



2010

ANNUAL REPORT & ACCOUNTS

CORPORATE STATEMENTS

Our Goal

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

Quality Policy

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

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FINANCIAL HIGHLIGHTS

	2010 N'000	2009 N'000
<u>PROFIT AND LOSS</u>		
Turnover	89,980,499	82,395,712
Profit before taxation	16,146,930	19,586,932
Taxation	(4,864,690)	(6,401,333)
Profit after taxation	11,282,240	13,185,599
Interim dividend paid	-	-
Profit after taxation and dividend Transferred to revenue reserve	11,282,240	13,185,599
Proposed final dividend	7,200,000	12,000,000
<u>BALANCE SHEET</u>		
Share Capital	6,000,000	6,000,000
Shareholders' funds	40,895,037	41,612,797
Per 50 kobo share Data (kobo)		
Earnings	94	110
Dividend	0.60	100

NOTICE OF 5th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of Dangote Sugar Refinery Plc will hold at the Ladi Kwali Conference Centre, Abuja Sheraton Hotels & Towers, Federal Capital Territory Abuja, on Tuesday May 17, 2011, at 12 noon to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2010 together with the report of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend
3. To re-elect Directors
4. To approve the remuneration of the Directors
5. To authorize the Directors to fix the remuneration of the Auditor
6. To elect members of the Audit Committee

PROXY

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

DIVIDEND AND DIVIDEND WARRANTS

If the dividend of 60kobo per ordinary share of 50kobo each recommended by the Directors is approved, the dividend warrants will be posted by the 25th of May 2011 to shareholders whose names appear in the Company's Register of members at the close of business on Monday 2nd of May 2011.

CLOSURE OF REGISTER AND TRANSFER BOOKS

Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from Wednesday 4th to Friday 6th May 2011, both dates inclusive.

AUDIT COMMITTEE

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

BY ORDER OF THE BOARD

Dated this 11th day of April 2011

MRS. CHIOMA MADUBUKO

Company Secretary
Dangote Sugar Refinery Plc
42/44 Warehouse Road
Apapa – Lagos

DIRECTORS, ADVISERS & OTHER CORPORATE INFORMATION

Directors

Alhaji Aliko Dangote (CON)	-	Chairman
Mr. Sai Prakash	-	Ag. Managing Director
Mr. Suleiman Olarinde	-	Executive Director Finance
Alhaji Sani Dangote	-	Director
Mr. Olakunle Alake	-	Director
Ms. Bennedikter Molokwu	-	Director
Dr. Konyinsola Ajayi (SAN)	-	Director
Mr. Uzoma Nwankwo	-	Director
Alhaji Abdu Dantata	-	Director

Company Secretary

Chioma Madubuko (Mrs)

Registered Office:

Modandola House
42/44 Warehouse Road
Apapa, Lagos
Nigeria

Registrar and Transfer Office:

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

Auditors

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

Bankers

Access Bank Plc
Diamond Bank Plc
Ecobank Nigeria Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
First City Monument Bank Plc
GTBank Plc
Intercontinental Bank Plc
Oceanic Bank International Plc
StanbicBTC Bank Plc
UBA Plc
Zenith Bank Plc

Chairman's Statement

Fellow Shareholders
Colleagues on the Board
Members of the Audit Committee
Representatives of the NSE, CAC and SEC
Invited guests
Gentlemen of the Press
Ladies and Gentlemen

It is my pleasure to welcome you to the 5th Annual General Meeting of our Company, Dangote Sugar Refinery Plc, to present to you the Annual Reports and Financial Statements for the year ended 31st December, 2010.

Before I go to the main business of the day, I will like to highlight some of the important issues that affected our operations during the course of the 2010 business year.

The financial and economic crisis continued to pose challenges to businesses operating in the country and across the globe during the year under review. These challenges, which ranged from the scarcity and high cost of raw materials caused by unfavourable weather conditions for harvesting sugar cane and loading vessels with raw sugar in the producing countries, to reduced credit by the banking sector, hence reduced liquidity in the system leading to reduction in effective demand. As such, our performance in this regard was also affected.

However, despite the difficulties associated with the operating environment we were not deterred in our efforts to ensure that we maximize every avenue to improve on our operations and overall performance of the Company.

We took the necessary steps to ensure that we continue to increase our customer base and to ensure the availability of our products nationwide. We also took other steps to ensure a more cost effective approach to our operations. In addition to the haulage trucks introduced to ensure that our products are lifted and delivered to customers nationwide promptly, discussions are underway for the acquisition of vessels for the more cost effective shipment of raw sugar which is one of our major raw materials.

Finally, our retail package project is a dream realized. I am happy to announce to you that the new Dangote Refined Vitamin A fortified white granulated sugar will be in the Nigerian market on or before the 3rd quarter of this year. We have scaled the various hurdles that came up in the course of the retail project implementation. The necessary machinery is in place to see to the successful introduction of this new pack sizes from your Company's stable.

We believe in this project and are positive that the projected impact it will have on our brand image, market share and returns on our investment will be enormous.

2010 PERFORMANCE

In the 2010 business year, we recorded a Turnover of N89,980,499, while our Operating Profit and Profit After Taxation stood at N16,148,876 and N11,282,240 respectively.

The decline in profit recorded is a direct result of the increased cost of business and reduced level of activity, occasioned by the high cost of sugar and foreign exchange that was experienced during the year under review.

Though these challenges still persist, we are committed to the effective management and application of our resources to ensure that barring any unforeseen development in the course of the current year, our pursuit of sustainable growth and dividends will yield the desired results.

