



Annual Report & Accounts 2016

DANGOTE SUGAR



Consolidating our strength

Dangote Sugar Refinery Plc is a leader in the Nigerian Food and Beverage Industry



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ABOUT US

VISION, MISSION, VALUES

VISION

Our vision is to be one of the world's leading integrated sugar producers, respected for the quality of our products and the way we conduct our business.

MISSION

To deliver consistently good returns to our shareholders by selling high-quality products at affordable prices, backed by excellent customer service.

To satisfy market demand by producing the very best refined granulated sugar using exceptional resources and processes that comply with international standards and industry best practices.

To help Nigeria towards self-sufficiency in sugar production by moving from importation and refining to creating new plantations with their own refining facilities, close to major centres of demand, with a target to produce 1.5 – 2.0 million tonnes of refined sugar annually, by 2024 from over 150,000 hectares of locally grown sugar cane.

To provide economic benefits to local communities by way of direct and indirect employment.

OUR VALUES

- Customer Service
- Entrepreneurship
 - Excellence
 - Leadership

OUR DESIRED OUTCOME

“To consolidate our leadership position locally and become a leading integrated sugar company in Africa, with world class standards”



16 05 2016

CORPORATE INFORMATION

Directors and Professional Advisers

BOARD OF DIRECTORS

Alhaji Aliko Dangote, GCON	-	Chairman
Engr. Abdullahi Sule	-	Ag. Group Managing Director
Alhaji Sani Dangote	-	Non Executive Director
Mr. Olakunle Alake	-	Non Executive Director
Alhaji Abdu Dantata	-	Non Executive Director
Ms. Bennedikter Molokwu	-	Independent Non-Executive Director
Dr. Konyinsola Ajayi, SAN	-	Independent Non-Executive Director
Mr. Uzoma Nwankwo	-	Independent Non-Executive Director
Ms. Maryam Barshir	-	Independent Non-Executive Director

COMPANY SECRETARY/LEGAL ADVISER

Chioma Madubuko (Mrs)

AUDITORS

Akintola Williams Deloitte (Chartered Accountants)
Civil Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos

BANKERS

Access Bank Plc.	Jaiz Bank Plc.
Diamond Bank Plc.	StanbicIBTC Bank Plc.
Ecobank Nigeria Plc.	Standard Chartered Bank Nigeria Ltd
Fidelity Bank Plc.	UBA Plc.
First Bank of Nigeria Plc.	Union Bank Nigeria Plc
First City Monument Bank Plc.	Zenith Bank Plc.
GTBank Plc.	

CAPITAL MARKET INFORMATION

NSE TICKER SYMBOL	DANSUG
DATE LISTED	18TH MARCH 2007
FINANCIAL CALENDAR (YEAR END)	December 31

AUTHORIZED/PAID UP SHARE CAPITAL

12,000,000,000 Ordinary Shares of 50k each

SHAREHOLDER INFORMATION

RC Number	613748
Date of Incorporation	January 2005

REGISTERED OFFICE

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

FACTORY

Shed 20 Apapa Wharf
Apapa
Lagos

CORPORATE INFORMATION Cont'd

SUBSIDIARY

Savannah Sugar Company Limited
Numan, Adamawa State

REGISTRAR AND TRANSFER OFFICE:

VERITAS REGISTRARS LIMITED (FORMERLY ZENITH REGISTRARS LTD)
PLOT 89A, AJOSE ADEOGUN STREET, VICTORIA ISLAND, LAGOS
Telephone: (01) 27089304, 2784167-8; Fax: (01)2704085
enquiry@veritasregistrars.com
www.veritasregistrars.com

CORPORATE COMMUNICATIONS/INVESTOR RELATIONS CONTACT

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ir@dangotesugar.com.ng
shareholderrelations@dangotesugar.com.ng

RESULTS AT A GLANCE

	Group 2016 ₦'000	Group 2015 ₦'000	Company 2016 ₦'000	Company 2015 ₦'000
Turnover	169,724,936	101,057,905	167,409,161	100,092,221
Profit Before Taxation	19,614,434	16,155,609	20,759,524	18,144,955
Taxation	(5,218,496)	(5,013,237)	(6,560,831)	(5,485,100)
Profit After Taxation	14,395,938	11,142,372	14,198,693	12,659,855
Other Comprehensive Income	-	-	-	-
Profit After Taxation Transferred To Revenue Reserve	14,395,938	11,142,372	14,198,693	12,659,855
Dividend Payable (per share)	60 kobo	50 kobo	60 kobo	50 kobo
Share Capital	12,000,000	12,000,000	12,000,000	12,000,000
Shareholders' Fund Per 50 Kobo Share Data (Kobo)	66,152,030	57,756,092	74,584,750	66,386,057
Earnings Per Share	120 kobo	96 kobo	118 kobo	105 kobo

Proposed Dividend

The Directors recommend a cash dividend of 60 kobo for every one ordinary share of 50 kobo held in the company, for the year ended December 31, 2016; subject to shareholders' approval at the Annual General Meeting.

OPERATIONS

Dangote Sugar Refinery Plc (“Dangote Sugar” or “DSR”) is a household name in the sugar refining sector of the Nigerian Food and Beverage Industry. DSR sugar refining facility at Apapa is the largest in Sub-Saharan Africa, with 1.44MT per annum installed capacity. Our core competences include:

- Refining of raw sugar to make high quality Vitamin A fortified and non- fortified granulated white sugar.
- Marketing and distribution of our refined sugar grades in 50kg, 1kg, 500g & 250g packages
- Cultivation and milling of sugar cane to finished sugar from our subsidiary, Savannah Sugar Company Limited
- Development of Greenfield projects in line with our “Sugar for Nigeria Project,” strategic plan.

Our business provides key value added support services for customers including logistics, supply – chain management, credit and risk advice, sales and merchandising. The refining operations are supported by warehouses located strategically across the country and served by more than 400 trucks that take the finished products to the market.



OPERATIONS Cont'd

Refinery Operations

Dangote Sugar is a world class 1.44MT/PA facility located at Shed 20, NPA Apapa Wharf Complex, at Apapa Wharf Lagos. The facility, commissioned in year 2000, was the first sugar refinery built in Nigeria, with an initial refining capacity of 600,000MTPA.

Over the years, the facility has undergone two major upgrades which turned it into one of the largest sugar refineries in the world with 1.44MTPA refining capacity, at the same location. The refinery is powered efficiently with gas and/or Low-Pour Fuel Oil (LPFO) with 16MW of in-house power generating capability.

The Dangote Sugar refinery produces 45 ICUMSA Vitamin A Fortified refined granulated free flowing crystal white sugar, packaged and distributed in

50kg, 1kg, 500g, 250g and non-fortified granulated sugar in 50kg bags. The sugar sold under the brand name Dangote Sugar, is loved and preferred over any other sugar brand in Nigeria by consumers.

Our facility and production processes are operated in line with regulatory and international standards, and can accommodate requests for special products and packaging from customers.

Dangote Sugar Refinery is QMS, (ISO 9001:2008), FSMS, (ISO 22000:2005), OHSMS, (ISO 18001:2007) and (FSSC 22000) certified.





Produced from sugarcane



OPERATIONS Cont'd

Sales and Distribution

Dangote Sugar is a leading supplier of high quality refined granulated Vitamin A fortified white sugar for direct consumption, and non-fortified sugar for industrial use.

Our sugar brand is a leader with over 70% of the Nigerian sugar industry market share, and are trusted by the various industries we serve. Through our vast network of trade distributors we reach a wide variety of consumers in Nigeria, and neighbouring countries, on the West African coast.

With high volume capacity warehouses at strategic locations across Nigeria, Dangote Sugar is positioned to optimize supply chain opportunities by being close to its target markets with a very fast and reliable delivery service.

Dangote Sugar Refinery Plc's goal to sustain and grow its current market share is being actualized by partnering with retailers, sugar cubing companies, private label packaging, and small scale business to set the platform for sustainable market expansion.

The Company's strength is drawn from the Dangote Group's culture of exceptional performance. We are building competences within our teams, to provide the needed support to these partners and ensure that the opportunities are maximized to their full potentials.



RETAIL PACKS

OPERATIONS Cont'd

DSR Fleet is a fast and very reliable service provider that covers over 1000 Dangote Sugar customers nationwide. The finished products are delivered to our target markets nationwide vide over 400 haulage trucks in the fleet.

With a professional team that has a minimum of 15 years industry experience, the goal is to be the best, by helping our customers achieve their delivery schedules and timelines.

DSR Fleet employees are empowered to take ownership of every transaction. They adopt cost effective measures, to ensure seamless operations and efficiency at resolving the inevitable problems that may occur when traffic grid locks, weather, and other road mishaps that threaten timely fulfillment of scheduled commitments to DSR customers.





Sugar for Nigeria Project

Our goal is to achieve the capacity to produce 1.5million tonnes of refined sugar annually from locally grown sugarcane, while sustaining and improving the existing refining operations. This goal will ensure that Dangote Sugar becomes a global force in sugar production, for the benefit of its shareholders, and put Nigeria on the global sugar production map.



Sugar for Nigeria Project

In 2012, Dangote Sugar Refinery Plc., committed to becoming an integrated sugar business, to serve the local and export markets from integrated sugar production sites across Nigeria, over the next ten years. The sugar production Companies will:-

- Refine white sugar from locally grown sugarcane to sell to local markets and where appropriate, export to other markets across West Africa.
- Generate power from bagasse for own use, with any excess electricity being sold to the national grid
- Produce Fuel Ethanol (ethyl alcohol)
- Produce Animal feed from molasses and bagasse
- Produce Bio-Fertilizer from press-mud/filter cake during sugar manufacturing
- Our goal is to achieve the capacity to produce 1.5million tonnes of refined sugar annually from locally grown sugarcane, while sustaining and improving the existing refining operations. This goal will ensure that Dangote Sugar becomes a global force in sugar production, for the benefit of its stakeholders, and put Nigeria on the global sugar production map.
- Dangote Sugar is set to achieve this target by cultivating sugarcane on new plantations covering more than 150,000 hectares of land across a number of sites in Nigeria.



OPERATIONS Cont'd

Savannah Sugar Company Limited

Savannah Sugar Company Limited (SSCL), a subsidiary of Dangote Sugar Refinery Plc, is an existing cane sugar production company located on 32,000 hectares of land in Numan, Adamawa State, Nigeria, with a milling capacity of 50,000 tonnes of sugar per annum. Presently, SSCL produces refined sugar from 6,750 hectares of sugar cane cultivated on its sugarcane fields.

As part of the DSR sugar backward integration strategy, SSCL is undergoing rehabilitation and expansion to cultivate more of its land for a robust harvest. The expansion project will increase sugar milling capacity to about 260,000 tonnes of sugar per annum, from sugar cane produced on approximately 25,000 hectares. The project will

include the development of an enlarged out-growers scheme and the refurbishment of infrastructure within the estate. The existing factory will be upgraded from 3000TCD to 6000TCD; and installation of a 12000 TCD factory, to process the increased cane supply.

SSCL has 700 full-time staff in its employment, over 4800 part-time staff and seasonal workers during the harvest season.



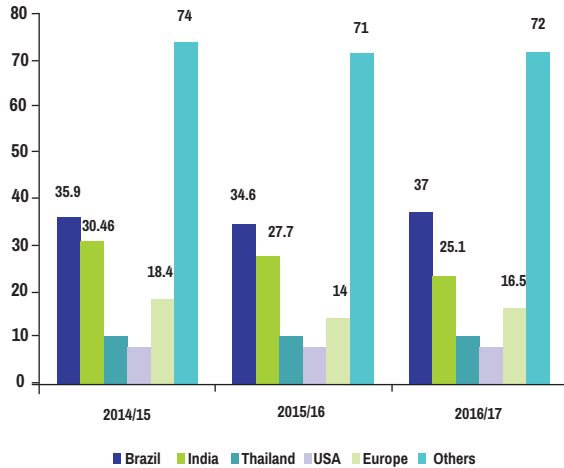
Sugarcane Harvest @ Savannah Sugar



OPERATIONS REVIEW

THE GLOBAL SUGAR MARKET

Global Sugar Production



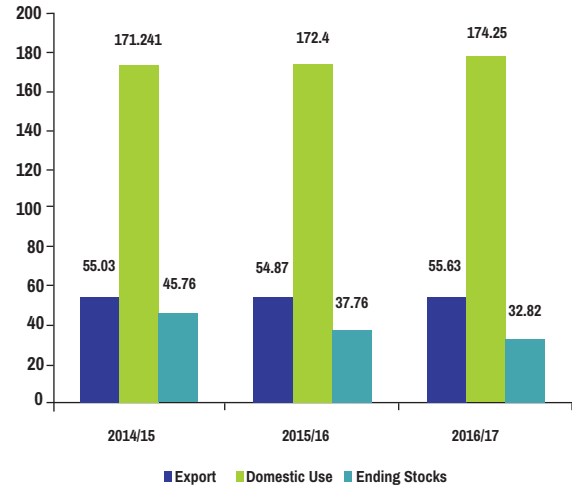
Source: PSDOnline

Sugar is produced in over 100 countries worldwide. Over 70% of world sugar production is consumed domestically and the rest is traded in the international market. However, a significant share of this trade volume takes place under bilateral long-term agreements or on preferential terms. Since only a small proportion of world production is traded freely, small changes in production and government policies tend to have large effects on world sugar markets. As a result, sugar prices have been unstable in the world market.

In 2015/2016 world sugar production fell by 6.5% to 174.1 Million mtrv (metric tonnes raw value), a deficit of 11.4 Million mtrv, being the second largest production deficit on record. Unfortunately none of the world's top five sugar producers (Brazil, India, EU, Thailand and China) achieved year-on-year production growth in 2015/16.

Global sugar production is forecasted to reach 169.4 million metric tons in 2016/17, a 3% increase from the

Global Sugar Consumption



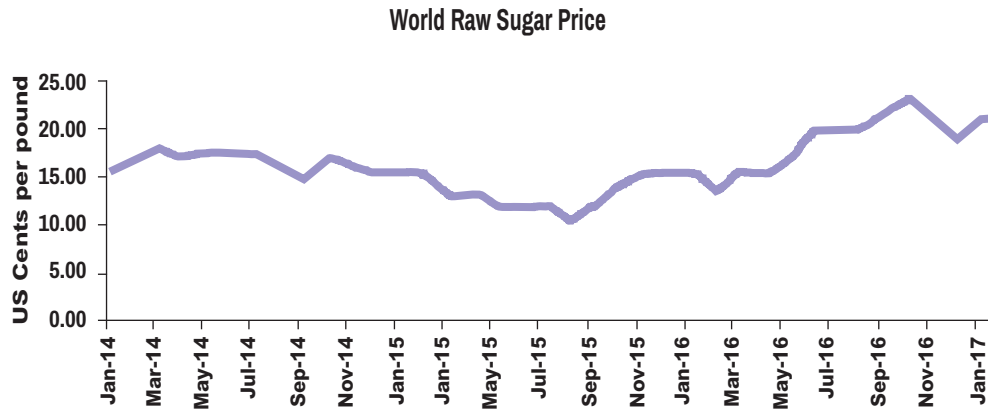
Source: PSDOnline

previous year. The Brazilian sugar season is witnessing an increased diversion of sugarcane to sugar production, against ethanol. Nearly 45.66% of sugarcane produced was diverted to sugar, against 41.78% for the same period in 2015/16. The increased sugar output, contributed to the 3% rise in global sugar production.

Also, increasing sugar production is due to the decrease in yield of ethanol compared to the yield of sugar from sugarcane.

As the Brazilian sugar production and exports have a great impact on the global sugar price, the present situation in the country along with the supply shortage of sugar in Asian countries is expected to raise the global sugar price. Total ethanol production decreased by 0.09% from 58.92% in 2015/16 to 54.34% in current season, owing to drop in sugarcane supply.

THE GLOBAL SUGAR MARKET Cont'd



Source: Bloomberg

In the 2016/17 season, global sugar price is expected to rally between 20 -22 US cents/pounds.

expected to be about 262.7 million metric tons, which meet the growing consumption.

Global population growth remains at about 1% per annum, while the sugar supply in 2016/17 season is

CHAIRMAN'S STATEMENT



Aliko Dangote, GCON
Chairman



**Fellow Shareholders, Distinguished Guests,
Gentlemen of the press, Ladies and Gentlemen.**

I welcome you all to the 11th Annual General Meeting of our Company Dangote Sugar Refinery Plc. I shall be presenting to you the Annual Report and Financial Statements for the year ended 31st December, 2016.

To fully understand our performance results, it is appropriate to review the global economic environment within which we operated during the period. This is important as the period under review was marked by an interplay of external and domestic socio-economic factors, which impacted significantly on local businesses and the manufacturing sector in

particular.

The Global Economy & Sugar Market

Globally, the 2016 Financial Year witnessed an unprecedented macroeconomic challenge. The global oversupply of crude oil reversed in 2016, resulting to a steady increase in the price of crude oil per barrel to a year-end level of USD54.96. However, the nation could not take advantage of the increase in crude due to militant activities within the region. On the other hand, the preference for protectionist trade policies and reduced globalisation, signalled by the outcome of the Brexit referendum vote and the U.S. presidential election results, have left a cloud of uncertainty hanging over the global market place.

“**Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board recommends for the Shareholders approval a total dividend payout of ₦7.2 billion.**”

The world sugar industry was not left out of these economic changing events. The year 2016 saw global sugar prices increase to the highest level we have witnessed in the past four years. These elevated prices were due to reduced planting of cane in Brazil, global warming resulting in drier than normal weather conditions in Brazil and India, the two largest sugarcane producing countries; and the strengthening of the Brazilian Real against the US dollar, which resulted in Brazilian farmers holding their sugar stocks rather than selling, thereby causing a temporary supply shortage. This supply squeeze put the price of the staple on an upward trend for most of the year; which most likely will not change until mid-2017.

The Nigerian Economy & Sugar Market

The year 2016 was characterized by unparalleled events that had not been experienced in Nigeria in 25 years, such as low oil prices, increased inflation rate, depreciation of Naira, tight monetary policies, foreign exchange scarcity affecting procurement of key raw material supplies and reduction in consumer spending. Also, disruption to fuel and gas supplies due to militant attacks on oil infrastructure in the Niger Delta region, contributed to the challenges encountered during the year under review.

The aforementioned events resulted in a shortfall in forecasted domestic oil production levels, negative GDP annual growth, and increased inflation rate by

CHAIRMAN'S STATEMENT Cont'd

18.55% as at December, 2016. The negative forecast by analyst also led to poor investors' confidence in the country, such that most of the investors liquidated their investments during the year.

Though the overall security situation in the country, especially in the Northern part of the country improved tremendously, commercial activities were affected adversely during the year under review. This was due to the liquidity squeeze, limited disposable income for consumers, the devaluation of the Naira and the continued widening disparity between the official and parallel market foreign exchange rates to the Naira.

The banks were unable to meet foreign exchange needs of their customers, which led to a backlog of foreign exchange demand and pressure on the businesses as well as the economy. Most companies closed shop, while others downsized their workforce as well as other measures which they took to ensure they survive the situation.

The sugar industry was also affected following the attendant effect of the foreign exchange rate on raw sugar prices and the equipment import for the Backward Integration Projects. Despite these challenges, the sugar refiners continued with the implementation of their various Backward Integration initiatives, prompted by the Federal Government's National Sugar Development Master Plan, at practically double the projected cost for the projects.

2016 Performance

Our performance for the year ended 31st December, 2016 reflects the outcome of our strategic initiatives being implemented over the past two years, to ensure the Company sustains this performance in the face of the economic downturn.

Concerted efforts were made by the Board and Management to deliver the financial results set out in this Annual Report, for the shareholders.

During the year under review the Company achieved a Group turnover of ₦169billion, 68% higher than the comparative period in 2015. Profit before Tax (PBT)

stood at ₦19.6 billion, and Profit After Tax at ₦14.4 billion. EBITDA rose to ₦22.2billion compared to ₦20billion in the previous year. Earnings per share grew to 1.20 kobo, 29% increase over 2015.

2016 Dividends

Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board recommends for the Shareholders approval a total dividend payout of ₦7.2 billion. This translates to a dividend of 60 kobo per share for every ordinary share of 50 kobo held in the Company. Our focus is the actualization of our backward integration plans, your Board will continue with the effective management of resources to achieve this target, sustainable financial future for the Company; and in turn drive sustained returns to shareholders.

The Board of Directors

Since the last Annual General Meeting, there was no changes in the Board composition. However, the three Directors retiring at this meeting, and being eligible will offer themselves for re-election in the course of this meeting.

The Backward Integration Projects

Dear Shareholders, during the year under review we continued on our journey towards the actualization of our Backward Integration Project (BIP) targets. This unfortunately, has been very challenging.

To date about ₦101billion has been committed towards the actualization of these projects on equipment purchase, land studies and survey, sensitization campaign for the local communities, rehabilitation and expansion of Savannah Sugar company.

Despite these hurdles, the Board is resolute, and is even more determined towards achievement of our target to produce 1.5 million tonnes of refined sugar from locally grown sugarcane in the next six years. We are confident that this ambitious goal is achievable, and will leave no stone unturned in seeing that it becomes a reality.

As such, we further realigned the BIP strategy during the year under review, and our focus is now on the full

CHAIRMAN'S STATEMENT Cont'd

expansion of Savannah Sugar Company Limited, the Greenfield project in Nasarawa State and the Lau/Tau Project in Taraba State. I am happy to announce to you that the Nasarawa State Government gave its approval for us to commence the project. We are in the process of cultivating a 50 hectare sugarcane nursery at the site, and will continue to engage the other State Governments with the communities. Hopefully all these issues will be resolved within 2017.

We are on track, and the Board is working very closely with Management at ensuring that the projects are executed with financial discipline and integrity.

Our Customers, Employees & other Stakeholders

On behalf of the Board and our Shareholders, I would like to thank our Customers for their continued patronage, the Management and staff for their hard work in delivering the set targets for the year under review.

Distinguished Shareholders, permit me to re-state that our staff remain the most valuable resource for our successful operation, now and in the future. This is why we will continue to place a very high regard on staff quality, welfare and training. It goes without saying therefore that we have created and sustained a highly motivating work environment and reward system for the Company.

Outlook

Distinguished Shareholders, the Nigerian sugar

industry remains competitive, even in the face of the continuing economic challenges and pressure on consumer expenditure set to continue throughout the current business year. However, we have a business that is well-positioned to weather this tough times, implement our strategies and maximize every opportunity to grow our business in the future.

Ladies and Gentlemen, my sincere appreciation goes to my colleagues on Board for their invaluable contributions to the Company. Our customers for their unflinching loyalty, which remains one of our greatest assets, our management and staff for the drive and commitment; as well as other stakeholders and partners for their support in 2016.

