



2011 ANNUAL REPORT & FINANCIAL STATEMENTS



Sugar Refining



OUR GOAL

To be among the leading integrated low cost sugar producers in the world by doubling production capacity, with strong domestic and regional African presence and increasingly international focus

QUALITY POLICY

Dangote Sugar Refinery Plc, is committed to producing quality refined granulated sugar using exceptional resources and processes based on world class standards that guarantee stakeholders' satisfaction.

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FINANCIAL HIGHLIGHTS

	<u>2011</u> N'000	<u>2010</u> N'000
PROFIT AND LOSS		
Turnover	106,510,507	89,980,499
Profit before taxation	10,553,872	16,146,930
Taxation	(3,442,554)	(4,864,690)
Profit after taxation	7, 111, 318	11,282,240
Interim dividend paid	-	-
Profit after taxation and dividend		
Transferred to revenue reserve	7,111,318	11,282,240
Proposed final dividend	3,600,000	7,200,000
BALANCE SHEET		
Share Capital	6,000,000	6,000,000
Shareholders' funds	39,491,515	40,895,037
Per 50 kobo share Data (kobo)		
Earnings	59	94
Dividend	0.30	0.60

The Directors propose a dividend of N0.30 kobo per ordinary share of 50kobo each subject to approval of the shareholder's at the Annual General Meeting for the year ended December 31, 2011.

CORPORATE INFORMATION

Directors

Alhaji Aliko Dangote (GCON)	–	Chairman
Engr. Abdullahi Sule	–	Managing Director (Appointed 1 st December 2011)
Alhaji Sani Dangote	–	Director
Mr. Olakunle Alake	–	Director
Ms. Bennedikter Molokwu	–	Director
Dr. Konyinsola Ajayi (SAN)	–	Director
Mr. Uzoma Nwankwo	–	Director
Alhaji Abdu Dantata	–	Director
Mr. Suleiman Olarinde	–	Director

Company Secretary/ Legal Adviser

Chioma Madubuko (Mrs)

Factory

Shed 20 Apapa Wharf
Apapa
Lagos

Registered Office:

3rd Floor, GDNL Building
Terminal E, Shed 20
NPA Wharf Port Complex
Apapa
Lagos

Registrar and Transfer Office:

Zenith Registrars
Plot 89A, Ajose Adeogun Street
Victoria Island
Lagos.

Auditors

Akintola Williams Deloitte
(Chartered Accountants)
235 Ikorodu Road
Ilupeju, Lagos.

Bankers

Access Bank Plc
Diamond Bank Plc
Ecobank Nigeria Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
First City Monument Bank Plc
GTBank Plc

Intercontinental Bank Plc
Oceanic Bank International Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Ltd
UBA Plc
Zenith Bank Plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting of **DANGOTE SUGAR REFINERY PLC** will hold at Grand Ball Room, Eko Hotel & Suites, Victoria Island Lagos, on Thursday, May 17, 2012 at 12: 00 noon to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2011, together with the report of the Directors, Auditors and Audit Committee, thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
4. To approve the remuneration of the Directors.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions as Special Resolutions:

7. (a) That the Company acquires Savannah Sugar Company Ltd for the purpose of backward integration in the business of the Company.

(b) That the Board of Directors be and is hereby authorised to do all such acts or deeds and exercise all such powers as may be necessary for or incidental to achieving the objectives specified in the above resolution including but not limited to the appointment of relevant professional parties and execution of all documents and instruments.

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy for an organisation may vote on a show of hands and on a poll. For the appointment to be valid, a completed proxy form must be deposited at the registered office of the Company or with the Registrars - Zenith Registrars Limited, Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos, not later than 48 hours before the time fixed for the meeting.

NOTICE OF ANNUAL GENERAL MEETING

DIVIDEND AND DIVIDEND WARRANTS

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, it will be paid to Shareholders whose names appear in the Company's Register of members at the close of business on Monday May 2nd 2012. Shareholders who have completed the e-dividend Mandate Form will receive a direct credit of the dividend into their bank accounts on Friday 18th of May 2012, while the dividend warrants of Shareholders who have not completed the e-dividend Mandate Form will be posted by the 25th day of May 2012.

CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and Transfer Books of the Company will be closed from Thursday 3rd to Friday 4th of May, 2012 both dates inclusive.

AUDIT COMMITTEE

In accordance with section 395 (5) of the Companies and Allied Matters Act 1990, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD



CHIOMA MADUBUKO (MRS.)
Company Secretary/Legal Adviser
Dangote Sugar Refinery Plc.
3rd Floor, Greenview Development Nigeria Ltd Building,
Terminal "E" Apapa Port Complex.
Lagos, Nigeria.



Dated this 11th day of April, 2012



Alhaji Aliko Dangote (GCON)
Chairman

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Members of the Board of Directors, Representatives of the SEC, NSE, CAC and other regulators here present, Invited guests, Gentlemen of the Press; Ladies and Gentlemen. I have the pleasure to welcome you to the 6th Annual General meeting of our great company, Dangote Sugar Refinery Plc.

On behalf of the Board, I express my sincere gratitude to you all for making out time to be here today. Please permit me to present to you an overview of our operations and other events that shaped the year under review. The year 2011 witnessed many challenges, ranging from high exchange rates, low interest rates on bank deposits, high cost of raw sugar and the social insecurity issues in the country amongst others. These factors affected our performance and had gone ahead to shape our current business year.

CHAIRMAN'S STATEMENT

The challenges faced in 2011, helped us set logical steps that will guarantee an improved and better performance not only in the current business year, but also in the future. We restructured the Executive Management team, appointed a new Managing Director to lead the Company into the future. We further realigned our marketing and sales strategies to position us strategically with a view to drive performance, improve efficiency and output.

The Retail Package Project is being giving maximum attention to ensure we maximize the opportunities posed by the economic crises, which placed pressure on consumer spending hence the tilt of purchasing pattern towards smaller, but consumer friendly product pack sizes which our retail projects falls under. More will be done to promote this brand and ensure that our objectives in embarking on the retail project are achieved.

Already, this step is yielding positive results as we have witnessed in the first quarter performance. The Board will continue to provide the needed and necessary support for the Management to ensure that our goals for the future are realized. To boost our business, our refinery expansion project is on course; while arrangements are underway to acquire Savannah Sugar Company Limited, as part of our backward integration project. This will be presented to members for approval in the course of the meeting. These projects once concluded will enhance our performance and profitability.

RESULTS

Despite all the challenges of year 2011, our Turnover for the year is N106,510,507,000; Operating Profit is N10,554,219,000, while Profit After Taxation is N7,111,318,000

DIVIDEND

Fellow Shareholders, the Board has recommended for your approval, payment of a total dividend of N3.6 billion. This translates to the sum of N0.30 Kobo for every ordinary share of 50kobo each held by members in the Company. The recommended dividend is in line with our dividend policy, and if approved, will be paid net Withholding Tax to all shareholders in the Register of members as at Monday May 2, 2012. For Shareholders who have chosen the e-dividend payment option, their bank accounts will be credited immediately, while dividend warrants of Shareholders who have not completed the e-dividend Mandate Form will be posted on May 25, 2012. In view of the CBN's new cashless policy, I encourage us all to embrace the e-dividend option. This will not only ensure that your dividends are credited promptly, it will help eliminate the various cases of unclaimed dividends.

THE BOARD

Since the last Annual General Meeting, there have been a few changes on the Board composition. A substantive Managing Director, in the person of Engr. Abdullahi Sule was appointed to run the affairs of the Company. He has since assumed duties, and his appointment will be ratified in the course of this meeting. We wish him a successful tenure in office.

On other hand, Mr. Suleiman Olarinde who was the Executive Director of Finance, has

CHAIRMAN'S STATEMENT

resigned from the company. However, he has been appointed a non-executive member of the Board, which will also be ratified by Shareholders at this meeting. The Directors retiring by rotation at this meeting are Mr. Olakunle Alake and Dr. Konyinsola Ajayi (SAN), and being eligible will offer themselves for re-election in the course of this meeting. In addition to the existing Committees of the Board, we created the Risk Management Committee of the Board.

