Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements

for the period ended June 30, 2020

Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the Period Ended June 30, 2020

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
Chairman	Alh. Aliko Dangote (GCON)
Executive Director	Mr. Ravindra Singhvi
Director	Mr. Olakunle Alake
Director	Alh. Sani Dangote
Director	Mr. Uzoma Nwankwo
Director	Ms. Bennedikter Molokwu
Director	Dr. Koyinsola Ajayi
Director	Alh. Abdu Dantata
Director	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 Ecobank Plc Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc FSDH Merchant Bank 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. Temitope Hassan 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

Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the Period Ended June 30, 2020

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

	Note(s)	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Continuing operations							
Revenue	5	103,233,771	161,085,778	80,363,864	95,471,249	158,104,577	78,608,144
Cost of sales	6	(82,410,380)	(122,800,549)	(59,249,403)	(74,965,878)	(117,770,403)	(57,257,535)
Gross profit		**20,823,391**	**38,285,229**	**21,114,461**	**20,505,371**	**40,334,174**	**21,350,609**
Other income	11	409,677	606,263	76,671	384,667	50,440	46,684
Selling and distribution expenses	7	(333,987)	(813,797)	(397,252)	(326,004)	(810,067)	(388,709)
Administrative expenses	7	(3,500,944)	(7,815,370)	(3,513,983)	(2,396,566)	(5,970,768)	(2,687,437)
Impairment gains/(losses) on financial assets	23.3	-	(332,234)	-	-	776,313	-
Operating profit	14	**17,398,137**	**29,930,091**	**17,279,897**	**18,167,468**	**34,380,092**	**18,321,147**
Finance cost	10	(1,477,769)	(516,210)	(82,299)	(1,402,188)	(270,868)	(205)
Finance income/(costs) - net		**(1,477,769)**	**(516,210)**	**(82,299)**	**(1,402,188)**	**(270,868)**	**(205)**
Investment income	8	308,292	720,020	604,731	308,292	720,018	604,731
Fair value adjustment	9	815,561	(313,472)	(770,002)	-	-	-
Profit before tax		**17,044,221**	**29,820,429**	**17,032,327**	**17,073,572**	**34,829,242**	**18,925,673**
Taxation	12.1	(5,463,543)	(7,459,154)	(6,056,215)	(5,463,543)	(10,726,425)	(6,056,215)
Profit for the period		**11,580,678**	**22,361,275**	**10,976,112**	**11,610,029**	**24,102,817**	**12,869,458**
Profit attributable to:							
Owners of the parent		11,582,146	22,448,352	11,070,779	11,610,029	24,102,817	12,869,458
Non-controlling interest		(1,468)	(87,077)	(94,667)	-	-	-
		11,580,678	**22,361,275**	**10,976,112**	**11,610,029**	**24,102,817**	**12,869,458**
Total comprehensive income for the period		**11,580,678**	**22,361,275**	**10,976,112**	**11,610,029**	**24,102,817**	**12,869,458**
Total comprehensive income attributable to:							
Owners of the parent		11,582,146	22,448,352	11,070,779	11,610,029	24,102,817	12,869,458
Non-controlling interest		(1,468)	(87,077)	(94,667)	-	-	-
		11,580,678	**22,361,275**	**10,976,112**	**11,610,029**	**24,102,817**	**12,869,458**
Earnings per share							
Basic and diluted earnings per share (Naira)	15	**0.97**	**1.87**	**0.92**	**0.97**	**2.01**	**1.07**

The accompanying notes on pages 6 to 41 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of financial position as at June 30, 2020

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Assets							
Non-current assets							
Property, plant and equipment	16	84,205,071	82,997,430	66,678,569	30,572,302	32,706,935	28,203,017
Intangible assets	17	-	-	324	-	-	324
Other assets	19	-	-	45,957	-	-	45,957
Investment in subsidiaries	21	-	-	-	3,610,923	3,610,923	3,610,923
Deferred tax assets	13	10,440,450	10,440,450	7,173,178	-	-	-
Total non-current assets		**94,645,521**	**93,437,880**	**73,898,028**	**34,183,225**	**36,317,858**	**31,860,221**
Current assets							
Inventories	22	29,409,125	38,863,729	43,790,254	21,932,792	30,194,027	34,643,899
Biological assets	18	2,647,996	2,068,992	964,291	-	-	-
Trade and other receivables	23	36,072,545	33,779,377	41,447,905	109,050,854	107,014,317	97,407,516
Other assets	19	401,141	75,768	569,914	396,331	70,875	524,642
Asset held for sale	20	868,642	868,642	868,642	868,642	868,642	868,642
Cash and cash equivalents	24	65,159,827	24,611,528	9,689,588	64,937,524	23,663,403	9,341,987
Total current assets		**134,559,276**	**100,268,036**	**97,330,594**	**197,186,143**	**161,811,264**	**142,786,686**
Total assets		**229,204,797**	**193,705,916**	**171,228,622**	**231,369,368**	**198,129,122**	**174,646,907**
EQUITY							
Attributable to owners of Parent company							
Share capital	25	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	25	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	26	107,840,723	96,258,577	84,881,004	117,372,448	105,762,419	94,529,058
		120,161,247	**108,579,101**	**97,201,528**	**129,692,972**	**118,082,943**	**106,849,582**
Non-controlling interest	27	(444,105)	(442,638)	(450,228)	-	-	-
		119,717,142	**108,136,463**	**96,751,300**	**129,692,972**	**118,082,943**	**106,849,582**
LIABILITIES							
Non-Current Liabilities							
Deferred tax liabilities	13	5,019,916	5,019,916	5,309,997	5,019,914	5,019,914	5,309,997
Lease liability	31.1	1,765,695	1,710,060	-	1,674,014	1,674,014	-
Borrowings	28	-	1,300,014	1,371,984	-	-	-
		6,785,611	**8,029,990**	**6,681,981**	**6,693,928**	**6,693,928**	**5,309,997**
Current Liabilities							
Current tax liabilities	12.3	14,021,490	11,116,521	15,678,002	13,989,390	11,084,421	15,645,902
Lease liability	31.1	612,190	612,100	-	602,579	606,622	-
Borrowings	28	1,233,227	45,212	-	-	-	-
Trade and other payables	30	82,743,625	63,223,853	50,535,281	76,504,984	59,304,651	45,434,014
Employee benefits	29	972,045	980,430	963,770	791,680	798,696	789,123
Other liabilities	31	3,119,467	1,561,347	618,288	3,093,834	1,557,861	618,288
Total current liabilities		**102,702,044**	**77,539,463**	**67,795,341**	**94,982,467**	**73,352,251**	**62,487,327**
Total liabilities		**109,487,655**	**85,569,453**	**74,477,322**	**101,676,395**	**80,046,179**	**67,797,324**
Total equity and liabilities		**229,204,797**	**193,705,916**	**171,228,622**	**231,369,368**	**198,129,122**	**174,646,907**

The consolidated and separate financial statements on pages 2 to 41, were approved by the board on July 29, 2020 and were signed on its behalf by:

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

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The accompanying notes on pages 6 to 41 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 2019	**6,000,000**	**6,320,524**	**94,859,602**	**107,180,126**
Profit for the period	-	-	7,856,661	7,856,661
Total comprehensive income for the period	**-**	**-**	**7,856,661**	**7,856,661**
Transaction with owners:				
Dividend paid	-	-	-	-
Balance as at 30 June 2019	**6,000,000**	**6,320,524**	**102,716,263**	**115,036,787**
Balance as at 1 July 2019	**6,000,000**	**6,320,524**	**102,716,263**	**115,036,787**
				-
Profit for the period	-	-	16,246,156	16,246,156
Total comprehensive income for the period	**-**	**-**	**16,246,156**	**16,246,156**
Transaction with owners:				
Dividend paid	-	-	(13,200,000)	(13,200,000)
Balance as at 31 December 2019	**6,000,000**	**6,320,524**	**105,762,419**	**118,082,943**
Profit for the period	-	-	11,610,029	11,610,029
Total comprehensive income for the period	**-**	**-**	**11,610,029**	**11,610,029**
Transaction with owners:				
Dividend paid	-	-	-	-
Balance as at 30 June 2020	**6,000,000**	**6,320,524**	**117,372,448**	**129,692,972**

