 626	**49 233**	42 670
Provisions	**(11 137)**	(16 683)	**(11 137)**	(16 683)
Deferred Income	**(55 948)**	(44 882)	**(55 948)**	(44 882)
Unrealised exchange differences	**(3 294)**	13 605	**(3 313)**	12 858
Balance at end of year	**261 441**	287 800	**230 238**	260 703

22. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases and on-going costs.

Trade payables	**172 984**	183 810	**156 175**	162 232
Growers	**322 557**	251 267	**322 557**	251 267
Accruals	**165 165**	139 353	**165 165**	139 353
Payroll	**30 473**	28 444	**30 473**	28 444
Other payables	**20 141**	27 419	**6 474**	18 725
Balance at end of year	**711 320**	630 293	**680 844**	600 021

The Group's other payables mainly comprise provisions for import duty, clearing charges, gratuity and voluntary separation and withholding tax. The directors consider that the carrying amount of trade and other payables approximates their fair value. The Group has financial risk management policies in place to ensure that suppliers are paid within the pre-agreed credit terms.

23. CONTRACT LIABILITIES

Contract liabilities relate to amounts received in advance from customers in relation to sales contracts.

Deferred Income	**216 595**	219 765	**216 595**	219 765
Currency Split:				
Deferred income amounts in USD	**208 643**	204 983	**208 643**	204 983
Deferred income amounts in ZAR	**1 934**	2 593	**1 934**	2 593
Deferred income amounts in EUR	**97**	262	**97**	262
Deferred income amounts in ZMW	**5 921**	11 927	**5 921**	11 927
Aging of contract balances				
Current balance (within 12 months)	**216 595**	219 765	**216 595**	219 765
Beyond 12 months	**-**	-	**-**	-

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES

The Group, in the ordinary course of business, enters into various transactions with related parties.

24.1 Holding Companies

The Group is controlled by the following entities:

Name	Type	Ownership Interest in Zambia Sugar Plc August 2022	August 2021
Illovo Group Holdings Limited (IGHL), incorporated in Mauritius	Immediate holding Company	**75%**	75%
Illovo Sugar Africa Holdings Limited (ISAHL), incorporated in United Kingdom	Illovo holding Company	**75%**	75%
Associated British Foods Plc, incorporated in United Kingdom	Ultimate holding Company	**75%**	75%

24.1.1 Ultimate Holding Company

Associated British Foods Plc (ABF) holds 100% of the issued share capital of ISAHL and therefore hold an effective ownership interest of 75.0% in the Group. This is compliant with the minimum free float requirement, where 25% of the shares should be in public hands. There were no transactions between the Group and Associated British Foods Plc in either the current year or the previous year.

24.1.2 Ultimate Holding Company

Illovo Sugar Africa Holdings Limited ("ISAHL") holds 100% of the issued share capital of Illovo Group Holdings Limited and therefore has an effective ownership interest of 75% in the Group effective September 2019.

Illovo Group Marketing Services Limited (IGMS) is the Group's appointed agent to coordinate and manage the marketing, sale and distribution of all the Group's export sugar and molasses into Rwanda for which it receives a commission of 3% of export revenue. IGMS is owned by Illovo Group Holdings Limited (IGHL).

24.1.3 Illovo Group Marketing Services Limited ("IGMS")

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Trading balances owing by the Group	**7 127**	3 405	**7 127**	3 405
Export sugar sales	**32 366**	39 675	**32 366**	39 675
Export agency commission	**1 034**	1 277	**1 034**	1 277
Logistics cost reimbursement	**9 468**	40 128	**9 468**	40 128

The trading balance owing by the Group to Illovo Group Marketing Services Limited ("IGMS") represents amounts outstanding for commissions and logistics costs yet to be settled. All trading balances with IGMS are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments. During the current year, sugar was sold to IGMS on the same commercial terms and conditions that would be available to third party customers.

Certain third party export logistics costs incurred by the Group are paid for on its behalf by IGMS and for which IGMS is reimbursed with no mark-up charged.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.2 Fellow Subsidiaries of the Group (Cont.)

24.2.1 Illlovo Sugar Africa (Proprietary) Limited

The Group had transactions with this related party facilitated by a Group operational support agreement between the parties.

Transactions and balances with Illovo Sugar Africa (Proprietary) Limited - Procurement Division

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Trading balances owing by the Group	**11 167**	10 930	**10 887**	9 921
Procurement of goods and services	**234 539**	271 177	**234 154**	263 950
Interest paid: procurement	**98**	379	**94**	371

The Group utilises the centralised procurement office to share in the benefit of the bulk purchasing power that arises from ISAPL combining the procurement requirements of six operations to negotiate preferential supply arrangements. On receipt of an order from the Group, the centralised procurement office sources and purchases the required goods and services from third party suppliers. The cost of the goods and services procured, together with any transport costs, is recovered from the Group. No mark-up is charged on the recovery of the procurement expenditure and any pricing benefit negotiated with the third party supplier by the centralised procurement office is passed on to the Group.

The trading balance owing in respect of procurement expenditure on goods and services is unsecured, is repayable within 30 days from statement date and only bears interest if the repayment terms have been exceeded, after which a market-related interest is charged. Interest is not raised on goods that have not been received, or damaged in transit, and for which there are legitimate queries pending. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

Transactions and balances with Illovo Sugar Africa (Proprietary) Limited - Corporate Division

Trading balances owing by the Group	**9 080**	5 256	**9 080**	5 256
Operational support fees	**60 077**	74 296	**60 077**	74 296
Cost reimbursement (general)	**24 351**	10 995	**24 351**	10 995
Export agency commission	**10 802**	12 931	**10 802**	12 931
Export and BI Staff cost recoveries	**(5 018)**	-	**(5 018)**	-

Operational support fees are charged to the Group in order to recover the costs of providing technical support, business support and operating a centralised procurement office. Technical support includes services rendered to monitor and improve agricultural and manufacturing performance as well as technical engineering services. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology. The services provided by the centralised procurement office are detailed above. Operational support fees are charged on a cost-plus basis, allowing a margin of 8% with the exception of procurement services component for which the margin is 15%.

The trading balance owing by the Group represents amounts outstanding for transactions detailed above. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.2 Fellow Subsidiaries of the Group (Cont.)

24.2.1 Illlovo Sugar Africa (Proprietary) Limited (Cont.)

Illovo Sugar Africa (Proprietary) Limited ("ISAPL") is the agent to co-ordinate and manage the marketing, sale and distribution of all the Group's export sugar and molasses (excluding distribution into Rwanda) for which it receives a commission of 1% of export revenue.