DIVIDEND

Further to our determination to satisfy our shareholders expectations, in line with our dividend payout policy, we are proposing a total dividend of N7.2 billion. The dividend represents the sum of N0.60kobo for every one ordinary share of 50k held in the Company, payable net of withholding tax not later than the 25th day of May, 2011, if approved by our shareholders at this meeting.

THE BOARD

Since the last Annual General Meeting, there was no change in your Board composition. However, Mr. Sai Prakash has been appointed Acting Managing Director, and he has since assumed duties. We wish him a successful tenure in office.

On behalf of our Shareholders, the Board, Management and staff, we would like to use this medium to express our sincere appreciation to Mr. Suleiman Olarinde, who has been overlooking the affairs of the Company since the last Managing Director resigned his appointment. The Directors retiring by rotation, being eligible will offer themselves for re-election in the course of this meeting.

OUR STAFF

I would like to use this opportunity to thank our employees, who are our greatest assets. Their commitment to work has gone a long way in helping us to actualize our goals. We will continue to make staff welfare our priority and the necessary manpower development needs are identified and treated as appropriate. We will ensure that their remuneration package remains very competitive in the Food and Beverage sector.

THE FUTURE

Though the future remains challenging in the face of the continued economic and financial instability experienced in our operations this business year, we are resilient and will continue the implementation of proactive policies to cushion the effect and yield positive results for the Company.

Despite these difficulties, we are confident that we are on the right path in terms of our business focus and product strategies. Priority attention and emphasis will be given to the maximization of our growth potentials. It is our belief that with our market know-how, efficiency in internal processes, quality products and service delivery, our Company will continue to be ahead of competition.

APPRECIATION

Once again, I welcome you all to this Annual General Meeting and on behalf of the Board of Directors, I express our sincere appreciation to our Shareholders, our numerous Customers nationwide, the Management, Staff as well as all our other partners in progress. Your support will continue to impact positively on our efforts and make the desired difference in the delivery of sustainable growth, output and returns on your investments.

Ladies and Gentlemen, I thank you all for your presence at this meeting and please accept our best wishes.

Aliko Dangote (CON)
Chairman

REPORT OF THE DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2010

1. ACCOUNTS

The Directors are pleased to submit their report together with the audited financial statements of the Company for the year ended 31st December, 2010.

2. RESULT

	N'000
The Company`s Turnover for the year was	89,980,499
Profit before taxation	16,146,930
Profit after taxation	11,282,240
Proposed dividend for year ended 31st December, 2010	7,200,000

3. PRINCIPAL ACTIVITIES

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

4. LEGAL FORM

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

5. DIRECTORS AND THEIR INTERESTS

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

- i. Alhaji Aliko Dangote (CON)
- ii. Alhaji Sani Dangote
- iii. Mr. Sai Prakash (Ag. Managing Director)
- iv. Mr. Suleiman Olarinde (Executive Director, Finance)
- v. Mr. Olakunle Alake
- vi. Ms. Bennedikter Molokwu
- vii. Dr. Konyinsola Ajayi (SAN)
- viii. Mr. Uzoma Nwankwo
- ix. Alhaji Abdu Dantata

II. In accordance with Article 62(b) (c) of the Company's Articles of Association, the Directors retiring by rotation are Mr. Uzoma Nwankwo and Alhaji Sani Dangote and being eligible, they offer 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 members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004 are as follows:

DIRECTORS' SHAREHOLDING

	Number of shares held as at	
	31 st Dec. 2010	31 st March, 2011
Alhaji Aliko Dangote (CON)	444,710,239	444,710,239
Alhaji Sani Dangote	Nil	Nil
Mr. Sai Prakash	Nil	Nil
Mr. Suleiman Olarinde	Nil	Nil
Mr. Olakunle Alake	6,864,000	6,864,000
Ms. Bennedikter Molokwu	1,383,400	1,383,400
Dr. Konyinsola Ajayi (SAN)	Nil	Nil
Mr. Uzoma Nwankwo	834,692	834,692
Alhaji Abdu Dantata	Nil	Nil

6. **DIRECTORS RESPONSIBILITIES**

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

In doing so, they ensure that:

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

7. **SUBSTANTIAL INTEREST IN SHARES**

The Registrar has advised that according to the Register of Members on 31st December, 2010 only Dangote Industries Limited with 8,119,200,000 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

8. **FIXED ASSETS**

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

9. **DONATIONS AND CHARITABLE GIFTS**

During the year under review, no donation was made to any political party or religious organization. However, the holding Company Dangote Industries Limited, through its foundation, Dangote Foundation makes donation on behalf of the Group's Companies.

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, 2010 and the profit for the year ended on that date which have been adequately recognised.

11. **COMPANY DISTRIBUTORS**

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

12. **SUPPLIERS**

The Company obtains its materials at arm's length basis from overseas and local suppliers. Amongst its main overseas suppliers are SUCRES ET DENREES, Broadbent UK, Belvoir UK, Fischbein and Gaslink Nigeria Ltd, Vitachem Nigeria Ltd, Biochemical Derivatives Nigeria Ltd, Dangote Agrosacks, Istabaraqim Nigeria Ltd and Dangote Cement Plc are among the local suppliers.

