DANGOTE
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Dangote Sugar Refinery Plc

Audited Consolidated and Separate Financial Statements

for the year ended December 31, 2018

Dangote Sugar Refinery Plc
Audited Consolidated and Separate Financial Statements for the Year Ended December 31, 2018

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

Contents

General Information

Country of incorporation and domicile	Nigeria
Nature of business and principal activities	Refining of raw sugar into edible sugar and selling of refined sugar
Directors	Alh. Aliko Dangote (GCON) Mr. Olakunle Alake Engr. Abdullahi Sule (resigned August 1st , 2018) Alh. Sani Dangote Mr. Uzoma Nwankwo Ms. Bennedikter Molokwu Dr. Konyinsola Ajayi Alh. Abdu Dantata Ms. Maryam Bashir
Registered office	GDNL Administrative Building Terminal E, Shed 20 NPA Apapa Wharf Complex Apapa Lagos
Holding company	Dangote Industries Limited, incorporated in Nigeria
Ultimate holding company	Dangote Industries Limited, incorporated in Nigeria
Auditors	PricewaterhouseCoopers Chartered Accountants Landmark Towers Plot 5B, Water Corporation Road Victoria Island Lagos
Bankers	Access Bank Plc Diamond Bank Plc Ecobank Plc Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc Guaranty Trust Bank Plc Jaiz Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Sterling Bank Plc Union Bank of Nigeria Plc Unity Bank Plc United Bank for Africa Plc Zenith Bank Plc
Company Secretary/Legal Adviser	Mrs. Chioma Madubuko 3rd Floor, GDNL Administrative Building Terminal E, Shed 20 NPA Apapa Wharf Complex Apapa Lagos
Registrars	Veritas Registrars Limited Plot 89A Ajose Adeogun Street Victoria Island Lagos

REPORT OF THE DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2018.

The Directors present their report on the affairs of Dangote Sugar Refinery Plc. (DSR) together with the Audited Financial Statements of the Company for the year ended 31st December, 2018. In the opinion of the Directors, the state of the Company's affairs is satisfactory, and the Financial Statements presented give a true and fair view of the state of the Company during the financial year under review.

1 Legal Form

The Company was incorporated on January 4, 2005 as a Public Limited Liability Company. DSR Plc's shares were listed on the Nigerian Stock Exchange (NSE), on March 18, 2007 and has since been traded on the NSE.

2 Principal activities

The Company's principal activity remains the refining of raw sugar into edible sugar and selling the refined sugar. The Company has begun its Backward Integration Project (BIP) with a 10-year sugar development plan to produce 1.5 million MT/PA of sugar from locally grown sugarcane. The project has commenced with its acquisition of Savannah Sugar Company limited (SSCL) at Numan, in Adamawa State, and other Green Project sites across Nigeria.as well as four other BIP sugar companies; Dangote Taraba Sugar Limited, Dangote Adamawa Sugar Limited, Nasarawa Sugar Company Limited and Dangote Niger Sugar Limited.

3 Results and dividends

The Group and Company's results for the year ended December 31, 2018 are set out on page 28. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross Profit	39,685,360	50,988,094	41,959,198	52,538,478
Profit before Income Tax	34,601,057	53,598,868	38,455,530	54,882,983
Taxation	12,624,589	13,815,263	12,624,589	17,060,374
Profit for the year	21,976,468	39,783,605	25,830,941	37,822,609
Non-controlling interest	(192,724)	98,050	-	-
Profit attributable to owners of the Parent Company	22,169,191	39,685,555	25,830,941	37,822,609

Dangote Sugar Refinery Plc.'s outlook for 2018 and beyond shows confidently, that the Company will continue operational existence for the foreseeable future as at the time when the Consolidated Financial Statements were approved.

Statement of Affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the reporting date which would affect the financial statement as presented.

4 Directors' Responsibilities

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

In doing so, the Directors' responsibilities include ensuring that:
a) proper accounting records are maintained;
b) applicable accounting standards are followed;
c) suitable accounting policies are adopted and consistently applied;
d) judgments and estimates made are reasonable and prudent;
e) the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
f) internal control procedures are instituted which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities.

5 Directors and their Interests

i. The names of all the Directors who held office during the year under review and, are currently in office are as follows:

Aliko Dangote, GCON	Chairman
Abdullahi Sule	Group Managing Director- Resigned. 1st of August 2018
Sani Dangote	Non-Executive Director
Olakunle Alake	Non-Executive Director
Bennedikter Molokwu	Non-Executive Director
Konyinsola Ajayi, SAN	Non-Executive Director
Uzoma Nwankwo	Non-Executive Director
Abdu Dantata	Non-Executive Director
Maryam Bashir	Non-Executive Director

Report of the Directors (continued)

The Directors' biographical details appear on pages ___& __ of this report. As at the last Annual General Meeting, there was no change in the Board Composition of DSR Plc. The appointment of Directors is governed by the Company's Articles of Association, the

ii. In accordance with Article 62(b) & (c) of the Company's Articles of Association, the Directors retiring by rotation are Mr. Uzoma Nwankwo and Alhaji Sani Dangote, and being eligible, offer themselves for re-election.

iii. No Director has a service contract not determinable within five years.

Selection of New Directors and Board Membership Criteria

The Board Governance Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. The Policy for Appointment and removal of Directors and determining Directors' independence forms part of the Directors' Report.

Familiarisation Programme for Independent Directors (ID)

All new IDs inducted on the Board are given an orientation. Presentations are made by Executive Directors and senior management, giving an overview of the Company's operations, products, group structure and subsidiaries, Board constitution and guidelines, matters reserved for the Board, and the major risks and risk management strategy.

6 Directors' Shareholding

The direct interest of Directors in the issued share capital of the Company as stated in the register of Directors Shareholding and as notified by the Directors, in compliance with Sections 275 and 276 of the Companies and Allied Matters Act (CAMA) and the listing requirements of the Nigerian Stock Exchange is as follows:

Number of shares held as at:

	31-Dec-18	31-Dec-17
Aliko Dangote, GCON	653,095,014	653,095,014
Sani Dangote	Nil	Nil
Olakunle Alake	7,194,000	7,194,000
Abdullahi Sule	997,987	997,987
Bennedikter Molokwu	1,483,400	1,483,400
Abdu Dantata	1,044,000	1,044,000
Uzoma Nwankwo	384,692	384,692
Konyinsola Ajayi, SAN	Nil	Nil
Maryam Bashir	Nil	Nil

7 Directors' interest in contracts

In compliance with Section 277 of CAMA, all contracts with related parties during the year were conducted at arm's length. Information relating to related parties transactions are contained in Note 35 of the Financial Statements.

8 Corporate Governance

The Board at Dangote Sugar Refinery Plc., is committed to achieving sustainable long-term success and ensuring the implementation of best practice in corporate governance principles and implementation within the Company. This commitment, plays an integral part in ensuring consistency and rigour in decision-making to ensure shareholders continue to receive maximized value from their investments.

The Company's business is largely self-regulated and it prides itself as the industry leader in Nigeria. The Company is committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria, the requirements of the Nigeria Stock Exchange and the SEC Code of Corporate Governance for Public Companies in Nigeria.

Report of the Directors (continued)

The Company complied with these Corporate Governance requirements during the year under review as set out below:

Strategy and Management

- Input into the development of the long-term objectives and overall commercial strategy for the Company;
- Oversight of the Company's operations;
- Review of performance in the light of the Company's strategy, objectives, business plans and budget and ensuring that any necessary corrective action is taken;
- Extension of the Company's activities into new business or geographic areas; and
- Any decision to cease to operate all or any material part of the Company's business.

Structure and Capital

- Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs;
- Major changes to the Company's corporate structure;
- Changes to the Company's Management and control structure; and
- Any changes to the Company's listing or its status as a Public Limited Company.

Financial Reporting and Controls

- Approval of preliminary announcements if interim and final results;
- Approval of the annual report and accounts, including the Corporate Governance statement;
- Approval of the dividend policy;
- Declaration of the interim dividend and recommendation of the final dividend;
- Approval of any significant changes in accounting policies or practices; and
- Approval of treasury policies including foreign currency.

Internal Controls

Ensuring maintenance of a sound system of Internal Control and Risk Management including:
- Receiving reports from the Finance and Risk Management and Assurance Committee, and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives;
- Undertaking an annual assessment of these processes through the Finance and Risk Management and Assurance Committee; and
- Approving an appropriate statement for inclusion in the report.

Contracts

- Major capital projects;
- Contracts which are strategically material due to size, entered by the Company in the ordinary course of business, for example bank borrowings and acquisition or disposals of fixed assets of amounts above the threshold reserved for Executive Directors under the schedule of limits and authorities; and
- Major investments including the acquisition or disposal of interest of more than five (5) percent in the voting shares of any Company or the making of any takeover offer.

Communication

- Approval of Resolutions and corresponding documentation to be put forward to Shareholders at a General Meeting;
- Approval of all circulars and listing approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a Committee; and
- Approval of all circulars and listing approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a Committee.

Report of the Directors (continued)

Board Membership and other Appointments

- Changes to the structure, size and composition of the Board, following recommendations from the Board Governance Committee;
- Ensuring adequate succession planning for the Board and Senior Management following recommendations from the Board Governance Committee;
- Appointments to the Board, following recommendations by the Board Governance Committee;
- Appointment of Non-Executive Directors including Independent Directors following recommendations by the Board Governance Committee;
- Membership and Chairmanship of Board Committees;
- Continuation in office of Directors at the end of their term of office when they are due to be re-elected by Shareholders at the Annual General Meeting (AGM) or otherwise as appropriate;
- Appointment or removal of the Company Secretary following recommendations by the Board Governance Committee;
- Continuation in office of Non-Executive Directors at any time;
- Appointment, reappointment or removal of the External Auditor to be put to Shareholders for approval, following the recommendation of the Audit and Risk Management and Assurance Committee; and
- Appointment to the Boards of subsidiaries.

Remuneration

- Approval of the remuneration of Directors, Company Secretary and other Senior Executives following recommendations by the Board Governance Committee;
- Approval of the remuneration of the Non-Executive Directors, subject to the Articles of Association and Shareholder approval as appropriate following recommendations by the Board Governance Committee; and
- The introduction of new share incentives plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Board of Governance Committee.

Delegation of Authority

- The division of responsibilities between the Chairman and the Chief Executive, which should be in writing;
- Approval of terms of reference of Board Committees; and
- Receiving reports from Board Committees of their activities.

Performance Evaluation process

- The Board Governance Committee oversees a formal evaluation process to assess the composition and performance of the Board, each Committee, and each individual Director on an annual basis;
- The assessment is conducted to ensure the Board, Committees and individual members are effective and productive and to identify opportunities for improvement and skill set needs; and
- As part of the process, each member completes a detailed and thorough questionnaire. While results are aggregated and summarized for discussion purposes, individual responses are not attributed to any member and are kept confidential to ensure honest and candid feedback is received. The Governance and Remuneration Committee reports annually to the full Board on the outcome of its assessment. A Director will not be nominated for re-election unless it is affirmatively determined that he/she is substantially contributing to the overall effectiveness of the Board and the result of the evaluation published against the name of each director in the annual reports.

Code of Business Conduct and Code of Governance for Directors

The Company has a code of business conduct which defines the Company's mission within a Corporate Governance framework. The code is applicable to all employees as well as Directors and business partners of the Company in business conduct. In the bid to continue to create awareness on the essence and importance of compliance and ethics to every aspect of the Company's operations and to bring compliance front of the mind, the Company emphasizes on the importance of compliance and has put in place measures to ensure that the laid-out procedures are followed always.

9 Substantial Interest in Shares

According to the Register of Members on 31 December, 2018, apart from Dangote Industries Limited with 8,122,446,281 ordinary shares of 50k each and Alhaji Aliko Dangote with 653,095,014 ordinary shares of 50k each, no other shareholder held more than 5% of the issued share capital of the Company.

Report of the Directors (continued)

10 Property, plant and equipment

Information relating to changes in property, plant and equipment is given in note 16 to the financial statements. In the opinion of the Directors, the fair value of the Company's property, plant and equipment is not less than the value shown in the financial statements.

11 Donations and Charitable Gifts

Dangote Sugar Refinery Plc identifies with the causes and aspirations of its operational environment by supporting charitable and worthy causes in the areas of education, health, skills acquisition, poverty alleviation and sports amongst others.

During the year under review, the beneficiaries are as follows: -

S/N	BENEFICIARY	AMOUNT
1	CORPORATE SOCIAL RESPONSIBILITY Support for SON campaign against unfortified suga	58,152,637
2	Media campaign Support against influx of unfortified sugar	50,000,000
3	Donation to Internally Displaced Persons in Nasarawa State	50,000,000
4	Donation of 10 Vehicles to Standards Organization of Nigeria	50,000,000
5	Yearly Support for Building & Research	20,000,000
6	Sponsorship of the Manufacturers Association of Nigeria 46th Annual General Manager	20,000,000
7	2018 International Conference on Lake Chad by the Federal Ministry of Water Resources	15,000,000
8	Presidential Technical Committee on Land Reform National Stakeholders Dialogue on Lanc	10,000,000
9	Nigeria Shippers Council 15th Committee on Maritime Seminar for Judges	10,000,000
10	Sponsorship of the Capital Market Correspondents of Nigerian Capital Market Performance	5,000,000
11	Committee of Wives of Lagos State Officials 18th Annual National Women Conference	5,000,000
12	Sponsorship of 2018 International Sugar Organization Seminar	3,107,906
13	Corporate Support to BMG Foundation	2,000,000
14	Donation to Maria Onyioza Makoju Foundation Scholarship Fund	1,000,000
15	Sponsorship of Lagos State 2018 World Food Day Celebration	900,000
16	Sponsorship of Ikoyi Club 79th Anniversary	500,000
17	Contribution to AFBTE request for Office Equipment donated to NAFDAC by the Associatio	450,000
18	Sponsorship of NIMN 2018 Conference	450,000
19	Sponsorship of Emergency Medicine Practitioners of Nigeria's 2nd AGM & Conference 2018	250,000
20	Sponsorship of Mega Bakers Exhibition	100,000
21	Sponsorship of Gloryville School Event	100,000
22	Living Word Schools Annual Sports Event	50,000
	TOTAL	302,060,543

During the year under review, no donation was made to any political party or organization.

12 Post Balance Sheet Events

There were no significant events after the Balance Sheet date which could have a material effect on the state of affairs of the Company as at 31 December 2018 and the profit for the year ended on that date.

13 Company's Distributors

The Company's products are sold through many distributors across the country.

Report of the Directors (continued)

14 Suppliers

The Company obtains its materials at arm's length basis from overseas and local suppliers. Amongst its main overseas and local suppliers are Bulk Commodities Dubai, Fairport UK, Unatrac, and Ericks UK, Dangote Agrosacks, Gaslink Nigeria ltd, Vitachem Nigeria Ltd, Biochemical Derivatives Nigeria Ltd, Istabaraqim Nigeria Ltd, amongst others.

15 Analysis of Shareholding as at 31 December, 2018

Range (Units)	No of Holders	Holders %	Units	Units %
1 - 10,000	84,180	85.12	181,925,702	1.52
10,001 - 50,000	11,445	11.57	234,151,588	1.95
50,001 - 500,000	2,926	2.96	355,065,662	2.96
500,001 - 1,000,000	128	0.13	92,965,304	0.77
1,000,001 - 10,000,000	173	0.17	520,044,762	4.33
10,000,001 - 50,000,000	28	0.03	560,714,351	4.67
50,000,001 - 100,000,000	8	0.01	576,425,874	4.80
100,000,001 - 500,000,000	4	0.00	703,165,462	5.86
500,000,001 - 12,000,000,000	2	0.00	8,775,541,295	73.13
	98,894	100	12,000,000,000	100

16 Human Resources

a. Employment and Employees

The Company reviews its employment policy in line with the needs of business and maintains a policy of giving fair consideration to the application for employment made. The Company remains an equal opportunities employer, with policies that prohibit discrimination against gender, race, religion or disability to its existing and potential employees. The Company focuses on attracting and retaining outstanding talents, that will add value and ensure that all stipulated high-performance indices are met.

b. Health, Safety and Environment

The Company enforces strict health and safety rules and practices at the work environment, which are reviewed regularly. It maintains a high standard of hygiene in all its premises through maintaining bespoke sanitation practices and the regular fumigation exercises, which have been enhanced by the installation of pest and rodent control gadgets. Fire-fighting prevention and drills are carried out periodically, while fire-fighting equipment and alerts have been installed in the offices and plants.

Health, Safety and Environment workshops amongst others are organized for all employees with a broad focus on good housekeeping to ensure a safe working environment. The Company provides fully paid nutritionally balanced meals for staff in the canteen. Regularly, the Company updates its staff on current issues as they relate to diseases including HIV/AIDS, High Blood Pressure and other serious diseases through health talks, health assessments and information sharing.

c. Employee training and development

The Company places premium on its human capital development for improved efficiency of the business and maintenance of a strategic manpower advantage over competition. During the year under review, the Company invested in the training and development of its workforce through in-house and external training programmes locally and overseas across all job functions. Employees were also encouraged to develop themselves to their full potentials, and are carried along on developments in the Company through Quarterly Management briefings and provision of information through the Corporate Communications and Human Resources/Administration departments.