24.2.2 ABF ZMW Finance Limited

Funding balances owing by the Group

	Years of repayment	Effective Interest rate (%)	Group		Company	
			August		August	
			2022 K'000	2021 K'000	2022 K'000	2021 K'000
Aggregation B Loans			**42 000**	403 000	**42 000**	403 000
Loan B1 - Zambian Kwacha	**2023**	**17.07**	**42 000**	202 000	**42 000**	202 000
Loan B2 - Zambian Kwacha	**2023**	**17.07**	**-**	201 000	**-**	201 000
Long-term borrowings			**42 000**	403 000	**42 000**	403 000
Total Accured Interest on related party loan						
Aggregation B Loans			**12 602**	14 069	**12 602**	14 069
Accrued interest - Loan B1			**12 602**	7 052	**12 602**	7 052
Accrued interest - Loan B2			**-**	7 017	**-**	7 017
Short-term borrowings			**12 602**	14 069	**12 602**	14 069
Total related party borrowings			**54 602**	417 069	**54 602**	417 069

In the previous financial year; this Loan and its accrued interest payable were moved from Illovo Group Financing Services to the Group's ultimate parent ABF Overseas Limited. The change was effective July 2021. The interest paid has been split in the tables below to reflect the split between amounts paid to ABF Overseas Limited and Illovo Group Financing Services.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.2 Fellow Subsidiaries of the Group (Cont.)

24.2.2 ABF ZMW Finance Limited (Cont.)

Illovo Group Financing Services (IGFS) - Interest disclosure

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Interest paid: funding				
Aggregation A Loans	**-**	82 877	**-**	82 877
Interest paid - Loan A1	**-**	26 786	**-**	26 786
Interest paid - Loan A2	**-**	26 789	**-**	26 789
Interest paid - Loan A3	**-**	20 987	**-**	20 987
Interest paid - Loan A4	**-**	7 649	**-**	7 649
Interest paid - Loan A5	**-**	666	**-**	666
Aggregation B Loans	**-**	62 465	**-**	62 465
Interest paid - Loan B1	**-**	31 310	**-**	31 310
Interest paid - Loan B2	**-**	31 155	**-**	31 155
	-	145 342	**-**	145 342
ABF ZMW Finance Limited - Interest disclosure				
Aggregation B Loans	**6 473**	11 300	**6 473**	11 300
Interest paid - Loan B1	**302**	5 664	**302**	5 664
Interest paid - Loan B2	**6 171**	5 636	**6 171**	5 636

A Loans

There are no balances owing on the A Loans as a capital amount as at August 2022 (August 2021: nil) and the respective accrued interest (August 2021:nil). The loans were denominated in Zambian Kwacha, unsecured and attracted an interest at the annual yield rate quoted by the Bank of Zambia, from time to time, in respect of the most recent 91 day treasury bill rate, plus 4.0% (four point zero percent), with such rate being set on the original Agreement Effective Date and reset and compounded on each of 31 March, 30 June, 30 September and 31 December each year. Interest was paid on a monthly basis.

B Loans

The balance owing on the B Loans comprises K 42 million capital (August 2021: K 403 million) and K 12.6 million accrued interest (August 2021: K 14 million). The loans are denominated in Zambian Kwacha, are unsecured and attract interest at the annual yield rate quoted by the Bank of Zambia, from time to time, in respect of the most recent 182 day treasury bills rate, plus 2.25% (two point twenty five percent), with such rate being set on the Effective Date and reset on 31 March and 30 September each year. Interest is paid on 24th of each month or if that date is not a business day, the next business day. The repayment date of loan B1 is on such date as agreed in writing by the parties.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.2 Fellow Subsidiaries of the Group (Cont.)

24.2.3 East African Supply (Proprietary) Limited ("EAS")

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Trading balances owing by the Group	**979**	2 126	**979**	2 126
Air services	**2 827**	2 405	**2 827**	2 405

EAS recovers the cost of air services provided to the Group necessary to facilitate the provision of operational support and director services by Illovo Sugar Africa (Proprietary) Limited.

The trading balance owing by the Group to EAS in respect of air services is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

24.2.4 Other fellow subsidiaries

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Trading balances owing to/(from) the Group				
- Illovo Sugar (Malawi) Plc	**1 068**	80	**1 068**	80
- Kilombero Sugar Company Limited ("KSC")	**97**	298	**97**	298
- Ubombo Sugar Limited	**(14)**	-	**(8)**	-
Cost recoveries (general) transactions				
- Illovo Sugar (Malawi) Plc	**1 068**	80	**1 068**	80
- Kilombero Sugar Company Limited ("KSC")	**97**	298	**97**	298
Cost reimbursement transactions				
- Ubombo Sugar Limited	**(14)**	-	**(8)**	-

Various costs are paid for by the Group on behalf of other fellow subsidiaries. Similarly, various costs are paid for by other fellow subsidiaries on behalf of the Group. All such costs are recovered and/or reimbursed with no mark-up charged.

All trading balances related to cost recoveries and/or reimbursements are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

24.3 Subsidiary of Zambia Sugar Plc.

The Company holds 100% of the ordinary share capital of Tukunka Agricultural Ltd. Tukunka Agricultural Ltd owns 85.73% of the ordinary share capital for Nanga Farms. Effective 28 December 2018, the Company purchased the remaining 14.27% of the ordinary share capital of Nanga Farms from the minority shareholder. The Company, therefore has an effective ownership interest of 100% in Nanga Farms. The Company has entered into a long-term agreement with Nanga Farms for the supply of sugar cane.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.3 Subsidiary of Zambia Sugar Plc. (Cont.)

Nanga Farms Plc	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Trading balances owing by the Company	**-**	-	**144 173**	122 170
Operational support fees received	**-**	-	**7 486**	7 486
Cane purchases	**-**	-	**282 982**	252 553
Dividend income	**-**	-	**86 342**	41 744
Interest paid/(received) on overdue balances	**-**	-	**(6 496)**	(105)

Operational support income is received by the Company from Nanga Farms Plc for costs incurred in providing technical support and business support. Technical support includes services rendered to monitor and improve agricultural performance. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology.

The trading balance owing by the Company represents amounts outstanding for the supply of sugarcane. The trading balance is unsecured, has no fixed repayment terms and bears interest at variable market-related rates. The balance will be settled by cash payments.