13. ANALYSIS OF SHAREHOLDING

Analysis of shareholding as at 31st December, 2010

Range	No. of Holders	Percent	Units	Percentage
1 - 10,000	87,540	82.23%	201,857,614	1.68%
10,001 - 50,000	14,581	13.70%	300,423,493	2.50%
50,001 - 500,000	3,884	3.65%	472,860,254	3.94%
500,001 - 1,000,000	206	0.19%	152,018,088	1.27%
1,000,001- 10,000,000	214	0.20%	624,126,942	5.20%
10,000,001- 50,000,000	24	0.02%	402,256,231	3.35%
50,000,001 - 100,000,000	3	0.00%	201,324,645	1.68%
100,000,001 - 500,000,000	6	0.01%	1,525,932,733	12.72%
500,000,001 - 12,000,000,000	<u>1</u>	<u>0.00%</u>	<u>8,119,200,000</u>	<u>67.66%</u>
	<u>106,459</u>	<u>100.00%</u>	<u>12,000,000,000</u>	<u>100.00%</u>

14. HUMAN RESOURCES

1. Employment and Employees

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

2. Work Environment

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

3. Employee Development

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

15. AUDIT COMMITTEE

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

Mr. Segun Olusanya	-	Shareholder/Chairman
Ms Bennedikter Molokwu	-	Director/Member
Mr. Olakunle Alake	-	Director/Member

Alhaji Dahiru Ado	-	Shareholder/Member
Hajia Muheebat Dankaka	-	Shareholder/Member
Dr. Konyinsola Ajayi (SAN)	-	Director/Member

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

16. AUDITORS

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

BY ORDER OF THE BOARD

Chioma Madubuko (Mrs)
Company Secretary
Dangote Sugar Refinery Plc
42/44 Warehouse Road
Apapa, Lagos
Nigeria

CORPORATE GOVERNANCE REPORT

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

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

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

MEETING OF THE BOARD OF DIRECTORS

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

RECORD OF DIRECTORS' MEETING

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

SUB COMMITTEE'S OF THE BOARD OF DIRECTORS

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

The Finance Committee

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

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

Responsibilities of the Finance Committee: -

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

The Establishment Committee

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

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

Responsibilities of the Establishment Committee: -

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

The Audit Committee

Apart from the Board Standing Committees' the Audit Committee also plays an important role in the company. The Audit Committee is made up 6 (six) members, three members of the Board of Directors and 3 shareholders representatives.

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.
Hajia Muheebat Dankaka	Shareholder Representative
Alhaji Ado Dahiru	"
Ms. Bennedikter Molokwu	Director
Mr. Olakunle Alake	Director
Dr. Konyinsola Ajayi (SAN)	Director

Responsibilities of the Audit Committee: -

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

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

**ATTENDANCE OF MEETINGS BY MEMBERS OF THE BOARD OF
DIRECTORS/BOARD COMMITTEES FROM 1ST JANUARY, 2010 TO 31ST
DECEMBER, 2010**

DIRECTORS	BOARD	FINANCE COMMITTEE	ESTABLISHMENT COMMITTEE	AUDIT COMMITTEE
Alhaji Aliko Dangote	1	N/A	N/A	N/A
Alhaji Sani Dangote	2	N/A	N/A	N/A
Mr. Suleiman Olarinde	2	1	-	2
Ms. Bennedikter Molokwu	1	A	N/A	1
Dr. Konyinsola Ajayi(SAN)	1	N/A	-	A
Mr. Olakunle Alake	2	1	N/A	2
Alhaji Abdu Dantata	2	1	N/A	N/A
Mr. Uzoma Nwankwo	1	N/A	-	N/A
Mr. Segun Olusanya	N/A	N/A	N/A	1
Hajia Muheebat Dankaka	N/A	N/A	N/A	2
Alhaji Dahiru Ado	N/A	N/A	N/A	2

N/A = Not Applicable

A = Apology

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 2010**

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.

The responsibilities 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 and to prevent and detect fraud and other irregularities;
- III. The company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied; and
- IV. It is appropriate for the financial statements to be prepared on a going concern basis


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

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

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:



Mr. Suleiman Olarinde
11th April 2011



Mr. Olakunle Alake
11th April 2011

REPORT OF THE AUDIT COMMITTEE

TO THE MEMBERS OF DANGOTE SUGAR REFINERY PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors report for the year ended 31st December 2010. We have obtained all the information and explanations we required.

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



Mr. Segun Olusanya
Chairman, Audit Committee

Dated this 12th day of April 2011

MEMBERS OF THE AUDIT COMMITTEE

Hajia Muheebat Dankaka

Alhaji Dahiru Ado

Ms. Bennedikter Molokwu

Dr. Konyinsola Ajayi (SAN)

Mr. Olakunle Alake

Deloitte.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DANGOTE SUGAR REFINERY PLC

We have audited the accompanying financial statements of **Dangote Sugar Refinery Plc**, set out on pages 22 to 40 which comprise the balance sheet as at 31 December 2010, the income statement, statements of cash flows, statements of value added for the year then ended and summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Dangote Sugar Refinery Plc** as at 31 December 2010, and of its financial performance and its cash flows for the year then ended; the Company has kept proper books of accounts, which are in agreement with the balance sheet and income statements, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and, in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Akintola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
11 April 2011



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Member of Deloitte Touche Tohmatsu Limited



**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

1. Basis of accounting

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

2. Turnover

Turnover represents the net value of goods sold to third parties during the year less discounts.

3. Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

4. Depreciation

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

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

5. Stocks

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

6. Debtors

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

7. Foreign currencies

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

8. Taxation

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

9. **Deferred taxation**

Deferred taxation, which arises principally from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on difference between the net book value and the tax written down value of fixed assets. This is in accordance with SAS 19 on Accounting for Taxes.

10. **Employees retirement benefit scheme**

The company makes provision for retirement benefits in accordance with the Pension Reform Act of 2004. The contribution of the employer and employee is 7.5% of employee's basic transport and housing allowances. The Company's contribution is charged to the profit and loss account.