Despite the challenges, I am optimistic and look forward to a successful 2017 with more growth and continued value-creation for Shareholders, and all other stakeholders.

Thank you.



Alhaji Aliko Dangote, GCON
Chairman

AG. GROUP MANAGING DIRECTOR'S REPORT



Engr. Abdullahi A. Sule
Ag. Group Managing Director

Esteemed Shareholders, Members of the Board of Directors, Regulators, Ladies and Gentlemen; I am pleased to present to you once again the events of the period under review and its impact on our operations during the year ended December 31st, 2016.

2016 HIGHLIGHTS

The year 2016 was a very challenging one for the Nigerian economy, and especially the manufacturing sector. The year continued with the various economic challenges which were carried over from year 2015. The challenges resulted to the recession, which the country is still witnessing as gross domestic product contracted by 0.4%.

During the year 2016, we witnessed the continued decline of oil prices, low levels of oil production due to the restiveness in the Niger Delta region, and the consequent impact on the country's foreign reserves. These led to the acute scarcity of foreign exchange, devaluation of the naira and the continued inflationary trend.

The overall security situation in the country, especially in the Northern part of the country began to improve only towards the end of the year, and commercial activities were affected adversely during the year

under review. The liquidity squeeze continued, with limited disposable income available for consumers, devaluation of the Naira, and the continued wide disparity between the official and parallel market exchange rates to the Naira.

Banks were unable to fully meet foreign exchange demands by businesses, which led to continued foreign exchange demand build up, rising input costs and the inability of businesses to meet their obligations that affected businesses negatively. The Naira, which was perceived stable at ₦197-₦199 earlier in the year continued to depreciate to close at an average of about ₦400 (official market at ₦305.5; Parallel market at ₦495) with a direct adverse impact on our raw material cost.

Most companies closed shop because they were unable to weather the storm, while some operated at half their capacity or less to remain in business. As at December 2016 the inflationary rate had risen to about 18.6%. Despite these challenges, we were able to sustain our performance and achieve the results the Company recorded during the year under review.

OUR PERFORMANCE

Distinguished shareholders, our Group Turnover for

the year under review stood at ₦169.72 billion, against ₦101.06 billion recorded in 2015. Group Profit Before Tax was ₦19.6 billion, and the Profit After Tax was ₦14.4 billion, against ₦16.1 billion, and ₦11.1 billion achieved respectively in 2015.

The Board and Management's resolve for the future remains realisation of the Dangote Sugar Backward Integration Master Plan, targeted at the production of 1.5 million metric tonnes of refined sugar from locally grown sugarcane annually. This, when achieved will eliminate the import and high cost of our major raw material input, raw sugar; grow our local market share, support our export operations; and ultimately deliver higher returns to shareholders, and all other stakeholders.

APAPA REFINERY OPERATIONS

Economic activities during the year under review were adversely affected by the acute scarcity of foreign exchange sequel to the sharp fall in the global price of crude oil. The scarcity drove the Naira exchange rate high, despite the CBN's efforts to arrest the situation with different foreign exchange policies. The impact at macro-economy level was contraction in production, labor shedding in most sectors, hyperinflation, etc. combined with the operational challenges of increasing material cost, power generation and competition.

Prices were progressively increased during the period to offset cost increases brought about by currency devaluation, gas shortages and amongst other conditions that increased operating costs. Most volume customers especially the confectioners were affected by the high cost of sugar.

In addition, there was an improved security situation in the North, which led to the re-opening of closed highways, to our key markets in the North. Though, there was an improvement in the access to these markets, the general state of the economy, affected our sales volumes and our unit cost of production. These economic and operational challenges notwithstanding, the Group overall performance for the year improved as shown below:-

Production

- Group production volume
808,922 tonnes (2015: 746,960 tonnes)
- Apapa Refinery production volume
791,800 tonnes (2015: 740,350 tonnes)
- Savannah Sugar production
17,122 tonnes (2015: 6,610 tonnes)

Sales & Distribution

- Group Sugar sales volume
778,518 tonnes (2015: 778,000 tonnes)
- Apapa Refinery sales volume
765,523 tonnes (2015: 771,560 tonnes)
- Savannah Sugar sales volume
12,995 tonnes (2015: 6,440 tonnes)

There were no export sales during the year under review due to the unfavorable market conditions in the West African markets.

The Backward Integration Projects

The development of projects for the achievement of the DSR "Sugar for Nigeria" Project continued in year 2016. The target remained achievement of 1.5 million metric tonnes of refined sugar per annum from locally grown sugar cane in 6 years.

Unfortunately the various economic challenges in addition to the difficulties we are facing with acquisition of land for the projects across various states also affected the projects. However, we were not deterred, and the Board decided to realign the implementation strategy to accommodate the challenges. This led to the identification of a 60,000 Ha new site in Tunga, Nasarawa State, which was not included in the initial site plan.

During the year under review, the project implementation received a boost with a visit to Brazil for the factory and other equipment required for the projects. A team of Brazilian sugar industry equipment manufacturers and representatives of financial institutions led by the Brazilian Ethanol and Sugar Organization called APLA, also visited our DSR Backward Integration Project sites in Numan, Adamawa and Lau, Taraba states. The team took a tour of Savannah Sugar, the Apapa refinery, and made useful recommendations that are already being

implemented.

Savannah Sugar Operations

The full rehabilitation of the Savannah Sugar estate is ongoing. As at today, Savannah is the only sugar company that is producing refined sugar from its own grown sugar cane in Nigeria.

The first phase of the 2015/2016 sugar cane harvest season kicked off on the 7th of January, 2016 and ended in May 2016. The 2nd phase of the crop season (2016/2017) kicked off on the 7th of November, 2016. Production at Savannah during the year under review were between January to May, and November to December 2016.

Total production at Savannah Sugar during the year under review was 17,122 tonnes (2015: 6,610 tonnes) of sugar. We witnessed a continued improvement in the cane quality over the 2015/2016 season, as we continue to pursue the target to achieve the average global sugar producers' efficiency levels of 100 tonnes/hectare.

Production is still in progress. A total of two hundred and twenty eight thousand seven hundred and nine point eight (228,709.8) metric tons cane was ground with a total of 15,197 metric tonnes of refined sugar bagged.

By the end of the current season about 10,000 hectares of land will be under cane. As such, concerted efforts are being made to upgrade the 3,000 TCD factory at Savannah to 6,000 TCD in addition to the new 12,000 TCD factory to be installed. This is to ensure that there is available capacity to produce the cane.

Tunga, Nasarawa State Project Site

The reconnaissance survey indicated that 22,000 hectares are excellent for cane growing, while 13,000 hectares are good for cane growing. In addition, another 20,000 Ha is being added to the existing 40,000 Ha for the project. The State Government is quite supportive and we have been given the go ahead to commence the project, simultaneously with the land acquisition process.

Other Backward Integration Projects Sites

There are various challenges with the acquisition of the land at most of these locations. Despite the fact that the company has made huge investments in carrying out the various surveys of the sites and sensitization meetings, we still continue to encounter community and government hurdles.

The Board and Management have continued to engage the State Governments and communities at these backward integration sites, with a view to resolving the various issues that are being faced with the land acquisition.

RISK MANAGEMENT, INTERNAL AUDIT AND CONTROLS

We are mindful of the demands and obligations inherent in our operating environment; and this is why we have entrenched global best practices in every facet of our operations. We also ensure that our practices are anchored on best practices, good corporate governance, robust risk management and high sense of corporate social responsibility. Our social responsibility platform delivers on commitments focused on environmental awareness, promoting health and safety; and minimizing the risks within our operations.

Driven by our continued desire to adequately safeguard, verify and maintain accountability for our operations and assets, we took steps to improve further on the governance and controls in our system during the year under review.

We maintain a risk-based internal controls and systems designed to provide reasonable assurance to the integrity and reliability of our operations; products and financial statements. The controls and systems are based on established policies and procedures implemented by a team of qualified professionals with an appropriate segregation of duties, in our Compliance, Risk Management and Internal audit departments.

Implementation of the framework is an on-going project, with a holistic view at managing risks.

GOOD GOVERNANCE PRACTICE AND CORPORATE SOCIAL RESPONSIBILITY

Dangote Sugar Refinery Plc. (DSR) is very much aware of the importance of its reputation and vigilantly protects that. The responsibility to ensure good governance underpins its commitment to fairness, integrity and accountability in its day to day operations.

The underlying objective of our governance practice is to counterbalance the interests of investors, consumers, producers, the environment, employees, communities, government and any other groups impacted by its business, while safeguarding its sustainability. Hence, the Board has adopted a Code of Ethics which is continuously reviewed and updated as and when necessary.

At DSR, the health and safety of our customers is of utmost importance; we create and add value to our shareholders and all other stakeholders. From transforming raw materials into finished nutritious fortified products for our customers/consumers; and the substantial payments made to the value chain of suppliers, contractors, as well as the government through taxes.

We are mindful that the sustainability of our business is interwoven with the well-being and advancement of the communities in which we operate. Therefore, in addition to creating jobs and other economic opportunities, we continue to provide education, free health care and other support services to the communities in which we operate.

HUMAN CAPITAL

Dangote Sugar employees remain at the heart of its operations. During the year under review DSR continued with its strategy to build existing competencies, establish a culture of exceptional performance, with a view to setting a platform for growth opportunities, for its employees.

The required competences and capabilities were identified in-house to encourage our employees to achieve their professional goals as they contribute to the achievement of the company's goals. We also aligned our manpower development and compensation strategy to our strategic goals and employees are carried along to effectively understand the Company's targets and the individual expectations from all employees.

Our competitive advantage lies in our performance reward and inclusive system which motivates staff to perform optimally in the delivery of superior services to the benefit of customers and other stakeholders.

FUTURE OUTLOOK

Our focus for the future remains leveraging on our strengths to maximize every opportunity to generate sales, increase our market share and create sustainable value for all stakeholders.

Though the business terrain remains very challenging, we remain resilient in the face of the situation and are focused on increasing our market share and customer base, as well as the creation of sustainable value for our stakeholders. Our priorities in the current year is to sustain our leadership position in the industry, increase efficiency, superior service delivery, and the achievement of our sugar for Nigeria project goals.

I am very confident that the achievement of these goals especially our sugar backward integration projects target, will set the stage for sugar self-sufficiency in the country, and ultimately put Nigeria on the global sugar map.

APPRECIATION

My sincere appreciation goes to the Board, and especially our untiring chairman for their support and guidance during the challenging year under review.

To our distributors, the Pillars of our success, our relationship with our customers remains the base for our sustainability. Once again I thank them for your continued support and loyalty over the years, even as we extend the hand for our continued partnership.

We appreciate our valued shareholders for your support all through the years, and to my colleagues on Management, and every member of staff, I thank you for your resilience, support, commitment and hard work during a very challenging year and dedication to the company's growth.

Thank you.

ENGR. ABDULLAHI SULE
Ag. Group Managing Director
March, 2017

AG. CHIEF FINANCIAL OFFICER'S REVIEW



ETIM A. BASSEY
AG. CHIEF FINANCIAL OFFICER

Financial Highlights

	Group 31.12.2016	Group 31.12.2015
Revenue	₦169.7billion	₦101.1billion
EBITDA Profit	₦22.2billion	₦19.7billion
EBITDA Profit Margin (%)	13%	19%
Operating Profit	₦16.8billion	₦15.6billion
Profit Before Tax	₦19.6billion	₦16.2billion
Profit After Tax	₦14.4billion	N11.1billion
EPS – kobo	120kobo	96kobo
Total Assets	₦178.4billion	₦102.2billion

Economic activity in 2016 was adversely affected by the acute scarcity of foreign exchange sequel to the sharp fall in the global price of crude oil. The scarcity drove the naira exchange rate to an unprecedented high despite the CBN efforts to arrest the situation with different foreign exchange policies. The impact at macro-economy level was contraction in production, labor shedding in most sectors, galloping inflation, etc. combined with the operational challenges of increasing material cost, power generation and competition.

Notwithstanding these economic and operational challenges faced, the Group overall performance for the year improved as shown below:-

- Group revenue was up by 68%
- EBITDA increased by 13%
- PBT increased by 21%
- Seasonal sugar production at Savannah increased significantly to 17,122mt from 6610mt in 2015
- Full year refinery production at Apapa was 791,800 mt (2015: 740,350 mt)
- Group Sugar sales volumes was 778,518 mt (2015: 778,000 mt)

Revenue

The increase in Total Revenue by 68% over that of the

previous was chiefly driven by increase in price as just about same volume of 778,518 mt and 778,000 mt were achieved in 2016 and 2015 respectively. Several price increases caused by increased materials, operating and financial costs occurred during the year. These price increases clearly reflected in the total revenue posted for the year in the sum of ₦169bn (2015 was ₦101bn despite the closeness in volumes posted for the two years).

Cost

Unfortunately these price increases did not translate to higher returns in gross margin as overall costs increased by even a higher percentage. Our major cost of sales driver which is the raw sugar rose by 97% through the combined effect of price and exchange rate increase. The Naira was stable at ₦197-₦199 at the early part of the year but jumped to a closing average figure of about ₦400 (official ₦305.5; Parallel ₦495) with a direct adverse impact on our raw material cost.

There was also an increase in the conversion cost which had energy cost, represented in Gas and LPFO cost, as the chief driver. An unfavorable usage ratio for Gas to LPFO was seen again in the year resulting from interruption in gas supply which inevitably increased our usage of LPFO. The increase in the energy cost component of the conversion cost was

AG. CHIEF FINANCIAL OFFICER'S REVIEW Cont'd

further worsened by the higher price of LPFO against budget. Our actual average price for the year under review was ₦97/litre against budgeted price of ₦68/litre.

Notwithstanding attempts at increasing the price of sugar to absorb the escalation in cost, a full recovery could not be achieved as evidenced in the drop in the EBITDA margin to 13% compared to 19% achieved in the preceding year.

Cashflow

The Group liquidity position improved from ₦9.0billion to ₦35billion. As part of our liquidity management policy the excess funds were placed on short term fixed deposit to earn investment income of ₦601.4million (2015: ₦11.9million).

Besides the sum above is a deposit with the CBN of ₦8billion for FX forward contract payable to foreign trade creditors at maturity. This sum is treated as other financial assets under the broad class of other assets in the Statement of Financial Position.

During the year the company fully repaid the ₦2.5billion loan obtained from Dangote Industries Limited while its subsidiary, Savannah was successful at subscription to a ₦2.0billion Sugar Intervention Facility (SIF) from the CBN. The combined action resulted to the net saving of ₦374million in finance cost during the period.

The group would continue to ensure that its liquidity and working capital is managed optimally.

Proposed Dividend

The board has recommended a dividend of ₦0.60 per ordinary share translating to a total sum of ₦7.2bn to be paid for the year ended 31st December, 2016. This is subject to approval at the 11th Annual General Meeting

Stability and Growth

The current ratio of the Group improved from 1.07:1 in 2015 to 1.12:1 and the gearing ratio remains zero. These attest to the Group's solvency and long-term stability/growth respectively. Combining these with the outcome of Directors assessment of the Group's and the company's ability to continue as a going concern, I have no reason to believe that the Group will not remain a going concern in the years ahead.

Etim A. Bassey

Ag. Chief Finance Officer

FRC No: FRC/2013/ICAN/0000001942

March, 2017

OUR APPROACH TO SUSTAINABILITY

Dangote Sugar Refinery Plc. sustainability approach is driven by a desire to contribute and impact positively towards the development of the immediate communities we operate in and society at large. These efforts are coordinated by a central group directorate at our parent company, Dangote Industries Limited, who work with the sustainability team of Dangote Sugar Refinery Plc. to ensure that policies and standards are implemented to meet the specific requirements of each business.

This sustainability agenda guides the delivery of our commitments, with focus on promoting Health and Safety within our operations, as well as supporting our commitments to the host communities of our projects.

Dangote Sugar Refinery Plc's Health & Safety, and Social Investment efforts were enhanced with the consolidation of existing and development of our group-wide policies to attain world class performance: zero fatalities and virtually no loss time incidents for employees and contractors within our facilities.

We strive to ensure that our environmental impact are very minimal, and take seriously the health of our consumers by imbibing good manufacturing practices in our production processes.





We are mindful that the sustainability of our business is interwoven with the well-being and advancement of the communities in which we operate. Therefore in addition to creating jobs and other economic opportunities, we provide education, free health care and other support services to the communities

OUR PEOPLE

Dangote Sugar Refinery Plc in keeping with its standard and global best practices remains an equal opportunities employer. Its Human resources objective is to attract, develop and retain a highly skilled and competent team, which is the driving force behind its business.

During the year under review, the Company continued with the implementation of its reviewed organizational development, with talent management, performance management, employee engagement and competitive appraisal systems to motivate our employees. The Human Resources and Manpower Development strategies are aligned with the Company's business objectives and aspirations sustained through intensive training, proper placements and exchange programmes for continued skills and knowledge acquisition.

The process has helped to identify gaps in the reward system and address specific training development needs of employees. During the year under review over 200 employees received various types of trainings in house, locally and outside the country.

The Company's manpower development focus remained to improve the skills and competency levels of the workforce through learning and development interventions. This has helped to prepare the workforce for more challenging roles across relevant competences in the organization. We will continue to build capability and leadership among our people, while attracting some of the best talent in the marketplace.

Throughout the year the Company maintained a harmonious industrial relations with employees. With our ambitious strategy and aspirations to achieve the Dangote Sugar Backward Integration Master Plan, the employees are carried along with developments in the Company. Periodically, employees are briefed on the developments, targets, and expectations by management.

DSR employees' remain critical to the achievement of its corporate goals to sustain our leadership position in the industry. We will continue to upgrade their skills and competences to remain the preferred employer in the Nigerian Food and Beverage industry.



An Equal Opportunities Employer

Dangote Sugar Refinery Plc in keeping with its Standards and Global Best Practices is an Equal Opportunities Employer, with over 7,000 Personnel in its direct and indirect Employment



HEALTH AND SAFETY

The Company is committed to the implementation and maintenance of Occupational Health & Safety Management Systems that aim at the prevention of occupational injury and ill-health to all people who have access to the organisation's workplace. A strong commitment to continuous improvement is needed for production, sales and delivery of refined granulated white sugar in compliance with relevant legal, statutory and other requirements.

During the year under review, we enhanced our commitment to ensuring zero accidents across our operations, with an improved Health and Safety strategy, with the objective of building and reinforcing a winning safety culture amongst employees.

Efforts were channeled towards the effective management and reduction of our environmental impacts by evaluating our production processes and introduction of various projects and activities to

safeguard the environment.

Our slogan remains: "Safety First. If it is not safe, don't do it."

The Occupational Health & Safety policy is documented, monitored and sustained through adequate communication, supervision and awareness creation to all employees, suppliers and all stakeholders in line with the requirements of the OHSAS 18001:2007 safety system.

Health, Safety and Environmental workshops and training programmes are organised for all employees with a broad focus on continuous improvement to ensure a safe working environment, with minimal risk to their health, as we strive to achieve zero accidents in our operations.



FOOD SAFETY

The Dangote Sugar Refinery (DSR) Plc Food Safety Policy ensures that its operations in refining, sales and distribution of granulated white sugar meet statutory, regulatory and consumer food safety requirements, using the most appropriate food grade production facilities under hygienic conditions, whilst also maintaining effective communication with stakeholders on food safety issues.

The Company's Food Safety Policy is supported by measurable objectives that are monitored, maintained and continually reviewed with the objectives:

- a. To provide wholesome and nutritious sugar that supports healthy living
- b. To achieve 100% compliance with all relevant customers', statutory and regulatory food safety requirements
- c. To ensure that all relevant parties in the food production chain are aware of, and comply with the company's food safety requirement.

DSR process is FSSC 22000 (Food Safety System Certification) by SGS. The FSSC 22000 (Food Safety System Certification), a Global Food Safety Initiative (GFSI), which is based on existing ISO Standards. The FSSC 22000 integrates with other management systems already achieved by the Company as part of the strategic initiative to meet the teeming needs of its customers; and sustain its frontline position in the Food and Beverage industry in line with internationally accepted practices and standards.

During the year under review, the Company's Food Safety Management System (FSMS 22000:2005) was re-certified, while the Quality Assurance laboratory was upgraded to an ultra - modern state of the art facility in preparations for the consolidation of all our management systems certification in the current year.



RISK MANAGEMENT

Our Approach to Risk Management

Dangote Sugar Refinery Plc's risk policy is based on its business model and strategic intent with focus on safeguarding the Group's business viability and continued comparative advantage. The Group's forward-looking value creation outlook to business, exposes it to risks that could hinder the achievement of its corporate goals.

For proper analysis, risk incidents are mainly grouped under Business & Strategic Risk, Operational Risk, Financial Risk, Market Risk, Liquidity Risk, Business Continuity Risk and Reputational Risk. The outlook for effective risk management involves proper analysis of the DSR's business activities to identify short, medium and long-term risks. Identified risks are then assessed, measured and controlled with close monitoring of the implementation of recommended controls by the DSR's Risk Management Department. Insurance solutions are instituted as a key method of risk treatment.

exceed the organization's risk appetite and are managed within tolerable levels.

The identified risk trends and mitigation action are reviewed by Executive Management on a monthly basis, and quarterly by the Board Audit Risk and Compliance Committee to ensure identified operational risk exposures are controlled within DSR's risk appetite. The table below depicts the KRIs currently tracked Group-wide.

The assessment process takes into consideration the probability of occurrence and impact of identified risks. From the risk assessments conducted during the year, the Group's exposure to operational risks was adjudged a Medium risk as the implementation of remedial actions required to effectively manage the risks are still on-going. The value addition of these initiatives are expected to improve operations in 2017.

Risk Type	Scope of KRIs	
People risk	Employee Productivity; Career Management; Annual Leave Issues; Staff Complaint; Staff Turnover and Retention; Recruitment and Vacancies; Age Profile; Gender Profile; Demographics; Internal Fraud; Staff Injury, illness and death	34
Process Risk	Transport/Logistics; Health, Safety & Environment; Financial Management; Procurement and Supply Chain-Inbound; Strategic Milestone Monitoring; Production & Control; Quality Control; Sales & Marketing; Physical Security;	75
System Risk	SAP issues; IT General Controls Lapses; System Availability Issues; Network Maintenance Issues.	4

During the year under review the key risks identified and managed under this risk category were People risks, Operational inefficiencies, Logistics and Transportation risk, IT risks, and Health & Safety risks. Risk assessments were carried out organization-wide with remedial action plans agreed on and implementation of controls closely monitored to ensure that operational risk exposures do not

Risk Culture

At the core of the business model and strategy for growth and sustainability is the need for a strong risk culture in the organization. As such, Risk Management is considered the responsibility of all Executives, Management and Employees. The grooming of all stakeholders to have the desired risk culture is being achieved through continuous awareness sessions

RISK MANAGEMENT Cont'd

and deployment of initiatives which support understanding, trust and openness. This approach ensures rigorous, analytical, independent, and objective risk-taking and decision making that is consistent across the Group. The expected behaviors of all employees remain:-

- Placing Dangote Sugar Refinery Plc. and its reputation at the heart of all decisions;
- Being fully responsible for the risks;
- Being rigorous, thorough and proactive in the assessment of risk;
- Brain storming and troubleshooting collectively in the assessment of risks.