24.4 Related Party Balances - Summary

	NOTE	Group		Company	
		August		August	
		2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Long-term borrowings					
Illovo Group Financing Services	24.2.2	**-**	403 000	**-**	403 000
Short term borrowings					
Illovo Group Financing Services	24.2.2	**54 602**	14 069	**54 602**	14 069
Amounts due from related parties					
Illovo Sugar (Malawi) Plc	24.2.4	**1 068**	80	**1 068**	80
Kilombero Sugar Company Limited	24.2.4	**97**	298	**97**	298
		1 165	378	**1 165**	378
Amounts due to related parties					
Illovo Sugar Africa (Proprietary) Limited					
- Procurement Division	24.2.1	**11 166**	10 930	**10 887**	9 921
Illovo Sugar Africa (Proprietary) Limited					
- Corporate Division	24.2.1	**9 080**	5 256	**9 080**	5 256
Illovo Group Marketing Services Limited	24.1.3	**7 127**	3 405	**7 127**	3 405
East African Supply (Proprietary) Limited	24.2.3	**979**	2 126	**979**	2 126
Ubombo Sugar Limited	24.2.4	**14**	-	**8**	-
Nanga Farms Plc	24.3	**-**	-	**144 173**	122 170
		28 366	21 717	**172 254**	142 878

24. AMOUNTS DUE TO/(BY) RELATED PARTIES (CONT.)

24.5 Related Party Transactions - Summary

	NOTE	NATURE OF TRANSACTION	Group August 2022 K'000	Group August 2021 K'000	Company August 2022 K'000	Company August 2021 K'000
Income						
Kilombero Sugar Company Limited	24.2.6	Cost recoveries	**97**	298	**97**	298
Illovo Sugar (Malawi) Plc	24.2.6	Cost recoveries	**1 068**	80	**1 068**	80
Nanga Farms Plc	24.3	Operational support fees received	**-**	-	**7 486**	7 486
Nanga Farms Plc	24.3	Dividend income	**-**	-	**86 342**	41 744
			1 165	378	**94 993**	49 608
Expenditure						
Illovo Sugar Africa (Proprietary) Limited - Procurement Division	24.2.1	Goods and services	**234 539**	271 177	**234 154**	263 950
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Operational support	**60 077**	74 296	**60 077**	74 296
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Cost reimbursement	**24 351**	10 995	**24 351**	10 995
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Export and BI Staff Cost Recoveries	**(5 018)**	-	**(5 018)**	-
Illovo Sugar Africa (Proprietary) Limited - Corporate division	24.2.1	Export agency commission	**10 802**	12 931	**10 802**	12 931
Illovo Group Marketing Services Limited	24.1.3	Export agency	**1 034**	1 277	**1 034**	1 277
Illovo Group Marketing Services Limited	24.1.3	Cost reimbursement	**9 468**	40 128	**9 468**	40 128
East African Supply (Proprietary) Limited	24.2.3	Air services	**979**	2 405	**979**	2 405
Ubombo Sugar Limited	24.2.4	Cost reimbursement	**14**	-	**8**	-
Nanga Farms Plc	24.3	Sugar cane purchases	**-**	-	**144 173**	252 553
			336 246	413 209	**480 028**	658 535
Financing costs						
Illovo Sugar Africa (Proprietary) Limited - Procurement Division	24.2.1	Overdue trading balances	**98**	379	**98**	379
ABF Overseas Limited	24.2.2	Funding balances	**6 473**	11 300	**6 473**	11 300
Illovo Group Financing Services ("IGFS")	24.2.2	Funding balances	**-**	145 345	**-**	145 345
Nanga Farms Plc	24.3	Overdue trading balances	**-**	-	**(6 496)**	(105)
			6 571	157 021	**71**	156 908

24. AMOUNTS DUE TO/(BY) RELATED PARTIES (CONT.)

24.6 Compensation of key management

(a) Compensation for the year to 31 August 2022

	NOTE	Salary (K'000)	Housing Allowance (K'000)	Car Allowance (K'000)	*Other Allowances (K'000)	Medicals (K'000)	Bonus (K'000)	Gratuity/ Retirement Benefit (K'000)	Total (K'000)
Non-Executive									
Norman Mbazima		271	-	-	-	-	-	-	271
Fidelis Banda		238	-	-	-	-	-	-	238
Roseta Chabala		228	-	-	-	-	-	-	228
Ami Mpungwe		238	-	-	-	-	-	-	238
Dipak Patel		228	-	-	-	-	-	-	228
Gavin Dalgleish	1		-	-	-	-	-	-	-
Doug Kasambala	1		-	-	-	-	-	-	-
Andrew Lubbe	1,6	-	-	-	-	-	-	-	-
Executive									
Oswald Magwenzi	3,4	4 288		Company Car	4 616	68	-	452	9 424
Rebecca Katowa	2,3	441	131	Company Car	-	Company Medical	1 154	528	2 255
Raphael Chipoma	3	1 713	Company House	415	246	238	813	257	3 681
Marc Pousson	3	2 639	Company House	Company Car	1 975	90	1 090	255	6 048

(b) Compensation for the year to 31 August 2021

	NOTE	Salary (K'000)	Housing Allowance (K'000)	Car Allowance (K'000)	*Other Allowances (K'000)	Medicals (K'000)	Bonus (K'000)	Gratuity/ Retirement Benefit (K'000)	Total (K'000)
Non-Executive									
Norman Mbazima		271	-	-	-	-	-	-	271
Fidelis Banda		238	-	-	-	-	-	-	238
Roseta Chabala		228	-	-	-	-	-	-	228
Ami Mpungwe		238	-	-	-	-	-	-	238
Dipak Patel		228	-	-	-	-	-	-	228
Gavin Dalgleish	1	-	-	-	-	-	-	-	-
Doug Kasambala	1	-	-	-	-	-	-	-	-
Nelis Saayman	1,5	-	-	-	-	-	-	-	-
Executive									
Rebecca Katowa	2,3	1 725	518	Company Car	-	Company Medical	750	1 034	4 027
Raphael Chipoma	3	1 633	Company House	392	180	212	572	242	3 231
Marc Pousson	3	2 979	Company House	Company Car	2 847	103	624	315	7 369

Gratuity/retirement benefits are considered post -employment benefits whereas the other categories are considered short-term employment benefits.

*Other Allowances is comprised of Education Allowance, Out of Country allowance, Relocation allowance and Air fares allowance.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (CONT.)

24.6 Compensation of key management (Cont.)

(a) Compensation for the year to 31 August 2022 (Cont.)

1. Fees earned by these Directors, who are nominated by the Group's majority shareholder, are paid by ISL.
2. Resigned as Managing Director of the Board on 30 November 2021.
3. The Executive Directors qualify for a bonus based on the financial performance of the Company for the reporting period and on their personal performance related to predetermined objectives. The values indicated relate to performance as at 31 August 2022 and 31 August 2021 for the comparative year numbers.
4. Appointed as an Executive Director of the Board on 18 August 2021.
5. Resigned as a Non Executive Director of the Board on 23 February 2022.
6. Appointed as a Non Executive Director of the Board on 23 February 2022.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign exchange forward contracts measured at fair value through Other Comprehensive Income (OCI) are designated as hedging instruments in cash flow hedges of forecast sales in US dollars. These forecast transactions are highly probable, and they comprise about 67% of the Group's total expected sales in US dollars.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates. The Group did not have derivative financial instruments in the current financial year or in the prior year.

The fair values of derivative instruments are determined using inputs that are observable, either directly (i.e. as prices), or indirectly (i.e. derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category.

Derivative financial instruments - amounts reclassified to profit and loss

The terms of the foreign currency forward contracts did not match the terms of the expected highly probable forecast transactions. As a result, the Group did not have any cash flow hedges in the financial year ended 31 August 2022.