The Company also operates a gratuity scheme for its permanent Nigerian staff; the benefits under which an employee is entitled to 10% of employees' annual gross salary from 5 years and above on pro-rata basis. The provision for liability in respect thereof is made in full in the financial statements and is fully funded.

11. **Provisions**

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

12. **Investment**

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

13. **Earnings per share**

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

14. **Segmental reporting**

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

15. **Risk management**

The existing Code of Corporate Governance has been designed to mitigate risks, both identified and anticipated. In respect of risk identified, provision is only made for the amount the Directors consider prudent in relation to probable cash flow. For anticipated risks, appropriate controls are instituted by Management to mitigate such risk.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

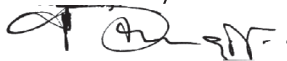

	Note	2010 N'000	2009 N'000
Turnover	2	89,980,499	82,395,712
Cost of sales		<u>(71,882,176)</u>	<u>(61,635,551)</u>
Gross profit		18,098,323	20,760,161
Administrative expenses		<u>(3,498,016)</u>	<u>(4,926,533)</u>
		14,600,307	15,833,628
Other income	3	<u>1,548,569</u>	<u>3,753,795</u>
Operating profit		16,148,876	19,587,423
Interest payable and similar charges		<u>(1,946)</u>	<u>(491)</u>
Profit before taxation	4	16,146,930	19,586,932
Taxation	5	<u>(4,864,690)</u>	<u>(6,401,333)</u>
Profit after taxation transferred to revenue reserve	16	<u>11,282,240</u>	<u>13,185,599</u>
Earnings per share (Kobo):			
Basic	27	<u>94</u>	<u>110</u>

The accounting policies on pages 22 and 23 and the explanatory notes on pages 27 to 38 form part of this financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010 N'000	2009 N'000
FIXED ASSETS	6	<u>15,742,539</u>	<u>16,696,409</u>
INVESTMENT			
Investment in subsidiary	7	<u>972,337</u>	<u>968,125</u>
CURRENT ASSETS			
Stocks	8	15,960,376	14,094,044
Trade debtors	9	5,958,702	5,946,265
Other debtors and prepayments	10	1,370,879	790,347
Amount due from related companies	23.1	16,048,892	16,040,286
Bank and cash balances	19	<u>6,240,257</u>	<u>22,878,380</u>
		<u>45,579,106</u>	<u>59,749,322</u>
CREDITORS: Amounts falling due within one year			
Trade creditors		9,794,006	14,003,672
Other creditors	11	2,283,300	3,586,800
Amount due to related companies	23.2	2,188,240	1,037,866
Taxation	5	<u>4,980,105</u>	<u>15,117,202</u>
		<u>19,245,651</u>	<u>33,745,540</u>
NET CURRENT ASSETS		<u>26,333,455</u>	<u>26,003,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		43,048,331	43,668,316
Deferred taxation	12	(1,661,572)	(1,452,929)
PROVISION FOR LIABILITIES AND CHARGES			
Employee gratuity	13	<u>(491,722)</u>	<u>(602,590)</u>
NET ASSETS		<u>40,895,037</u>	<u>41,612,797</u>
CAPITAL AND RESERVES			
Share capital	14	6,000,000	6,000,000
Share premium	15	6,320,524	6,320,524
Revenue reserve	16	<u>28,574,513</u>	<u>29,292,273</u>
		<u>40,895,037</u>	<u>41,612,797</u>

The financial statements on pages 22 to 40 were approved by the Board of Directors on 11 April 2011 and signed on its behalf by:

	}
_____	}
Alhaji Aliko Dangote	} Chairman
	}
_____	}
Mr. Suleiman Olarinde	} Finance Director

The accounting policies on pages 22 and 23 and the explanatory notes on pages 27 to 38 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 N'000	2009 N'000
Cash flows from operating activities			
Cash receipts from customers		90,063,970	81,860,199
Cash payments to suppliers and employees		(79,298,253)	(72,636,684)
VAT paid		(1,440,575)	(1,072,187)
Tax paid		<u>(14,793,144)</u>	<u>(50,128)</u>
Net cash provided by operating activities	18	<u>(5,468,002)</u>	<u>8,101,200</u>
Cash flows from investing activities			
Investment in subsidiary	7	(4,212)	(93,870)
Purchase of fixed assets	6	(616,624)	(4,510,976)
Proceeds on disposal of fixed assets		-	3,117
Interest received	3	<u>1,452,661</u>	<u>3,744,621</u>
Net cash provided by investing activities		<u>831,825</u>	<u>(857,108)</u>
Cash flows from financing activities			
Dividend paid:			
- 2008 Final		-	(4,200,000)
- 2009 Final	17	(12,000,000)	-
Interest paid		<u>(1,946)</u>	<u>(491)</u>
Net cash provided by financing activities		<u>(12,001,946)</u>	<u>(4,200,491)</u>
Net (decrease)/increase in cash and cash equivalents		(16,638,123)	3,043,601
Cash and cash equivalents at 1 January		<u>22,878,380</u>	<u>19,834,779</u>
Cash and cash equivalents at 31 December	19	<u>6,240,257</u>	<u>22,878,380</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. THE COMPANY

1.1 LEGAL FORM

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

1.2 PRINCIPAL ACTIVITIES

The principal activity of the company is the processing and marketing of sugar.

