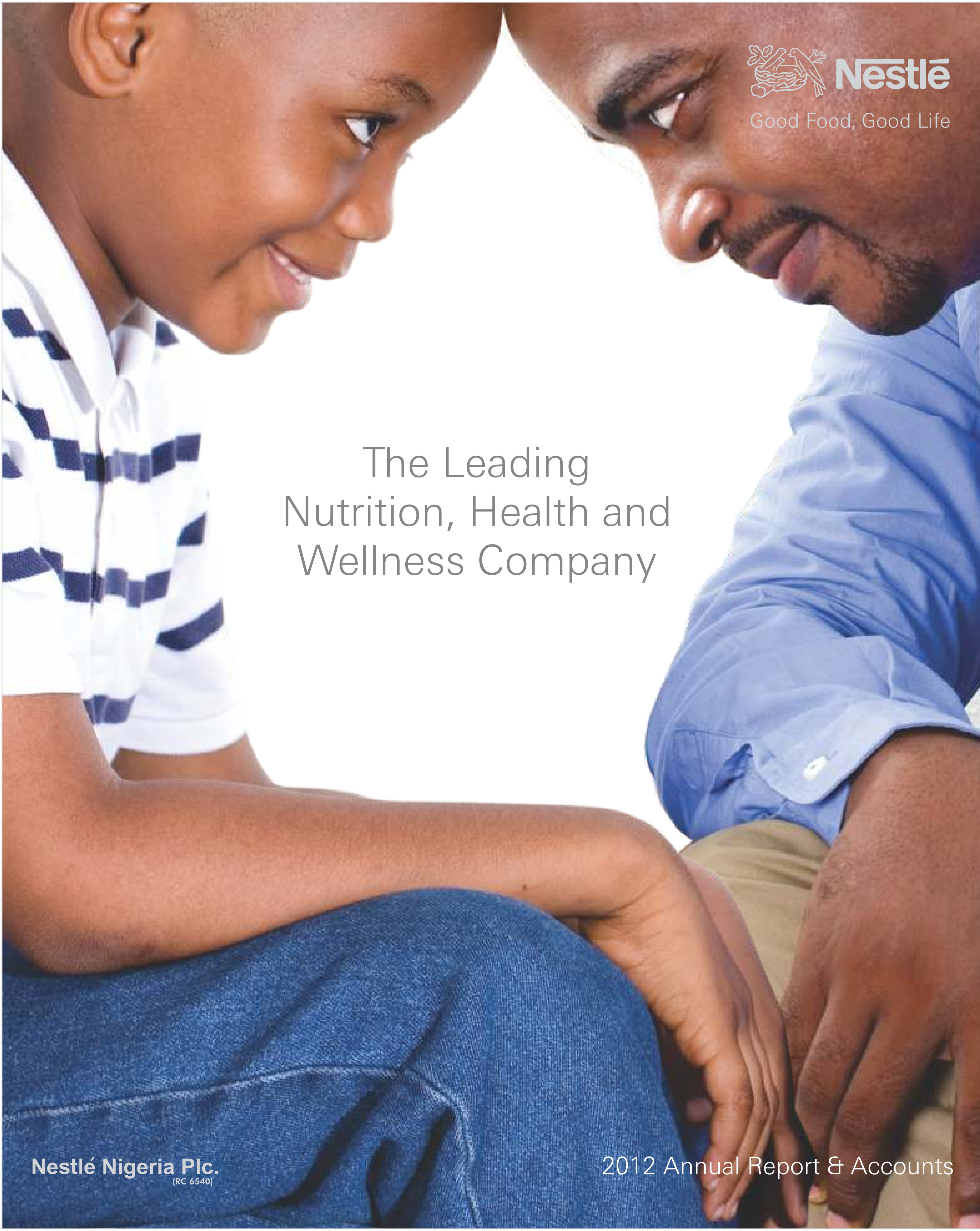
Nestlé

Good Food, Good Life



The Leading Nutrition, Health and Wellness Company

Nestlé Nigeria Plc.
(RC 6540)

2012 Annual Report & Accounts

2012 Annual Report & Accounts

Our objective is to be the recognised leader in Nutrition, Health and Wellness and the industry reference for financial performance

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Directors and Other Corporate Information

"The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company.

Board of Directors:

Chief Olusegun Osunkeye	Chairman
Mr. Martin Woolnough (Australian)	Managing Director/Chief Executive
Mr. Martin Kruegel (German)	
Mrs. Iquo Ukoh	
Mr. Etienne Benet (French)	
Mr. Frederic Duranton (French)	
Mr. David Ifezulike	
Dr. Fiama Mshelia	

Company Secretary/Legal Manager:

Mr. Bode Ayeku

Registered Office:
22-24, Industrial Avenue
Ilupeju, Lagos
Tel: 01-2798184, 2798188, 2790707

Registrars:
Union Registrars Limited
2, Burma Road, Apapa, Lagos
Tel: 5803369, 5451399, 5803367

Independent Auditors:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street, Victoria Island, Lagos
Tel: 01-2718955

Members of the Audit Committee:

Mr. Mathew Akinlade	Chairman
Otunba Thomas Adebayo	- Tenure expired 26 April 2012
Alhaji Kamorudeen Danjuma	
Mr. Christopher Nwaguru	
Dr. Fiama Mshelia	
Mr. Martin Kruegel (German)	- Resigned 12 November 2012
Mrs. Iquo Ukoh	- Appointed 12 November 2012
Mr. David Ifezulike	- Appointed 26 April 2012
Mr. Frederic Duranton (French)	- Tenure expired 26 April 2012

Company Profile

> “With its historical root in nutrition, wide product portfolio, strong brands, research and development competence, skilled and motivated professionals and efficient management, Nestlé is uniquely positioned to continue to contribute to the progress, prosperity, economic development and industrial growth of Nigeria.