OUR STAFF

Our staff remain our strength; they have continued to maintain a productive work ethics, which has helped your Company maintain its leadership position in the industry with satisfactory service delivery to customers. We will continue to place high priority on their training and development, seek and retain the best talents in our continued pursuit of operational and service excellence.

THE FUTURE

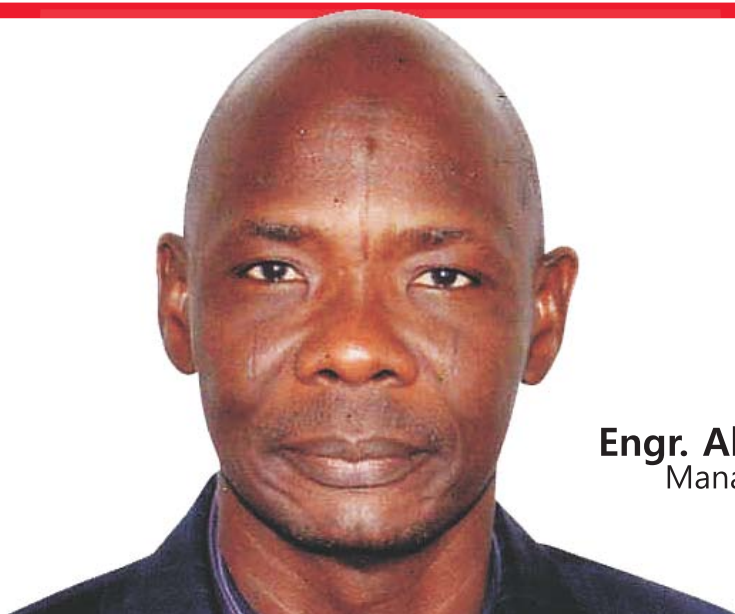
Despite the various challenges posed by the world economic conditions, we remain committed to our goal of maintaining and improving on our leadership position in the market. Continued investments will be made in our operations, brands promotions and training of our people for a result oriented and sustainable business growth. With our strategic investments in the refinery capacity expansion and the proposed acquisition of Savannah Sugar Company Limited, as part of our backward integration project, the Company's fortunes will certainly be impacted positively by these sustainable growth projects.

Ladies and Gentlemen, I want to sincerely thank you on behalf of the Board, Management and Staff for your unwavering support, patronage and belief in what Dangote Sugar Refinery Plc stands for. We humbly ask for your continued support and promise that together we all will steer the Company into a brighter future.

Once again, I thank you all for attending this Annual General Meeting and wish you safe journey back to you various destinations.



Alhaji Aliko Dangote (GCON)
Chairman, Board of Directors
Dangote Sugar Refinery Plc



Engr. Abdullahi A. Sule
Managing Director

I am delighted for this opportunity to stand before you once again as the Managing Director of Dangote Sugar Refinery Plc, to present to you the overview of the strategies being implemented to move the Company forward. Also, I will present a few highlights of year 2011, having resumed duties as Managing Director in December 2011 and our strategic focus for the 2012 business year.

Year 2011 was challenging for the company, ranging from the high cost of raw materials, low interest rates on bank deposits, liquidity squeeze that affected purchasing power, the weakening exchange rate and the consequent inflationary impact. Our product portfolio expanded with the introduction of the Dangote Refined Vitamin A Fortified White Sugar in retails and more consumers friendly pack sizes in 1kilogram, 500grams and 250grams; during the year. The retail market being a new terrain has presented several challenges.

However, steps have been taken with a view to improve on our business strategies and operational processes that will reposition the Company on the path of sustainable growth and profitability. Key actions have been taken and some are still being implemented. Our organizational structure has been realigned, with a redesigned approach to sales to strengthen our sales and distribution teams, as well as output.

We are also in the process of restructuring our distributorship especially for the retail products. With this, new distributors will be appointed to ensure a more extensive distribution network for our brands, while key steps will be taken to ensure improved service delivery requirements that meet the needs of our trade and corporate customers. We use this medium to invite shareholders to avail themselves of this opportunity and further strengthen our partnership, by becoming distributors.

MANAGING DIRECTOR'S REPORT

Our continued focus is to promote teamwork, improved operational efficiency, delivery of satisfactory services to our customers, staff training to enhance performance and innovativeness to compete effectively with our contemporaries and meet the ever-changing consumer needs. Investments are being made on our plant to ensure improved maintenance routines and optimal capacity utilization. All these have impacted positively on our performance in the last few months.

With a clear vision of our targets, our key priority is to grow our markets both locally and international. Arrangements are currently underway to expand our export horizon beyond Ghana; and we are prospecting other countries across the West African coast. Efforts are in top gear to ensure the refinery expansion project and the proposed acquisition of Savannah Sugar as part of our backward integration project are completed this year. Our distribution and sales channels are being redeveloped to ensure availability of products to consumers nationwide.

Capacity building within the company is also receiving maximum attention, this is to enable us attract and retain talents that are key for the continued success of the company.


With the full commitment of the Board, Management, Staff, and all stakeholders, we will continue to realign and implement these strategies.

In line with the requirements of good corporate governance practice, we have adopted and commenced implementation of the International Financial Reporting Standards. However, this is an ongoing process; we will continue to improve on our efforts until our reporting is fully in line with the IFRS requirements. In addition to the numerous awards your Company has won in the past, we have successfully completed our Quality Management System certification, NIS ISO 9001:2008.

I express our sincere appreciation to all our stakeholders, for your support to the Company. In addition, I thank the Board for their insightful leadership and contributions to the affairs of the Company. To the Management and Staff I also say a big thank you, for your commitment, dedication and sacrifices towards the realization of DSR goals.

I wish to recognize our esteemed distributors and customers whose patronage has kept us ahead of the pack. We appreciate you and are most grateful for the partnership, as we continue to work together towards the achievement of our goals with eagerness and expectations that we will surpass this momentum as we chart a very promising course for Dangote Sugar Refinery Plc.

Thank you.

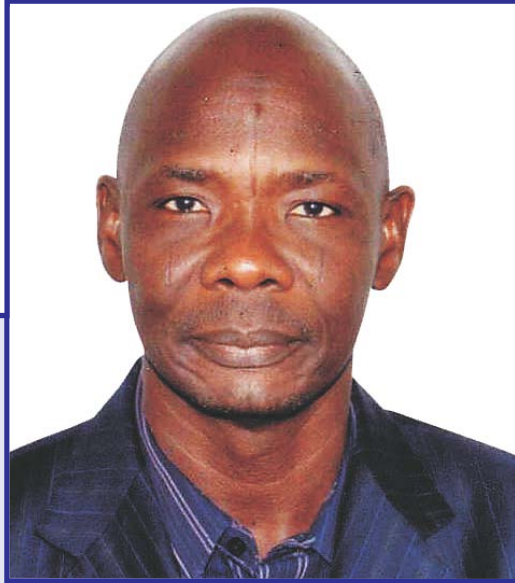


Engr. Abdullahi A. Sule
Managing Director

THE BOARD



Alhaji Aliko DANGOTE (GCON)
(Chairman)



Engr. Abdullahi A. SULE
(Managing Director)



Ms. Bennedikter MOLOKWU
(Director)



Dr. Konyinsola AJAYI (SAN)
(Director)

OF DIRECTORS



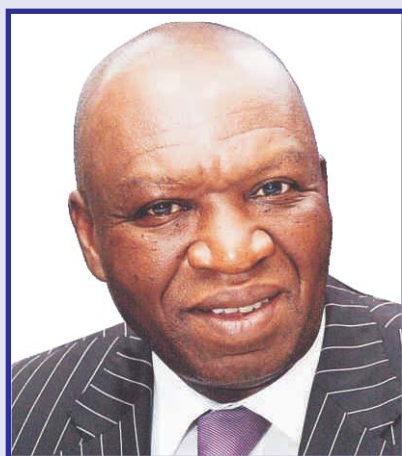
Mr. Olakunle ALAKE
(Director)



Alhaji Sani DANGOTE
(Director)



Alhaji Abdu DANTATA
(Director)



Mr. Uzoma NWANKWO
(Director)



Mr. Suleiman OLARINDE
(Director)

DIRECTOR'S REPORT

For the year ended 31st December, 2011

1. ACCOUNTS

The Directors are pleased to submit their report together with the audited financial statements of the Company for the year ended 31st December 2011.