2. TURNOVER AND SEGMENT REPORTING

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

	2010			2009		
	Turnover	Cost of	Gross	Turnover	Cost of	Gross
	N'000	Sales	Profit	N'000	Sales	Profit
	N'000	N'000	N'000	N'000	N'000	N'000
Sales of sugar	89,897,063	71,882,176	18,014,887	82,337,830	61,635,551	20,702,279
Sales of molasses	83,436	-	83,436	57,882	-	57,882
	89,980,499	71,882,176	18,098,323	82,395,712	61,635,551	20,760,161

2.2 There was no disclosure of assets per business segment because the assets of the company are not directly related to a particular business segment.

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

3. OTHER INCOME

	2010	2009
	N'000	N'000
Interest income	1,452,661	3,744,621
Sales of scraps and other items	85,356	2,522
Insurance claim	10,552	6,227
Profit on disposal of fixed assets	-	425
	1,548,569	3,753,795

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
4. PROFIT BEFORE TAXATION		
This is arrived at after charging/(crediting):		
Directors' emoluments:		
- Fees	2,100	2,350
- Others	25,797	56,405
Profit on disposal of fixed assets	-	(425)
Depreciation	1,570,494	1,567,410
Auditors' remuneration	26,000	24,150
Management fees (Note 24)	-	1,647,914
	<u> </u>	<u> </u>
5. TAXATION		
Profit and loss account		
Income tax based on profit for the year	4,628,230	5,373,297
Education tax	351,875	432,794
Prior year (over)/underprovision	<u>(324,058)</u>	<u>50,128</u>
	4,656,047	5,856,219
Deferred taxation (Note 12)	<u>208,643</u>	<u>545,114</u>
As per profit and loss account	<u>4,864,690</u>	<u>6,401,333</u>
Balance sheet		
At 1 January	15,117,202	9,311,111
Charge for the year	4,656,047	5,856,219
Payment made during the year.	<u>(14,793,144)</u>	<u>(50,128)</u>
At 31 December	<u>4,980,105</u>	<u>15,117,202</u>

The charge for taxation in these financial statements was based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Education Tax Act, CAP E 4, LFN 2004.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

6. FIXED ASSETS

	Leasehold land and buildings N'000	Plant and machinery N'000	Tools and equipment N'000	Computer equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Assets under construction N'000	Total N'000
Cost								
At 1 January 2010	3,352,560	12,570,226	158,703	15,651	17,171	2,445,291	2,320,589	20,880,191
Additions	-	94,766	1,979	2,771	2,735	20,151	494,222	616,624
Reclassification	-	147,707	-	(924)	924	73,078	(220,785)	-
At 31 December 2010	3,352,560	12,812,699	160,682	17,498	20,830	2,538,520	2,594,026	21,496,815
Depreciation								
At 1 January 2010	266,547	3,067,708	142,604	13,228	11,902	681,793	-	4,183,782
Charge for the year	67,051	854,607	4,520	1,731	3,945	638,640	-	1,570,494
At 31 December 2010	333,598	3,922,315	147,124	14,959	15,847	1,320,433	-	5,754,276
Net book value								
At 31 December 2010	3,018,962	8,890,384	13,558	2,539	4,983	1,218,087	2,594,026	15,742,539
At 31 December 2009	3,086,013	9,502,518	16,099	2,423	5,269	1,763,498	2,320,589	16,696,409

Assets under construction represent expenditure incurred on the factory expansion project.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

7. INVESTMENT	2010 N'000	2009 N'000
At 1 January	968,125	874,255
Addition during the year	<u>4,212</u>	<u>93,870</u>
At 31 December	<u>972,337</u>	<u>968,125</u>
<p>This relates to the total amount committed by the Company in construction of a Refinery in Algeria, through a wholly owned company named Dangote Sucreire Algerie SPA.</p>		
8. STOCKS		
Raw materials	5,992,970	7,837,741
Finished goods	8,921,787	5,554,914
Work in progress	231,097	147,481
Spare parts, sundry and oil and lubricants	477,410	459,085
Goods-in-transit	264,502	74,770
Packing materials	<u>72,610</u>	<u>20,053</u>
	<u>15,960,376</u>	<u>14,094,044</u>
9. TRADE DEBTORS		
Gross debtors	6,533,894	6,515,775
Provision for bad and doubtful debts	<u>(575,192)</u>	<u>(569,510)</u>
	<u>5,958,702</u>	<u>5,946,265</u>
10. DEBTORS AND PREPAYMENTS		
Other debtors	1,268,049	655,624
Provision	<u>(69,380)</u>	<u>(69,380)</u>
	1,198,669	586,244
Prepayments	<u>172,210</u>	<u>204,103</u>
	<u>1,370,879</u>	<u>790,347</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	N'000	N'000
11. OTHER CREDITORS		
Accruals	478,529	624,849
Staff pension (Note 11.1)	-	18,464
Other credit balances	<u>1,804,771</u>	<u>2,943,487</u>
	<u>2,283,300</u>	<u>3,586,800</u>
11.1 STAFF PENSION		
At 1 January	18,464	11,818
Provision for the year	54,839	46,278
Payments during the year	<u>(73,303)</u>	<u>(39,632)</u>
At 31 December	<u>-</u>	<u>18,464</u>
12. DEFERRED TAXATION		
At 1 January	1,452,929	907,815
Provision for the year	<u>208,643</u>	<u>545,114</u>
At 31 December	<u>1,661,572</u>	<u>1,452,929</u>
13. EMPLOYEE GRATUITY		
At 1 January	602,590	387,190
Provision for the year	44,785	239,417
Payments during the year	<u>(155,653)</u>	<u>(24,017)</u>
At 31 December	<u>491,722</u>	<u>602,590</u>
14. SHARE CAPITAL		
Authorised, issued and fully paid: 12,000,000,000 ordinary shares of 50k each	<u>6,000,000</u>	<u>6,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
15. SHARE PREMIUM	<u>6,320,524</u>	<u>6,320,524</u>

Share premium represents excess of the shareholders value over the normal share capital at the point of the commencement of operation in January 2006.