Nestlé Nigeria Plc is part of the Nestlé Group, the Nutrition, Health and Wellness company renowned world-wide for its high quality products. Nestlé Nigeria Plc began simple trading operations in Nigeria in 1961 and has today grown into a leading food manufacturing and marketing company in Nigeria.

Globally, Nestlé companies are organised into Regional groupings to leverage expertise and the size of the company. In the case of Nigeria the company is part of Central and West Africa Region. This region is managed through Nestlé Central & West Africa Limited which is based in Accra.

Nestlé Nigeria Plc was listed on the Nigerian Stock Exchange on April 20, 1979. Nestlé Central & West Africa (CWA) Limited is the major shareholder of the Company. As at December 2012, the number of Nigerian shareholders was more than 30,000.

The strategic priorities of the Company are focused on delivering shareholder value through the achievement of sustainable, capital efficient and profitable long-term growth. The Company's turnover in year 2012 was ₦116.7 billion. In the year 2012, the Company's profit before tax was ₦25.1 billion and profit after tax was ₦21.1 billion.

Nestlé manufactures and markets a range of high quality brands: Infant cereals - Nestlé NUTREND, Nestlé CERELAC; Family cereals - Nestlé GOLDEN MORN; Beverage drink - Nestlé MILO; Confectionery-Nestlé CHOCOMILO; Bouillon - MAGGI CUBE, MAGGI CHICKEN, MAGGI CRAYFISH, MAGGI MIX'PY; and table water - Nestlé PURE LIFE. Nestlé also markets coffee - NESCAFÉ CLASSIC, NESCAFÉ 3-in-1 and NESCAFÉ Breakfast, and full cream milk product - Nestlé NIDO.

Our brands and products are the focus of continuous innovation so that they meet and exceed our consumers' expectations. The Company seeks to achieve clear-cut advantage over competitors' products and to ensure that its products are available wherever, whenever and however the consumers want them. Continuous attention is also given to developing the professional and leadership skills of staff at all levels so that they can directly contribute to growth and a higher level of performance.

To stimulate industrial growth, the Company has a policy of long-term sustainable business practices. Nearly all of our key ingredients are sourced locally through farmers and suppliers where available. Our business supports an ever-increasing standard of living through employment generation, increased income, infrastructure improvements and a growing concern for the interest of the community here in Nigeria.

Nestlé adheres to a comprehensive set of business principles that reflect both the Company's commitment to long-term successful business development and the necessity to improve short term results. Creating value for shareholders, consumers, employees and business partners as well as the local communities and the national economies in which Nestlé operates is central to Nestlé Corporate Business Principles and Nestlé Management and Leadership Principles.

Nestlé fully supports the ten principles of the United Nations Global Compact on human rights, labour, the environment and corruption. Nestlé is one of the first companies in Nigeria to support and advance the Global Compact principles within its sphere of influence. All ten principles of the Global Compact are an integral part of the Nestlé Corporate Business Principles, a set of core business principles, which deal with the primary impacts of the Nestlé value chain activities. Nestlé recognizes that it cannot work alone and is building partnerships to address specific social problems that arise in its value chain, in its quest to create shared value for the business and society.

Also, in line with Nestlé Corporate Business Principles, our Company continues to take a proactive approach to respect and support human rights principles within business operations. In 2011, we rolled out an online human rights training tool for all our employees. The web-based tool will help our staff better understand the relevance of human rights principle to business operations, providing exercises, case studies and links to facilitate learning.

Nestlé continues to contribute to the development of sports in Nigeria by sponsoring many sporting events including Nestlé MILO Secondary School Basketball Championship and the Nestlé MILO U-13 African Football Championship.

"To stimulate industrial growth, the Company has a policy of long-term sustainable business practices. Nearly all of our key ingredients are sourced locally through farmers and suppliers where available. Our business supports an ever-increasing standard of living through employment generation, increased income, infrastructure improvements and a growing concern for the interest of the community here in Nigeria.

The Company also promotes Nigerian food culture through the sponsorship of the MAGGI Television audience participatory cookery programme in local languages; MAGGI Women Forum, a home management program targeted at semi urban and rural women and sponsorship of MAGGI Cook for Mama Competition.

In support of Nigeria's drive towards a rapid technological capability, Nestlé inaugurated a state-of-the-art Technical Training Centre at Agbara factory in 2011. The Centre offers an 18-month multi skilled, vocational training in machining / mechanical fitting operations, electrical / instrumentation operations and automation leading to the certificate examination of the London City and Guilds Technician Certificate. The best five students from the Centre will participate in additional training modules in Switzerland.

In pursuit of our commitment to local sourcing of agricultural raw materials, we are involved in two major initiatives in the agricultural sector. In 2011, we commenced a new project to help farmers increase output and quality of cassava starch production in collaboration with the International Institute of Tropical Agriculture (IITA) Ibadan. The project is aimed at increasing productivity per hectare in cassava through multiplication and dissemination of high yielding varieties and ensuring smallholder farmers benefit from improved cassava management practices. The project will enable sustainable supply of cassava roots (with high starch content) to local processors. Our ultimate goal is import substitution of one of our raw materials, corn starch. We will replace imported corn starch with cassava starch in our culinary manufacturing process. To underline our strong commitment to this initiative, we are spending ₦120 million on this project over two years.