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 2019	**6,000,000**	**6,320,524**	**87,010,225**	**99,330,749**	**(355,561)**	**98,975,188**
Profit for the period	-	-	7,046,910	7,046,910	(42,618)	7,004,292
Total comprehensive income for the period	**-**	**-**	**7,046,910**	**7,046,910**	**(42,618)**	**7,004,292**
Transaction with owners:						
Dividend paid	-	-	-	-	-	-
Balance as at 30 June 2019	**6,000,000**	**6,320,524**	**94,057,135**	**106,377,659**	**(398,179)**	**105,979,480**
Balance as at 1 July 2019	6,000,000	6,320,524	94,057,135	106,377,659	(398,179)	105,979,480
						-
Profit for the period	-	-	15,401,442	15,401,442	(44,459)	15,356,983
Total comprehensive income for the period	**-**	**-**	**15,401,442**	**15,401,442**	**(44,459)**	**15,356,983**
Transaction with owners:						
Dividend paid	-	-	(13,200,000)	(13,200,000)	-	(13,200,000)
Balance as at 31 December 2019	**6,000,000**	**6,320,524**	**96,258,577**	**108,579,101**	**(442,638)**	**108,136,463**
					-	-
Profit for the period	**-**		11,582,146	11,582,146	(1,468)	11,580,678
Total comprehensive income for the period	**-**	**-**	**11,582,146**	**11,582,146**	**(1,468)**	**11,580,678**
Transaction with owners:						
Dividend paid	-	-	-	-	-	-
Balance as at 30 June 2020	**6,000,000**	**6,320,524**	**107,840,723**	**120,161,247**	**(444,106)**	**119,717,142**

The accompanying notes on pages 6 to 41 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of cash flows

	Note(s)	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Cash flows for operating activities							
Profit before taxation		**17,044,221**	**29,820,431**	**17,032,327**	**17,073,572**	**34,829,243**	**18,925,671**
Adjustments for non-cash income and							
Depreciation of property, plant and equipment	16	4,608,386	5,951,795	2,720,397	2,561,312	4,683,018	1,947,082
Amortisation of intangible assets	17	-	324	-	-	324	-
(Profit)/loss on sale of assets	11	-	68,634	-	-	68,634	-
Fixed asset written off	16	9,419	-	-	9,419	-	-
Interest income	8	(308,292)	(720,020)	(588,186)	(308,292)	(720,018)	(588,186)
Fair value loss/(gain) on biological assets	9	(815,561)	-	770,002	-	-	-
Changes in working capital							
(Increase)/Decrease in Inventory		9,454,605	(1,187,648)	(6,114,174)	8,261,236	1,305,627	(3,144,245)
(Increase)/Decrease in biological assets		236,556	(228,306)	106,413	-	-	-
(Increase)/Decrease in trade and other receivables		(2,293,169)	1,966,012	(117,712)	(2,036,537)	(16,217,462)	(6,381,754)
(Increase)/Decrease in other assets		(325,373)	313,347	(226,756)	(325,456)	316,633	(183,090)
Increase/(decrease) in other liabilities		1,558,120	41,736	(901,321)	1,535,973	89,025	(850,550)
Increase/(Decrease) in trade payables		19,519,774	14,082,051	(3,962,450)	17,200,332	7,876,016	(5,994,650)
Increase/(Decrease) in employee benefits		(8,385)	10,498	(6,161)	(7,016)	3,893	(5,679)
Cash generated from operations		**48,680,301**	**50,118,854**	**8,712,379**	**43,964,543**	**32,234,933**	**3,724,599**
Finance cost paid		-	509,077	-	-	263,735	-
Tax paid	12.3	(2,558,574)	(12,273,402)	(2,751,629)	(2,558,574)	(12,273,402)	(2,751,629)
Net cash generated from /(used in) operating activities		**46,121,727**	**38,354,529**	**5,960,750**	**41,405,969**	**20,225,267**	**972,970**
Cash flows from investing activities							
Purchase of property, plant and equipment	16	(5,825,446)	(21,796,759)	(5,142,870)	(436,097)	(4,568,031)	(186,978)
Proceeds on disposal of property,plant and equipment		-	23,400	-	-	23,400	-
Interest income received	8	308,292	720,020	588,186	308,292	720,018	588,186
Net cash (used in)/ generated from investing activities		**(5,517,154)**	**(21,053,339)**	**(4,554,685)**	**(127,805)**	**(3,824,613)**	**401,208**
Cash flows from financing activities							
Dividends paid	26	-	(13,200,000)	(13,200,000)	-	(13,200,000)	(13,200,000)
Interest paid		-	(240,133)	-	-	-	-
Lease Liabilities paid		55,726	(706,292)	-	(4,043)	(705,059)	-
Repayment of borrowings	28	(112,000)	(125,529)	(98,771)	-	-	-
Net cash used in financing activities		**(56,274)**	**(14,271,954)**	**(13,298,771)**	**(4,043)**	**(13,905,059)**	**(13,200,000)**
Net (decrease)/ increase in cash and cash equivalents		40,548,299	3,029,234	(11,892,706)	41,274,121	2,495,594	(11,825,822)
Cash and cash equivalents at beginning of year		24,611,528	21,582,294	21,582,294	23,663,403	21,167,809	21,167,809
Cash and cash equivalents at end of the period	24	**65,159,827**	**24,611,528**	**9,689,588**	**64,937,524**	**23,663,403**	**9,341,987**

The accompanying notes on pages 6 to 41 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 period ended 30 June 2020 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 period ended 30 June 2020 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.

Going Concern status

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

1.3 Operating environment

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

1.4 Financial period

These financial statements cover the financial period from 1 January 2020 to 30 June 2020 with comparatives for the year ended 31 December 2019 and period ended 30 June 2019.

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*

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

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

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

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

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

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

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

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

Notes to the Consolidated and Separate Financial Statements

Revenue recognition (continued)

Disaggregation of revenue from contract with customers

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

	Freight services	Sale of sugar	Sale of molasses	Total
	N'000	N'000	N'000	N'000
Revenue from contract with customers	634,328	102,209,370	390,073	103,233,771

2.5 Interest income Recognition

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

2.6 Pensions and Other post-employment benefits

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

2.7 Taxation

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

Current tax

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

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)

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

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

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

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

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 -50 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	4 years
Tools and equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Aircraft	Straight line	25 years
Bearer plants	Straight line	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 Intangible assets

Intangible assets acquired separately

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

Derecognition of intangible assets

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

Impairment of tangible and intangible assets

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

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

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

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

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

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

2.10 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, abour 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.

2.11 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.

Financial instruments

a) Financial instruments accounting policy

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

i) Classification and measurement

Financial assets

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

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

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

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

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

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.

2.12 Financial instruments (continued)

Impairment of financial assets

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

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

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

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

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

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

Significant increase in credit risk and default definition

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

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

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

Derecognition

Financial assets

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

Financial liabilities

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

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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

2.17 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.

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 rate and 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.

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 16 – Leases

IFRS 16 was issued in January 2016. It results 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 affects 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 affects primarily the accounting for the group's operating leases.

Leases - Accounting policy from 1 January 2019

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

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

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

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

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

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

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

<u>Leases in which the Group is a lessee</u>
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use

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

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

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

2 Critical judgements

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2019, the potential future cashflows that was not included in the lease liability because it is not reasonably certain that the leases will be extended .

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

3 Changes in accounting policies

Impact of adoption of IFRS 16
This note explains the impact of the adoption of IFRS 16: Leases on the Group's financial statements.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 31.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranges from 15% to 17% depending on the lease term.

The Group had no leases previously classified as finance leases.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There was no onerous contract as at 1 January 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

For lease contracts where the Group is the lessor, the Group reassessed the classification of some of the existing sublease contracts previously classified as operating leases under the previous reporting Standard (IAS 17). For subleases that were concluded to be finance leases under IFRS 16, they have been accounted for as new finance leases entered into at the date of initial application.

