



**DANGOTE SUGAR REFINERY PLC**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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**CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

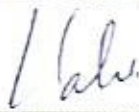
	Note	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Continuing operations</b>							
Revenue	5	163,031,187	169,724,936	115,253,189	159,250,961	167,409,161	113,071,983
Cost of sales	6	<u>(121,555,844)</u>	<u>(146,736,355)</u>	<u>(96,252,325)</u>	<u>(117,246,843)</u>	<u>(141,924,887)</u>	<u>(93,192,858)</u>
<b>Gross profit</b>		<b>41,475,343</b>	<b>22,988,581</b>	<b>19,000,864</b>	<b>42,004,118</b>	<b>25,484,274</b>	<b>19,879,125</b>
Other income	11	191,983	748,015	363,674	158,244	662,444	309,126
Selling and distribution expenses	7	(650,570)	(1,272,524)	(1,182,915)	(619,426)	(1,259,946)	(1,166,573)
Administrative expenses	7	<u>(4,655,185)</u>	<u>(5,363,419)</u>	<u>(3,459,580)</u>	<u>(3,830,560)</u>	<u>(4,325,399)</u>	<u>(2,777,742)</u>
<b>Operating profit</b>	14	<b>36,361,571</b>	<b>17,100,653</b>	<b>14,722,043</b>	<b>37,712,375</b>	<b>20,561,373</b>	<b>16,243,936</b>
Investment income	8	2,367,095	601,473	307,744	2,367,095	601,473	307,744
Fair value adjustment	9	950,063	2,504,787	684,301	-	-	-
Finance costs	10	<u>(427,251)</u>	<u>(592,479)</u>	<u>(395,365)</u>	<u>(292,626)</u>	<u>(403,322)</u>	<u>(296,349)</u>
<b>Profit before tax</b>		<b>39,251,478</b>	<b>19,614,434</b>	<b>15,318,723</b>	<b>39,786,845</b>	<b>20,759,524</b>	<b>16,255,331</b>
Income tax expense	12	<u>(12,731,790)</u>	<u>(5,218,496)</u>	<u>(5,201,669)</u>	<u>(12,731,790)</u>	<u>(6,560,831)</u>	<u>(5,201,669)</u>
<b>Profit for the year</b>		<b>26,519,687</b>	<b>14,395,938</b>	<b>10,117,054</b>	<b>27,055,055</b>	<b>14,198,693</b>	<b>11,053,662</b>
<b>Total comprehensive income for the year</b>		<b>26,519,687</b>	<b>14,395,938</b>	<b>10,117,054</b>	<b>27,055,055</b>	<b>14,198,693</b>	<b>11,053,662</b>
Attributable to:							
Owners of parent		26,546,456	14,386,076	10,163,884	27,055,055	14,198,693	11,053,662
Non-controlling interest		<u>(26,768)</u>	9,862	<u>(46,830)</u>	-	-	-
		<b>26,519,687</b>	<b>14,395,938</b>	<b>10,117,054</b>	<b>27,055,055</b>	<b>14,198,693</b>	<b>11,053,662</b>
<b>Earnings per share</b>							
Basic and diluted earnings per share (Kobo)	15	<b>221</b>	<b>120</b>	<b>84</b>	<b>225</b>	<b>118</b>	<b>92</b>

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2017

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	16	55,113,674	54,802,604	55,491,405	32,897,585	29,591,825
Intangible assets	17	4,983	12,753	43,708	4,533	12,753
Other assets	19	58,370	53	89,732	58,370	53
Investments in subsidiaries	21	-	-	-	3,214,923	3,214,923
Deferred tax assets	13	10,103,855	10,103,855	2,967,532	342,069	342,069
<b>Total non-current assets</b>		<b>65,280,883</b>	<b>64,919,265</b>	<b>58,592,377</b>	<b>36,517,480</b>	<b>33,161,623</b>
<b>Current assets</b>						
Inventories	22	35,815,622	47,409,042	23,847,527	31,582,834	45,648,975
Biological assets	18	3,251,955	3,008,277	2,442,154	-	-
Trade and other receivables	23	30,491,767	17,733,887	18,660,531	65,472,854	54,628,911
Other assets	19	14,343,360	9,426,223	520,065	14,343,360	8,759,770
Held for sale investment in Subsidiary	20	864,647	864,647	864,647	864,647	864,647
Cash and cash equivalents	24	38,056,491	35,020,299	17,739,109	37,293,090	32,872,122
<b>Total current assets</b>		<b>122,823,842</b>	<b>113,462,375</b>	<b>64,074,034</b>	<b>149,556,785</b>	<b>142,774,425</b>
<b>Total assets</b>		<b>188,104,725</b>	<b>178,381,640</b>	<b>122,666,410</b>	<b>186,074,265</b>	<b>175,936,048</b>
<b>EQUITY</b>						
Share capital	25	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	25	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	26	67,438,848	54,092,393	50,243,259	76,119,281	62,264,226
		<b>79,759,372</b>	<b>66,412,917</b>	<b>62,563,783</b>	<b>88,439,805</b>	<b>74,584,750</b>
<b>Non-controlling interest</b>	27	(287,655)	(260,887)	(297,947)	-	-
		<b>79,471,717</b>	<b>66,152,030</b>	<b>62,265,835</b>	<b>88,439,805</b>	<b>74,584,750</b>
<b>LIABILITIES</b>						
Employee benefits	29	988,608	1,031,024	1,032,765	810,915	815,532
Deferred tax liabilities	13	11,475,269	11,475,269	5,150,119	5,641,549	5,641,549
<b>Total non-current liabilities</b>		<b>12,463,876</b>	<b>12,506,293</b>	<b>6,182,884</b>	<b>6,452,463</b>	<b>6,457,081</b>
Current tax liabilities	12.3	13,302,174	6,600,053	5,624,414	13,270,074	6,567,952
Retirement benefit obligation	29	-	-	-	-	-
Trade and other payables	30	80,761,349	88,278,397	48,475,974	77,840,784	85,521,443
Borrowings	28	2,034,478	2,036,393	-	-	-
Other liabilities	31	71,128	2,808,474	117,303	71,128	2,804,822
<b>Total current liabilities</b>		<b>96,169,130</b>	<b>99,723,317</b>	<b>54,217,691</b>	<b>91,181,987</b>	<b>94,894,218</b>
<b>Total liabilities</b>		<b>108,633,006</b>	<b>112,229,610</b>	<b>60,400,575</b>	<b>97,634,450</b>	<b>101,351,299</b>
<b>Total equity and liabilities</b>		<b>188,104,725</b>	<b>178,381,640</b>	<b>122,666,410</b>	<b>186,074,265</b>	<b>175,936,048</b>



Engr. Abdullahi Sule  
Ag. Chief Executive Officer  
FRC/2013/NSE/00000002065



Mr. Olakunle Alake  
Director  
FRC/2013/ICAN/00000002214



Etim A. Bassey  
Ag. Chief Financial Officer  
FRC/2013/ICAN/00000001942

These financial statements were approved and authorised for issue by the Board of Directors on October 24th, 2017.

The notes on pages 7 to 42 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30 2017

Company

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total attributable to owners of parent company N'000	Non- controllin g interest N'000	Total N'000
<b>Balance as at January 1, 2016</b>	<u>6,000,000</u>	<u>6,320,524</u>	<u>54,065,533</u>	<u>66,386,057</u>	-	<u>66,386,057</u>
Profit for the year	-	-	14,198,693	14,198,693	-	14,198,693
Other comprehensive loss (net of tax)	-	-	-	-	-	-
Actuarial loss on gratuity/Adjustment	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Dividend paid	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
<b>Balance as at December 31, 2016</b>	<u>6,000,000</u>	<u>6,320,524</u>	<u>62,264,226</u>	<u>74,584,750</u>	-	<u>74,584,750</u>
Profit for the period	-	-	27,055,055	27,055,055	-	27,055,055
Other comprehensive loss (net of tax)	-	-	-	-	-	-
Actuarial loss on gratuity/Adjustment	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Dividend paid	-	-	(7,200,000)	(7,200,000)	-	(7,200,000)
Interim Dividend proposed	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
<b>Balance as at Sep 30, 2017</b>	<u>6,000,000</u>	<u>6,320,524</u>	<u>76,119,281</u>	<u>88,439,805</u>	-	<u>88,439,805</u>