The second project, Grains Quality Improvement initiative is aimed at ensuring high quality grains by reducing Mycotoxin contamination in grains through good agricultural and storage practices. The project has significantly reduced the nutritional and economic losses in grains and legumes and ensure also high quality raw materials for our factory.

"In pursuit of our commitment to local sourcing of agricultural raw materials, we are involved in two major initiatives in the agricultural sector. In 2011, we commenced a new project to help farmers increase output and quality of cassava starch production in collaboration with the International Institute of Tropical Agriculture (IITA) Ibadan.

Nestlé is committed to environmentally sound business practices. The Company integrates environmental policies, programmes and practices into each business as an element of management in all its functions. The Company strives always to minimize the impact of its operations on the environment through the utilization of packaging and manufacturing processes that are internationally recognized to have minimum impact on the environment. To further reduce our environmental footprint and ensure efficient use of energy for manufacturing operation, Nestlé Nigeria Plc commissioned a tri-generation power plant at Agbara factory in December 2010. The plant generates electrical power, while chilled and hot water are generated using heat from the power plant exhaust gases. This enables us to increase overall energy efficiency from 42 to 74 per cent and to reduce carbon dioxide emissions by 5,000 tonnes per year. Our Agbara factory is listed among the Global Nestlé factories considered as 'High Performing' in relation to reduced water consumption versus increased production output.

With its historical root in nutrition, wide product portfolio, strong brands, research and development competence of its various research centres including Nestlé Research Centre, Abidjan, skilled and motivated professionals and efficient management, Nestlé is uniquely positioned to continue to contribute to the progress, prosperity, economic development and industrial growth of Nigeria.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9, Onikan, Lagos, on Thursday, 9 May 2013 at 11 o'clock in the forenoon, for the following purposes:

ORDINARY BUSINESS

1. **To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 December 2012 and the Reports of the Auditors and the Audit Committee thereon.**
2. **To declare a Final Dividend.**
3. **To re-elect Director.**
4. **To authorise the Directors to fix the remuneration of the Auditors.**
5. **To elect the members of the Audit Committee.**

SPECIAL BUSINESS

6. **To fix the remuneration of Directors and approve benefits to the long serving retired Director.**

Dated 18 February 2013

By Order of the Board

Bode Ayeku
Company Secretary / Legal Manager
Registered Office
22-24, Industrial Avenue, Ilupeju, LAGOS

NOTES

(a) PROXY: A member of the Company entitled to attend and vote 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 form is enclosed herewith. Proxy forms must be completed and deposited at the office of the Company's Registrars, Union Registrars Limited, 2, Burma Road, Apapa, Lagos, P.M.B. 12717, Lagos not later than 48 hours before the time of the meeting.

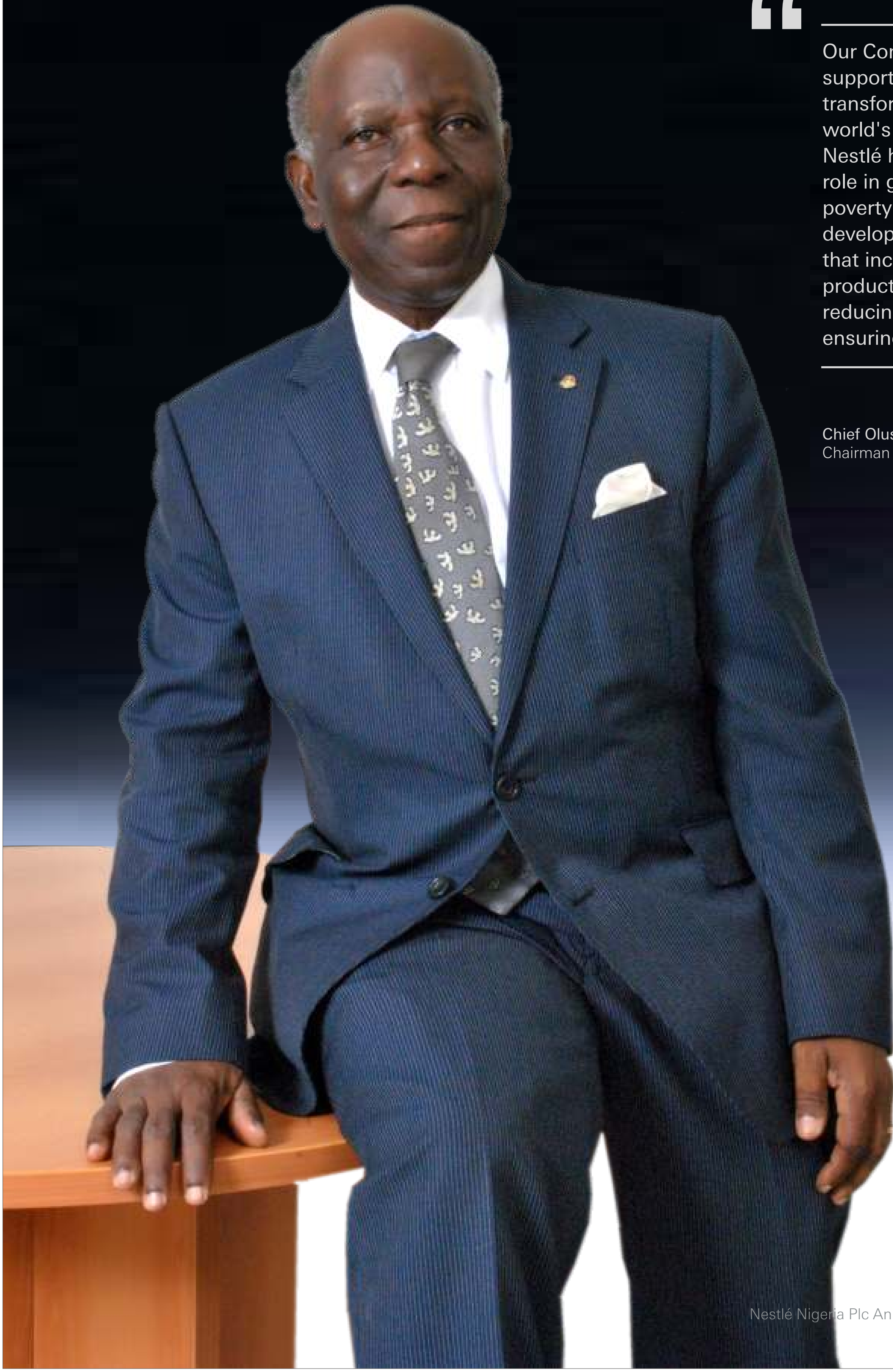
(b) DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS: If the Dividend recommended by the Directors is declared, dividend warrants will be posted on Friday, 10 May 2013 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 26 April 2013. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 29 April 2013 to Friday, 3 May 2013 both dates inclusive to enable the preparation and payment of dividend.