26. PROVISIONS FOR LEAVE PAY

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
At beginning of year	**20 160**	15 639	**20 160**	15 639
Provisions made during the year	**21 257**	20 160	**13 641**	20 160
Utilised during the year	**(20 160)**	(15 639)	**(13 256)**	(15 639)
At end of year	**21 257**	20 160	**20 545**	20 160
Analysed as follows:				
Provision for leave pay	**21 257**	21 160	**20 545**	20 160
	21 257	21 160	**20 545**	20 160

The provision for annual leave is calculated at current salary and wage rates multiplied by the number of available leave days.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000

27. CAPITAL COMMITMENTS

Approved but not contracted	-	-	-	-
Contracted	**50 103**	4 653	**50 103**	4 653
	50 103	4 653	**50 103**	4 653

Capital commitments relate to approved capital expenditure for property plant and equipment for the group. It will be financed from cash resources, short-term borrowings and external debt financing.

28. FINANCIAL RISK MANAGEMENT

Financial assets				
Loans and receivables	**606 624**	681 212	**605 692**	675 299
Financial liabilities				
Financial liabilities measured at amortised cost	**891 942**	1 277 647	**1 005 354**	1 367 514
Reconciliation to the statement of financial position:				
Loans and receivables				
Trade and other receivables	**432 680**	297 547	**432 563**	293 907
Amounts due from related parties	**1 164**	378	**1 164**	378
Cash and bank balances	**172 780**	383 287	**171 965**	381 014
Financial assets measured at amortised cost	**606 624**	681 212	**605 692**	675 299
Long-term borrowings	**-**	403 000	**-**	403 000
Short-term borrowings	**54 602**	14 069	**54 602**	14 069
Trade and other payables*	**691 179**	602 874	**674 370**	581 296
Amounts due to related parties	**28 366**	21 717	**172 254**	142 878
Bank overdraft	**97 654**	207 568	**97 654**	207 546
Financial liabilities measured at amortised cost	**871 801**	1 249 228	**998 880**	1 348 789

*Trade and other payables have been adjusted for payables that do not meet the definition of financial instruments.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and forward rate curves of the underlying commodity. The derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk.

- The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 August 2022 was assessed to be insignificant.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.1 Liquidity risk management

In terms of the Company's Articles of Association, the Directors may from time to time, at their discretion, raise loans or otherwise borrow for the purpose of the Company as they deem fit.

The Group has access to the following unsecured local banking facilities at year end:

	Group	Company
	August	August
	2022 K'000	2021 K'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
- Amount utilised	**97 654**	207 568
- Amount unutilised	**362 346**	292 432
Total local bank overdraft facilities	**460 000**	500 000

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Approximately 100% of the Group's debt will mature in less than one year at 31 August 2022 (2021: 86%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 August 2022	**On Demand**	**Less than 3 months**	**3 - 12 months**	**1 to 5 years**	**Total**
Interest-bearing loans and borrowings	-	12602	-	42 000	54 602
Lease Liabilities	-	-	23 675	103 294	126 969
Trade and other payables	-	691 179	-	-	691 179
Amounts due to related parties	-	28 366	-	-	28 366
	-	774 147	23 675	145 294	901 116

Year ended 31 August 2022	**On Demand**	**Less than 3 months**	**3 - 12 months**	**1 to 5 years**	**Total**
Interest-bearing loans and borrowings (other than convertible preference shares)	-	14 069	-	534 364	548 433
Lease Liabilities	-	-	25 052	145 770	170 822
Trade and other payables	-	602 874	-	-	602 874
Amounts due to related parties	-	21 717	-	-	21 717
	-	638 660	25 052	680 134	1 343 846

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.2 Interest rate risk management

Taking cognisance of the seasonality of the Group's cash flow and long term interest rate forecasts, the treasury risk management committee positions the Group's interest rate exposures according to expected movements in interest rates in the economic environment it operates in.

The interest rate profile at 31 August 2022 is as follows:

	Floating Rate		
	Less than one Year	**Greater than one year**	**Total borrowings**
Borrowings (K 'million)	110	42	152
% total borrowings	72%	28%	100%
The interest rate profile at 31 August 2021 was as follows:			
Borrowings (K 'million)	222	403	625
% total borrowings	8%	92%	100%

The Group has no fixed rate facilities.

Interest rate sensitivity

The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
If interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax for the period would decrease/increase by:	**371**	1 374	**404**	1 373

28.3 Currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecast sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecast up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.3 Currency risk management (Cont.)

In the normal course of business, the Group enters into transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The carrying amount of uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Group	Assets		Liabilities	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
US Dollars	**160 393**	361 826	**(18 914)**	(41 021)
SA Rands	**43**	11 102	**(24 114)**	(14 769)
Euros	**110**	117	**-**	(45)

Company	Assets		Liabilities	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
US Dollars	**160 304**	361 674	**(13 322)**	(31 640)
SA Rands	**43**	11 102	**(23 955)**	(12 143)
Euros	**110**	117	**-**	(45)

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the US dollar, Rand and the Euro. The following sensitivity analysis indicates the impact on profit before tax resulting from the revaluation of uncovered foreign currency denominated monetary items outstanding on the reporting date for an assumed 10% movement in the US dollar, Rand and the Euro. A positive/(negative) number indicates an increase/(decrease) in profit before tax where the kwacha strengthens by 10% against the relevant currency. For a 10% weakening of the kwacha against the relevant currency, there would be an equal and opposite impact on profit before tax.

10% foreign currency sensitivity

All figures in K'000

	US Dollar		SA Rand		Euro	
	August 2022	August 2021	**August 2022**	August 2021	**August 2022**	August 2021
Group						
Monetary assets	16 039	36 183	**4**	1 110	11	12
Monetary liabilities	**(1 891)**	(4 102)	**(2 411)**	(1 477)	-	(5)
	14 148	32 081	(2 407)	(367)	**11**	7
Company						
Monetary assets	16 030	36 167	4	1 110	1	1
Monetary liabilities	(1 332)	(3 164)	**(2 396)**	(1 214)	**-**	-
	14 698	33 003	**(2 391)**	(104)	**1**	1

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SA Rand and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.3 Currency risk management (Cont.)

In the normal course of business, the Group enters into transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The carrying amount of uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

10% foreign currency sensitivity

		US Dollar		Euro		SA Rand	
	Change in rate	Effect on profit before tax K'000	Effect on pre-tax equity K'000	Effect on profit before tax K'000	Effect on pre-tax equity K'000	Effect on profit before tax K'000	Effect on pre-tax equity K'000
2022	-/+ 10%	**14 148**	14 148	**11**	11	**(2 407)**	(2 407)
2021	-/+ 10%	**32 081**	32 081	**7**	7	**(367)**	(367)

Exchange rates most affecting the performance of the Group and the Company are as follows:

	Rates at year-end		Average for year	
	August 2022	August 2021	**August 2022**	August 2021
Kwacha/Rand	**0.93**	1.09	**1.10**	1.42
Kwacha/US dollar	**15.83**	15.85	**17.13**	21.34
Kwacha/Euro	**18.48**	18.76	**18.86**	25.49

The Group has not entered into any forward exchange contracts to cover forecast foreign currency proceeds not yet receivable.