Dangote Sugar Refinery will continue with its intentional and entrepreneurial vision for growth,

sustainability and value creation. Its Risk Management strategy would be defined to be fit-for-purpose and realistic to its business model. As a result, all Risk Management tools and methodologies deployed would ensure appropriateness for holistic, effective and efficient risk management organization-wide. This approach would ensure that all financial and non-financial threats to the achievement of its strategic intent and business objectives are eliminated or minimized on an on-going basis.

A more sophisticated and granular methods would be applied in managing DSR's risk exposures organization-wide as it grows and expands its business scope.

DSR Risk Management Process



RISK MANAGEMENT Cont'd

Internal Audit

At DSR Plc., the approach to internal audit is centered on an Enterprise Risk Management (ERM) Framework and a Risk-Based Audit Approach, both of which strengthen and complement the Company's risk management. This approach provides an assurance that the processes that manage risks to a level considered acceptable by the Board, are working effectively and efficiently, whilst focusing on key processes and controls.

The Board of Directors of DSR Plc. recognizes the importance of internal auditing and has adopted the definition of internal auditing by the Institute of Internal Auditors. Consequently, the Board documented its operating model for carrying out internal audit activities within the Company in an Internal Audit Charter.

The Charter describes the objectives, scope,

authority and responsibility of the Internal Audit Function in achieving internal audit objectives within the Company, and it is strictly adhered to by both the Board Risk Management and Assurance Committee and the Internal Audit Function.

The Internal Audit department across the DSR Plc. Group (DSR and SSCL) has been fully resourced, which is consistent with the agreed manning level approved by the Board of Directors.

Dangote Sugar Refinery Plc.'s outlook for the future is based on an entrepreneurial vision for growth, sustainability and value creation. As it continues to grow and expand its business, a more sophisticated and granular methods would be applied in the management of the risks, organization-wide.



Internal Audit Function Wheel

RISK MANAGEMENT Cont'd

Whistle-Blowing

The Company has set up regulations to identify non-compliant events, as well as the implementation of a whistle blowing policy, which allows all employees and business partners to raise genuine concerns, in good faith, without fear of reprisals.

Guiding principles over the Whistle-Blowing process ensure that the confidentiality of the whistleblower is maintained and not disclosed without his/her formal consent. Furthermore, if the whistleblower raises a genuine concern in good faith, he or she will not be held liable, should the whistleblower be proven to be incorrect thereafter.

To maintain independence over the Whistle-blowing process, an external professional services firm was engaged during the year to receive whistleblower information or complaints. The external professional

services firm has so far provided useful whistle blower complaints to identified individuals within the Company based on the category of persons involved in the whistle blowing complaint.

The Internal Audit department has developed a process to carry out necessary investigations on relevant items, and provide recommendations and reports to the Board Risk Management & Assurance Committee on the results of these investigations.







**CORPORATE
GOVERNANCE**

CORPORATE GOVERNANCE

Dear Shareholder,

The Board of Directors of Dangote Sugar Refinery Plc. (DSR) are pleased to report that during the year ended December 31, 2016, the Company was in full compliance with the principles and guidelines of its Corporate Governance Code and the Securities and Exchange Commission Code of Corporate Governance for Public Companies (“the SEC Code”).

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

In furtherance of the Board’s commitment to best practice in Corporate Governance, the Company participated in the Corporate Governance Rating System (CGRS) project introduced by the Nigeria Stock Exchange, as a tool for rating the compliance levels of listed entities with the SEC Code of Corporate Governance.

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

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

Our Shareholders are encouraged to embrace the e-dividend in all its ramifications. This is consistent with the Dangote Sugar Refinery Plc. overall business

strategy, Shareholder Value Creation and commitment to good Corporate Governance Principles. This is to enable the Company pay the dividends due to Shareholders through direct credit of their chosen bank accounts immediately after they are declared. Consequently, we have requested all Shareholders to complete the detachable form in the Annual Report, in order to provide our Registrars, Veritas Registrars Limited, with their bank and other details.

BOARD OF DIRECTORS

The Board currently consists of nine members, the Chairman, the Acting Group Managing Director and three Non-Executive Directors, four of whom are Independent Directors. The Board has the overall responsibility for ensuring that the Company is appropriately managed towards the achievement of the Company’s strategic objectives. The Board is headed by a Non-Executive Chairman.

RESPONSIBILITIES OF THE BOARD

The Board determines the strategic goals and policies of the Company to deliver long-term value by providing overall strategic direction within a structure of rewards, incentives and controls. The Board also ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The Board has the following exclusive powers which include:

- The approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices;
- Approval of major changes to the Company’s corporate structure and changes relating to the Company’s capital structure or its status as a public limited company;
- The determination and approval of the

CORPORATE GOVERNANCE Cont'd

strategic objectives and policies of the Company to deliver long-term value;

- Approval of the Company's strategy, medium and short term plan and its annual operating and capital expenditure budget;
- Appointment or removal of Company Secretary;
- Recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors;
- Approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.
- The determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and Senior Management and Board Committee membership;
- Approval of mergers and acquisitions, approval of remuneration policy and packages of the Managing Director and other Board members, appointment of the Managing Director and other Directors of subsidiaries nominated by the Company;
- Approval of the Board performance evaluation process, Corporate Governance framework and review of the performance of the Managing Director;
- Approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Credit, Corporate governance and Anti – Money laundering, and approval of all matters of importance to the Company as a whole because of their strategic, financial, risk or reputational implications or consequences.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Company. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom. The Board has delegated the responsibility for the day-to-day Management of the Company to the Managing Director, who is supported by the Executive Management. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

The Board carries out the above responsibilities through the Board Committees whose terms of reference clearly set out 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 with the principles of good Corporate Governance practice, while a representative of the Shareholders chairs the Audit Committee.

The various Committees of the Board assist the Board of Director's in fulfilling their oversight functions regarding Financial Reporting, Risk Management, Internal Control, Employee welfare etc. in line with regulatory and Corporate Governance practice requirements.

MEETINGS OF THE BOARD OF DIRECTORS

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

CORPORATE GOVERNANCE Cont'd

under review, the Board of Directors and the Board Committees 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.

COMMITTEES OF THE BOARD OF DIRECTORS

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

FINANCE COMMITTEE

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

Ms. Bennedikter Molokwu	-	Chair Person
Mr. Olakunle Alake	-	Member
Alhaji Abdu Dantata	-	Member
Engr. Abdullahi Sule	-	Member
Ms. Maryam Bashir	-	Member

Responsibilities of the Finance Committee: -

- Review and recommend for approval by the Board, the financial and business plan of the Company as well as its quarterly and annual operating and capital budgets and forecasts as well as revisions thereto proposed by Management.
- Ensure the completeness and accuracy of financial statements – quarterly, half year and annual accounts, make reports and recommendations and oversee the proper disclosure of its financial information.
- Review the capital appropriation plans of the Company and provide advice and guidance

on the authorization limits established by the Board.

- Review, as it is deemed appropriate, the Company's financial policies, capital structure, matters affecting the capital like mergers and acquisitions, divestments and acquisitions, loan repayments, guarantees, assumptions of debt, foreign currency transactions and major disposals not in the ordinary course of its business or that of its subsidiaries.
- The Committee shall periodically review investment and operation performance plans, make recommendations regarding the financial, accounting, actuarial and investment policies, practices and guidelines, tax planning and compliance programmes and provide guidance and advisory recommendations.
- Develop alternative strategies to improve funding and ensure a balance between strategic priorities and resource availability.
- Appraise major equity or other investments, any share repurchase plans or disposals of shareholding interests of more than 5% or take-over action, participation in joint ventures, partnerships or similar initiatives and make recommendations to the Board.
- Annually review the Company's dividend policy and make recommendations to the Board on the dividend to be declared.
- In accordance with the Company's policies and practices for the review of contractual obligations as approved by the Board, the Committee shall review summaries prepared by Management of certain contractual obligations including certain human resources, business process, outsourcing contracts and certain consulting contracts.
- Periodically review major banking, investment advisors, subsidiaries, customer

CORPORATE GOVERNANCE Cont'd

BOARD GOVERNANCE COMMITTEE

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

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

- Regularly review the Board structure, size and composition and provide recommendations to the Board with regards to any adjustments deemed necessary.
- Regularly review the required mix of skills of the Board, experience and other qualities of the Directors in order to assess the effectiveness of the Board as a whole, its Committees and the contribution of each Director.
- Make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including alternate Directors, and the composition of the Board generally and ensure that a balance exists between Executive and Non-Executive Directors.
- Identify and nominate candidates for the approval of the Board, to fill Board vacancies as and when they arise. Investigate the eligibility of new Director's for appointment and their backgrounds, along the lines of the approach required for listed Companies by the SEC/NSE, prior to their appointment including the determination of the independence or otherwise of a prospective independent director.
- Recommend Directors who are retiring per the Articles of Association or under the provisions of CAMA to be put forward for re-election at the AGM.
- Establish the general human resources policies including the retirement age, the exit criteria, retirement and termination

payments and benefits for Executive and Non-Executive Directors and Key Officers and review and propose necessary changes of the policies.

- Ensure that a fair and competitive Remuneration Policy which defines the criteria and mechanism for determining levels of remuneration and the frequency for review of such criteria and mechanism is in place. The policy should define a process, if necessary with the assistance of external advisers or professional Executive recruitment firms, for the determination of Executive and Non-Executive compensation, as well as providing to what extent Executive Directors rewards should be linked to corporate and individual performance.
- Conduct periodic reviews of the organogram, size, composition, effectiveness of the senior Management and the human resources policies of the organisation for the Executive Directors and Key Officers against current industry practice and emplace professional Executive recruitment publications for DSR Plc. thereby creating a clear understanding the different methods of recruiting, training, motivating, retaining and remunerating Executive Directors and Key Officers.
- Determine and recommend the criteria necessary to measure the performance of Directors and the Senior Executives and the Directors in discharging their functions and responsibilities including setting performance bonuses or incentives.
- Annually evaluate the skills, competences, knowledge and experience required on the Board and all aspects of the Board's structure, composition, responsibilities, processes and roles and make recommendations on the performance of individual, Committee and Board. This performance evaluation or appraisal may be conducted internally by the Governance Committee but at least once in three years by an external consultant.

- Ensure that a duly approved Trust Deed governs the policy and administration of the Employee Shares Ownership or Incentive Scheme and to recommend acceptable changes to the policy or other developments to the Board.
- The Directors' Fees should be fixed by the Board and approved by the shareholders in an annual general meeting while the Board of Directors would approve the remuneration of each Executive Director, including the AGMD, individually taking into consideration direct relevance of skill and experience to the Company at the particular time.
- The Committee should put in place in collaboration with the Company Secretary, induction and continuing education programmes to keep the skills required on the Board at its optimum level and in particular ensure that Corporate Governance training permeates the organisation.
- Provide the policy and framework for compliance with laws, regulations and principles of Corporate Governance and to provide the mechanisms for periodic assessment of compliance, including compliance by significant vendors and consultants.
- Monitor changes and proposed changes in laws, regulations and rules affecting the organisation and obtain regular updates from the Legal Counsel or Company Secretary regarding compliance matters.
- Communicate with the Board regarding the organisation's policy on ethics, code of conduct and fraud policy as it relates to internal control, financial reporting activities and all disclosures and related party transactions.
- The Committee must put in place a

mechanism, whereby the findings of any inspections by regulatory agencies and auditor observations, including investigations of standards, hazards, compliance, misconduct or fraud are considered and acted upon.

RISK MANAGEMENT AND ASSURANCE COMMITTEE

The Committee comprises of six Directors. The Members of the Committee are:

Mr. Uzoma Nwankwo	-	Chairman
Ms. Bennedikter Molokwu	-	Member
Dr. Konyinsola Ajayi (SAN)	-	Member
Mr. Olakunle Alake	-	Member
Ms. Maryam Bashir	-	Member
Engr. Abdullahi Sule	-	Member

Responsibilities of the Risk Management and Assurance Committee: -

- Risk assessment and Risk Management are the responsibility of Dangote Sugar Refinery Plc's Management. The Committee has an oversight role and in that capacity will receive reports from Management concerning the Company's Risk Management principles, policies, processes and practices so that it can review and report to the Board that:
 - Adequate systems are in place for the effective identification and assessment of all areas of potential material business risk
 - Adequate policies, processes and procedures have been designed and implemented to manage identified material risks and
 - Appropriate action is undertaken to bring the identified material risks within the Company's risk tolerance levels.
 - Actions the Committee will undertake to fulfill its duties and responsibilities, include the following:
 - Ensure the design and implementation of the Risk Management framework and internal control systems, in conjunction with existing business processes and systems, to manage

CORPORATE GOVERNANCE Cont'd

the Company's material business risk exposures

- Monitor the risk profile of the Company against the agreed Company risk appetite and Risk Management framework
- Ensure the establishment of processes and procedures for the monitoring and evaluation of the Company's Risk Management systems to assess the effectiveness of those systems in minimizing material risks that may impact adversely on the business objectives of the Company
- Establish reporting guidelines for Management to report to the Committee on the effectiveness of the Management of the Company's material business risk exposures
- Evaluate the adequacy and effectiveness of the Company's Risk Management systems by reviewing the Company's risk registers
- Review and make recommendations on the strategic direction, objectives and effectiveness of the Company's Risk Management policies
- Receive reports from Management concerning the implications of new and emerging risks, legislative or regulatory initiatives and changes, organizational change and major initiatives, in order to assess and evaluate the potential impact on the strategy and business objectives of the Company

WHISTLE BLOWER ADMINISTRATION

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

Company.

Responsibilities of the Committee

- Ensure the creation of and maintenance of an appropriate whistle-blower mechanism and framework for the reporting of financial statement fraud and other fraud and inappropriate or improper activities which is sufficiently discrete and secure with assurances of the highest confidentiality and protection for matters raised in good faith;
- Exercise the power to carry out any special investigation that may become necessary;
- Retain independent counsel, accountants, or other specialists as it may deem necessary to advise the Committee or assist in the conduct of an investigation; and
- Report to the Board a summary of reported cases, issues raised or received and reviewed by the Committee, the process and results of any investigation, problems encountered together with its recommended causes of action.

AUDIT COMMITTEE

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 Rep
Hadjia Muheebat Dankaka (OON)	/Shareholder Rep
Mallam Dahiru Ado	/Shareholder Rep
Ms. Bennedikter Molokwu	Director
Mr. Olakunle Alake	Director
Dr. Konyinsola Ajayi (SAN)	Director

CORPORATE GOVERNANCE Cont'd

Responsibilities of the Audit Committee: -

- The Committee carries out all such other functions as are stipulated by the Companies and Allied Matters Act. Cap C20 Laws of the Federal Republic of Nigeria, 2004; in addition to the responsibilities stated below:
- Evaluate DSR's interim and annual financial statements for reasonableness, completeness and accuracy and consistency with information known to Committee members and appropriate accounting policies and principles prior to issue and approval by the Board and, with the internal and external auditors' review the integrity of DSR's financial reporting process.
- Review significant accounting and reporting issues including complex or unusual transactions, proposed adjustments and areas of judgement involved in the compilation of the Company's results under accounting standards or IFRS as well as recent professional and regulatory pronouncements especially their impact on financial statements. The Committee can use their own system to assess appropriateness and conformity with IFRS or relevant accounting standards.
- Review with Management, the internal auditors and the external auditors the results of the audit including resolving any difficulties that were encountered adjustments and assessing any improved reporting suggestions proposed by them.
- Review with the General Counsel the status of legal matters that may have an effect on the financial statements and ensure the financial statements reflect appropriate accounting principles.
- Review annual and interim financial statements prior to filing with regulators to ensure that statements written by Management concerning their responsibility for the assessment of the effectiveness of the internal control structure and the procedures for financial reporting are correct.
- The Board retains the responsibility for implementing recommendations that may arise from the financial reporting process.

CORPORATE GOVERNANCE Cont'd

ATTENDANCE OF MEETINGS BY MEMBERS OF THE BOARD OF DIRECTORS/BOARD COMMITTEES FROM JANUARY 1ST TO DECEMBER 31ST, 2016.

DIRECTORS	ATTENDANCE							
	JAN. 28	FEB. 5 & 6	MARCH 10	APRIL 20	MAY 22	JULY 20	OCT. 25	DEC. 14
Alhaji Aliko Dangote, GCON	✓	✓	✓	✓	✓	✓	✓	✓
Alhaji Sani Dangote	A	✓	A	✓	A	✓	✓	✓
Engr. Abdullahi Sule	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Olakunle Alake	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Konyinsola Ajayi, SAN	✓	A	A	✓	A	✓	✓	A
Ms. Bennedikter Molokwu	✓	✓	✓	✓	✓	✓	✓	✓
Alhaji Abdu Dantata	✓	A	✓	✓	✓	✓	✓	✓
Mr. Uzoma Nwankwo	✓	✓	✓	✓	✓	A	A	✓
Ms. Maryam Bashir	✓	✓	✓	✓	✓	A	✓	✓

2. BOARD GOVERNANCE COMMITTEE MEETINGS

DIRECTORS	ATTENDANCE					
	JAN. 26	FEB. 26	MAY 24	SEPT. 21	OCT. 4	OCT. 17
Dr. Konyinsola Ajayi, SAN	✓	✓	A	✓	✓	✓
Mr. Uzoma Nwankwo	✓	✓	✓	✓	✓	A
Ms. Maryam Bashir	✓	A	✓	A	✓	✓

3. BOARD FINANCE COMMITTEE MEETINGS

DIRECTORS	ATTENDANCE					
	JAN. 26	MARCH 8	APRIL 18	JULY 19	OCT. 20	DEC. 8
Ms. Bennedikter Molokwu	✓	✓	✓	✓	✓	✓
Engr. Abdullahi Sule	✓	✓	✓	✓	✓	✓
Mr. Olakunle Alake	✓	✓	✓	✓	✓	A
Alhaji Abdu Dantata	✓	✓	✓	✓	✓	✓
Ms. Maryam Bashir	✓	✓	✓	A	✓	✓

4. BOARD RISK MANAGEMENT AND ASSURANCE COMMITTEE MEETINGS

DIRECTORS	ATTENDANCE	
	MARCH 7	OCTOBER 4
Mr. Uzoma Nwankwo	✓	✓
Dr. Konyinsola Ajayi, SAN	✓	✓
Engr. Abdullahi Sule	✓	✓
Mr. Olakunle Alake	✓	✓
Ms. Bennedikter Molokwu	✓	✓
Ms. Maryam Bashir	✓	✓

5. AUDIT COMMITTEE MEETINGS

MEMBERS	ATTENDANCE		
	MARCH 11	JULY 25	NOVEMBER 2
Mr. Olusegun Olusanya	A	✓	✓
Mr. Olakunle Alake	✓	✓	✓
Ms. Bennedikter Molokwu	✓	✓	✓
Dr. Konyinsola Ajayi, SAN	✓	A	✓
Mallam Dahiru Ado	✓	✓	✓
Hadjia Muheebat Dankaka (OON)	✓	✓	✓

NOTES

- ✓ : Present
- A : Apology
- R : Resigned

SECURITIES TRADING POLICY

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

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

Closed Period

The closed period shall be at the time of:

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

opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

Period of Closure

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

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

COMPLAINT MANAGEMENT POLICY

1. Introduction

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

This Policy is to address complaints arising out of issues under the purview of the Investments and Securities Act 2007 (ISA), the Rules and Regulations made pursuant to the ISA, The Rules and Regulations of Securities Exchanges and guidelines of recognized trade associations. Also, this Policy has been

CORPORATE GOVERNANCE Cont'd

prepared in recognition of the need to promote and facilitate increased Shareholder/Investor confidence in the Company, through the prompt and effective management of complaints.

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

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

2. Aim of the Policy

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

3. Responsibilities of the Company

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

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

4. Procedure for Shareholder Complaints Management

Shareholders can make complaints or enquires and

access relevant information about their shareholdings in the following manner:

i. The Registrars:

a. Shareholders who wish to make a complaint or enquiry shall, in the first instance, contact the Registrar (contact details of the Registrars are set out in Section 9 of this Policy). The Registrars shall manage all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others.

b. Upon receipt of a complaint or an enquiry, the Registrars shall immediately provide the relevant details of such complaint or enquiry to the Company for monitoring, record keeping and reporting purposes.

c. In resolving complaints or enquiries, the Registrars shall be guided by Section 5 (Shareholder Complaint Management) of this Policy.

ii. The Company Secretary:

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

5. Shareholder Complaint Management

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

- a. All complaints filed shall contain material facts and supporting documents establishing claim.
- b. All complaints must contain the following information:
 - i. the name of the complainant;
 - ii. full address;
 - iii. mobile number;
 - iv. email address;

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

6. Electronic Complaints Register

The Company shall maintain an Electronic Complaints Register. The Electronic Complaints Register shall include the following information:

- The Shareholder/Complainant's information (including name, full address, mobile number, e-mail address and signature);

- The date of receipt of the enquiry or complaint;
- The Nature and Details of the enquiry or complaint;
- The Status update and action(s) taken in respect of the complaint;
- Date of the Resolution of the complaint;
- Any additional remarks or comments.

7. Quarterly Reporting

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

8. Liaison with the Registrars

During the course of investigating a shareholder's enquiry, complaint or feedback, the Company may liaise with the Registrars, and the engagement with the Registrars will include:

- Determining the facts;
- Determining what action has been undertaken by the Registrars (if any);
- Coordinating a response with the assistance of the Registrars.

9. Contact Details of the Registrars

The Registrars may be contacted as follows:

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

10. Contact Details of the Company Secretary

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

CORPORATE GOVERNANCE Cont'd

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

11. Shareholder Access to this Policy

Shareholders will have access to this Policy through the following media:

- The Policy shall be available on the Company's website: (www.dangotesugar.com.ng)
- A copy of the Policy may be requested by contacting the Office of the Company Secretary.
- The Policy shall be made available for perusal at General Meetings of the Company.

12. Fees and Charges

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

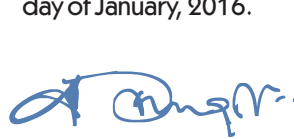
PLEASE NOTE that in certain circumstances the Registrars may charge shareholders a fee (for example, to resend previous dividend statements

upon request by the shareholder).