(c) NOMINATIONS FOR THE AUDIT COMMITTEE: The Audit Committee consists of 3 Shareholders and 3 Directors. In accordance with section 359 (5) of the Companies and Allied Matters Act, CAP C.20, LFN 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

(d) UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES: Several dividend warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members will be circulated with the Annual Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrars, Union Registrars Limited 2, Burma Road, Apapa, P.M.B. 12717, Lagos during normal working hours.

(e) E-DIVIDEND/BONUS: Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual report to enable all shareholders furnish particulars of their accounts to the Registrars (Union Registrars Limited) as soon as possible.

Chairman's Statement



> "Our Company will continue to support the agricultural transformation agenda. As the world's largest food company, Nestlé has always played an active role in getting agriculture and rural poverty reduction back onto the development agenda. We believe that increasing agricultural productivity is essential to reducing rural poverty and ensuring greater food security.

Chief Olusegun Osunkeye, OFR, OON
Chairman

Fellow shareholders, my colleagues on the Board, ladies and gentlemen.

I am pleased to welcome you to the 44th Annual General Meeting of our Company and to present the Financial Statements and Reports as well as a review of the performance of our Company for the year ended 31 December 2012.

Business Environment

The Nigerian economy witnessed a consistent growth in 2012 despite harsh operating conditions. Although the Telecommunication sector remained the fastest growing owing to consistent increase in mobile teledensity, it is noteworthy that the agricultural sector remains the largest contributor to the Gross Domestic Product, thanks to the nation's Agricultural Transformation Agenda (ATA) launched in 2012.

ATA is aimed at ensuring food security, diversifying the economy and enhancing foreign exchange earnings. The new fiscal incentives recently announced by the President – including zero tariff and duty on agricultural machinery and equipment – is expected to further drive the agricultural transformation agenda.

Our Company will continue to support ATA. As the world's largest food company, Nestlé has always played an active role in getting agriculture and rural poverty reduction back onto the development agenda. We believe that increasing agricultural productivity is essential to reducing rural poverty and ensuring greater food security.

Operating Results and Performance

In 2012, our Company delivered excellent performance, top and bottom line, in a very challenging year characterized by severe cost pressures and intensified competition – due to the result-oriented strategies of the Company.

We continued to outperform competition despite the difficult economic environment of 2012 and the deteriorating security situation in the country, particularly in the northern region. We are pleased to maintain the positive momentum on our path towards long term sustainable, profitable and capital efficient growth. You can obtain the details of the operating results on page 25 of this Annual Report or from our investor's website: http.//www.nestle-cwa.com/en/investors/nigeria

Dividend

As a result of the excellent performance achieved in 2012 and in line with your Board's commitment to creating value for its shareholders – the Board recommends for your approval a final dividend of ₦18.50. An Interim dividend of ₦1.50 was earlier declared and paid, making **a total dividend for the 2012 year of ₦20.00 per share** from the results for the year. This represents a payout ratio of 75%.

E-Dividend and E-Bonus

Together with our Registrars, we were able to reduce the level of unclaimed dividends in the year 2012. Despite the reduction, there is still a material list of unclaimed dividend and share certificates. Therefore, we wish to request, once again, every shareholder to complete the detachable application form for e-Dividend and e-Bonus attached to the 2012 Annual Report and Accounts and deliver to our Registrars either at the venue of the Annual General Meeting or to their office immediately after this meeting. Shareholders are also required to open bank accounts, stock broking accounts and Central Securities Clearing Systems (CSCS) accounts for the e-Dividend and e-Bonus. Your compliance with this request will reduce the magnitude of unclaimed dividends and share certificates and eliminate the delay or loss of dividend warrants and share certificates and the sundry inconveniences associated with revalidation of dividend warrants.

In addition, we have also introduced electronic delivery of our annual report and accounts and other relevant corporate documents. With this initiative, instead of receiving the hard copy of any of these documents, each shareholder is able to receive a soft copy online via his or her e-mail address or a Compact Disk to be sent by post. We request you to complete the detachable Electronic Delivery Mandate form and deliver it to our Registrars at the venue of this meeting or to their office immediately after this meeting.