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30 2017

Group	Share Capital	Share Premium	Retained Earnings	Total attributable to owners of parent company	Non- controllin g interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at January 1, 2016	6,000,000	6,320,524	45,706,317	58,026,841	(270,749)	57,756,092
Profit for the year	-	-	14,386,076	14,386,076	9,862	14,395,938
Other comprehensive loss (net of tax)	-	-	-	-	-	-
Actuarial loss on gratuity	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Dividend paid	-	-	(6,000,000.00)	(6,000,000)	-	(6,000,000)
<b>Balance as at December 31, 2016</b>	<b>6,000,000</b>	<b>6,320,524</b>	<b>54,092,393</b>	<b>66,412,917</b>	<b>(260,887)</b>	<b>66,152,030</b>
Profit for the year	-	-	26,546,456	26,546,456	(26,768)	26,519,687
Other comprehensive loss (net of tax)	-	-	-	-	-	-
Actuarial loss on gratuity	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Dividend paid	-	-	(7,200,000)	(7,200,000)	-	(7,200,000)
Interim Dividend proposed	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
<b>Balance as at Sep 30, 2017</b>	<b>6,000,000</b>	<b>6,320,524</b>	<b>67,438,849</b>	<b>79,759,373</b>	<b>(287,655)</b>	<b>79,471,717</b>

**CONSOLIDATED AND SEPARATE  
STATEMENT OF CASH FLOWS**

FOR THE PERIOD ENDED SEPTEMBER 30 2017

	Note	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Cash flows for operating activities</b>							
Profit before tax		39,251,478	19,614,434	15,318,723	39,786,845	20,759,524	16,255,331
<b>Adjustments for non-cash income and expenses:</b>							
Depreciation		3,299,236	4,659,996	3,194,353	2,411,292	3,149,141	2,286,988
Ammortisation of intangible assets		7,770	123,818	92,867	8,220	93,751	70,313
Loss on sale of assets		-	40,374	-	-	40,374	-
Impairment loss on property, plant and equipment		-	-	-	-	-	-
Impairment loss recognised on trade receivables		-	-	-	-	-	-
Other non cash items		-	935,456	-	-	-	-
Impairment loss recognised on other receivables		-	-	-	-	-	-
Fair value adjustment		-	(2,504,787)	-	-	-	-
Finance cost		-	299,020	-	-	112,575	-
Interest received/investment income		(2,367,095)	(601,473)	(307,744)	(2,367,095)	(601,473)	(307,744)
Transfer of assets		-	-	-	-	-	-
Disposal		-	-	-	-	-	-
Actuarial loss on gratuity scheme		-	-	-	-	-	-
Effect of acquisition of subsidiary		-	-	-	-	-	-
<b>Changes in operating assets and liabilities:</b>							
<b>NCI</b>							
(Increase)/decrease in inventories		11,593,420	(31,861,024)	(8,299,509)	14,066,141	(31,613,587)	(8,641,660)
Increase in biological assets		(243,678)	1,382,289	995,555	-	-	-
(Increase)/decrease in trade and other receivables		(12,757,880)	(3,030,382)	(3,957,026)	(10,843,943)	(5,564,762)	(4,719,819)
Increase in other assets		(4,975,454)	(8,252,115)	564,364	(5,641,907)	(8,377,104)	(149,734)
Increase in other liabilities		(2,737,346)	695,592	(1,995,581)	(2,733,694)	692,921	(1,994,602)
investment in subsidiary		-	-	-	-	-	-
Increase in trade payables		(7,517,048)	60,186,888	20,384,465	(7,680,659)	60,990,335	21,071,241
Increase in employee benefits		(42,416)	(48,043)	(46,302)	(4,617)	(48,043)	(46,302)
Increase/Decrease in Investment		-	-	-	-	-	0.04
<b>Cash generated from operations</b>		<b>23,510,986</b>	<b>41,640,043</b>	<b>25,944,165</b>	<b>27,000,583</b>	<b>39,633,652</b>	<b>23,824,212</b>
Gratuity scheme payments		-	-	-	-	-	-
Finance Cost		2,367,095	(299,020)	307,744	2,367,095	(112,575)	307,744
Tax paid in the year		(6,029,669)	(4,972,091)	(5,119,730)	(6,029,669)	(4,972,091)	(5,119,703)
<b>Net cash from operating activities</b>		<b>19,848,412</b>	<b>36,368,932</b>	<b>21,132,179</b>	<b>23,338,009</b>	<b>34,548,986</b>	<b>19,012,253</b>
<b>Cash flows from investing activities</b>							
Purchase of investment in subsidiary company		-	-	-	-	-	-
Purchase of other long term Investments		-	-	(544,616)	-	-	(544,616)
Purchase of Property, plant and equipment	15	(3,642,973)	(4,885,531)	(3,341,340)	(5,749,717)	(3,101,264)	(1,284,293)
Sale of Property, plant and equipment	15	32,666	406,145	-	32,666	390,634	-
Purchase of intangible asset	16	-	-	-	-	-	-
Interest received		-	601,473	-	-	601,473	-
Payment in respect of acquisition under common control		-	-	-	-	-	-
<b>Net cash used in investing activities</b>		<b>(3,610,306)</b>	<b>(3,877,913)</b>	<b>(3,885,956)</b>	<b>(5,717,051)</b>	<b>(2,109,157)</b>	<b>(1,828,909)</b>
<b>Cash flows from financing activities</b>							
Dividends paid		(13,200,000)	(6,000,000)	(6,000,000)	(13,200,000)	(6,000,000)	(6,000,000)
Loan obtained during the year		-	2,036,393	-	-	-	-
Payment of loans		(1,915)	(2,500,000)	(2,500,000)	-	(2,500,000)	(2,500,000)
<b>Net cash used in financing activities</b>		<b>(13,201,915)</b>	<b>(6,463,607)</b>	<b>(8,500,000)</b>	<b>(13,200,000)</b>	<b>(8,500,000)</b>	<b>(8,500,000)</b>
Net increase / (decrease) in cash and cash equivalents		3,036,189	26,027,412	8,746,223	4,420,956	23,939,829	8,683,344
Cash and cash equivalents at beginning of year		35,020,299	8,992,887	8,992,887	32,872,122	8,932,293	8,932,293
Cash and cash equivalents at end	23	<b>38,056,491</b>	<b>35,020,299</b>	<b>17,739,109</b>	<b>37,293,090</b>	<b>32,872,122</b>	<b>17,615,610</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017**

**1. General information**

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

The ultimate controlling party is Dangote Industries Limited.

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

**1.11 The principal activity**

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

**1.12 Going Concern status**

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

**1.13 Operating environment**

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

**1.14 Financial period**

These financial statements cover the financial period from 1 January 2017 to 30 September 2017 with comparatives for the year ended 31 December 2016 and 30 September 2016 respectively



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.2 SIGNIFICANT ACCOUNTING POLICIES**

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

**1.2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting standards (IFRS)

**1.2.2 Basis of preparation**

The consolidated and separate financial statements have been prepared on the historical cost basis fair value of the consideration given in exchange for assets

The principal accounting policies are set out below:

**1.3 Consolidation  
Subsidiaries**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

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

**1.3.1 Functional and presentation currency**

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in naira has been rounded to the nearest thousand

**1.3.2 Revenue recognition**

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and any estimated customer returns. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.3.2 Revenue recognition (continued)**

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed

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

**1.3.3 Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income. Past service cost is recognised immediately in the profit or loss account to the extent that the benefits are vested, and otherwise is amortised on a straight line basis over the average period until benefits become vested.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as unrecognised actuarial losses and past service costs, plus the present value of available refunds and

**1.3.4 Taxation**

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

**Current tax**

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

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates of 30% at the reporting sheet date. Education tax is assessed at 2% of the assessable profits.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.3.4 TAXATION (continued)**

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

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

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.3.5 Property, plant and equipment**

**i. Recognition and measurement**

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed assets under construction are disclosed as capital work-in-progress. The cost of construction recognised

assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of comprehensive income.

**ii. Subsequent costs**

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.3.5 Property, plant and equipment (continued)**

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

- Buildings – 50 years (2%)
- Plant and Machinery – 15 years (6.67%)
- Motor Vehicles – 4 years (25%)
- Computer Equipment – 3 years (33.3%)
- Tools and Equipment – 4 years (25%)
- Furniture and Equipment – 5 years (20%)
- Aircraft – 25 years (4%)

Freehold land is not depreciated

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

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

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

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

**1.3.6 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.3.7 Intangible assets**

**Intangible assets acquired separately**

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

**Derecognition of intangible assets**

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

**1.3.8 Impairment of Tangible and intangible assets other than Goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating-unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.39 Inventories**

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

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

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

**1.39.1 Provisions**

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

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

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

**1.39.2 Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract

**1.39.3 Environmental costs**

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determine that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

Environmental costs, which are not included above, are expensed as incurred.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.39.4 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity, investments, available-for-sale (AFS), financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The Company's financial assets comprise other loans and receivables.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Derecognition of financial assets**

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.39.4 Financial Instruments (continued)**

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty, or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

1.39.4 Financial Instruments (continued)

**Financial liabilities and equity instruments issued by the Group**

**Classification as debt or equity**

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

**Equity instruments**

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

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

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through P&L (FVTPL) or other liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition
- it is part of the portfolio of identified financial instrument that the company manages together and has a recent actual pattern of short term profit taking;
- or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item.

**Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly estimates future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) , a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.39.5 Earnings per share**

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

**1.39.6 Functional and presentation currency**

**Functional and presentation currency**

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

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

**Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary

loss and other comprehensive income.

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

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

**1.39.7 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 capitalization.

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**1.39.8 Segment information**

Information reported to the Chief Operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined sugar based on different geographical location. Segment reporting has been prepared based on the geographical information of the group.

**1.39.9 Biological assets**

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

**Recognition of assets**

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

the Group controls the asset as a result of past events;

it is probable that future economic benefits associated with the asset will flow to the Group; and  
the fair value or cost of the asset can be measured reliably.

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

**2 Significant judgements and sources of estimation uncertainty**

In the application of the Group's significant accounting policies, described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets

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 ongoing 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.

**Critical judgements and sources of estimation uncertainty**

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

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

**Revenue Recognition**

In recognising revenue, critical judgement is made with respect to the mode of delivery. Where the customer opts to make personal arrangement to take delivery of goods by bringing his own truck, revenue is recognised as soon as the truck is loaded and a waybill is generated. However, where the customer opts for delivery to be made using DSR trucks, revenue is recognised only when the goods are delivered at the address provided and receipt of same is acknowledged on the waybill

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**2 Significant judgements and sources of estimation uncertainty ( continued)**

**Allowance for credit losses**

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

**Fair values of biological assets**

The fair value of the biological asset is derived using a replacement cost approach. Management uses estimates for the costs to replace the biological asset by segmenting the assets into their various life circles less expected costs to produce and sell the sugar and molasses, which are determined by considering historical actual costs incurred on a per hector basis. The estimated selling price and costs are subject to fluctuations based on the timing of prevailing growing conditions economic and market conditions as obtained from the various units directly involved in the sales and biological transformation of the assets

**Fair values of biological assets**

**Cane roots:**

The fair value of the cane roots is derived using a replacement cost approach, which is adjusted for the remaining expected useful life of the cane roots. This requires an estimate from management of the expected useful lives of the cane roots, which has been assessed as 5 years.

**Growing cane:**

Growing cane is valued using the estimated yield in tons of sugarcane projected to be harvested from the existing cane roots, less estimated costs of harvest and transport. For this purpose, management is required to assess the estimated selling price, which has been adjusted for time value of money and inflation based on prevailing market and economic conditions.

**Key sources of estimation uncertainty**

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.

**Useful life of property, plant and equipment**

The Group reviewed and revised the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011, and under IFRS, has reviewed them annually at each reporting date. Useful lives are estimated based on the engineer's report, as at each reporting date. Some of the factors considered include the current service potential of the assets, potential cost of repairs and maintenance.

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total comprehensive income for the year.

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	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>5 Revenue</b>						
Revenue from the sale of sugar - 50kg	156,119,839	162,918,000	110,431,114	152,565,669	160,666,526	108,282,354
Revenue from the sale of sugar - Retail	3,755,138	3,807,756	2,498,597	3,755,138	3,807,756	2,498,597
Revenue from the sale of molasses	560,070	198,243	91,706	334,014	133,942	59,260
Freight income	2,596,141	2,800,937	2,231,772	2,596,141	2,800,937	2,231,772
	<b>163,031,187</b>	<b>169,724,936</b>	<b>115,253,189</b>	<b>159,250,961</b>	<b>167,409,161</b>	<b>113,071,983</b>

### 5.1 Segment information

Information reported to the chief operating decision maker (the Managing Director) for the purposes of resource allocation and assessment of segment performance is based on the entity as a whole as there is no other distinguishable component of the entity that engages in business activities from which it earns revenues and incurs expenses whose operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment information is presented in respect of the group's reportable segments. For Management purpose, the Group is organised into business units by geographical areas in which the group operates and the locations

location of the principal operations as follows:

Northern Nigeria, Southern Nigeria, Eastern Nigeria and Lagos

#### Segmental revenue and results

The company's revenue from external customers by region of operations is listed below.

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<u>Nigeria:</u>						
Lagos	77,278,552	82,380,863	50,772,032	77,278,552	82,380,863	50,772,032
North	56,996,627	61,366,486	45,879,923	53,216,401	59,050,711	43,698,717
West	19,972,271	18,581,808	13,302,831	19,972,271	18,581,808	13,302,831
East	8,783,736	7,395,779	5,298,402	8,783,736	7,395,779	5,298,402
	<b>163,031,187</b>	<b>169,724,936</b>	<b>115,253,189</b>	<b>159,250,961</b>	<b>167,409,161</b>	<b>113,071,983</b>

#### Information about major customers

There is a single customer who buys industrial Non-Fortified Sugar that represents more than 10% of total sales during the year.

#### Large Corporate/Industrial Users

These are leading blue chip companies in Nigeria, and they include manufacturers of confectioneries and soft drinks. This group typically accounts for 30% of the company's sales. They buy Non-Fortified sugar exclusively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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5 Segmental information (continued)  
Distributors

The company sells unfortified sugar mainly to pharmaceutical, food and beverage manufacturers. It also sells to distributors who sell to small wholesalers, confectioners and other smaller value-adding enterprises who provide the distribution network to the Nigerian retail market. The Company sells a small amount of sugar directly to retail customers. Retail packaging comes in various sizes of 250g, 500g, and 1kg under the brand name "Dangote Sugar". Sales to Distributors account for 70% of the company's revenue.

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

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
6 Cost of sales						
Raw material	99,989,476	126,495,000	81,305,893	98,550,987	124,665,981	80,658,320
Direct labour cost	2,968,918	3,252,803	2,348,132	1,865,625	2,200,958	1,556,735
Direct overheads	12,463,925	9,778,450	7,756,660	12,070,894	9,177,283	7,076,725
Other overheads	352,697	434,756	191,076	25,681	415,080	20,771
Depreciation	2,456,323	4,049,105	1,855,651	1,409,151	2,740,567	1,085,394
Freight expenses	3,324,504	2,726,241	2,794,913	3,324,504	2,725,018	2,794,913
	<u>121,555,844</u>	<u>146,736,355</u>	<u>96,262,325</u>	<u>117,246,843</u>	<u>141,924,887</u>	<u>93,192,858</u>
7 Selling and Distribution expenses						
Selling and marketing expenses	625,696	909,196	856,410	594,552	899,530	840,069
Carriage	24,874	363,328	326,504	24,874	360,416	326,504
	<u>650,570</u>	<u>1,272,524</u>	<u>1,182,915</u>	<u>619,426</u>	<u>1,259,946</u>	<u>1,166,573</u>
7 Administrative expenses						
Management and royalty fees	1,620,301	938,237	570,205	1,620,301	938,237	570,205
Assessment rates and municipal charges	9,575	17,350	-	9,575	16,827	-
Auditors remuneration	60,100	52,920	41,203	51,100	42,000	32,203
Bad debts	-	15,511	-	-	-	-
Cleaning	45,192	60,997	36,371	45,192	60,973	36,371
Consulting and professional fees	115,509	155,660	124,137	85,726	145,429	106,926
Consumables	16,888	28,954	26,503	16,888	23,734	26,503
Depreciation, Ammortisation and impairments	387,406	706,430	363,144	165,745	502,325	218,826
Donations, scholarship and subscription	96,175	65,147	70,452	94,551	64,147	67,137
Employee costs	1,347,942	1,987,619	1,178,511	995,339	1,446,554	800,540
Entertainment	18,882	24,168	16,277	18,882	22,466	16,277
IT Expenses	-	3,393	-	-	1,307	-
Insurance	140,270	131,152	97,623	97,477	64,776	46,621
Rental-office/Residential accommodation	42,768	98,170	57,877	42,325	97,922	57,106
Magazines, books, Print and and periodicals	17,572	85,474	60,225	14,250	73,644	60,225
Utilities	44,087	18,247	143,298	16,155	17,550	124,548
Petrol and oil	18,936	39,083	31,175	18,936	47,691	31,175
Loss on asset sale	-	40,374	44,700	-	40,374	44,700
Repairs and maintenance	134,207	112,153	289,218	113,616	72,355	289,218
Secretarial fees	42,244	48,202	-	42,244	48,502	-
Security expense	132,708	137,903	82,501	77,762	94,376	53,325
Software expenses	-	7,224	4,107	-	-	4,107
Staff welfare	27,364	32,792	20,593	27,364	22,257	20,593
Subscriptions	4,242	41,705	-	4,242	40,118	-
Telephone and fax	72,397	100,607	-	72,397	69,904	-
Training	31,224	15,044	12,592	31,224	13,736	12,592
Travel-local	146,654	50,609	188,867	86,727	20,995	158,543
Travel-overseas	82,540	349,294	-	82,540	337,200	-
	<u>4,855,185</u>	<u>5,363,419</u>	<u>3,459,580</u>	<u>3,830,560</u>	<u>4,325,399</u>	<u>2,777,742</u>
3 Investment income						
Interest income on bank deposits	2,367,095	601,473	307,744	2,367,095	601,473	307,744
	<u>2,367,095</u>	<u>601,473</u>	<u>307,744</u>	<u>2,367,095</u>	<u>601,473</u>	<u>307,744</u>

Interest is earned on bank deposits at an average rate of 13.5% p.a. on short term (30days) bank deposits.

