



DANGOTE SUGAR REFINERY PLC
INTERIM FINANCIAL STATEMENTS

30 September 2013

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**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	Note	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Continuing operations					
Revenue	5	77,701,438	77,230,055	106,868,054	81,311,941
Cost of sales	6	<u>(59,389,840)</u>	<u>(58,848,396)</u>	<u>(85,756,863)</u>	<u>(65,955,063)</u>
Gross profit		18,311,598	18,381,659	21,111,191	15,356,878
Administrative expenses	7	(6,585,090)	(4,979,459)	(6,878,796)	(4,183,565)
Investment income	8	1,411,206	1,411,206	1,314,653	747,785
Other income	9	<u>1,812,083</u>	<u>1,809,734</u>	<u>784,631</u>	<u>94,884</u>
Profit before tax		14,949,797	16,623,140	16,331,679	12,015,982
Income tax expense	10	<u>(5,321,140)</u>	<u>(5,319,405)</u>	<u>(5,535,263)</u>	<u>(3,845,114)</u>
Profit for the year	11	9,628,657	11,303,735	10,796,416	8,170,868
Other comprehensive expenditure:		-	-	-	-
Actuarial loss on gratuity scheme (net of tax)	21.5	-	-	60,966	-
Total other comprehensive loss for the year		<u>-</u>	<u>-</u>	<u>60,966</u>	<u>-</u>
Total comprehensive income for the year		<u>9,628,657</u>	<u>11,303,735</u>	<u>10,735,450</u>	<u>8,170,868</u>
Attributable to:					
Owners of parent		9,712,324			
Non-controlling interest		<u>(83,667)</u>			
		<u>9,628,657</u>			
Earnings per share					
Basic and diluted earnings per share (Kobo)	12	<u>107</u>	<u>126</u>	<u>90</u>	<u>95</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	Share N'000	Premium N'000	Retained Earnings N'000	to owners of parent company N'000	Non-controlling interest N'000	Total N'000
Balance as at 31 December, 2012	6,000,000	6,320,524	26,813,185	39,133,709		39,133,709
Profit for the year			10,796,416			10,796,416
Other comprehensive loss (net of tax)						
Actuarial loss on gratuity	-	-	(60,966)	(60,966)		(60,966)
	-	-	0	0		(60,966)
Total comprehensive income for the year	-	-	10,735,450	10,735,450		10,735,450
Dividend paid (Note 20a)			(3,600,000)	(3,600,000)		(3,600,000)
Balance as at 31 December, 2012	6,000,000	6,320,524	33,948,635	46,208,193		46,269,159
Effect of acquisition of subsidiary under common control					112,805	112,805
Profit for the year			9,628,657	9,628,657		9,628,657
Other comprehensive loss (net of tax)						
Actuarial loss on gratuity	-	-	-	-		-
	-	-				9,628,657
Total comprehensive income for the year	-	-	9,628,657	9,628,657		9,628,657
Dividend paid (Note 20a)	-	-	(6,000,000)	(6,000,000)		(6,000,000)
Balance as at 30 September, 2013	0	0	49,836,850	112,805		50,010,621

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

		GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	34,629,253	18,850,229	17,898,310	16,584,681
Other assets	15	296,267	4,970	7,904	56,087
Investments	15a	867,848	4,079,570	864,647	-
Total non-current assets		35,793,368	22,934,769	18,770,861	16,640,768
Current assets					
Inventories	14	22,062,009	20,284,801	14,030,303	17,641,764
Trade and other receivables	16	16,961,092	32,776,297	24,844,649	21,807,704
Other assets	15	811,685	770,158	442,195	741,961
Cash and cash equivalents	17	8,538,878	8,134,344	24,963,442	14,050,170
Total current assets		48,373,664	61,965,600	64,280,589	54,241,599
Total assets		84,167,032	84,900,369	83,051,450	70,882,367
EQUITY					
Share capital	18	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	19	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	20	37,577,292	39,252,370	33,948,635	29,526,473
Net Assets		49,897,816	51,572,894	46,269,159	41,846,997
Non-controlling interest		112,805	-	-	-
		50,010,621	51,572,894	46,269,159	41,846,997
LIABILITIES					
Employee benefits	21.4	1,286,213	1,286,213	1,260,873	817,299
Deferred tax liabilities	10.5	3,010,568	3,000,568	3,000,568	2,837,360
Total non-current liabilities		4,296,781	4,286,781	4,261,441	3,654,659
Current tax liabilities	10.4	4,851,903	4,850,168	5,408,566	6,019,358
Trade and other payables	22	25,007,727	24,190,526	27,112,284	19,361,353
Total current liabilities		29,859,630	29,040,694	32,520,850	25,380,711
Total liabilities		34,156,411	33,327,475	36,782,291	29,035,370
Total equity and liabilities		84,167,032	84,900,369	83,051,450	70,882,367

These financial statements were approved and authorised for issue by the Board of Directors on 17 October 2013