2. RESULT

	N'000
The Company's profit for the year after taxation was	7,111,318
Proposed dividend for year ended 31st December 2011	3,600,000

3. PRINCIPAL ACTIVITIES

The Company refines raw sugar into edible sugar and sells refined sugar.

4. LEGAL FORM

The Company was incorporated on the 4th of January 2005 as a Public Limited Liability Company. The shares are quoted on the Nigerian Stock Exchange.

5. DIRECTORS AND THEIR INTERESTS

I. The names of Directors who are currently in office are as follows:

i.	Alhaji Aliko Dangote (GCON)	Chairman
ii.	Engr. Abdullahi Sule	(Managing Director)
iii.	Alhaji Sani Dangote	
iv.	Mr. Olakunle Alake	
v.	Ms. Bennedikter Molokwu	
vi.	Dr. Konyinsola Ajayi (SAN)	
vii.	Mr. Uzoma Nwankwo	
viii.	Alhaji Abdu Dantata	
ix.	Suleiman Olarinde	

During the course of the year, the Acting Managing Director, Mr. Sai Prakash resigned his appointment with the Company, while Engr. Abdullahi Sule was appointed the new Managing Director. Also, during the year Mr. Suleiman Olarinde resigned as the Executive Director, Finance of the Company. He was however, appointed as a non executive Director of the Company.

II. In accordance with Article 62(b) (c) of the Company's Articles of Association, the Directors retiring by rotation are Messrs Olakunle Alake and Konyinsola Ajayi (SAN) and being eligible, offer themselves for re-election.

DIRECTOR'S REPORT

For the year ended 31st December, 2011

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

IV. The Directors' interest in the issued share capital of the Company as recorded in the Register of members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004 are as follows:

DIRECTORS' SHAREHOLDING

	Number of shares held as at	
	31 st Dec. 2011	12 th April 2012
Alhaji Aliko Dangote (GCON)	444,710,239	444,710,239
Engr. Abdullahi Sule	1,000,000	1,000,000
Alhaji Sani Dangote	Nil	Nil
Mr. Olakunle Alake	6,864,000	6,864,000
Ms. Bennedikter Molokwu	1,383,400	1,383,400
Dr. Konyinsola Ajayi (SAN)	Nil	Nil
Mr. Uzoma Nwankwo	834,692	834,692
Alhaji Abdu Dantata	1,000,000	1,000,000
Mr. Suleiman Olarinde	Nil	Nil

6. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that period, and comply with the provisions of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004.

In doing so, they ensure that:

- proper accounting records are maintained;
- applicable accounting statements are followed;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent;
- the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- Internal control procedures are instituted which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities.

DIRECTOR'S REPORT

For the year ended 31st December, 2011

7. SUBSTANTIAL INTEREST IN SHARES

The Registrar has advised that according to the Register of Members on 31st December 2011 only Dangote Industries Limited with 8,119,200,000 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

8. FIXED ASSETS

Movements in fixed assets during the year are shown in Note 6 to the Accounts. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

9. DONATIONS AND CHARITABLE GIFTS

Dangote Sugar Refinery Plc identifies with causes and aspirations of our operational environment by supporting charitable and worthy causes in the areas of education, health, skills acquisition, poverty alleviation, sports, and the environment amongst others. However, during the year under review, no donation was made to any political party, religious organization or others.

10. POST BALANCE SHEET EVENTS

There were no significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at 31st December, 2011 and the profit for the year ended on that date which have been adequately recognised.

11. COMPANY DISTRIBUTORS

The Company's products are sold through many Distributors across the whole Country.

12. SUPPLIERS

The Company obtains its materials at arm's length basis from overseas and local suppliers. Amongst its main overseas suppliers are SUCRES ET DENREES, Broadbent UK, Belvoir UK, Fischbein, BRAM COR – Italy, Equipe Brazil, Tate & Lyle UK and Maquinqs Piratininga Brazil. Dangote Agrosacks, Gaslink Nigeria Ltd, Vitachem Nigeria Ltd, Biochemical Derivatives Nigeria Ltd and Istabaraqim Nigeria Ltd are among the local suppliers.

DIRECTOR'S REPORT

For the year ended 31st December, 2011

13. ANALYSIS OF SHAREHOLDING

Analysis of shareholding as at 31st December 2011

Range	No. of Holders	Percent	Units	Percentage
1 - 10,000	86,968	82.63%	199,528,902	1.66%
10,001 - 50,000	14,073	13.37%	290,949,603	2.43%
50,001 - 500,000	3,765	3.58%	459,645,700	3.83%
500,001 - 1,000,000	194	0.18%	144,969,125	1.21%
1,000,001 - 10,000,000	208	0.20%	615,931,977	5.13%
10,000,001 - 50,000,000	27	0.03%	497,019,059	4.14%
50,000,001 - 100,000,000	2	0.00%	131,018,705	1.09%
100,000,001 - 500,000,000	6	0.01%	1,541,736,929	12.85%
500,000,001 - 12,000,000,000	<u>1</u>	<u>0.00%</u>	<u>8,119,200,000</u>	<u>67.66%</u>
	<u>105,244</u>	<u>100.00%</u>	<u>12,000,000,000</u>	<u>100.00%</u>

14. HUMAN RESOURCES

1. Employment and Employees

The Company has reviewed its employment policy in line with the needs of business. Careful recruiting is now the focus to ensure that potential high performers are attracted and retained.

2. Work Environment

The Company continuously strives to improve its operations to ensure a safe working environment. It maintains a high standard of hygiene in all its premises through sanitation practices and the regular fumigation exercises have been further strengthened by the installation of pest and rodent control gadgets. Safety and environment workshops organized for all senior employees with a broad focus on good housekeeping to ensure good and safe working environment. The company provides fully paid nutritionally balanced meals provided for staff in the canteen.

DIRECTOR'S REPORT

For the year ended 31st December, 2011

3. Employee Development

The Company continues to place premium on its human capital development arising from the fact that this would ensure improved efficiency of the business and maintain strategic advantage over competition. Local and international training and development programmes are organized to meet the need of the Company's modernization, automation and strategy implementation.

15. AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria, 2004, the Company has put in place an Audit Committee comprising three Shareholders and three Directors as follows:-

Mr. Segun Olusanya	-	Shareholder/Chairman
Ms Bennedikter Molokwu	-	Director/Member
Mr. Olakunle Alake	-	Director/Member
Mallam Dahiru Ado	-	Shareholder/Member
Hadjia Muheebat Dankaka	-	Shareholder/Member
Dr. Konyinsola Ajayi (SAN)	-	Director/Member

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria 2004.

16. AUDITORS

Messrs Akintola Williams Deloitte (Chartered Accountants) are the Auditors to the Company and they have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act. Cap C20. Laws of the Federation of Nigeria, 2004. A resolution will be proposed authorising the Directors to fix their remuneration.

BY ORDER OF THE BOARD



Chioma Madubuko (Mrs)

Company Secretary/Legal Adviser
3rd Floor, GDNL Building
Terminal E, Shed 20
NPA Wharf Port Complex
Apapa - Lagos

Dated this 11th day of April 2012

CORPORATE GOVERNANCE REPORT

Dangote Sugar Refinery Plc (DSR) is committed to best practice and procedures in corporate governance. Overseen by the Board of Directors, DSR's corporate governance practices are constantly under review, in line with the dynamics of the business environment.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner, which conforms to high ethical standards. As a responsible corporate citizen, Dangote Sugar Refinery Plc complies with all applicable national laws and regulations.

The Board delegates the day-to-day running of the Company's affairs to the MD/CEO. An executive Management Committee supports the MD/CEO in this task. The Board currently consists of nine members, the Chairman, Managing Director, and seven non-Executive Directors. Out of which three are Independent Directors.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

It is the responsibility of the Board of Dangote Sugar Refinery Plc to:

- Ensure that the Company's operations are conducted in a fair, honest and transparent manner that conform to high ethical standards
- Ensure integrity of the Company's financial and internal control policies
- Ensure the accurate, adequate and timely rendition of statutory returns and financial reporting to the regulatory authorities (NSE, CAC, SEC) and Shareholders
- Ensure value creation for shareholders, employees and other stakeholders
- Review and approve corporate policies, strategy, annual budget and business plan
- Monitor implementation of policies and the strategic direction of the Company.
- Set performance objectives, monitor implementation and corporate performance
- Review and approve all major and capital expenditure of the Company
- Ensure that the statutory rights of Shareholders are protected at all time.