9 Fair Value adjustments  
Biological assets -Fair value model

950,063 2,504,787 684,301 - -

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>10 Finance costs</b>						
Group companies	-	76,918	76,918	-	76,918	76,918
Bank charges	398,920	249,289	263,783	264,294	246,577	164,767
Loss on exchange difference	-	44,170	54,665	-	44,170	54,665
Interest on overdraft	28,332	-	-	28,332	-	-
Interest on bank loan	-	222,102	-	-	35,657	-
	<u>427,251</u>	<u>592,479</u>	<u>395,365</u>	<u>292,626</u>	<u>403,322</u>	<u>296,349</u>

The finance cost to Group companies relate to interest paid on loan from Dangote Industries Limited totalling N2.5 billion (2015) while loan interest include interest on loans from banks.

**11 Other income**

Insurance claim income	44,628	48,755	-	43,588	23,759	-
Sale of scrap	5,020	-	309,126	5,020	-	309,126
Gratuity provisions no longer required	-	0	-	-	-	-
Provision no longer required	-	505,002	-	-	492,082	-
Electricity supply to sister companies	-	-	-	-	-	-
Haulage income	45,894	-	-	45,894	-	-
Rental income	77,280	118,104	-	50,625	88,930	-
Equipment hire to third parties	3,543	17,885	-	-	-	-
Miscellaneous income	15,618	58,269	54,548	13,117	57,673	-
	<u>191,983</u>	<u>748,015</u>	<u>363,674</u>	<u>158,244</u>	<u>662,444</u>	<u>309,126</u>

**12 Taxation**

**12.1 Major components of the tax expense**

	N'000	N'000	N'000	N'000	N'000	N'000
<b>Current Tax</b>						
Income tax based on profit for the year	11,936,053	5,545,871	4,885,792	11,936,053	5,545,871	4,885,792
Education tax expense	795,737	483,798	315,877	795,737	483,798	315,877
	<u>12,731,790</u>	<u>6,029,669</u>	<u>5,201,669</u>	<u>12,731,790</u>	<u>6,029,669</u>	<u>5,201,669</u>
<b>Deferred tax</b>						
Deferred tax (income)/expense	-	(811,173)	-	-	531,182	-
	<u>12,731,790</u>	<u>5,218,496</u>	<u>5,201,669</u>	<u>12,731,790</u>	<u>6,560,831</u>	<u>5,201,669</u>

The tax rates used in the above comparative figures are the corporate tax rate of 30% payable by corporate entities in Nigeria. Education tax rate of 2% is also payable.

**12.2 Reconciliation of the tax expense**

Reconciliation between accounting profit and tax expense

Accounting Profit before tax	39,251,478	19,614,434	15,318,723	39,786,845	20,759,524	16,255,331
Income tax expense calculated at 30 %	11,936,053	5,894,330	4,885,792	11,936,053	6,227,857	4,885,792
Education tax expense calculated at 2%	795,737	483,798	315,877	795,737	483,798	315,877
Effect of investment allowance not recognised in accounting	-	(164,087)	-	-	(164,087)	-
Deferred Education tax	-	(4,405)	-	-	(4,095)	-
Fines and penalties	-	8,343	-	-	8,308	-
Donations	-	2,819	-	-	2,519	-
Capital expenses and repayment other tax expense	-	204	-	-	-	-
	-	157	-	-	-	-
Fair value gain on biological assets and agricultural products	-	(751,436)	-	-	-	-
Adjustment for prior years FA additions on which capital allowances now taken	-	(1,467,137)	-	-	-	-
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	-	-	-	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	1,225,910	-	-	6,531	-
Minimum tax of subsidiary	-	-	-	-	-	-
	<u>12,731,790</u>	<u>5,218,496</u>	<u>5,201,669</u>	<u>12,731,790</u>	<u>6,560,831</u>	<u>5,201,669</u>



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

12.3 Current tax liabilities in the statement of financial position

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
At January 1	6,600,053	5,542,475	5,542,475	6,567,952	5,510,374	5,510,374
Charge for the year	12,731,790	6,029,669	5,201,669	12,731,790	6,029,669	5,201,669
payment made during the year	(6,029,669)	(4,972,091)	(5,119,730)	(6,029,669)	(4,972,091)	(5,119,730)
Balance end of the period	<u>13,302,174</u>	<u>6,600,053</u>	<u>5,624,414</u>	<u>13,270,074</u>	<u>6,567,952</u>	<u>5,592,313</u>

13 Deferred tax balances

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement. However, this was not offset in the statement of financial position as follows:

Deferred tax assets	10,103,855	10,103,855	2,967,532	342,069	342,069	-
Deferred tax liability	(11,475,269)	(11,475,269)	(5,150,119)	(5,641,549)	(5,641,549)	(4,768,318)

Recognition of deferred asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:  
\* the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profit arising from the reversal of existing taxable temporary differences; and  
\* the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates

Deferred tax reconciliation	Opening balance N'000	Movements recognised N'000	Recognised directly in equity N'000	Closing balance N'000
<b>Group as at December 31, 2016</b>				
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Property, plant and equipment @ 30%	(5,461,758)	(2,331,685)	-	(7,793,443)
Property, plant and equipment @ 10%	(503,971)	382,093	-	(121,878)
Exchange difference	757,241	(757,446)	-	(205)
Provisions	4,617	818,252	-	822,869
Unrelieved losses @ 30%	3,021,284	2,699,959	-	5,721,243
Capital gains tax on revaluation of land @ 10%	-	-	-	-
	<u>(2,182,587)</u>	<u>811,173</u>	<u>-</u>	<u>(1,371,414)</u>

	Opening balance N'000	Movements recognised N'000	Recognised directly in equity N'000	Closing balance N'000
<b>Company as at December 31, 2016</b>				
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Property, plant and equipment @ 30%	(4,929,542)	(589,924)	-	(5,519,466)
Property, plant and equipment @ 10%	(122,170)	292	-	(121,878)
Exchange difference	19,994	(20,199)	-	(205)
Provisions	263,400	78,669	-	342,069
Unrelieved losses @ 30%	-	-	-	-
Capital gains tax on revaluation of land @ 10%	-	-	-	-
	<u>(4,768,318)</u>	<u>(531,162)</u>	<u>-</u>	<u>(5,299,480)</u>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**14 Operating profit**

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

	<b>GROUP 30/9/2017 N'000</b>	<b>GROUP 31/12/2016 N'000</b>	<b>GROUP 30/9/2016 N'000</b>	<b>COMPANY 30/9/2017 N'000</b>	<b>COMPANY 31/12/2016 N'000</b>	<b>COMPANY 30/9/2016 N'000</b>
Impairment of property, plant and equipment						
Depreciation of property, plant and equipment	3,299,236	4,659,996	3,194,353	2,411,292	3,149,141	2,286,988
Loss on sale of property, plant and equipment	-	(40,374)	44,700	-	(40,374)	44,700
Write back/ impairment loss recognised on trade receivables	-	-	-	-	-	-
Impairment loss recognised on other receivables	-	-	-	-	-	-
Gratuity provisions no longer required	-	-	-	-	-	-
Defined contribution plans	-	-	-	-	-	-
Defined Benefit plan service and finance costs	-	-	-	-	-	-
Auditors remuneration	-	52,920	-	-	42,000	-
Amortisation of intangible assets	8,220	123,818	85,346	8,220	93,751	70,313