The notes on pages 7 to 44 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

	Note	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Cash flows for operating activities					
Profit for the year		9,628,657	11,303,735	10,796,416	8,170,868
Adjustments for non-cash income and expenses:					
Income tax expense recognised in profit and loss	10	5,321,140	5,319,405	5,535,263	3,841,114
Depreciation	13	1,444,937	1,342,940	1,658,899	1,415,154
Impairment loss on property, plant and equipment	13	-	-	631,150	-
Impairment loss recognised on trade receivables		-	-	75,254	(3,401,678)
Investment income	8	(1,411,206)	(1,411,206)	(1,314,653)	(747,785)
Actuarial loss on gratuity scheme	21.5	-	-	(60,966)	59,759
Income tax expense recognised in the statement of comprehensive income		-	-	(28,688)	371,307
Changes in operating assets and liabilities:					
(Increase)/decrease in inventories		(8,031,706)	(6,254,498)	13,916,763	14,413,116
(Increase)/decrease in trade and other receivables		(7,514,929)	(7,931,648)	(3,540,541)	(374,715)
Increase in other assets		(993,374)	(325,033)	(205,996)	(379,805)
Increase in trade payables		(2,104,557)	(2,921,758)	723,209	(8,150,169)
Increase in employee benefits		97,608	97,608	352,312	-
Increase/Decrease in Investment		(3,201)	(3,214,923)	-	-
Cash generated from operations		(3,566,631)	(3,995,378)	28,538,422	15,217,166
Gratuity scheme payments	21	(72,268)	(72,268)	(7,009)	-
Tax paid in the year	10.4	(5,877,803)	(5,877,803)	(3,473,808)	(105,396)
Net cash from operating activities		(9,516,702)	(9,945,449)	25,057,605	15,111,770
Cash flows from investing activities					
Purchase of Property, plant and equipment		(2,319,068)	(2,294,855)	(3,904,855)	(2,775,563)
Interest received		1,411,206	1,411,206	1,314,653	747,785
Net cash used in investing activities		(907,862)	(883,649)	(2,590,202)	(2,027,778)
Cash flows from financing activities					
Dividends paid		(6,000,000)	(6,000,000)	(3,600,000)	(3,600,000)
Net cash used in financing activities		(6,000,000)	(6,000,000)	(3,600,000)	(3,600,000)
Net increase / (decrease) in cash and cash equivalents		(16,424,564)	(16,829,098)	18,867,403	9,483,992
Cash and cash equivalents at beginning of year	17	24,963,442	24,963,442	6,096,039	6,096,039
Cash and cash equivalents at end of September 2013	17	8,538,878	8,134,344	24,963,442	15,580,031

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

1. General information

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

The ultimate controlling party is Alhaji Aliko Dangote.

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

1.1 The principal activity

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

1.2 Financial period

These financial statements cover the financial period from 1 January 2013 to 30 September 2013 with comparatives for the year ended 30 September 2012 and a statement of opening position as at 1 January 2013.

1.4 Going Concern status

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

1.5 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 Company's access to capital and cost of capital for the Company and more generally, its business, results of operation, financial condition and prospects.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3 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.

3.1 Statement of compliance

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

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of 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:

3.3 Functional and presentation currency

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

3.4 Revenue recognition

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

Sale of goods

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

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

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

3.5 Interest income

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 to that asset's net carrying amount on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.6 Retirement benefit costs

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

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

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets, (if any). Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

3.7 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

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

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

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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognize the company's share of the profit or loss and other comprehensive income of the associate. When the company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long term interests that, in substance, form part of the company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognized immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When applicable, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with the carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

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

3.9 Property, plant and equipment

i. Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

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

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

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

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.

3.10 Leases

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.11 Intangible assets

Intangible assets acquired separately

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

Derecognition of intangible assets

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.13 Inventories

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

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

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

3.14 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.

3.14.1 Onerous contracts

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

3.14.2 Environmental costs

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.15 Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Impairment of financial assets

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

3.16 Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.17 Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

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

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.18 Earnings per share

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

3.19 Foreign currency transactions and translation

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Naira, which is the Company's functional and presentation currency.

3.19a 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.

3.20 Borrowing costs

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

3.21 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates.

3.22 Segment information

Information reported to the Chief Operating decision maker of the Company for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined sugar.

Hence, no segment reporting has been provided in the financial statements as the Company is solely involved in the refining and sale of only one product- refined Sugar and this is refined solely from one geographical location, its Apapa factory.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's significant accounting policies, described in note 3, 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.

4.1 Key sources of estimation uncertainty

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.

4.2 Useful life of property, plant and equipment

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

4.3 Allowance for credit losses

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
5 Revenue				
Revenue from the sale of sugar - 50kg	77,217,318	76,745,935	105,236,556	81,019,166
Revenue from the sale of sugar - Retail	411,532	411,532	325,860	223,040
Revenue from the sale of molasses	72,588	72,588	90,062	69,735
Freight income	<u>0</u>	<u>-</u>	<u>1,215,576</u>	
	<u>77,701,438</u>	<u>77,230,055</u>	<u>106,868,054</u>	<u>81,311,941</u>

Revenue comprises of both domestic and export sales.