I assure you that if you subscribe to e-Dividend, e-Bonus and Electronic Delivery of our annual report and other corporate documents, the days of unclaimed dividend warrants, unclaimed share certificates and late receipt of annual report and accounts will be over.

Marketing, Sales and Product Performance

Our Company has the privilege of being deeply integrated into households across Nigeria, with many consumers buying our products on a daily basis. This gives us a great opportunity to contribute meaningfully to the quality of their lives through our mission of "Good Food, Good Life." That mission is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night, and thereby helping them to live enjoyable and healthy lives.

Combating micronutrient deficiency in Nigeria via product fortification

In pursuit of our commitment to help reduce the burden of micronutrient deficiencies in Nigeria, we fortified two of our products – MAGGI cube and GOLDEN MORN - with iron in 2012.

MAGGI, our flagship brand continued not only to promote Nigeria's food culture and transfer of culinary skills, but also contributed to reducing micronutrient deficiency in Nigeria. During the second quarter of 2012, we launched our new iron-fortified MAGGI cube manufactured from locally sourced soybean. MAGGI cubes reach 20 million households every day, making it the single largest carrier of iodine and iron in Nigeria.

We also launched our new GOLDEN MORN fortified with Iron and vitamin A. By fortifying the product, we are offering millions of Nigerian families the opportunity to increase their intake of two essential micronutrients as part of their daily breakfast. Lack of iron can result in impaired mental development in children and weakened immune function. Even so, enriching the product is much more than addressing micronutrient deficiencies as it is also a good source of calcium, energy, protein and dietary fibre, meeting the key nutritional requirements the average consumer needs for the day, anytime.

Brand Promotion

We introduced "MAGGI Star Kitchen" – aimed at educating people about balanced diets, micronutrient deficiency and the importance of culinary hygiene and we continued our "MAGGI Women Forum". To further increase awareness and stimulate growth of MAGGI in the market, we continue to organise the MAGGI Fast Food Association (MAFFAN) which was launched in 2011. We expanded MAFFAN to three additional regions in 2012: southwest, southeast and northwest. The Association serves as a platform for Fast Food Operators to interact with the MAGGI brand and to learn more about the Out-of-Home expertise of Nestlé Professional, our food service business provider.

Nestlé MILO continued to strategically leverage grassroots football programs to drive affinity and maximize sales opportunities. Nestlé MILO sponsored the MILO Under -13 Africa Football Championship – an event that harnesses the energy of the youth and gives them an international platform to showcase their talent. We also sponsored the MILO Football Clinic facilitated by Peter Rufai, one of Nigeria's foremost football international stars and other youth football development experts. The Clinic is based on unique proven scientific techniques discovered after 15 years of wide-ranging research in Europe. Nestlé has also been at the forefront of developing the body and soul of Nigerian youths through the MILO Secondary School Basketball Championship for the15th year in a row reaching 5,000 schools pan Nigeria.

To further strengthen brand awareness and image, NESCAFÉ Campus Café was commissioned at the Universities of Ibadan and Lagos in 2012. Also, consumers in Nigeria had a thrilling experience with the NESCAFÉ Magic Mug flight: a giant hot air balloon, shaped in the form of a red NESCAFÉ mug. The NESCAFÉ Magic Mug returned to Nigeria for an exciting three-city tour across Nigeria. Students of the University of Ibadan, Obafemi Awolowo University and Kwara State Polytechnic had the opportunity of a lifetime to sail up to 50 meters in the giant hot air balloon.

Employees

The good performance we recorded in 2012 is a testimony of the passion for excellence, diligence and outstanding dedication of our employees to the growth of our company. On behalf of the Board, I would like to thank our people whose hard work and strong commitment have made our 2012 results possible. As at 31 December 2012, 2179 people benefitted from direct employment (excluding third party and fixed contract staff). Also in 2012, 42 employees participated in overseas courses, 245 attended external (local) trainings, and all employees participated in different in-house training programmes to sharpen their skills and improve their productivity.

In line with Nestlé's Corporate Business Principles, our company continues to take a proactive approach to respect and support human rights principles within business operations. To further advance human rights principles in the workplace, we continued our online human rights training tool for all our employees. The web-based tool helps our staff better understand the relevance of human rights principles to business operations, providing exercises, case studies and links to facilitate learning.

Creating Shared Value

We believe that companies are only sustainable and successful over the long term if they create value not just for their shareholders but also for the societies in which they operate. We call this "Creating Shared Value". We talk about this in more detail in the accompanied CSV Full Year Report.

We pursue our objective of being the reference for financial performance in our industry with our commitment to Creating Shared Value in order to be trusted by all stakeholders.

First Regional Creating Shared Value Forum

In our effort to build our thought leadership and presence in nutrition, water and rural development, we hosted the first regional Creating Shared Value Forum for Central and West Africa at the Lagos Business School in September 2012. The Forum enabled us to mainstream CSV as a corporate strategy as well as work with a number of stakeholders from across Nigeria to share insights, identify best practices and engage other business in this journey. About 450 participants, comprising policy makers, development partners, academic representatives and the media attended the two-day event. The event was anchored by Professor Mark Kramer of Harvard University, one of the pioneers of the idea of Creating Shared Value.

Creating Value Media Workshop

To further promote the public understanding of nutrition, water and agriculture / rural development and equip journalists from print and electronic media with requisite reporting skills, we organised a media workshop. The workshop which was a precursor to the CSV Forum was part of Nestlé's contribution to improve the practice of science journalism in Nigeria.