Report of the Directors (continued)

d. Industrial/Employees Relations

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through Management's open door policy and improved communication channels. These channels include the e-mail and intranet and the entrenchment of regular departmental meetings. The relationship between management and the in-house unions remains very cordial. Regular dialogue takes place at informal and formal levels.

e. Employment of physically disabled persons

The Company maintains a policy of giving fair consideration to applications from physically disabled persons bearing in mind their respective aptitudes and abilities. In the event of members of staff becoming disabled in the course of their employment, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged.

f. Staff Welfare

The Company has retainership agreement with several private hospitals to whom cases of illness are referred to for treatment and/or admission. The Company provides subsidy to employees in respect of transportation, lunch, housing and health care. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses, promotions and wage review.

g. Retirement Benefits

In line with the provisions of the Pension Reform Act of 2014, the Company operates the uniform contributory pension scheme for all employees, independent of its finances. The scheme is funded by the employees and DSR's contributions of 10% each, of the employee's monthly basic, housing and transport allowances, and remitted monthly to the employee's choice of Pension Fund Administrator.

17 Auditors

The Auditors PricewaterhouseCoopers, have satisfied the relevant corporate rules on their tenure in office, and have indicated their willingness to continue in office as Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act. Cap C20 Laws of the Federation of Nigeria, 2004.

By Order of the Board

CHIOMA MADUBUKO (MRS.)
Company Secretary/Legal Adviser
FRC/2014/NBA/00000007451
3rd Floor, Greenview Development Nigeria Ltd Building,
Terminal "E" Apapa Port Complex.
Lagos, Nigeria.
Dated this 1st day of April, 2019

Corporate Governance Report

Dear Shareholders,

Dangote Sugar Refinery Plc is committed to maintaining the highest standards of Corporate Governance in the Company. Its business is conducted in compliance with relevant laws and regulations and in line with global best practices. Consequently, the Company regularly reappraises its processes to ensure that it's business conforms to best practice always.

The Board of Directors of Dangote Sugar Refinery Plc (DSR) are pleased to report that during the year ended December 31, 2018, the Company complied with the principles and guidelines of its Corporate Governance Code and the Securities and Exchange Commission Code of Corporate Governance for Public Companies ("the SEC Code").

The Board remains committed to DSR values and pledge to safeguard and increase the value of our Company by wholesome Corporate Governance practices by ensuring continuous compliance with all legal and regulatory requirements and global best practices, to remain a pace setter in good Corporate Governance practices.

In furtherance of the Board's commitment to best practice in Corporate Governance, the Directors participated in the Fiduciary Awareness Certification Test (FACT) of the Corporate Governance Rating System (CGRS) introduced by the Nigerian Stock Exchange and The Convention On Business Integrity, and all the Directors passed the test and were certified.

The Board of Directors is accountable to shareholders for creating and delivering sustainable value through the management of the Company. To this end, the Board of Directors has put in place mechanisms that assist it to review, on a regular basis, the operations of the Company to ensure that business is conducted in accordance with good Corporate Governance and global best practices.

The Company produces a comprehensive Annual Report and Financial Statements in compliance with the Companies and Allied Matters Act. Risk based internal control procedures were established to ensure that the documents disclose the business and provide detailed audited Financial Statements in accordance with the relevant Accounting Standards and Regulations.

Our Shareholders are encouraged to embrace the e-Dividend in all its ramifications. This is consistent with the Dangote Sugar Refinery Plc overall business strategy and Shareholder value creation. This is to enable the Company to pay the Dividends due to Shareholders through direct credit of their chosen bank accounts immediately after they are declared. Consequently, we have requested all Shareholders to complete the detachable form in the Annual Report, to provide our Registrars, Veritas Registrars Limited. with their bank and other details.

Board of Directors

The Board is made up of a non-executive Chairman, and seven non-executive Directors, four of whom are Independent Directors. The Board has the overall responsibility for setting the strategic direction of the Company, and ensuring that the Company is appropriately managed towards the achievement of the Company's strategic objectives.

Responsibilities of the Board

The Board ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The Board is responsible among others, for:

- the determination and approval of the strategic objectives and policies of the Company to deliver long-term value;
- approval of the Company's medium and short-term plan and its annual operating and capital expenditure budget;
- the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices;
- approval of major changes to the Company's corporate structure and changes relating to the Company's capital structure or its status as a public limited Company;
- recommendation to shareholders of the appointment or removal of Auditors and the remuneration of Auditors;

Corporate Governance Report (continued)

- the determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and Senior Management and Board Committee membership;
- assessing its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual Director; and
- approval of policies on significant issues, including Enterprise-wide Risk Management, Human Resources, Credit administration, Corporate Governance and Anti – Money laundering, and approval of all matters of importance to the Company, considering their strategic, financial, risk or reputational implications or consequences.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Company. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom. The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Operating Officer, who is supported by executive Management. Chief Operating Office executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies.

The Board carries out its oversight functions using its various Board Committees whose terms of reference and Charters clearly define their roles, responsibilities in such a way to avoid overlap or duplication of functions. Each Committee is chaired by a non–executive Director, while the Audit Committee is chaired by a representative of the Shareholders.

Meetings of the Board of Directors

The Board of Directors holds at least four (4) meetings a year, to consider important corporate events and actions such as approval of corporate strategy, annual corporate plan, audited financial statements, review of Internal Risk Management and control systems, performance review; direct the affairs of the Company, its operations, finances and formulate growth strategies. However, it may convene a meeting as business of the Company demands.

Record of Directors' Meeting

In line with the provisions of **Section 258(2) of the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria, 2004**, the record of Directors' attendance at Board meetings is available for inspection at the Annual General Meeting.

Committees of the Board of Directors

The Board delegated some of its responsibilities to standing Committees that consists of Executive and non–Executive Directors. In compliance with the practices of good Corporate Governance, the Chairman of the Board of Directors is not a member of any of these Committees. The Committees are the Governance, Finance and Risk Management and Assurance Committees. The Committees report to the Board of Directors on their activities and recommendations, which are ratified by the full Board, at a subsequent Meeting.

Board Finance Committee

The Committee is made up of five Directors, with an independent Director as Chairman.

Members of the Committee are:

Ms. Bennedikter Molokwu	Chair Person
Mr. Olakunle Alake	Member
Engr. Abdullahi Sule	Member-Resigned on the 1st of August 2018.
Alhaji Abdu Dantata	Member
Ms. Maryam Bashir	Member

Corporate Governance Report (continued)

Terms of reference

- Review and recommend for approval by the Board, the financial and business plan of the Company as well as its quarterly and annual operating and capital budgets and forecasts and revisions thereto, proposed by Management;

- Ensure the completeness and accuracy of Financial Statements – quarterly, half year and annual accounts, make reports and recommendations to the Board, and oversee the proper disclosure of its financial information;

- Review the capital appropriation plans of the Company and provide advice and guidance on the authorization limits established by the Board;

- Review the Company's financial policies, capital structure, matters affecting the capital like mergers and acquisitions, divestments and acquisitions, loan repayments, guarantees, assumptions of debt, foreign currency transactions and major disposals not in the ordinary course of its business or that of its subsidiaries;

- Periodically review investment and operation performance plans, make recommendations regarding the financial, accounting, actuarial and investment policies, practices and guidelines, tax planning and compliance programmes and provide guidance and advisory recommendations;

- Develop alternative strategies to improve funding and ensure a balance between strategic priorities and resource availability;

- Appraise major equity or other investments, any share repurchases, plans or disposals of shareholding interests of more than 5% or take-over action, participation in joint ventures, partnerships or similar initiatives and make recommendations to the Board;

- Annually review the Company's Dividend policy and make recommendations to the Board on the dividend to be declared;

- Review of summaries of certain contractual obligations prepared by Management, including certain human resources, business process, outsourcing contracts and certain consulting contracts;

- Periodically review major banking, investment advisors, subsidiaries, customer and competitor activities and the impact of the Company's actions on those relationships; and

- Review with Management and the Board Governance Committee the Company's retirement strategy, gratuity, defined benefit and contributions plans and make recommendations performance and funding of the plan assets.

Board Governance Committee

The Committee is comprised of three Directors, chaired by an independent Director.

Members of the Committee are:

Dr. Konyinsola Ajayi, SAN	Chairman
Ms. Maryam Bashir	Member
Mr. Uzoma Nwankwo	Member

Terms of reference

- Review the Board structure, size, the required mix of skills, experience and other qualities of the Directors to assess the effectiveness of the Board, its Committees and the contribution of each Director, and recommend to the Board on any adjustments deemed necessary;

- Recommend to the Board on the appointment of new Executive and non-Executive Directors, including alternate Directors, to ensure that a balance exists between Executive and non-Executive Directors;

- Establish the general human resources policies, including the retirement age, the exit criteria, retirement and termination payments and benefits for Executive and non-Executive Directors and key officers, and review and propose necessary changes of the policies;

- Ensure that a fair and competitive Remuneration Policy which defines the criteria and mechanism for determining levels of remuneration and the frequency for review of such criteria and mechanism is in place. The policy defines a process for the determination of Executive and non-Executive compensation, as well as providing to what extent Executive Directors rewards should be linked to corporate and individual performance;

- Conduct periodic reviews of the organogram, size, composition, effectiveness of the senior Management and the human resources policies of the organisation for the Executive Directors and key officers against current industry practice and emplace professional Executive recruitment publications for DSR Plc, thereby creating a clear understanding of the different methods of recruiting, training, motivating, retaining and remunerating Executive Directors and key officers;

- Determine and recommend the criteria necessary to measure the performance of Directors and the Senior Executives and the Directors in discharging their functions and responsibilities, including setting performance bonuses or incentives;

Corporate Governance Report (continued)

- Ensure that performance evaluation or appraisal are conducted internally by the Board Governance Committee, and at least once in three years by an external Consultant;

- Ensure that a duly approved Trust Deed governs the policy and administration of the Employee Shares Ownership or Incentive Scheme and to recommend acceptable changes to the policy or other developments to the Board;

- Put in place in collaboration with the Company Secretary, induction and continuing education programmes for the Directors, to keep the skills required on the Board at its optimum level and to ensure that Corporate Governance training permeates the organisation;

- Provide the policy and framework for compliance with laws, regulations and principles of Corporate Governance and to provide the mechanisms for periodic assessment of compliance, including compliance by significant vendors and consultants;

- Monitor changes and proposed changes in laws, regulations and rules affecting the organisation and obtain regular updates from the Legal Counsel or Company Secretary regarding compliance matters;

- Communicate with the Board regarding the organisation's policy on ethics, code of conduct and fraud policy as it relates to internal control, financial reporting activities and all disclosures and related party transactions; and

- Put in place a mechanism, whereby the findings of any inspections by regulatory agencies and Auditor observations, including investigations of standards, hazards, compliance, misconduct or fraud are considered and acted upon.

Board Risk Management and Assurance Committee

The Committee comprises of six Directors and the Members are:

Mr. Uzoma Nwankwo	Chairman
Engr. Abdullahi Sule	Member- Resigned on the 1st of August 2018
Ms. Bennedikter Molokwu	Member
Dr. Konyinsola Ajayi, SAN	Member
Mr. Olakunle Alake	Member
Ms. Maryam Bashir	Member

Terms of reference

The Committee has oversight responsibility for the overall risk assessment of the various areas of the Company's operations and compliance. Consequently, it receives reports from Management concerning the Company's Risk Management principles, policies, processes and practices for its review and report to the Board that:

- Adequate systems are in place for the effective identification and assessment of all areas of potential material business risk;
- Adequate policies, processes and procedures have been designed and implemented to manage identified material risks; and
- Appropriate action is taken to bring the identified material risks within the Company's risk tolerance levels.

Actions the Committee will undertake to fulfill its duties and responsibilities, include the following:

- Ensure the design and implementation of the Risk Management framework and internal control systems, in conjunction with existing business processes and systems, to manage the Company's material business risk exposures;

- Monitor the risk profile of the Company against the agreed Company risk appetite and Risk Management framework;

- Ensure the establishment of processes and procedures for the monitoring and evaluation of the Company's Risk Management systems to assess the effectiveness of those systems in minimizing material risks that may impact adversely on the business objectives of the Company;

- Establish reporting guidelines for Management to report to the Committee on the effectiveness of the management of the Company's material business risk exposures;

- Evaluate the adequacy and effectiveness of the Company's Risk Management systems by reviewing the Company's risk registers;

- Review and recommend on the strategic direction, objectives and effectiveness of the Company's Risk Management policies; and

- Receive reports from Management concerning the implications of new and emerging risks, legislative or regulatory initiatives and changes, organizational change and major initiatives, to assess and evaluate the potential impact on the strategy and business objectives of the Company.

Corporate Governance Report (continued)

Whistle Blower Administration

The Board of Directors on the recommendation of the Board Risk Management and Assurance Committee approved the provision of an appropriate confidential framework and mechanism for whistle-blowers to provide information on potentially illegal, fraudulent reporting or breaches of internal control. This mechanism has been very helpful in identifying areas of internal control breaches within the Company. This can be found on the Company's website.

Terms of reference

- Ensure the creation and maintenance of an appropriate whistle-blower mechanism and framework for the reporting of financial statement fraud and other fraud and inappropriate or improper activities which is sufficiently discrete and secure with assurances of the highest confidentiality and protection for matters raised in good faith;

- Exercise the power to carry out any special investigation that may become necessary;

- Retain independent counsel, accountants, or other specialists as it may deem necessary to advise the Committee or assist in the conduct of an investigation; and

- Report the summary of reported cases to the Board, issues raised or received and reviewed by the Committee, the process and results of any investigation, problems encountered together with its recommended causes of action.

Audit Committee

The Audit Committee is established in line with Section 359(6) of the Companies and Allied Matters Act, 1990. The Audit Committee is made up six (6) members, three (3) members representing the Shareholders elected at the Annual General Meeting, and three (3) non-executive Directors. In compliance with the requirement of Corporate Governance practice, a representative of the Shareholders chairs the Committee.

Members of the Committee

Mr. Segun Olusanya	Chairman/Shareholder Representative
Hadjia Muheebat Dankaka, OON	Shareholder Representative
Mallam Dahiru Ado	Shareholder Representative
Ms. Bennedikter Molokwu	Non- Executive Director
Mr. Olakunle Alake	Non- Executive Director
Dr. Konyinsola Ajayi, SAN	Non- Executive Director

Terms of reference

- Evaluate the Company's interim and annual Financial Statements for reasonableness, completeness and accuracy and consistency with information known to Committee members and appropriate accounting policies and principles, prior to issue and approval by the Board and. with the internal and external Auditors' review the integrity of the Company's financial reporting process:

- Review significant accounting and reporting issues including complex or unusual transactions, proposed adjustments and areas of judgement involved in the compilation of the Company's results under accounting standards or IFRS as well as recent professional and regulatory pronouncements especially their impact on the Financial Statements;

- Review with Management, the internal Auditors and the external Auditors the results of the audit including resolving any difficulties that were encountered adjustments and assessing any improved reporting suggestions proposed by them;

- Review with the General Counsel the status of legal matters that may influence the Financial Statements and ensure that the Financial Statements reflect appropriate accounting principles; and

- Review annual and interim Financial Statements prior to filing with regulators to ensure that the statements by Management concerning their responsibility for the assessment of the effectiveness of the internal control structure and the procedures for financial reporting are correct.

Corporate Governance Report (continued)

ATTENDANCE OF MEETINGS BY MEMBERS OF DSR PLC BOARD OF DIRECTORS/BOARD COMMITTEES FROM JANUARY 1 TO DECEMBER 31, 2018.