5.1 Segment information

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

5.2 Geographical information

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

	30/09/2013 N'000	30/09/2013 N'000	31/12/2012 N'000	30/09/2012 N'000
Lagos	23,900,930	33,690,703	60,364,929	45,534,687
North	23,270,657	32,455,951	30,649,787	23,580,463
West	6,039,681	8,513,522	11,625,781	8,944,313
East	<u>1,823,129</u>	<u>2,569,879</u>	<u>4,227,557</u>	<u>3,252,478</u>
	<u>55,034,397</u>	<u>77,230,055</u>	<u>106,868,054</u>	<u>81,311,941</u>

5.3 Information about major customers

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

5.3.1 Large Corporate/Industrial Users

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

5.3.2 Distributors

The company 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 Company sells a small amount of sugar directly to retail customers. Retail packaging comes in various sizes of 250g, 500g, and 1kg under the brand name "Dangote Sugar".

Sales to Distributors account for 70% of the company's revenue.

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

		GROUP	COMPANY	COMPANY	COMPANY
		30/09/2013	30/09/2013	31/12/2012	30/09/2012
		N'000	N'000	N'000	N'000
6	Cost of sales				
	Raw material	48,184,494	47,643,050	75,595,084	59,212,993
	Direct labour cost	239,377	239,377	342,003	262,668
	Direct overheads	6,067,851	6,067,851	5,718,829	4,191,592
	Other overheads	9,595	9,595	7,394	4,492
	Depreciation	751,858	751,858	804,739	727,002
	Fleet expenses	1,353,396	1,353,396	1,171,495	0
	Carriage	1,582,474	1,582,474	1,308,607	1,023,310
	Selling and marketing expenses	1,200,795	1,200,795	808,712	533,006
		59,389,840	58,848,396	85,756,863	65,955,063
7	Administrative expenses				
	Salaries and related staff cost	3,162,318	1,558,708	2,094,995	1,209,038
	Depreciation	591,082	591,082	854,161	688,152
	Utilities	343,923	343,923	208,684	234,755
	Rents	32,139	32,139	41,220	23,258
	Audit fees	-	-	32,000	-
	Management fee	1,544,600	1,544,600	2,114,306	1,622,001
	Directors' remuneration	-	-	40,000	-
	Impairment loss	-	-	631,150	-
	Others	911,028	909,007	862,280	406,361
		6,585,090	4,979,459	6,878,796	4,183,565
8	Investment income				
	Interest income on bank deposits	1,411,206	1,411,206	1,314,653	747,785
		1,411,206	1,411,206	1,314,653	747,785

Interest is earned on bank deposits at an average rate of 11.33 % p.a. on short term (30days) bank deposits.

**NOTES TO THE FINANCIAL STATEMENTS
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9 Other income	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Insurance claims	2,305	2,305	-	2,063
Insurance claims on burnt assets	-	-	631,150	-
Sales of scrap materials	1,809,778	1,807,429	153,231	52,857
Profit from sale of property, plant and equipment	-	-	250	-
	<u>1,812,083</u>	<u>1,809,734</u>	<u>784,631</u>	<u>54,920</u>
10 Taxation				
10.1 Income tax recognized in profit or loss				
	30/9/2013 N'000	30/9/2013 N'000	31/12/2012 N'000	30/9/2012 N'000
Current Tax				
Income tax based on profit for the year	4,988,677	4,986,942	4,971,524	2,547,992
Education tax expense	332,463	332,463	371,843	169,866
In respect of prior years	-	-	-	47,587
	<u>5,321,140</u>	<u>5,319,405</u>	<u>5,343,367</u>	<u>2,765,445</u>
Deferred tax				
Deferred tax expense	-	-	191,896	-
	<u>5,321,140</u>	<u>5,319,405</u>	<u>5,535,263</u>	<u>2,765,445</u>

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

10.2 The income tax expense for the year can be reconciled to the accounting profit as follows:

	30/09/2013 N'000	30/09/2013 N'000	31/12/2012 N'000	30/09/2012 N'000
Profit before tax			16,331,679	8,493,308
Income tax expense calculated at 30 %	4,988,677	4,986,942	4,899,503	2,547,992
Education tax expense calculated at 2%	332,463	332,463	326,633	169,866
Effect of unutilised tax losses and tax offsets not recognised as deferred tax assets	-	-	-	-
Effect of previously recognised unutilised tax offsets not recognised as deferred tax assets.	-	-	228,792	-
Effect of expenses which are not deductible in determining profits	-	-	84,561	-
Effect of allowances which are not allowable in determining education tax	-	-	45,240	-
Others	-	-	(49,406)	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-	-	47,587
Income tax expense recognised in profit or loss	<u>5,321,140</u>	<u>5,319,405</u>	<u>5,535,263</u>	<u>2,765,445</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
10.3 Income tax recognised in other comprehensive income				
Current tax	0	0		-
Deferred tax	0	0		-
Arising on income and expenditure on other Comprehensive income				
Actuarial loss on gratuity scheme (note 21)	0	0	(28,688)	-
	<u>0</u>	<u>0</u>	<u>(28,688)</u>	<u>-</u>
10.4 Current tax liabilities in the statement of financial position				
Balance, beginning of the year	5,408,566	5,408,566	3,539,007	3,539,007
Charge for the year (note 10.1)	5,321,140	5,319,405	5,343,367	2,730,313
payment made during the year	(5,877,803)	(5,877,803)	(3,473,808)	(249,962)
Balance end of the year	<u>4,851,903</u>	<u>4,850,168</u>	<u>5,408,566</u>	<u>6,019,358</u>
10.4.1 Current Tax Liabilities				
Income tax	4,988,677	4,986,942	4,971,524	5,374,594
Education tax	332,463	332,463	371,843	692,351
Provision in respect of under accruals in earlier years	-	-	65,199	(47,587)
	<u>5,321,140</u>	<u>5,319,405</u>	<u>5,408,566</u>	<u>6,019,358</u>
10.5 Deferred taxation				
Balance, beginning of the year	3,000,568	3,000,568	2,837,360	2,837,360
Charge for the year	10,000	-	163,208	-
Balance, 30 September	<u>3,010,568</u>	<u>3,000,568</u>	<u>3,000,568</u>	<u>2,837,360</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