28.4 Credit risk management

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 operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables comprise a widespread customer base, and the Group undertakes ongoing credit evaluations of the financial condition of their customers. Trade receivables overdue in excess of 120 days has decreased since the prior year. The Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Group holds collateral as security for certain credit customers and this is considered in the calculation of future estimated credit losses.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.4 Credit risk management (Cont.)

The ECL rate used for the creation of the provision is calculated incorporating macro economic forward factors of inflation, interest rates and Gross domestic product (GDP) rates. This is weighted over a 5 year historical period to derive the rate. A specific probability adjustment rate is applied to customers in whose debts are in default and known to be irrecoverable. The Group and the Company grants credit terms of 14 - 30 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Not past due	**316 049**	210 226	**316 049**	210 226
Past due by 30 days	**45 610**	20 681	**45 610**	20 681
Past due by 60 days	**613**	447	**613**	447
Past due by 90 days	**40**	434	**40**	434
Past due over 120 days	**15 211**	16 656	**15 211**	16 656
	377 523	248 444	**377 523**	248 444
Less : allowance for doubtful debts	**(16 847)**	(16 114)	**(16 847)**	(16 114)
Total trade receivables	**360 676**	232 330	**360 676**	232 330

No specific trade receivables were placed under liquidation in either the current or the previous year.

31 August 2022	Trade Receivables Days past due						
	Not past due	**Past due by 30 days**	**Past due by 60 days**	**Past due by 90 days**	**Past due by 120 days**	**Past due by 365 days**	**Total**
Sugar Trade Receivables							
Expected credit loss rate	0.2%	0.5%	6.2%	36.5%	82.6%	100.0%	
Estimated total gross carrying amount	291 671	44 055	851	-	-	14 160	**350 737**
Expected credit loss amount	619	210	53	-	-	14 160	**15 042**
Non Sugar Trade Receivables							
Expected credit loss rate	2.7%	6.7%	22.3%	57.6%	87.5%	100.0%	
Estimated total gross carrying amount	9 384	2 211	111	70	-	1 340	**13 116**
Expected credit loss amount	251	149	25	40	-	1 340	**1 805**
Total Expected credit loss amount	**870**	**359**	**78**	**40**	**-**	**15 500**	**16 847**

The provision created for Trade receivables is considered to be within the tolerable limits for expected credit loss amounts.

31 August 2021	Trade Receivables Days past due						
	Not past due	**Past due by 30 days**	**Past due by 60 days**	**Past due by 90 days**	**Past due by 120 days**	**Past due by 365 days**	**Total**
Expected credit loss rate	0.2%	0.8%	2.0%	0.0%	9.5%	100.0%	
Estimated total gross carrying amount	210 226	20 681	447	434	863	15 793	248 444
Expected credit loss amount	375	-	-	-	-	15 793	16 415

No specific trade receivables were placed under liquidation in either the current or the previous year.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.4 Credit risk management (Cont.)

Financial instruments and cash deposits (Cont.)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. See note 18.

The Group did not invest any surplus funds for extended periods during the year.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 August 2022 and 2021 is the carrying amounts as illustrated in Note 28.7.

28.5 Capital risk management

The Group manages its capital to ensure that the company and its subsidiary will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of equity and debt, which includes borrowings net of cash and bank balances.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Debt (see note i)	**54 602**	417 069	**54 602**	417 069
Bank overdraft	**97 654**	207 568	**97 654**	207 546
Cash and bank balances	**(172 780)**	(383 287)	**(171 965)**	(381 014)
Net Borrowings	**(20 524)**	241 350	**(19 709)**	243 601
Equity (see note ii)	**3 315 459**	2 577 814	**3 032 446**	2 338 976
Net debt to equity ratio	**(0.6%)**	9.4%	**(0.6%)**	10.4%

(i) Debt is defined as long and short-term borrowings as described in note 20.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current or previous year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 August 2022 and 2021.

28. FINANCIAL RISK MANAGEMENT (CONT.)

28.6 Fair Values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2022		2021	
	Carrying Amount K'000	**Fair Value K'000**	Carrying Amount K'000	Fair Value K'000
Financial assets				
Trade and other receivables	**432 680**	**432 680**	297 547	297 547
Amounts due from related parties	**1 164**	**1 164**	378	378
Total	**433 844**	**433 844**	297 925	297 925
Financial liabilities				
Long term borrowings	**-**	**-**	403 000	403 000
Short term borrowings	**54 602**	**54 602**	14 069	14 069
Trade and other payables	**691 179**	**691 179**	602 874	602 874
Amounts due to related parties	**28 366**	**28 366**	21 717	21 717
Total	**774 147**	**774 147**	1 041 660	1 041 660

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:
- The fair values of the Group's financial assets are derived from quoted market prices in active markets.
- The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These borrowings are considered to be level 2.The own non-performance risk as at 31 August 2022 was assessed to be insignificant.

28.7 Changes in liabilities arising from financing activities

	1 September 2021	**Cash flows**	**Exchange rate**	**Interest capitalised**	**31 August 2022**
Non current interest bearing loans and borrowings	417 069	(362 467)	-	-	54 602
Total liabilities from financing activities	**417 069**	**(362 467)**	**-**	**-**	**54 602**

	1 September 2020	**Cash flows**	**Exchange rate**	**Interest capitalised**	**31 August 2021**
Non current interest bearing loans and borrowings	1 134 022	(716 953)	**-**	-	417 069
Total liabilities from financing activities	**1 134 022**	**(716 953)**	**-**	**-**	**417 069**

The ' Cash flows' column includes both capital and interest repayments.

29. RETIREMENT BENEFITS

Defined contribution pension scheme

Zambia Sugar Plc provides retirement benefits for its employees through a defined contribution pension scheme which was established on 1 May 2002. The employer's contribution is recognised as an expense in the year in which the related services are rendered by the employees. The Group expensed an amount of K 25.2 million (2021: K 20.0 million) during the year in respect of this scheme.

The Group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as required by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is expensed in the year in which it arises. The Group expensed an amount of K 29.9 million (2021: K 21.0 million) during the year in respect of this scheme.