16. REVENUE RESERVE

At 1 January	29,292,273	20,306,674
Transfer from profit and loss account	11,282,240	13,185,599
Final dividend (Note 17)	<u>(12,000,000)</u>	<u>(4,200,000)</u>
At 31 December	<u>28,574,513</u>	<u>29,292,273</u>

17. DIVIDEND PAID AND PROPOSED

The shareholders at the Annual General Meeting held on 27 July 2010 approved a final dividend of N1.00 per share in respect of the year ended 31 December 2009. This was paid net of withholding tax in July 2009. Total amount paid was N12,000,000,000.

The Directors are proposing that a dividend of N0.60 (sixty kobo) per ordinary share will be paid to shareholders. This dividend is subject to approval by the shareholders at the Annual General Meeting. Consequently, it has not been included as liability in these financial statements since dividends to shareholders are accounted for on the date of declaration, as they do not meet the criteria for present obligation in Statement of Accounting Standard (SAS) 23. The proposed dividend is subject to deduction of withholding tax at the appropriate rate and the total estimated dividend to be paid is N7.2 billion (2009:N12 billion).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

	2010 N'000	2009 N'000
18. RECONCILIATION OF PROFIT AFTER TAXATION TO NET CASH (USED/PROVIDED BY OPERATING ACTIVITIES)		
Profit after taxation	<u>11,282,240</u>	<u>13,185,599</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,570,494	1,567,410
Interest payable and similar charges	1,946	491
Profit on disposal of fixed assets	-	(425)
Interest income	(1,452,661)	(3,744,621)
Changes in assets and liabilities:		
Increase in stocks	(1,866,332)	(4,836,277)
Increase in trade debtors	(12,437)	(544,262)
(Increase)/decrease in other debtors and prepayments	(580,532)	2,713,655
Increase in amount due from related companies	(8,606)	(11,800,935)
(Decrease)/increase in trade creditors	(4,209,666)	5,003,754
Decrease in other creditors	(1,303,500)	(1,543,781)
Increase in amount due to related companies	1,150,374	1,533,987
(Decrease)/increase in taxation	(10,137,097)	5,806,091
Increase in deferred taxation	208,643	545,114
(Decrease)/increase in gratuity	<u>(110,868)</u>	<u>215,400</u>
Total Adjustments	<u>(16,750,242)</u>	<u>(5,084,399)</u>
Net cash provided by operating activities	<u><u>(5,468,002)</u></u>	<u><u>8,101,200</u></u>
19. CASH AND CASH EQUIVALENTS		
Cash in hand	8,091	3,411
Cash in bank	3,432,166	3,504,969
Bank deposits	<u>2,800,000</u>	<u>19,370,000</u>
	<u><u>6,240,257</u></u>	<u><u>22,878,380</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000	
20. INFORMATION REGARDING DIRECTORS AND EMPLOYEES			
20.1 DIRECTORS			
Directors' emolument comprises:			
Fees	2,100	2,350	
Salaries	21,997	44,255	
Others	<u>3,800</u>	<u>12,150</u>	
	<u>27,897</u>	<u>58,755</u>	
Emoluments of the highest paid Director was	<u>21,997</u>	<u>22,258</u>	
The number of Directors excluding the Chairman with gross emoluments within the bands stated below were:			
N'000	N'000	Number	Number
21,000 -	22,000	1	1
22,000 -	23,000	<u>-</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

	2010 N'000	2009 N'000	
20.2 EMPLOYEES			
Average number of persons employed during the year:			
Management	19	19	
Senior staff	180	216	
Junior staff	433	511	
	<u>632</u>	<u>746</u>	
Aggregate payroll costs:			
Wages, salaries, allowances and other benefits	1,461,230	1,335,146	
Provision for gratuities	44,786	239,417	
Pension cost	61,446	38,762	
	<u>1,567,462</u>	<u>1,613,325</u>	
The number of employees with gross emoluments within the bands stated below are:			
N'000	N'000	Number	Number
401 -	600	21	151
601 -	800	207	252
801 -	1,000	167	80
1,001 -	2,000	103	28
2,001 -	above	134	235
		<u>632</u>	<u>746</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

21. CONTINGENT LIABILITIES

21.1 No provision has been made in these financial statements for contingent liabilities in respect of pending litigation amounting to N73.193 million (2009- N63.98 million) as the Directors are of the opinion, based on solicitors' advice that the company would only be jointly liable to the sum not exceeding N10 million.

21.2 The Directors are of the opinion that all known commitments and liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

22. CAPITAL COMMITMENTS

There were capital commitments in respect of the Lagos factory expansion and new retail packaging plant which amounted to N203.701 million at the end of the year (2009 - N141.56 million).