Notes to the Consolidated and Separate Financial Statements

5 Revenue

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Revenue from the sale of sugar - 50kg	98,331,512	153,354,955	75,645,900	90,747,662	150,626,795	74,140,403
Revenue from the sale of sugar - Retail	3,877,858	4,300,420	2,297,968	3,877,858	4,300,420	2,297,968
Revenue from the sale of molasses	390,073	543,611	384,690	211,401	290,570	134,467
Freight income	634,328	2,886,792	2,035,306	634,328	2,886,792	2,035,306
	103,233,771	**161,085,778**	**80,363,864**	**95,471,249**	**158,104,577**	**78,608,144**

5.1 Segment information

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

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

Segmental revenue and results

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

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Nigeria:						
Lagos	50,164,871	54,566,281	38,715,763	50,164,871	54,566,282	38,561,480
North	38,536,012	59,319,216	29,671,800	30,773,490	56,338,014	28,118,089
West	9,646,678	38,338,744	7,230,014	9,646,678	38,338,744	7,201,203
East	4,886,210	8,861,537	4,746,286	4,886,210	8,861,537	4,727,372
	103,233,771	**161,085,778**	**80,363,864**	**95,471,249**	**158,104,577**	**78,608,144**

Group	Segment Revenue 30/6/2020 N'000	Segment Revenue 30/6/2019 N'000	Segment Cost of Sales 30/6/2020 N'000	Segment Cost of Sales 30/6/2019 N'000	Segment Results 30/6/2020 N'000	Segment Results 30/6/2019 N'000
Nigeria:						
Lagos	50,164,871	38,715,763	(40,121,809)	(28,543,748)	10,043,062	10,172,015
North	38,536,012	29,671,800	(30,665,183)	(21,875,957)	7,870,829	7,795,843
West	9,646,678	7,230,014	(7,715,402)	(5,330,431)	1,931,275	1,899,583
East	4,886,210	4,746,286	(3,907,986)	(3,499,267)	978,225	1,247,019
	103,233,771	**80,363,864**	**(82,410,380)**	**(59,249,403)**	**20,823,391**	**21,114,461**

Company	Segment Revenue 30/6/2020 N'000	Segment Revenue 30/6/2019 N'000	Segment Cost of Sales 30/6/2020 N'000	Segment Cost of Sales 30/6/2019 N'000	Segment Results 30/6/2020 N'000	Segment Results 30/6/2019 N'000
Nigeria:						
Lagos	50,164,871	38,561,480	(39,390,430)	(28,087,870)	10,774,441	10,473,610
North	30,773,490	28,118,089	(24,163,942)	(20,480,988)	6,609,548	7,637,101
West	9,646,678	7,201,203	(7,574,759)	(5,245,297)	2,071,919	1,955,906
East	4,886,210	4,727,372	(3,836,747)	(3,443,380)	1,049,463	1,283,993
	95,471,249	**78,608,144**	**(74,965,878)**	**(57,257,535)**	**20,505,371**	**21,350,609**

5.1 Segment information (Continued)

5.1.1 Segment assets and liabilities

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

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

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

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

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

The table below provides information on the segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the balance as at 30 June 2020;

	Total Segment Assets		Total Segment liabilities	
	30/6/2020 N'000	30/6/2019 N'000	30/6/2020 N'000	30/6/2019 N'000
Group				
Nigeria:				
Lagos	153,293,924	100,240,568	36,091,923	2,349,198
North	65,470,422	63,814,876	68,375,817	66,818,127
West	-	-	-	-
East	-	-	-	-
Sub-total	**218,764,347**	**164,055,444**	**104,467,739**	**69,167,325**
Unallocated deferred tax	10,440,450	7,173,178	5,019,916	5,309,997
Total	**229,204,797**	**171,228,622**	**109,487,655**	**74,477,322**

	Total Segment Assets		Total Segment liabilities	
	30/6/2020 N'000	30/6/2019 N'000	30/6/2020 N'000	30/6/2019 N'000
Company				
Nigeria:				
Lagos	231,369,368	174,646,907	96,656,481	62,487,327
Sub-total	**231,369,368**	**174,646,907**	**96,656,481**	**62,487,327**
Unallocated deferred tax	-	-	5,019,914	5,309,997
Total	**231,369,368**	**174,646,907**	**101,676,395**	**67,797,324**

Included in the Lagos segment is asset held for sale of N868.6 million (2019: N868.6 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 period. 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 35% of the Group's sales. They buy Non-Fortified sugar exclusively.

5.1 Segment information (Continued)
Distributors

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

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

6 Cost of sales	**GROUP 30/6/2020 N'000**	**GROUP 31/12/2019 N'000**	**GROUP 30/6/2019 N'000**	**COMPANY 30/6/2020 N'000**	**COMPANY 31/12/2019 N'000**	**COMPANY 30/6/2019 N'000**
Raw material	61,577,026	90,951,086	44,780,082	59,805,477	89,937,589	43,637,260
Direct labour cost	2,682,856	4,120,116	1,730,761	1,672,081	3,017,340	1,451,007
Direct overheads	9,811,470	16,708,133	7,468,862	8,546,247	14,958,354	7,568,540
Depreciation	4,684,000	4,215,247	1,915,894	1,532,173	3,129,410	1,246,924
Freight expenses	3,655,028	6,805,967	3,353,803	3,409,900	6,727,710	3,353,803
	82,410,380	**122,800,549**	**59,249,403**	**74,965,878**	**117,770,403**	**57,257,535**

Included in freight expenses is an amount of N888,918,496.17 representing the depreciation charge of the company's fleet trucks

7 Administrative expenses						
Management fees	423,412	782,211	498,388	423,412	782,211	498,388
Assessment rates and municipal charges	9,942	10,122	3,126	7,472	4,876	3,126
Auditors Fees and remuneration	38,321	71,856	34,191	27,471	54,856	26,191
Cleaning and fumigation	38,802	79,843	36,682	38,772	79,814	36,682
Legal, consulting and professional fees	111,822	1,330,597	391,850	93,264	1,298,889	372,476
Consumables	1,693	14,450	1,400	176	4,865	1,400
Depreciation	252,527	372,881	196,848	140,221	189,940	92,505
Amortisation of intangible assets	-	325	-	-	325	-
Donations and scholarship	31,901	98,538	10,853	504	24,962	9,910
Employee costs (note 36)	1,512,146	2,678,683	1,180,382	945,446	1,851,943	797,650
Entertainment	72,891	132,934	70,082	72,374	132,635	70,082
Insurance	116,896	320,792	119,064	54,612	178,748	83,715
Bank charges	87,251	244,926	88,173	70,670	192,661	88,173
Rental expenses	-	39,398	22,656	-	39,398	22,656
Magazines, books, print and and periodicals	16,143	50,714	17,663	11,122	39,182	15,314
Utilities	72,660	149,858	72,426	2,847	24,621	9,028
Petrol and oil	12,326	25,244	14,179	603	14,969	14,179
Repairs and maintenance	74,293	170,467	95,171	27,006	83,300	28,552
Secretarial fees	48,221	65,346	36,751	48,221	65,346	36,751
Security expense	128,196	208,063	82,467	61,321	123,571	61,286
Staff welfare	119,634	198,786	87,801	97,545	179,947	87,801
Subscriptions	5,860	28,884	26,188	4,307	27,354	26,188
Telephone and fax	98,749	130,352	66,917	67,641	90,464	66,917
Training	8,116	35,817	4,233	6,142	12,599	4,233
Travel-local	206,097	237,743	142,666	187,120	163,231	232,732
Travel-overseas	13,045	336,537	213,825	8,297	310,061	1,500
	3,500,944	**7,815,370**	**3,513,983**	**2,396,566**	**5,970,767**	**2,687,437**

Selling and Distribution expenses						
Selling and marketing expenses	333,987	813,797	397,252	326,004	810,067	388,709
	333,987	**813,797**	**397,252**	**326,004**	**810,067**	**388,709**

Notes to the Consolidated and Separate Financial Statements

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
8	**Investment income**						
	Interest income on bank deposits	308,292	720,020	604,731	308,292	720,018	604,731
		308,292	**720,020**	**604,731**	**308,292**	**720,018**	**604,731**