13. Review of this Policy

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

Approved by the Board of the Company on the 28th day of January, 2016.



Chairman



Secretary

BOARD OF DIRECTORS



FR: Aliko Dangote GCON (Centre) Ms. Maryam Bashir, Ms. Bennedikter Molokwu
BR: Dr. Konyinsola Ajayi, SAN, Mr. Uzoma Nwankwo, Mr. Olakunle Alake, Alhaji Abdu Dantata,
Engr. Abdullahi Sule, Alhaji Sani Dangote



MS. BENNEDIKTER MOLOKWU
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Bennedikter Molokwu joined the Dangote Sugar Board, in year 2007. She is a Fellow of the Institute of Directors and Member of the Nigerian Bar Association, International Bar Association, International Federation of Women Lawyers and Chartered Institute of Bankers. She received an LLB degree from the University of Nigeria, Nsukka in 1975 and was called to the Nigerian Bar in 1976. She also received a Master's degree in International and Comparative Law from Vrije Universiteit Brussel, Belgium, in 1978. She had served in several capacities at the State and Federal government levels in Nigeria.



OLAKUNLE ALAKE
NON-EXECUTIVE DIRECTOR

Mr. Olakunle Alake is a Fellow of the Institute of Chartered Accountants of Nigeria. He started his career with PriceWaterhouse in September 1984 and joined the Dangote Group in July 1997 as the Financial Controller and Head of Strategic Services. He received a Bachelor's degree in Civil Engineering from Obafemi Awolowo University, Ile-Ife, in 1983. He is the Group Chief Operating Officer/GED Business Services of Dangote Industries Limited.



MR. UZOMA NWANKWO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Uzoma Nwankwo joined the Board in 2007. He has held senior positions in Citicorp North America, Citibank Nigeria, First Bank of Nigeria Plc. He has been Consultant/Lead Advisor to many companies both locally and internationally in the areas of financial management, mergers and acquisitions and business process improvement. He worked in Dangote Industries Limited as an Executive Director, Corporate Finance and Treasury. He gained a Master of Science degree in Agricultural Engineering from Michigan State University in the United States, and a Masters of Business Administration with specialization in Financial and International Business Management from University of Michigan, in the United States.



ALHAJI SANI DANGOTE
NON-EXECUTIVE DIRECTOR

Alhaji Sani Dangote joined the Board of Directors in 2007. He is an alumnus of Harvard Business School, Harvard University. Alhaji Sani sits on the Board of several other companies. He is a Member of several Chambers of Commerce, a Fellow of the Chartered Institute of Shipping of Nigeria and the President of the Fertilizer Producers and Suppliers Association. Alhaji Sani is also the President of the Nigeria Agribusiness Group (NABG).



ALH. ALIKO DANGOTE, GCON CHAIRMAN (NON EXECUTIVE)

Alhaji Aliko Dangote is the President/CEO, Dangote Group and Chairman, Board of Directors, Dangote Sugar Refinery Plc. He is a graduate of Business Studies from the Al-Azhar University, Cairo, Egypt and the founder/Chief Executive Officer of the Dangote Group. He is the first private Nigerian to be awarded the Grand Commander of the Order of the Niger (GCON). He serves on various Boards, Foundations, Institutes and Committees of the Federal Government of Nigeria. Alhaji Dangote has been conferred with several awards in recognition of his contributions to the socio-economic development and growth of the Nigerian economy, and philanthropy around the world.



ABDULLAHI A. SULE AG.
GROUP MANAGING DIRECTOR

Engr. Abdullahi Sule has over 30 years' experience in the Oil & Gas sector in the USA and Nigeria, Steel Production, Machine Shop Operations and the Sugar industry both in Nigeria and the United States of America. He holds a BSc. in Mechanical Engineering and a Master's degree in Industrial Technology from Indiana State University, United States. He was the MD/CEO of African Petroleum (AP) Plc, and Sadiq Petroleum Nigeria Limited.



ALHAJI ABDU DANTATA
NON-EXECUTIVE DIRECTOR

Alhaji Abdu Garba Dantata is a Non-Executive Director. He has attended various local and international training, including the famous Kellogg School of Management, United States of America. He had served as the Executive Director, Sales and Marketing at Dangote Group, with the responsibility for coordinating the sales and marketing of all the Groups' products. He is currently the Group Executive Director, in charge of Logistics. He is a fellow of the Nigerian Institute of Shipping.



MS. MARYAM BASHIR
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Maryam Bashir was appointed to the Board in December 2013. She has 17 years of financial and banking experience. She received a BSc. in Business Administration from Ahmadu Bello University, Zaria in 1983, before obtaining her Master of Business Administration degree in Finance from University of Jos in 1990. She was a Director of UBA Capital and Trust Ltd, and serves on the Board of companies in the Technology and Financial services sectors.



DR. KONYINSOLA AJAYI, SAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Konyinsola Ajayi is the Managing Partner of the law firm, Olaniwun Ajayi & Co. He has been Legal Counsel in Nigeria since 1980 and has over 25 years of legal experience in Energy and Natural Resources, International Business Transactions, Banking, Capital Markets, Construction and Engineering, Privatization as well as Litigation and Arbitration. He is a Member of the International Bar Association, London, the Nigerian Bar Association and the Nigerian Economic Summit Group.

REPORT OF THE DIRECTORS

for the Year Ended December 31, 2016

The Directors have the pleasure of presenting their report together with the Audited Financial Statements of the Company for the year ended 31st December, 2016. In the opinion of the Directors, the state of the Company's affairs is satisfactory, and the Financial Statements presented gives a true and fair view of the state of the Company during the financial year under review.

1. Operating Results	₦'000
Gross Earnings	22,989
Profit Before Income Tax	19,614
Taxation	5,218
Profit for the period after Taxation	14,396
Non-controlling interests	10
The profit for the year attributable to owners of the parent company	14,386

Dangote Sugar Refinery Plc.'s outlook for 2016 and beyond shows confidently that the Company will continue operational existence for the foreseeable future as at the time when the Consolidated Financial Statements were approved.

2. Legal Form and Principal activities

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

The Company's principal activity remains the refining of raw sugar into edible sugar and selling the refined sugar, at its 1.44million MT/PA Apapa sugar refinery. The Company has begun its Backward Integration Project (BIP) with a 10-year sugar development plan, to produce 1.5 million MT/PA of sugar from locally grown sugarcane. The project has commenced with its acquisition of Savannah Sugar Company limited (SSCL) at Numan, in Adamawa State and other Green Project sites across Nigeria.

3. Directors Responsibilities

The Directors are responsible for the preparation of the Financial Statements, which give a true and a 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 provision of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria, 2004.

In doing so, the Directors responsibilities include ensuring that:

- Proper accounting records are maintained;
- Applicable accounting standards 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.

4. Directors and their Interests

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

Aliko Dangote, GCON	Chairman
Abdullahi Sule	Acting Group Managing Director
Sani Dangote	Non-Executive Director
Olakunle Alake	Non-Executive Director
Benedikter Molokwu	Non-Executive Director
Konyinsola Ajayi, SAN	Non-Executive Director
Uzoma Nwankwo	Non-Executive Director
Abdu Dantata	Non-Executive Director
Maryam Bashir	Non-Executive Director

The Director's biographical details appear on pages 55 & 56 of this report. Since the last Annual General Meeting, there have been no changes in the Board Composition of DSR Plc. The appointment of Directors is governed by the Company's Articles of Association and the Company Allied Matters Act, CAP 20 which also sets out the responsibilities of the Directors.

- In accordance with Article 62(b) & (c) of the Company's Articles of Association, the Directors retiring by rotation are Messrs, Uzoma Nwankwo, Olakunle Alake and Ms. Maryam Bashir, and being

REPORT OF THE DIRECTORS Cont'd for the Year Ended December 31, 2016

eligible, offer himself/themselves for re-election.

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 the 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:

Selection of New Directors and Board Membership Criteria

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

Familiarisation Programme for Independent Directors

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

Directors' Shareholding

Number of shares held as at:-

	31-DEC-15	31-DEC-16
Aliko Dangote	653,095,014	653,095,014
Abdullahi Sule	297,987	2,497,987
Sani Dangote	Nil	Nil
Olakunle Alake	7,194,000	7,194,000
Benedikter Molokwu	1,483,400	1,483,400
Konyinsola Ajayi, SAN	Nil	Nil
Uzoma Nwankwo	384,692	384,692
Abdu Dantata	1,044,000	1,044,000
Maryam Bashir	Nil	Nil

5. Corporate Governance

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

Our business is largely self-regulated and we pride ourselves as leading our peers in the industry and Nigeria in this regard. We are committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria and the requirements of the Nigeria Stock Exchange as well as in compliance with the SEC Code of Corporate Governance for Public Companies in Nigeria.

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

Board of Directors

The Board of Directors is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing the implementation of controls and procedures including, in particular, maintaining a sound system of internal investment and the Company's assets. There are currently Board Meetings during each fiscal year.

Strategy and Management

- Input into the development of the long-term objectives and overall commercial strategy for the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budget and ensuring that any necessary corrective action is taken.

REPORT OF THE DIRECTORS Cont'd for the Year Ended December 31, 2016

- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

Structure and Capital

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

Financial Reporting and Controls

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

Internal Controls

Ensuring maintenance of a sound system of Internal Control and Risk Management including:

- Receiving reports from the Finance and Risk Management and Assurance Committee in, and reviewing the effectiveness of the

Company's risk and control processes to support its strategy and objectives.

- Undertaking an annual assessment of these processes through the Finance and Risk Management and Assurance Committee and;
- Approving an appropriate statement for inclusion in the report.

Contracts

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

Communication

- Approval of resolutions and corresponding documentation to be put forward to Shareholders at a General Meeting.
- Approval of all circulars and listing particulars, approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a Committee.
- Approval of press releases concerning matters decided by the Board.

Board Membership and other Appointment

- Changes to the structure, size and composition of the Board, following recommendations from the Board Governance Committee.
- Ensuring adequate succession planning for the Board and Senior Management following recommendations from the Board Governance

REPORT OF THE DIRECTORS Cont'd for the Year Ended December 31, 2016

Committee.

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

Remuneration

- Approval of the remuneration of Directors, Company Secretary and other Senior Executives following recommendations by the Board Governance Committee.
- Approval of the remuneration of the Non-Executive Directors, subject to the Articles of Association and Shareholder approval as appropriate following recommendations by the Board Governance Committee.
- The introduction of new share incentives

plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Board of Governance Committee.

Delegation of Authority

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

Performance Evaluation process

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

Code of Business Conduct and Code of Governance for Directors

The Company has a code of business which defines

REPORT OF THE DIRECTORS Cont'd for the Year Ended December 31, 2016

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

7. Substantial Interest in Shares

The Registrar has advised that according to the Register of Members on 31st December, 2016, apart from Dangote Industries Limited with 8,122,446,281 ordinary shares of 50k each and Alhaji Aliko Dangote with 653,095,014 ordinary shares of 50k each, no other shareholder held more than 5% of the issued share capital of the Company.

8. Fixed Assets

Movements in fixed assets during the year are shown in Note 16 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 the causes and aspirations of our operational environment by supporting charitable and worthy causes in the areas of education, health, skills acquisition, poverty alleviation and sports amongst others.

During the year under review, the following donations were made to various causes and organisations by the Company: -

S/N	BENEFICIARY	AMOUNT
1	Government College Warri	10,000,000.00
2	Association of Food, Beverage & Tobacco Employees (AFBTE) Secretariat	5,000,000.00
3	Relief Materials to (IDP Camps) Internally Displaced Persons	5,600,000.00

S/N	BENEFICIARY	AMOUNT
4	Nigeria Immigration Service 2016 Conference & Stakeholders Forum	10,000,000.00
5	International Sugar Organization	2,920,000.00
6	Kaduna Polo Club Tournament	200,000.00
7	Catholic Men Organisation, Abuja Chapter	100,000.00
8	Lagos State Government World Food Day Celebration	1,620,000.00
9	Dala Hard Court Championships	10,000,000.00
10	Ikene Dev. Association Ereke Day Celebration	3,000,000.00
	TOTAL	48,440,000.00

No donation was made to any political party or organization during the year under review.

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, 2016 and the profit for the year ended on that date which have been adequately recognized.

11. Company's 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 and local suppliers are SUCRES ET DENREES, Broadbent UK, Wilmar Sugar PTE, Singapore and Dangote Agrosacks, Gaslink Nigeria Ltd, Vitachem Nigeria Ltd, Biochemical Derivatives Nigeria Ltd, Istabaraqim Nigeria Ltd, Bulk Commodities Dubai, Fairport UK, Unatrac, and Erriks UK, amongst others.

13. Analysis of Shareholding as at 31st December, 2016

Range	No of Holders	Holders %	Units	Units %
1-10,000	84,723	84.16	187,089,591	1.56
10,001-50,000	12,365	12.28	254,480,437	2.12
50,001 - 500,000	3,244	3.22	394,537,662	3.29
500,001 - 1,000,000	138	0.14	101,125,404	0.83
1,000,001 - 10,000,000	167	0.17	450,853,765	3.76
10,000,001 - 50,000,000	24	0.02	407,761,854	3.40
50,000,001 - 100,000,000	7	0.01	445,974,631	3.72
100,000,001 - 500,000,000	5	0.00	982,635,361	8.19
500,000,001-12,000,000,000	2	0.00	8,775,541,295	73.12
	100,675	100.00%	12,000,000,000	100.00%

14. Human Resources

a. Employment and Employees

The Company reviews its employment policy in line with the needs of business. We remain an equal opportunities employer, with employment policies that are not discriminatory to gender, race, religion or disability to our existing and potential employees. We are focused on attracting and retaining outstanding talents in the Company, to add value to the Company and ensure all stipulated high performance indices are met.

b. Health, Safety and Environment

The Company continuously strives to improve its operations to ensure a safe and conducive working environment. It maintains a high standard of hygiene in all its premises through maintaining bespoke sanitation practices and the regular fumigation exercises. These have been further strengthened by the installation of pest and rodent control gadgets. Fire-fighting prevention and drills are carried out periodically at all our facilities, while fire-fighting equipment and alerts

have been installed in our offices and plants.

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

c. Employee Development

The Company continues to place premium on its human capital development for improved efficiency of the business and maintenance of a strategic manpower advantage over competition. During the year under review, the Company invested in the training and development of its workforce through in-house and external training programmes locally and overseas across all job functions, while continuously encouraging employees to develop

REPORT OF THE DIRECTORS Cont'd for the Year Ended December 31, 2016

themselves to their full potentials. Employees are carried along on developments in the Company through Quarterly Management briefings and provision of information through the Corporate Communications and Human Resources/Administration departments.

d. Retirement Benefits

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

15. Audit Committee

The Company has an Audit Committee set up in accordance with the provisions of Section 359(3) of the Companies and Allied Matters Act Cap. C20 Laws of the Federation of Nigeria, 2004. It comprises an equal number of Non-Executive Directors and ordinary shareholders elected at the Annual General Meetings. It evaluates annually, the independence and performance of external auditors, receives the planning, interim and final audit presentation from the external auditors and also reviews with Management and the external auditors the annual audited Financial Statements before its submission to the Board. During the year, the Committee approved the audit plan and scope of the external auditors for the financial year and reviewed quarterly and half yearly financial results before presentation to the Board. The Committee also received reports from Management on the accounting system and internal controls framework of the Company. The members of the Statutory Audit Committee during the 2016 financial year were as follows:

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

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004. Details of Audit Committee and its responsibilities are shown under the Corporate Governance report on pages 42 to 54.

16. Auditors

In compliance with the provisions of Section 33 of the Securities and Exchange Commission (SEC) Code of Corporate Governance For Public Companies in Nigeria, the firm of Messrs Akintola Williams Deloitte (Chartered Accountants), the Auditors to the Company, will be retiring at the Annual General Meeting and another firm appointed in their place on the approval of members at the meeting. A resolution will be proposed authorising the appointment of the new External Auditors and for the Directors to fix their remuneration in accordance with accordance with Section 357(2) of the Companies and Allied Matters Act. Cap C20 Laws of the Federation of Nigeria, 2004.

By Order of the Board

CHIOMA MADUBUKO (MRS.)

Company Secretary/Legal Adviser
FRC/2014/NBA/00000007451
3rd Floor, GREENVIEW Development
Nigeria Ltd Building,
Terminal "E" Apapa Port Complex.
Lagos, Nigeria.

Dated this 16th day of March, 2017

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

for the Year Ended December 31, 2016

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 judgments 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 judgments and estimates in conformity with International Financial Reporting Standard (IFRS) and the requirements of the Companies and Allied Matters Act of Nigeria.

The Directors are of the opinion that the financial statements give a true and 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 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 MANAGEMENT OF THE COMPANY



16th MARCH 2017



16th MARCH 2017

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

for the Year Ended December 31, 2016

The Directors of Dangote Sugar Refinery Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act Cap C20 LFN 2004, the Financial Reporting Council of Nigeria Act 2011.

In preparing the consolidated financial statements, the Directors are responsible for

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

The Directors are responsible for:

- designing, implementing and maintaining an

Signed on behalf of the Board of Directors By:



Alh. Aliko Dangote, GCON
Chairman
FRC/2013/IODN/0000001766

effective and sound system of internal controls throughout the Group and Company.

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

Going Concern:

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

The consolidated financial statements of the Group and Company for the year ended 31 December 2016 were approved by directors on March 16, 2017.



Engr. Abdullahi Sule
Ag. Group Managing Director
FRC 2013/NSE/00000002065



Etim Bassey
Ag. Chief Financial Officer
FRC No: FRC/2013/ICAN/00000001942





Profit and Loss Statement

<Company Name>
For the <Month or Year> ending <Month-Day-Year>

Gross margin [L/D]
Return on sales [T/S]

Stated in 000s

Prev Period

Budget

Current Period

Change
Period vs
01/2020

% Change
vs 01/2020

% Change
vs 01/2019

Sales Revenue
Product/Service 1
Product/Service 2
Product/Service 3
Product/Service 4
Total Sales Revenue [D]

Sales
[T]

FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

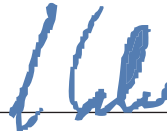
In compliance with Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN, 2004, we have reviewed the consolidated and separate financial statements of Dangote Sugar Refinery Plc. for the year ended 31st December, 2016 and hereby state as follows:

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

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

iii. The accounting and reporting policies of the Company for the year ended 31st December, 2016 are in accordance with legal requirements and agreed ethical practices, and the scope and planning of both the external and internal audits were adequate in our opinion;

iv. In our opinion, the scope and planning of the audit for the year ended 31st December, 2016 were adequate, and the Management Responses to the Auditors' findings were satisfactory.



Mr. Olakunle Alake

For: Chairman, Audit Committee
FRC/2013/ICAN/0000002214

Dated this 7th day of March, 2017.

Members of the Audit Committee are:

Mr. Olusegun Olusanya - Chairman
Mallam Dahiru Ado
Hadjia Muheebat Dankaka, OON
Mr. Olakunle Alake
Dr. Konyinsola Ajayi, SAN
Ms. Bennedikter Molokwu

Independent Auditor's Report

To the Shareholders of Dangote Sugar Refinery Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Dangote Sugar Refinery Plc (“the Company”) and its subsidiary (together referred to as “the Group”) which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate statement of financial position of Dangote Sugar Refinery Plc as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter (KAM)	How the matter was addressed in the audit
Valuation of biological assets (Consolidated)	
<p>Determining the value of growing cane as biological assets at year end, involves significant judgments and assumptions in valuation of biological assets, these includes the growth rate patterns and the discounting factors.</p> <p>The assumptions with the most significant impact on the cash flows forecast were:</p> <ul style="list-style-type: none"> • The yield ratio, which is highly subjective since it is based on the management’s experience and expectations rather than observable market data. The yield are estimated for various farm locations. • The estimated cost per ton of sugarcane: This was because there is no active market for determination of the market price of sugar cane, management has come up with a method of estimation of this cost. <p>In line with IFRS 13, this is a Level 3 input in the fair value hierarchy, as information on Level 1 and Level 2 inputs for this purpose, were not available.</p> <p>As a result, valuation of biological assets is considered as a key audit matter due to complexities and judgement arising from the measurement and recognition of the biological assets in the consolidated financial statements. The accounting policies and other information on biological assets are disclosed on Note 2.20, and Note 18 respectively.</p>	<p>In evaluating the value of the biological assets in the books of Savannah Sugar Company Limited, we performed specific tests of controls relating to the management’s estimation of the biological assets and substantive procedures on the data used in the valuation sheet and recalculation of the discount factors. We also reviewed compliance with the requirements of IAS 41 and IFRS 13.</p> <p>Our substantive procedures involved the following:</p> <ul style="list-style-type: none"> • Obtained a detail understanding of the agricultural produce. • Reviewed the measurement method used by management and challenged the management’s option of using income approach method of valuation. • Reviewed the fair value hierarchy (level 1-3) and the valuation technique used (market, cost or income approach), challenged management's reasons for using any of the methods. • Obtained and reviewed the input factors used in the computation, discussed with the Farm Manager, obtained and reviewed the farm report to verify the input factors used. • Obtained and reviewed the financial assumptions used in the discounted cash flow computation and ensured they are reasonable with the recent economic trends in the country or international market. • Involved Valuation expert for second level review of the valuation report. • Ensured proper reclassification of Bearer plant to Property, Plant & Equipment in line with the IAS 16 disclosure requirement. <p>Overall, there was no material misstatement noted.</p>

Key Audit Matter (KAM)	How the matter was addressed in the audit
Application of Amendment to IAS 41-Agriculture (Consolidated)	
<p>As disclosed in Note 2.20, the Company applied the amendment to IAS 41 requiring the Bearer plant portion of the biological asset previously measured in-line with the requirement of IAS 41 – Agriculture to be reclassified and treated as Property, Plant and Equipment in line with IAS 16.</p> <p>The application of this amendment, requires any difference between fair value and the carrying amount under IAS 41 (fair value less costs to sell) at the time of initial adoption to be recognized in opening retained earnings 'exempt entities from the requirement in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the impact of initial application on each financial statement line item affected. This resulted in the restatement of the corresponding amount as at 31 December 2015 and 1 January, 2015.</p>	<ul style="list-style-type: none"> • We reviewed the procedure performed to implement the new standard and the related restatement in the financial statements. • We checked proper reclassification of Bearer plant to Property, Plant & Equipment in line with the disclosures requirement of the standard. <p>The amendment in the standard was appropriately adopted and the required disclosure was appropriately made in the financial statements.</p>
Recognition is deferred tax assets (Consolidated)	
<p>There are various complexities relating to the treatment and recognition of current and deferred tax, in particular:</p> <ul style="list-style-type: none"> • The tax treatment of property related items, i.e. leasehold improvements and fixtures and fittings, is significantly different from the accounting treatment. Accordingly there is significant judgement involved in determining tax and deferred tax. • The determination of whether to recognise deferred tax assets is dependent on the management's assessment of the utilisation of the losses in the Company subsidiary, Savannah Sugar Company Limited and the timing of realising temporary differences, which requires significant judgement. 	<ul style="list-style-type: none"> • We involved Deloitte tax specialist to evaluate the tax provisions and potential exposures, with particular focus on the management's classification and treatment of property, plant and equipment. • Our substantive procedures were focused on confirming the recoverability of deferred tax assets by assessing the principal assumptions and judgements used by management based on experience and knowledge of the group and the industry. • We also compared the evaluation in respect of the future profitability against evidence obtained in other areas of the audit, such as going concern assessments, business plans and cash flows forecast, and comparing to historical performance.