BOARD OF DIRECTORS MEETING HELD FOR THE YEAR 2018

DIRECTORS	ATTENDANCE						
	30 JAN	19 MAR	20 APR	21 JUNE	19 JULY	24 OCT	14 DEC
ALHAJI ALIKO DANGOTE, GCON	✓	✓	✓	✓	✓	✓	✓
ALHAJI SANI DANGOTE	✓	A	A	A	A	A	A
MR. OLAKUNLE ALAKE	✓	✓	✓	✓	✓	✓	✓
ENGR. ABDULLAHI SULE	✓	✓	✓	✓	✓	R	R
ALHAJI ABDU DANTATA	✓	✓	✓	✓	✓	✓	A
MS. BENNEDIKTER MOLOKWU	✓	✓	✓	✓	✓	✓	✓
MS. MARYAM BASHIR	✓	✓	✓	✓	✓	✓	✓
DR. KONYINSOLA AJAYI, SAN	A	✓	✓	✓	✓	A	✓
MR. UZOMA NWANKWO	✓	✓	✓	✓	A	A	✓

BOARD FINANCE COMMITTEE MEETING

DIRECTORS	ATTENDANCE				
	24 JAN	19 MAR	17 APR	16 JUL	23 OCT
MS. BENNEDIKTER MOLOKWU	✓	✓	A	✓	✓
MR. OLAKUNLE ALAKE	✓	✓	✓	✓	✓
ENGR. ABDULLAHI SULE	✓	✓	✓	✓	R
ALHAJI ABDU DANTATA	✓	✓	A	✓	✓
MS. MARYAM BASHIR	✓	✓	✓	A	✓

BOARD RISK MANAGEMENT & ASSURANCE COMMITTEE MEETING

DIRECTORS	ATTENDANCE		
	16 APR	30 JULY	30 DEC
MR. UZOMA NWANKWO	✓	✓	✓
MR. OLAKUNLE ALAKE	✓	✓	✓
MS. BENNEDIKTER MOLOKWU	A	✓	✓
DR. KONYINSOLA AJAYI, SAN	✓	✓	✓
MS. MARYAM BASHIR	✓	✓	✓
ENGR. ABDULLAHI SULE	✓	✓	R

BOARD GOVERNANCE COMMITTEE MEETING

DIRECTORS	ATTENDANCE		
	24 APR	10 JULY	18 JULY
DR. KONYINSOLA AJAYI, SAN	✓	✓	✓
MS. MARYAM BASHIR	✓	✓	✓
MR. UZOMA NWANKWO	A	✓	✓

Corporate Governance Report (continued)

BOARD AUDIT COMMITTEE MEETING

DIRECTORS	ATTENDANCE	
	23 MAR	13 SEPT.
MR. OLUSEGUN OLUSANYA	A	✓
MR. OLAKUNLE ALAKE	A	✓
MS. BENNEDIKTER MOLOKWU	✓	✓
DR. KONYINSOLA AJAYI, SAN	✓	✓
HADJIA MUHEEBAT DANKAKA, OON	✓	✓
MALLAM DAHIRU ADO	✓	✓

NOTES
✓ : Present
A : Apology
R : Resigned

Securities Trading Policy

In compliance with the provisions of Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange, 2014, the Directors and Employees of the Company, their immediate families, that is spouse, son, daughter, mother or father, and other insiders as defined under Section 315 of Investments and Securities Act, (ISA) and Rule 110 (3) of the SEC Rules and Regulations, are prohibited from buying or selling shares of the Company during the period stated below, in order to avoid occurrence of insider trading of the stocks of the Company, as defined under the Investments and Securities Act, 2007.

Consequently, and in accordance with Section 14.4 of the same Rules, compliance of the Rules by the Employees and Directors of the Company, will be disclosed in the Company's unaudited quarterly Financial Statements and the Audited Financial Statements.

Closed Period

The closed period shall be at the time of:
a. Declaration of Financial results (quarterly, half-yearly and annually);
b. Declaration of Dividends (interim and final);
c. Issue of Securities by way of Public Offer or Rights or Bonus Issues, etc
d. Any major expansion plans or winning of bid or execution of new projects
e. Amalgamation, Mergers, Takeovers and buy-back;
f. Disposal of the whole or a substantial part of the undertaking;
g. Any changes in policies, plans or operations of the Company that are likely; to materially affect the prices of the Securities of the Company;
h. Disruption of operations due to natural calamities;
i. Litigation/Dispute with a material impact;
j. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the Securities of the Company.

Period of Closure

The period of Closure shall be effective 15 (Fifteen days) prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters referred to above or the date of circulation of Agenda papers pertaining to any of the matters referred to above, whichever is earlier, up to 24 hours after the sensitive information is submitted to The Stock Exchange Commission. The trading window shall thereafter be opened.

Employees and Directors should inform the Company Secretary in writing of their dealings with the Company's shares on quarterly basis, on or before two weeks to the end of the quarter; and confirm that they complied with the Company's Securities Trading Policy.

Corporate Governance Report (continued)

COMPLAINT MANAGEMENT POLICY

1 Introduction
This Complaint Management Policy ("the Policy") has been prepared by Dangote Sugar Refinery Plc ("the Company") pursuant to the requirements of the Securities & Exchange Commission's Rules relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16th February, 2015 and The Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22nd April, 2015.

This Policy is to address complaints arising out of issues under the purview of the Investments and Securities Act 2007 (ISA), the Rules and Regulations made pursuant to the ISA, The Rules and Regulations of Securities Exchanges and guidelines of recognized trade associations. Also, this Policy has been prepared in recognition of the need to promote and facilitate increased Shareholder/Investor confidence in the Company, through the prompt and effective management of complaints.

The Policy outlines the wide-ranging structure by which the Company and its Registrars will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for the Company's shareholders to provide feedback to the Company on matters that affect them.

This Policy shall be applicable only to the Company's shareholders and shall not extend to its customers, suppliers or other stakeholders.

2 Aim of the Policy
This Policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in an impartial, efficient and timely manner.

3 Responsibilities of the Company
The Company is dedicated to ensuring that it anticipates, handles and resolves all complaints by its shareholders, through the following means:

a. By ensuring that shareholder related matters are duly acknowledged and addressed;
b. By providing an effective platform for efficient and fair investigation of shareholder complaints and enquiries;
c. By ensuring that there are sufficient processes deployed to ensure that shareholders' complaints and enquiries are dealt with promptly and adequately;
d. By establishing a transparent and efficient means of access to shareholder information;
e. By facilitating efficient and easy access to shareholder information.

4 Procedure for Shareholder Complaints
Shareholders can make complaints or enquires and access relevant information about their shareholdings in the following manner:

i. The Registrars:

a. Shareholders who wish to make a complaint or enquiry shall, in the first instance, contact the Registrar (contact details of the Registrars are set out in Section 9 of this Policy). The Registrars shall manage all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others:
b. Upon receipt of a complaint or an enquiry, the Registrars shall immediately provide the relevant details of such complaint or enquiry to the Company for monitoring, record keeping and reporting purposes.
c. In resolving complaints or enquiries, the Registrars shall be guided by Section 5 (Shareholder Complaint Management) of this Policy.

ii. The Company Secretary

Where the Registrars are unable to satisfactorily address shareholder's enquiries and resolve his/her complaint, the shareholder should contact the office of the Company Secretary (contact details of the Company Secretary is set out in Section 10 of this Policy).

Corporate Governance Report (continued)

COMPLAINT MANAGEMENT POLICY

5 Shareholder Complaint

For the making and resolution of complaints and enquiries, the Registrars and the Company shall be guided by the following:

a. All complaints filed shall contain material facts and supporting documents establishing claim.
b. All complaints must contain the following information:
 i. the name of the complainant;
 ii. full address;
 iii. mobile number;
 iv. email address;
 v. signature of the complainant; and
 vi. date of the complaint.
c. All complaints or enquiries received by e-mail shall be acknowledged within two (2) working days of receipt.
d. All complaints or enquiries received by post shall be acknowledged within five (5) working days of receipt.
e. All complaints or enquiries shall be resolved within ten (10) working days from the date of receipt of the complaint or enquiry.
f. The Nigerian Stock Exchange (NSE) shall be notified, within two (2) working days, of the resolution of a complaint or enquiry.
g. Where a complaint/ enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified about the delay. Please note that delays may be experienced in some situations, including where documents need to be retrieved from storage.
h. Where a complaint cannot be resolved within the stipulated period, the Shareholder may refer the complaint to NSE within two (2) working days of being informed of the delay. The letter of referral shall be accompanied by a summary of the proceedings of events leading to the referral and copies of the relevant supporting documents.
i. Upon resolution of the complaint or enquiry, a response shall be forwarded to the complainant through the same medium by which the complaint or enquiry was received (whether by email, post or fax), unless otherwise notified to or agreed with the shareholder.

6 Electronic Complaints Register

The Company shall maintain an Electronic Complaints Register. The Electronic Complaints Register shall include the following information:
- The Shareholder/Complainant's information (including name, full address, mobile number, e-mail address and signature);
- The date of receipt of the enquiry or complaint;
- The Nature and Details of the enquiry or complaint;
- The Status update and action(s) taken in respect of the complaint;
- Date of the Resolution of the complaint; and
- Any additional remarks or comments.

7 Quarterly Reporting

The Company shall provide information on the details, action taken and current status of complaints to the Securities and Exchange Commission and The Nigerian Stock Exchange on a quarterly basis.

8 Liaison with the Registrars

During the investigation of a shareholder's enquiry, complaint or feedback, the Company may liaise with the Registrars, and the engagement with the Registrars will include:
- Determining the facts; and
- Determining what action has been undertaken by the Registrars (if any);
- Coordinating a response with the assistance of the Registrars.

- Coordinating a response with the assistance of the Registrars.

Corporate Governance Report (continued)

9 Contact Details of the Registrars

The Registrars may be contacted as follows:
Veritas Registrars
Plot 89A, Ajose Adeogun Street
P.O. Box 75315 Victoria Island Extension Lagos, Nigeria
Telephone: +234-1-2708930-4, 2784167-8
E-mail: enquiry@veritasregistrars.com
Website: www.veritasregistrars.com

10 Contact Details of the Company Secretary

Shareholders seeking to escalate unresolved complaints are invited to contact the Company Secretary as follows:

Office of the Company Secretary,
Dangote Sugar Refinery Plc
3rd Floor, Greenview Development Nigeria Ltd Building,
Terminal "E" Apapa Port Complex.
Lagos, Nigeria.
Telephone: +234 807 049 0002
E-mail: mydsr.shares@dangote.com
Website: www.dangotesugar.com.ng

11 Shareholder Access to this Policy

Shareholders will have access to this Policy through the following media:
- The Policy shall be available on the Company's website: (www.dangotesugar.com.ng)
- A copy of the Policy may be requested by contacting the Office of the Company Secretary.
- The Policy shall be made available for perusal at General Meetings of the Company.

12 Fees and Charges

Wherever possible, and subject to statutory requirements, the Company shall not charge shareholders for making enquiries, giving feedback, providing a response or for any aspect in resolving a shareholder's matter.

Please note that in certain circumstances, the Registrars may charge shareholders a fee (for example, to resend previous Dividend Statements upon request by the shareholder).

13 Review of this Policy

The Company may from time to time review this policy and the procedures concerning shareholders' enquiries, complaints and feedback. Any changes or subsequent versions of this Policy shall be published on the Company's website

Approved by the Board of the Company on the 1st day of April, 2019.

Chairman

Secretary

Report of the Audit Committee

In compliance with Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN, 2004, we have reviewed the consolidated and separate financial statements of Dangote Sugar Refinery Plc for the year ended 31st December, 2018 and hereby state as follows:

I We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN,2004;

II We deliberated with the external Auditors, who confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses on the Auditors' Memorandum of recommendations, and with the effectiveness of the Company's system of accounting and internal control;

III The accounting and reporting policies of the Company for the year ended 31st December, 2018 are in accordance with legal requirements and agreed ethical practices, and the scope and planning of both the external and internal audits were adequate in our opinion; and

IV In our opinion, the scope and planning of the audit for the year ended 31st December, 2018 were adequate, and the Management Responses to the Auditors' findings were satisfactory.

Mr. Olusegun Olusanya
Chairman, Audit Committee
FRC/2018/ICAN/00000018192

Dated this 1st day of April, 2019.

Members of the Audit Committee are:
Mallam Dahiru Ado
Hadjia Muheebat Dankaka, OON
Mr. Olakunle Alake
Dr. Konyinsola Ajayi, SAN
Ms. Bennedikter Molokwu

Chief Financial Officer's Review

Financial Highlights

	Group 2018 N'000	Group 2017 N'000
Revenue	150,373,083	204,422,379
EBITDA	37,599,872	51,408,712
EBITDA (%)	25%	25%
Operating profit	32,684,323	43,907,442
Profit Before Tax	34,601,057	53,598,868
Profit After Tax	21,976,468	39,783,605
Earnings per share (Naira)	1.85	3.31
Interim dividend	-	0.50
Dividend per share (proposed 'Naira)	1.10	1.25
Total assets	175,116,627	195,080,449

The business environment in 2018 was characterised by weak GDP growth and consumer demand as well as infrastructure deficiencies, and insecurity in parts of the country . There was however relative stability in the different segments of the Foreign exchange market.

The Apapa traffic gridlock situation continued unabated through out the year, equally impacting negatively on the traffic situation in neighbouring parts of Lagos state. The situation adversely impacted production activities as outbound logistic operations of the business were constrained.

The influx of low priced smuggled sugar into key markets in the country has continued through out the year exerting a downward pressure on selling price of sugar.

Against this back drop, the groups performance showed a year on year decline as shown above in most of the key financial indicators . There was a decline of 26% in revenue on account of reduced sales volumes and reduction in net selling price per unit

Group Sugar sales volumes decreased by 12% year on year to 587,899mt. Similarly production in the Apapa refinery reduced year on year by 14 % to 564,785mt. Seasonal Sugar production by Savannah Sugar Company Limited also reduced year on year by 28% to 12,375 mt.The average net selling price per 50kg bag reduced year on year by 17% to N12, 429. Not withstanding the downward pressure on net selling price by the increasing volumes of lower priced smuggled sugar in the market, the company recorded a gross margin of 26 % (vs 25% in 2017) through cost optimisation initiatives.

The performance of Savannah Sugar Company limited (SSCL) were adversely affected by reduced production output due to low cane yield. The low cane yield was a result of adverse impact on farming and agricultural activities of the 2 month closure of operations in the 2nd quarter of 2017, and the communal clashes with the Fulani herdsmen in the first quarter of 2018.

Overall the Profit Before Tax declined by 35% versus 2017.

Subsidiaries

During the year, the following companies which form part of the Backward Integration Project (BIP)were incorporated and consolidated in the Financial Statements of the group. This is indicative of the progress being made in BIP. They are Nasarawa Sugar Company Limited, Dangote Taraba Sugar Limited, Dangote Adamawa Sugar Limited and Dangote Niger Sugar Limited.

Chief Financial Officer's Review (continued)

Cashflow

The Group continued to ensure that its liquidity and working capital were optimally managed despite reduction in sales revenue and the ongoing funding of the Backward Integration Projects. Funds placed on short term fixed deposit in line with the Company's liquidity management policy earned an investment income of N2.5 billion against N3.3 billion realized in 2017, a decline of 24%. The Backward interation projects were funded largely from cashflows generated from operating activities.

Stability and Growth

The current ratio improved to 1.43 (vs 1.34 in 2017), whilst the the solvency ratio aslo showed year on year improvements to 2.21 (vs 1.90 in 2017). These ratios are indicative of the short term and long term stability of the Group.

Taxation

The tax payable by the Group are determined by the effective tax rates applicable to companies under the law remained the same for the year ended 31st December 2018. The newly consolidated companies within the Backward Integration Project are eligible for the Pioneer Status Incentive and as such this would be a tax benefit to the group.

Proposed Dividend

The Board has recommended for the shareholders' approval at the 13th Annual General Meeting holding on 18th, June 2019, a dividend of N1.10 per ordinary share of 50 kobo held in the Company as at 31 December 2018. If approved, the dividend will translate to the sum of N13.25 billion payable to members who are eligible for the year ended 31st December 2018.

Going Concern

The Directors continue to apply the Going Concern Principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Company's Going Concern capabilities.

Falade

Mrs. Adebola Falade
Chief Financial Officer
FRC/2016/ICAN/00000015167

Statement of Directors' Responsibilities

The Directors of Dangote Sugar Refinery Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at December 31, 2018, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act Cap C20 LFN 2004, the Financial Reporting Council of Nigeria Act 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for :

a) properly selecting and applying accounting policies;
b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
d) making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern

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

The consolidated and separate financial statements of the Group and Company for the year ended December 31, 2018 were approved by the Directors on April 1, 2019.

Signed on behalf of the Board of Directors By:

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

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

Independent auditor's report

To the Members of Dangote Sugar Refinery Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Dangote Sugar Refinery Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Dangote Sugar Refinery Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2018;
- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of biological assets (N1.8 billion) Biological assets comprise growing sugar cane held for harvesting purposes. In accordance with IAS 41, they are valued at fair value less cost to sell. We focused on the valuation of the biological assets due to the materiality of the balance and the effect the fair value estimate has on results. Furthermore the determination of the fair value estimates are complex and involve a significant amount of judgement. The directors have developed a model using the multi-period excess earnings method (MPEEM) under the income approach for the valuation of sugar cane. In order to generate a stream of cash flows to be used in this model, the directors calculate tonnage using information on hectares of farm land planted, the age of growing cane per hectare and a yield ratio. The cane price is then applied on the tonnage and discounted to arrive at the fair value of the sugar cane. The cane price is based on the industry out-grower price. The directors exercise significant judgement in determining the yield ratio, the discount rate, cost of sales, selling and distribution expenses, administrative expenses and contributory assets charges. This is considered a key audit matter in the consolidated financial statements only. See notes 2.19, 3 and 18 to the consolidated and separate financial statements.	We adopted a substantive approach to testing this balance by obtaining and performing audit procedures on the directors' valuation of the biological assets. We challenged the Group's model for calculating the fair value of biological assets by assessing the model against the criteria in IAS 41, Agriculture and IFRS 13, Fair value measurement. We tested the farm and factory information used in the valuation model (such as the yield ratio, hectare of farm land planted and the age of growing cane per hectare) by comparing with historical information from the farm and factory reports. Furthermore, we challenged information on yield ratio by comparing it against our expectation based on relevant industry data available. We checked the determination of cane price by comparing to the industry out-grower price for the year. We assessed the reasonableness of the discount rate used by the directors by comparing to the independent calculation done by our valuation experts. We assessed the reasonableness of costs of sales, selling and distribution expenses, administrative expenses and contributory assets charges by comparing to historical information and amounts determined based on current work standard. We tested the mathematical accuracy of the valuation model used by the directors and disclosures in the financial statements for reasonableness.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax asset (N7.2 billion) We focused on this area because of the materiality of deferred tax asset and the uncertainty around the directors' judgement in their estimation of the future taxable profit upon which deductible temporary differences or unused tax losses or credits will be applied. This matter is considered a key audit matter in the consolidated financial statements only. See notes 2.7, 3 and 13 to the consolidated and separate financial statements.	We adopted a substantive approach to testing the recoverability of deferred tax asset balance. We obtained the cash flow projections and forecast taxable profits used to support the directors' recognition of the deferred tax asset. We challenged the taxable profits forecasts and deferred tax utilization computation. Specifically we: - tested the taxable profits forecast provided by the directors by challenging the assumptions on the growth rate of taxable and non-taxable transactions income in relation to the historical trends and current business plan; and - used our tax specialists to challenge the directors' assessment of the relative useful lives of the components of the deferred tax asset in line with applicable tax laws. This was done to assess the viability of the director's plan for the recoverability of the deferred tax asset. - Reviewed the disclosures in the financial statements for reasonableness.
Valuation of trade and other receivables (N25.8 billion) We focused on this area because of the materiality of trade and other receivables and because the directors make significant and subjective judgement over the timing of recognition and amount of the related loss allowance. The adoption of IFRS 9 "Financial Instruments" introduced the expected credit loss (ECL) model, which requires significant judgement. The directors have adopted the simplified approach in assessing the loss allowance for trade receivables and the general approach for other receivables. Significant judgement exercised by the directors include: • definition of default and significant increase in credit risk adopted by the group. • methodology used to determine the loss rates for the calculation of the lifetime ECL. • Provision matrix adopted in determining the lifetime ECL. • incorporating forward looking information in the ECL model	We adopted a substantive approach to test this balance. Specifically, we: • Checked the reasonableness of the criteria identified in the definition of default and significant increase in credit risk. • Selected a sample of customer accounts to check the sales and settlement pattern used in developing the loss rates. • Examined the appropriateness of the provision matrix approach used to determine the lifetime ECL based on the requirements of IFRS 9. • Checked the forward-looking information used in the ECL model to externally available macroeconomic information and assessed reasonableness of the macroeconomic indices used. • Reviewed the disclosures for reasonableness.