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

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
9	**Change in fair value of biological assets**						
	Fair value (loss)/gain on biological assets (Note 18)	815,561	(313,472)	(770,002)	-	-	-
		815,561	**(313,472)**	**(770,002)**	**-**	**-**	**-**
10	**Net finance (income)/expense**						
	Exchange (gain)/loss arising on IFRS 16	-	54,627	-	-	54,627	-
	Exchange (gain)/loss on ordinary course of business	1,313,940	7,133	205	1,314,538	7,133	205
	Interest on lease payments (IFRS 16)	87,650	209,108	-	87,650	209,108	-
	Interest on bank loan	76,179	245,342	82,094	-	-	-
		1,477,769	**516,210**	**82,299**	**1,402,188**	**270,868**	**205**
11	**Other income**						
	Insurance claim income	-	6,743	4,428	-	6,743	4,428
	Sale of scrap	15,331	42,260	24,770	3,605	23,405	8,506
	ITF Refund	-	19,296	-	-	19,296	
	Grant income	-	80,140	-	-	-	-
	Rental income	47,034	94,195	46,049	33,750	67,500	33,750
	Provision no longer required	344,271	310,250	-	344,271	-	-
	Profit/(loss)on sale of asset	-	(68,634)	-	-	(68,634)	-
	Miscellaneous income	3,041	122,013	1,424	3,041	2,130	-
		409,677	**606,263**	**76,671**	**384,667**	**50,440**	**46,684**
12	**Taxation**						
12.1	**Major components of the tax expense**						
	Current Tax						
	Income tax based on profit for the year	5,122,072	10,231,015	5,677,701	5,122,072	10,231,015	5,677,701
	Education tax expense	341,471	785,492	378,513	341,471	785,492	378,513
		5,463,543	**11,016,507**	**6,056,215**	**5,463,543**	**11,016,507**	**6,056,215**
	Deferred tax						
	Deferred tax (income)/expense	-	(3,557,353)		-	(290,082)	
		5,463,543	**7,459,154**	**6,056,215**	**5,463,543**	**10,726,425**	**6,056,215**

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.

Notes to the Consolidated and Separate Financial Statements

12.2 Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Accounting profit before tax	17,044,221	29,820,429	17,032,327	17,073,572	34,829,242	18,925,673
Income tax expense calculated at 30%	5,122,072	8,992,294	5,677,701	5,122,072	10,448,773	5,677,701
Education tax expense calculated at 2%	341,471	785,492	378,513	341,471	785,492	378,513
Effect of investment allowance not recognised in ac	-	(63,604)	-		(65,547)	-
Fair value gain on biological assets and agricultural	-	94,042	-	-	-	-
Effects of disallowable non-temporary adjustments	-	647,488	-	-	582,232	-
Effects of allowable non-temporary adjustments	-	(272,388)	-	-	(238,382)	-
Difference in tax rate	-	16,017	-	-	16,791	-
Deferred tax assets not recognised in current year	-	(642,823)	-	-	-	
Deferred tax assets not previously recognised	-	(2,185,182)	-	-	(802,935)	-
DT not required	-	87,819	-	-	-	-
Income tax expense recognised in profit or loss	**5,463,543**	**7,459,154**	**6,056,215**	**5,463,543**	**10,726,425**	**6,056,215**

12.3 Current tax liabilities

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
At January 1	11,116,521	12,373,416	12,373,416	11,084,421	12,341,316	12,341,316
Charge for the year	5,463,543	11,016,507	6,056,215	5,463,543	11,016,507	6,056,215
Payment made during the year	(2,558,574)	(12,273,402)	(2,751,629)	(2,558,574)	(12,273,402)	(2,751,629)
Balance end of the period	**14,021,490**	**11,116,521**	**15,678,002**	**13,989,390**	**11,084,421**	**15,645,902**

13 Deferred tax balances

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2018: 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

Deferred tax assets

Deferred tax assets are attributable to the following:

Property plant and equipment @ 30%	2,123,113	2,123,113	138,972	-	-	-
Provisions	781,102	781,102	779,808	-	-	-
Unrelieved losses @ 30%	7,536,235	7,536,235	6,254,398	-	-	-
	10,440,450	**10,440,450**	**7,173,178**	**-**	**-**	**-**

Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Property plant and equipment @ 30%	(5,893,476)	(5,893,476)	(5,649,279)	(5,893,270)	(5,893,270)	(5,649,279)
Property plant and equipment @ 10%	(121,878)	(121,878)	(121,878)	(121,878)	(121,878)	(121,878)
Exchange difference @ 32%	-	-	(205)	(205)	(205)	(205)
Provisions	995,439	995,439	461,365	995,439	995,439	461,365
	(5,019,916)	**(5,019,916)**	**(5,309,997)**	**(5,019,914)**	**(5,019,914)**	**(5,309,997)**

13 Deferred tax balances (Continued)
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 2019				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	(5,510,307)	1,739,944	-	(3,770,363)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Provisions	1,241,173	535,368	-	1,776,541
Unrelieved losses @ 30%	6,254,398	1,281,837	-	7,536,235
	1,863,386	**3,557,149**	**-**	**5,420,536**
Company as at 31 December 2019				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	(5,649,279)	(244,197)	-	(5,893,476)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Exchange difference @ 32%	(205)	205	-	-
Provisions	461,365	534,074	-	995,439
	(5,309,996)	**290,082**	**-**	**(5,019,914)**

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

	GROUP 30/6/2020 N'000	**GROUP 31/12/2019 N'000**	**GROUP 30/6/2019 N'000**	**COMPANY 30/6/2020 N'000**	**COMPANY 31/12/2019 N'000**	**COMPANY 30/6/2019 N'000**
Depreciation of property, plant and equipment	4,608,386	5,951,795	871,163	2,561,312	4,683,018	871,163
Profit/(loss) on sale of property, plant and equipment	-	68,634	-	-	68,634	-
Amortisation of intangible assets	-	325	-	-	325	-
Defined contribution plans	51,379	52,591	109,699	48,562	47,928	94,468
Auditors remuneration	38,321	63,200	34,191	27,471	46,200	26,191

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 30/6/2020 N'000	**GROUP 31/12/2019 N'000**	**GROUP 30/6/2019 N'000**	**COMPANY 30/6/2020 N'000**	**COMPANY 31/12/2019 N'000**	**COMPANY 30/6/2019 N'000**
Profit for the year	11,582,146	22,448,352	11,070,779	11,610,029	24,102,817	12,869,458
Earnings used in the calculation of basic earnings per share from continuing operations	**11,582,146**	**22,448,352**	**11,070,779**	**11,610,029**	**24,102,817**	**12,869,458**
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**	**12,000,000**	**12,000,000**
Basic and diluted earnings per share from continuing operations (Naira)	0.97	1.87	0.92	0.97	2.01	1.07

16. Property, Plant and Equipment

Group	Bearer Plant	Land	Building	Plant & Machinery	Furniture & Fittings	Motor Vehicles	Computer Equipment	Aircraft	Tools & Equipment	Capital Work In Progress	Total
COST:	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
											-
Balance, 1/1/2019	**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**	**97,598,606**
IFRS 16 transition adjustment	-	-	2,879,344	-	-	-	-	-	-	-	2,879,344
Additions during the year	1,535,440	107,748	114,045	109,106	44,309	3,514,186	36,627	-	418,395	16,025,942	21,905,798
Disposal	-	-	-	(216,675)	-	(221,912)	-	-	-	-	(438,587)
Reclassifications	-	-	25,837	1,576,512	-	-	-	-	143,183	(1,745,532)	-
Balance, 31/12/2019	**5,606,590**	**5,663,744**	**20,071,720**	**31,972,273**	**383,096**	**22,671,459**	**267,604**	**899,828**	**7,631,638**	**26,777,211**	**121,945,163**
Additions during the year	-	-	-	28,061	6,583	27,620	9,965	-	45,601	318,266	436,097
Written off	-	-	-	-	-	-	-	-	(9,419)	-	(9,419)
Reclassifications	-	-	1,785	-	-	-	-	-	(263,977)	262,192	-
Additions during the year-SSCL	-		11,500	-	2,059	161,750	907		811,251	3,938,613	4,926,080
Additions during the year-BIP			93,144	7,200	263	22,927	1,169		84,728	253,839	463,269
Balance, 30/6/2020	**5,606,590**	**5,663,744**	**20,178,148**	**32,007,534**	**392,001**	**22,883,756**	**279,645**	**899,828**	**8,299,821**	**31,550,121**	**127,761,190**
DEPRECIATION:											
Balance, 1/1/2019	**1,843,675**	**-**	**2,698,421**	**13,551,049**	**272,525**	**10,257,651**	**189,243**	**182,924**	**4,347,003**	**-**	**33,342,492**
Elimination of excess depreciation on SSCL prior yr	-	-	(224,403)	(329,202)	(21,421)	-	-	-	(99,128)	-	(674,154)
Charge for the year	913,247	32,220	912,867	1,962,744	25,858	1,565,459	28,109	35,993	1,149,451	-	6,625,949
Eliminated on disposal	-	-	-	(131,033)	-	(215,520)	-	-	-	-	(346,554)
Balance, 31/12/2019	**2,756,922**	**32,220**	**3,386,885**	**15,053,558**	**276,962**	**11,607,590**	**217,351**	**218,917**	**5,397,326**	**-**	**38,947,733**
Charge for the year	-	-	389,224	734,308	10,364	1,003,896	12,212	17,997	393,310	-	2,561,312
Charge for the year-SSCL									1,990,551	-	1,990,551
Charge for the year-BIP	-	22,706	297	24	4	26,470.55	1,059	-	5,962	-	56,523
Balance, 30/6/2020	**2,756,922**	54,926	**3,776,406**	**15,787,890**	**287,331**	**12,637,957**	**230,622**	**236,914**	**7,787,149**	**-**	**43,556,119**
NET BOOK VALUE:											
Balance, 31/12/2019	**2,849,668**	**5,631,524**	**16,684,835**	**16,918,715**	**106,134**	**11,063,869**	**50,252**	**680,911**	**2,234,311**	**26,777,211**	**82,997,430**
Balance, 30/6/2020	**2,849,668**	**5,608,818**	**16,401,743**	**16,219,644**	**104,670**	**10,245,798**	**49,023**	**662,914**	**512,672**	**31,550,121**	**84,205,071**