23. RELATED PARTY TRANSACTIONS

There were no related company sales. However, related party transactions arose from collection from customers and payments to suppliers by Dangote Industries Limited on behalf of Dangote Sugar Refinery Plc. In addition, there are other transactions with other related companies in the area of utilisation of energy which is surplus to the Company's requirement. The net balance emanating from these transactions amounted to N13.9 billion (31 December 2009 : N15.0 billion) as analysed below:

	2010 N'000	2009 N'000
23.1 Due from related companies		
Dangote Transport Limited	748,993	734,455
Dangote Textile Industries Limited	3,465	3,465
Dansa Foods Limited	1,882	6,766
NASCON Plc	3,572	71,976
Savannah Sugar Company Plc	71,163	77,619
Dangote Flour Mills Plc	61,295	48,338
Dangote Pasta Limited	27,370	21,776
Dangote Industries Limited	15,118,350	15,065,482
Dangote Noodles Limited	12,802	10,409
	<u>16,048,892</u>	<u>16,040,286</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

	2010 N'000	2009 N'000
23.2 Due to related companies		
Dangote Cement Plc	1,768,878	454,636
Greenview Development Company Limited	179,553	196,463
Dangote Agrosacks Nigeria Limited	1,335	148,293
Bluestar Investments U.K	<u>238,474</u>	<u>238,474</u>
	<u>2,188,240</u>	<u>1,037,866</u>

24. MANAGEMENT AGREEMENT

During the year Dangote Industries Limited (D.I.L) waived the payment of N1,762,806,870.80 (net) management fees on management and technical agreement dated 2 January 2006. The agreement is for an initial period of five years with an option to renew for a further period of five years subject to termination by either party in accordance with the terms of the agreement. As consideration for the services provided by D.I.L, a sum equivalent to 2% of the net revenue from Dangote Sugar Refinery Plc sales for each month will be paid to D.I.L. Consequently, the profit before taxation would have been N14,337,029,000 had the management and technical fee been charged in this financial statements.

25. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events which could have a material effect on the financial statements for the year ended 31 December 2010.

26. COMPARATIVE FIGURES

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

27. EARNINGS PER SHARE

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

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

28. RISK MANAGEMENT

28.1 Customer base

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

28.2 Bank guarantee scheme

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

28.3 Raw sugar supply

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

28.4 Energy

The company generates its own power supply and, run its major equipments through either gas or low pour fuel oil (LPFO)

28.5 Foreign exchange

The executive management is aware of the forex risk, especially as it relates to raw material importation. However, though hedging instruments are not readily available in our strategy on exports could help reduce the risk on forex risk in the long run. Also, the forex forwards from Central Bank of Nigeria scheduled to take off on 6th April, 2011 is being with a view of taking full advantage of its benefits. Our proposed investment in Algeria serve as another source of earning revenue in US Dollars – which could help reduce our risk in the long term.

28.6 Logistics/Distribution

The company has about 250 trucks to compliment the service rendered by our sister company, Dangote Transport and some other haulage companies in distributing our products across the country. Customers with their own fleet of trucks are encouraged to do self-collection.

28.7 Export drive

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

28.8 Freight cost

The company at executive management level is discussing with some ship owners - with the aim of acquiring good vessels, as a strategy to manage cost of freight and to guaranty availability.

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010		2009	
	N'000	%	N'000	%
Sales	89,980,499		82,395,712	
Other income	<u>1,548,569</u>		<u>3,753,795</u>	
	91,529,068		86,149,507	
Bought-in-materials and services:				
- Imported	(66,411,563)		(62,953,126)	
- Local	<u>(5,506,615)</u>		<u>(428,223)</u>	
Value added	<u>19,610,890</u>	<u>100</u>	<u>22,768,158</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	1,567,462	8	1,613,325	7
To pay Government:				
- Income tax	4,628,230	24	5,423,425	24
- Education tax	351,875	2	432,794	2
To pay providers of capital:				
Interest on loans and bank overdrafts	1,946	-	491	-
To provide for enhancement of assets, growth and payment of dividend:				
- Deferred taxation	208,643	1	545,114	2
- Depreciation	1,570,494	8	1,567,410	7
- Profit and loss account	<u>11,282,240</u>	<u>57</u>	<u>13,185,599</u>	<u>58</u>
	<u>19,610,890</u>	<u>100</u>	<u>22,768,158</u>	<u>100</u>

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

FINANCIAL SUMMARY

31 DECEMBER	2010	2009	2008	2007	2006
	N'000	N'000	N'000	N'000	N'000
Fixed assets	15,742,539	16,696,409	13,755,535	14,035,716	14,267,957
Investment	972,337	968,125	874,255	-	-
Net current assets	<u>26,333,455</u>	<u>26,003,782</u>	<u>19,292,413</u>	<u>14,270,732</u>	<u>13,920,438</u>
	43,048,331	43,668,316	33,922,203	28,306,448	28,188,395
Deferred taxation	(1,661,572)	(1,452,929)	(907,815)	(2,098,408)	-
Employee gratuity	<u>(491,722)</u>	<u>(602,590)</u>	<u>(387,190)</u>	<u>(251,889)</u>	<u>(210,805)</u>
	<u>40,895,037</u>	<u>41,612,797</u>	<u>32,627,198</u>	<u>25,956,151</u>	<u>27,977,590</u>

Capital and reserves

Share capital	6,000,000	6,000,000	6,000,000	5,000,000	5,000,000
Share premium	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Revenue reserve	<u>28,574,513</u>	<u>29,292,273</u>	<u>20,306,674</u>	<u>14,635,627</u>	<u>16,657,066</u>
	<u>40,895,037</u>	<u>41,612,797</u>	<u>32,627,198</u>	<u>25,956,151</u>	<u>27,977,590</u>

TURNOVER AND PROFIT

Turnover	<u>89,980,499</u>	<u>82,395,712</u>	<u>80,671,383</u>	<u>80,649,442</u>	<u>83,767,906</u>
Profit before taxation	16,146,930	19,587,423	30,151,378	30,660,730	16,657,066
Profit after taxation	<u>11,282,240</u>	<u>13,185,599</u>	<u>21,871,047</u>	<u>21,478,561</u>	<u>16,657,066</u>

Per share data (kobo):

Earnings - basic	94	110	182	215	167
Earnings - diluted	-	-	182	179	139
Net assets	<u>341</u>	<u>347</u>	<u>272</u>	<u>216</u>	<u>233</u>

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

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

ZENITH REGISTRARS

RC: 510155

Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos. Tel: 01-2708930-4, Fax. 01-2704085

Website: www.zenithregistrars.com email: zenithregistrars@zenithbank.com

MANDATE FOR e-DIVIDEND PAYMENT

It is our pleasure to inform you that you can henceforth, collect your dividend through DIRECT CREDIT into your Bank Account. Consequently, we hereby request you to provide the following information to enable us process direct payment of your dividend (when declared) into your bank account.