This matter is considered a key audit matter in the consolidated and separate financial statements.

See notes 3, 4 and 23 to the consolidated and separate financial statements.

Other information

The directors are responsible for the other information. The other information comprises General Information, Report of the Directors, Corporate Governance Report, Report of the Audit Committee, Chief Financial Officer's Review, Statement of Directors' Responsibilities, Statement of value added and Five Year Financial Summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Dangote Sugar Refinery Plc 2018 Annual Report, which are expected to be made available to us after that date.

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

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

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

When we read the other sections of the Dangote Sugar Refinery Plc 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Edafe Erhie

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

1 April 2019

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143

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

	Note(s)	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Continuing operations					
Revenue	5	150,373,083	204,422,379	146,549,176	198,120,639
Cost of sales	6	(110,687,723)	(153,434,285)	(104,589,978)	(145,582,161)
Gross profit		**39,685,360**	**50,988,094**	**41,959,198**	**52,538,478**
Other income	11	569,237	401,686	234,074	196,233
Selling and distribution expenses	7	(978,159)	(1,132,154)	(969,000)	(954,437)
Administrative expenses	7	(6,793,423)	(6,350,181)	(5,438,193)	(4,766,083)
Impairment gains/(losses) on financial assets	23.3	201,308	(3)	201,308	(3)
Operating profit	14	**32,684,323**	**43,907,442**	**35,987,387**	**47,014,188**
Finance income	10	-	4,137,194	-	4,532,870
Finance costs	10	(293,243)	(278,436)	(67,127)	(28,332)
Finance income/(costs) - net		**(293,243)**	**3,858,758**	**(67,127)**	**4,504,538**
Investment income	8	2,535,271	3,364,257	2,535,270	3,364,257
Change in fair value of biological assets	9	(325,294)	2,468,411	-	-
Profit before tax		**34,601,057**	**53,598,868**	**38,455,530**	**54,882,983**
Taxation	12.1	(12,624,589)	(13,815,263)	(12,624,589)	(17,060,374)
Profit for the year		**21,976,468**	**39,783,605**	**25,830,941**	**37,822,609**
Profit attributable to:					
Owners of the parent		22,169,191	39,685,555	25,830,941	37,822,609
Non-controlling interest		(192,724)	98,050	-	-
		21,976,467	39,783,605	25,830,941	37,822,609
Total comprehensive income for the year		21,976,467	39,783,605	25,830,941	37,822,609
Total comprehensive income attributable to:					
Owners of the parent		22,169,191	39,685,555	25,830,941	37,822,609
Non-controlling interest		(192,724)	98,050	-	-
		21,976,467	39,783,605	25,830,941	37,822,609
Earnings per share					
Basic and diluted earnings per share (Naira)	15	1.85	3.31	2.15	3.15

The accompanying notes on pages 33 to 75 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of financial position as at December 31, 2018

	Note	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Assets					
Non-current assets					
Property, plant and equipment	16	64,256,114	59,413,689	29,963,120	35,594,867
Intangible assets	17	324	2,564	324	2,564
Other assets	19	11,605	3,200	11,605	3,200
Investment in subsidiaries	21	-	-	3,610,923	3,214,923
Deferred tax assets	13	7,173,178	7,173,178	-	-
Total non-current assets		**71,441,221**	**66,592,631**	**33,585,972**	**38,815,554**
Current assets					
Inventories	22	37,676,080	47,655,561	31,499,654	44,779,483
Biological assets	18	1,840,686	2,806,705	-	-
Trade and other receivables	23	41,330,194	35,436,598	91,025,731	70,895,546
Other assets	19	377,510	352,782	375,903	352,781
Asset held for sale	20	868,642	868,642	868,642	868,642
Cash and cash equivalents	24	21,582,294	41,367,530	21,167,809	40,352,658
Total current assets		**103,675,406**	**128,487,818**	**144,937,739**	**157,249,110**
Total assets		**175,116,627**	**195,080,449**	**178,523,711**	**196,064,664**
EQUITY					
Attributable to owners of Parent company					
Share capital	25	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
Retained earnings	26	87,010,225	80,577,948	94,859,602	86,886,834
		99,330,749	**92,898,472**	**107,180,126**	**99,207,358**
Non-controlling interest	27	(355,561)	(162,837)	-	-
		98,975,188	**92,735,635**	**107,180,126**	**99,207,358**
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	13	5,309,997	5,212,819	5,309,997	5,212,819
Borrowings	28	1,425,543	1,467,068	-	-
		6,735,540	**6,679,887**	**5,309,997**	**5,212,819**
Current Liabilities					
Current tax liabilities	12.3	12,373,416	17,717,419	12,341,316	17,685,319
Borrowings	28	45,212	71,091	-	-
Trade and other payables	30	54,497,731	75,652,896	51,428,633	71,913,340
Employee benefits	29	969,931	984,475	794,802	806,782
Other liabilities	31	1,519,609	1,239,046	1,468,837	1,239,046
Total current liabilities		**69,405,899**	**95,664,927**	**66,033,588**	**91,644,487**
Total liabilities		**76,141,439**	**102,344,814**	**71,343,585**	**96,857,306**
Total equity and liabilities		**175,116,627**	**195,080,449**	**178,523,711**	**196,064,664**

The consolidated and separate financial statements on pages 28 to 79, were approved by the board on April 1, 2019 and were signed on its behalf by:

Alh. Aliko Dangote, GCON	**Mr. Olakunle Alake**	**Mrs. Adebola Falade**
Chairman	**Director**	**Chief Financial Officer**
FRC/2013/IODN/00000001766	**FRC/2013/ICAN/00000002214**	**FRC/2016/ICAN/00000015167**

The accompanying notes on pages 33 to 75 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of changes in equity

Company	Share Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
Balance as at 1 January 2017	6,000,000	6,320,524	62,264,226	74,584,750
Profit for the year	-	-	37,822,608	37,822,608
Total comprehensive income for the year	-	-	37,822,608	37,822,608
Transaction with owners:				
Dividend paid	-	-	(13,200,000)	(13,200,000)
Balance as at 31 December 2017	6,000,000	6,320,524	86,886,834	99,207,358
Changes on initial application of IFRS 9 (Note 26)	-	-	(2,858,173)	(2,858,173)
Restated balance as at 1 January 2018	6,000,000	6,320,524	84,028,661	96,349,185
Profit for the year	-	-	25,830,941	25,830,941
Total comprehensive income for the year	-	-	25,830,941	25,830,941
Transaction with owners:				
Dividend paid	-	-	(15,000,000)	(15,000,000)
Balance as at 31 December 2018	6,000,000	6,320,524	94,859,602	107,180,126

Group	Share Capital	Share Premium	Retained Earnings	Attributable to owners of parent company	Non-controlling interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January 2017	6,000,000	6,320,524	54,092,393	66,412,917	(260,887)	66,152,030
Profit for the year	-	-	39,685,555	39,685,555	98,050	39,783,605
Total comprehensive income for the year	-	-	39,685,555	39,685,555	98,050	39,783,605
Transaction with owners:						
Dividend paid	-	-	(13,200,000)	(13,200,000)	-	(13,200,000)
Balance as at 31 December 2017	6,000,000	6,320,524	80,577,948	92,898,472	(162,837)	92,735,635
Changes on initial application of IFRS 9 (Note 26)	-	-	(736,914)	(736,914)	-	(736,914)
Restated balance as at 1 January 2018	6,000,000	6,320,524	79,841,034	92,161,558	(162,837)	91,998,721
Profit for the year	-		22,169,191	22,169,191	(192,724)	21,976,467
Total comprehensive income for the year	-	-	22,169,191	22,169,191	(192,724)	21,976,467
Transaction with owners:						
Dividend paid	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Balance as at 31 December 2018	6,000,000	6,320,524	87,010,225	99,330,749	(355,561)	98,975,187

The accompanying notes on pages 33 to 75 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of cash flows

	Note(s)	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Cash flows for operating activities					
Profit before taxation		**34,601,057**	**53,598,868**	**38,455,530**	**54,882,983**
Adjustments for non-cash income and expenses:					
Depreciation of property, plant and equipment	16	5,238,602	5,022,650	3,519,930	3,136,692
Amortisation of intangible assets	17	2,240	10,189	2,240	10,189
PPE Adjustments	16	684,533	-	684,353	-
(Profit)/loss on sale of assets	11	-	(60)	-	(60)
Interest income	8	(2,535,271)	(3,364,257)	(2,535,270)	(3,364,257)
Finance cost	10	258,200	278,436	-	28,332
IFRS 9 impact	23.2 & 26	(923,010)	-	(3,044,269)	-
Fair value loss/(gain) on biological assets	9	325,294	(2,468,411)	-	-
Changes in working capital					
Decrease/(increase) in inventories		9,979,481	(246,519)	13,279,829	869,496
Decrease in biological assets		640,724	2,669,981	-	-
Increase in trade and other receivables		(5,893,595)	(3,173,161)	(20,130,185)	(3,253,764)
Increase in other assets		(33,133)	(5,459,256)	(31,526)	(4,609,030)
Increase/(decrease) in other liabilities		280,563	(1,569,428)	229,791	(1,565,776)
(Decrease) in trade payables		(21,155,164)	(13,158,433)	(20,484,707)	(13,608,102)
Increase in asset held for sale		-	(3,995)	-	(3,995)
Decrease in employee benefits		(14,544)	(46,549)	(11,980)	(8,750)
Cash generated from operations		**21,455,977**	**32,090,053**	**9,933,736**	**32,513,956**
Tax paid	12.3	(17,685,319)	(6,029,669)	(17,685,319)	(6,029,669)
Net cash generated from /(used in) operating activities		**3,770,658**	**26,060,384**	**(7,751,583)**	**26,484,287**
Cash flows from investing activities					
Purchase of property, plant and equipment	16	(10,765,561)	(9,749,835)	(8,200,357)	(9,171,197)
Proceeds on disposal of property,plant and equipment		-	116,163	9,627,821	31,522
Investment in subsidiaries	21	-	-	(396,000)	-
Interest income received	8	2,535,271	3,364,257	2,535,270	3,364,257
Net cash (used in)/ generated from investing activities		**(8,230,290)**	**(6,269,415)**	**3,566,735**	**(5,775,419)**
Cash flows from financing activities					
Dividends paid	26	(15,000,000)	(13,200,000)	(15,000,000)	(13,200,000)
Finance cost paid	10	(258,200)	(207,345)	-	(28,332)
Repayment of borrowings	28	(67,404)	-	-	-
Net cash used in financing activities		**(15,325,604)**	**(13,407,345)**	**(15,000,000)**	**(13,228,332)**
Net (decrease)/ increase in cash and cash equivalents		(19,785,236)	6,383,624	(19,184,849)	7,480,536
Cash and cash equivalents at beginning of year		41,367,530	34,983,906	40,352,658	32,872,122
Cash and cash equivalents at end of the year	24	**21,582,294**	**41,367,530**	**21,167,809**	**40,352,658**

The accompanying notes on pages 33 to 75 form an integral part of the consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

1 General information

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

The ultimate controlling party is Dangote Industries Limited.

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

The consolidated financial statements of the Group for the year ended 31 December 2018 comprise the Company and its subsidiaries- Savannah Sugar Company Limited, Niger Sugar Company Limited, Taraba Sugar Company Limited, Adamawa Sugar Company Limited and Nasarawa Sugar Company Limited

The separate financial statements for the year ended 31 December 2018 comprise the Company only.

1.1 The principal activity

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

1.2 Going Concern status

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

1.3 Operating environment

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

1.4 Financial period

These financial statements cover the financial year from 1 January 2018 to 31 December 2018 with comparatives for the year ended 31 December 2017.

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.

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) of IASB (together "IFRS") that are effective at 31 December 2018 and requirements of the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council (FRC) Act 2011 of Nigeria.

2.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for the revaluation of biological assets and certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below:

2.3 Consolidation of subsidiaries

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

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

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

2.4 Revenue recognition

a) Accounting policy from 1 January 2018

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

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

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

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

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

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

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

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

Revenue recognition (continued)

Disaggregation of revenue from contract with customers

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

	Freight services	Sale of sugar	Sale of molasses	Total
	N'000	N'000	N'000	N'000
Revenue from contract with customers	3,577,586	146,078,722	716,775	150,373,083

b) ***Accounting policy as at 31 December 2017***

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, 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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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. Amount relating to shipping and handling whether included as part of sales is billed separately and recorded as revenue and cost incurred for shipping and handling are classified under cost of sales.

2.5 Interest income Recognition

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

2.6 Pensions and Other post-employment benefits

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

2.7 Taxation

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

Current tax

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

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

2.7 Taxation (continued)

Deferred tax

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

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

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

2.8 Property, plant and equipment

i. Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

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

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

ii. Subsequent costs

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

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

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

2.8 Property, plant and equipment (continued)

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

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

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

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

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

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

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

2.9 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.

2.10 Intangible assets

Intangible assets acquired separately

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

Derecognition of intangible assets

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

2.11 Impairment of tangible and intangible assets

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

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

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

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

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

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

2.12 Inventories

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

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

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

2.13 Provisions

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

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

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

2.14 Financial instruments

a) Financial instruments accounting policy for 2018 in line with IFRS 9

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

i) Classification and measurement

Financial assets

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

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

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

- Hold to collect: Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. Assets held under this business model are measured at amortised cost
- Fair value through other comprehensive income: Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.
- Fair value through profit or loss: This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

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

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

Financial liabilities

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

Impairment of financial assets

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

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

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

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

2.14 Financial instruments (continued)

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

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

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

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

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

Derecognition
Financial assets

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

Financial liabilities

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

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

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

b) Financial instruments accounting policy adopted in 2017 in line with IAS 39

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

Financial assets and financial liabilities are recognised when the Group 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.

2.14 Financial instruments (continued)

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 Group'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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group 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 Group 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.

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 Group'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.

2.14 Financial instruments (continued)

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.

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 profit or loss (FVTPL) or other liabilities. The Group only operates the category of other financial liability .

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 Group derecognises financial liabilities when, and only when the Group'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.

Offsetting of financial assets and financial liabilities

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

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

2.15 Earnings per share

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

2.16 Functional and presentation currency

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

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

Foreign currency transactions and translation

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

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

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

2.17 Borrowing costs

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

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

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

2.18 Segment information

An operating segment is a component of an entity:

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

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

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

2.19 Biological assets

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

Recognition of assets

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

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

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

The basis of fair value determination of growing canes have been included in Note 18.