As a result, taxation is considered a key audit matter due to the complexities and judgement arising from the considerations relating to the calculation, recognition, and classification of current and deferred tax balances and the materiality of the balances in relation to the financial statements as a whole. The accounting policies on taxes are disclosed on Note 2.6, and information on current and deferred taxes are disclosed in Note 13.

- We assessed the presentation and disclosure in respect of deferred taxation related balances and considered whether the disclosures reflected the risks inherent in the accounting for the taxation balances.

We agree with the Director's assumptions in determining deferred tax assets. We found the disclosures relating to the deferred tax and assumptions to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

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

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

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

Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Jelili Adebisi, FCA
FRC/2013/ICAN/000000004247
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
30 March, 2017



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated And Separate Financial Statements For The Year Ended December 31, 2016

	Note(s)	Group		Company	
		2016 # '000	2015 restated # '000	2016 # '000	2015 # '000
Revenue	5	169,724,936	101,057,905	167,409,161	100,092,221
Cost of sales	6	(146,736,355)	(80,582,972)	(141,924,887)	(77,257,074)
Gross profit		22,988,581	20,474,933	25,484,274	22,835,147
Other income	11	748,015	1,332,736	662,444	1,083,103
Selling and distribution expenses	7	(1,272,524)	(890,678)	(1,259,946)	(817,872)
Administrative expenses	7	(5,656,878)	(5,318,464)	(4,616,146)	(4,315,521)
Operating profit	14	16,807,194	15,598,527	20,270,626	18,784,857
Investment income	8	601,473	11,875	601,473	11,875
Fair value adjustments	9	2,504,787	1,210,093	-	-
Finance costs	10	(299,020)	(664,886)	(112,575)	(651,777)
Profit before taxation		19,614,434	16,155,609	20,759,524	18,144,955
Taxation	12.1	(5,218,496)	(5,013,237)	(6,560,831)	(5,485,100)
Profit for the year		14,395,938	11,142,372	14,198,693	12,659,855
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		14,395,938	11,142,372	14,198,693	12,659,855
Profit attributable to:					
Owners of the parent		14,386,076	11,218,243	14,198,693	12,659,855
Non-controlling interest		9,862	(75,871)	-	-
		14,395,938	11,142,372	14,198,693	12,659,855
Total comprehensive income attributable to:					
Owners of the parent		14,386,076	11,218,243	14,198,693	12,659,855
Non-controlling interest		9,862	(75,871)	-	-
		14,395,938	11,142,372	14,198,693	12,659,855
Earnings per share					
Per share information					
Basic earnings per share (Kobo)	15	120	93	118	105
Diluted earnings per share (Kobo)	15	120	93	118	105

The accompanying notes on pages 80 to 133 and other national disclosures on pages 134 to 137 form an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

Consolidated And Separate Financial Statements For The Year Ended December 31, 2016

	Note(s)	Group			Company		
		2016 # '000	2015 restated # '000	Opening 2015 restated # '000	2016 # '000	2015 # '000	Opening 2015 # '000
Assets							
Non-Current Assets							
Property, plant and equipment	16	54,802,604	55,959,044	51,595,399	29,591,825	30,070,710	29,346,717
Intangible assets	17	12,753	136,571	263,885	12,753	106,504	203,752
Other assets	19	53	2,229	189,337	53	2,229	-
Investments in subsidiaries	21	-	-	-	3,214,923	3,214,923	3,214,923
Deferred tax	13	10,103,855	2,967,532	2,488,822	342,069	-	-
		64,919,265	59,065,376	54,537,443	33,161,623	33,394,366	32,765,392
Current Assets							
Inventories	22	47,409,042	15,548,018	15,098,890	45,648,975	14,035,388	14,047,767
Biological assets	18	3,008,277	1,885,779	675,686	-	-	-
Trade and other receivables	23	17,733,887	14,703,505	14,012,842	54,628,911	49,064,149	42,083,720
Other assets	19	9,426,223	1,171,932	1,409,315	8,759,770	380,490	1,409,315
Cash and cash equivalents	24	35,020,299	8,992,887	6,202,478	32,872,122	8,932,293	6,116,963
		112,597,728	42,302,121	37,399,211	141,909,778	72,412,320	63,657,765
Non-current assets held for sale and assets of disposal groups	20	864,647	864,647	864,647	864,647	864,647	864,647
Total Assets		178,381,640	102,232,144	92,801,301	175,936,048	106,671,333	97,287,804
Equity and Liabilities							
Equity							
Equity Attributable to Equity Holders of Parent							
Share capital and premium	25	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	25	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	26	54,092,393	45,706,317	39,288,074	62,264,226	54,065,533	46,205,678
		66,412,917	58,026,841	51,608,598	74,584,750	66,386,057	58,526,202
Non-controlling interest	27	(260,887)	(270,749)	(194,878)	-	-	-
		66,152,030	57,756,092	51,413,720	74,584,750	66,386,057	58,526,202
Liabilities							
Non-Current Liabilities							
Deferred tax	13	11,475,269	5,150,119	4,611,315	5,641,549	4,768,318	4,229,514
Current Liabilities							
Current tax payable	12.3	6,600,053	5,542,475	5,936,184	6,567,952	5,510,374	5,910,930
Retirement benefit obligation	29	1,031,024	1,079,067	1,527,748	815,532	863,575	1,311,654
Trade and other payables	30	88,278,397	28,091,509	25,226,985	85,521,443	24,531,108	23,609,260
Borrowings	28	2,036,393	2,500,000	2,385,052	-	2,500,000	2,000,000
Other liabilities	31	2,808,474	2,112,882	1,700,297	2,804,822	2,111,901	1,700,244
		100,754,341	39,325,933	36,776,266	95,709,749	35,516,958	34,532,088
Total Liabilities		112,229,610	44,476,052	41,387,581	101,351,298	40,285,276	38,761,602
Total Equity and Liabilities		178,381,640	102,232,144	92,801,301	175,936,048	106,671,333	97,287,804

The consolidated and separate financial statements and the notes on pages 28 to 29 and 42 to 137, were approved by the board on March 16, 2017 and were signed on its behalf by:

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

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

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

The accounting policies on pages 80 to 133 and other national disclosures on pages 134 to 137 form an integral part of the consolidated and separate statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated And Separate Financial Statements For The Year Ended December 31, 2016

Group	Share capital	Share premium	Total share capital	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Balance at January 1, 2015	6,000,000	6,320,524	12,320,524	39,288,074	51,608,598	(194,878)	51,413,720
Profit for the year	-	-	-	11,218,243	11,218,243	(75,871)	11,142,372
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	11,218,243	11,218,243	(75,871)	11,142,372
Dividends	-	-	-	(4,800,000)	(4,800,000)	-	(4,800,000)
Balance at January 1, 2016	6,000,000	6,320,524	12,320,524	45,706,317	58,026,841	(270,749)	57,756,092
Profit for the year	-	-	-	14,386,076	14,386,076	9,862	14,395,938
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,386,076	14,386,076	9,862	14,395,938
Dividends	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Total contributions by and distributions to owners-of company recognised directly in equity	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance at December 31, 2016	6,000,000	6,320,524	12,320,524	54,092,393	66,412,917	(260,887)	66,152,030

SEPARATE STATEMENT OF CHANGES IN EQUITY

Consolidated And Separate Financial Statements For The Year Ended December 31, 2016

	Share capital	Share premium	Total share capital	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Company							
Balance at January 1, 2015	6,000,000	6,320,524	12,320,524	46,205,678	58,526,202	-	58,526,202
Profit for the year	-	-	-	12,659,855	12,659,855	-	12,659,855
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,659,855	12,659,855	-	12,659,855
Dividends	-	-	-	(4,800,000)	(4,800,000)	-	(4,800,000)
Balance at January 1, 2016	6,000,000	6,320,524	12,320,524	54,065,533	66,386,057	-	66,386,057
Profit for the year	-	-	-	14,198,693	14,198,693	-	14,198,693
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,198,693	14,198,693	-	14,198,693
Dividends	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance at December 31, 2016	6,000,000	6,320,524	12,320,524	62,264,226	74,584,750	-	74,584,750

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

Consolidated And Separate Financial Statements For The Year Ended December 31, 2016

	Note(s)	Group		Company	
		2016 ₦ '000	2015 ₦ '000	2016 ₦ '000	2015 ₦ '000
Cash flows from operating activities					
Profit before taxation		19,614,434	16,155,609	20,759,524	18,144,955
Adjustments for:					
Depreciation	16	4,659,996	3,995,224	3,149,141	2,749,031
Amortisation of intangible assets	17	123,818	127,314	93,751	97,248
Loss on sale of assets		40,374	78,943	40,374	78,943
Interest received	8	(601,473)	(11,875)	(601,473)	(11,875)
Finance costs	10	299,020	664,886	112,575	651,777
Fair value adjustments	9	(2,504,787)	(1,210,093)	-	-
PPE Adjustments		935,456	20,647	-	-
Movements in retirement benefit assets and liabilities		(48,043)	(448,681)	(48,043)	(448,079)
Changes in working capital:					
Inventories		(31,861,024)	(449,128)	(31,613,587)	12,379
Trade and other receivables		(3,030,382)	(690,663)	(5,564,762)	(6,980,429)
Other assets		(8,252,115)	424,491	(8,377,104)	1,026,596
Trade and other payables		60,186,888	2,864,524	60,990,335	921,848
Biological assets		1,382,289	-	-	-
Other liabilities		695,592	412,585	692,921	411,657
		41,640,043	21,933,783	39,633,652	16,654,051
Finance costs		(299,020)	(664,886)	(112,575)	(651,777)
Tax paid	12.3	(4,972,091)	(5,346,852)	(4,972,091)	(5,346,852)
Net cash provided from operating activities		36,368,932	15,922,045	34,548,986	10,655,422
Cash flows from investing activities					
Purchase of property, plant and equipment	16	(4,885,531)	(8,566,886)	(3,101,264)	(3,660,394)
Proceeds on disposal property, plant and equipment		406,145	108,427	390,634	108,427
Interest Income	8	601,473	11,875	601,473	11,875
Net cash used in investing activities		(3,877,913)	(8,446,584)	(2,109,157)	(3,540,092)
Cash flows from financing activities					
Proceeds from borrowings	28	2,036,393	8,386,205	-	8,386,205
Repayment of borrowings	28	(2,500,000)	(8,271,257)	(2,500,000)	(7,886,205)
Dividends paid	26	(6,000,000)	(4,800,000)	(6,000,000)	(4,800,000)
Net cash used in financing activities		(6,463,607)	(4,685,052)	(8,500,000)	(4,300,000)
Net movement in cash and cash equivalents		26,027,412	2,790,409	23,939,829	2,815,330
Cash and cash equivalents at the beginning of the year		8,992,887	6,202,478	8,932,293	6,116,963
Total cash and cash equivalents at end of the year ²⁴		35,020,299	8,992,887	32,872,122	8,932,293

The accompanying notes on pages 80 to 133 and other national disclosures on pages 134 to 137 form an integral part of the consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. General information

Dangote Sugar Refinery Plc. (the Company) was incorporated as a public limited liability company on 4 January, 2005 and commenced operations on 1 January, 2006. The Company became quoted on the Nigeria 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 Dangote Industries Limited.
The registered address of the Company is located at GDNL Administrative Building, Terminal E, Shed 20 NPA Apapa Wharf Complex, Apapa. Lagos.

The consolidated financial statements of the Group for the year ended December 31, 2016 comprise the Company and its subsidiary- Savannah Sugar Company Limited.

The separate financial statements for the year ended December 31, 2016 comprise the Company only.

1.1 The principal activities

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

1.2 Going concern status

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

1.3 Operating environment

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

1.4 Financial period

These financial statements cover the financial year from January 1, 2016 to December 31, 2016, with comparative for year end January 1, 2015 to December 31, 2015 and January 1, 2015.

2 Significant accounting policies

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

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee of IASB (together "IFRS") that are effective at December 31, 2016 and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council (FRC) Act. 2011 of Nigeria.

2.2 Basis of measurement

The consolidated and separate 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:

2.3 Consolidation Subsidiaries

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

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

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

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

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self collection terms) and legal title is passed. Amount relating to shipping and handling whether included as

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

part of sales is billed separately and recorded as revenue and cost incurred for shipping and handling are classified under cost of sales.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

2.5 Pensions and other post-employment benefits

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

2.6 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 profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have 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 date. Education tax is assessed at 2% of the assessable profits.

Deferred tax

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

2.7 Property, plant and equipment 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 recognised in the statement of comprehensive income.

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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life 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 Group 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:

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

Freehold land is not depreciated

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

2.8 Leases

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

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

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

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

2.9 Intangible assets

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 derecognised 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 derecognised.

2.10 Impairment of tangible and Intangible assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

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

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

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

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

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

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of engineering spares and consumable stock is determined on a first in first out 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 realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2.13 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group 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

2.14 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 Group's management determine that it is probable that a liability for 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.

2.15 Financial instruments

Financial assets

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

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

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

Cash and cash equivalents

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

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

Financial liabilities are classified as either financial liabilities, at fair value through profit or loss (FVTPL) or other liabilities. The Group only operates the category of other financial liability

Other financial liabilities

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

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

Derecognition of financial liabilities

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

2.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effects of all dilutive potential ordinary shares.

2.17 Functional and presentation currency

Functional and presentation currency

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

The consolidated consolidated and separate financial statements are presented in Naira which is the Group functional and presentation currency. Foreign currency transactions and translation Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

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

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

2.18 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 as an expense in the period in which they are incurred.

2.19 Segment information

An operating segment is a component of an entity

- a) that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) where operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.
- c) for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director of Dangote Sugar Refinery PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

3. Significant judgements and sources of estimation uncertainty (Cont'd)

2.20 Biological assets

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

Recognition of assets

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

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

it is probable that future economic benefits associated with the asset will flow to the Company; and

the fair value or cost of the asset can be measured reliably.

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

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

Non-current biological assets

Non-current biological assets are sugar cane roots which are stated at cost less accumulated depreciation and impairment charges are now included within property, plant and equipment. Depreciation is calculated using the same method as for property, plant and equipment.

3 Significant judgements and sources of estimation uncertainty

In the application of the group's significant accounting policies, described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

3. Significant judgements and sources of estimation uncertainty (Cont'd)

Revenue Recognition

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

Allowance for credit losses

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

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

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

Fair values of biological assets

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

Growing cane:

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

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

Key sources of estimation uncertainty

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

Useful life of property, plant and equipment

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

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

comprehensive income for the year.

Valuation of deferred tax

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

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

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

IFRS 14 Regulatory Deferral Accounts

The new standard is an interim standard applicable to entities subject to rate regulation. The standard is only applicable to entities adopting IFRS for the first time. It permits entities to recognise regulatory deferral account balances in the statement of financial position. When the account has a debit balance, it is recognised after total assets. Similarly, when it has a credit balance, it is recognised after total liabilities. Movements in these accounts, either in profit or loss or other comprehensive income are allowed only as single line items.

The effective date of the standard is for years beginning on or after January 1, 2016
The amendment does not have any impact on group consolidated and separate financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments states that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required in IFRS 3 and other standards for business combinations.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

The effective date of the amendments is for years beginning on or after January 1, 2016.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

- a) When the intangible asset is expressed as a measure of revenue; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Since the Group uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

The effective date of the amendment is for years beginning on or after January 1, 2016.

Amendments to IAS 16 and IAS 41 Agriculture : Bearer Plants

The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41.

The produce growing on bearer plant continues to be accounted for in accordance with IAS 41.

The effective date of the amendment is for years beginning on or after January 1, 2016.

The group has adopted the amendment for the first time in the 2016 consolidated and separate financial statements.

The impact of the standard is set out in note 38 Changes in Accounting Policy.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

The amendment clarify that the exemption from preparing consolidated financial statements is available to a parent company entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not an investment entity and does not have any holding Company, subsidiary, associate or joint venture that qualifies as an investment entity.

The effective date of the amendment is for years beginning on or after January 1, 2016.

Amendments to IAS 1: Disclosure Initiatives

The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is sufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs:

- (i) will not be reclassified subsequently to profit or loss
- (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

The effective date of the amendment is for years beginning on or after January 1, 2016.

Annual Improvements to IFRSs 2012-2014 Cycle

The annual improvements to IFRS 5 introduce specific in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify such a change should be considered as a continuation of the original plan of disposal and hence requirement set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held for distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred assets for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post –employment benefit obligations should be determined by reference to market yields at the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments had had no effect on the Group's consolidated and separate financial statements.

The effective date of the standard is for years beginning on or after 2016.

4.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after January 1, 2017 or later periods:

IFRS 9 (AC 146) Financial Instruments

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities as well as new hedging requirements. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial asset are to be subsequently measured at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the group changes its business model for the management of financial assets. In such circumstances,

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.
- The new hedging provisions align hedge accounting more closely with the actual risk management approach.
- Certain non-derivative financial instruments are now allowed as hedging instruments.
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.
- The hedge effectiveness criteria have been amended, including the removal of the 80%-125% "bright line test" to qualify for hedge accounting.
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.
- Additional disclosure requirements have been introduced for hedging.

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the effective date will not be before years beginning on or after January 1, 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

The group expects to adopt the standard for the first time in the first annual financial period after the effective date.

It is unlikely that the standard will have a material impact on the group's consolidated and separate financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

- Recognise revenue when (or as) the entity satisfies a performance obligation.

The effective date of the standard is for years beginning on or after January 1, 2018

The group expects to adopt the standard for the first time in the 2018 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the group's consolidated and separate financial statements.

IFRS 16: Lease

IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

It distinguishes lease and service contracts on the basis of whether an asset is controlled by a customer. Distinction of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The effective date of the standard is for years beginning on or after January 1, 2019.

The group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated and separate financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment clarifies the following:

In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

- the original liability is derecognised;
- the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
- any difference between the carrying amount of the liability at the modification date and the amount

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The group expects to adopt the amendment for the first time in the 2018 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated and separate financial statements.

Amendments to IAS 7: Disclose Initiative

The amendment require an entity to provide disclosure that enable users of the financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

The effective date of the standard is for years beginning on or after January 1, 2017.

The group expects to adopt the standard for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated and separate financial statements.

Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendment clarify the following:

Decreases below the cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;

When an entity assesses whether taxable profits will be available against which it can utilize a deductible temporary difference, and the tax law restricts the utilization of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;

The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that is probable that the entity will achieve this;

In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

The effective date of the standard is for years beginning on or after January 1, 2017.

The group expects to adopt the standard for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated and separate financial statements.

The aggregate impact of the initial application of the statements and interpretations on the group's consolidated and separate financial statements is expected to be as follows:

	Group		Company	
	2016 ₦ '000	2015 restated ₦ '000	2016 ₦ '000	2015 ₦ '000
5. Revenue				
Sale of sugar- 50kg	162,918,000	96,611,421	160,666,526	95,665,920
Sale of sugar- retail	3,807,756	1,995,224	3,807,756	1,995,224
Sale of molasses	198,243	62,973	133,942	42,790
Freight income	2,800,937	2,388,287	2,800,937	2,388,287
	169,724,936	101,057,905	167,409,161	100,092,221

5.1. Segmental 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 Company as a whole as there is no other distinguishable component of the Company that engages in business activities from which it earns revenues and incurs expenses whose operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment information is presented in respect of the Group's reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Group operates and the locations that comprise such regions represent operating segments. The Group has 4 reportable segments based on location of the principal operations as follows:

North Nigeria, South Nigeria, East Nigeria and Lagos.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

4. New Standards and Interpretations (Cont'd)

5.2. Segmental revenue and results

	Group		Company	
	2016 ₦ '000	2015 ₦ '000	2016 ₦ '000	2015 ₦ '000
Nigeria:				
Lagos	82,380,863	44,714,271	82,380,863	44,714,271
North	61,366,486	39,242,259	59,050,711	38,276,575
West	18,581,808	12,063,291	18,581,808	12,063,291
East	7,395,779	5,038,084	7,395,779	5,038,084
	169,724,936	101,057,905	167,409,161	100,092,221

Group	Segment Revenue		Segment Cost of Sales		Segment results	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Nigeria:						
Lagos	82,380,863	44,714,271	72,207,921	34,513,109	10,172,942	10,201,162
North	61,366,486	39,242,259	51,758,734	32,870,014	9,607,752	6,372,245
West	18,581,808	12,063,291	16,287,202	9,311,159	2,294,606	2,752,132
East	7,395,779	5,038,084	6,482,498	3,888,690	913,281	1,149,394
	169,724,936	101,057,905	146,736,355	80,582,972	22,988,581	20,474,933

Company	Segment Revenue		Segment Cost of Sales		Segment results	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Nigeria:						
Lagos	82,380,862	44,714,271	69,840,232	34,513,109	12,540,630	10,201,162
North	59,050,712	38,276,575	50,061,571	29,544,116	8,989,141	8,732,459
West	18,581,808	12,063,291	15,753,146	9,311,159	2,828,662	2,752,132
East	7,395,779	5,038,084	6,269,938	3,888,690	1,125,841	1,149,394
	167,409,161	100,092,221	141,924,887	77,257,074	25,484,274	22,835,147

5.2 Segment assets and liabilities

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

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

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

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

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

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the as at december 31, 2016

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

5.2 Segment assets and liabilities (Cont'd)

Group	Total Segment Assets		Total Segment Liabilities	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	₦ '000	₦ '000	₦ '000	₦ '000
	-	-	-	-
Nigeria:				
Lagos	168,277,785	99,264,612	100,754,341	39,325,933
North	-	-	-	-
West	-	-	-	-
East	-	-	-	-
Sub-total	168,277,785	99,264,612	100,754,341	39,325,933
Unallocated deferred tax	10,103,855	2,967,532	11,475,269	5,150,119
Total as consolidated	178,381,640	102,232,144	112,229,610	44,476,052

Company	Total Segment Assets		Total Segment Liabilities	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	N '000	N '000	N '000	N '000
	-	-	-	-
Nigeria:				
Lagos	175,593,979	106,671,333	95,709,749	35,516,958
North	-	-	-	-
West	-	-	-	-
East	-	-	-	-
Sub-total	175,593,979	106,671,333	95,709,749	35,516,958
Unallocated deferred tax	342,069	-	5,641,549	4,768,318
Total as consolidated	175,936,048	106,671,333	101,351,298	40,285,276

Information about customers

There is a single customer who buys industrial non- fortified sugar that represents more than 10% of total sales during the year. The customer is Nigeran Bottling company PLC with total invoice value of N25,622,133,241 operating from Lagos.