CORPORATE GOVERNANCE REPORT

The Board carries out the above responsibility through the Board Committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non – executive Director to ensure strict compliance to the principles of good corporate governance practice, while a representative of the Shareholders chairs the Audit Committee.

The Committees assist the Board in fulfilling their oversight functions regarding Financial Reporting, Risk Management, Internal Control, Employee welfare etc in line with regulatory and good corporate governance practice requirements.

MEETING OF THE BOARD OF DIRECTORS

The Board of Directors holds at least four meetings a year, to consider important corporate events and actions such as approval of corporate strategy, Annual corporate plan, review of internal risk management and control systems, review performance and direct the affairs of the Company, its operations, finances and formulate growth strategies. It may however, convene a meeting if the need arises. However, during the year under review the Board of Directors and the Board – committee(s) convened several meetings.

RECORD OF DIRECTORS' MEETING

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

SUB COMMITTEES OF THE BOARD OF DIRECTORS

The Board delegated some of its responsibilities to standing committees that consists of Executive and Non – executive Directors. In compliance with the practices of good corporate governance, the Chairman of the DSR Plc Board of Directors is not a member of any of these committees. These Committees are the Establishment, Finance and Risk Management Committees. The Committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board, at a meeting.

The Finance Committee

The Committee comprise of five Directors, with an independent Director as Chairman. Members of the Committee are:

Ms. Bennedikter Molokwu	-	Chairman
Mr. Olakunle Alake	-	Member
Alhaji Abdu Dantata	-	Member
Mr. Sai Prakash	-	Member
Mr. Suleiman Olarinde	-	Member

CORPORATE GOVERNANCE REPORT

Responsibilities of the Finance Committee: -

- Assessment and monitoring of all risks associated with the operations of the Company
- Development and monitoring of the implementation of internal control systems by management
- Assisting the Board in its responsibility relating to the oversight of the Company's financial credit and risk management policies and procedures.

The Establishment Committee

The Committee comprise of four Directors, with an independent Director as Chairman. Members of the Committee are:

Dr. Konyinsola Ajayi (SAN)	Chairman
Mr. Sai Prakash	Member
Alhaji Suleiman Olarinde	Member
Mr. Uzoma Nwankwo	Member

Responsibilities of the Establishment Committee: -

- Reviewing of the policy framework for employees' and remuneration issues
- Making recommendations to the Board on all new Board appointments

The Risk Management Committee

The Committee comprise of five Independent Directors; Members of the Committee are:

Mr. Uzoma Nwankwo	Chairman
Ms. Bennedikter Molokwu	Member
Dr. Konyinsola Ajayi (SAN)	Member
Mr. Olakunle Alake	Member
Mr. Suleiman Olarinde	Member

Responsibilities of the Risk Management Committee: -

- To recommend to the Board on an annual basis the Company's Total Financial Volatility Risk Appetite, including Risk Type Limits for Wholesale Credit Risk, Retail Credit Risk and Market Risk for the following year
- To ratify any cumulative change over 10% to the approved Risk Type Limits within the Company's Financial Volatility Risk Appetite set for each year.
- To receive reports of any change less than 10% to the approved Risk Type Limits within the Company's Total Financial Volatility Risk Appetite set for each year.
- To consider any breaches of the Company's Total Financial volatility Risk Appetite and each of the approved Risk Type Limits and make recommendations to the Board.

CORPORATE GOVERNANCE REPORT

The Audit Committee

In addition to the Board Standing Committees, there is the Audit Committee, which also plays an important role in the Company. The Audit Committee is made up of 6 (six) members, three members of the Board of Directors and 3 members representing the Shareholders.

In compliance with the requirement of corporate governance practice, a shareholder chairs the committee. Members of the Audit Committee are elected annually at the General Meeting. Members of the Committee are -

Mr. Segun Olusanya	Chairman/Shareholder Representative
Hajia Muheebat Dankaka	Shareholder Representative
Mallam Dahiru Ado	Shareholder Representative
Ms. Bennedikter Molokwu	Director
Mr. Olakunle Alake	Director
Dr. Konyinsola Ajayi (SAN)	Director

Responsibilities of the Audit Committee:

- Ensuring the Independence and Objectivity of the Audit (statutory and Internal)
- Reviewing the adequacy and effectiveness of Dangote Sugar Refinery Plc (DSR)'s internal control policies prior to endorsement by the Board
- Directing and supervising investigations into matters within its scope, such as evaluations of the effectiveness of DSR internal controls, business partner and client misconduct or conflict of interest.

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act. Cap C20 Laws of the Federal Republic of Nigeria, 2004.

**ATTENDANCE OF MEETINGS BY MEMBERS OF
THE BOARD OF DIRECTORS/BOARD COMMITTEES
FROM 1ST JANUARY 2011 TO 31ST DECEMBER 2011**

BOARD OF DIRECTORS' MEETINGS

	ATTENDANCE				
	JAN	APRIL	MAY	AUG	OCT
Alhaji Aliko Dangote(GCON)	✓	✓	✓	✓	✓
Engr. Abdullahi Sule	N/A	N/A	N/A	N/A	N/A
Mr. Sai Prakash	N/A	✓	✓	✓	✓
Alhaji Sani Dangote	✓	✓	✓	✓	A
Mr. Suleiman Olarinde	✓	✓	✓	✓	✓
Ms. Bennedikter Molokwu	✓	✓	✓	✓	✓
Dr. Konyinsola Ajayi(SAN)	✓	A	A	✓	✓
Mr. Olakunle Alake	✓	✓	✓	✓	✓
Alhaji Abdu Dantata	A	✓	✓	A	A
Mr. Uzoma Nwankwo	✓	✓	✓	A	✓

The Managing Director, Engr. Sule was appointed in December 2011, hence he did not attend any of the meetings prior to his resumption.

FINANCE COMMITTEE MEETINGS

	ATTENDANCE				
	JAN	MAR	APRIL	AUG	OCTOBER
Ms. Bennedikter Molokwu	✓	✓	✓	✓	✓
Mr. Olakunle Alake	✓	✓	✓	✓	✓
Mr. Suleiman Olarinde	✓	✓	✓	✓	✓
Alhaji Abdu Dantata	A	✓	✓	A	A
Mr. Sai Prakash	N/A	N/A	✓	✓	✓

ESTABLISHMENT COMMITTEE MEETINGS

	ATTENDANCE	
	JAN	DEC
Dr. Konyinsola Ajayi(SAN)	✓	✓
Mr. Uzoma Nwankwo	✓	✓
Mr. Suleiman Olarinde	✓	✓
Mr. Sai Prakash	N/A	N/A

**ATTENDANCE OF MEETINGS BY MEMBERS OF
THE BOARD OF DIRECTORS/BOARD COMMITTEES
FROM 1ST JANUARY 2011 TO 31ST DECEMBER 2011**

AUDIT COMMITTEE MEETINGS

ATTENDANCE						
	FEB	FEB	APRIL	SEPT	NOV	DEC
Mr. Segun Olusanya	√	√	√	√	√	√
Hadjia Muheebat Dankaka	√	√	√	√	√	√
Mallam Dahiru Ado	A	A	√	A	√	√
Ms. Bennedikter Molokwu	√	√	√	√	√	√
Dr. Konyinsola Ajayi(SAN)	√	√	√	√	√	√
Mr. Olakunle Alake	A	√	A	A	√	√
Mr. Sai Prakash	N/A	N/A	√	√	√	N/A
Mr. Suleiman Olarinde	√	√	√	√	√	√

RISK MANAGEMENT COMMITTEE MEETINGS

ATTENDANCE	
	OCT
Mr. Uzoma Nwankwo	√
Dr. Konyinsola Ajayi(SAN)	√
Ms. Bennedikter Molokwu	√
Mr. Olakunle Alake	√
Mr. Suleiman Olarinde	√

√ = Attendance

A= Apology

N/A= Not Applicable

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the state of affairs of their Company at the end of the financial period and of their profit or loss for the year ended.