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, 1/1/2019		**575,494**	**7,984,487**	**22,274,979**	**133,724**	**10,815,832**	**185,323**	**899,828**	**3,605,422**	**5,977,032**	**52,452,120**
IFRS 16 transition adjustment		-	2,870,214	-	-	-	-	-	-	-	2,870,214
Additions during the year		107,748	-	72,919	44,309	2,825,995	29,692	-	362,592	1,205,398	4,648,653
Disposal		-	-	(216,675)	-	(221,912)	-	-	-	-	(438,587)
Reclassifications		-	25,837	1,576,512	-	-	-	-	143,183	(1,745,532)	-
Balance, 31/12/2019		**683,242**	**10,880,537**	**23,707,736**	**178,033**	**13,419,915**	**215,015**	**899,828**	**4,111,198**	**5,436,897**	**59,532,402**
IFRS 16 transition adjustment		-									-
Additions during the year		-		28,061	6,583	27,620	9,965		45,601	318,266.21	436,097
Written off	-	-	-	-	-	-	-	-	(9,419)	-	(9,419)
Reclassifications		-	1,785	-	-	-	-	-	(263,977)	262,192	-
Balance, 30/6/2020	**-**	**683,243**	**10,882,322**	**23,735,798**	**184,616**	**13,447,535**	**224,980**	**899,828**	**3,883,402**	**6,017,355**	**59,959,079**
DEPRECIATION:											
Balance, 1/1/2019		-	1,461,796	11,487,949	100,296	7,816,515	151,178	182,924	1,288,343	-	**22,489,003**
Charge for the year		-	192,573	2,191,810	18,284	1,419,109	23,198	35,993	802,050	-	4,683,017
Eliminated on disposal		-	-	(131,033)	-	(215,520)	-	-	-	-	(346,553)
Balance, 31/12/2019		**-**	**1,654,370**	**13,548,727**	**118,580**	**9,020,104**	**174,376**	**218,917**	**2,090,393**	**-**	**26,825,467**
Charge for the year		-	389,224	734,308	10,364	1,003,896.46	12,212	17,997	393,310		2,561,312
Eliminated on disposal		-	-		-		-	-	-		-
Balance, 30/6/2020		-	**2,043,594**	**14,283,035**	**128,944**	**10,024,000**	**186,587**	**236,914**	**2,483,703**	**-**	**29,386,779**
NET BOOK VALUE:											
Balance, 31/12/2019		**683,244**	**9,226,167**	**10,159,009**	**59,453**	**4,399,811**	**40,639**	**680,911**	**2,020,804**	**5,436,897**	**32,706,935**
Balance, 30/6/2020	**-**	**683,243**	**8,838,729**	**9,452,762**	**55,672**	**3,423,535**	**38,393**	**662,914**	**1,399,699**	**6,017,355**	**30,572,302**

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

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
17	**Intangible assets**						
	Computer software :						
	Cost						
	At 1 January	379,590	379,590	379,590	289,390	289,390	289,390
	At 30 June	**379,590**	**379,590**	**379,590**	**289,390**	**289,390**	**289,390**
	Amortisation						
	At 1 January	379,590	379,266	379,266	289,390	289,066	289,066
	Charge for the period	-	324	-	-	324	-
	At 30 June	**379,590**	**379,590**	**379,266**	**289,390**	**289,390**	**289,066**
	Carrying amount at the end of the period	**-**	**-**	**324**	**-**	**-**	**324**
18	**Biological assets**						
	Cost						
	Carrying value at the beginning of the period	2,068,992	1,840,686	1,840,686	-	-	-
	Net usage	(236,556)	541,779	(106,393)	-	-	-
	Fair value adjustments	815,561	(313,472)	(770,002)	-	-	-
	Carrying value at the end of the period	**2,647,996**	**2,068,992**	**964,291**	**-**	**-**	**-**
	Current	2,647,996	2,068,992	964,291	-	-	-
		2,647,996	**2,068,992**	**964,291**	-	**-**	-

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	**30/6/2020**	**31/12/2019**	**30/6/2019**
Industry out-grower price. (N per ton)	9,408	8002.9	7,900
Average yield per hectare (tonnes)	82.5	63.1	56
Discount rate (%)	12%	9%	9%

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

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

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
19 Other assets						
Prepaid rent	3,810	3,810	188,423	-	-	149,671
Prepaid insurance	9,545	14,553	21,203	9,545	14,553	19,882
Prepaid housing allowances	364,458	14,017	355,509	364,458	14,017	355,509
Prepaid medicals	-	42,305	45,536	-	42,305	45,536
Others	23,328	1,083	5,200.00	22,328	-	-
	401,141	**75,768**	**615,871**	**396,331**	**70,875**	**570,599**
Current	401,141	75,768	569,914	396,331	70,875	524,642
Non-current portion	-	-	45,957	-	-	45,957
	401,141	**75,768**	**615,871**	**396,331**	**70,875**	**570,599**

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
20 Asset held for sale	868,642	868,642	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 2020.

21 Investment in subsidiaries

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

Company		Carrying amount		
Name of Company	**Held by**	**June 2020 N'000**	**December 2019 N'000**	**June 2019 N'000**
Savannah Sugar Company Limited	Dangote Sugar Refinery Plc	3,214,923	3,214,923	3,214,923
Taraba Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	99,000	99,000
Adamawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	99,000	99,000
Niger Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	99,000	99,000
Nassarawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	99,000	99,000
		3,610,923	3,610,923	3,610,923

The Company owns 92.79% 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 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Raw materials	9,982,305	13,873,727	18,330,281	9,982,305	13,867,605	18,330,281
Raw material in transit	-	4,925,937	1,185,456	-	4,925,937	1,185,456
Work-in-process	570,181	205,716	218,921	570,179	205,714	218,919
Finished goods	2,024,677	2,220,936	8,702,099	1,973,755	742,752	6,048,469
Finished goods in transit	309,241	1,154,679	-	309,162	1,154,679	-
Production supplies	13,530,363	12,928,889	11,757,659	7,117,954	6,993,994	5,947,427
Chemicals and consumables	2,813,276	3,192,697	3,623,283	1,858,244	2,084,618	2,699,072
Packaging materials	179,083	361,148	316,631	121,194	218,728	214,275
	29,409,125	**38,863,729**	**44,134,330**	**21,932,792**	**30,194,027**	**34,643,899**
Allowance for obsolete inventory	-	-	(344,076)	-	-	-
	29,409,125	**38,863,729**	**43,790,254**	**21,932,792**	**30,194,027**	**34,643,899**

No inventory was pledged as security for any liability.