**15 Earnings per share**

**Basic earnings per share**

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

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

	<b>GROUP 30/9/2017 N'000</b>	<b>GROUP 31/12/2016 N'000</b>	<b>GROUP 30/9/2016 N'000</b>	<b>COMPANY 30/9/2017 N'000</b>	<b>COMPANY 31/12/2016 N'000</b>	<b>COMPANY 30/9/2016 N'000</b>
Profit for the year	<u>26,519,687</u>	<u>14,395,938</u>	<u>10,117,054</u>	<u>27,055,055</u>	<u>14,198,693</u>	<u>11,053,662</u>
Earnings used in the calculation of basic earnings per share from continuing operations	<u>26,519,687</u>	<u>14,395,938</u>	<u>10,117,054</u>	<u>27,055,055</u>	<u>14,198,693</u>	<u>11,053,662</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Basic earnings per share from continuing operations (Kobo per share)	221	120	84	225	118	92

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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15. Property, Plant and Equipment

Company	Land & Buildings N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Aircraft N'000	Tools & Equipment N'000	Capital Work In Progress N'000	TOTAL N'000
<b>Balance, 1/1/2016</b>	8,376,512	16,484,406	97,498	7,780,287	129,029	899,828	688,034	8,669,419	43,035,013
Additions during the year	142,914	1,900,172	10,815	61,584	13,746	-	742,039	229,994	3,101,264
Disposal	-	-	-	(625,858)	-	-	-	(82,171)	(708,029)
Reclassification	1,065,217.00	2,723,608	-	-	-	-	90,000	(3,878,825)	-
<b>Balance, 31/12/2016</b>	9,584,643	21,108,186	108,313	7,216,013	142,775	899,828	1,530,073	4,838,417	45,428,248
Additions during the period	30,004	158,449	5,467	26,824	7,648	-	75,516	5,445,810	5,749,717
Re-classifications	-	523,134	-	-	-	-	-	(523,134)	-
Transferred	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	(1,750)	(30,916)	(32,666)
<b>Balance, 30/9/2017</b>	9,614,647	21,789,769	113,780	7,242,837	150,423	899,828	1,603,838	9,730,176	51,145,293

ACCUMULATED DEPRECIATION AND IMPAIRMENT:

<b>Balance, 1/1/2016</b>	1,010,161	7,205,020	55,706	4,148,958	62,685	74,045	316,827	0	12,964,303
Charge for the year	139,156	1,218,959	14,042	1,477,128	37,695	35,993	228,190	-	3,149,141
Disposal	-	-	-	(277,021)	-	-	-	-	(277,021)
Impairment	-	-	-	-	-	-	-	-	-
<b>Balance, 31/12/2016</b>	1,149,297	8,511,979	69,748	5,349,064	100,380	110,938	545,017	-	16,836,423
Change for the year	118,413	1,085,509	28,995	903,315	28,003	11,400	239,657	-	2,411,292
Disposal	-	-	-	-	-	-	-	-	-
<b>Balance, 30/9/2017</b>	1,265,710	9,597,488	96,743	6,252,379	128,383	122,338	784,674	-	18,247,715
<b>NET BOOK VALUE:</b>									
<b>Balance, 31/12/2016</b>	8,435,345	12,596,207	38,565	1,868,949	42,395	788,890	985,056	4,838,417	29,591,825
<b>Balance, 30/9/2017</b>	8,348,937	12,192,281	17,037	990,458	22,041	777,491	819,164	9,730,176	32,897,585

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15a Property, Plant and Equipment											
GROUP	Bearer Plant N'000	Freehold Land & Buildings N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Aircraft N'000	Tools & Equipment N'000	Capital Work in Progress N'000	TOTAL N'000	TOTAL N'000
<b>COST:</b>											
Balance, 1/1/2016	1,412,790	17,286,856	23,312,270	264,949	14,685,649	163,087	699,828	3,027,206	13,632,698	74,695,333	
Additions during the year	974,361	147,181	2,366,806	20,624	98,425	16,226	-	863,036	398,872	4,885,531	
Disposal	-	-	-	-	(641,369)	-	-	-	(82,171)	(723,540)	
Transferred	-	-	-	-	13,235	-	-	90,000	(13,235)	-	
Reclassification	-	1,065,217	2,723,607	-	-	-	-	-	(4,681,839)	(803,015)	
Impairment	-	-	-	-	-	-	-	-	-	-	
Balance, 31/12/2016	2,387,161	18,499,264	28,402,693	285,573	14,155,940	179,313	699,828	3,980,242	9,254,325	78,044,309	
Savannah - New acquisitions	315,129	-	5,866	3,950	51,800,00	2,291	-	520	-2,486,301	(2,106,746)	
Additions during the year	-	30,004	158,449	5,487	28,824	7,648	-	75,515	5,445,810	5,749,717	
Re-classifications	-	-	523,134,00	-	-	-	-	-	-523,134	-	
Transferred	-	-	-	-	-	-	-	-	-	-	
Disposal	-	-	-	-	-	-	-	(1,750,00)	-30,916	(32,666)	
Balance, 30/9/2017	2,702,290	18,529,258	29,090,132	294,990	14,234,564	189,252	699,828	4,054,527	11,659,704	81,664,615	
<b>ACCUMULATED DEPRECIATION</b>											
<b>ANN IMPAIRMENT</b>											
Balance, 1/1/2016	253,547	1,815,283	8,058,546	105,262	5,448,815	79,206	74,944	2,892,666	-	18,726,289	
Effect of acquisition of Savannah	-	-	-	-	-	-	-	-	-	-	
Charge for the year	400,215	257,551	1,728,517	41,656	1,833,877	48,852	35,994	313,334	-	4,689,996	
Disposal	-	-	-	-	(277,021)	-	-	-	-	(277,021)	
Adjustment	-	-	-	-	132,441	-	-	-	-	132,441	
Balance, 31/12/2016	653,762	2,072,834	9,787,063	146,918	7,136,112	128,058	110,938	3,206,020	-	23,241,705	
Redeclared	-	-	-	-	-	-	-	-	-	-	
Savannah - charge for the year	225,398	89,870	396,796	21,397	416,891	6,728	-	59,488	-	1,215,558	
Charge for the year	0	116,413	1,085,509	14,042	1,483,863	28,003	35,893	239,657	-	3,003,480	
Depreciation overcharge/undercharge	1,199,687	(1,367,310)	41,570	39,612	(210,382)	(139,901)	(24,594)	(598,246)	-	(919,802)	
Balance, 30/9/2017	2,078,847	910,807	11,310,938	221,969	8,936,474	162,649	122,337	2,906,920	-	26,540,941	
<b>NET BOOK VALUE:</b>											
Balance, 31/12/2016	1,733,389	16,426,420	18,615,620	138,655	7,019,828	51,255	769,890	774,222	9,264,325	54,802,604	
Balance, 30/9/2017	623,433	17,618,451	17,779,194	73,021	5,408,090	26,604	777,481	1,147,607	11,659,784	65,113,674	

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FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>17 Intangible assets</b>						
Computer software						
Cost at the end of the period	289,840	379,590	349,523	289,390	289,390	289,390
Accumulated depreciation at the end	284,857	366,837	305,815	284,857	276,637	253,199
Carrying amount at the end of the period	<u>4,983</u>	<u>12,753</u>	<u>43,708</u>	<u>4,533</u>	<u>12,753</u>	<u>36,191</u>
<b>18 Biological assets</b>						
Cost						
carrying value at the beginning of the period	3,008,277	1,885,779	3,437,710	-	-	-
(usage)/addition	(708,385)	(1,382,289)	(1,679,857)	-	-	-
fair value adjustment	950,063	2,504,787	684,301	-	-	-
Carrying value at the end of the period	<u>3,251,955</u>	<u>3,008,277</u>	<u>2,442,154</u>	-	-	-
Current	3,251,955	3,008,277	2,442,154	-	-	-
Non-current	-	-	-	-	-	-
	<u>3,251,955</u>	<u>3,008,277</u>	<u>2,442,154</u>	-	-	-

**Description of biological assets and activities**

Biological assets comprise of growing cane. The growing cane represents biological assets which are expected to be harvested as agricultural produce, intended for production of sugar. The biological assets have been measured at fair value.

**Basis for measurement of fair value**

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

**Nature and carrying amounts of biological assets whose title is restricted**

The Company currently does not have biological assets with restricted titles.

**Biological assets pledged as security for liabilities**

The Company has not pledged any biological asset as security for any liability as at this date.