Best Company in Creating Shared Value Award

Our company emerged the best Company in Creating Shared Value in Nigeria in 2012. Nestlé Nigeria Plc received the award at the 2012 edition of the Social Enterprise Reports and Award (SERA). Nestlé was also ranked the third most socially responsible company in Nigeria by SERA.

Nestlé Healthy Kids Global Programme in Nigeria

In 2012, we continued our initiative to improve the nutrition, health and wellness of school-aged children through the Nestlé Healthy Kids Global Programme in Lagos and Ogun States. About 10,000 pupils are benefitting from the programme. The initiative is also aimed at giving primary school children the chance to develop positive attitudes and behaviours towards food and exercise to achieve and maintain a healthy body weight into adulthood.

Grains Quality Improvement Project

Nestlé's sustainable agriculture strategy is designed to ensure a steady supply of safe, high quality agricultural commodities and, as a result, allow rural communities to increase their income. One of our priorities in this area is to reduce the high levels of Mycotoxin in cereals as this natural fungus-based contamination can cause immune suppression, impaired development in children and liver damage in both humans and animals.

Therefore in 2012, we continued our Grains Quality Improvement Project which is aimed at ensuring high quality grains by reducing Mycotoxin contamination in grains through good agricultural and storage practices.

Nestlé/IITA Cassava Starch Project

Our collaboration with the International Institute of Tropical Agriculture, Ibadan (IITA) on Cassava Starch continued to be strong. This project is aimed at increasing productivity per hectare in cassava through multiplication and dissemination of high yielding varieties and ensuring smallholder farmers benefit from improved cassava management practices. The project will enable sustainable supply of cassava roots (with high starch content) to local processors. Our ultimate goal is import substitution of one of our agricultural raw materials: we aim to replace imported corn starch with cassava starch in our culinary manufacturing process.

Launch of Project WET

In pursuit of our commitment to sustainable water management in Nigeria, we launched Water Education for Teachers, Project WET, in October 2012. The programme is aimed at facilitating and promoting awareness, appreciation, knowledge and stewardship of water resources through the development and dissemination of classroom-ready teaching aids.

Outlook for 2013

We will continue to build our brands and create a sustainable competitive edge to accelerate Nestlé's growth.

We envisage that 2013 will likely be difficult; nevertheless, we are confident it will be a successful year due to our proven ability to deliver innovative growth in our businesses while at the same time delivering value to all our stakeholders. We shall continue to leverage our scale and structure to ensure profitable growth, improve our operational efficiency to enable us to be more focused on opportunities for growth with our customers and consumers.

Conclusion

Let me conclude this address on a personal note. I joined Nestlé Nigeria on 14 February 1972. It has been a special honour for me to have served on the Board of Directors continuously for 40 years since my appointment to the Board on 1st January 1973, and Chairman of the Board for 14 years since June 1999.

I am full of gratitude first to the Almighty God for his grace in my life, and also to you, our valued Shareholders, for our interaction and deliberations, over so many years, which have helped us collectively to take our Company to the great heights it has achieved to date. I thank you, fellow shareholders, for the support and co-operation which I enjoyed over the years.

I am appreciative of the management and staff of our company. The sustained satisfactory results of our company year on year, is a reflection of the loyalty, devotion and dedication displayed by them, at all levels, in spite of the sometimes disenabling economic and social environment. I thank the entire management and staff for the outstanding results year on year.

Our business partners, distributors, suppliers, and service providers have been, and remain our essential collaborators and I thank them, and trust that the collaboration will be preserved to the continued mutual benefit of all, and my best wishes for profitable operations in the years to come.

I cherish the support I have enjoyed from my colleagues on the Board over these past 14 years as the Chairman of the Board. The spirit of oneness and common purpose always displayed in our deliberations in the discharge of our oversight function is admirable and appreciated.

I consider it most appropriate for me to make special mention of our majority shareholder, Nestlé S. A. of Switzerland, a multinational per excellence, the largest food manufacturing company in the world.

Nestlé began simple trading operations in Nigeria, in 1961 and with my 1 + 40 years of service on the Board, in various capacities, I am proud to be part of the history of Nestlé Nigeria.

Nestlé S.A. has demonstrated faith in our country by the continuous investments and technical assistance it has been making for decades, investing in modern Manufacturing and Distribution facilities, upgrading of processes, launching new products, and developing skills and capacity building of our people at all levels. Nigeria has benefitted immensely from the presence and operations of Nestlé, in the industrial, commercial, economic and social life of the country. A look at the records shows the tremendous heights we have reached these past 40 years.

	1973 ₦mio	1982 ₦mio	1992 ₦mio	2002 ₦mio	2012 ₦mio
Fixed Assets	0.8	32	296	1,415	62.160
Turnover	13	243	1025	19,579	116,707
Profit before tax	0.3	15	144	4,755	25,023
Dividends	0.2	4	41	3,171	15,853
Net Assets ₦ per share	0.25	1.51	3.52	3.55	43.13

This will be my last presentation at this Annual General Meeting, as a Board Member and as Chairman of the Company. I retire hereafter in the knowledge that Nestlé Nigeria has attained lofty heights with sustainable excellence. As I take my bow, I do so with deep gratitude to the Almighty God, and with a great sense of satisfaction and fulfillment.

May Nestlé Nigeria and all connected with it, shareholders and other stakeholders, employees, business partners, distributors, suppliers and service providers continue to prosper in the years ahead.

I thank you for your attention.

God bless.

> "Nestlé began simple trading operations in Nigeria, in 1961 and with my 1 + 40 years of service on the Board, in various capacities, I am proud to be part of the history of Nestlé Nigeria.