Their responsibilities among others include ensuring that:

- I. The Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with requirements of the Companies and Allied Matters Act of Nigeria;
- II. Appropriate and adequate internal controls are established to safeguard its assets, prevent and detect fraud and other irregularities;
- III. The Company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied; and
- IV. It is appropriate for the financial statements to be prepared on a going concern basis

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with Nigerian Statements of Accounting Standards and the requirements of the Companies and Allied Matters Act of Nigeria.

The Directors are of the opinion that the financial statements give true and a fair view of the state of the financial affairs of the Company and of its profit.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE DIRECTORS BY



11th April, 2012



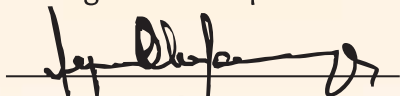
11th April, 2012

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF DANGOTE SUGAR REFINERY PLC

For the year ended 31st December, 2011

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors report for the year ended 31st December 2011. We have obtained all the information and explanations we required.

In our opinion, the Auditors report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. Having reviewed the Auditors' findings and recommendations on Management matters, we are satisfied with Management's response therein.



Mr. Segun Olusanya
Chairman, Audit Committee

Dated this 12th day of April 2012

MEMBERS OF THE AUDIT COMMITTEE

- 1) Hajia Muheebat Dankaka
- 2) Mallam Dahiru Ado
- 3) Ms. Bennedikter Molokwu
- 4) Dr. Konyinsola Ajayi (SAN)
- 5) Mr. Olakunle Alake

REPORT OF THE INDEPENDENT AUDITORS TO THE

MEMBERS OF DANGOTE SUGAR REFINERY PLC

We have audited the accompanying financial statements of **Dangote Sugar Refinery Plc** set out on pages 30 to 47 which comprise the balance sheet as at 31 December 2011, the profit and loss account, statement of cash flows and value added statement for the year then ended and a statement of the significant accounting policies, five year financial summary and other accompanying explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004 and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Dangote Sugar Refinery Plc** as at 31 December 2011, and of its financial performance and its cash flows for the year then ended; the Company has kept proper books of account, which are in agreement with the balance sheet and profit and loss account in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.



Chartered Accountants
Lagos, Nigeria
13 April 2012



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31st December, 2011

The following are the significant accounting policies, which have been adopted by the Company in the preparation of its financial statements.

1. Basis of accounting

The financial statements are prepared under the historical cost basis. Adjustment has not been made to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

2. Turnover

Turnover represents the net value of goods sold to third parties during the year. Sales of goods are recognised when goods are delivered to the customers and legal title has passed.

3. Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

4. Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their expected useful lives. The principal annual rates used for this purpose are:

	%
Leasehold land and buildings	Period of lease
Plant and machinery	$6\frac{2}{3}$
Motor vehicles	25
Tools and equipments	25
Furniture and fittings	20
Computer equipment	$33\frac{1}{3}$

5. Stocks and work-in-progress

Stocks are valued at lower of cost and net realisable value. Goods in transit are valued at the invoice price. Cost of stocks includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. This is determined using standard cost, which approximates actual cost, on a first in first out basis. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis. Engineering and other spares are valued at invoice price only. Allowance is made for obsolete, slow-moving or defective items, where appropriate.

6. Debtors

Bad debts are written off and specific provisions are made for those debts considered doubtful of recovery.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31st December, 2011

- 7. Foreign currencies**

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. Assets and liabilities existing in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date. Gains or losses arising therefrom are included in the profit and loss account.
- 8. Taxation**

Income tax and education tax payable are provided on profits at the current statutory rates of taxation.
- 9. Deferred taxation**

Deferred taxation, which arises principally from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on difference between the net book value and the tax written down value of fixed assets. This is in accordance with Statement of Accounting Standards (SAS) 19.
- 10. Employees retirement benefit scheme**

The company makes provision for retirement benefits in accordance with the Pension Reform Act of 2004. The contribution of the employer and employee is 7.5% of employee's basic, transport and housing allowances. The Company's contribution is charged to the profit and loss account. The Company also operates a gratuity scheme for its permanent Nigerian staff, the benefits under which are related to employees' length of service and remuneration. The provision for liability in respect thereof is made in full in the financial statements.
- 11. Provisions**

Provisions are recognised when the Company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Statement of Accounting Standard (SAS) 23.
- 12. Investment**

Investments in subsidiaries are carried in the Company's balance sheet at cost less provision for impairment losses. Where in the opinion of the Directors, there has been impairment in the value of an investment; the loss is recognised as an expense in the period in which the impairment is identified.
- 13. Earnings per share**

The company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average numbers of shares outstanding during the year.
- 14. Segmental reporting**

The company's business segments are presented by products that are subject to similar risks and returns.

PROFIT & LOSS ACCOUNTS

For the year ended 31st December, 2011

		<u>2011</u>	<u>2010</u>
	Note	N'000	N'000
Turnover	2	106,510,507	89,980,499
Cost of sales		<u>(92,777,191)</u>	<u>(71,946,668)</u>
Gross profit		13,733,316	18,033,831
Administrative expenses		<u>(3,717,580)</u>	<u>(3,433,524)</u>
		10,015,736	14,600,307
Other income	3	<u>538,483</u>	<u>1,548,569</u>
Operating profit		10,554,219	16,148,876
Interest payable and similar charges		<u>(347)</u>	<u>(1,946)</u>
Profit before taxation	4	10,553,872	16,146,930
Taxation	5	<u>(3,442,554)</u>	<u>(4,864,690)</u>
Profit after taxation transferred to revenue reserve	15	<u>7,111,318</u>	<u>11,282,240</u>
Earnings per share (Kobo):			
Basic	26	<u>59</u>	<u>94</u>


The accounting policies on pages 30 and 31 and the accompanying explanatory notes on pages 35 to 45 form an integral part of these financial statements


BALANCE SHEET

As at 31st December, 2011

		2011	2010
	Note	N'000	N'000
NON CURRENT ASSETS			
Fixed Assets	6	16,504,480	15,742,539
CURRENT ASSETS			
Stocks	7	23,934,307	15,960,376
Trade debtors	8	6,989,416	5,958,702
Other debtors and prepayments	9	2,100,506	2,343,216
Amount due from related companies	22a	13,482,157	16,048,892
Bank and cash balances	18	6,096,039	6,240,257
		52,602,425	46,551,443
CREDITORS: Amounts falling due within one year			
Trade creditors		16,724,256	9,794,006
Other creditors	10	3,204,425	2,283,300
Amount due to related companies	22b	2,531,602	2,188,240
Taxation	5	3,539,007	4,980,105
		25,999,290	19,245,651
NET CURRENT ASSETS			
		26,603,135	27,305,792
TOTAL ASSETS LESS CURRENT LIABILITIES			
		43,107,615	43,048,331
CREDITORS: Amounts falling due after more than one year			
Deferred taxation	11	(2,837,360)	(1,661,572)
Employees' gratuity	12	(778,740)	(491,722)
NET ASSETS			
		39,491,515	40,895,037
CAPITAL AND RESERVES			
Share capital	13	6,000,000	6,000,000
Share premium	14	6,320,524	6,320,524
Revenue reserve	15	27,170,991	28,574,513
		39,491,515	40,895,037

The financial statements on pages 30 to 47 were approved by the Board of Directors on 11 April 2012 and signed on its behalf by:





The accounting policies on pages 30 and 31 and explanatory notes on pages 35 to 45 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31st December, 2011

	Note	2011 N'000	2010 N'000
OPERATING ACTIVITIES:			
Cash receipts from customers		105,647,642	90,063,970
Cash payments to suppliers and employees		(91,365,290)	(79,302,465)
VAT paid		(155,024)	(1,440,575)
Tax paid	5(b)	(5,022,704)	(14,793,144)
Net cash provided by operating activities	17	9,104,624	(5,472,214)
INVESTING ACTIVITIES:			
Purchase of fixed assets	6	(2,419,129)	(616,624)
Interest received	3	370,634	1,452,661
Net cash flow from investing activities		(2,048,495)	836,037
FINANCIAL ACTIVITIES:			
Dividend paid	16	(7,200,000)	(12,000,000)
Interest paid		(347)	(1,946)
Net cash flow from financing activities		(7,200,347)	(12,001,946)
Net decrease in cash and cash equivalents		(144,218)	(16,638,123)
Cash and cash equivalents at 1 January		6,240,257	22,878,380
Cash and cash equivalents at 31 December	18	6,096,039	6,240,257