11 Profit for the year is arrived at after charging:

	GROUP	COMPANY	COMPANY	COMPANY
	9/30/2013	9/30/2013	12/31/2012	9/30/2012
	N'000	N'000	N'000	N'000
Impairment of property, plant and equipment	-	-	631,150	-
Depreciation of property, plant and equipment	1,444,937	1,342,940	1,658,899	478,107
Impairment loss recognised on trade receivables	-	-	75,254	-
Defined contribution plans Gratuity scheme - current	-	-	76,502	-
service and finance costs	69,977	69,977	262,658	63,267
Auditors remuneration	-	-	32,000	-

12 Earnings per share

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

	GROUP	COMPANY	COMPANY	COMPANY
	9,628,657	11,303,735	10,796,416	5,727,863

Earnings used in the calculation of basic earnings per share from continuing operations	9,628,657	11,303,735	10,796,416	5,727,863
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Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	12,000,000	12,000,000	12,000,000	12,000,000
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Basic and diluted EPS (kobo)	107	126	90	95
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

13 Property, Plant and Equipment

	Buildings	Plant & Machinery	Tools & Equipment	Motor Vehicles	Computer Equipment	Furniture & Fittings	Capital Work In Progress	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COST:								
Balance as at 1/1/2012	4,810,871	10,817,492	37,805	3,461,876	18,043	35,308	3,462,582	22,643,977
Additions during the year	86,442	431,870	57,007	60,105	4,496	9,574	3,255,361	3,904,855
Re-classifications	32,017	1,973,407	224,630	-	508	-	(2,230,562)	-
Impairment	-	(1,071,517)	-	-	-	-	-	(1,071,517)
Balance, 31/12/2012	4,929,330	12,151,252	319,442	3,521,981	23,047	44,882	4,487,381	25,477,315
Effect of acquisition of Savannah	9,071,733	6,021,310	1,996,164	1,447,208	5,161	48,051	489,648	19,079,275
Savannah - New acquisitions			6,994	17,084		135		24,213
Additions during the year	159	20,505	23,123	1,874,979	2,691	10,543	362,855	2,294,855
Re-classifications	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Balance, 30/09/2013	14,001,222	18,193,067	2,345,723	6,861,252	30,899	103,611	5,339,884	46,875,658
ACCUMULATED DEPRECIATION AND IMPAIRMENT:								
Balance as at 1/1/2012	572,623	4,016,056	24,682	1,715,057	15,176	16,879	-	6,360,473
Charge for the year	96,976	707,764	5,423	841,412	2,303	5,021	-	1,658,899
Impairment	-	(440,367)	-	-	-	-	-	(440,367)
Balance, 31/12/2012	669,599	4,283,453	30,105	2,556,469	17,479	21,900	-	7,579,005
Effect of acquisition of Savannah	684,184	438,935	1,106,353	965,292	1,324	26,375	-	3,222,463
Savannah - charge for the year								
Charge for the year	18,899	41,732	10,036	30,394	936	0	-	101,997
Impairment	51,760	700,098	14,041	565,951	2,468	8,622	-	1,342,940
Balance, 30/9/2013	1,424,442	5,464,218	1,160,535	4,118,106	22,207	56,897	-	12,246,405
NET BOOK VALUE:								
Balance, 31 Dec. 2012	4,259,731	7,867,799	289,337	965,512	5,568	22,982	4,487,381	17,898,310
Balance, 30 Sep. 2013	12,576,780	12,728,849	1,185,188	2,743,146	8,692	46,714	5,339,884	34,629,253

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

13.1 Impairment loss recognized during the year

During the third quarter of 2012, there was a fire incident that affected some items of plant and machinery. An impairment loss of N631,150,000 (1/1/2011: nil) was determined to be equal to the N book value of the assets as at the time of the fire incident. The impairment has been charged to administrative expenses.

13.2 Capital work in progress of N2,230,562,000 has been transferred to the relevant classes of assets after the assets became available for use for their intended purpose during December 2012.