Large Corporate/Industrial Users

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

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.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group		Company	
	2016 # '000	2015 restated # '000	2016 # '000	2015 # '000
6. Cost of sales				
Sale of goods				
Manufacturing - Raw materials consumed	126,495,000	64,331,487	124,665,981	63,716,356
Manufacturing - Employee costs	3,252,803	2,850,038	2,200,958	1,773,335
Direct overheads	9,778,450	6,785,765	9,177,283	6,304,953
Manufacturing - Depreciation and impairments	4,049,105	3,539,980	2,740,567	2,438,986
Fleet expenses	2,726,241	2,601,800	2,725,018	2,595,139
Other overheads	434,756	473,902	415,080	428,305
	146,736,355	80,582,972	141,924,887	77,257,074
7. Administrative expenses				
Management and royalty fees	938,237	1,244,507	938,237	1,244,507
Assessment rates & municipal charges	17,350	7,904	16,827	6,522
Auditors remuneration	52,920	44,100	42,000	35,000
Bad debts	15,511	-	-	-
Bank charges	249,289	126,189	246,577	122,327
Cleaning	60,997	49,828	60,973	49,680
Consulting and professional fees	155,660	205,666	145,429	138,235
Consumables	28,954	25,279	23,734	17,635
Depreciation, amortisation and impairments	705,430	582,559	502,325	407,291
Donations	65,147	4,926	64,147	4,926
Employee costs	1,987,619	1,748,117	1,446,554	1,317,980
Entertainment	24,168	27,754	22,466	26,334
IT expenses	3,393	3,838	1,307	316
Insurance	131,152	58,690	64,776	25,136
Rental - office/residential accomodation	98,170	73,676	97,922	72,456
Magazines, books and periodicals	85,364	60,251	73,534	46,285
Utilities	18,247	14,182	17,550	14,130
Petrol and oil	39,083	51,337	47,691	32,346
Printing and stationery	110	100	110	70
Loss on exchange differences	44,170	9,062	44,170	7,472
Profit and loss on sale of assets	40,374	78,943	40,374	78,943
Repairs and maintenance	112,153	130,967	72,355	105,471
Secretarial fees	48,202	59,606	48,502	59,606
Security	137,903	153,140	94,376	107,114
Software expenses	7,224	18,849	-	-
Staff welfare	32,792	44,709	22,257	24,374
Subscriptions	41,705	13,556	40,118	9,691
Telephone and fax	100,607	74,258	69,904	28,360
Training	15,044	14,054	13,736	10,106
Travel - local	50,609	97,019	20,995	57,385
Travel - overseas	349,294	295,398	337,200	265,823
	5,656,878	5,318,464	4,616,146	4,315,521
Selling and distribution expenses				
Selling and marketing expenses	909,196	402,915	899,530	338,507
Carriage expenses	363,328	487,763	360,416	479,365
	1,272,524	890,678	1,259,946	817,872

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group		Company	
	2016	2015 restated	2016	2015
	₦ '000	₦ '000	₦ '000	₦ '000

8. Investment income

Interest income

Interest income on bank deposits	601,473	11,875	601,473	11,875
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Interest is earned on bank deposits at an average rate of 11.45 % p.a. on short term (30days) bank deposits.

9. Fair value adjustments

Biological assets - (Fair value model)	2,504,787	1,210,093	-	-
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In line with IAS 41, the Group values its consumable biological assets(sugar cane) at fair value less cost to sell with fair value adjustment reported in the statement of profit or loss.

10. Finance costs

	Group		Company	
	2016	2015 restated	2016	2015
	₦ '000	₦ '000	₦ '000	₦ '000
Group companies	76,918	406,116	76,918	406,116
Loan interests	222,102	258,770	35,657	245,661
	299,020	664,886	112,575	651,777

The finance cost to Group companies relate to interest paid on loan from Dangote Industries Limited totalling N 2.5 billion while loan interests include interest on loans from banks.

	Group		Company	
	2016	2015 restated	2016	2015
	₦ '000	₦ '000	₦ '000	₦ '000

11. Other income

Discount received	-	43	-	43
Insurance claim income	48,755	-	23,759	-
Gratuity provisions no longer required	-	370,103	-	370,103
Provision no longer required	505,002	621,059	492,082	373,016
Electricity to sister companies	-	240,109	-	240,109
Rental income	118,104	67,500	88,930	67,500
Equipment hire to third parties	17,885	-	-	-
Miscellaneous income	58,269	33,922	57,673	32,332
	748,015	1,332,736	662,444	1,083,103

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group		Company	
	2016 ₦ '000	2015 restated ₦ '000	2016 ₦ '000	2015 ₦ '000
12. Taxation				
12.1 Major components of the tax expense				
Current				
Income tax based on profit for the year	5,545,871	4,545,466	5,545,871	4,538,619
Education tax expense	483,798	407,677	483,798	407,677
	6,029,669	4,953,143	6,029,669	4,946,296
Deferred				
Deferred tax (income)/expense	(811,173)	60,094	531,162	538,804
	5,218,496	5,013,237	6,560,831	5,485,100

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

12.2 Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	19,614,434	16,155,609	20,759,524	18,144,955
Tax at the applicable tax rate of 30% (2015: 30%)	5,884,330	4,846,683	6,227,857	5,443,487
Tax effect of adjustments on taxable income				
Effect of Investment allowance, not recognised in accounting	(164,087)	-	(164,087)	12,285
Effect of expenses which are not deductible in determining profits	-	12,572	-	-
Effect of concessions (research and development and other allowances)	-	(32,232)	-	(32,232)
Effect of minimum tax adjustment	-	6,847	-	-
Education tax at 2% of assessable profits	483,798	409,262	483,798	409,262
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	117,807	-	-
Deferred Education tax	(4,405)	-	(4,095)	-
Fines and penalties	8,343	-	8,308	-
Donations	2,819	-	2,519	-
Capital expenses and and repayment	204	-	-	-
Other tax expense	157	-	-	-
Fair value gain on biological assets and agricultural product	(751,436)	-	-	-
Adjustment for prior years FA additions on which capital allowances now taken	(1,467,137)	-	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	1,225,910	(347,702)	6,531	(347,702)
Income tax expense recognised in profit or loss	5,218,496	5,013,237	6,560,831	5,485,100

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group			Company		
	2016	2015 restated	Opening 2015 restated	2016	2015	Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000

12.3 Current tax in the statement of financial position

At 1 January	(5,542,475)	(5,936,184)	(4,756,599)	(5,510,374)	(5,910,930)	(4,737,925)
Charge for the year	(6,029,669)	(4,953,143)	(5,701,133)	(6,029,669)	(4,946,296)	(5,694,553)
Payment made during the year	4,972,091	5,346,852	4,521,548	4,972,091	5,346,852	4,521,548
	(6,600,053)	(5,542,475)	(5,936,184)	(6,567,952)	(5,510,374)	(5,910,930)

13. Deferred tax

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

Deferred tax asset	10,103,855	2,967,532	2,488,822	342,069	-	-
Deferred tax liability	(11,475,269)	(5,150,119)	(4,611,315)	(5,641,549)	(4,768,318)	(4,229,514)

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Deferred tax reconciliation

Group as at December 31, 2016

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

Group as at December 31, 2015

Deferred tax (liabilities)/assets in relation to:	Opening balance	Movements recognised	Recognised directly in equity	Closing balance
	₹ '000	₹ '000	₹ '000	₹ '000
Property, plant and equipment @ 30%	(5,392,197)	(69,561)	-	(5,461,758)
Property, plant and equipment @ 10%	(503,971)	-	-	(503,971)
Exchange difference	754,522	2,719	-	757,241
Provisions	576,869	(572,252)	-	4,617
Unrelieved losses @ 30%	2,442,284	579,000	-	3,021,284
	(2,122,493)	(60,094)	-	(2,182,587)

Management has decided to recognize deferred tax asset attributable to SSCL based on expectation of future recoverability.

Company as at December 31, 2016

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

Company as at December 31, 2015

Deferred tax (liabilities)/assets in relation to:	Opening balance	Movements recognised	Recognised directly in equity	Closing balance
	₹ '000	₹ '000	₹ '000	₹ '000
Property, plant and equipment @ 30%	(4,555,977)	(373,565)	-	(4,929,542)
Property, plant and equipment @ 10%	(122,170)	-	-	(122,170)
Exchange difference	17,752	2,242	-	19,994
Provisions	430,881	(167,481)	-	263,400
	(4,229,514)	(538,804)	-	(4,768,318)

14. Operating profit

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

	Group		Company	
	2016	2015	2016	2015
	₹ '000	₹ '000	₹ '000	₹ '000
Loss on sale of property, plant and equipment	(40,374)	(78,943)	(40,374)	(78,943)
Auditors' remuneration	52,920	44,100	42,000	35,000
Amortisation on intangible assets	123,818	127,314	93,751	97,248
Depreciation on property, plant and equipment	4,659,996	3,995,224	3,149,141	2,749,029
Gratuity provision no longer required	-	370,103	-	370,103
Amount expensed in respect of retirement benefit plans	-	224,341	-	169,772

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

15. Earnings per share

Basic earnings per share

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

		Group		Company	
		2016	2015 restated	2016	2015
Weighted average number of ordinary shares	'000	12,000,000	12,000,000	12,000,000	12,000,000
Profit for the year	N'000	14,386,076	11,218,243	14,198,693	12,659,855
Basic earnings per share					
From continuing operations (Kobo per share)		120	93	118	105

Basic earnings per share was based on earnings of N14,386,076,000 (2015: N 11,218,243,000) and a weighted average number of ordinary shares of 12,000,000,000 (2015: 12,000,000,000).

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Diluted earnings per share

From continuing operations (Kobo per share)		120	93	118	105
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Cont'd

16. Property, plant and equipment

Group

	Bearer plant	Land and Buildings	Plant and Machinery	Furniture and Fixtures	Motor Vehicle	Computer Equipment	Aircraft	Tools & Equipment	Work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost										
Balance at January 1, 2015	1,122,679	17,242,386	21,569,955	239,575	9,930,826	152,689	899,828	2,476,359	14,468,197	68,102,494
Addition	290,111	44,470	1,570,580	14,412	4,166,443	9,823	-	546,907	1,924,140	8,566,886
Disposal	-	-	-	-	(1,929,267)	-	-	-	(54,780)	(1,984,047)
Reclassification	-	-	171,735	10,962	2,517,647	575	-	3,940	(2,704,859)	-
Balance at December 31, 2015	1,412,790	17,286,856	23,312,270	264,949	14,685,649	163,087	899,828	3,027,206	13,632,698	74,685,333
Addition	974,361	147,181	2,366,806	20,624	98,425	16,226	-	863,036	398,872	4,885,531
Disposal	-	-	-	-	(641,369)	-	-	-	(82,171)	(723,540)
Transfer	-	-	-	-	13,235	-	-	-	(13,235)	-
Reclassification	-	1,065,217	2,723,607	-	-	-	-	90,000	(4,681,839)	(803,015)
Balance at December 31, 2016	2,387,151	18,499,254	28,402,683	285,573	14,155,940	179,313	899,828	3,980,242	9,254,325	78,044,309
Accumulated depreciation										
Balance at January 1, 2015	-	1,582,102	7,237,967	89,711	5,856,310	32,982	38,951	1,669,072	-	16,507,095
Charge for the year	253,547	233,181	820,579	15,551	1,366,535	46,224	35,993	1,223,614	-	3,995,924
Disposal	-	-	-	-	(1,796,677)	-	-	-	-	(1,796,677)
Adjustment	-	-	-	-	20,647	-	-	-	-	20,647
Balance at December 31, 2015	253,547	1,815,283	8,058,546	105,262	5,446,815	79,206	74,944	2,892,686	-	18,726,289
Charge for the year	400,215	257,551	1,728,517	41,656	1,833,877	48,852	35,994	313,334	-	4,659,996
Disposal	-	-	-	-	(277,021)	-	-	-	-	(277,021)
Adjustment	-	-	-	-	132,441	-	-	-	-	132,441
Balance at December 31, 2016	653,762	2,072,834	9,787,063	146,918	7,136,112	128,058	110,938	3,206,020	-	23,241,705
Carrying amount										
Balance as at December 31, 2016	1,733,389	16,426,420	18,615,620	138,655	7,019,828	51,255	788,890	774,222	9,254,325	54,802,604
Balance as at December 31, 2015	1,159,243	15,471,573	15,253,724	159,687	9,238,834	83,881	824,884	134,520	13,632,698	55,959,044
Balance as at January 1, 2015	1,122,679	15,660,284	14,331,988	149,864	4,074,516	119,707	860,877	807,287	14,468,197	51,595,399

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Cont'd

16. Property, plant and equipment (Cont'd)

Company	Land and Buildings	Plant and Machinery	Furniture and Fixtures	Motor Vehicles	Computer Equipment	Aircraft	Tools & Equipment	Work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost									
Balance at January 1, 2015	8,349,142	15,652,914	74,575	7,892,889	121,684	899,828	462,484	7,905,150	41,358,666
Addition	27,370	660,451	12,108	1,797,178	6,764	-	231,612	924,911	3,660,394
Disposal	-	-	-	(1,929,267)	-	-	-	(54,780)	(1,984,047)
Reclassification	-	171,041	10,815	19,487	581	-	3,938	(205,862)	-
Balance at December 31, 2015	8,376,512	16,484,406	97,498	7,780,287	129,029	899,828	698,034	8,569,419	43,035,013
Addition	142,914	1,900,172	10,815	61,584	13,746	-	742,039	229,994	3,101,264
Disposal	-	-	-	(625,858)	-	-	-	(82,171)	(708,029)
Reclassification	1,065,217	2,793,608	-	-	-	-	90,000	(3,878,825)	-
Balance at December 31, 2016	9,584,643	21,108,186	108,313	7,216,013	142,775	899,828	1,530,073	4,838,417	45,428,248
Accumulated depreciation									
Balance at January 1, 2015	891,704	6,244,839	41,516	4,573,268	27,372	38,951	194,299	-	12,011,949
Charge for the year	118,457	1,050,181	14,190	1,372,368	35,313	35,994	122,528	-	2,749,031
Disposal	-	-	-	(1,796,677)	-	-	-	-	(1,796,677)
Balance at December 31, 2015	1,010,161	7,295,020	55,706	4,148,959	62,685	74,945	316,827	-	12,964,303
Charge for the year	139,136	1,216,959	14,042	1,477,126	37,695	35,993	228,190	-	3,149,141
Disposal	-	-	-	(277,021)	-	-	-	-	(277,021)
Balance at December 31, 2016	1,149,297	8,511,979	69,748	5,349,064	100,380	110,938	545,017	-	15,836,493
Carry ing amount									
Balance as at December 31, 2016	8,435,346	12,596,207	38,565	1,866,949	42,395	788,890	985,056	4,838,417	29,591,825
Balance as at December 31, 2015	7,366,351	9,189,386	41,792	3,631,328	66,344	824,883	381,207	8,569,419	30,070,710
Balance as at January 1, 2015	7,457,438	9,408,075	33,059	3,319,621	94,312	860,877	268,185	7,905,150	29,346,717

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

16. Property, plant and equipment (Cont'd)

Impairment losses recognised in the year

There were no impairment loss on property, plant and equipment during the year 2016 (2015 Nil) .

Contractual commitments

At December 31, 2016 the Company had no contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

Adjustment

The adjustment of N132.4 Million represents depreciation charge on motor vehicles used in certain project which was capitalised as part of capital work in progress during the year (2015 ₦20.6 million).

17. Intangible assets

Computer software

	Group 2016	Group 2015	Group Opening 2015	Company 2016	Company 2015	Company Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cost						
At 1 January	379,590	379,590	301,711	289,390	289,390	256,912
Additions	-	-	77,879	-	-	32,478
At 31 December	379,590	379,590	379,590	289,390	289,390	289,390
Accumulated depreciation						
At 1 January	243,019	115,705	-	182,886	85,638	-
Charge for the year	123,818	127,314	115,705	93,751	97,248	85,638
At 31 December	366,837	243,019	115,705	276,637	182,886	85,638
Carrying amount at end of the year	12,753	136,571	263,885	12,753	106,504	203,752

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group			Company		
	2016	2015 restated	Opening 2015 restated	2016	2015 restated	Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000

18. Biological assets

Cost

Carrying value at the beginning of the year	1,885,779	675,686	675,686	-	-	-
(Usage)/addition	(1,382,289)	-	-	-	-	-
Fair value adjustments	2,504,787	1,210,093	-	-	-	-
Carrying value at the year end	3,008,277	1,885,779	675,686	-	-	-

Standing canes	3,008,277	1,885,779	675,686	-	-	-
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Reconciliation of changes in biological assets

Carrying value as at 1 January	1,885,779	675,686	675,686	-	-	-
Changes in fair value	2,504,787	1,210,093	-	-	-	-
Increase arising from purchases	595,002	597,175	-	-	-	-
Decreases arising from sales and biological assets classified as held for sale	(1,977,291)	(597,175)	-	-	-	-
	3,008,277	1,885,779	675,686	-	-	-

	2016 Group	2015 Group	014 Group
Area under cane as at 31st December (hectares)	5,832	5,788	5,511
Quantity of standing cane harvested (tonnes)	286,095	124,723	225,000
Expected life of cane roots as at 31st December (years)	5	5	5
Estimated growing cane average yield (tons per hectare)	70	65	35
Inflation rates used (%)	14.95	9.55	8

Description of biological assets and activities

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

Basis for measurement of fair value

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

Nature and carrying amounts of biological assets whose title is restricted

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

Biological assets pledged as security for liabilities

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

Commitments for the development or acquisition of biological assets

Although management intends to continually develop more biological assets through the expansion of its agricultural activities, management has however not made any commitment for the development or acquisition of biological assets as at the reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group			Company		
	2016	2015 restated	Opening 2015 restated	2016	2015	Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000

18. Biological assets (Cont'd)

Net biological assets

Current assets	3,008,277	1,885,779	675,686	-	-	-
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19. Other asset

Prepaid rent	199,143	281,948	282,908	199,143	281,948	282,908
Prepaid insurance	27,136	6,948	-	26,442	1,489	-
Advance payment to vendors	665,759	731,756	1,222,911	-	-	1,033,574
Other financial assets (19.1)	8,409,240	-	-	8,409,240	-	-
Prepaid lease	124,945	151,280	92,833	124,945	97,053	92,833
Others	53	2,229	-	53	2,229	-
	9,426,276	1,174,161	1,598,652	8,759,823	382,719	1,409,315

Current portion	9,426,223	1,171,932	1,409,315	8,759,770	380,490	1,409,315
Non-current portion	53	2,229	189,337	53	2,229	-
	9,426,276	1,174,161	1,598,652	8,759,823	382,719	1,409,315

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

20. Assets held for sale

Held for sale investment	864,647	864,647	864,647	864,647	864,647	864,647
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Amount represents investment made by the company in 2008 in Algeria for the intended purpose of expansion of the Company's activities through an Algerian Company SPA Dangote Algeria. 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. The balance has been disclosed as a Held for Sale Investment in subsidiary in 2016 (2015: Held for sale) as management has obtained ownership to the land and is committed to selling the land within the next 12 months.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

21. Investment in subsidiary

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

Company

Name of company	Held by	Carrying amount 2016 ₦'000	Carrying amount 2015 ₦'000	Carrying amount Opening 2015 ₦'000
Savannah Sugar Company Limited	Dangote Sugar Refinery Limited	3,214,923	3,214,923	3,214,923
		3,214,923	3,214,923	3,214,923

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

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

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

22. Inventories

	Group			Company		
	2016 ₦'000	2015 restated ₦'000	Opening 2015 restated ₦'000	2016 ₦'000	2015 ₦'000	Opening 2015 ₦'000
Raw materials	26,324,058	7,064,637	3,332,462	26,100,094	7,065,062	3,026,374
Work in progress	672,216	220,892	76,711	661,743	220,892	76,711
Finished goods	13,410,994	3,323,059	8,167,677	13,010,720	3,313,653	8,158,937
Production supplies	6,428,013	4,643,812	3,853,977	5,009,326	2,901,762	2,359,058
Chemicals and consumables	1,189,832	935,446	387,396	681,010	370,042	315,542
Packaging materials	221,067	197,310	117,805	186,082	163,977	111,145
	48,246,180	16,385,156	15,936,028	45,648,975	14,035,388	14,047,767
Inventories (write-downs)	(837,138)	(837,138)	(837,138)	-	-	-
	47,409,042	15,548,018	15,098,890	45,648,975	14,035,388	14,047,767

22.1 Inventory pledged as security

No inventory was pledged as security for any liability.

22.2 The cost of inventory recognised in profit or loss during the year is; Group N 126,495,000 (2015: N 64,823,570) and Company N 124,665,981 (2015: N 64,208,439).

22.3 There was no write down of inventories in the company and neither was there any reversal of previously write down during the period (2015: Nil)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

23. Trade and other receivables

	Group			Company		
	2016 N '000	2015 N '000	Opening 2015 N '000	2016 N '000	2015 N '000	Opening 2015 N '000
Trade receivables	8,711,389	7,026,216	7,522,279	8,700,614	7,017,729	7,522,278
Trade receivables (impairments)	(270,656)	(682,087)	(682,087)	(253,434)	(682,087)	(682,087)
	8,440,733	6,344,129	6,840,190	8,447,180	6,335,642	6,840,191
Staff loans and advances	283,994	274,542	298,873	266,740	247,019	211,624
VAT	1,135,096	1,283,977	1,032,679	1,135,096	1,283,977	1,032,273
Insurance claims receivable	448,760	448,760	666,911	448,760	448,760	666,911
Negotiable duty credit certificate (Note 23.1)	805,683	805,683	805,683	805,683	805,683	805,683
Other receivables	294,349	1,550,569	1,436,725	189,964	1,432,002	1,306,787
Allowance for impaired other receivables	(198,662)	(198,662)	(276,412)	(80,095)	(80,095)	(80,095)
Amounts due from related parties (Note 35)	6,523,934	4,194,507	3,208,193	43,415,583	38,591,161	31,300,346
	9,293,154	8,359,376	7,172,652	46,181,731	42,728,507	35,243,529
	17,733,887	14,703,505	14,012,842	54,628,911	49,064,149	42,083,720

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 Group, the customer may be allowed to migrate to credit purchases after the presentation of an acceptable bank guarantee which must be valid for one year.