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

1. The Company

(a) Legal form

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

(b) Principal activities

The principal activity of the Company is the processing and marketing of sugar

2. Turnover and segment reporting

(a) Turnover comprises the net value of sales to the third parties. The analysis of turnover and gross profit is as follows:

	<u>2011</u>	<u>2010</u>
	N'000	N'000
Sales of sugar	106,208,776	89,897,063
Sales of molasses	116,480	83,436
Sales of retail sugar	185,251	-
	<u>106,510,507</u>	<u>89,980,499</u>
Cost of sales	<u>(92,777,191)</u>	<u>(71,946,668)</u>
Gross profit	<u>13,733,316</u>	<u>18,033,831</u>

(b) There was no disclosure of assets per business segment because the assets of the Company are not directly related to a particular business segment

(c) There is also no distinguishable component of the entity that is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

	<u>2011</u>	<u>2010</u>
	N'000	N'000
3. Other income		
Interest income	370,634	1,452,661
Sales of scraps and other items	166,090	85,356
Insurance claim	1,759	10,552
	<u>538,483</u>	<u>1,548,569</u>
4. Profit before taxation		
This is arrived after charging:		
Directors' emoluments:		
-Fees	2,100	2,100
-Others	35,644	25,797
Depreciation	1,657,188	1,570,494
Auditors' remuneration	<u>26,500</u>	<u>26,000</u>
5. Taxation		
(a) Profit and loss account		
Income tax based on profit for the year	3,290,424	4,628,230
Educational tax	248,583	351,875
Prior year under/(over) provision	42,599	(324,058)
	<u>3,581,606</u>	<u>4,656,047</u>
Deferred tax (credit)/charge (Note 11)	(139,052)	208,643
As per profit and loss account	<u>3,442,554</u>	<u>4,864,690</u>
(b) Balance Sheet		
At 1 January	4,980,105	15,117,202
Charge for the year	3,581,606	4,656,047
Payment made during the year	(5,022,704)	(14,793,144)
At 31 December	<u>3,539,007</u>	<u>4,980,105</u>

The charge for taxation in these financial statements was based on provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Education Tax Act, CAP E4, LFN 2004.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

Fixed Assets

	Leasehold land and buildings N'000	Plant and machinery N'000	Tools and equipment N'000	Computer equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Assets under construction N'000	Total N'000
Cost								
At 1 January 2011	3,352,560	12,812,699	160,682	17,498	20,830	2,538,520	2,594,026	21,496,815
Additions	-	472,431	16,342	4,213	24,984	1,032,603	868,556	2,419,129
At 31 December 2011	3,352,560	13,285,130	177,024	21,711	45,814	3,571,123	3,462,582	23,915,944
Depreciation								
At 1 January 2011	333,598	3,922,315	147,124	14,959	15,847	1,320,433	-	5,754,276
Charge for the year	67,051	858,755	4,770	1,753	5,196	719,663	-	1,657,188
At 31 December 2011	400,659	4,781,070	151,894	16,712	21,043	2,040,096	-	7,411,464
Net book Value								
At 31 December 2011	2,951,911	8,504,060	25,130	4,999	24,771	1,531,027	3,462,582	16,504,480
At 31 December 2010	3,018,962	8,890,384	13,558	2,539	4,083	1,218,087	2,594,026	15,742,539

Asset under construction represent expenditure incurred on the factory expansion project. This includes expenditure incurred by the Company on the construction of its new sugar refinery project in Apapa.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

	<u>2011</u>	<u>2010</u>
	N'000	N'000
7. Stocks		
Finished goods	16,558,586	8,921,787
Raw materials	6,144,267	5,992,970
Work in progress	214,728	231,097
Spare parts, oil, lubricants and sundry	336,883	477,410
Goods-in-transit	641,506	264,502
Packing materials	38,337	72,610
	<u>23,934,307</u>	<u>15,960,376</u>
8. Trade debtors		
Gross debtors	7,495,449	6,533,894
Provision for bad and doubtful debts	(506,033)	(575,192)
	<u>6,989,416</u>	<u>5,958,702</u>
9. Debtors and prepayments		
	<u>2011</u>	<u>2010</u>
	N'000	N'000
Receivable from Algerian Government (Note 9a)	864,647	972,337
Other Debtors	<u>1,061,129</u>	<u>1,268,049</u>
	1,925,776	2,240,386
Provision	<u>(69,380)</u>	<u>(69,380)</u>
	1,856,396	2,171,006
Prepayments	<u>244,110</u>	<u>172,210</u>
	<u>2,100,506</u>	<u>2,343,216</u>

(a) Receivable from Algerian Government

This represents payments made by the Company in 2008 to the Algerian Government in respect of land for its Algerian sugar project. Subsequently in 2011, the right to the land was withdrawn by the Algerian government on the basis that the particular port cannot be used for the purpose for which the Company intends. The Algerian government indicated interest in providing the Company with land in another port for this purpose in future. This has, however, not been honoured to date. Hence, the amount was derecognised as an investment in the current year and disclosed as receivable from the Algerian government. There is a guarantee from the parent company to indemnify the Company in case of default by the Algerian Government. In view of this, no provision had been made in respect of the receivable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

	<u>2011</u>	<u>2010</u>
	N'000	N'000
10. Other Creditors		
Accruals	717,154	478,529
Other credit balance	2,487,271	1,804,771
	<u>3,204,425</u>	<u>2,283,300</u>
11. Deferred taxation		
At 1 January	1,661,572	1,452,929
Current year (credit)/ charge	(139,052)	208,643
Prior year adjustment (Note 15a)	1,314,840	-
At 31 December	<u>2,837,360</u>	<u>1,661,572</u>
12. Employee gratuity		
At 1 January	491,722	602,590
Provision for the year	339,965	44,785
Payments during the year	(52,947)	(155,653)
At 31 December	<u>778,740</u>	<u>491,722</u>
13. Share Capital		
<i>Authorised, Issued and fully paid:</i>		
12,000,000,000 ordinary shares of 50k each	<u>6,000,000</u>	<u>6,000,000</u>
14. Share Premium	<u>6,320,524</u>	<u>6,320,524</u>
<p>Share premium represents excess of the shareholders' value over the nominal share capital at the point of the commencement of operation in January 2006</p>		
15. Revenue Reserve		
At 1 January	28,574,513	29,292,273
Transfer from profit and loss account	7,111,318	11,282,240
Prior year adjustment-deferred taxation (Note 15(a))	(1,314,840)	-
Final dividend (Note 16)	(7,200,000)	(12,000,000)
At 31 December	<u>27,170,991</u>	<u>28,574,513</u>

- (a) The prior year adjustment relates to the correction of deferred tax balances to fully account for accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

16. Dividend

The shareholders at the Annual General Meeting held on 17 May 2011 approved a final dividend of N0.60 (sixty kobo) per share in respect of the year ended 31 December 2010. This was paid net of withholding tax in June 2011; total amount paid was N7.2 billion.