<b>19 Other assets</b>						
Prepaid rent	88,007	109,143	230,575	88,007	199,143	230,575
Prepaid insurance	13,655	27,136	51,987	13,655	26,442	51,987
Prepaid housing	127,481	-	-	127,481	-	-
Advance payment to vendors	-	655,759	-	-	-	-
Other financial assets (19.1)	14,164,073	8,409,240	-	14,164,073	8,409,240	-
Prepaid lease NPA	-	124,945	249,891	-	124,945	249,891
Prepaid medicals	8,513	-	-	8,513	-	-
Others	-	53	77,044	-	53	-
	<u>14,401,730</u>	<u>9,426,276</u>	<u>609,797</u>	<u>14,401,730</u>	<u>8,759,823</u>	<u>532,453</u>
Current	14,343,360	9,426,223	520,055	14,343,360	8,759,770	520,055
Non-current portion	58,370	53	89,732	58,370	53	12,398
	<u>14,401,730</u>	<u>9,426,276</u>	<u>609,797</u>	<u>14,401,730</u>	<u>8,759,823</u>	<u>532,453</u>

19.1 Other financial asset is in respect of the deposit for foreign currency forward contracts.

<b>20 Assets/Investment held for sale</b>	<u>864,647</u>	<u>864,647</u>	<u>864,647</u>	<u>864,647</u>	<u>864,647</u>	<u>864,647</u>
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**21 Investments in subsidiary**

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

Company Name of Company	Held by	Carrying amount		
		Sept 2017 N'000	December 2016 N'000	Sept 2016 N'000
Savannah Sugar Company Limited	Dangote Sugar Refinery Plc	3,214,923	3,214,923	3,214,923

The Company owns 95% shareholding in Savannah Sugar Company Limited. The principal activities of Savannah Sugar Company Limited are planting of sugar cane, processing, packaging and selling of refined sugar and molasses and registered address is Km 81, Yola Gombe Road (near Numan) Adamawa State.

There are no significant restrictions on the use of the subsidiary assets.

Dangote Sugar Refinery Plc provides financial support to Savannah Sugar Company Limited in terms of payment of salaries and wages, purchase of assets and settlement of liabilities.

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>22 Inventories</b>						
Raw materials	12,817,768	26,324,058	16,445,400	12,775,946	26,100,094	16,445,400
Work-in-process	2,199,974	672,216	447,649	230,247	661,743	447,649
Finished goods	12,671,357	13,410,994	3,172,856	12,329,719	13,010,720	3,148,060
Production supplies	6,373,721	6,428,013	4,295,361	3,657,082	5,009,326	2,436,896
Chemicals and consumables	2,340,063	1,189,832	89,838	2,340,063	681,010	-
Packaging materials	249,877	221,067	233,522	249,877	186,082	199,022
	<u>36,652,760</u>	<u>48,246,180</u>	<u>24,604,664</u>	<u>31,582,834</u>	<u>45,648,975</u>	<u>22,677,048</u>
Allowance for obsolete inventory	(837,138)	(837,138)	(837,138)	-	-	-
	<u>35,815,622</u>	<u>47,409,042</u>	<u>23,767,526</u>	<u>31,582,834</u>	<u>45,648,975</u>	<u>22,677,048</u>

22.1 No inventory was pledged as security for any liability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

23	Trade and other receivables	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
		30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000	30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000
	Trade receivables	5,922,002	8,711,389	6,117,910	5,922,002	8,700,614	6,118,068
	Allowance for doubtful debts	-391,455	(270,656)	(202,861)	(253,434)	(253,434)	(185,639)
		<u>5,530,547</u>	<u>8,440,733</u>	<u>5,915,048</u>	<u>5,668,568</u>	<u>8,447,180</u>	<u>5,932,429</u>
	Staff loans and advances	265,570	283,994	404,318	244,117	266,740	384,886
	Advance payment to contractors	5,793,732		480,809	5,724,450		
	VAT Receivable	996,759	1,135,096	1,409,935	996,759	1,135,096	1,371,483
	Insurance claim receivable	413,359	448,760	448,760	405,998	448,760	448,760
	Negotiable Duty Credit Certificates (Note 23.1)	805,683	805,683	805,683	805,683	805,683	805,683
	Other receivables	717,863	294,349	2,670,120	599,296	189,964	2,654,056
	Allowance for impaired other receivables	(80,095)	(196,662)	(80,095)	(80,095)	(80,095)	(80,095)
	Amount due from related parties -35	15,048,349	6,523,934	6,605,952	51,108,076	43,415,583	42,266,568
		<u>30,491,767</u>	<u>17,733,887</u>	<u>18,660,531</u>	<u>66,472,854</u>	<u>54,628,911</u>	<u>53,783,770</u>

The average credit period on sales of goods is 30 days. Allowances for doubtful debts are recognised against trade receivables outstanding beyond 365 days based on estimated irrecoverable amounts. Previous experience has shown that receivables that are past due after 365 days are doubtful of recovery. Allowances for doubtful debts are recognised against trade receivables due over 180 days and below 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current position.

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

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

#### 23.1 Negotiable duty credit certificate

The Company has received certificates for N805.7 million termed as Negotiable Duty Credit Certificate (NDCC). The NDCC is an instrument of the government for settling of the EEG receivable. The NDCC is used for the payment of Import and Excise duties in lieu of cash. For more than one year, the Company and other industry players have not been able to use the certificates in settlement of customs duties.

Though, a significant component of the NDCC and EEG receivable have been outstanding for more than one year no impairment charge has been recognised by the Company in the current year because they are regarded as sovereign debt since it is owed by the government. Moreover, Government has not communicated or indicated unwillingness to honour the obligations. On the contrary, government has earmarked up to N20 billion in the 2017 budget to be used to settle outstanding grants and has also announced a resumption of the scheme in 2017. Thus, the outstanding balances are classified as current assets accordingly.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

23 Trade and other receivables (continued)

Age analysis of trade receivables that are past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
30-60 days	-	673,015	-	-	673,015	-
61-90 days	-	48,063	-	-	48,063	-
91-180 days	-	64,141	-	-	70,586	-
	-	<u>785,219</u>	-	-	<u>791,664</u>	-

Reconciliation of provision for impairment of trade and other receivables

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Above 365 days	270,656	682,087	682,087	253,434	682,087	682,087
<b>Allowance for credit losses</b>						
Balance brought forward	270,656	682,087	682,087	253,434	682,087	682,087
Impairment losses recognised on receivable	-	85,017	-	-	67,795	-
Effect of acquisition under common con	-	-	-	-	-	-
Amounts written off during the year	-	(496,448)	-	-	(496,448)	-
Additional provision made during the year	-	-	-	-	-	-
Amounts recovered during the year	-	-	-	-	-	-
	<u>270,656</u>	<u>270,656</u>	<u>682,087</u>	<u>253,434</u>	<u>263,434</u>	<u>682,087</u>

**Concentration risk**

About 32% of the trade receivables are due from a single customer. The Company evaluates the concentration of risk with respect to trade receivables as low, as the concentration is with a well-established local blue chip company. Its customers otherwise are diverse including both corporate entities and a large number of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

23 Cash and cash equivalents

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

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Cash in hand	15,766	14,625	15,278	15,616	14,475	15,128
Bank balances	7,953,412	10,605,674	5,661,286	7,190,161	8,457,647	5,537,937
Short term deposits	30,087,313	24,400,000	12,062,545	30,087,313	24,400,000	12,062,545
	<u>38,056,491</u>	<u>35,020,299</u>	<u>17,739,109</u>	<u>37,293,090</u>	<u>32,872,122</u>	<u>17,615,610</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

25 Share capital and Premium

The balance in the share capital account was as follows:

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Authorised: 12,000,000,000</b>						
Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
<b>Allotted, called up issued and fully paid:</b>						
12,000,000,000 Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
<b>Share premium</b>						
Authorised: 12,000,000,000 ordinary shares of 50k each issued at 52.67k premium	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524

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

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>26 Retained earnings</b>						
Balance at January 1	54,092,393	45,708,317	48,079,375	62,264,226	54,065,533	54,085,533
Profit for the year	26,546,456	14,386,076	10,163,884	27,055,055	14,198,693	11,053,662
Payment of dividend	(7,200,000)	(6,000,000)	(6,000,000)	(7,200,000)	(6,000,000)	(6,000,000)
Proposed dividend	(6,000,000)	-	-	(6,000,000)	-	-
	<b>67,438,848</b>	<b>54,092,393</b>	<b>50,243,259</b>	<b>76,119,281</b>	<b>62,264,226</b>	<b>59,119,194</b>
<b>27 Non controlling interest-Bal bf</b>	(260,887)	(270,749)	(251,117)	-	-	-
Non controlling interest-Share of loss	(26,768.36)	9,862	(46,830)	-	-	-
Effect of balance restatement	-	-	-	-	-	-
Total non controlling interest	<b>(287,655)</b>	<b>(260,887)</b>	<b>(297,947)</b>	<b>-</b>	<b>-</b>	<b>-</b>

28 Borrowings

Held at amortised cost

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Bank overdraft	34,478	36,393	-	-	-	-
Bank loan	2,000,000	2,000,000	-	-	-	-
Related party loan	-	-	-	-	-	-
	<b>2,034,478</b>	<b>2,036,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
At amortised cost	2,034,478	2,036,393	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement of borrowings</b>						
Balance brought forward	2,036,393	2,500,000	-	-	-	-
Additions	-	2,036,393	-	-	-	-
Payments	(1,915)	(2,500,000)	-	-	-	-
	<b>2,034,478</b>	<b>2,036,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

on 5 June 2015, the company received a loan of N2.5 Billion from a related party, Dangote Industries Limited for short term working capacity purpose over a period of 90 days which is renewable at the interest rate of 13.5%. The loan is repayable in full at the end of the tenor plus interest on maturity. The loan is not secured by assets of the company.