13.3 None of the Company's assets are pledged as security for any liabilities.

14 Inventories

	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Raw materials	4,995,734	4,465,968	4,204,704	693,057
Packaging materials	25,824	25,824	16,214	60,384
Work-in-process	102,174	102,174	142,590	118,810
Finished goods	6,287,415	6,123,767	1,074,312	14,974,479
Chemicals and	182,641	182,641	681,169	472,653
Sundry Inventory	148,822	148,822	0	90
Spare parts	1,717,945	766,592	430,993	324,774
Goods- in- transit	8,601,454	8,469,013	7,480,321	997,517
	22,062,009	20,284,801	14,030,303	17,641,764

14.1 No inventory was pledged as security for any liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
15 Other assets				
Prepaid rent	103,450	103,450	135,267	151,397
Prepaid insurance	41,939	41,939	12,045	14,500
Others	491,756	158,932	158,364	632,152
Prepaid duty	470,807	470,807	144,423	-
	1,107,952	775,128	450,099	798,049
Current portion	811,685	770,158	442,195	741,962
Non-current portion	296,267	4,970	7,904	56,087
	1,107,952	775,128	450,099	798,049

15a Investments

This represents the investment in 2008 in Algerian land for the intended purpose of expansion of the Company's activities through an Algerian Company SPA Dangote Sucrierie Algerie. Subsequent to the payment for the Land, the Algerian Government, without revoking the Algerian company's title to the Land, refused the siting of the proposed Refinery at the Port citing that the site is not suitable for the intended purpose. The company lost control over this company in late 2010 during the difficulties experienced in that country, and continues to account for the investment as an associate. There has been no change in the net assets of the company since early 2011.

The Company purchased a 95% interest in Savannah Sugar Company Limited in January 2013. No other material events occurred after the reporting period that should be disclosed in the financial statements as at 30 September 2013.

16 Trade and other receivables	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Trade receivables	6,475,938	6,475,938	7,681,681	6,732,338
Allowance for doubtful debts	(507,983)	(507,983)	(507,983)	0
	5,967,955	5,967,955	7,173,698	6,732,338
Staff loans and advances	71,335	65,001	69,627	160,711
Advance payments to contractors	1,313,723	1,313,723	-	-
Insurance claim receivable in relation to burnt assets destroyed in fire -13.1	631,150	631,150	631,150	0
Other receivables	765,735	647,427	1,076,283	273,556
Receivable from Algerian government	-	-	-	864,913
Amount due from related parties - 24.3	8,211,194	24,151,041	15,893,891	13,776,186
	16,961,092	32,776,297	24,844,649	21,807,704

16.1 Trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

16.2 Age analysis of trade receivables that are past due and impaired

	GROUP 30/9/2013 N'000	COMPANY 30/9/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/9/2012
Above 365 days	507,983	507,983	507,983	507,983

Full impairment has been made in the accounts in respect of past due obligations for more than 365 days of N507.983million (2011: N506.031 million; 2010: N575.192 million)

	GROUP 30/09/2013 N'000	COMPANY 30/09/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/09/2012 N'000
Allowance for credit losses				
Balance brought forward	507,983	507,983	506,033	506,033
Impairment losses recognised on receivables	0	0	75,254	0
Amounts recovered during the year	0	0	(73,304)	0
	507,983	507,983	507,983	506,033

16.3 Concentration risk

About 23% of the trade receivables are due from a single customer. The Company evaluates the concentration of risk with respect to trade receivables as low, as the concentration is with a well-established local blue chip company. Its customers otherwise are diverse including both corporate entities and a large number of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

17 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 9/30/2013 N'000	COMPANY 9/30/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 9/30/2012 N'000
Cash in hand	13,271	13,271	12,725	12,725
Bank balances	2,675,607	2,271,073	3,450,717	3,787,445
Short term deposits	5,850,000	5,850,000	21,500,000	10,250,000
	8,538,878	8,134,344	24,963,442	14,050,170

The short term deposits are placed on call of 30 days tenure with interest ranging between 9% and 14%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

18 Share capital

The balance in the share capital account was as follows:

	COMPANY 9/30/2013	COMPANY 31/12/2012	COMPANY 30/9/2012
Authorised: 12,000,000,000			
Ordinary shares of 50k each	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Allotted, called up issued and fully paid: 12,000,000,000 Ordinary shares of 50k each	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>

19 Share premium

Authorised: 12,000,000,000 ordinary shares of 50k each issued at 52.6710k premium

	COMPANY 9/30/2013	COMPANY 31/12/2012	COMPANY 30/9/2012
	<u>6,320,524</u>	<u>6,320,524</u>	<u>6,320,524</u>

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.