Chief Olusegun Osunkeye, OFR, OON
Chairman
18th February, 2013

Corporate Governance
Report 2012

Background
The priority of Nestlé Nigeria Plc is to ethically manage the Company for profitable long-term growth. Nestlé has policies and practices that align management of the Company with the interests of our shareholders. This brings about beneficial relationship in the long term. Nestlé believes that good Corporate Governance is a critical factor in achieving business success. The Board of Nestlé Nigeria Plc is fully aware of its responsibilities to shareholders and works to achieve implementation of good Corporate Governance. The Board put in place mechanisms that assist it to review, on a regular basis, the operations of the Company so as to ensure that our business is conducted in accordance with good Corporate Governance and global best practices.

In furtherance of our progressive and enlightened stakeholder relations policy, Nestlé Nigeria Plc runs an annual business forum. The programme provides an opportunity for invited stakeholders to discuss with management of the Company its published financial results, corporate activities and the longer-term strategy of the Company.

Some of the noteworthy aspects of our corporate governance policies include:

Nestlé Corporate Governance Principles

Nestlé has since its commencement of business:

- built consumers' trust through the quality and safety of its products;
- continued to respect social, political and cultural traditions;
- taken a long-term approach to strategic decision-making, which recognizes the interests of its shareholders, consumers, employees, distributors, business partners, industrial suppliers and the society.

The Nestlé Group's commitment to sound Corporate Governance goes back to its very early days. Nestlé published for the first time, in September 2000, its Corporate Governance Principles. Today, these are incorporated in the Nestlé global Management Report. Nestlé complies with these principles even before the introduction of Code of Corporate Governance in Nigeria. We complied with the mandatory provisions of the 2011 Code of Corporate Governance issued by the Securities and Exchange Commission during the year under review.

Local Legislations and International Recommendations

- Nestlé complies with all applicable laws and regulations;
- Nestlé ensures that the highest standards of conduct are met throughout the organization by complying in a responsible way with the Nestlé Corporate Business Principles, which guide Company activities and relationships worldwide in each sector of business interests;
- Nestlé is aware that increasingly, globalization has been leading the development of more international recommendations. Although, as a general rule, these recommendations are addressed to governments, in the long run they have an impact on business practices. Nestlé takes such recommendations into account in its policies;
- Nestlé endorses commitments and recommendations for voluntary self-regulation issued by competent sectoral organizations, provided they have been developed in full consultation with the parties concerned; these include the ICC Business Charter for Sustainable Development (1991), the OECD Guidelines for Multinational Enterprises (1976) and the OECD Principles of Corporate Governance (1999).
- Nestlé ensures strict compliance with the Companies and Allied Matters Act particularly by:
  - keeping proper accounting records
  - ensuring adequate internal control procedures
  - following all applicable accounting standards
  - consistently applying suitable accounting policies and the going concern basis.
  - Nestlé ensures that all taxes are promptly and regularly remitted to the three tiers of government: federal, state and local authorities.
  - Nestlé complies with the provisions of the Code of Corporate Governance in Nigeria issued in 2011 by the Securities and Exchange Commission. Also, Nestlé has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

The Principles

They cover four areas:

1. The rights and responsibilities of shareholders
2. The equitable treatment of shareholders
3. The duties and responsibilities of the Board of Directors
4. Disclosure and transparency

We live up to the above principles especially through our information policy.

Information Policy

Shareholder Relations - Guiding Principles

Nestlé is committed to manage an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of Nestlé is in line with management's understanding of the actual situation at Nestlé.

The guiding principles of this policy, as it relates to shareholders, are that Nestlé gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent, engaging and consistent as possible.

Methodology

The Nestlé communication strategy makes use of traditional and modern communication tools.

Printed material

Nestlé Nigeria Plc produces a highly detailed Annual Report and Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations.

The document also outlines and discusses the latest social initiatives of Nestlé Nigeria Plc resulting from its commitment to the highest levels of corporate citizenship.

Nestlé publishes its full-year and quarterly results. Press releases are issued on activities of the company as and when necessary.

Future Relations with Shareholders

We are committed to sustaining the very good relations our Company has with its shareholders through well-established cycles of communication based on the Company's financial reporting calendar. The Company will continue to ensure that its shareholder communications, relations and policies are appropriate to the needs of shareholders.

The Annual General Meeting is an important forum for the Company to meet with shareholders and it is always well attended. The Board encourages all shareholders to attend and participate so that the Company can continue to benefit from their useful advice.

Communication with Stakeholders

In furtherance of our progressive stakeholder relations policy, Nestlé Nigeria Plc runs an annual business forum. The programme provides an opportunity for invited stakeholders to discuss with management of the Company its published financial results, corporate activities and the longer-term strategy of the Company.

In addition, information on the performance of the Company and other major corporate information are available to the stakeholders in particular and the public in general at the website of the Company - http://www.nestle-cwa.com/en/investors/nigeria. This website contains our Annual Report, quarterly Financial Statements, quarterly Forecasts as well as Highlight presentations.

Transparency in Financial Reporting and Internal Control

Nestlé produces a comprehensive Annual Report and Financial Statements in compliance with the Companies and Allied Matters Act. We put in place adequate internal control procedures and ensure that the document reviews the business and provides detailed audited financial statements, according to relevant accounting standards and regulations.

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé Nigeria Plc. The Board is made up of five (5) non-executive directors including the Chairman and three (3) executive directors. The names of all the directors are stated on page 4 of this Annual Report. The non-executive directors are independent of management and able to carry out their oversight functions in an objective and effective manner. The position of the Chairman and that of the Managing Director are occupied by different persons. All the directors have access to the advice and services of the Company Secretary.