23 Trade and other receivables

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Trade receivables	4,181,841	10,148,995	6,180,758	4,181,841	9,952,761	6,180,758
Allowance for doubtful debts and impairments	(718,117)	(718,117)	(765,531)	(718,117)	(718,117)	(646,964)
	3,463,724	**9,430,878**	**5,415,227**	**3,463,724**	**9,234,644**	**5,533,794**
Staff loans and advances	147,721	150,042	151,852	91,453	99,259	125,792
Other financial assets	6,755,122	5,226,476	10,076,318	6,755,122	5,226,476	10,076,318
Advance payment to contractors	13,104,329	10,418,909	7,818,801	757,490	1,333,205	1,690,877
Insurance claim receivable	361,998	361,998	361,998	361,998	361,998	361,998
Negotiable Duty Credit Certificates (Note 23.1)	805,683	805,683	805,683	805,683	805,683	805,683
Other receivables	4,628,662	2,002,614	4,151,253	1,418,215	2,002,614	1,387,937
Allowance for impaired other receivables	(55,592)	(56,592)	(80,095)	(55,592)	(56,592)	(80,095)
Allowance for impaired staff loans (Note 23.2)	(23,950)	(23,950)	(22,875)	(23,950)	(23,950)	(22,875)
Amount due from related parties (Note 35)	7,442,117	6,020,588	13,067,006	97,046,692	89,600,961	79,946,609
Allowance for impaired -related parties Trade(Note 23.2)	(179,863)	(179,863)	(56,528)	(179,863)	(179,863)	(56,528)
Allowance for impaired -related parties Non-Trade(N0te 23.2)	(377,406)	(377,406)	(240,736)	(1,390,118)	(1,390,118)	(2,361,995)
	36,072,545	**33,779,377**	**41,447,905**	**109,050,854**	**107,014,317**	**97,407,516**

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 1/1/2019	646,964	56,528	2,361,995	22,875	3,088,362
Increase/(decrease) in allowance for credit losses for the period	71,153	123,336	(971,877)	1,075	(776,313)
Balance as at 30/6/2020	718,117	179,864	1,390,118	23,950	2,312,049
Net impact on retained earnings in current period	71,153	123,336	(971,877)	1,075	(776,313)

Group 2019	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 1/1/2019	646,964	56,528	240,736	22,875	967,103
Increase/(decrease) in allowance for credit losses for the period	71,153	123,336	136,670	1,075	332,234
Balance as at 30/6/2020	718,117	179,864	377,406	23,950	1,299,337
Net impact on retained earnings in current period	71,153	123,336	136,670	1,075	332,234

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

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
At I January	1,299,337	967103	245,401	2,312,049	3,088,362	245,401
Increase in impairment losses on transition (adoption of II	-		3,044,269			3,044,269
At 1 January (2019 restated)	1,299,337	967,103	3,289,670	2,312,049	3,088,362	3,289,670
Impairment (gain)/loss recognised in profit or loss	-	332,234	(201,308)	-	(776,313)	(201,308)
	1,299,337	1,299,337	3,088,362	2,312,049	2,312,049	3,088,362
Receivables written off as uncollectible	-		-	-		-
At 30 June	1,299,337	1,299,337	3,088,362	2,312,049	2,312,049	3,088,362

24 Cash and cash equivalents

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

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Cash in hand	3,806	3,642	3,165	2,500	1,666	2,500
Bank balances	33,985,020	20,644,886	8,853,380	33,764,024	19,698,737	8,506,527
Short term deposits	29,000,000	2,500,000	833,043	29,000,000	2,500,000	832,960
Nigerian Treasury bill	2,171,000	1,463,000	-	2,171,000	1,463,000	-
	65,159,827	**24,611,528**	**9,689,588**	**64,937,524**	**23,663,403**	**9,341,987**

25 Share capital and Premium

The balance in the share capital account was as follows:

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Authorised: 12,000,000,000						
Ordinary shares of 50k each	6,000,000	6000000	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	6000000	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**	**6,320,524**	**6,320,524**

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

26 Retained earnings

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Balance at January 1	96,258,577	87,010,225	87,010,225	105,762,419	94,859,602	94,859,602
Profit for the year	11,582,146	22,448,352	11,070,779	11,610,029	24,102,817	12,869,456
Payment of dividend	-	(13,200,000)	(13,200,000)	-	(13,200,000)	(13,200,000)
Balance at June 30	**107,840,723 0**	**96,258,577**	**84,881,004**	**117,372,448**	**105,762,419**	**94,529,058**

27 Non-controlling interest

Balance brought forward	(442,638)	(355,561)	(355,561)	-	-	-
Share of loss	(1,468)	(87,077)	(94,667)	-	-	-
Total	**(444,105)**	**(442,638)**	**(450,228)**	**-**	**-**	**-**

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
28	**Borrowings**						
	Held at amortised cost						
	Bank loan	1,233,227	1,345,226	1,371,984	-	-	-
		1,233,227	**1,345,226**	**1,371,984**	**-**	**-**	**-**
	Non-current liabilities	-	1,300,014	1,371,984	-	-	-
	Current liabilities	1,233,227	45,212	-	-	-	-
		1,233,227	**1,345,226**	**1,371,984**	**-**	**-**	**-**
	Movement of borrowings						
	Balance brought forward	1,345,226	1,470,755	1,470,755	-	-	-
	Accrued interest	-	-	-	-	-	-
	Payments	(112,000)	(125,529)	(98,771)	-	-	-
		1,233,227	**1,345,226**	**1,371,984**	**-**	**-**	**-**

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

29 Employee benefits

Defined benefit plan

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

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

Movement in gratuity	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Balance as at 1 January	980,430	969,931	969,931	798,696	794,802	794,802
Benefits paid from plan	(8,385)	10,499	(6,161)	(7,016)	3,894	(5,679)
	972,045	**980,430**	**963,770**	**791,680**	**798,696**	**789,123**

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 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
30	**Trade and other payables**						
	Trade payables	53,982,271	32,006,154	29,022,009	52,098,666	31,507,756	28,287,921
	Dividend Payable	1,977,248	1,977,248	1,513,781	1,977,248	1,977,248	1,513,781
	Accruals and sundry creditors	15,030,940	11,134,102	11,366,907	13,888,634	10,090,791	9,911,062
	Other credit balances	3,699,870	7,706,159	1,678,246	2,159,776	6,858,113	697,537
	Due to related parties (Note 35)	8,053,296	10,400,190	6,954,339	6,380,661	8,870,743	5,023,714
		82,743,625	**63,223,853**	**50,535,281**	**76,504,984**	**59,304,651**	**45,434,014**

Notes to the Consolidated and Separate Financial Statements

		GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
31	**Other Liabilities**						
	Advance payment for goods	3,119,467	1,561,347	618,288	3,093,834	1,557,861	618,288
31.1	**Lease Liability**	2,377,885	2,322,159	-	2,276,593	2,280,637	-

(ii) *Lease liabilities*

	Group 30/6/2020 N'000	Group 31/12/2019 N'000	Group 30/6/2019 N'000	Company 30/6/2020 N'000	Company 31/12/2019 N'000	Company 30/6/2019 N'000
Opening balance as at 1 January 2019	2,322,159			-	-	
IFRS 16 transition adjustment		2,650,469	-	2,280,637	2,641,339	
Restated opening balance as at 1 Jan 2019	2,322,159	2,650,469	-	2,280,637	2,641,339	-
Additions	55,726	109,039	-	-	80,622	-
Interest expense	-	214,316	-	-	209,108	-
Exchange Difference	-	54,627	-	-	54,627	-
Payments made during the period	-	(706,292)	-	(4,043)	(705,059)	-
Closing balance as at 30 June 2020	**2,377,885**	**2,322,159**	**-**	**2,276,593**	**2,280,637**	-
Current	612,190	612,100	-	602,579.13	606,622	-
Non-current	1,765,695	1,710,060	-	1,674,014	1,674,014	-
	2,377,885	**2,322,159**	-	**2,276,593**	**2,280,637**	-

Amounts recognised in the statement of profit or loss

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Depreciation charge on right of use assets						
Land	32,220	32,220		32,220	32,220	
Buildings	597,006	597,006		580,697	580,697	
	629,225	**629,225**	**-**	**612,917**	**612,917**	**-**
Interest expense (included in finance cost)	-	214,316	-	-	209,108	-
Foreign exchange difference	-	-	-	-	-	-
Expense related to short term leases (included in administrative expenses)	-	54,627	-	-	54,627	-
	-	103,144	-	-	101,686	-

iv Liquidity risk (maturity analysis of lease liabilities)

	Group 30/6/2020 N'000	Group 31/12/2019 N'000	Group 30/6/2019 N'000	Company 30/6/2020 N'000	Company 31/12/2019 N'000	Company 30/6/2019 N'000
Lease liability - Undiscounted cashflows						
0-3 months	-	96,350	-	-	90,839	-
3-12 months	-	673,898	-	-	673,065	-
1-2 years	-	694,430	-	-	649,319	-
Above 2 years	-	1,808,657	-	-	1,808,657	-

2) This note provides information for leases where the Group is a lessor.