30. LEASES

The Group has lease contracts for land used in its agricultural cane growing operations, warehouses for storage of sugar and IT leases for hardware equipment used in its operations. Leases of land are for 17 years, while warehouses are for 1 year and IT equipment leases are for 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group paid the kwacha equivalent amounts of K 13.1 million in land rentals, K 19.1 million in warehouse rentals and K 2.3 million in IT equipment rentals. The Land rentals are denoted in United Stated Dollars and the IT Equipment leases are denoted in south african rand. The effective discounting rate used is 31.86% for the land leases and 8.03% for the IT equipment leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and Buildings	Plant, equipment and other	Total
	K'000	**K'000**	**K'000**
As at 1 Sep 2020	**39 671**	**2 714**	**42 385**
Additions	30 754	2 594	33 348
Depreciation expense	(18 140)	(1 255)	(19 395)
As at 31 Aug 2021	**52 285**	**4 053**	**56 338**
Additions	10 818	1 222	12 040
Depreciation expense	(16 717)	(3 861)	(20 578)
As at 31 Aug 2022	**46 386**	**1 414**	**47 800**

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

	Land and Buildings	Plant, equipment and other	Total
	K'000	**K'000**	**K'000**
As at 1Sep 2020	**(78 497)**	**(5 750)**	**(84 247)**
Additions	(30 754)	(2 594)	(33 348)
Foreign exchange gain/(loss)	12 413	(1 162)	11 251
Lease liability - Payments	17 910	2 779	20 689
As at 31 Aug 2021	**(78 927)**	**(6 727)**	**(85 654)**
Additions	(10 818)	(1 222)	(12 040)
Foreign exchange gain	8 578	2 596	11 174
Lease liability - Payments	17 160	1 935	19 095
As at 31 Aug 2022	**(64 007)**	**(3 418)**	**(67 425)**

30. LEASES (CONT.)

	Land and Buildings K'000	Plant, equipment and other K'000	Total K'000
Accretion of interest			
As at 31 Aug 2020	**(10 653)**	-	(10 653)
Lease liability - Interest expense	(14 298)	(890)	(15 188)
Lease liability - Payments	19 128	890	20 018
As at 31 Aug 2021	**(5 823)**	**-**	**(5 823)**
Lease liability - Interest expense	(17 020)	(391)	(17 411)
Lease liability - Payments	17 243	391	17 634
As at 31 Aug 2022	**(5 600)**	**-**	**(5 600)**
Current	(22 710)	(965)	(23 675)
Non-current	(46 897)	(2 453)	(49 350)

The following are the amounts recognised in profit or loss:

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Depreciation expense of right-of-use assets	**(20 578)**	(19 395)	**(20 578)**	(19 395)
Interest expense on lease liabilities	**(17 411)**	(15 188)	**(17 411)**	(15 188)
Foreign exchange gain/(loss)	**11 174**	11 251	**11 174**	11 251
Total amount recognised in profit or loss	**(26 815)**	**(23 332)**	**(26 815)**	**(23 332)**

31. COVID-19 ADDITIONAL DISCLOSURE

The COVID-19 pandemic continued to have some impact on the operations of the Group in the financial year ended 31st August 2022. It is notable that the impact was not as severe as in the previous years of 2020 and 2021. The Group has managed to be resilient through the challenging pandemic period. The group also incurred additional costs to ensure compliance with COVID-19 preventative regulatory measures and also in the form of donations to other direct and indirect stake holders within its operating environment. Below is a break down of the amounts spent by the group.

	Group		Company	
	August		August	
	2022 K'000	2021 K'000	**2022 K'000**	2021 K'000
Costs incurred to ensure compliance with revised health and safety measures directly attributable to COVID-19	**5 352**	**7 034**	**5 292**	**6 799**

32. CONTINGENT LIABILITIES

The Company currently has a matter pending with the Zambia Revenue Authority (ZRA) regarding Value Added Tax (VAT). Due to the historical dispute on VAT Rule 18, ZRA has withheld input VAT claims amounting to K 256 million as at 31 August 2022 (August 2021: K 271 million). There has been ongoing engagement with ZRA on this matter since 2014 and ZRA have paid K 49 million in FY 2022 relating to the historical VAT refunds of K 185 million. In view of the fact that the matter has not yet been resolved and there are still processes to follow prior to resolution, Management has thought it prudent to disclose a contingent liability for this potential exposure. Due to the complexity of the matter, a definitive value has not been established for the purposes of recoverability.

The Company has a second matter pending with ZRA following a transfer pricing audit covering the period 2012/2013 to 2016/2017. The audit resulted in an initial assessment value of K 267.25 million. The transfer pricing audit is currently ongoing to complete all areas not covered in the initial assessment. A definitive value of any liabllity will only be established once responses to any assessments are completed and agreed by both the Company and ZRA.

33. EVENTS AFTER THE REPORTING DATE

There are no significant events occurring after the reporting date which would require adjustment or disclosure in these financial statements with the exception of the transfer pricing assessment disclosed in Note 32 received after 31 August 2022.

FIVE YEAR REVIEW

PRODUCTION & SALES

	August 2022	August 2021	August 2020	August 2019	August 2018
	Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000
Own estate cane produced	**1 669**	1 727	1 673	1 849	1 625
Total cane milled	**3 169**	3 216	3 367	3 356	2 910
Sugar production	**385**	397	398	399	351
Cane sugar ratio	**8.23**	8.10	8.46	8.41	8.29
Sugar sales	**382**	413	378	415	354
Local	**276**	263	209	182	170
Export	**106**	150	169	233	184
Molasses sales	**91**	104	116	129	94
Local	**89**	66	69	50	44
Export	**2**	38	47	79	50