20 Retained earnings

	GROUP 9/30/2013 N'000	COMPANY 9/30/2013 N'000	COMPANY 31/12/2012 N'000	COMPANY 30/9/2012 N'000
Balance at the beginning of the year	33,948,635	33,948,635	26,813,185	27,398,610
Profit for the year	9,628,657	11,303,735	10,796,416	5,727,863
Other comprehensive income	-	-	(60,966)	-
Payment of dividend	<u>(6,000,000)</u>	<u>(6,000,000)</u>	<u>(3,600,000)</u>	<u>(3,600,000)</u>
	<u>37,577,292</u>	<u>39,252,370</u>	<u>33,948,635</u>	<u>29,526,473</u>
Non controlling interest	<u>(83,667)</u>			
	<u>37,493,625</u>	<u>39,252,370</u>	<u>33,948,635</u>	<u>29,526,473</u>

In respect of the 2012 financial year, the directors propose that a dividend of 50k per share be paid to shareholders subject to approval by shareholders at the Annual General Meeting and this has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members after approval. The total estimated dividend to be paid is N6 billion. The Annual General Meeting was held on 13th May 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

21 Retirement benefit obligation

21.1 Defined contribution plans

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

The employees contribute 7.5% of their gross salary (basic, housing and transport) while the company contributes an equal amount on behalf of the employees to the same plan.

The obligation of the company as the employer with respect to the retirement benefit plan is recognised as an expense in the statement of profit or loss and amounts to N76.5 million.

21.2 Defined benefit plans

The Company operates defined benefit plans for all qualifying employees. Under the plan, the employees are entitled to retirement benefits which vary according to length of service. No other post-retirement benefits are provided for these employees.

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

The most recent Actuarial Valuation was carried out in 2013 using the staff payroll of 31 December 2012

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

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

** discounting of the expected benefit payments.

21.2a Financial Assumptions

The principal financial assumptions used for the purposes of the actuarial valuations were as follows:

	as at 2012	as at 2011
	%	%
Long term average discount rate (p.a)	13	13
Average pay increase (p.a)	12	12
Average rate of inflation (p.a)	10	10

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

21.3 Demographic assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 tables, published jointly by the institute and the Faculty of Actuaries in the UK

Sample age	Number of deaths in a year of age out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Withdrawal from Service

Age band	Rate (%)
Less than or equal to 30	4.0
31-39	5.0
40-44	5.5
45-50	3.0
51-60	2.0

21.4 Movement in gratuity

	30.09.2013 N'000	31.12.2012 N'000	30.09.2012 N'000
Balance as at 1 January	1,260,873	915,570	778,380
Current service charge	97,608	141,419	-
Finance cost	-	121,239	-
Actuarial losses - change in assumption	-	-	-
Actuarial losses - experience	-	89,654	-
Benefits paid from plan	(72,268)	(7,009)	-
	1,286,213	1,260,873	778,380

As at the date of the valuation, no fund has been set up from which payments can be disbursed. The Company expects to settle its obligations out of its existing reserves

21.5 Retirement benefit plans

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

	30.09.2013 N'000	31.12.2012 N'000	30.09.2012 N'000
Actual losses recognised in the year	-	89,654	-
Tax impact (see note 10)	-	(28,688)	-
	-	60,966	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2013	30/9/2013	31/12/2012	9/30/2012
22 Trade and other payables				
Trade payables	19,159,974	18,906,515	21,418,034	14,857,650
Accruals & sundry creditors	2,297,743	1,734,001	973,098	452,115
Other credit balances	1,803,684	1,803,684	2,856,329	1,753,360
Due to related entities(see note on related party) 24.4	<u>1,746,326</u>	<u>1,746,326</u>	<u>1,864,823</u>	<u>2,298,228</u>
	<u>25,007,727</u>	<u>24,190,526</u>	<u>27,112,284</u>	<u>19,361,353</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

23 Financial instruments

23.1 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its capital structure.

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

At the reporting date, the Company does not have any interest bearing liabilities as its overall strategy is to minimise cost of funds to the barest minimum.

Gearing ratio

The gearing ratio at year end is as follows:

	30-Sep-13 N'000	30-Sep-13 N'000	31-Dec-12 N'000	30-Sep-12 N'000
Debt		0	-	-
Equity		51,572,894	46,269,159	41,846,997
Debt to equity ratio		0%	0%	0%

- i. Debt is defined as both current and non-current borrowings.
- ii. Equity includes all capital and reserves of the company that are managed as capital

23.2 Categories of financial instruments

	30-Sep-13 Loans and receivables N'000	30-Sep-13 Loans and receivables N'000	31-Dec-12 Loans and receivables N'000	30-Sep-12 Loans and receivables N'000
Assets				
Trade and other receivables	16,961,092	32,776,297	24,844,649	8,031,518
Cash and cash equivalents	8,538,878	8,134,344	24,963,442	14,050,170
	25,499,970	40,910,641	49,808,091	22,081,688
	Other Financial Liability	Other Financial Liability	Other Financial Liability	Other Financial Liability
23.3 Liabilities				
Employee benefits	1,286,213	1,286,213	1,260,873	817,299
Trade and other payables	25,007,727	24,190,526	27,112,284	17,063,125
	26,293,940	25,476,739	28,373,157	17,880,424

23.4 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

23.5 Financial risk management

The Company is exposed to market risk, credit risk and liquidity risks. The Parent Company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance-related matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio, and to manage the impact of foreign exchange and interest rate volatility on the company's net income.

23.6 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are affected by interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables and trade and other payables. Market risk exposures are measured using sensitivity analysis.

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 Company's exposure to the risk of changes in market interest rates is minimal as it does not have either floating or fixed interest bearing financial liabilities outstanding as the reporting date. Its cash and cash equivalents (fixed deposits) with financial institutions have fixed interest rates.