The Directors are proposing that a dividend of N0.30(thirty kobo) per ordinary share will be paid to shareholders. The dividend is subject to approval by the shareholders at the Annual General Meeting. Consequently, it has not been included as liability in these financial statements since dividends to shareholders are accounted for on the date of declaration, as they do not meet the criteria for present obligation in statements of Accounting Standard (SAS) 23. The proposed dividend is subject to deduction of withholding tax at the appropriate rate and the total estimate dividend to be paid is N3.6billion (2010: N7.2billion)

17. Reconciliation of profit after taxation to net cash provided / (used) by operating activities

	<u>2011</u>	<u>2011</u>
	N'000	N'000
Profit after taxation	7,111,318	11,282,240
Adjustments to reconcile net income to Net cash provided by operating activities:		
Depreciation	1,657,188	1,570,494
Interest payable and similar charges	347	1,946
Interest income	(370,634)	(1,452,661)
Deferred tax under provision	(1,314,840)	-
Changes in assets and Liabilities		
Increase in stocks	(7,973,931)	(1,866,332)
Increase in trade debtors	(1,030,714)	(12,437)
Decrease/ (increase) in other debtors and prepayments	242,710	(584,744)
Decrease/ (increase) in amount due from related companies	2,566,735	(8,606)
Increase/(decrease) in trade creditors	6,930,250	(4,209,666)
Increase/(decrease) in other creditors	921,125	(1,303,500)
Increase in amount due to related companies	343,362	1,150,374
Decrease in taxation	(1,441,098)	(10,137,097)
Increase in deferred taxation	1,175,788	208,643
Increase/(decrease) in gratuity	287,018	(110,868)
Total adjustments	<u>3,308,146</u>	<u>(16,754,454)</u>
Net cash provided/ (used) by operating activities	<u><u>9,104,624</u></u>	<u><u>(5,472,214)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

18. Cash and cash equivalents

	<u>2011</u>	<u>2010</u>
	N'000	N'000
Cash in hand	10,795	8,091
Cash in bank	6,085,244	3,432,166
Bank deposit	-	2,800,000
	<u>6,096,039</u>	<u>6,240,257</u>

19. Information regarding directors and employees

(a) Directors

	<u>2011</u>	<u>2010</u>
	N'000	N'000
Directors' emoluments comprise:		
Fees	2,100	2,100
Salaries	31,144	21,997
Others	4,500	3,800
	<u>37,744</u>	<u>27,897</u>
Emoluments of the highest paid Director was	<u>28,106</u>	<u>21,997</u>

The numbers of Directors excluding the Chairman with annualised gross emoluments within the bands stated below were:

	<u>2011</u>	<u>2010</u>
N'000 N'000	Number	Number
20,000 – 25,000	-	1
26,000 – 31,000	1	-
38,000 – 43,000	1	-

(b) Employees

Average number of persons employed during the year:

	<u>2011</u>	<u>2010</u>
	Number	Number
Management	19	19
Senior staff	227	180
Junior staff	406	433
	<u>652</u>	<u>632</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

	<u>2011</u>	<u>2010</u>
(C) Aggregate Payroll costs:	N'000	N'000
Aggregate payroll cost during the year		
Wages, salaries, allowance and other benefits	1,799,188	1,461,230
Provision for gratuities	339,965	44,786
Pension cost	68,653	61,446
	<u>2,207,806</u>	<u>1,567,462</u>

The number of employees with gross emoluments within the bands stated below are:

N'000	N'000	<u>Number</u>	<u>Number</u>
401 –	600	17	8
601 –	800	22	79
801 –	1,000	58	106
1,001 –	2,000	345	292
2,001 –	above	210	147
		<u>652</u>	<u>632</u>

20. Contingent liabilities

- (a) No provision has been made in these financial statements for contingent liabilities in respect of pending litigation amounting to N73.193million (2010: N73.193million) as the Directors are of the opinion, based on solicitors' advise that the Company would only be jointly liable to the sum not exceeding N10million.
- (b) The Directors are of the opinion that all known commitments and liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

21. Capitals commitments

There were capital commitments in respect of the Lagos factory expansion which amounted to N4.4billion at the end of the year (2010: N203.7 million)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

22. Related party transactions

Related party transactions arose from payments to suppliers made by Dangote Industries Limited (D.I.L) on behalf of Dangote Sugar Refinery Plc. D.I.L also negotiates the contract with the primary sugar supplier. In addition, there are other transactions with other related companies in the area of utilization of energy which is surplus to the Company's requirement.

	<u>2011</u>	<u>2010</u>
	N'000	N'000
(a) Due from related companies		
Dangote Transport Limited	748,462	748,993
Dangote Textile Industries Limited	3,465	3,465
Dansa Foods Limited	1,882	1,882
National Salt Company of Nigeria Plc (NASCON)	-	3,572
Dangote Clearing Nigeria Limited	18,522	-
Savannah Sugar Company Plc	68,126	71,163
Dangote Flour Mills Plc	100,883	61,295
Dangote Pasta Limited	44,887	27,370
Dangote Noodles Limited	12,316	12,802
Dangote Industries Limited	<u>12,483,614</u>	<u>15,118,350</u>
	<u>13,482,157</u>	<u>16,048,892</u>
(b) Due to related companies		
Dangote Cement Plc	1,692,019	1,768,878
Greenview Development Company Limited	195,561	179,553
Dangote Agrosacks Nigeria Limited	298,844	1,335
National Salt Company of Nigeria (NASCON)	22,741	-
Bluestar Investment U.K Limited	238,474	238,474
Dangote Industries Limited (DIL) Strategic Services	<u>83,963</u>	<u>-</u>
	<u>2,531,602</u>	<u>2,188,240</u>

23. Management agreement

During the year, Dangote Industries Limited (D.I.L) waived the payment of N2.13billion (net) management fees based on a management and technical agreement 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 Dangote Sugar Refinery Plc sales for each month will be paid to D.I.L. The agreement expired on 2 January 2011, and it is currently in the course of being renewed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

24. Post Balance sheet events

There were no significant post balance sheet events which could have a material effect on the financial statements for the year ended 31 December 2011

25. Comparative figures

Certain balances in prior year have been reclassified where necessary for more meaningful comparison.

26. Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average numbers of shares outstanding during the year.

27. Risk Management

(a) Customer base

The Company has diversified its customer base to have customers who are end users (corporate clients in the manufacturing sector), and major distributors. This is to prevent the occurrence of any unanticipated risk in a particular customer cluster.

(b) Bank guarantee scheme

The Company also operates substantially on trading terms that provides obtaining bank guarantees as security for credit sales. This is in addition to a proper credit monitoring scheme.

(c) Raw sugar supply

Dangote Sugar Refinery Plc. maintain a raw material guaranteed supply contract with a major international raw sugar supplier. This is in addition to trading relationship with other major raw sugar suppliers.

(d) Energy

The Company generates its own power supply and, runs its major equipment through the use of either gas or low pour fuel oil (LPFO)

(e) Foreign Exchange

The executive management is aware of the foreign exchange risk, especially as it relates to raw materials importation. However, though hedging instruments are not readily available in our market, the strategy on exports could help reduce the risk on foreign exchange in the long run.

(f) Logistics/distribution

The Company has about 300 trucks to complement the service rendered by our sister company Dangote Transport Limited, and some other haulage service companies, in distributing our refined sugar across the country. Customers with their own fleet of trucks are encouraged to do self-collection.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2011

(g) Export drive

In recognition of competition and the situation in our local market, the exportation of refined sugar has been identified as a good strategy to boost revenue.

(h) Freight cost

The Company at executive management level is discussing with some ship owners with a view to acquiring goods vessels, as a strategy to manage the cost of freight and to guarantee availability.

VALUE ADDED STATEMENT

For the year ended 31st December, 2011

	<u>2011</u>		<u>2010</u>	
	N'000	%	N'000	%
Sales	106,510,507		89,980,499	
Other income	538,483		1,548,569	
	<u>107,048,990</u>		<u>91,529,068</u>	
Bought-in-materials and services:				
- Imported	(88,853,947)		(66,411,563)	
- Local	(3,818,429)		(5,506,615)	
	<u>14,376,614</u>	<u>100</u>	<u>19,610,890</u>	<u>100</u>
Value added				
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	2,207,806	15	1,567,462	8
To pay Government:				
Income tax	3,290,424	23	4,628,230	24
Education tax	248,583	2	351,875	2
To pay providers of capital:				
Interest on loans and bank overdrafts	347	-	1,946	-
To provide for enhancement of assets, growth and payment of dividend:				
Deferred taxation	(139,052)	(1)	208,643	1
Depreciation	1,657,188	12	1,570,494	8
Profit and loss account	7,111,318	49	11,282,240	57
	<u>14,376,614</u>	<u>100</u>	<u>19,610,890</u>	<u>100</u>

Value added represents the additional wealth the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth between employees, capital providers, government and that retained for future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