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

23.1 Negotiable duty credit certificate

The Company has received certificates for N805.7 million termed as Negotiable Duty Credit Certificate (NDCC).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

The NDCC is an instrument of the government for settling of the EEG receivable. The NDCC is used for the payment of Import and Excise duties in lieu of cash. For more than one year, the Company and other industry players have not been able to use the certificates in settlement of customs duties.

Though, a significant component of the NDDC and EEG receivable have been outstanding for more than one year no impairment charge has been recognised by the Company in the current year because they are regarded as sovereign debt since it is owed by the government. Moreover, Government has not communicated or indicated unwillingness to honour the obligations. On the contrary, government has earmarked up to N20billion in the 2017 budget to be used to settle outstanding grants and has also announced a resumption of the scheme in 2017. Thus, the outstanding balances are classified as current assets accordingly.

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

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

	Group			Company		
	2016 ₦ '000	2015 ₦ '000	Opening 2015 ₦ '000	2016 ₦ '000	2015 ₦ '000	opening 2015 ₦ '000
30-60 days	673,015	1,180,814	1,669,754	673,015	1,180,815	1,669,754
61-90 days	48,063	15,513	1,419,688	48,063	15,515	1,419,689
91-180 days	64,141	107,607	195,589	70,586	99,114	195,589
	785,219	1,303,934	3,285,031	791,664	1,295,444	3,285,032

Reconciliation of provision for impairment of trade and other receivables

Above 365 days	682,087	682,087	682,087	682,087	682,087	682,087
Allowance for credit losses						
Balance brought forward	682,087	682,087	1,715,835	682,087	682,087	647,151
Impairment losses recognised on receivables	85,017	-	-	67,795	-	46,479
Effect of acquisition under common control	-	-	-	-	-	-
Amount written off during the year as uncollectible	(496,448)	-	-	(496,448)	-	-
Additional provision made during the year	-	-	-	-	-	-
Amounts recovered during the year	-	-	(1,033,748)	-	-	(11,543)
	270,656	682,087	682,087	253,434	682,087	682,087

Concentration risk

About 32% of the trade receivables are due from a single customer. The Group 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

24 Cash and cash equivalents

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

	Group			Company		
	2016 # '000	2015 restated # '000	Opening 2015 restated # '000	2016 # '000	2015 # '000	Opening 2015 # '000
Cash on hand	14,625	13,095	13,091	14,475	13,095	13,091
Bank balances	10,605,674	8,979,792	6,189,387	8,457,647	8,919,198	6,103,872
Short-term deposits	24,400,000	-	-	24,400,000	-	-
	35,020,299	8,992,887	6,202,478	32,872,122	8,932,293	6,116,963
Current assets	35,020,299	8,992,887	6,202,478	32,872,122	8,932,293	6,116,963
Current liabilities	-	-	-	-	-	-
	35,020,299	8,992,887	6,202,478	32,872,122	8,932,293	6,116,963

25. Share capital and premium

Authorised

12,000,000,000 Ordinary Share at 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
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The balance in the share capital account is as follows:.

Issued

12,000,000,000 Ordinary shares at 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
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Share premium

Authorised: 12,000,000,000 ordinary shares of 50k each issued at 52.67k premium	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
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Share premium represents the excess of the shareholders' value over the nominal share capital at the point of the commencement of operations in January 2006.

26 Retained earnings

	Group			Company		
	2016 # '000	2015 # '000	Opening 2015 # '000	2016 # '000	2015 # '000	Opening 2015 # '000
At 1 January	45,706,317	39,288,074	34,838,649	54,065,533	46,205,678	41,496,988
Profit for the year	14,386,076	11,218,243	11,649,425	14,198,693	12,659,855	11,908,690
Payment of dividend	(6,000,000)	(4,800,000)	(7,200,000)	(6,000,000)	(4,800,000)	(7,200,000)
	54,092,393	45,706,317	39,288,074	62,264,226	54,065,533	46,205,678

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

	Group			Company		
	2016	2015 restated	Opening 2015 restated	2016	2015	Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
27. Non- controlling interest						
Non-controlling interest						
Balance brought forward	(270,749)	(194,878)	(181,232)	-	-	-
Share of loss for the year	9,862	(56,239)	(13,646)	-	-	-
Effect of balance restatement	-	(19,632)	-	-	-	-
Total	(260,887)	(270,749)	(194,878)	-	-	-
28. Borrowings						
Held at amortised cost						
Bank overdraft	36,393	-	-	-	-	-
Bank loan	2,000,000	-	385,052	-	-	-
Related party loan	-	2,500,000	2,000,000	-	2,500,000	2,000,000
	2,036,393	2,500,000	2,385,052	-	2,500,000	2,000,000
Current liabilities						
At amortised cost	2,036,393	2,500,000	2,385,052	-	2,500,000	2,000,000
Movement of borrowings						
Balance brought forward	2,500,000	2,385,052	921,146	2,500,000	2,000,000	-
Additions	2,036,393	8,386,205	2,000,000	-	8,386,205	2,000,000
Payments	(2,500,000)	(8,271,257)	(536,094)	(2,500,000)	(7,886,205)	-
	2,036,393	2,500,000	2,385,052	-	2,500,000	2,000,000

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

29. Retirement benefits

Defined benefit plan

The Group operated a defined benefit plans for all qualifying employees up till 30 September 2013 . Under the plan, the employees were entitled to retirement benefits which vary according to length of service. At the date of discontinuation, qualified staff as at this date are to be paid their retirement benefit at the point of exit hence the recognition as a current liability as it is payable on demand. The amounts stated in the financial statement as at 2013 are based on actuarial valuation carried out in 2013.

For the purpose of comparison the present value of the defined benefit obligation, and the related current service cost and past service cost stated in the books up till 30 September 2013 was measured using the Project Unit Credit Method.

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

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

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

- length of service rendered by each member of staff at the review date
- discounting of the expected benefit payments

Investment risk

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

Interest risk

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

Longevity risk

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

Salary risk

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

29. Retirement benefits (Cont'd)

Carrying value

	Group			Company		
	2016 ₦'000	2015 ₦'000	Opening 2015 ₦'000	2016 ₦'000	2015 ₦'000	Opening 2015 ₦'000
At 1 January	1,079,067	1,527,748	1,356,067	863,575	1,311,654	1,356,067
Current service charge	-	-	216,094	-	-	-
Finance cost	-	(370,103)	-	-	(370,103)	-
Actuarial losses - change in assumption	-	-	-	-	-	-
Actuarial losses - experience	-	-	-	-	-	-
Curtailements	-	-	-	-	-	-
Gains/Losses	-	-	-	-	-	-
Benefits paid from plan	(48,043)	(78,578)	(44,413)	(48,043)	(77,976)	(44,413)
	1,031,024	1,079,067	1,527,748	815,532	863,575	1,311,654

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

Defined contribution plan

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

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

The obligation of the Group and Company to the employees with respect to the retirement benefit plan is recognised as an expense in the statement of profit or loss and amounts are ₦76 million (2015: ₦224 million) and ₦76 million (2015: ₦169.8 million) for the Group and Company respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

30. Trade and other payables

	Group			Company		
	2016 ₦ '000	2015 ₦ '000	Opening 2015 ₦ '000	2016 ₦ '000	2015 ₦ '000	Opening 2015 ₦ '000
Trade payables	53,951,090	16,459,378	22,570,681	52,938,508	14,531,762	22,243,366
Amounts due to related parties (Note 35)	8,420,520	8,043,185	1,977,529	7,200,879	6,814,372	1,292,565
VAT	6,841	264	208,252	-	-	-
Accrual for raw materials	12,948,215	-	-	12,662,547	-	-
Accrued audit fees	52,132	64,757	-	42,000	35,000	-
Accruals and sundry creditors	6,314,227	1,752,634	101,183	6,314,195	1,512,295	(68,956)
Dividend payable	378,731	299,936	-	378,731	299,936	-
Deposits received	69,559	2,053	-	69,559	2,053	-
Other credit balances	6,137,082	1,469,302	369,340	5,915,024	1,335,690	142,285
	88,278,397	28,091,509	25,226,985	85,521,443	24,531,108	23,609,260

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

31. Other liabilities

Advance payment for goods	2,808,474	2,112,882	1,700,297	2,804,822	2,111,901	1,700,244
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32. Risk management

Capital risk management

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

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

The Group's risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio at December 31, 2016 is 50% (see below).

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

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and noncurrent borrowings' as shown in the as at december 31, 2016) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the as at december 31, 2016 plus net debt.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

32. Risk management (Cont'd)

The gearing ratio at 2016 and 2015 respectively were as follows:

	Group			Company		
	2016 ₦'000	2015 ₦'000	Opening 2015 ₦'000	2016 ₦'000	2015 ₦'000	Opening 2015 ₦'000
Total borrowings						
Borrowings (Note 28)	2,036,393	2,500,000	2,385,052	-	2,500,000	2,000,000
Less: Cash and cash equivalents (Note 24)	35,020,299	8,992,887	6,202,478	32,872,122	8,932,293	6,116,963
Net debt	(32,983,906)	(6,492,887)	(3,817,426)	(32,872,122)	(6,432,293)	(4,116,963)
Total equity	66,152,030	57,756,092	51,413,720	74,584,750	66,386,057	58,526,202
Gearing ratio	50 %	11 %	11 %	44 %	10 %	7 %

Financial risk management

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

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk management

The Company monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. To manage liquidity risk our allocation of letters of credit on raw sugar and spares/chemicals are spread over dedicated banks. Therefore, the establishment of these Letters of Credit which are commitments by the banks 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

32. Risk management (Cont'd)

Group

At December 31, 2016	Less than 1 year N '000	More than one year N '000	Total N '000
Borrowings	2,036,393	-	2,036,393
Trade and other payables	88,278,397	-	88,278,397

At December 31, 2015	Less than 1 year	More than one year	Total
Borrowings	2,500,000	-	2,500,000
Trade and other payables	28,091,509	-	28,091,509

Company

At December 31, 2016	Less than 1 year	Between 1 and 2 years	Total
Borrowings	-	-	-
Trade and other payables	85,521,443	-	85,521,443

At December 31, 2015	Less than 1 year	More than one year	Total
Borrowings	2,500,000	-	2,500,000
Trade and other payables	24,531,108	-	24,531,108

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

Interest rate risk management

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

Interest rate sensitivity

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

Credit risk

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

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

32. Risk management (Cont'd)

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

Concentration of risk

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

Deposits with banks and other financial institutions

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

Maximum exposure to credit risks

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

The maximum exposure to credit risk at the reporting date was:

Financial instrument	Group 2016 ₦ '000	Group 2015 ₦ '000	Group Opening 2015 ₦ '000	Company 2016 ₦ '000	Company 2015 ₦ '000	Company Opening 2015 ₦ '000
Trade receivables	8,440,733	6,344,131	6,840,190	8,447,180	6,335,642	6,840,191
Other receivables	2,769,220	4,164,867	3,964,459	2,766,148	4,137,346	3,943,183
Amount due from related party	6,523,934	4,194,507	3,208,193	43,415,583	38,591,161	31,300,346
	<u>17,733,887</u>	<u>14,703,505</u>	<u>14,012,842</u>	<u>54,628,911</u>	<u>49,064,149</u>	<u>42,083,720</u>

Foreign currency risk management

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

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

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

This represents advance payment by customers for finished goods

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

33. Financial assets by category

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

Group - 2016

	Loans and receivables # '000	Available-for- sale # '000	Total # '000
Trade and other receivables	17,733,887	-	17,733,887
Cash and cash equivalents	35,020,299	-	35,020,299
	52,754,186	-	52,754,186

Group - 2015

	Loans and receivables # '000	Available-for- sale # '000	Total # '000
Trade and other receivables	14,703,505	-	14,703,505
Cash and cash equivalents	8,992,887	-	8,992,887
	23,696,392	-	23,696,392

Group - Opening 2015

	Loans and receivables # '000	Available-for- sale # '000	Total # '000
Trade and other receivables	14,012,842	-	14,012,842
Cash and cash equivalents	6,202,478	-	6,202,478
	20,215,320	-	20,215,320

Company - 2016

	Loans and receivables # '000	Available-for- sale # '000	Total # '000
Trade and other receivables	54,628,911	-	54,628,911
Cash and cash equivalents	32,872,122	-	32,872,122
	87,501,033	-	87,501,033

Company - 2015

	Loans and receivables # '000	Available-for- sale # '000	Total # '000
Trade and other receivables	49,064,149	-	49,064,149
Cash and cash equivalents	8,932,293	-	8,932,293
	57,996,442	-	57,996,442

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

33. Financial assets by category (Cont'd)

Company - Opening 2015

	Loans and receivables ₦'000	Available-for-sale ₦'000	Total ₦'000
Trade and other receivables	42,083,720	-	42,083,720
Cash and cash equivalents	6,116,963	-	6,116,963
	48,200,683	-	48,200,683

34. Financial liabilities by category

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

Group - 2016

	Other financial liabilities ₦'000	Fair value through profit or loss - designated ₦'000	Total ₦'000
Borrowings	2,036,393	-	2,036,393
Trade and other payables	88,278,397	-	88,278,397
	90,314,790	-	90,314,790

Group - 2015

	Financial liabilities at amortised cost ₦'000	Fair value through profit or loss - designated ₦'000	Total ₦'000
Borrowings	2,500,000	-	2,500,000
Trade and other payables	28,091,509	-	28,091,509
	30,591,509	-	30,591,509

Group - Opening 2015

	Financial liabilities at amortised cost ₦'000	Fair value through profit or loss - designated ₦'000	Total ₦'000
Borrowings	2,385,052	-	2,385,052
Trade and other payables	25,226,985	-	25,226,985
	27,612,037	-	27,612,037

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

34. Financial liabilities by category (Cont'd)

Company - 2016

	Other financial liabilities	Fair value through profit or loss - designated	Total
	₦'000	₦'000	₦'000
Borrowings	-	-	-
Trade and other payables	85,521,443	-	85,521,443
	85,521,443	-	85,521,443

Company - 2015

	Other financial liabilities	Fair value through profit or loss - designated	Total
	₦'000	₦'000	₦'000
Borrowings	2,500,000	-	2,500,000
Trade and other payables	24,531,108	-	24,531,108
	27,031,108	-	27,031,108

Company - Opening 2015

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
	₦'000	₦'000	₦'000
Borrowings	2,000,000	-	2,000,000
Trade and other payables	23,609,260	-	23,609,260
	25,609,260	-	25,609,260

35. Related parties

Relationships	Nature of transactions
Dangote Transport Limited services prior to 2010	Fellow subsidiary company that provided haulage services prior to 2010
Dangote Textile industries Limited (LPFO)	Fellow subsidiary company that exchange inventory of Automotive gas oil (AGO) and Low pour fuel oil (LPFO)
Dansa Foods Limited	An entity controlled by the Directors of the Company that has trading relationship with the Company
NASCON Allied Industries PLC	Fellow subsidiary from which the Company purchases raw salt as input in the production process.
Dangote Nigeria Clearing Limited	Fellow subsidiary Company which is a registered custom broker that provides clearing services.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

Savannah Sugar Company Limited	Subsidiary-Exchange of spare parts
Dangote Industries Limited	Parent Company that provides management support and receives 2% of turnover as management fees.
Greenview Development Company Limited	Fellow subsidiary property rentals, concessionaries of Lands where factory and office building are located.
Dangote Cement PLC	Related Company - Supply of diesel and LPFO
Bluestar investments U.K.	Provision of agency and logistics services.
Dangote Flour Mills PLC	Related Company - supplies of power
Dangote Pasta Limited	Related Company -Supply of AGO and LPFO
Dangote Noodles Limited	Related Company - Supply of AGO and LPFO
Dangote Agrosacks Limited	Related Company - Supplies of empty bags for bagging finished sugar.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

35. Related parties (Cont'd)

	Group			Company		
	2016	2015 restated	Opening 2015 restated	2016	2015	Opening 2015
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000

Related party transactions

Sales of goods & services

Nascon Allied Industries Plc	1,207	-	1,754	1,207	-	-
Dangote Agrosacks Ltd Savannah Sugar Company Ltd	-	-	388	-	-	-
Dangote Nigeria Limited -clearing	-	-	-	-	-	-
Dancom Technologies	-	-	-	-	-	-
Dangote Foundation	14,559	2,401	115,608	14,559	2,401	-
Dangote Cement	630	-	18,874	630	-	-
Dangote Industries Limited	107,977	113,340	7	107,977	113,340	-
Greenview Dev. Coy. Ltd	-	-	31,807	-	-	-
Bluestar Investments	-	-	-	-	-	-
Dangote Flour	-	2,903	53,915	-	2,903	-
Bluestar Shipping	-	-	186,926	-	-	-
Dangote Port Operations	-	3	2	-	3	-
Dangote Noodles	15,795	-	22,950	15,795	-	-
Dansa Foods	315,960	9,048	193,466	315,960	9,048	-
	456,128	127,695	625,697	456,128	127,695	-

Purchases of goods & services

Nascon Allied Industries Plc	346,705	193,466	166,089	346,145	193,466	166,089
Dangote Agrosacks Ltd Savannah Sugar Company Ltd	2,055,632	2,100,379	2,226,838	2,017,254	2,062,674	2,188,622
Dangote Nigeria Limited -clearing	-	-	5,353,580	-	-	-
Dangote Nigeria Limited -clearing	85,887	-	-	85,887	-	-
Dancom Technologies	142,466	-	84,962	121,538	-	-
Dangote Foundation	-	-	-	-	-	-
Dangote Cement	1,044,396	3,420,692	92,715	1,008,126	3,420,692	-
Dangote Industries Limited	938,698	-	590,462	938,698	-	-
Greenview Dev. Coy. Ltd	2,115,731	-	-	2,115,731	-	-
Dil Strategic Supplies	665,431	-	-	665,431	-	-
Dangote Flour	537,238	-	-	537,238	-	-
Bluestar Shipping	400,507	-	-	400,507	-	-
Dansa	1,036	-	-	1,036	-	-
Kura Holdings	23,790	-	-	23,790	-	-
	8,357,517	5,714,537	8,514,646	8,261,381	5,676,832	2,354,711

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

35. Related parties (Cont'd)

	Group			Company		
	2016	2015	Opening	2016	2015	Opening
	₦ '000	restated ₦ '000	2015 restated ₦ '000	₦ '000	₦ '000	2015 ₦ '000
Related party balances						
Amount owed by related parties						
Dangote Textile Industries Limited	-	-	-	-	-	-
Dansa Foods Limited	302,743	11,038	11,038	302,743	11,038	11,038
Dangote Nigeria Clearing Limited	-	-	-	-	-	-
Dangote Flour Mills Plc	-	2,903	243,632	-	2,903	243,632
Savannah Sugar Company Plc	-	-	-	36,891,649	34,397,137	28,092,152
Dangote Flour Mills Plc	810,351	364,717	246,535	810,351	364,717	246,535
DIL Strategic Supplies	-	216,710	216,709	-	216,710	216,709
Dangote Pasta Limited	56,153	56,153	56,153	56,153	56,153	56,153
Dangote Industries Limited	-	113,340	801,242	-	113,340	643,320
Dangote Noodles Limited	27,595	13,351	16,157	27,595	13,351	16,157
Dangote Group Transport Maintenance	-	-	2	-	-	2
NASCON Allied Industries PLC	-	-	54,015	-	-	54,015
Dangote Nigeria Limited	-	22,194	59	-	22,194	59
Dancom Technologies	-	-	-	-	-	-
Dangote Cement Plc	881,621	632,065	-	881,621	632,065	-
Dangote Ports Operations	3	-	-	3	-	-
Dangote Foundation	-	2,401	-	-	2,401	-
Dangote Agro sacks Limited	-	-	576,224	-	-	576,224
Dangote Cement Plc	-	-	-	-	-	-
Dangote Fertilizers	1,229,573	1,229,573	979,984	1,229,573	1,229,573	1,137,907
Dangote Industries Limited	-	483	6,443	-	-	6,443
Dangote Global Service Limited	1,417,464	457,787	-	1,417,464	457,787	-
AG-Dangote	811,710	811,710	-	811,710	811,710	-
Greenview	981,764	257,046	-	981,764	257,046	-
MHF Properties	4,957	3,036	-	4,957	3,036	-
	6,523,934	4,194,507	3,208,193	43,415,583	38,591,161	31,300,346
Amount owed to related parties						
Dangote Cement Plc	7,091,828	6,939,920	1,342,785	5,958,119	5,806,211	657,821
Greenview Development Company Limited	403,543	-	134,345	403,543	-	134,345
Dangote Agrosacks Nigeria Limited	128,527	284,790	-	128,387	277,860	-
Bluestar Shipping	163,642	43,305	65,482	163,642	43,305	65,482
NASCON Allied Industries PLC	14,196	15,537	-	13,636	15,537	-
Dangote Flour Mills Plc	-	-	-	-	-	-
Dangote Foundation	393	2,903	-	393	2,903	-
Dancom Technologies	34,991	18,656	30,715	24,489	5,905	30,715
Dangote Group Transport Maintenance	-	-	-	-	-	-
DNL Clearing	5,145	29,235	28,932	5,145	28,542	28,932
MHF Property	1,922	-	1,922	1,922	-	1,922
Dangote Ports Operation	-	-	11	-	-	11
Dangote Intraplant	-	-	-	-	-	-
Bluestar Investments U.K	-	-	238,474	-	-	238,474
Obajana Transport	-	134,863	134,863	-	134,863	134,863
Dangote Noodles	-	1,551	-	-	1,551	-
Dangote Industries Limited	258,291	493,483	-	258,291	493,483	-
Kura Holdings	4,205	4,212	-	4,205	4,212	-
DIL Strategic Supplies	313,837	74,730	-	239,107	-	-
	8,420,520	8,043,185	1,977,529	7,200,879	6,814,372	1,292,565

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

35. Related parties (Cont'd)

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

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

Royalty payment shall be made in addition to Management Fees payable, from 1st January, 2015 at the rate of 0.5% of the total revenue.

The amount due from the holding company represents current account balances

Loans to and from related parties

On 5 June 2015, the Group received a loan of N2.5 billion from a related party- Dangote Industries Limited for Short term Working Capacity purpose over a period of 90days which is renewable at the prevailing market interest rate of 13.5%. The loan is repayable in full at the end of the tenor plus interest on maturity. The loan is not secured by assets.