23.6.2 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 Company'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 Company's treasury unit.

**NOTES TO THE FINANCIAL STATEMENTS
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23.7 Credit risk management

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

The Company 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 company 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.

**23.7.1 Trade receivables (see note 14)
Concentration of risk**

About 23% of the trade receivables are due from a single customer whose credit history is good. The Company 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.

23.7.2 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the company 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.

23.7.3 Maximum exposure to credit risks

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

		30/9/2013	30/9/2013	31/12/2012	30/9/2012
		N'000	N'000	N'000	N'000
Trade receivables	Note 16	5,967,955	5,967,955	7,173,698	6,732,338
Other receivables	Note 16	765,735	647,427	1,777,060	1,299,180
Deposits with banks	Note 17	5,850,000	5,850,000	24,950,717	5,850,000
Amount due from related party	Note 16	24,151,041	24,151,041	15,893,891	13,777,186
		36,734,731	36,616,423	49,795,366	27,658,704

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

23.8 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 provides 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

23.10 Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	GROUP	COMPANY	COMPANY Book Value	COMPANY	GROUP Fair value	COMPANY Fair value	COMPANY	COMPANY
	30/9/2013	30/9/2013	31/12/2012	9/30/2012	30/9/2013	30/9/2013	31/12/2012	9/30/2012
Financial Asset								
Trade and other receivables	16,961,092	32,776,297	24,844,649	8,031,518	16,961,092	32,776,297	24,844,649	8,031,518
Cash and cash equivalents	8,538,878	8,134,344	24,963,442	14,050,170	8,538,878	8,134,344	24,963,442	14,050,170
Financial Liabilities								
Trade and other payables	25,007,727	24,190,526	27,112,284	19,361,353	25,007,727	24,190,526	27,112,284	17,063,125
Employee benefits	1,286,213	1,286,213	1,260,873	817,299	1,286,213	1,286,213	1,260,873	817,299

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

24 Related party information

24.1 Identity of related parties

Related parties Nature of related party transactions

Fellow subsidiary company that provided haulage	Fellow subsidiary company that provided haulage services prior to 2010
Dangote Transport Limited services prior to 2010.	Fellow subsidiary company that exchanges
Dangote Textile Industries Limited	inventory of Automotive gas oil(AGO)and low pour fuel oil (LPFO)
	An entity controlled by key management personnel
Dansa Foods Limited	of the Company that has trading relationship with
	the Company.
NASCON	Fellow subsidiary from which the Company
	purchases raw salt as input in the production
	process
Dangote Nigeria Clearing Limited	Fellow subsidiary Company that provides clearing
	and stevedoring services
Savannah Sugar Company Plc	Fellow subsidiary- Exchange of spare parts
Dangote Industries Limited (see note 24.3)	Parent company that provides management
	support and receives 2% of turnover as
	management fees
Green view Development Company Limited	Fellow subsidiary - Property rentals.
Key management personnel	(see note 24.4)
Dangote Nigeria Clearing Limited	Fellow subsidiary - clearing services
Dangote Cement Plc	Fellow subsidiary - exchange of diesel and LPFO
Bluestar Investments U.K	Fellow subsidiary, supplier of inventory
Dangote Flour Mills Plc	Fellow subsidiary -Supplies of power
Dangote Pasta Limited	Fellow subsidiary -Exchange of AGO LPFO
Dangote Noodles Limited	Fellow subsidiary- Exchange of AGO LPFO and sometimes buys sugar
Dangote Agrosacks sacks	Fellow subsidiary- Supplies empty for bagging of finished sugar

24.2 Effective 30 September 2012, a majority shareholding in Dangote Flour Mills Plc, and its subsidiaries Dangote Noodles Limited, Dangote Pasta Limited and Dangote Agrosacks was acquired by Tiger Brands, an unrelated South African Company. Alhaji Aliko Dangote retains 10% of the controlling interest in the Company, and sits on the Board of the new Companies as a Director, in his personal capacity. Thus, these companies still meet the definition of a related party as the Companies are under the significant influence of the ultimate controlling party of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

24.3 The following balances were outstanding from related parties at the end of the reporting period

	GROUP	COMPANY	COMPANY	COMPANY
Amount owed by related parties	30/9/2013	30/9/2013	31/12/2012	9/30/2012
Dangote Transport Limited	-	-	-	748,993
Dangote Textile Industries Limited	-	-	-	3,465
Dansa Foods Limited	1,990	1,990	1,990	1,882
Dangote Nigeria Clearing Limited	20,878	20,878	18,522	-
Dangote Cement	7,023,847	-	-	-
Savannah Sugar Company Plc	-	22,963,694	68,126	68,126
Dangote Flour Mills Plc	191,421	191,421	148,694	100,988
Dangote Pasta Limited	56,153	56,153	56,153	63,109
Dangote Industries Limited	878,854	878,854	15,562,355	12,761,824
Dangote Noodles Limited	8,014	8,014	8,014	27,799
Dangote Group Transport	30,037	30,037	30,037	0
	8,211,194	24,151,041	15,893,891	13,776,186