The Group has leased two of its buildings to a related party and a member of the group. They are classified as operating leases. All intra group transactions have been eliminated on consolidation.

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

	Group 30/6/2020 N'000	Group 31/12/2019 N'000	Group 30/6/2019 N'000	Company 30/6/2020 N'000	Company 31/12/2019 N'000	Company 30/6/2019 N'000
Other income						
Rental income on operating lease	47,034	94,195	46,049	33,750	67,500	33,750

Notes to the Consolidated and Separate Financial Statements

32 Risk management

Capital risk management

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

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

The Group’s risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group is not geared as at 30 June 2020 (see below).

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

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position as at 30 June 2020) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the as at 30 June 2020 plus net debt.

The gearing ratio at 2020 and 2019 respectively were as follows:

	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Total borrowings						
Borrowings (Note 28)	1,233,227	1,345,226	1,371,984	-	-	-
Less: Cash and cash equivalent (Note 24)	65,159,827	24,611,528	9,689,588	64,937,524	23,663,403	9,341,987
Net Cash	63,926,600	23,266,301.8	8,317,604	64,937,524	23,663,403	9,341,987
Total Equity	119,717,142	107,609,887	96,751,300	129,692,972	118,305,527	106,849,582
Gearing ratio	1%	1%	1%	-	-	-

Financial risk management

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

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

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

Liquidity risk management

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

32 Risk management (continued)

Group

At 30 June 2020	**Less than one year N'000**	**More than one year N'000**	**Total N'000**
Borrowings	1,233,227	-	1,233,227
Trade and other payables	77,066,506	-	77,066,506
	78,299,733	**-**	**78,299,733**
At 31 December 2019			
Borrowings	45,212	1,300,014	1,345,226
Trade and other payables	53,540,446	-	53,540,446
	53,585,658	**1,300,014**	**54,885,672**

Company

At 30 June 2020	**Less than one year N'000**	**More than one year N'000**	**Total N'000**
Borrowings	-	-	-
Trade and other payables	72,367,961	-	72,367,961
	72,367,961	**-**	**72,367,961**
At 31 December 2019			
Borrowings	-	-	-
Trade and other payables	50,469,289	-	50,469,289
	50,469,289	**-**	**50,469,289**

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

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 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 0 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Trade receivables	3,463,724	9,430,878	5,415,227	3,463,724	9,234,644	5,533,794
Other receivables	5,058,839	2,434,112	4,562,133	1,792,125	2,383,329	1,226,518
Deposit for open Letters of Credit with the banks.	6,755,122	5,226,476	10,076,318	6,755,122	5,226,476	10,076,318
Amount due from related party	6,884,848	5,463,319	12,769,742	95,476,711	88,030,980	77,528,086
Cash and cash equivalents	65,159,827	24,611,528	9,689,588	64,937,524	23,663,403	9,341,987
	87,322,359	**47,166,314**	**42,513,008**	**172,425,205 0**	**128,538,832**	**103,706,703**

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.

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 customers for the sale of goods. The expected credit loss rate for this receivable

The provision matrix approach is based on the historical credit loss experience observed according to the behaviour 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

The expected loss rates as at 31 December 2019 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	10,049,253	1,445,574	53,587	79,278	210,035	11,837,727
Default rate	3.00%	10.00%	19.00%	33.00%	100.00%	-
Lifetime ECL	(326,104)	(145,587)	(9,953)	(26,438)	(210,035)	(718,117)
Total	**9,723,149**	**1,299,987**	**43,634**	**52,840**	**-**	**11,119,610**

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.

32 Risk management (continued)

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 31 December 2019 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	10,471	525	300	246,691	97,145	355,133
Default rate	3%	10%	19%	33%	100%	
Lifetime ECL	(340)	(53)	(56)	(82,269)	(97,145)	(179,863)
Total	10,131	472	244	164,422	0	175,270

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).

December 31 2019

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'000	N'000	N'000	N'000
Gross EAD*	60,360,761	-	-	60,360,761
Loss allowance as at 31 December 2019	(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 at 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.

December 31 2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	
	N'000	**N'000**	**N'000**	**N'000**
Gross EAD*	-	63,476	2,150	65,626
Loss allowance as at 1 January 2019	-	(21,800)	(2,150)	-23,950
Net EAD	**-**	**41,676 #**	**-**	**41,676**

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.

33 Financial assets by category

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

	GROUP 30/6/2020 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 30/6/2019 N'000
Assets				
Trade and other receivables	22,162,532	32,823,421	107,487,681	94,364,716
Cash and cash equivalents	65,159,827	9,689,588	64,937,524	9,341,987
	87,322,359	**42,513,008**	**172,425,205**	**103,706,703**

34 Financial liabilities by category

	GROUP 30/6/2020 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 30/6/2019 N'000
Liabilities				
Borrowings	1,233,227	1,371,984	-	-
Trade and other payables	82,743,625	54,497,731	76,504,984	45,434,014
	83,976,852	**55,869,715**	**76,504,984**	**45,434,014**

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 Agrosacks Nigeria Limited	Fellow subsidiary- Supplies empty for bagging of finished sugar

35 Related party information (continued)

Amount owed by related parties	GROUP 30/6/2020 N'000	GROUP 31/12/2019 N'000	GROUP 30/6/2019 N'000	COMPANY 30/6/2020 N'000	COMPANY 31/12/2019 N'000	COMPANY 30/6/2019 N'000
Dangote Taraba Sugar Limited	-	-	-	1,855,736	1,855,079	1,855,079
Dangote Adamawa Sugar Limited	-	-	-	8,736,927	5,256,256	1,470,705
Nassarawa Sugar Company Limited	-	-	-	18,957,898	16,068,891	8,250,652
Savannah Sugar Company Limited	-	-	-	60,084,588	60,430,072	55,303,167
Dansa Foods Limited	-	-	28,997	-	-	28,997
Dangote Global Services Limited (UK)	1,582,449	973,781	1,012,483	1,582,449	973,781	1,012,483
Dangote Flour Mills PLC	-	-	864,819	-	-	864,819
Dangote Pasta Limited	-	-	64,877	-	-	64,877
Dangote Noodles Limited	-	-	11,800	-	-	11,800
NASCON Allied Industries PLC	145,284	171,716	152,880	145,284	171,716	152,880.09
Dangote Oil and Gas Company Limited	-	-	930,874	-	-	930,874.05
Dangote Sinotruck west Africa Limited	17,800	17,800		-	-	
Greenview Development Nigeria Limited	1,560,792	1,537,512	1,289,052	1,560,792	1,537,512	1,289,052
Dangote Fertilizer Limited	1,119,485	1,119,485	1,229,573	1,119,485	1,119,485	1,229,573
Dancom Technologies Limited	27,704	8,844	-	18,860		-
AG Dangote Construction Limited	852,131	849,097	837,718	852,131	849,097	837,718
MHF Properties Limited	-	-	3,036	-	-	3,036
Bluestar Shipping line Limited	3,282	3,282	30,938	-	-	30,938
Dangote Rice Limited	-	-	3,029,311	-	-	3,029,311
Dangote Agrosacks Limited	648	-	-	-	-	-
Aliko Dangote Foundation	793,470	-	234,565	793,470	-	234,565
Dangote Cement PLC	1,339,072	1,339,072	1,330,203	1,339,072	1,339,072	1,330,203
Dangote Industries Limited	-	-	2,250,445	-	-	2,250,445
Gross amount due from related parties (Not	**7,442,117**	**6,020,588**	**13,301,572**	**97,046,692**	**89,600,961**	**80,181,175**
Allowance for impaired -related parties Trade(N	(179,863)	(179,863)	(56,528)	(179,863)	(179,863)	(56,528)
Allowance for impaired -related parties Non-Tra	(377,406)	(377,406)	(240,736)	(1,390,118)	(1,390,118)	(2,361,995)
Net amount due from related parties	6,884,848	5,463,319	13,004,308	95,476,711	88,030,980	77,762,652

Amount owed to related parties

Dangote Cement PLC	5,733,057	4,612,559	4,925,299	4,101,290	3,137,155	3,079,626
Greenview Development Nigeria Limited	1,833	693	693	-	-	-
Dangote Niger Sugar Limited	-	-	-	46,843	46,843	46,843
Dangote Agrosacks Limited	130,387	729,002	329,121	130,387	714,687	283,884
Dangote Oil and Gas Company Limited	322,646	322,646		322,646	322,646	
Kura Holdings Limited	26,066	34,569	7,394	26,066	34,569	7,394
Bluestar Shipping line Limited	234,370	265,793	197,739	234,370	265,793	201,021
MHF Properties Limited	1,548	550		1,548	550	
Dancom Technologies Limited	2,750	10,387	17,351	-	7,637	11,333
Dangote Nigeria Limited Clearing	14,569	14,569	30,542	14,569	14,569	30,542
Dangote Sinotruck west Africa Limited	478,422	3,274,887	1,558,027	478,422	3,274,887	1,558,027
Dangote Industries Limited	1,107,647	1134536	122,737	1,024,520	1,051,408	39,609
	8,053,296	**10,400,190**	**7,188,904**	**6,380,661**	**8,870,743**	**5,258,280**

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.