FINANCIAL

	Notes		August 2022	August 2021	August 2020	August 2019	August 2018
			K '000	K '000	K '000	K '000	K '000
Statement of comprehensive income							
Revenue			**5 111 776**	4 988 980	3 334 924	2 955 958	2 362 468
Operating profit			**1 242 498**	1 614 962	774 841	605 741	387 601
Exchange movements on leases			**11 174**	11 251	-	-	-
Net financing costs			**(74 196)**	(274 761)	(325 891)	(299 492)	(242 530)
Profit before taxation			**1 179 476**	1 351 452	448 950	306 249	145 071
Taxation			**(174 328)**	(265 385)	(214 076)	(36 855)	11 323
Profit for the year			**1 005 148**	1 086 067	234 873	269 394	156 394
Attributable to non-controlling interest			**-**	-	-	(5 664)	(3 752)
Profit attributable to shareholders of Zambia Sugar Plc			**1 005 148**	1 086 067	234 873	263 730	152 642
Other comprehensive (loss) / income			**-**	-	(23 567)	32 798	(45 433)
Total comprehensive income for the year attributable to shareholders of Zambia Sugar Plc			**1 005 148**	1 086 067	211 306	296 528	107 209
Statement of financial position							
Property. plant and equipment			**1 924 825**	1 864 665	1 891 307	1 901 875	1 913 060
Intangible asset			**67 902**	67 902	67 902	67 902	67 902
ROU Asset			**47 800**	56 338	42 385	-	-
Current assets			**2 783 902**	2 211 564	1 819 680	1 650 730	1 429 082
Net cash and bank balances			**75 126**	175 719	75 145	313 017	200 666
Borrowings			**(54 602)**	(417 069)	(1 134 022)	(1 631 697)	(1 640 924)
Deferred tax liability			**(261 441)**	(287 800)	(229 432)	(138 357)	(121 262)
ROU Liability			**(49 350)**	(66 425)	(65 933)	-	-
Current liabilities			**(1 218 703)**	(1 027 080)	(899 308)	(750 791)	(693 907)
Net asset value			**3 315 459**	2 577 814	1 567 724	1 412 679	1 154 617
Profitability and asset management							
Operating margin		%	**24.3**	32.4	23.2	20.5	16.4
Return on net assets	1	%	**14.8**	17.8	27	22.4	14.6
Liquidity and borrowings							
Current ratio	2	times	**2.3**	2.3	2.1	2.6	2.3
Interest cover	3	times	**16.7**	5.9	2.4	2	1.6
Net debt : equity	4	%	**(1)**	9	68	93	125
Gearing	5	%	**(1)**	9	40	48	56
Earnings and dividends per share							
Earnings per share	6	ngwee	**317.51**	343.07	74.19	83.31	48.22
Headline earnings per share	7	ngwee	**319.09**	342.25	72.41	81.56	342.25
Dividend per share	8	ngwee	**94**	85	24	8	-
Dividend cover	9	times	**3**	4	3	10	-
Dividend paid		K '000	**267 503**	75 977	25 326	-	-
LuSE statistics							
Ordinary shares in issue		000	**316 571**	316 571	316 571	316 571	316 571
Weighted average number of shares		000	**316 571**	316 571	316 571	316 571	316 571
Net asset value per share	10	K	**10.47**	8.14	4.95	4.46	3.65
Market price per share at year end		K	**18.00**	5.00	2.51	2.71	2.71
Dividend yield at year end	11	times	**5.2**	16.9	9.6	3	-
Price : headline earnings ratio	12	times	**5.6**	1.4	3.5	3.3	0.8

NOTES TO THE FIVE YEAR REVIEW

1. RETURN ON NET ASSETS
Profit from operations expressed as a percentage of average net operating assets.

2. CURRENT RATIO
Current assets divided by current liabilities.

3. INTEREST COVER
Profit from operations divided by net financing costs.

4. NET DEBT: EQUITY RATIO
Interest-bearing liabilities (net of cash and cash equivalents) divided by total equity.

5. GEARING
Interest-bearing liabilities (net of cash and cash equivalents) expressed as a percentage of total equity and interest-bearing liabilities (net of cash and cash equivalents).

6. EARNINGS PER SHARE
Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

7. HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of ordinary shares in issue.

8. DIVIDEND PER SHARE
Dividends for the year (interim: paid and declared; final: proposed) divided by number of shares in issue.

9. DIVIDEND COVER
Headline earnings per share divided by dividend per share (interim: paid and declared; final: proposed).

10. NET ASSET VALUE PER SHARE
Total assets less total liabilities divided by the number of shares in issue.

11. DIVIDEND YIELD AT YEAR-END
Dividends per share (interim: paid and declared: final: proposed) as a percentage of year-end market price.

12. PRICE: HEADLINE EARNINGS RATIO AT YEAR-END
Year-end market price divided by headline earnings per share.

COMPANY DIRECTORY

Secretary:	Mrs Harriet Kapekele-Katongo
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Postal address:	P O Box 670240, Mazabuka, Zambia
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Email address:	Corporate@zamsugar.zm
Website address:	www.zamsugar.co.zm / www.illovosugarafrica.co.za
Transfer secretaries:	Corpserve Transfer Agents Ltd 2760, Lubu Road, Long Acres, Lusaka, Zambia P.O. Box 37522, Lusaka, Zambia Telephone: +260 21 1 256 969, 256 970 Fax: +260 21 1 256 975 E-mail: corpservezambia@corpservezambia.com.zm
Auditors:	EY Zambia
Bankers:	Absa Bank Zambia Citibank Zambia FNB Zambia Stanbic Bank Zambia Standard Chartered Bank Zambia Zambia National Commercial Bank Ecobank Finance Bank

NOTICE OF 61ST ANNUAL GENERAL MEETING

Notice is hereby given that the 61st annual general meeting of the members of the Company will be held virtually on https://eagm.creg.co.zw/eagm/Login.aspx and at the **Radisson Blu Hotel, Lusaka, Zambia on Thursday, 24 November 2022 at 09h00**. The voting at the Annual General Meeting will be electronically on https://eagm.creg.co.zw/eagm/Login.aspx

1. Minutes of the previous meeting

To receive and confirm the minutes of the 60th Annual General Meeting held on 24 November 2021.

2. Financial statements

To receive and adopt the Directors' Report and the Financial Statements for the year ended 31 August 2022, together with the Auditor's Report thereon.

3. Ordinary Resolutions

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions:

3.1 Ordinary resolution number 1: Confirmation of appointment of Andre Lubbe

To confirm the appointment of Mr Andre Lubbe, who was appointed by the Board as a Director with effect from 23 February 2022.

3.2 Ordinary resolution number 2: Re-election of a Director retiring by rotation

To re-elect Mr Norman Mbazima, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mr Mbazima, the Board recommends his re-election to shareholders. His details are set out on page 44 of the Annual Report.

3.3 Ordinary resolution number 3: Re-election of a Director retiring by rotation

To re-elect Fidelis Banda, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mr Banda, the Board recommends his re-election to shareholders. His details are set out on page 46 of the Annual Report.

3.4 Ordinary resolution number 4: Re-election of a Director retiring by rotation

To re-elect Ami Mpungwe, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mr Mpungwe, the Board recommends his re-election to shareholders. His details are set out on page 47 of the Annual Report.

3.5 Ordinary resolution number 5: Approval of Directors' fees

That the fees for Non-Executive Directors for the year ending 31 August 2023 be revised by 25% as follows:

- from K 228 000 to K 285 000 for a Board member;
- from K 238 000 to K 297 500 for a Board member/Committee member; and
- from K 271 000 to K 338 750 for the Board Chairman.

3.6 Ordinary resolution number 6: Appointment of the Independent Auditor

Pursuant to the requirements of sections 257(1) of the Companies Act No. 10 of 2017, and as nominated by the Company's Audit Committee, to resolve that EY be re-appointed as the Company's Independent Registered Auditor for the financial year ending 31 August 2022 and to authorise the Directors to determine their remuneration.

4. Declaration of final dividend

The Directors recommend that a dividend of 94.4 ngwee per share be paid for the financial year ending 31 August 2022. It is noted that in terms of Company's Articles, the Company may only declare a dividend if the Directors have recommended a dividend

5. Other business

To transact such other business as may be transacted at an Annual General Meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company. Proxy forms should be forwarded so as to reach the Company`s registered office or the share transfer secretaries not later than 48 hours before commencement of the Annual General Meeting.