December 31	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000
Fixed assets	16,504,480	15,742,539	16,686,409	13,755,535	14,035,716
Net current assets	26,603,135	27,305,792	26,971,907	20,166,668	14,270,732
	43,107,615	43,048,331	43,668,316	33,922,203	28,306,448
Deferred taxation	(2,837,360)	(1,661,572)	(1,452,929)	(907,815)	(2,098,408)
Employee gratuity	(778,740)	(491,722)	(602,590)	(387,190)	(251,889)
	39,491,515	40,895,037	41,612,797	32,627,198	25,956,151
Capital and Reserves					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	5,000,000
Share premium	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Revenue reserve	27,170,991	28,574,513	29,292,273	20,306,674	14,635,627
	39,491,515	40,895,037	41,612,797	32,627,198	25,969,151
TURNOVER AND PROFIT					
Turnover	106,510,507	89,980,499	82,395,712	80,671,383	80,649,442
Profit before taxation	10,553,872	16,146,930	19,587,423	30,151,378	30,660,730
Profit after taxation	7,111,318	11,282,240	13,185,599	21,871,047	21,478,561
Earnings Per share:					
Basic	59	94	110	182	215
Diluted	-	-	-	182	179
Net assets	329	340	347	272	216

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

Net assets per share are based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

SHAREHOLDERS INFORMATION

SHARE CAPITALISATION HISTORY							
YEAR	AUTHORISED (N'000)	AUTHORISED ('000)	ISSUED & FULLY PAID UP (N'000)	ISSUED & FULLY PAID UP ('000)	ISSUED & FULLY PAID ('000)	CONSIDERATION	
	INCREASE	CUMULATIVE NUMBER OF SHARES	INCREASE	CUMULATIVE NUMBER OF SHARES	NUMBER OF SHARES		
27-12-04	50,000	50,000	500	500	500	CASH	
30-06-06	0	50,000	49,500	50,000	50,000	SCHEME SHARES	
26-07-06	5,950,000	6,000,000	4,950,000	5,000,000	10,000,000	BONUS AND STOCK SPLIT FROM N1.00 TO 50 KOBO	
27-03-08	0	6,000,000	1,000,000	6,000,000	12,000,000	BONUS	

UNCLAIMED DIVIDEND

The Company has been declaring Dividend since it became a public company in year 2007. Currently the dividend account indicates that some dividend warrants have not been presented to the bank for payment, while others were returned to the Registrar, unclaimed because the addresses have changed or could not be traced.

FINANCIAL YEAR	DIVIDEND NO	FINAL OR INTERIM	TOTAL DIVIDEND	NET AMOUNT UNCLAIMED AS AT 19/01/10
11/04/2007	1	Final	11,388,819,816.78	11,450,117.20
27/04/2007	2	Interim 1	3,433,139,219.03	5,215,173.66
07/09/2007	3	Interim 2	3,257,223,236.85	29,840,767.70
31/10/2007	4	Interim 3	3,192,370,844.23	14,120,337.80
09/04/2008	5	Half year interim	5,000,000,000.00	19,032,471.38
08/09/2008	6	Final	10,200,000,000.00	48,945,661.01
03/07/2009	7	Final	4,200,000,000.00	82,417,573.43
30/07/2010	8	Final	12,000,000,000.00	365,721,271.01
25/05/2011	9	Final	7,200,000,000.00	294,905,515.87

We therefore request that all affected shareholders should fill the Shareholder information update and the Mandate for E-dividend payment forms on pages 51 and 53 or please contact

**THE REGISTRAR
ZENITH REGISTRAR LIMITED
PLOT 89A, AJOSE ADEOGUN STREET
VICTORIA ISLAND
LAGOS**



We are the sugar in your tea

At Dangote our goal is to improve everyday life, by providing high quality products and services, whether it's food, shelter or communication. it is our way of raising the quality of life for all, making life just a little sweeter for everyone.



SHAREHOLDER(S) INFORMATION UPDATE FORM

I/We wish to request that my/our details as a shareholder(s) of Dangote Sugar Refinery Plc be amended to reflect the following information:

Date (DD/MM/YYYY)

--	--	--

Surname/Group Name/Company Name

--

Other Names (for individual shareholder)

--

Present Postal Address

--

--

City

State

--

Email Address 1:

--

Email Address 2:

--

Telephone/Mobile (GSM) Number

--

Shareholder(s) Signature or Thumbprint

--

Incorporation number & afix Company Seal (for companies)

--

The Completed form should be returned to the Company Secretary, Dangote Sugar Refinery Plc, 3rd Floor, GDNL Building, Terminal E, Shed 20 NPA Wharf Port Complex Apapa or The Registrar, Zenith Registrars Limited Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos.



E-BONUS (DIRECT CREDIT TO CSCS ACCOUNT)

I/We have _____ units of **Dangote Sugar Refinery Plc** shares

I/We hereby request and authorize you to credit my CSCS account (statement attached) with the BONUS accruing on my holdings.

I/We indemnify the Directors of Dangote Sugar Refinery Plc against all claims and demands and any expense thereof) which may be made in consequence of your complying with this instruction:

Shareholders Name: _____
SURNAME OTHER NAMES

Shareholders Address: _____

Mobile Tel: _____

Date: _____

I hereby affirm that the information given above are true of me:

Shareholder's Signature _____

Account No:.....

CSCS Clearing House Number:
[Please attach copy of your CSCS statement]

Name of Stockbrokers:.....

Website: www.zenithregistrars.com

Email: zenithregistrars@zenithbank.com

**PROXY FORM
DANGOTE SUGAR REFINERY PLC. RC: 613748**

SIXTH ANNUAL GENERAL MEETING TO BE HELD AT THE GRAND BALL ROOM, EKO HOTEL & SUITES, VICTORIA ISLAND LAGOS, ON THURSDAY 17TH MAY 2012.

I/WE.....ofbeing a shareholder of Dangote Sugar Refinery Plc. hereby appoint..... or failing him/heror as my/our Proxy to act and vote for me/us on my/our behalf at the 6th Annual General Meeting to be held on 17th day of May 2012 and at any adjournment thereof.

DATED THISDAY OF2012.

SHAREHOLDER'S SIGNATURE

	NO.	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To receive the Statement of Accounts for the period ended December 31, 2011 together with the Directors' and Auditors' Reports thereon		
	2.	To declare a dividend		
	3.	To elect/re-elect Directors		
	4.	To approve the remuneration of the Directors		
	5.	To authorize the Directors to fix the remuneration of the Auditors.		
	6.	To elect the members of the Audit Committee		
		SPECIAL BUSINESS		
	7.	To consider and if thought fit, pass the following resolutions as Special Resolutions: .. (a) That the Company acquires Savannah Sugar Company Ltd for the purpose of backward integration in the business of the Company. .. (b) That the Board of Directors be and is hereby authorised to do all such acts or deeds and exercise all such powers as may be necessary for or incidental to achieving the objectives specified in the above resolution including but not limited to the appointment of relevant professional parties and execution of all documents and instruments.		

Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

This proxy form should NOT be completed and sent to the registered office if the member will be attending the meeting.

NOTE

- i. A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy form should be deposited at the registered office of the Registrar (as in notice) not later than 48 hours before the meeting.
- ii. In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
- iii. If the shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some officers or an attorney duly authorised.
- iv. The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
- v. It is a legal requirement that all instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear appropriate stamp duty from the Stamp Duties office (not adhesive postage stamps).

Before posting this form, please tear off this part and retain it for admission to the meeting.

ADMISSION CARD

NAME AND ADDRESS OF SHAREHOLDER(S):

NUMBER OF SHARES

HELD:



Please admit..... to the 6th Annual General Meeting of Dangote Sugar Refinery Plc, to be held at the Grand Ball Room, Eko Hotel & Suites, Victoria Island Lagos, on Thursday 17th May 2012.

Signature of person attending:

- The Shareholder or his /her proxy should produce this admission card in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Please be advised that to enable a Proxy gain entrance to the meeting, the Proxy Form should be duly completed and delivered to the Company Secretary not later than 48 hours before the time fixed for the meeting.

COMPANY SECRETARY

**The Registrars
Zenith Registrars Limited
Plot 89A Ajose Adeogun Street,
P. O Box 75315
Victoria Island
Lagos**

Notes

Notes



**DANGOTE
SUGAR**



HEAD OFFICE:

3rd Floor, GDNL Administrative Building, Terminal E Shed 20 NPA Wharf Complex, Apapa, Lagos

Tel: +2341734961 Fax: 324-1-5872106, 54544466

Email: SRefinery@dangote-group.com | website: www.dangote.com

FACTORY/REFINERY:

Shed 20, Apapa Wharf, Lagos