35.4 Loans to and from related parties

There are no related party loans as at 30 June 2020.

35.5 Key Management Personnel

List of Directors of Dangote Sugar Refinery Plc

1	Alh. Aliko Dangote (GCON)	Chairman
2	Mr. Ravindra Singhvi	Board Member (Executive Director)
3	Alh. Sani Dangote	Board Member (Director)
4	Mr. Olakunle Alake	Board Member (Director)
5	Mr. Uzoma Nwankwo	Board Member (Director)
6	Ms. Bennedikter Molokwu	Board Member (Director)
7	Dr. Konyinsola Ajayi (SAN)	Board Member (Director)
8	Alh. Abdu Dantata	Board Member (Director)
9	Ms. Maryam Bashir	Board Member (Director)
	Mrs. Temitope Hassan	Company Secretary/Legal Adviser

List of key management staff

1	Mr. Ravindra Singhvi	Ag. Managing Director
2	Mrs. Adebola Falade	Chief Finance officer
3	Mrs. Temitope Hassan	Company Secretary/Legal Adviser
4	Engr. Thiru Rajasekar	General Manager, Refinery
5	Mr. Idowu Adenopo	Chief Internal Auditor
6	Mr. John Omoera	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	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/6/2020	31/12/2019	30/6/2019	30/6/2020	31/12/2019	30/6/2019
	N'000	N'000	N'000	N'000	N'000	N'000
Short-term employee benefits		145,582	-		137,257	-
	-	**145,582**	**-**	**-**	**137,257**	**-**

36 Employee costs

The following items are included within employee benefits expenses:

	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
Direct employee costs	30/6/2020	31/12/2019	30/6/2019	30/6/2020	31/12/2019	30/6/2019
	N'000	N'000	N'000	N'000	N'000	N'000
Basic	750,452	1,364,594	611,635	611,429	1,117,362	550,574
Bonus	-	-	2,802	-	-	2,802
Medical claims	60,487	34,665	5,845	43,172	11,183	804
Leave allowance	282,992	581,968	76,651	279,981	576,777	66,584
Short term benefits	905,240	1,450,178	805,402	653,967	1,138,410	703,855
Other short term costs	666,648	641,945	137,839	66,494	126,842	45,339
Pension	171	18,833	90,587	172	18,833	81,049
Termination benefits	16,867	27,933	-	16,867.19	27,933	-
	2,682,856	**4,120,116**	**1,730,761**	**1,672,081**	**3,017,340**	**1,451,007**

Indirect employee costs	30/6/2020	31/12/2019	30/6/2019	30/6/2020	31/12/2019	30/6/2019
	N'000	N'000	N'000	N'000	N'000	N'000
Basic	94,971	368,746	330,186	91,418	362,773	289,332
Bonus	9,568	76	76	9,568	76	76
Medical claims and allowance	47,488	138,648	1,918	5,978	70,004	-
NSITF and ITF levies	32,479	163,265	33,235	26,533	148,128	23,357
Short term benefits	641,024	684,152	260,278	522,224	483,832	209,210
Other short term costs	618,080	1,264,755	535,132	241,336	758,034	262,256
Pension	51,208	33,758	19,112	48,390	29,095	13,419
Termination benefits	17,327	25,282	445	-	-	-
	1,512,146	**2,678,683**	**1,180,382**	**945,446**	**1,851,943**	**797,650**

Total employee costs						
Direct employee cost	2,682,856	4,120,117	1,730,761	1,672,081	3,017,341	1,451,007
Indirect employee cost	1,512,146	2,678,682	1,180,382	945,446	1,851,943	797,650
	4,195,002	**6,798,799**	**2,911,143**	**2,617,527**	**4,869,284**	**2,248,657**

Average number of persons employed during the year was:

	30/6/2020	31/12/2019	30/6/2019	30/6/2020	31/12/2019	30/6/2019
	Number	Number	Number	Number	Number	Number
Management	115	113	105	95	94	87
Senior Staff	530	525	496	355	354	339
Junior Staff	2,012	1849	1873	1,118	1144	1144
	2,657	**2,487**	**2,474**	**1,568**	**1,592**	**1,570**

37 Directors' emoluments

	30/6/2020 N'000	31/12/2019 N'000	30/6/2019 N'000	30/6/2020 N'000	31/12/2019 N'000	30/6/2019 N'000
Fees	-	33,000	12,250	-	33,000	12,250
Salaries	-	-	-	-	-	-
Others	-	149,659	23,736	-	149,659	23,736
	-	**182,659**	**35,986**	**-**	**182,659**	**35,986**
Emoluments of the highest paid Director	-	-	-	-	-	-

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

N'000	30/6/2020 Number	31/12/2019 Number	30/6/2019 Number	30/6/2020 Number	31/12/2019 Number	30/6/2019 Number
0 - 19,000	8	7	8	8	7	8
32,000 and above	1	1	1	1	1	1
	9	**8**	**9**	**9**	**8**	**9**

38 Events after the reporting period

There were no events after the reporting period that could have had material effect on the financial statements of the Company as at 30 June 2020 that have not been taken into account in these financial statements.

39 Capital Commitment

As at 30 June 2020, there were no capital commitments in respect of the Lagos factory expansion (2019: Nil)

40 Contingent assets and Contingent liabilities

There were no contingent assets and liabilities as at 30 June 2020 (2019: Nil)

41 Free Float Computation

Company Name:	Dangote Sugar Refinery Plc
Board Listed:	Main Board
Year End:	December
Reporting Period:	Half Year Ended 30 June 2020
Share Price at end of reporting period:	N12 (2019: N11.35)

Shareholding structure/Free Float Status

	30 June 2020		30 June 2019	
Description	**Unit**	**Percentage**	**Unit**	**Percentage**
Issued Share Capital	12,000,000,000	100%	12,000,000,000	100%
Substantial Shareholdings (5% and above):				
Dangote Industries limited	8,122,446,261	67.69%	8,122,446,261	67.69%
Dangote Aliko	653,095,014	5.44%	653,095,014	5.44%
Total Substantial Shareholdings	**8,775,541,275**	**73.13%**	**8,775,541,275**	**73.13%**
Directors' Shareholdings (direct and indirect), excluding directors with substantial interest:				
Alhaji Sani Dangote	Nil		Nil	
Mr. Olakunle Alake (Direct)	7,194,000	0.06%	7,194,000	0.06%
Ms Benedicta Molokwu (Direct)	1,483,400	0.01%	1,483,400	0.01%
Abdu Dantata (Direct)	1,044,400	0.01%	1,044,400	0.01%
Mr. Uzoma Nwankwo (Direct)	384,692	0.00%	384,692	0.00%
Dr. Konyinsola Ajayi (SAN)	-	-	-	-
Ms. Maryam Bashir	-	-	-	-
Total Directors' Shareholdings	**10,106,492**	**0.08%**	**10,106,492**	**0.08%**
Free Float in Units and Percentage	**3,214,352,233**	**26.79%**	**3,214,352,233**	**26.79%**
Free Float in Value (N)	**38,572,226,796**		**38,572,226,796**	

Declaration:

(A) Dangote Sugar Refinery Plc with a free float percentage of 26.79% as at 30 June 2020, is compliant with The Exchnage's free float requirements for companies listed on the Main Board.

(B) Dangote Sugar Refinery Plc with a free float value of N36,482,897,844.55 as at 30 June 2019, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

42 Securities Trading Policy

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