24.4 The following balances were due to related parties at the end of the reporting period (see note 22).

	GROUP	COMPANY	COMPANY	COMPANY
Amount owed to related parties	30/9/2013	30/9/2013	31/12/2012	9/30/2012
Dangote Cement Plc	1,252,513	1,252,513	1,327,913	1,702,015
Greenview Development	153,676	153,676	162,390	180,724
Dangote Agrosacks Nigeria	53,271	53,271	26,919	169,423
Bluestar Investments U.K	238,474	238,474	238,473	236,474
National Salt Company PLC	43,341	43,341	14,356	9592
DIL Strategic Supplies	5,051	5,051	94,772	0
	1,746,326	1,746,326	1,864,823	2,298,228

**NOTES TO THE FINANCIAL STATEMENTS
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- 24.5** Sales of goods to related parties were made at the company's usual market price without any discount to reflect the quantity of goods sold to related parties. Purchases were made at market price and there was no discount on all purchases.

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

Dangote Industries Limited (D.I.L) entered into an agreement with Dangote Sugar Refinery Plc on management and technical services dated 2 January 2006. The agreement is for an initial period of five years with an option to renew for a further period of five years subject to termination by either party in accordance with the terms of the agreement. As consideration for the services provided by D.I.L, a sum equivalent to 2% of the net revenue from sale of sugar from Dangote Sugar Refinery Plc for each month will be paid to D.I.L. The agreement has been renewed.

The amount due from the holding company represents current account balances which have been paid in February 2013.

Related party information

24.6 Loans to and from related parties

There are no loans from or to related parties

24.7 Key Management personnel

LIST OF DIRECTORS OF DSR

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

LIST OF KEY MANAGEMENT STAFF

1 ENGR. ABDULLAHI SULE	MD/CEO
2 MR. MAYROUD EL-SUNNI	ED - ENGR. & OPRS
3 ENGR. BRAIMAH OGUNWALE	GENERAL MANAGER, REFINERY
4 MR. ABDULSALAM WAYA	HEAD, SALES/MARKETING
5 MR. ALI ANGO	HEAD, TREASURY
6 MR. MURTALA ZUBAIR	DGM, HR/ADMIN
7 MR. BABATUNDE AJAO	HEAD, FINANCIAL CONTROLS
8 MR. CHRIS OKOH	AG. PROCESS MANAGER
9 MR. YUSUF SULEIMAN	CHIEF FINANCIAL OFFICER

24.8 DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management personnel during the year comprised short term benefits of N83.005 million (2011: N80.737 million)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

26 Contingent assets and Contingent liabilities

The Company is currently subject to a litigation case. Based on the Company's solicitor's advice, the directors assess that there is a possible liability arising from a joint obligation out of the case of an amount not exceeding N10 million.

The Company has other commitments under its contracts to purchase minimum quantities of raw sugar. The amount of commodities contracts remaining unfulfilled as at 31 December 2012 was N3.5 billion (2011: 71.75 billion)

Contingent assets

An insurance claim has been made for loss of profits and for destruction of assets as a result of a fire in the factory in July 2012. The amount of the claim is still to be agreed by the insurer.

The Company's directors have assessed that in all likelihood they will receive the majority of the amount claimed but they are virtually certain of receiving at least the net book value of those assets destroyed and the Company has therefore recognised a receivable for this amount. The additional insurance proceeds will be recognised once the amount is agreed with the insurance company.

27 Event after the reporting period

27.1 Proposed Dividends

At the Annual General Meeting held in May 2013, the shareholders approved that dividend of 50k be paid to shareholders (total value N7.2 billion) for the year ended 31 December 2012.

In respect of the current year, the Board of Directors during a meeting held of 27 March 2013, proposed that a dividend of 50k per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is N6 billion.

27.2 Acquisition of a Savannah Sugar Company Limited

The Company purchased a 95% interest in Savannah Sugar Company Limited in January 2013. No other material events occurred after the reporting period that should be disclosed in the financial statements as at 31 December 2012.

In line with the Company's backward integration plans, it acquired 95% of the issued ordinary share capital of Savannah Sugar Company Limited from Dangote Industries Limited, its ultimate parent company, effective 16 January 2013, having obtained the approval of the Securities and Exchange Commission.

Savannah Sugar Company Limited is involved in the business of growing and milling sugar cane and refining raw sugar to produce refined sugar (finished product) and molasses (by-product). It is the only operating fully integrated sugar company in Nigeria, with 32,000 hectares of land including 5,200 hectares currently under cultivation and a milling plant with a crushing capacity of 4000 metric tonnes of cane per day (MTPD).

A purchase price of N1.50 per share, translating to a total purchase consideration of N3,214.923 million was agreed between the two parties, in exchange for the net assets of Savannah Sugar Company, which were N 4,541.176million based on the unaudited management accounts of that company as at 30 September 2012

Management are of the view that the purchase consideration represents a conservative value for the investment as the current market value of the shares of Savannah (though not listed), is expected to be much higher than the cost recognised.

28 Approval of financial statements

The board approved the financial statements during its meeting of 17 October 2013.