3 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 and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

i) Impairment of financial assets

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

Sensitivity of estimates used in IFRS 9 ECL

Estimation uncertainty in measuring impairment loss

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

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

3 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables

a. Expected cash flow recoverable:

The table below demonstrates the sensitivity to a 20% change in the expected cash flows from trade receivables, with all other variables held constant:

		GDP growth rate		
		-10%	Held constant	10%
		N'000	N'000	N'000
Inflation Rate	-10%	781	485	242
	Held constant	296	-	(242)
	10%	(188)	(485)	(727)

Related parties receivables

Significant unobservable inputs

The table below demonstrates the sensitivity to movements in the following significant unobservables inputs for related parties receivables with all other variables held constant:

Probability of default (PD)

	Effect on profit before tax 2018 N'000	Effect on other components of profit before tax 2018 N'000
Increase/decrease in probability of default		
10%	(227)	-
-10%	229	-

Loss Given Default (LGD)

	Effect on profit before tax 2018 N'000	Effect on other components of profit before tax 2018 N'000
Increase/decrease in loss given default		
10%	(234)	-
-10%	234	-

Staff Loans

Significant unobservable inputs

Probability of default (PD)

	Effect on profit before tax 2018 N'000	Effect on other components of profit before tax 2018 N'000
Increase/decrease in probability of default		
10%	(1,250)	-
-10%	1,372	-

Loss Given Default (LGD)

	Effect on profit before N'000	Effect on other components of N'000
Increase/decrease in loss given default		
10%	-	-
-10%	2,270	-

3 Significant judgements and sources of estimation uncertainty (continued)

Forward looking indicators

Forecast Default Rate

	Effect on profit before tax 2018 N'000	Effect on other components of profit before tax 2018 N'000
Increase/decrease in forecast default rate		
10%	(152)	-
-10%	152	-

ii) Fair values of biological assets

The fair value of the biological asset is derived by internal experts, using the income approach. Growing cane is valued using the estimated yield in tons of sugarcane expected 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. Cane price is determined using a formula that is based on the price of refined sugar. The cashflows are adjusted for time value of money and inflation based on prevailing market and economic conditions.

The carrying value of growing cane is disclosed in Note 18 of the financial statements

iii) Valuation of deferred tax

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the group's future financial performance and if necessary, implementation of tax planning strategies.

4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

IFRS 9 – Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Company did not early adopt any part of IFRS 9 in prior years.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustment to the carrying amounts of financial assets and liabilities at the date of transition were recognized in opening retained earnings on 1 January 2018 in the statement of changes in equity. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year. The Company has elected to adopt the provision matrix approach as a practical expedient for the calculation of expected credit loss on trade receivables on the adoption of IFRS 9.

4.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 9 Financial instruments – Impact of adoption

The new financial instruments standard, IFRS 9 replaces the provisions of IAS 39. The new standard presents a new model for classification and measurement of assets and liabilities, a new impairment model which replaces the incurred credit loss approach with an expected credit loss approach, and new hedging requirements.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in the notes below. In accordance with the transitional provisions in IFRS 9, comparative figures as at 31 December 2017 have not been restated but the impact of adoption has been adjusted through opening retained earnings for the current reporting period.

Classification and measurement

a) Financial assets
On 1 January 2018 (the date of initial application of IFRS 9), the Group's management assessed the classification of its financial assets which is driven by the cash flow characteristics of the instrument and the business model in which the asset is held.

The Group's financial assets include cash and cash equivalents and trade and other receivables. The Group's business model is to hold these financial assets to collect contractual cash flows and to earn contractual interest. For cash and cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and cash equivalents are domiciled.

Cash and cash equivalents and trade and other receivables that were previously classified as loans and receivables (L and R) are now classified as financial assets at amortised cost.

The changes in the classification and measurement requirements of IFRS 9 only resulted in a nomenclature change and as a result, this had no effect on the carrying amount of the financial assets (before impairment) as at 1 January 2018.

b) Financial liabilities
The adoption of IFRS 9 requires that for financial liabilities measured using the fair value option, the portion of the fair value change arising from changes in own credit risk should be recognised in other comprehensive income rather than profit or loss.

The Group does not have any financial liabilities measured at fair value. Therefore the adoption of IFRS 9 did not affect the measurement of the Group's financial liabilities. Consequently, no retrospective adjustments have been made in relation to this change as at 1 January 2018.

On the date of initial application, 1 January 2018, the financial instruments of the Group were classified as follows:

	Classification &		Group Carrying amount		Company Carrying amount	
	IAS 39	IFRS 9	IAS 39 N'000	IFRS 9 N'000	IAS 39 N'000	IFRS 9 N'000
Current financial assets						
Trade and other receivables:						
Trade receivables	L and R	Amortised cost	7,715,495	7,715,495	7,715,495	7,715,495
Amount due from related parties	L and R	Amortised cost	7,928,454	7,928,454	45,008,534	45,008,534
Staff loans	L and R	Amortised cost	19,480	19,480	19,480	19,480
Cash and cash equivalent	L and R	Amortised cost	41,367,530	41,367,530	40,352,658	40,352,658
Current financial liabilities						
Trade and other payables*	Amortised cost	Amortised cost	59,512,971	59,512,971	57,358,800	57,358,800
Amount due to related parties	Amortised cost	Amortised cost	16,139,927	16,139,927	14,554,541	14,554,541

* Trade and other payables exclude non-financial liabilities.

The new carrying amounts in the table above have been determined based on the measurement criteria specified in IFRS 9 (before

The following table further explain the changes in the gross carrying amount of the financial assets to help explain their significance to the changes in the loss allowance for the same assets as discussed above.

	Trade receivables N'000	Amount due from related N'000	Staff loans N'000
Gross carrying amount as at 1 January 2018	7,715,495	45,008,534	19,480
Additions during the year	146,549,176	23,721,426	32,230
Receipts for the year	(146,728,864)	(2,075,860)	(6,088)
Gross carrying amount as at 31 December 2018	7,535,807	66,654,100	45,622

4.1 Standards and interpretations effective and adopted in the current year (continued)

Impairment of financial assets

Under IFRS 9, the Group is required to revise its previous impairment methodology under IAS 39 and adopt the new expected credit loss model for financial assets. Refer to note 23 and 32 for detailed discosures on impairments of financial assets.

The following tables summarise the impact, net of tax, of transition to IFRS 9 for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. There was no impact on the statement of cash flows as a result of adopting the new standards. The adjustments are explained in more detail in Notes 23 and 26.

Group	Note	31/12/2017 N'000	Impact of IFRS 9	1/1/2018 N'000
ASSETS				
Current assets				
Trade and other receivables	23	29,355,850	(923,010)	28,432,840
EQUITY AND LIABILITIES				
Equity				
Retained earnings	26	80,577,948	(736,914)	79,841,034

Company	Note	31/12/2017 N'000	Impact of IFRS 9	1/1/2018 N'000
ASSETS				
Current assets				
Trade and other receivables	23	66,430,255	(3,044,269)	63,385,986
EQUITY AND LIABILITIES				
Equity				
Retained earnings	26	86,886,834	(2,858,173)	84,028,661

IFRS 15 – Revenue from contracts with customers

The Company has adopted IFRS 15: Revenue from Contracts with Customers using the modified retrospective method, with the effect of applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 financial year has not been restated but is presented, as previously reported, under IAS 18 and related interpretations. The adjustments to the carrying amounts as a result of the adoption of IFRS 15 have no impact on the opening retained earnings as at 1 Januarv 2018.

4.2 Standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below,

IFRS 16 – Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the group and company's operating leases which includes leases of land, buildings and warehouses. The group has set up a project team to review all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group's operating leases.

The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5 Revenue

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Revenue from the sale of sugar - 50kg	141,862,966	195,753,285	138,267,667	189,678,008
Revenue from the sale of sugar - Retail	4,215,756	4,673,822	4,215,756	4,673,822
Revenue from the sale of molasses	716,775	694,215	488,167	467,752
Freight income	3,577,586	3,301,057	3,577,586	3,301,057
	150,373,083	204,422,379	146,549,176	198,120,639

5.1 Segment information

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

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

5.1.0 Segmental revenue and results

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

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Nigeria:				
Lagos	71,114,850	96,140,557	71,114,850	96,140,557
North	52,795,791	72,507,102	48,971,885	66,205,362
West	18,379,292	24,847,066	18,379,292	24,847,066
East	8,083,149	10,927,654	8,083,149	10,927,654
	150,373,082	204,422,379	146,549,176	198,120,639

Group	Segment Revenue 31/12/2018 N'000	Segment Revenue 31/12/2017 N'000	Segment Cost of Sales 31/12/2018 N'000	Segment Cost of Sales 31/12/2017 N'000	Segment Results 31/12/2018 N'000	Segment Results 31/12/2017 N'000
Nigeria:						
Lagos	71,114,850	96,140,557	52,624,134	72,881,448	18,490,716	23,259,109
North	52,795,791	72,507,102	38,180,374	50,356,602	14,615,417	22,150,500
West	18,379,292	24,847,066	12,971,015	20,834,735	5,408,277	4,012,331
East	8,083,149	10,927,654	6,912,200	9,361,500	1,170,950	1,566,154
	150,373,082	204,422,379	110,687,723	153,434,285	39,685,360	50,988,094

Company	Segment Revenue 31/12/2018 N'000	Segment Revenue 31/12/2017 N'000	Segment Cost of Sales 31/12/2018 N'000	Segment Cost of Sales 31/12/2017 N'000	Segment Results 31/12/2018 N'000	Segment Results 31/12/2017 N'000
Nigeria:						
Lagos	71,114,850	96,140,557	50,856,616	69,151,681	20,258,234	26,988,876
North	48,971,885	66,205,362	34,517,977	47,779,561	14,453,908	18,425,801
West	18,379,292	24,847,066	12,535,350	19,768,501	5,843,942	5,078,565
East	8,083,149	10,927,654	6,680,036	8,882,418	1,403,113	2,045,236
	146,549,175	198,120,639	104,589,978	145,582,161	41,959,197	52,538,478

5.1 Segment information (Continued)

5.1.1 Segment assets and liabilities

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

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

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

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

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

The table below provides information on the segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the balance as at 31 December 2018;

	Total Segment Assets		Total Segment liabilities	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	N'000	N'000	N'000	N'000
Group				
Nigeria:				
Lagos	158,983,986	159,173,015	66,033,588	91,644,487
North	8,959,463	28,734,256	4,797,854	5,487,508
West	-	-	-	-
East	-	-	-	-
Sub-total	**167,943,449**	**187,907,271**	**70,831,442**	**97,131,995**
Unallocated deferred tax	7,173,178	7,173,178	5,309,997	5,212,819
Total	**175,116,627**	**195,080,449**	**76,141,439**	**102,344,814**

	Total Segment Assets		Total Segment liabilities	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	N'000	N'000	N'000	N'000
Company				
Nigeria:				
Lagos	178,523,711	196,064,664	66,033,588	91,644,487
Sub-total	**178,523,711**	**196,064,664**	**66,033,588**	**91,644,486**
Unallocated deferred tax	-	-	5,309,997	5,212,819
Total	**178,523,711**	**196,064,664**	**71,343,585**	**96,857,305**

Included in the Lagos segment is asset held for sale of N868.6 million (2017: N864.6 million).

Information about major customers

There are two customers who buy industrial non- fortified sugar that represents more than 10% of total sales during the year. The customers are Nigerian Bottling Company Limited and Seven Up Bottling Company Limited operating from Lagos.

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 Group's sales. They buy Non-Fortified sugar exclusively.

Distributors

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

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

6 Cost of sales	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Raw material	78,987,451	123,858,344	77,710,948	120,237,622
Direct labour cost	4,523,820	4,155,588	3,102,091	2,486,308
Direct overheads	16,584,943	16,598,671	14,976,326	16,218,880
Other overheads	235,557	1,016,224	74,158	29,329
Depreciation	4,949,543	4,238,941	3,353,916	2,930,627
Freight expenses-others	5,406,409	3,566,517	5,372,539	3,679,395
	110,687,723	153,434,285	104,589,978	145,582,161

7 Administrative expenses	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Management fees	1,090,312	687,338	1,090,312	687,338
Assessment rates and munincipal charges	9,589	5,050	8,726	5,050
Auditors remuneration	54,000	52,920	42,000	42,000
Cleaning	84,764	67,207	84,744	67,207
Legal, consulting and professional fees	413,559	275,626	362,177	263,539
Consumables	10,185	21,160	4,063	17,439
Depreciation	289,060	783,729	166,016	206,065
Amortisation of intangible assets	2,240	10,189	2,240	10,189
Donations and scholarship	302,061	380,676	302,061	380,676
Employee costs (note 36)	2,364,848	2,057,879	1,722,317	1,533,868
Entertainment	135,287	20,841	135,094	20,841
IT expenses	6,372	42,355	-	-
Insurance	218,049	322,928	117,728	224,358
Bank charges	210,021	330,434	203,659	325,490
Rental expenses	24,089	53,638	24,089	51,021
Magazines, books, print and and periodicals	32,200	23,336	24,239	18,584
Utilities	127,296	26,126	26,703	26,050
Petrol and oil	66,125	21,104	62,634	20,055
Repairs and maintenance	246,305	150,957	160,759	133,729
Secretarial fees	120,334	42,831	120,334	42,831
Security expense	165,219	286,310	123,244	220,978
Staff welfare	198,232	31,317	182,497	31,317
Subscriptions	9,062	52,840	6,416	8,642
Telephone and fax	176,015	89,112	136,877	66,500
Training	36,125	41,248	34,060	38,219
Travel-local	233,147	306,273	167,291	157,340
Travel-overseas	168,927	166,757	127,913	166,757
	6,793,423	6,350,181	5,438,193	4,766,083

Selling and Distribution expenses				
Selling and marketing expenses	978,159	1,019,276	969,000	954,437
Carriage	-	112,878	-	-
	978,159	1,132,154	969,000	954,437

		GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
8	**Investment income**				
	Interest income on bank deposits	2,535,271	3,364,257	2,535,270	3,364,257
		2,535,271	3,364,257	2,535,270	3,364,257

Interest is earned on bank deposits at an average rate of 11.5 % p.a. on short term (30days) bank deposits.

9	**Change in fair value of biological assets**				
	Fair value (loss)/gain on biological assets (Note 18)	(325,294)	2,468,411	-	-
		(325,294)	2,468,411	-	-
10	**Net finance (income)/expense**				
	Write back of interest provision no longer required	-	(203,437)		(203,437)
	Exchange (gain)/loss	35,043	(3,933,757)	67,127	(4,329,433)
	Interest on overdraft	-	28,332		28,332
	Interest on bank loan	258,200	250,104	-	-
		293,243	(3,858,758)	67,127	(4,504,538)

Interest provision no longer required relates to the interest accrued on loan obtained from Dangote Industries Limited totalling N2.5 billion in 2015. The excess interest provision was written to income in 2017 as the loan had been fully repaid.

11	**Other income**				
	Insurance claim income	120,541	23,588	43,908	23,588
	Sale of scrap	92,182	15,521	35,395	13,213
	Bad debt recovered	10,000	-	10,000	-
	Haulage income	81,309	180,857		84,384
	Rental income	92,310	91,665	67,500	67,500
	Provision no longer required	65,831	-	52,000	-
	Profit/(loss)on sale of asset	-	60		60
	Miscellaneous income	107,064	89,995	25,271	7,488
		569,237	401,686	234,074	196,233

12	**Taxation**				
12.1	**Major components of the tax expense**				
	Current Tax				
	Income tax based on profit for the year	11,507,625	16,503,259	11,507,625	16,503,259
	Education tax expense	833,691	1,182,059	833,691	1,182,059
	Prior years over-provision		(538,283)		(538,283)
		12,341,316	17,147,035	12,341,316	17,147,035
	Deferred tax				
	Deferred tax (income)/expense	283,273	(3,331,772)	283,273	(86,661)
		12,624,589	13,815,263	12,624,589	17,060,374

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 is also payable at 2% of assessable profit.

12.2 Reconciliation of the tax expense
Reconciliation between accounting profit and tax expense

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Accounting profit before tax	34,601,057	53,598,868	38,455,530	54,882,983
Income tax expense calculated at 30%	10,380,317	16,080,027	11,536,658	16,464,895
Education tax expense calculated at 2%	833,691	1,182,059	833,691	1,182,059
Effect of investment allowance not recognised in accounting	(98,941)	(42,631)	(55,963)	(42,631)
Deferred education tax	-	(22,430)	-	(20,667)
Fines and penalties	18	-	-	-
Donations	1,192	15,000	624	15,000
Capital expenses and repayment	205,306	-	205,306	-
Other tax expense	102,243	-	104,273	-
Bad debt	-	1	-	1
Fair value gain on biological assets and agricultural products	97,588	(740,523)	-	-
Deferred tax assets not recognised in current year	1,103,174	-	-	-
Deferred tax assets not previously recognised		(2,117,957)	-	-
Prior years income tax over-provision	-	(538,283)	-	(538,283)
Income tax expense recognised in profit or loss	**12,624,588**	**13,815,263**	**12,624,589**	**17,060,374**

12.3 Current tax liabilities

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
At January 1	17,717,419	6,600,053	17,685,319	6,567,952
Charge for the year	12,341,316	17,147,035	12,341,316	17,147,036
Payment made during the year	(17,685,319)	(6,029,669)	(17,685,319)	(6,029,669)
Balance end of the period	**12,373,416**	**17,717,419**	**12,341,316**	**17,685,319**

13 Deferred tax balances

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2016: 30%). The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement.

Deferred tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group has not recognised deferred income tax asset relating to tax losses amounting to N1.1 billion (2017: Nil).