Date (DD/MM/YYYY)
/ /

Please tick	
Dangote	<input type="checkbox"/>
Sugar	<input type="checkbox"/>

Surname/Company's Name

Other Names (for Individual Shareholder)

Present Postal Address

City State

Email Address

Mobile (GSM) Phone Number

Bank Name

Branch Address

Bank Account Number

Bank Sort Code Clearing House Number

I/WE hereby request that from now, all dividend warrant(s) due to me/us from my/our holding(s) in all the companies ticked be mandated to my/our Bank named above.

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/Incorporation Number (Corporate Shareholder)

AUTHORISED SIGNATURE & STAMP OF BANKERS

DSR in Brief

Dangote Sugar Refinery Plc is one of the largest sugar refining companies in the World, with Ion Exchange Resin (IER) world-class sugar refining technology.

Dangote Sugar Refinery Plc ("DSR") commenced operations as a sugar refiner in March 2000, with an initial capacity of 600,000 MT p.a. commissioned in 2001

- DSR is one of the largest refineries in the world with a capacity of 1.44 million MT p.a
- Dangote Sugar Refinery Plc was listed on the Nigerian Stock Exchange (NSE) in March 2007.
- DSR Plc state of the art sugar refinery and processes is ISO 9001:2000 International Quality Management Certified.

OUR PRODUCT(S)

VITAMIN A FORTIFIED REFINED SUGAR

Dangote Vitamin A fortified sugar is a fine white granulated sugar, refined to the highest quality and Vitamin A fortified to provide our customers and consumers with the desired nutrients required by the body. This all-purpose sugar dissolves easily and forms part of a healthy and well balanced diet. It is ideal for sweetening of beverages, baking amongst others.

UNFORTIFIED INDUSTRIAL SUGAR

Dangote unfortified or Industrial sugar is a specially processed high quality sugar grade, used by pharmaceuticals, food and beverage manufacturing companies etc, in the achievement of the desired sweetness for their products.

The Vitamin A fortified Refined Sugar and our unfortified industrial sugar are currently packaged in 50kg bags. Arrangements are being finalised for the introduction of the Vitamin A fortified sugar, in 1kg consumer friendly retail package sizes.

Registered & Head Office
Dangote Sugar Refinery Plc
Modandola House
42/44 Warehouse Road
Apapa
Lagos

Factory
Shed 20 Apapa Wharf
Apapa
Lagos

Financial Calendar

Year end December 31st

Authorised/Paid up Share Capital

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

Company Secretary

Chioma Madubuko (Mrs)

Registrar and Transfer Office:

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

Investors Relations Contact

Mr. Joe Okonmah
Investor Relations Manager
234 -8070490436
Email: Joseph.Okonmah@dangote-group.com

Unclaimed Dividends

Since becoming a public company in year 2007, the company has declared dividends. 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 as unclaimed because the addresses have changed or could not be traced.

We therefore request that all affected shareholders should fill the Mandate for e-dividend payment on page 42 or please contact the Registrar, Zenith Registrar Limited at:

**Plot 89A, Ajose Adeogun Street
Victoria Island
Lagos**

PROXY FORM

DANGOTE SUGAR REFINERY PLC. RC: 613748

FIFTH ANNUAL GENERAL MEETING TO BE HELD AT THE LADI KWALI CONFERENCE CENTRE, ABUJA SHERATON HOTELS & TOWERS, FCT ABUJA ON TUESDAY MAY 17TH 2011 AT 12 NOON

I/WE.....ofbeing a shareholder of Dangote Sugar Refinery Plc. hereby appoint..... or failing him/heror as my/our Proxy to act and vote for me/us on my/our behalf at the 5th Annual General Meeting to be held on Tuesday, the 17th day of May, 2011 and at any adjournment thereof.

DATED THEDAY OF2011.

SHAREHOLDER`S SIGNATURE

	NO.	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To receive the Statement of Accounts for the period ended December 31, 2010 together with the Directors` and Auditors` Reports thereon.		
	2.	To declare a dividend.		
	3.	To elect/re-elect Directors.		
	4.	To approve the remuneration of the Directors.		
	5.	To authorize the Directors to fix the remuneration of the Auditors.		
	6.	To elect the members of the Audit Committee.		
Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.				

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

NOTE:

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

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

ADMISSION CARD

NAME AND ADDRESS OF SHAREHOLDER(S):

NUMBER OF SHARES

HELD:

Please admit..... to the 5th Annual General Meeting of Dangote Sugar Refinery Plc. to be held at the Ladi Kwali Conference Centre, Abuja Sheraton Hotels & Towers, FCT Abuja, at 12 noon on Tuesday May 17th ,2011.

Signature of person attending:

- This admission card should be produced by the Shareholder or his/her proxy 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 is to be duly completed and delivered to the Company Secretary not later than 48 hours before the time fixed for the meeting.

COMPANY SECRETARY

**The Registrars
Zenith Registrars Limited
plot 89A Ajose Adeogun Street,
P.o Box 75315
Victoria island
lagos**

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

Note:

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www.dangote-group.com