Key Management personnel

List of Directors of DSR

• Alh. Aliko Dangote (GCON)	Chairman
• Engr. Abdullahi Sule	Acting Group Managing Director
• Alh. Sani Dangote	Board Member
• Mr. Olakunle Alake	Board Member
• Mr. Uzoma Nwankwo	Board Member
• Ms. Benedikter Molokwu	Board Member
• Dr. Konyinsola Ajayi (SAN)	Board Member
• Alh. Abdu Dantata	Board Member
• Ms. Maryam Bashir	Board Member

List of key management staff

• Engr. Abdullahi Sule	Acting Group Managing Director
• Engr. Maryoud El-Sunni	ED - Engineering & Operations
• Engr. Braimah Ogunwale	General Manager, Refinery
• Mr. Idowu Adenopo	Chief Internal Auditor
• Mr. Murtala Zubair	Head HR/Admin.
• Mr. Ade Lawal	Head Risk Management
• Mr. Etim A. Basse	Acting Chief Financial Officer
• Alh. Abdulsalam Waya	Head sales, North
• Mr. Nseobot Ekpe	Head sales, East
• Mr. Ahmad T. Mohammad	Head sales, Lagos & West

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

35. Related parties (Cont'd)

Compensation to directors and other key management

Short-term employee benefits	145,582	77,310	137,257	77,310
Post-employment benefits - Pension - Defined contribution plan	-	-	-	-
Long-term benefits - incentive scheme	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	-	-	-	-
	145,582	77,310	137,257	77,310

36. Employee costs

The following items are included within employee benefits expense:

Direct employee costs

Basic	1,688,224	1,132,608	1,197,456	534,854
Bonus	26,080	79,170	-	59,226
Medical claims	25,616	20,373	-	-
Leave allowance	97,265	94,604	70,302	71,394
Short term benefit	1,262,492	1,331,673	830,084	996,963
Other short term costs	10,589	4,020	6,350	-
Post-employment benefits - Pension - Defined contribution plan	142,537	149,801	96,766	110,898
Termination benefits	-	37,789	-	-
	3,252,803	2,850,038	2,200,958	1,773,335

Indirect employee costs

Basic	1,065,571	1,129,581	725,630	867,639
Bonus	209,378	33,302	200,571	25,326
Medical claims and allowance	19,848	21,252	14,960	17,231
NSITF and ITF levies	98,953	16,161	72,099	5,567
Short term benefit	423,636	375,326	304,456	270,995
Other short term costs	113,462	108,055	88,533	86,096
Post-employment benefits - Pension - Defined contribution plan	56,718	56,064	40,305	40,960
Termination benefits	53	8,376	-	4,166
	1,987,619	1,748,117	1,446,554	1,317,980

Total employee costs

Direct employee costs	3,252,803	2,850,038	2,200,958	1,773,335
Indirect employee costs	1,987,619	1,748,117	1,446,554	1,317,980
	5,240,422	4,598,155	3,647,512	3,091,315

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

Average number of persons employed during the year was:

Average number of persons employed during the year:

	Group		Company	
	2016 Number	2015 Number	2016 Number	2015 Number
Management	72	55	62	54
Senior staff	356	225	229	219
Junior staff	991	442	393	384
	1,419	722	684	657

37. Directors' emoluments

Directors' emoluments comprise:

Fees	16,500	16,500	16,500	16,500
Salaries	60,000	123,613	60,000	123,613
Others	120,757	59,813	120,757	59,813
	197,257	199,926	197,257	199,926

Emoluments of the highest and only paid Director were	60,000	100,335	60,000	100,335
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The number of Directors excluding the Chairman with gross emoluments within the bands stated below were:

₦'000	Number	Number	Number	Number
0- 19,000	7	7	7	7
20,000- 25,000	-	-	-	-
26,000 - 31,000	-	-	-	-
32,000 and above	1	2	1	2
	8	9	8	9

38. Effect of prior year restatements

The impact of adopting amendment to IAS 41 is shown in the reconciliation below:

Effect on Statement of profit or loss and other comprehensive income	For the year ended December 31, 2015		
	Previously reported ₦'000	Effects of restatement ₦'000	Restated amount ₦'000
Revenue	101,057,905	-	101,057,905
Cost of sales (ii)	(80,329,425)	(253,547)	(80,582,972)
Gross profit/(loss)	20,728,480	(253,547)	20,474,933
Other gains and losses			
Fair value change-biological assets (iii)	1,349,236	(139,143)	1,210,093

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

38. Effect of prior year restatements (Cont'd)

Effect on statement of financial position	January 1, 2015			December 31, 2015		
	Previously reported ₦'000	Effect of restatement ₦'000	Restatement amount ₦'000	Previously reported ₦'000	Effect of restatement ₦'000	Restatement amount ₦'000
Non-current asset						
Property, plant and equipment	50,472,720	1,122,679	51,595,399	54,799,801	1,159,243	55,959,044
Biological assets	1,122,679	(1,122,679)	-	1,551,931	(1,551,931)	-
Adjustment into retained earnings						
Retained earnings (iv)	39,288,074	-	39,288,074	46,079,375	(373,058)	45,706,317

i. Deemed cost of Bearer plants at transition date

In line with the amendments to IAS 16 and IAS 41 which states that for annual periods beginning on or after 1 January 2016, bearer plants should be retrospectively accounted for under IAS 16, the Company has treated its Bearer plant in this regard. The Company has also elected to adopt the transitional guideline which allows the application of the fair value of bearer plants as their deemed cost at the beginning of the earliest period presented- 1 January 2015. The fair value of Bearer plant as at this date, which was N1.12 billion was taken as the deemed cost.

ii. Depreciation charge on Bearer plants.

Depreciation has been charged on deemed cost of Bearer plants from the transition date. This includes depreciation charged on subsequent additions to Bearer plants as well.

iii. Change in fair value of biological assets

The restated fair value changes in 2015 have been restated to reflect the exclusion of fair value adjustment attributable to Bearer plants.

iv. Retained earnings

The following adjustments were made to retained earnings:

	December 31, 2015 ₦'000	January 1, 2015 ₦'000
Previously reported retained earnings	46,079,375	39,288,074
Effect of restated balance on NCI	19,630	-
Depreciation charge on bearer plants	(253,548)	-
Elimination of fair value gain initially recognised on bearer plants	(139,140)	-
Restated retained earnings	45,706,317	39,288,074

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS Cont'd

39. Events after the reporting period

There were no events after the reporting period that could have had a material effect on the financial statements of the Company as at 31 December 2016 that have not been taken into account in these financial statements.

Proposed dividends

At the board meeting held on Thursday, March 16, 2017, the Board recommended a dividend of 60K per ordinary share to be paid to shareholders for the year ended December 31, 2016.

This is subject to approval at the Annual General Meeting of the Group.

40. Capital Commitment

As at December 31, 2016, there were capital commitments in respect of the Lagos factory expansion which amounted to N357 million (2015: 603 million)

41. Contingent assets and contingent liabilities

There were no contingent assets and liabilities as at December 31, 2016 (2015: Nil)

42. Approval of financial statements

The Board approved the financial statements during its meeting of March 16, 2017.

OTHER NATIONAL DISCLOSURES

Value Added Statement

	2016 ₦ '000	2016 %	2015 ₦ '000	2015 %
Group				
Value Added				
Value added				
Revenue	169,724,936		101,057,905	
Bought - in materials and services	(143,641,521)		(78,071,421)	
Profit/ Gain/ Loss/ Fair Value adjustments	2,504,787		1,210,093	
Other income	1,349,488		1,344,611	
	29,937,690	100	25,541,188	100
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	5,240,422		4,598,155	
	5,240,422	18	4,598,155	18
To Pay Providers of Capital				
Finance costs	299,020		664,886	
	299,020	1	664,886	3
To Pay Government				
Income tax	6,029,669		4,953,143	
	6,029,669	20	4,953,143	19
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	4,783,814		4,122,538	
Deferred tax	(811,173)		60,094	
	3,972,641	13	4,182,632	16
Value retained				
Retained profit	14,386,076		11,218,243	
Non-controlling interest	9,862		(75,871)	
	14,395,938	48	11,142,372	44
Total Value Distributed	29,937,690	100	25,541,188	100

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

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

OTHER NATIONAL DISCLOSURES Cont'd

Value Added Statement

	2016 ₦'000	2016 %	2015 ₦'000	2015 %
Company				
Value Added				
Value added				
Revenue	167,409,161		100,092,221	
Bought - in materials and services	(140,910,575)		(76,452,873)	
Other income	1,263,917		1,094,978	
	27,762,503	100	24,734,326	100
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	3,647,512		3,091,315	
	3,647,512	13	3,091,315	12
To Pay Providers of Capital				
Finance costs	112,575		651,777	
	112,575	-	651,777	3
To Pay Government				
Income tax	6,029,669		4,946,296	
	6,029,669	22	4,946,296	20
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	3,242,892		2,846,279	
Deferred tax	531,162		538,804	
	3,774,054	14	3,385,083	14
Value retained				
Retained profit	14,198,693		12,659,855	
	14,198,693	51	12,659,855	51
Total Value Distributed	27,762,503	100	24,734,326	100

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

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

OTHER NATIONAL DISCLOSURES Cont'd

Five Year Financial Summary

	2016	2015	2014	2013	2012
	₦ '000	Restated ₦ '000	₦ '000	₦ '000	₦ '000
Group					
as at December 31, 2016					
Assets					
Non-current assets	64,919,265	59,065,376	54,537,443	43,301,393	-
Current assets	112,597,728	42,302,121	37,399,211	40,458,839	-
Assets of disposal groups held for sale	864,647	864,647	864,647	-	-
Total assets	178,381,640	102,232,144	92,801,301	83,760,232	-
Liabilities					
Non-current liabilities	11,475,269	5,150,119	4,611,315	4,261,441	-
Current liabilities	100,754,341	39,325,933	36,776,266	32,520,850	-
Total liabilities	112,229,610	44,476,052	41,387,581	36,782,291	-
Equity					
Share capital and premium	12,320,524	12,320,524	12,320,524	12,320,524	-
Retained income	54,092,393	45,706,317	39,288,074	34,838,649	-
Non-controlling interest	(260,887)	(270,749)	(194,878)	(181,232)	-
Total equity	66,152,030	57,756,092	51,413,720	46,977,941	-
Total equity and liabilities	178,381,640	102,232,144	92,801,301	83,760,232	-
Profit and loss account					
Revenue	169,724,936	101,057,905	94,855,203	103,153,735	-
Profit before taxation	19,614,434	16,155,609	15,273,152	16,265,159	-
Profit for the year	14,395,938	11,142,372	11,635,779	10,845,932	-
Per share data (Kobo)					
Earnings per share (Basic)	120	93	97	90	-
Earnings per share (Diluted)	120	93	97	90	-
Net assets per share	551	481	428	391	-

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

OTHER NATIONAL DISCLOSURES Cont'd

Five Year Financial Summary

	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000
Company					
as at December 31, 2016					
Assets					
Non-current assets	33,161,623	33,394,366	32,765,392	29,831,565	18,770,861
Current assets	141,909,778	72,412,320	63,657,765	60,768,238	61,179,310
Assets of disposal groups held for sale	864,647	864,647	864,647	-	-
Total assets	175,936,048	106,671,333	97,287,804	90,599,803	79,950,171
Liabilities					
Non-current liabilities	5,641,549	4,768,318	4,229,514	4,261,441	3,752,930
Current liabilities	95,709,749	35,516,958	34,532,088	32,520,850	29,928,082
Total liabilities	101,351,298	40,285,276	38,761,602	36,782,291	33,681,012
Equity					
Share capital and premium	12,320,524	12,320,524	12,320,524	12,320,524	12,320,524
Retained income	62,264,226	54,065,533	46,205,678	41,496,988	33,948,635
Total equity	74,584,750	66,386,057	58,526,202	53,817,512	46,269,159
Total equity and liabilities	175,936,048	106,671,333	97,287,804	90,599,803	79,950,171
Profit and loss account					
Revenue	167,409,161	100,092,221	94,103,677	102,467,361	106,888,054
Profit before taxation	20,759,524	18,144,955	17,472,841	20,099,517	16,331,679
Profit for the year	14,198,693	12,659,855	11,908,690	13,537,612	10,796,416
Per share data (Kobo)					
Earnings per share (Basic)	118	105	99	113	90
Earnings per share (Diluted)	118	105	99	113	90
Net assets per share	622	553	488	448	386

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





SHAREHOLDING & OTHER INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of DANGOTE SUGAR REFINERY PLC. will hold at Latana Hall, The Eko Hotel & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos, on Thursday, the 27th day of April, 2017 at 10:00 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Financial Statements for the year ended 31st December, 2016, the Reports of the Directors, Auditors and the Audit Committee thereon;
2. To declare a Dividend;
3. To re-elect Directors;
4. To appoint new Auditors and authorize the Directors to fix the remuneration of the auditors
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following as ordinary resolution

6. To fix the remuneration of the Directors.

NOTES:

Proxy

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member. A proxy form is enclosed and if it is to be valid for the purpose of the Meeting, it must be completed and deposited at the office of the Registrars – Veritas Registrars Limited, Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos, not later than forty-eight (48) hours before the time for holding the Meeting. A blank proxy form is attached to the Annual Report.

Closure of Register and Transfer Books

The Register of Members and Transfer Books of the Company will be closed from Monday, the 10th of April 2017 to Wednesday, the 12th of April, 2017 both dates inclusive, for the purpose of updating the Register of Members.

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 the Shareholders whose names appear in the Company's Register of Members at the close of business on Friday 7th of April, 2017.

Shareholders who have completed the e-dividend Mandate Form will receive a direct credit of the dividend to their bank accounts on Friday, 28th day of April, 2017, while the dividend warrants of Shareholders who have not completed the e-dividend Mandate Form will be posted by Tuesday 2nd May, 2017.

Unclaimed Share Certificates and Dividend Warrants

All Shareholders are hereby informed that the Registrars of the Company are holding Share Certificates and Dividend Warrants which have been returned by the Post Office as "unclaimed". Some Dividend Warrants sent to Shareholders' registered addresses are yet to be presented for payment or returned to the Registrars of the Company for validation.

NOTICE OF ANNUAL GENERAL MEETING Cont'd

Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, CAP C20 LFN 2004, any shareholder may nominate another 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.

Rights of Securities' Holders to Ask Questions.

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before Thursday the 20th day of April, 2017.

BY ORDER OF THE BOARD



CHIOMA MADUBUKO (MRS.)

Company Secretary/Legal Adviser

FRC/2014/NBA/00000007451

3rd Floor, Greenview Development Nigeria Ltd. Building,

Terminal "E" Apapa Port Complex.

Lagos, Nigeria.

Dated this 16th day of March, 2017.



SHARE CAPITALISATION HISTORY

Year	Authorized [N'000]		Authorized ['000]		Issued & Fully Paid Up [N'000]		Issued & Fully Paid ['000]		Consideration
	Increase	Cumulative	No. of Shares	No. of Shares	Increase	Cumulative	No. of Shares	No. of Shares	
27-12-04	50,000	50,000	50,000	50,000	500	500	500	500	Cash
30-06-06	0	50,000	50,000	50,000	49,500	50,000	50,000	50,000	Scheme Shares
26-07-06	5,950,000	5,000,000	12,000,000	12,000,000	4,950,000	5,000,000	10,000,000	10,000,000	Bonus & Stock Split from N1.00 to 50k
27-03-08	0	5,000,000	12,000,000	12,000,000	1,000,000	6,000,000	12,000,000	12,000,000	Bonus

SHAREHOLDING INFORMATION

Your shareholding in Dangote Sugar Refinery Plc entitles you, as a part owner of the company, to certain rights including the right:-

- To attend, speak, vote at general meetings either in person or by proxy.
- To receive dividends when declared/approved on your ordinary shares
- To receive certain company documents, e.g the annual reports and accounts/the Annual General Meeting documents where applicable each year.

If you do not have your name on the shareholder register because you hold your shares through a nominee, your nominee will receive any company documents sent to shareholders. Please arrange with your nominee if you wish to receive such documents and to be able to attend and, on a poll, vote at general meetings.

Financial Reports

Any shareholder has the right to be furnished, on demand, free of charge, a copy of the company's financial statements. The annual report and financial statement is available for download on our website, www.dangotesugar.com.ng

Share Certificates

Your Dangote Sugar Refinery Plc Share certificate is evidence of your shareholding in the company and should be kept in a safe place. If you hold your shares through a nominee account or through the Central Securities Clearing System (CSCS) you will not have a share certificate. The nominal or 'par' value of a Company's shares is shown on the share certificate. The current nominal value of Dangote Sugar Refinery Plc's one ordinary shares is 50k each.

Shareholder Queries

If you have any questions about your shareholding or share certificates, (including the replacement of lost certificates or the consolidation of several certificates into one); or if you require any other guidance (e.g. to notify a change of address or to give dividend instructions to a bank account), please contact our Registrars at:-

VERITAS Registrars Limited
Plot 89A Ajoose Adeogun Street,
P. O Box 75315
Victoria Island
Lagos

Unclaimed Dividends and Share Certificates

Shareholders have been informed that some dividend warrants and share certificates have been returned to the Registrars' office unclaimed, because the addresses could not be traced. All affected shareholders should please contact the Registrars at the address indicated above in respect of the share certificates.

CHANGES IN PERSONAL CIRCUMSTANCES

All shareholders should advise the Registrars in writing of any of the following:-

- Change of address
- Change of name
- Change in bank details if your dividends are mandated
- If a shareholder dies

SHAREHOLDER RELATIONS/CORPORATE CONTACTS

Registrars

VERITAS REGISTRARS LIMITED
(FORMERLY ZENITH REGISTRARS LTD)
PLOT 89A, AJOSE ADEOGUN STREET,
VICTORIA ISLAND,
LAGOS

Company Secretary and Registered Office

Dangote Sugar Refinery Plc
3rd Floor, GDNL Building
Terminal E, Shed 20
NPA Wharf Port Complex
Apapa, Lagos
srefinery@dangote.com
www.dangotesugar.com.ng

CORPORATE COMMUNICATIONS CONTACT

Ngozi Ngene
+234 1 4545329
ngozi.ngene@dangote.com

VERITAS REGISTRARS

(formerly Zenith Registrars) RC 510155

Plot 89A, Ajose Adeogun Street, P.O Box 75315, Victoria Island, Lagos
 Telephone: (01) 27089304, 2784167-8; Fax:(01)2704085
 enquiry@veritasregistrars.com;
 www.veritasregistrars.com

**Affix
 Passport
 Photograph**
 (to be stamped by the Bank)

e-DIVIDEND MANDATE FORM FOR DANGOTE SUGAR

I/We hereby request that from now, all dividends due to me/us from my/our shareholding in Dangote Sugar Refinery Plc be credited to my.our bank account named below.

Date: DD/MM/YYYY / /

Surname/Company's Name

Other Names (for Individual Shareholder)

Present Poster Address

City State

E-mail Address

Mobile (GSM) Phone Number Clearing House Number

Bank Name

Branch Address

Bank Account Number Bank Sort Code

Shareholder's Signature or Thumbprint	Date account was established:	Company Seal/Incorporation No. (Corporate Shareholder)
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For Bank's use only

Authorised Signature and Stamp of Bankers	Date account was established: <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Authorised Signature and Stamp of Bankers
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The Registrars

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

UNCLAIMED DIVIDEND POSITION AS AT DECEMBER 31, 2016

The Company has been declaring Dividend since it became a public Company in March, 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/INTERIM	TOTAL DIVIDEND (N)	NET AMOUNT UNCLAIMED AS AT 31/12/2015
04/11/2007	1	FINAL	11,388,819,816.78	817,299.43
04/27/2007	2	INTERIM 1	3,433,139,219.03	452,022.39
09/09/2007	3	INTERIM 2	3,257,223,236.85	625,042.31
10/31/2007	4	INTERIM 3	3,192,370,844.23	402,178.61
04/09/2008	5	HALF YEAR INTERIM	5,000,000,000.00	367,645.09
09/08/2008	6	FINAL	10,200,000,000.00	2,035,663.57
07/03/2009	7	FINAL	3,780,813,535.25	12,217,290.73
07/30/2010	8	FINAL	10,800,000,000.00	35,427,004.33
05/25/2011	9	FINAL	6,480,000,000.00	3,110,630.35
05/18/2012	10	FINAL	3,240,000,000.00	51,999,325.75
05/14/2013	11	FINAL	7,200,000,000.00	54,905,163.42
05/27/2014	12	FINAL	7,200,000,000.00	63,038,535.03
31/12/2015	13	FINAL	4,800,000,000.00	76,875,896.49

All affected shareholders are requested to update their details and fill the mandate for e-dividend payment in the annual report or please contact: -

THE REGISTRAR
VERITAS Registrars Limited
PLOT 89A, AJOSE ADEOGUN STREET
VICTORIA ISLAND
LAGOS.

THE REGISTRAR
 VERITAS Registrars Limited
 PLOT 89A, AJOSE ADEOGUN STREET
 VICTORIA ISLAND
 LAGOS.

PROXY FORM
DANGOTE SUGAR REFINERY PLC. RC: 613748

**ELEVENTH ANNUAL GENERAL MEETING TO BE HELD AT LATANA HALL, EKO HOTEL & SUITES,
 1415 ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS, ON
 THURSDAY, 27TH DAY OF APRIL, 2017 AT 10.00 A.M.**

I/WE.....ofbeing a shareholder of Dangote Sugar Refinery Plc. hereby appoint..... or failing him/her/itor as my/our Proxy to act and vote for me/us on my/our behalf at the 11th Annual General Meeting to be held on Thursday, the 27th day of April, 2017, and at any adjournment thereof.

DATED THIS DAY OF 2017 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 Financial Statements for the year ended 31st December, 2016, the Reports of Directors, Auditors, and the Audit Committee thereon;		
	2.	To declare a dividend		
	3.	To re-elect the following retiring Directors <ul style="list-style-type: none"> • Mr Uzoma Nwankwo • Ms Maryam Bashir • Mr Olakunle Alake 		
	4.	To appoint new Auditors and authorize the Directors to fix the remuneration of the Auditors.		
	5.	To elect the members of the Audit Committee		
	6.	SPECIAL BUSINESS To approve the remuneration of all the non – executive Directors for the year ending December 31, 2017, totaling N16.5 million.		

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 forms 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 instruments 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 11th Annual General Meeting of Dangote Sugar Refinery Plc, to be held at Latana Hall, The Eko Hotels & Suites, 1415 Adetokunbo Ademola Street, Victoria Island, Lagos, on Thursday, 27th day of April, 2017 at 10.00 a.m prompt.

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



HEAD OFFICE:

3rd Floor, GDNL Administrative Building, Terminal E Shed 20, NPA Wharf Complex, Apapa, Lagos
Email: srefinery@dangote.com | dangotesugar@dangotesugar.com.ng

FACTORY/REFINERY:

Shed 20, Apapa Wharf, Lagos

www.dangotesugar.com.ng