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



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)**

**29 Retirement benefit**

**Defined benefit plan**

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

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method

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

In calculating the liabilities, the consultant took the following into recognition:

\*\* length of service rendered by each member of staff at the review date

\*\* discounting of the expected benefit payments

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

29 Retirement benefit (continued)

Movement in gratuity	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Balance as at 1 January	1,031,024	1,079,067	1,079,067	815,532	863,575	863,575
Current service charge	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Gratuity provision no longer required	-	-	-	-	-	-
Actuarial losses - change in assumption	-	-	-	-	-	-
Actuarial losses - experience	-	-	-	-	-	-
Benefits paid from plan	(42,416)	(48,043)	(46,302)	(4,617)	(48,043)	(46,302)
Curtailments Gains/Losses	-	-	-	-	-	-
	<u>988,608</u>	<u>1,031,024</u>	<u>1,032,765</u>	<u>810,915</u>	<u>815,532</u>	<u>817,273</u>

Defined contribution plan

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>30 Trade and other payables</b>						
Trade payables	35,330,344	53,951,090	15,930,232	34,607,668	52,938,508	14,568,644
Accrual for raw materials	0	12,948,215		-	12,662,547	-
Accruals & sundry creditors	22,612,613	6,821,490	18,719,599	20,414,723	6,804,485	18,450,553
Other credit balances	14,143,071	6,137,082	5,756,022	14,143,071	5,915,024	5,755,889
Due to related parties (Note 35)	<u>8,675,322</u>	<u>8,420,520</u>	<u>8,070,121</u>	<u>8,675,322</u>	<u>7,200,879</u>	<u>6,827,264</u>
	<b><u>80,761,349</u></b>	<b><u>88,278,397</u></b>	<b><u>48,475,974</u></b>	<b><u>77,840,784</u></b>	<b><u>85,521,443</u></b>	<b><u>45,602,350</u></b>

The average credit period on purchases of goods from suppliers is 90days. No interest is charged on the trade payables.

**31 Other Liabilities**

Advance payment for goods	71,128	2,808,474	117,303	71,128	2,804,822	117,303
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

32 Risk management

Capital risk management

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

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

The Group's risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

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

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

The gearing ratio at 2017 and 2016

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Total borrowings						
Borrowings	2,034,478	2,036,393	-	-	-	-
Less: Cash and cash equivalent	<u>38,056,491</u> <u>(36,022,013)</u>	<u>35,020,299</u> <u>(32,983,906)</u>	<u>17,739,109</u> <u>(17,739,109)</u>	<u>37,293,090</u> <u>(37,293,090)</u>	<u>32,872,122</u> <u>(32,872,122)</u>	<u>17,615,610</u> <u>(17,615,610)</u>
Total Equity	<u>79,471,717</u>	<u>66,152,030</u>	<u>62,265,835</u>	<u>88,439,805</u>	<u>74,584,750</u>	<u>71,439,718</u>

Financial risk management

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30 2017 (Cont'd)

32 Risk management (continued)

Liquidity risk management

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

Group

At September 30, 2017	Less than one year	More than one year	Total
Borrowings	2,034,478	-	2,034,478.00
Trade and other payables	80,761,349	-	80,761,349
At September 30, 2016	Less than one year	More than one year	Total
Borrowings	-	-	-
Trade and other payables	48,475,974	-	48,475,974

At September 30, 2017	Less than one year	More than one year	Total
Borrowings	-	-	-
Trade and other payables	77,840,784	-	77,840,784
At September 30, 2016	Less than one year	More than one year	Total
Borrowings	-	-	-
Trade and other payables	45,602,350	-	45,602,350

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

Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for Related party loan at the prevailing market interest rate of 13.5% at the end of the reporting period. A 250 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. A 250 basis points reflects a N50million impact on finance cost. A positive number below indicates an increase in profit or equity for a 250 basis points change in the Finance cost .A negative number below indicates a decrease in profit or equity for a 250 basis points change in the Finance cost.

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32 Risk management (continued)

Credit risk

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

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

Concentration of risk

About 32% of the trade receivables are due from a single customer whose credit history is good. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

Deposits with banks and other financial institutions

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

Maximum exposure to credit risks

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

Financial instrument	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000	30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000
Trade receivables	5,530,547	8,440,733	5,915,048	5,668,568	8,447,180	5,932,429
Other receivables	9,912,873	2,769,220	6,139,530	8,696,210	2,766,148	5,594,773
Amount due from related party	15,048,349	6,523,934	6,605,952	51,108,076	43,415,583	42,256,568
	<u>30,491,768</u>	<u>17,733,887</u>	<u>18,660,530</u>	<u>65,472,854</u>	<u>54,628,911</u>	<u>53,783,770</u>

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32 Risk management (continued)

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is limited to foreign currency purchases of operating materials (e.g. finished equipment and other inventory items) and trade receivables that are denominated in foreign currencies. Foreign exchange exposure is monitored by the Group's treasury unit.

The Naira carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The Company expects its foreign exchange contracts to hedge foreign exchange exposure.

This represents advance payment by customers for finished goods

33 Financial assets by category

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

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Assets</b>						
Loans and receivables						
Trade and other receivables	30,491,767	17,733,887	18,660,531	65,472,854	54,628,911	53,783,770
Cash and cash equivalents	38,056,491	35,020,299	17,739,109	37,293,090	32,872,122	17,615,610
	<u>68,548,258</u>	<u>52,754,186</u>	<u>36,399,640</u>	<u>102,765,944</u>	<u>87,501,033</u>	<u>71,399,380</u>

34 Financial liabilities by category

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Liabilities</b>						
Borrowings	2,034,478	2,036,393	-	-	-	-
Trade and other payables	80,761,349	66,278,397	48,475,974	77,840,784	85,521,443	45,602,350
	<u>82,795,827</u>	<u>90,314,790</u>	<u>48,475,974</u>	<u>77,840,784</u>	<u>85,521,443</u>	<u>45,602,350</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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35 Related party information

35.1 Related parties and Nature of transactions

Dangote Transport Limited services	Fellow subsidiary company that provided haulage services prior to 2010
Dangote Textile Industries Limited	Fellow subsidiary company that exchanges inventory of Automotive gas oil(AGO)and low pour fuel oil (LPFO)
Dansa Foods Limited	An entity controlled by key management personnel of the Company that has trading relationship with the Company.
NASCON Allied Industries PLC	Fellow subsidiary from which the Company purchases raw salt as input in the production process
Dangote Nigeria Clearing Limited	Fellow subsidiary Company that provides clearing and stevedoring services
Savannah Sugar Nigeria Company Limited	Subsidiary- Exchange of spare parts
Dangote Industries Limited	Parent company that provides management support and receives 7.5% of total reimbursables as management fees
Green view Development Company Limited	Fellow subsidiary - Property rentals.
Dangote Nigeria Clearing Limited	Fellow subsidiary - clearing services
Dangote Cement Plc	Fellow subsidiary - exchange of diesel and LPFO
Dangote Flour Mills Plc	Fellow subsidiary -Supplies of power
Dangote Pasta Limited	Fellow subsidiary -Exchange of AGO LPFO
Dangote Noodles Limited	Fellow subsidiary- Exchange of AGO LPFO and sometimes buys sugar
Dangote Agrosacks sacks	Fellow subsidiary- Supplies empty for bagging of finished sugar



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35 Related party information (continued)