Deferred tax assets

Deferred tax assets are attributable to the following:				
Property plant and equipment @ 30%	138,972	138,972	-	-
Provisions	779,808	779,808	-	-
Unrelieved losses @ 30%	6,254,398	6,254,398	-	-
	7,173,178	**7,173,178**	-	-

Deferred tax liabilities

Deferred tax liabilities are attributable to the following:				
Property plant and equipment @ 30%	(5,649,279)	(5,763,478)	(5,649,279)	(5,763,478)
Property plant and equipment @ 10%	(121,878)	(121,878)	(121,878)	(121,878)
Exchange difference @ 32%	(205)	335,838	(205)	335,838
Provisions	461,365	336,699	461,365	336,699
	(5,309,997)	**(5,212,819)**	**(5,309,997)**	**(5,212,819)**

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

13.1 **Deferred tax reconciliation**

	Opening balance N'000	Credit to P/L N'000	IFRS 9 Retained earning Impact N'000	Closing balance N'000
Group as at 31 December 2018				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	(5,624,504)	114,199	-	(5,510,305)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Exchange difference @ 32%	335,837	(336,042)	-	(205)
Provisions	1,116,507	(61,429)	186,096	1,241,174
Unrelieved losses @ 30%	6,254,397	-	-	6,254,397
	1,960,359	(283,273)	186,096	1,863,182
Company as at 31 December 2018				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	(5,763,478)	114,199	-	(5,649,279)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Exchange difference @ 32%	335,838	(336,042)	-	(205)
Provisions	336,699	(61,429)	186,096	461,365
	(5,212,819)	(283,273)	186,096	(5,309,996)

14 **Operating profit**

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

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Depreciation of property, plant and equipment	5,238,602	5,022,650	3,519,930	3,519,930
Profit/(loss) on sale of property, plant and equipment	-	(60)	-	(60)
Amortisation of intangible assets	2,240	10,189	2,240	10,189
Impairment loss recognised on trade receivables	-	-	-	-
Defined contribution plans	255,652	224,988	223,919	175,033
Auditors remuneration	54,000	52,920	42,000	42,000
Amortisation of intangible assets	2,240	10,189	2,240	10,189

15 **Earnings per share**

Basic and diluted earnings per share

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

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

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Profit for the year	22,169,191	39,685,555	25,830,941	37,822,609
Earnings used in the calculation of basic earnings per share from continuing operations	22,169,191	39,685,555	25,830,941	37,822,609
Weighted average number of ordinary shares for the purpose of basic earnings per share	12,000,000	12,000,000	12,000,000	12,000,000
Basic and diluted earnings per share from continuing operations (Naira)	1.85	3.31	2.15	3.15

16. Property, Plant and Equipment

Group	Bearer Plant	Land	Building	Plant & Machinery	Furniture & Fittings	Motor Vehicles	Computer Equipment	Aircraft	Tools & Equipment	Capital Work In Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COST:											
Balance, 1/1/2017	2,387,151	1,848,996	16,650,258	28,402,683	285,573	14,023,499	179,313	899,828	3,980,242	9,254,325	77,911,868
Additions during the year		-	31,505	293,341	7,687	3,041,319	14,195	-	93,052	6,268,736	9,749,835
Disposal	-	-	-	-	(2,239)	(35,039)	-	-	(1,750)	(105,097)	(144,125)
Reclassification	535,912	-	-	1,042,310	4,190	211,968	2,291	-	401,298	(2,197,969)	-
Balance, 31/12/2017	2,923,063	1,848,996	16,681,763	29,738,334	295,211	17,241,747	195,799	899,828	4,472,842	13,219,995	87,517,578
Additions during the year		-	153,396	915,169	43,576	2,302,997	34,079		2,591,391	4,724,954	10,765,561
Adjustments	-	-	-	(9,209)	-	(669,000)	-	-	-	(6,324)	(684,533)
Reclassifications	1,148,087	3,707,000	217,335	(140,965)	-	503,442	1,099	-	5,826	(5,441,824)	-
Balance, 31/12/2018	4,071,150	5,555,996	17,052,494	30,503,329	338,787	19,379,186	230,977	899,828	7,070,059	12,496,801	97,598,607
ACCUMULATED DEPRECIATION AND IMPAIRMENT:											
Balance, 1/1/2017	653,762	-	2,072,834	9,787,063	146,918	7,003,671	128,058	110,938	3,206,020	-	23,109,264
Charge for the year	518,648	-	273,828	1,993,680	43,866	1,645,668	43,826	35,993	467,141	-	5,022,650
Disposal	-	-	-	-	(1,583)	(25,239)	-	-	(1,203)	-	(28,025)
Balance, 31/12/2017	1,172,410	-	2,346,662	11,780,743	189,201	8,624,100	171,884	146,931	3,671,958	-	28,103,889
Charge for the year	671,265	-	351,759	1,770,306	83,324	1,633,551	17,359	35,993	675,045	-	5,238,602
Balance, 31/12/2018	1,843,675	-	2,698,421	13,551,049	272,525	10,257,651	189,243	182,924	4,347,003	-	33,342,491
NET BOOK VALUE:											
Balance, 31/12/2017	1,750,653	1,848,996	14,335,101	17,957,591	106,010	8,617,647	23,915	752,897	800,884	13,219,995	59,413,689
Balance, 31/12/2018	2,227,475	5,555,996	14,354,074	16,952,280	66,262	9,121,533	41,735	716,904	2,723,056	12,496,801	64,256,114

Adjustment to Motor Vehiccles relate to the difference between the initial and final invoice received in 2018 for the vehicles purchased in December 2017.

16. Property, Plant and Equipment

Company	Land	Building	Plant & Machinery	Furniture & Fittings	Motor Vehicles	Computer Equipment	Aircraft	Tools & Equipment	Capital Work In Progress	Total
COST:	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Balance, 1/1/2017	**1,848,996**	**7,735,647**	**21,108,186**	**108,313**	**7,216,013**	**142,775**	**899,828**	**1,530,073**	**4,838,417**	**45,428,248**
Additions during the year	-	31,505	180,155	7,687	3,041,319	14,195	-	86,025	5,810,311	9,171,197
Disposal	-	-	-	-	(2,841)	-	-	(1,750)	(30,916)	(35,507)
Reclassification	-	-	915,057	-	-	-	-	225,591	(1,140,648)	-
Balance, 31/12/2017	**1,848,996**	**7,767,152**	**22,203,398**	**116,000**	**10,254,491**	**156,970**	**899,828**	**1,839,939**	**9,477,164**	**54,563,938**
Additions during the year	-	-	535,268	17,724	1,230,341	28,353	-	1,765,483	4,623,188	8,200,357
Adjustments	-	-	(9,209)		(669,000)	-	-	-	(6,144)	(684,353)
Disposa; of PPE to subsidiaries	(1,273,501)	-	-	-	-	-	-	-	(8,354,320)	(9,627,821)
Reclassifications	-	217,335	(454,478)	-	-	-	-	-	237,143	-
Balance, 31/12/2018	**575,495**	**7,984,487**	**22,274,979**	**133,724**	**10,815,832**	**185,323**	**899,828**	**3,605,422**	**5,977,031**	**52,452,121**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:										
Balance, 1/1/2017	-	1,149,297	8,511,979	69,748	5,349,064	100,380	110,938	545,017	-	15,836,423
Charge for the year	-	155,335	1,464,450	15,309	1,103,643	35,977	35,993	325,985	-	3,136,692
Disposal	-	-	-	-	(2,841)	-	-	(1,203)	-	(4,044)
Balance, 31/12/2017	-	**1,304,632**	**9,976,429**	**85,057**	**6,449,866**	**136,357**	**146,931**	**869,799**	-	**18,969,071**
Charge for the year	-	157,164	1,511,520	15,239	1,366,649	14,821	35,993	418,544		3,519,930
Balance, 31/12/2018	-	**1,461,796**	**11,487,949**	**100,296**	**7,816,515**	**151,178**	**182,924**	**1,288,343**	-	**22,489,001**
NET BOOK VALUE:										
Balance, 31/12/2017	**1,848,996**	**6,462,520**	**12,226,969**	**30,943**	**3,804,625**	**20,613**	**752,897**	**970,140**	**9,477,164**	**35,594,867**
Balance, 31/12/2018	**575,495**	**6,522,691**	**10,787,030**	**33,428**	**2,999,317**	**34,145**	**716,904**	**2,317,079**	**5,977,031**	**29,963,120**

Adjustment to Motor Vehiccles relate to the difference between the initial and final invoice received in 2018 for the vehicles purchased in December 2017.

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
17 Intangible assets				
Computer software :				
Cost				
At 1 January	379,590	379,590	289,390	289,390
At 31 December	379,590	379,590	289,390	289,390
Amortisation				
At 1 January	377,026	366,837	286,826	276,637
Charge for the year	2,240	10,189	2,240	10,189
At 31 December	379,266	377,026	289,066	286,826
Carrying amount at the end of the year	324	2,564	324	2,564
18 Biological assets				
Cost				
Carrying value at the beginning of the period	2,806,705	3,008,277	-	-
Net usage	(640,725)	(2,669,983)	-	-
Fair value adjustments	(325,294)	2,468,411	-	-
Carrying value at the end of the period	1,840,686	2,806,705	-	-
Current	1,840,686	2,806,705	-	-
	1,840,686	2,806,705	-	-

Description of biological assets and activities

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

Basis for measurement of fair value

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

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

Key assumptions and inputs

Industry out-grower price. (N)	8,610
Yield per hectare (tonnes)	46
Discount rate (%)	12.09%

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

Sensitivity to changes in key assumptions and inputs

Reasonably possible changes at the reporting date to one of the key assumptions, holding other assumptions constant, would have affected the biological assets valaution by the amount shown below.

		31/12/2018 N'000
Discount rate	13.09%	1,834
	11.09%	1,847
Industry out-grower price	N9,210	2,025
	N8,010	1,656

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

Notes to the Consolidated and Separate Financial Statements

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
19 Other assets				
Prepaid rent	167,503	181,927	165,896	181,927
Prepaid insurance	2,697	2,124	2,697	2,124
Prepaid housing allowances	8,302	3,925	8,302	3,925
Prepaid lease NPA	167,480	159,505	167,480	159,505
Prepaid medicals	41,904	8,501	41,904	8,501
Others	1,229		1,229	-
	389,115	**355,982**	**387,508**	**355,981**
Current	377,510	352,782	375,903	352,781
Non-current portion	11,605	3,200	11,605	3,200
	389,115	**355,982**	**387,508**	**355,981**

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
20 Asset held for sale	868,642	868,642	868,642	868,642

This represents land held for sale. There are several interested parties and the sale is expected to be completed before the end of December 2019.

21 Investment in subsidiaries

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** December 2018 N'000	December 2017 N'000
Savannah Sugar Company Limited	Dangote Sugar Refinery Plc	3,214,923	3,214,923
Taraba Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Adamawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Niger Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Nassarawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
		3,610,923	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. The registered address of Savannah Sugar Company Limited. is Km 81, Yola Gombe Road (near Numan) Adamawa State. The company also owns 99% shareholding in Taraba Sugar Company Limited, Adamawa Sugar Company Limited, Niger Sugar Company Limited and Nassarawa Sugar Company Limited which were fully incorporated in current year.

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.

22 Inventories	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Raw materials	12,399,951	10,878,442	12,383,330	9,899,990
Raw material in transit	5,385,269	17,927,007	5,385,269	17,927,007
Work-in-process	346,551	432,585	224,459	432,585
Finished goods	7,281,860	11,060,993	7,079,103	10,793,965
Production supplies	9,480,304	7,401,226	5,163,280	3,553,265
Chemicals and consumables	2,752,155	1,981,824	1,055,743	1,981,824
Packaging materials	374,066	190,847	208,470	190,847
	38,020,156	**49,872,924**	**31,499,654**	**44,779,483**
Allowance for obsolete inventory	(344,076)	(2,217,363)	-	-
	37,676,080	**47,655,561**	**31,499,654**	**44,779,483**

No inventory was pledged as security for any liability.

23 Trade and other receivables

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Trade receivables	7,535,807	7,715,495	7,535,807	7,715,495
Allowance for doubtful debts and impairments	(646,964)	(262,623)	(646,964)	(245,401)
	6,888,843	7,452,872	6,888,843	7,470,094
Staff loans and advances	166,149	189,367	138,013	166,481
Other financial assets	15,549,298	13,012,871	15,549,298	13,012,871
Advance payment to contractors	5,455,123	4,186,312	1,802,584	2,669,633
VAT receivable	-	1,088,753	-	989,976
Insurance claim receivable	361,998	361,998	361,998	361,998
Negotiable Duty Credit Certificates (Note 23.1)	805,683	805,683	805,683	805,683
Other receivables	1,042,894	608,950	1,346,705	490,371
Allowance for impaired other receivables	(198,662)	(198,662)	(80,095)	(80,095)
Allowance for impaired staff loans (Note 23.2)	(22,875)	-	(22,875)	-
Amount due from related parties (Note 35)	11,579,007	7,928,454	66,654,100	45,008,534
Allowance for impaired -related parties Trade(Note 23.2)	(56,528)	-	(56,528)	-
Allowance for impaired -related parties Non-Trade(N0te 23.2)	(240,736)	-	(2,361,995)	-
	41,330,194	35,436,598	91,025,731	70,895,546

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

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

23.1 Negotiable duty credit certificate

The Company has received certificates for N805.7 million termed as Negotiable Duty Credit Certificate (NDCC). The NDCC is an instrument of the government for settling of the EEG receivables. The NDCC is used for the payment of Import and Excise duties in lieu of cash. 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 NDDC/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, the government has not communicated or indicated unwillingness to honour the obligations. On the contrary, the government has announced a resumption of the scheme in 2017. Thus, the outstanding balances are classified as current assets accordingly.

23.2 Allowance for impairment of financial assets

	Impairment losses				
	Trade	Related party Trade-related	Related party Non-trade related	Staff loans	Total
	N'000	N'000	N'000	N'000	N'000
Balance as at 1/1/2018	245,401	-	-	-	245,401
Allowance for credit losses on receivables on transition to IFRS 9	581,549	83,223	2,367,822	11,675	3,044,269
Restated Balance as at 1/1/2018	826,950	83,223	2,367,822	11,675	3,289,670
Increase/(decrease) in allowance for credit losses for the year	(179,986)	(26,695)	(5,827)	11,200	(201,308)
Balance as at 31/12/2018	646,964	56,528	2,361,995	22,875	3,088,362
Net impact on retained earnings in current year	401,563	56,528	2,361,995	22,875	2,842,961

	N'000
Deferred Tax impact on opening retained earning	186,096

23.3 Provision for impairment (gain)/loss on financial assets

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
At 31 December - calculated under IAS 39	245,401	270,656	245,401	253,434
Increase in impairment losses on transition (adoptopn of IFRS 9)	3,044,269	-	3,044,269	-
At 1 January (2018 restated)	3,289,670	270,656	3,289,670	253,434
Impairment (gain)/loss recognised in profit or loss	(201,308)	3	(201,308)	3
	3,088,362	270,659	3,088,362	253,437
Receivables written off as uncollectible	-	(8,036)	-	(8,036)
At 31 December	3,088,362	262,623	3,088,362	245,401

24 Cash and cash equivalents

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

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Cash in hand	4,780	15,766	4,630	15,616
Bank balances	8,416,238	11,780,341	8,001,986	10,765,619
Short term deposits	13,161,276	29,571,423	13,161,193	29,571,423
Bank overdraft	-	-	-	-
	21,582,294	41,367,530	21,167,809	40,352,658

25 Share capital and Premium

The balance in the share capital account was as follows:

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Authorised: 12,000,000,000 Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000
Allotted, called up issued and fully paid: 12,000,000,000 Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000
Share premium				
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

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

26 Retained earnings

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Balance at January 1	80,577,948	54,092,393	86,886,834	62,264,226
Impact of IFRS transition (Note 23.2)	(736,914)	-	(2,858,173)	-
Balance restated	**79,841,034**	**54,092,393**	**84,028,661**	**62,264,226**
Profit for the year	22,169,191	39,685,555	25,830,941	37,822,608
Payment of dividend	(15,000,000)	(13,200,000)	(15,000,000)	(13,200,000)
Balance at December 31	**87,010,225**	**80,577,948**	**94,859,602**	**86,886,834**

27 Non-controlling interest

Balance brought forward	(162,837)	(260,887)	-	-
Share of profit	(192,724)	98,050	-	-
Total	(355,561)	(162,837)	-	-

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
28 Borrowings				
Held at amortised cost				
Bank loan	1,470,755	1,538,159	-	-
	1,470,755	**1,538,159**	-	-
Non-current liabilities	1,425,543	1,467,068	-	-
Current liabilities	45,212	71,091	-	-
	1,470,755	**1,538,159**	-	-
Movement of borrowings				
Balance brought forward	1,538,159	1,467,068	-	-
Accrued interest	-	71,091		
Payments	(67,404)	-	-	-
	1,470,755	1,538,159	-	-

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

29 Employee benefits

Defined benefit plan

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

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

Movement in gratuity	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Balance as at 1 January	984,475	1,031,024	806,782	815,532
Benefits paid from plan	(14,544)	(46,549)	(11,980)	(8,750)
	969,931	**984,475**	**794,802**	**806,782**

As at the date of the valuation, no fund has been set up from which payments can be disbursed. Dangote Sugar Refinery expects to settle its obligations out of its existing reserves. The contribution into the gratuity scheme was discontinued in 2013.

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.