DETAILED INSTRUCTIONS ON HOW TO PARTICIPATE IN THE AGM VIRTUALLY

As there will be limited space for the physical meeting in view of the need to adhere to COVID-19 guidelines, members are encouraged to participate in the AGM virtually.

1. The proceedings of the Annual General Meeting will be streamed live and Members are required to sign up in advance at https://eagm.creg.co.zw/eagm/login.aspx
2. To sign up for the AGM, a Member must have a working email and active cell phone number.
3. After signing up, Members will receive a confirmation email and SMS containing information about joining the AGM.
4. After registering, Members will also receive their Lusaka Securities Exchange (LuSE) ID number which they must have on the day of the AGM in order to vote on the resolutions.
5. On the day of the AGM, Members will require to confirm their attendance with the login details that will be provided after signing up.
6. To fully participate in the AGM, a Member must have a reliable internet connection.
7. Queries on the registration process, how to login to the meeting or voting process must be sent to info@corpservezambia.com.zm or telephone number +260 950 968 435, +260 979 420 470 or +260 979946143
8. Queries pertaining to shareholders relations such as change of address or bank details are to be channelled through the Transfer Secretaries, whose contact address is:

Corpserve Transfer Agents Limited
6 Mwaleshi Road, Olympia Park, Lusaka, Zambia
Telephone: +260 211 256969/70
Facsimile: +260 (211) 256975
Email: info@corpservezambia.com

By order of the Board

Mrs Harriet Kapekele-Katongo
Company Secretary

MINUTES

Minutes of the 60 th Annual General Meeting of members held on 24 November 2021 at 14:00 hours at the Radisson Blu Hotel, Lusaka and via Zoom.

1 **PRESENT**

Directorate: NB Mbazima (Chairman), RL Katowa (Managing Director), GB Dalgleish, FM Banda, DK Patel, N Saayman, M Pousson, RM Chipoma, D Kasambala and RM Chabala

Secretary: Raphael Chipoma
(Lists of members present as attached)

2 **CALL TO ORDER/QUORUM**

A quorum having been met, the meeting was called to order at 14:15 hours. The Chairman informed the shareholders that Mrs Rebecca Katowa had retired as Managing Director effective 31 August 2021 and from the Board henceforth. The Chairman also introduced the Board of Directors present including the new Managing Director, Mr Oswald Magwenzi, who had taken over from Mrs Rebecca Katowa, and the new Company Secretary who was appointed on 12 May 2021..

3 **APOLOGIES FOR ABSENCE**

Apologies were received from Mr Ami Mpungwe who failed to connect via zoom.

4 **AGENDA**

The notice and agenda were adopted as presented.

5 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the Annual General Meeting held on 26 November 2020 were confirmed as the correct record of the proceedings and accordingly approved as circulated.

6 **MATTERS ARISING**

No matters arose for discussion from the minutes of the previous meeting.

7 **THE DIRECTORS REPORT AND FINANCIAL STATEMENTS**

The Directors' report and Annual Financial Statements for the year ended 31 August 2021 were presented. It was resolved that the Directors' report and financial statements for the year ended 31 August 2021 be approved and adopted and that all matters undertaken and discharged by the Directors on behalf of the company be confirmed.

8 **ELECTION OF DIRECTORS**

It was resolved that Mr Oswald Magwenzi who was appointed by the Board as director effective 1 September 2021 be confirmed. Further, that Messrs Gavin Dalgleish, Dipak Patel and Nelis Saayman who retired by rotation, be re-elected as directors.

9 **DIRECTORS' FEES**

It was resolved that the independent directors fees for the year ending 31 August 2022 be maintained at the same rate as the financial year ending 31 August 2021.

10 **AUDITORS' REMUNERATION AND RE-APPOINTMENT**

It was resolved that Messer's EY (Zambia) be re-appointed as auditors of the company for the financial year ending 31 August 2022 and that the Board of Directors be authorised to approve their fees.

11 **DECLARATION OF FINAL DIVIDEND**

It is noted that in terms of Company's Articles, the company may only declare a dividend if the directors had recommended one. The Board of Directors recommended that a final dividend of K 0.845 per share for the year ended 31 August 2021 be declared to all shareholders registered in the books of the Company at close of business on 17 December 2021 and payable on 20 December 2021. It was resolved that the recommendation of the Board of Directors regarding the payment of a final dividend of K 0.845 per share for the year ended 31 August 2021 be and was hereby approved.

12 **ANY OTHER BUSINESS**

There being no further business to transact, the meeting closed at 15:30 hours.

Norman Mbazima
CHAIRMAN

Mrs Harriet Kapekele-Katongo
Company Secretary

Dated this ____________________ day of____________________2021.

FORM OF PROXY
ZAMBIA SUGAR PLC

I/We ____

(Name/s in block letters)

of ____

(address)

being a member/ members of the above-named Company hereby appoint

1. ______________________ of ______________________

or in his absence

2. ______________________ of ______________________

or in his absence

3. the Chairman of the meeting

As my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held virtually on https://eagm.creg.co.zw/eagm/Login.aspx and at the **Radisson Blu Hotel**, Lusaka, Zambia on **Thursday, 24 November 2022 at 09h00** and at any adjournment thereof as follows:

MARK WITH X WHERE APPLICABLE IN…

No.	AGENDA ITEM	FAVOUR	AGAINST	ABSTAIN
1.	Confirmation of the appointment of Andre Lubbe as a Director.			
2.	Re-election of Norman Mbazima as a Director.			
3.	Re-election of Fidelis Banda as a Director.			
4.	Re-election of Ami Mpungwe as a Director.			
5.	To revise the Directors' fees for the year ending 31 August 2023 as follows: • From K 228 000 to K 285 000 for a Board member; • From K 238 000 to K 297 500 for a Board member/ Committee member; and • From K 271 000 to K 338 750 for the Board Chairperson			
6.	Pursuant to Section 257 of the Companies Act to reappoint EY as the Independent Auditor and authorise the Directors to determine the Auditor's fees.			
7.	The Directors recommend that a final dividend of K 0.94 per share, for the year ended 31 August 2022, be declared to all shareholders registered in the books of the Company, at close of business on 16 December 2022 and payable on 19 December 2022			

Unless otherwise instructed, the proxy will vote as he thinks fit.

Signed at ______________________ on this __________ day of __________ 2022.

Signature ______________________ Assisted by me (where applicable) (see note 3) ______________________

Full name/s of signatory/ies if signing in a representative capacity (see note 4) ______________________

NOTES TO THE FORM OF PROXY

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
- If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
- A minor must be assisted by his/her guardian.
- The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the Company has already recorded that authority.
- The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
- If two or more proxies attended the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.

Zambia Sugar

AN **ILLOVO SUGAR AFRICA** COMPANY

ILLOVO THRIVING COMMUNITY

SUGAR ILLOVO AFRICA

An AB Sugar company

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