35.1	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Amount owed by related parties						
Bluestar Shipping Services	-	-	-	-	-	-
Dansa Foods Limited	33,997	302,743	417,068	33,997	302,743	417,068
Dangote Global services	1,359,388	1,417,464	1,063,721	1,359,388	1,417,464	1,063,721
Dangote Flour Mills Plc	889,275	810,351	821,271	889,275	810,351	821,271
Savannah Sugar Company Plc	-	-	-	36,060,327	36,891,649	35,660,616
DIL Strategic Supplies	-	-	216,709	-	-	216,709
Dangote Pasta Limited	56,153	56,153	56,153	56,153	56,153	56,153
Dangote Industries Limited	1,524,446	-	164,360	1,524,446	-	164,360
Dangote Noodles Limited	11,800	27,595	11,800	11,800	27,595	11,800
Dangote Group Transport Maintnce.	-	-	-	-	-	-
Nascon plc	38,976	-	-	38,976	-	-
Dangote Oil	6,589,846	-	-	6,589,846	-	-
DNL Transport	-	-	-	-	-	-
Dangote Nigeria Limited	-	-	-	-	-	-
Dangote Agrosacks	-	-	-	-	-	-
Dangote Greenview	1,559,319	981,764	899,223	1,559,319	981,764	899,223
Dangote fertiliser	1,229,573	1,229,573	1,229,573	1,229,573	1,229,573	1,229,573
Dancom Technologies Limited	6,995	-	-	6,995.47	-	-
Dangote Foundation	-	-	-	-	-	-
Dangote Port Operations	3	3	3	3	3	-
AG Dangote Construction	811,710	811,710	811,710	811,710	811,710	811,710
MHF Properties	3,036	4,957	-	3,036	4,957	-
Bluestar UK	-	-	-	-	-	-
Dangote Nigeria Clearing Limited	42,697	-	32,740	42,697	-	32,740
Dangote Cement Ghana	6,644	-	-	6,644	-	-
Dangote Cement	884,489	881,621	881,621	883,889	881,621	881,621
Impairment of related party receivables	-	-	-	-	-	-
	<u>15,048,349</u>	<u>6,523,934</u>	<u>6,605,952</u>	<u>51,108,076</u>	<u>43,415,583</u>	<u>42,266,558</u>

35.2

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
Amount owed to related parties						
Dangote Cement Plc	9,475,217	7,091,828	7,111,912	8,092,806	5,958,119	5,957,885
Greenview Development Company	-	403,543	-	-	403,543	-
Dangote Agrosacks Nigeria Limited	132,132	128,527	61,359	131,992	128,387	54,807
Noodles	-	-	-	-	-	-
Dangote Flour	-	-	-	-	-	-
Bluestar Investments U.K	-	-	-	-	-	-
MHF	-	1,922	1,922	-	1,922	1,922
Kura Holdings	2,615	4,205	-	2,615	4,205	-
DIL Strategic Supplies	239,107	313,837	74,730	239,107	239,107	-
Bluestar Shipping Services	177,426	163,642	172,448	177,426	163,642	172,448
Obajana Transport	-	-	-	-	-	-
NASCON Allied Ind. PLC	-	14,196	35,911	-	13,636	35,911
Dancom Technologies Limited	14,647	34,991	25,530	-	24,489	18,192
Dangote Group Transport Maintenance	-	-	-	-	-	-
Dangote Nigeria Clearing Limited	31,235	5,145	31,235	30,542	5,145	30,542
Dangote Nigeria Limited	440	-	-	440	-	-
Dangote port operation	-	-	-	-	-	-
Dangote Foundation	393	393	393	393	393	393
Dangote Industries Limited	78,098	258,291	554,682	-	258,291	555,165
	<u>10,151,311</u>	<u>8,420,520</u>	<u>8,070,121</u>	<u>8,675,322</u>	<u>7,200,879</u>	<u>6,827,254</u>

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35 Related party information (continued)

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

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

Dangote Industries Limited (D.I.L) in recognition of the requirement of transfer pricing regulations that all transactions between connected taxable persons shall be carried out in a manner that is consistent with arm's length principle has come up with basis of computing its management fees and Royalty taking into cognizance certain principles

Royalty payment shall be made in addition to management fees payable from 1 Jan , 2015 at the rate of 0.5% of the total revenue.

**Related party information**

The amount due from the holding company represents current account balances loans to and from related parties

35.4 Loans to and from related parties

There are no related party loan as at September 30, 2017

35.5

LIST OF DIRECTORS OF DSR

1 ALH. ALIKO DANGOTE (GCON)	CHAIRMAN
2 ENGR. ABDULLAHI SULE	ACTING GROUP MANAGING DIRECTOR
3 ALH. SANI DANGOTE	BOARD MEMBER
4 MR. OLAKUNLE ALAKE	"
5 MR. UZOMA NWANKWO	"
6 MS. BENEDIKTER MOLOKWU	"
7 DR. KONYINSOLA AJAYI (SAN)	"
8 ALH. ABDU DANTATA	"
9 MS MARYAM BASHIR	"

LIST OF KEY MANAGEMENT STAFF

1 ENGR. ABDULLAHI SULE	ACTING GROUP MANAGING DIRECTOR
2 MR. MAYROUD EL-SUNNI	ED - ENGINEERING & OPERATIONS
3 ENGR. BRAIMAH OGUNWALE	GENERAL MANAGER, REFINERY
4 MR. IDOWU ADENOPO	CHIEF INTERNAL AUDITOR
5 MR. MURTALA ZUBAIR	HEAD HR/ADMIN.
6 MR. ADE LAWAL	HEAD, RISK MANAGEMENT
7 MR. ABDULSALAM WAYA	HEAD SALES, NORTH
8 MR. NSEBOT EKPE	GENERAL MANAGER, SUPPLY CHAIN
9 MR. AHMAD T. MOHAMMAD	HEAD SALES, LAGOS & WEST
10 MR. ETIM BASSEY	ACTING CHIEF FINANCIAL OFFICER

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36 Employee costs

The following items are included within employee benefits expenses:

	GROUP 30/9/2017 N'000	GROUP 31/12/2016 N'000	GROUP 30/9/2016 N'000	COMPANY 30/9/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 30/9/2016 N'000
<b>Direct employee costs</b>						
Basic	996,498	1,688,224	968,551	551,854	1,197,456	523,908
Bonus	-	26,080	-	-	-	-
Medical claims	49,785	25,616	51,759	27,617	-	29,592
Leave allowance	67,884	97,265	12,431	62,383	70,302	6,931
Short term benefits	599,608	1,262,492	2,136	598,712	830,084	1,240
Other short term costs	543,872	10,589	232,00	543,741	6,350	100
Post-employment benefits-pension-defined contribution plan	136,323	142537	124,315	81,318	96766	69310
Termination benefits	-	-	-	-	-	-
	<b>2,393,969</b>	<b>3,252,803</b>	<b>1,159,424</b>	<b>1,865,626</b>	<b>2,200,958</b>	<b>631,081</b>
<b>Indirect employee costs</b>						
Basic	536,353	1,065,571	517,333	327,943	725,630	308,923
Bonus	-	209,378	-	-	200,571	-
Medical claims and allowance	13,571	19,848	5,829	11,174	14,960	3,433
NSITF and ITF levies	20,407	98,953	19,485	5,106	72,099	4,185
Short term benefits	290,700	423,636	6,048	288,204	304,456	3,552
Other short term costs	213,053	113,462	719	213,053	88,533	464
Post-employment benefits-pension-defined contribution plan	48,900	56,718	67,986	48,900	40,305	41846
Termination benefits	-	53	-	-	-	-
	<b>1,122,983</b>	<b>1,987,619</b>	<b>617,400</b>	<b>894,381</b>	<b>1,446,554</b>	<b>362,403</b>
<b>Total employee costs</b>						
Direct employee cost	2,393,969	3,252,803	1,159,424	1,865,626	2,200,958	631,081
Indirect employee cost	1,122,983	1,987,619	617,400	894,381	1,446,554	362,403
	<b>3,516,953</b>	<b>5,240,422</b>	<b>1,776,824</b>	<b>2,760,007</b>	<b>3,647,512</b>	<b>993,484</b>
<b>37 Directors' emoluments</b>						
	30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000	30/9/2017 N'000	31/12/2016 N'000	30/9/2016 N'000
Fees	24,500	16,500	16,500	24,500	16,500	16,500
salaries	-	60,000	-	-	60,000	-
others	100,958	120,757	29,900	100,958	120,757	29,900
	<b>125,458</b>	<b>197,257</b>	<b>46,400</b>	<b>125,458</b>	<b>197,257</b>	<b>46,400</b>

38

There were no events after the reporting period that could have had material effect on the financial statements of the Company as at September 30, 2017 that have not been taken into account in these financial statements.

39 Contingent assets and Contingent liabilities

There were no contingent assets and liabilities as at September 30, 2017 ( 2016: NIL)

40 Approval of financial statements

The Board approved the financial statements during its meeting of October 24th, 2017