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
30 Trade and other payables				
Trade payables	30,734,474	33,593,048	30,414,713	33,015,665
Dividend Payable	1,513,781	439,594	1,513,781	439,594
Accruals and sundry creditors	11,206,070	24,716,194	10,230,759	23,601,248
Other credit balances	802,416	764,133	697,881	302,292
Due to related parties (Note 35)	10,240,990	16,139,927	8,571,499	14,554,541
	54,497,731	75,652,896	51,428,633	71,913,340

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

31 Other Liabilities	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Advance payment for goods	1,519,609	1,239,046	1,468,837	1,239,046

32 Risk management

Capital risk management

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

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

The Group's risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group is not geared as at 31 December 2018 (see below).

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

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position as at 31 December 2018) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the as at 31 December 2018 plus net debt.

The gearing ratio at 2018 and 2017 respectively were as follows:

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Total borrowings				
Borrowings (Note 28)	1,470,755	1,538,159	-	-
Less: Cash and cash equivalent (Note 24)	21,582,294	41,367,530	21,167,809	40,352,658
Net Cash	20,111,539	39,829,371	21,167,809	40,352,658
Total Equity	98,975,188	92,735,635	107,180,126	99,207,358
Gearing ratio	-	-	-	-

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 boardGroup treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk management

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

32 Risk management (continued)

Group

At 31 December 2018	**Less than one year**	**More than one year**	**Total**
	N'000	N'000	N'000
Borrowings	45,212	1,425,543	1,470,755
Trade and other payables	52,181,534	-	52,181,534
	52,226,746	1,425,543	53,652,289
At 31 December 2017			
Borrowings	71,091	1,467,068	1,538,159
Trade and other payables	74,888,762	-	74,888,762
	74,959,853	1,467,068	76,426,921

Company

At 31 December 2018	**Less than one year**	**More than one year**	**Total**
	N'000	N'000	N'000
Borrowings	-	-	-
Trade and other payables	49,216,971	-	49,216,971
	49,216,971	-	49,216,971
At 31 December 2017			
Borrowings	-	-	-
Trade and other payables	71,611,048	-	71,611,048
	71,611,048	-	71,611,048

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

Credit risk

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

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

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

Concentration of risk

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.

32 Risk management (continued)

Deposits with banks and other financial institutions

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

Maximum exposure to credit risks

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

Financial instrument	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Trade receivables	6,888,843	7,452,872	6,888,843	7,470,094
Other receivables	832,276	961,653	1,226,518	938,756
Deposit for open Letters of Credit with the banks.	15,549,298	13,012,871	15,549,298	13,012,871
Amount due from related party	11,281,743	7,928,454	64,235,577	45,008,534
Cash and cash equivalents	21,582,294	41,367,530	21,167,809	40,352,658
	56,134,454	**70,723,380**	**109,068,045**	**106,782,913**

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

Impairment of financial assets

Under IFRS 9, the Company is required to revise its previous impairment methodology under IAS 39 and adopt the new expected credit loss model for financial assets (See Note 2.13 for accounting policies on financial instruments). The company's financial assets that are subject to IFRS 9's new expected credit loss model are:

- Trade receivables
- Amount due from related parties
- Staff loans and;
- Cash and cash equivalent.
- Deposit for Open Letters of Credit with the banks

The impact of the change in impairment methodology on the Company's retained earnings as at 1 January 2018 is disclosed in the table below:

	Notes	N'000
Closing retained earnings as at 31 December 2017– IAS 39		86,886,834
Increase in provision for trade receivables	(a)	(581,549)
Increase in provision for amount due from related parties	(b)	(2,451,045)
Increase in provision for staff loans	(c)	(11,675)
		186,096
Total transition adjustments		(2,858,173)
Opening retained earnings as at 1 January 2018 on adoption of IFRS 9		84,028,661

a) Trade receivables
The Company applies the IFRS 9 simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from third-party

The provision matrix approach is based on the historical credit loss experience observed according to the behavior of customers over the expected life of the receivable and adjusted for forward-looking estimates of relevant macroeconomic variables. The

The expected loss rates as at 1 January 2018 are as follows:

Age of trade receivables	**0-30 days N'000**	**31-60 days N'000**	**61-90 days N'000**	**91-365 days N'000**	**Over 365 days N'000**	**Total N'000**
Gross carrying amount	5,118,729	1,491,230	784,212	1,418	319,906	7,715,495
Default rate	4..1%	10.10%	18.60%	33.30%	100.00%	
Lifetime ECL	(210,726)	(150,184)	(145,661)	(473)	(319,906)	(826,950)
Total	4,908,003	1,341,046	638,551	945	9,894	6,888,545

32 Risk management (continued)

The expected loss rates as at 31 December 2018 are as follows:

Age of trade receivables	0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Gross carrying amount	4,997,238	1,532,381	805,853	1,735	218,600	7,555,807
Default rate	2.82%	9.90%	17.30%	22.60%	98.50%	
Lifetime ECL	(140,132)	(151,706)	(139,413)	(392)	(215,321)	(646,964)
Total	4,857,106	1,380,676	666,440	1,343	3,279	6,908,843

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

- The contract is approved by the parties.
- **Collectability is probable.**

b) Amounts due from related parties

Amounts due from related parties arises from both sales made to sister companies and expenses incurred on behalf of related parties that are expected to be reimbursed.

Amounts due from related parties that are related to trade have no significant financing component, therefore, the provision matrix approach has been applied in determining the expected credit loss on these receivables.

The general approach has been adopted for recognizing expected credit loss on amounts due from related parties that arise as a result of expense incurred on behalf of related parties that are expected to be reimbursed as they do not meet the criteria for applying the simplified approach.

i) Amounts due from related parties (trade related)

The provision matrix approach is based on the historical credit loss experience observed according to the behavior of customers over the expected life of the receivable and adjusted for forward-looking estimates of relevant macroeconomic variables. The macroeconomic variables considered include inflation, gross domestic product (GDP) and exchange rate.

The expected loss rates as at 1 January 2018 are as follows:

Age of receivables	0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Gross carrying amount	524,765	8,670	162,420	-	36,240	732,095
Default rate	3.20%	10.10%	18.60%	33.30%	97.00%	
Lifetime ECL	(17,029)	(873)	(30,168)	-	(35,153)	(83,223)
Total	507,736	7,797	132,252	-	1,087	648,872

The expected loss rates as at 31 December 2018 are as follows:

Age of receivables	0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Gross carrying amount	10,787	-	165,017	5,097	27,007	207,907
Default rate	2.10%	9.90%	17.30%	22.60%	98.50%	
Lifetime ECL	(227)	-	(28,548)	(1,152)	(26,602)	(56,528)
Total	10,560	-	136,469	3,945	405	151,379

32 Risk management (continued)

ii) Amounts due from related parties (non-trade related)

This requires a three-stage approach in recognising the expected loss allowance for amounts due from related parties. The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

This requires a three-stage approach in recognising the expected loss allowance for amounts due from related parties. The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Janary 1 2018

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	N'000	N'000	N'000	N'000
Gross EAD*	41,390,734	-	-	41,390,734
Loss allowance as at 1 January 2018	(2,367,822)	-	-	(2,367,822)
Net EAD	39,022,912	-	-	39,022,912

December 31 2018

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	N'000	N'000	N'000	N'000
Gross EAD*	60,360,761	-	-	60,360,761
Loss allowance as at 1 January 2018	(2,361,995)	-	-	(2,361,995)
Net EAD	57,998,766	-	-	57,998,766

The parameters used to determine impairment for amounts due from related parties that are not related to trade are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the Lifetime PD for stage 2 as the maximum contractual period over which the Company is exposed to credit risk arising from the receivables is less than 12 months.

	Amounts due from related parties (non-trade related)
Probability of Default (PD)	The rating of each related party receivable is used to determine the PD. All facilities except Dangote Cement have been assigned a B- rating with an associated year 1 PD of 0.64%. Dangote Cements rating of AA+ rating was mapped to Fitch's rating of B with an associated year 1 PD of 0.43%.
Loss Given Default (LGD)	The LGD was applied on unsecured exposures. The LGD was determined using the Moody's average corporate senior bond recovery rate of 37%.
Exposure at Default (EAD)	EAD is an estimation of the extent to which a financial entity may be exposed to a counterparty in the event of a default and at the time of the counterparty's default. The EAD at every point in time is the balance from the previous month accumulated with interest and deducted for contractual repayments.
Forward Looking Information	In incorporating forward looking information, various macroeconomic variables such as GDP, Exchange rate, inflation rate, have been considered to determine how default rates should move over time. No significant relationship was identified.
Probability weightings	The Z score was used to calculate the probability of having a best, downturn and optimistic scenarios by comparing Nigeria GDP historical experience from 2006 - 2016. 89% weight was assigned to best case, 2% for optimistic and 9% for downturn

The Company considers both quantitative and qualitative indicators (staging criteria) in classifying its related party receivables into the relevant stages for impairment calculation.

32 Risk management (continued)

Impairment of related party receivables are recognised in three stages based on certain criteria such as:

1. Days past due
2. Credit rating at origination
3. Current credit rating

ü Stage 1: This stage includes receivables at origination and receivables that do not have indications of a significant increase in credit risk.

ü Stage 2: This stage includes receivables that have been assessed to have a significant increase in credit risk using the above mentioned criteria and other qualitative indicators such as the increase in political risk concerns or other micro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

ü Stage 3: This stage includes financial assets that have been assessed as being in default (e.g. receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

c) Staff loans

The company provides interest free loans to its employees. The Company applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for staff loans.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The ECL was calculated based on actual credit loss experience from 2014, which is the date the Company initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Company considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty. See notes 4 and 23.2 for further details.

January 1 2018	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Gross EAD*	-	19,480	-	19,480
Loss allowance as at 1 January 2018	-	(11,675)	-	(11,675)
Net EAD	-	7,805	-	7,805

December 31 2018	**Stage 1 12-month ECL**	**Stage 2**	**Stage 3 Lifetime ECL**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Gross EAD*	-	45,623	-	45,623
Loss allowance as at 1 January 2018	-	(22,875)	-	(22,875)
Net EAD	-	22,748	-	22,748

32 Risk management (continued)

The parameters used to determine impairment for employee loan and advances are shown below.

	Staff Loans
Probability of Default (PD)	The rating of each staff is used to determine the PD. All facilities except for expired facilities have been assigned a C rating with an associated year 1 PD of 3.35%. Expired staff loans has been assigned a rating of D with an associated year 1 PD of 100%.
Loss Given Default (LGD)	The LGD was applied on unsecured exposures. The LGD was determined as 100% for all staff loans.
Exposure at Default (EAD)	EAD is an estimation of the extent to which a financial entity may be exposed to a counterparty in the event of a default and at the time of the counterparty's default. The EAD at every point in time is the balance from the previous month accumulated with interest and deducted for contractual repayments.
Forward Looking Information	In incorporating forward looking information, the staff attrition rate was used as a proxy for the default rate. The attrition rate was forecasted by growing the attrition rate for the last historical point with the average growth rate for the historical period.
Probability weightings	The Z score was used to calculate the probability of having a best, downturn and optimistic scenarios by comparing Nigeria GDP historical experience from 2006 - 2016. 89% weight was assigned to best case, 2% for optimistic and 9% for downturn.

d) Cash and cash equivalents

The Company also assessed the cash and cash equivalents to determine their expected credit losses. Based on this assessment, they identified the expected losses on cash as at 1 January 2018 and 31 December 2018 to be insignificant, as the loss rate is deemed immaterial. Cash are assessed to be in stage 1.

e) Deposit for Open Letters of Credit with the banks

The Company also assessed its deposits for open letters of credit with banks to determine their expected credit losses. Based on this assessment, they identified the expected losses on this financial asset as at 1 January 2018 and 31 December 2018 to be insignificant, as the loss rate is deemed immaterial. Deposit for open Letters of Credit with the banks are assessed to be in stage 1.

Reconciliation of impairment loss on financial assets

Movements in the provision for impairment of trade, related party and employee receivables that are assessed for impairment are as follows:

	2018 N'000	2017 N'000
At 1 January	3,289,670	245,401
Impact on initial application of IFRS 9	-	3,044,269
Adjusted balance at 1 January	3,289,670	3,289,670
Allowance for impairment recognised during the year	(201,309)	-
At 31 December	3,088,361	3,289,670

The balances classified as past due but not impaired relate to trade and other receivables aged between 31 and 60 days.

Cash at bank and short-term bank deposits

*Counterparties with external credit rating (Fitch)*****

B-	17,943,347	17,941,441	10,701,223	10,699,317
B	3,720,224	3,720,223	369,884	369,884
B+	14,144,840	13,623,614	8,632,881	6,599,582
BBB	2,126	2,126	-	-
A-	2,891,938	2,400,349	799,478	686,656
A	833,779	833,779	9,715,550	9,715,550
AAA	1,797,335	1,797,335	4,728,931	4,728,931
No rating	18,175	18,175	57,727	57,727
	41,351,764	40,337,042	35,005,674	32,857,647

****B+, B and B-: Highly speculative, indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

BBB: Good credit quality, denotes expectations of default risk are currently low, The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

A & A-: High credit quality, denotes expectations of low default risk, capacity for payment of financial commitments is considered strong, but may more vulnerable to adverse business or economic conditions than is the case for higher ratings.

AAA: Highest credit quality, denotes the lowest expectations of default risk, exceptionally strong capacity for payment of financial commitments

32 Risk management (continued)

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 N50 million 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.

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:

	31/12/2018			31/12/2017		
	Euro (€)	GBP (£)	USD ($)	Euro (€)	GBP (£)	USD ($)
Company	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	2,619	-	-	1,709
Trade payables	-	-	(29,731,873)	-	-	(32,141,758)
Amount due from/(to) related parties	(51,833)	713,121	344,329	112,175	(46,136)	1,627,319
Net exposure	**(51,833)**	**713,121**	**(29,384,925)**	**112,175**	**(46,136)**	**(30,512,730)**
Group						
Cash and cash equivalents	-	-	2,619	-	-	1,709
Trade payables	-	-	(29,731,873)	-	-	(32,141,758)
Amount due from/(to) related parties	(51,833)	713,121	344,329	112,175	(46,136)	1,627,319
Net exposure	**(51,833)**	**713,121**	**(29,384,925)**	**112,175**	**(46,136)**	**(30,512,730)**

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.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	N	N	N	N
Euro (€)	375.00	350.95	410.00	366.86
GBP (£)	429.00	400.09	448.00	413.65
USD ($)	338.50	307.55	357.00	306.00

Sensitivity analysis on foreign currency

A fifteen percent (15%) strengthening of the Naira, against the Euro, Dollar and GBP at 31 December would have increased/(decreased) income statement and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant.

	(Decrease)/increase in income statement			
	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Euro (€)	(7,775)	16,826	(7,775)	16,826
GBP (£)	106,968	(6,920)	106,968	(6,920)
USD ($)	(4,407,739)	(4,576,910)	(4,407,739)	(4,576,910)

A fifteen percent (15%) weakening of the Naira against the above currencies would have had the equal but opposite effect on the above currencies to the magnitude of the amounts shown above, on the basis that all other variables remain constant.

33 Financial assets by category

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

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Assets				
	N'000	N'000	N'000	N'000
Trade and other receivables	34,552,160	29,355,850	87,900,236	66,430,255
Cash and cash equivalents	21,582,294	41,367,530	21,167,809	40,352,658
	56,134,454	**70,723,380**	**109,068,045**	**106,782,913**

34 Financial liabilities by category

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Liabilities				
Borrowings	1,470,755	1,538,159	-	-
Trade and other payables	54,497,731	75,652,896	51,428,633	71,913,340
	55,968,486	**77,191,055**	**51,428,633**	**71,913,340**

35 Related party information

35.1 Related parties and Nature of relationship and transactions

Related parties	**Nature of relationship and transactions**
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
Bluestar services Limited	Fellow subsidiary Company that provides clearing and
Savannah Sugar Company Limited	Subsidiary- Backward integrated project
Taraba Sugar Company Limited	Subsidiary- Backward integrated project
Adamawa SugarCompany Limited	Subsidiary- Backward integrated project
Nassarawa Sugar Company Limited	Subsidiary- Backward integrated project
Niger Sugar project Limited	Subsidiary- Backward integrated project
Dangote Global Services Limited (UK)	Subsidiary- Payment for foreign procurements
Dangote Oil and Gas Company Limited	Fellow subsidiary - Supply of AGO and LPFO
Dangote Industries Limited	Parent company that provides management support and receives 7.5% of total reimbursables as management fees
Dancom Technologies Limited	Fellow subsidiary - Supply of IT services
MHF Properties Limited	Fellow subsidiary - Property rentals.
Greenview Development Company Limited	Fellow subsidiary - Property rentals.
Kura Holdings Limited	Fellow subsidiary - Travel services
Dangote Sinotrucks west Africa Limited	Fellow subsidiary- Supply of fleet trucks
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
Dangote Agrosacks Nigeria Limited	Fellow subsidiary- Supplies empty for bagging of finished

35 **Related party information (continued)**

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Related party transactions				
Sales of goods and services				
Dansa Foods Limited	-	315,960	-	315,960
Dangote Flour Mills PLC	599,267	-	599,267	-
Dangote Industries Limited	168,821	107,977	168,821	107,977
Dangote Pasta	4,520		4,520	
Dangote Noodles Limited	-	15,795		15,795
NASCON Allied Industries PLC	13,824	1,207	13,824	1,207
Greenview Development Company Limited	67,964	-	67,964	-
Dangote Foundation	36,420	14,559	36,420	14,559
Dangote Cement PLC Ibeshe	921	630	921	630
	891,737	**456,128**	**891,737**	**456,128**
Purchase of goods and services				
Dansa Foods Limited	-	1,036	-	1,036
Dangote Cement PLC	3,647,822	1,044,396	3,647,822	1,008,126
Greenview Development Company Limited	3,317,856	2,115,731	3,317,856	2,115,731
Dangote Agrosacks Nigeria Limited	2,333,539	2,055,632	2,333,539	2,017,254
Dangote Flour Mills PLC	866,529	537,238	866,529	537,238
Kura Holdings Limited	72,757	23,790	72,757	23,790
Dangote Oil and Gas Company Limited	2,833,844	-	2,833,844	-
DIL Strategic Supplies Limited	-	665,431		665,431
Dangote Cement PLC Ibeshe	111,644	630	111,644	630
Bluestar Shipping Services Limited	127,008	400,507	127,008	400,507
Dangote Global Services Limited (UK)	1,029,725	-	1,029,725	
NASCON Allied Indsutries PLC	241,600	346,705	241,600	346,145
Dancom Technologies Limited	88,526	142,466	88,526	121,538
Dangote Nigeria Clearing Limited	-	85,887		85,887
MHF Properties	11,244		11,244	
Dangote Nigeria Limited	-	-		-
Dangote Sinotrucks	2,331,000		2,331,000	
Central transport stores	-		-	
Bluestar Clearing Limited	411,693	-	411,693	-
Dangote Industries Limited	1,139,593	251,360	1,139,593	251,360
	18,564,380	**7,670,809**	**18,564,380**	**7,574,673**
Management fees				
Dangote Industries Limited	1,090,312	687,338	1,090,312	687,338
	1,090,312	**687,338**	**1,090,312**	**687,338**

35 **Related party information (continued)**

Amount owed by related parties	**GROUP 31/12/2018 N'000**	**GROUP 31/12/2017 N'000**	**COMPANY 31/12/2018 N'000**	**COMPANY 31/12/2017 N'000**
Taraba Sugar Company Limited	-	-	1,832,392	-
Adamawa SugarCompany Limited	58,849	-	846,626	-
Nassarawa Sugar Company Limited	-	-	6,731,213	-
Savannah Sugar Company Limited	-	-	45,719,711	37,080,680
Dansa Foods Limited	28,997	28,997	28,997	28,997
Dangote Global Services Limited (UK)	1,005,617	1,693,359	1,005,617	1,693,359
Dangote Flour Mills PLC	851,334	1,311,684	851,334	1,311,684
Dangote Pasta Limited	56,918	56,153	56,918	56,153
Dangote Noodles Limited	11,800	11,800	11,800	11,800
NASCON Allied Industries PLC	116,457	95,480	116,457	94,880.50
Dangote Oil and Gas Company Limited	930,874	1,011,316	930,874	1,011,315.67
Dangote Sinotrucks Limited	-	6,098		6,098
Greenview Development Company Limited	1,586,115	-	1,586,115	-
Dangote Fertiliser Limited	1,229,573	1,229,573	1,229,573	1,229,573
Dancom Technologies Limited	-	6,995	-	6,995.47
AG Dangote Construction Limited	829,823	1,537,930	829,823	1,537,930
MHF Properties Limited	3,036	3,036	3,036	3,036
Dangote Nigeria Clearing Limited	-	12,265	-	12,265
Dangote Cement Limited Ghana	-	6,643	-	6,643
Bluestar Clearing	10,819	-	10,819	-
Dangote Rice Limited	3,029,311	4,000	3,029,311	4,000
Dangote Cement PLC	805,907	913,125	805,907	913,125
Dangote Industries Limited	1,023,577	-	1,027,577	-
Gross amount due from related parties (Note 23)	**11,579,007**	**7,928,454**	**66,654,100**	**45,008,534**
Allowance for impaired -related parties Trade(Note 23.2)	(56,528)	-	(56,528)	-
Allowance for impaired -related parties Non-Trade(NOte 23.2)	(240,736)	-	(2,361,995)	-
Net amount due from related parties	11,281,743	7,928,454	64,235,577	45,008,534

Amount owed to related parties	**GROUP 31/12/2018 N'000**	**GROUP 31/12/2017 N'000**	**COMPANY 31/12/2018 N'000**	**COMPANY 31/12/2017 N'000**
Dangote Cement PLC	7,357,033	9,348,823	5,774,880	7,959,194
Greenview Development Company Limited	694	1,075,794	-	1,075,794
Niger Sugar project Limited	-	-	46,843	-
Dangote Agrosacks Nigeria Limited	448,120	333,864	388,918	237,466
Kura Holdings Limited	5,056	2,677	5,056	2,677
DIL Strategic Supplies Limited	39,609	109,308	39,609	39,609
Bluestar Shipping Services Limited	156,188	198,182	156,188	198,182
NASCON Allied Industries PLC	-	20	-	-
Dancom Technologies Limited	53,123	20,547	61,967	-
Dangote Nigeria Clearing Limited	30,542	31,235	30,542	30,542
Dangote Nigeria Limited	-	440	-	440
Dangote Foundation	9,468	2,904	9,468	2,903
Dangote Sinotrucks west Africa Limited	2,058,028	-	2,058,028	-
Dangote Industries Limited	83,128	5,016,133	-	5,007,734
	10,240,990	**16,139,927**	**8,571,499**	**14,554,541**

35 Related party information (continued)

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

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

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

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

35.4 Loans to and from related parties

There are no related party loans as at 31 December 2018.

35.5 Key Management Personnel

List of Directors of Dangote Sugar Refinery Plc

1	Alh. Aliko Dangote (GCON)	Chairman
2	Alh. Sani Dangote	Board Member
3	Mr. Olakunle Alake	Board Member
4	Engr. Abdullahi Sule	Board Member (resigned August 1st , 2018)
5	Mr. Uzoma Nwankwo	Board Member
6	Ms. Bennedikter Molokwu	Board Member
7	Dr. Konyinsola Ajayi (SAN)	Board Member
8	Alh. Abdu Dantata	Board Member
9	Ms. Maryam Bashir	Board Member
	Chioma Madubuko	Company Secretary/Legal Adviser

List of key management staff

1	Mr. Ravindra Singhvi	Chief Operating Officer
2	Mrs. Debola Falade	Chief Financial officer
3	Chioma Madubuko	Company Secretary/Legal Adviser
4	Engr. Braimah Ogunwale	General Manager, Refinery
5	Mr. Idowu Adenopo	Chief Internal Auditor
6	Mr. Nseobot Ekpe	General Manager, Supply Chain
7	Mr. Saddiq Bello	General Manager, Sales and marketing
8	Mr. Hassan Salisu	Head, Human Resources and Admin
9	Mr. Fatay Olamilekan Jimoh	Head, Risk Management

35 Related parties (Cont'd)

35.6 Compensation to directors and other key management

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Short-term employee benefits	145,582	145,582	137,257	137,257
	145,582	145,582	137,257	137,257

36 Employee costs

The following items are included within employee benefits expenses:

Direct employee costs	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000
Basic	1,198,393	1,772,304	995,733	741,451
Bonus	82,565	86,862	82,565	60,496
Medical claims	25,684	56,916	6,273	30,423
Leave allowance	143,567	102,843	124,871	72,004
Short term benefits	2,506,358	1,529,268	1,569,043	1,024,579
Other short term costs	388,402	448,093	176,411	448,093
Pension	178,928	159,217	147,195	109,262
Termination benefits	24	85	-	-
	4,523,921	4,155,588	3,102,091	2,486,308

Indirect employee costs	31/12/2018 N'000	31/12/2017 N'000	31/12/2018 N'000	31/12/2017 N'000
Basic	1,179,759	742,644	521,296	441,132
Bonus	36,130	79,033	12,710	70,208
Medical claims and allowance	2,191	16,496	2,191	11,918
NSITF and ITF levies	78,598	23,241	78,598	6,868
Short term benefits	605,212	703,217	778,887	561,385
Other short term costs	419,531	426,082	251,911	376,586
Pension	76,724	65,771	76,724	65,771
Termination benefits	-	1,395	-	-
	2,398,145	2,057,879	1,722,317	1,533,868

Total employee costs				
Direct employee cost	4,523,921	4,155,588	3,102,091	2,486,308
Indirect employee cost	2,398,145	2,057,879	1,722,317	1,533,868
	6,922,066	6,213,467	4,824,408	4,020,176

Average number of persons employed during the year was:

	31/12/2018 Number	31/12/2017 Number	31/12/2018 Number	31/12/2017 Number
Management	94	82	86	78
Senior Staff	494	427	342	304
Junior Staff	1,820	1485	1,164	899
	2,408	1,994	1,592	1,281

36 Employee costs (continued)

The table below shows the number of employees (excluding Directors), whose earnings within the year, fell within the ranges shown below:

	GROUP 2018 Number	GROUP 2017 Number	COMPANY 2018 Number	COMPANY 2017 Number
N200,000 - N600,000	539	297	539	296
N600,001 - N700,000	8	211	8	141
N700,001 - N800,000	9	214	3	36
N800,001 - N900,000	219	163	19	56
N900,001 - N1,000,000	323	108	185	36
N1,000,001 - N2,000,000	786	674	398	399
N2,000,001 - N3,000,000	257	136	205	112
N3,000,001 - N4,000,000	77	82	60	66
N4,000,001 - N5,000,000	46	68	39	68
N5,000,001 - N6,000,000	68	22	63	22
N6,000,001 - N7,000,000	25	19	24	19
N7,000,001 - N8,000,000	16	8	16	8
N8,000,001 - N9,000,000	5	3	4	3
N9,000,001 - N10,000,000	9	6	9	6
N10,000,001 and above	21	13	20	13
	2,408	2,024	1,592	1,281

37 Directors' emoluments

	31/12/2018 N'000	31/12/2017 N'000	31/12/2018 N'000	31/12/2017 N'000
Fees	24,500	24,500	24,500	24,500
Salaries	37,812	64,365	37,812	64,365
Others	126,682	175,913	126,682	175,913
	188,994	264,778	188,994	264,778
Emoluments of the highest paid Director	37,812	64,365	37,812	64,365

The number of Directors excluding the chairman with gross emoluments within the bands stated below were:

N'000	31/12/2018 Number	31/12/2017 Number	31/12/2018 Number	31/12/2017 Number
0 - 19,000	8	8	8	8
32,000 and above	1	1	1	1
	9	9	9	9

38 Events after the reporting period

There were no events after the reporting perod that could have had material effect on the financial statements of the Company as at 31 December 2018 that have not been taken into account in these financial statements.

39 Capital Commitment

As at 31 December, 2018, there were capital commitments in respect of the Lagos factory expansion which amounted to N388.6 million (2017: N335 million)

40 Contingent assets and Contingent liabilities

There were no contingent assets and liabilities as at 31 December 2018 (2017: Nil)

Other National Disclosures

Value Added Statement

	Note	2018 N'000	2018 %	2017 N'000	2017 %
GROUP					
Value Added					
Revenue		150,373,083		204,422,379	
Bought - in materials and services		(106,095,089)		(149,670,318)	
Fair Value adjustment		(325,294)		2,468,411	
Other income		3,104,508		3,765,943	
		47,057,208	100	60,986,416	100
Value Distributed					
To Pay Employees					
Salaries, wages, medical and other benefits		6,922,066		6,213,467	
		6,922,066	15	6,213,467	10
To Pay Providers of Capital					
Finance costs		293,243		(3,858,758)	
		293,243	1	(3,858,758)	(6)
To Pay Government					
Income tax	12	12,341,316		17,147,035	
		12,341,316	26	17,147,035	28
To be retained in the business for expansion and future wealth creation:					
Value reinvested					
Depreciation, amortisation and impairments		5,240,842		5,032,839	
Deferred tax	12	283,273		(3,331,772)	
		5,524,115	12	1,701,067	3
Value retained					
Retained profit		22,169,191		39,685,555	
Non-controlling interest		(192,724)		98,050	
		21,976,467	47	39,783,605	65
Total Value Distributed		47,057,208	100	60,986,416	100

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

"Value added" is the measure of wealth the Group has created in its operations by "adding value" to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the Group for the replacement of assets and the further development of operations.

Other National Disclosures

Value Added Statement

		2018 N'000	2018 %	2017 N'000	2017 %
COMPANY					
Value Added					
Revenue		146,549,176		198,120,639	
Bought - in materials and services		(102,449,285)		(144,135,627)	
Fair Value adjustment		-		-	
Other income		2,769,344		3,560,490	
		46,869,235	100	57,545,502	100
Value Distributed					
To Pay Employees					
Salaries, wages, medical and other benefits		4,824,408		4,020,176	
		4,824,408	10	4,020,176	7
To Pay Providers of Capital					
Finance costs		67,127		(4,504,538)	
		67,127	0	(4,504,538)	(8)
To Pay Government					
Income tax	12	12,341,316		17,147,035	
		12,341,316	26	17,147,035	30
To be retained in the business for expansion and future wealth creation:					
Value reinvested					
Depreciation, amortisation and impairments		3,522,170		3,146,881	
Deferred tax	12	283,273		(86,661)	
		3,805,443	8	3,060,220	5
Value retained					
Retained profit		25,830,941		37,822,609	
Non-controlling interest		-		-	
		25,830,941	55	37,822,609	66
Total Value Distributed		46,869,235	100	57,545,502	100

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

"Value added" is the measure of wealth the Group has created in its operations by "adding value" to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the Group for the replacement of assets and the further development of operations.

Five Year Financial Summary

	GROUP 31/12/2018 N'000	GROUP 31/12/2017 N'000	GROUP 31/12/2016 N'000	GROUP 31/12/2015 N'000	GROUP 31/12/2014 N'000
Group as at December 31, 2018					
Assets					
Non-current assets	71,441,221	66,592,631	58,743,476	59,065,376	54,537,443
Current assets	102,806,764	127,619,175	112,561,335	42,302,121	37,399,211
Assets of disposal groups held for sale	868,642	868,642	864,647	864,647	864,647
Total assets	175,116,627	195,080,449	172,169,458	102,232,144	92,801,301
Liabilities					
Non-current liabilities	6,735,540	6,679,887	6,766,548	5,150,119	4,611,315
Current liabilities	69,405,899	95,664,927	99,250,880	39,325,933	36,776,266
Total liabilities	76,141,440	102,344,814	106,017,428	44,476,052	41,387,581
Equity					
Share capital and premium	12,320,524	12,320,524	12,320,524	12,320,524	12,320,524
Retained income	87,010,225	80,577,948	54,092,393	45,706,317	39,288,074
Non-controlling interest	(355,561)	(162,837)	(260,887)	(270,749)	(194,878)
Total equity	98,975,188	92,735,635	66,152,030	57,756,092	51,413,720
Total equity and liabilities	175,116,628	195,080,448	172,169,458	102,232,144	92,801,301
Profit and loss account					
Revenue	150,373,083	204,422,379	169,724,936	101,057,905	94,855,203
Profit before taxation	34,601,057	53,598,868	19,614,434	16,155,609	15,273,152
Profit for the year	21,976,467	39,783,605	14,395,938	11,142,372	11,635,779
Per share data (Naira)					
Earnings per share (Basic and diluted)	1.85	3.31	1.20	0.93	0.97
Net assets per share	8.25	7.73	5.51	4.81	4.28

Earnings per share are based on profit after tax and the weighted number of issued and fully paid ordinary shares at the end of each financial year.

Five Year Financial Summary

	COMPANY 31/12/2018 N'000	COMPANY 31/12/2017 N'000	COMPANY 31/12/2016 N'000	COMPANY 31/12/2015 N'000	COMPANY 31/12/2014 N'000
Company as at December 31, 2018					
Assets					
Non-current assets	33,585,972	38,815,554	32,819,554	33,394,366	32,765,392
Current assets	144,069,096	156,380,467	141,909,778	72,412,320	63,657,765
Assets of disposal groups held for sale	868,642	868,642	864,647	864,647	864,647
Total assets	178,523,711	196,064,664	175,593,979	106,671,333	97,287,804
Liabilities					
Non-current liabilities	5,309,997	5,212,819	5,299,480	4,768,318	4,229,514
Current liabilities	66,033,588	91,644,487	95,709,749	35,516,958	34,532,088
Total liabilities	71,343,585	96,857,306	101,009,229	40,285,276	38,761,602
Equity					
Share capital and premium	12,320,524	12,320,524	12320524	12,320,524	12,320,524
Retained income	94,859,602	86,886,834	62,264,226	54,065,533	46,205,678
Total equity	107,180,126	99,207,358	74,584,750	66,386,057	58,526,202
Total equity and liabilities	178,523,711	196,064,664	175,593,979	106,671,333	97,287,804
Profit and loss account					
Revenue	146,549,176	198,120,639	167,409,161	100,092,221	94,103,677
Profit before taxation	38,455,530	54,882,983	20,759,524	18,144,955	17,472,841
Profit for the year	25,830,941	37,822,609	14,198,693	12,659,855	11,908,690
Per share data (Naira)					
Earnings per share (Basic and diluted)	2.15	3.15	1.18	1.05	0.90
Net assets per share	8.93	8.27	6.22	5.53	4.88

Earnings per share are based on profit after tax and the weighted number of issued and fully paid ordinary shares at the end of each financial year.