The Board consists of reputable persons of diverse skills and experience in various areas of human endeavour. Members of the Board are selected on the basis of integrity, knowledge, leadership qualities, reputation, competence, sense of accountability and high commitment to the task of good corporate governance.

The Board is responsible for the overall supervision of the Company and takes appropriate action to protect the interest of the shareholders and other stakeholders. It is responsible for the ultimate direction of the Company, in particular the conduct, management and supervision of the business of the Company, and the provision of necessary directions; the determination of the Company's organization, compliance by the Company with the law, the Articles of Association, Board Regulations and instructions, any significant policy issue dealing with the Company's general structure or with financial, commercial and industrial policy, etc. The Board meets as often as necessary and on notice by the Chairman.

The following are the specific issues reserved for the Board:

- Succession planning and approval of top executive appointments
- Appointment and composition of the Board and its Committees with their terms of reference
- Approval of the strategic plans and budget of the Company
- Integrity of financial controls and reports
- Review and approval of risk management policies and internal controls
- The determination of accounting and financial control principles, as well as principles of financial planning
- Approval of annual accounts
- Appropriation and distribution of profits
- Acquisitions, disposals, mergers and joint ventures
- Approval of the remuneration of executive directors
- The appointment and removal of the Chairman and the members of any committee
- Corporate governance principles and compliance with the applicable code

The Board has delegated to Management the day-to-day management of the business and the Chief Executive Officer is answerable to the Board.

Board Members and attendance of meetings held in 2012

Name		No. of meetings held	No of Meetings attended
a)	Chief Olusegun Osunkeye	4	4
b)	Mr. Martin Woolnough	4	2*
c)	Mr. Martin Kruegel	4	4
d)	Mrs Iquo Ukoh	4	4
e)	Mr. Etienne Benet	4	2**
f)	Mr. Frederic Duranton	4	3
g)	Mr. David Ifezulike	4	4
h)	Dr. Fiama Mshelia	4	4

Board meetings were held on 20/2/12, 26/4/12, 24/7/12 and 12/11/12.

* Mr. Woolnough was not able to attend the meetings held in April and November 2012 because his international passport was lost while on official assignment in Switzerland and his participation in a programme organised by the Presidency respectively.

** Mr. Benet was not able to attend the meetings held in February and April 2012 because of some urgent official assignments and disruption of his scheduled flight respectively.

We provide below the time when each member of our Board of Directors will be due to retire by rotation. However, as provided by the Companies and Allied Matters Act and Article 95 of our Articles of Association, they are entitled to offer themselves for re-election.

Date of last election and when due to retire by rotation

Name	Last election	To retire by rotation
Olusegun Osunkeye	27/04/2010	09/05/2013
Martin Woolnough	01/04/2008 (not subject to re-election)	N/A
Martin Kruegel	28/04/2011	2014
Iquo Ukoh	26/04/2012	2015
Etienne Benet	26/04/2012	2015
Frederic Duranton	26/04/2012	2015
David Ifezulike	28/04/2011	2014
Fiama Mshelia	27/04/2010	09/05/2013

Board Appointment, Induction and Training Processes

The appointment of a new Director of the Company commences after the declaration of a vacancy by the Board. It is the responsibility of the Board to determine the required knowledge, skills, experience and competence to be possessed by the potential candidates. Thereafter, the curriculum vitae of candidates satisfying the requirements would be sourced and forwarded to the Board for scrutiny, discreet validation of character and informal interaction with the candidates. If the Board is satisfied with the information obtained, the suitable candidate would be appointed a Director of the Company and presented to the shareholders for election at the next Annual General Meeting.

A newly appointed Director of the Company is required to undergo an induction process in order to know the Company, business and duties better. Important corporate documents on the profile, history, values, members of the Board and top management, business principles, production facilities, projects, Creating Shared Value initiatives are made available to new Directors.

The Directors of the Company participate periodically and where required, at its expense, in relevant continuing education programmes in order to update their knowledge and skills and keep them informed of new developments in the company's business, regulatory and operating environments. The objective of the training, when needed, is to assist them to fully and effectively discharge their duties to the Company.

Evaluation Process and Summary of Evaluation Results

The Board has established a system to undertake a formal and rigorous annual evaluation of its performance, that of its Committees, the Chairman and individual directors. The Board designed a questionnaire for evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings, performance of each committee, etc. The questionnaire for evaluation for the period ended 31 December 2012 was completed by members and the summary of results compiled electronically.

Based on the results of the evaluation, the Board, Remuneration Committee, Safety, Health and Environment Committee and each individual director recorded very good performance.

Director standing for re-election and his biographical details

Although Chief Olusegun Osunkeye and Dr. Fiama Mshelia are due for retirement by rotation at the next Annual General Meeting, Chief Olusegun Osunkeye has opted to retire from the Board. Consequently, only Dr. Fiama Mshelia is standing for re-election at the next Annual General Meeting. His details are as follows:

Dr. Fiama Mshelia is a medical practitioner of more than 36 years standing, a seasoned administrator and non-executive director of the Company. Dr. Mshelia has previously served as chairman, National Eye Centre, Director, Banque Internationale du Benin, Cotonou, Benin Republic, Centre Point Merchant Bank. He is a director of Acacia Management & Consultancy Limited and the Chairman of Triple Gee Plc. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 23 March 2001 as a non-executive director.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) Directors appointed by the Board of Directors to submit recommendations on the salaries of Executive Directors to the Board for approval. Meetings were held on 20/2/12 and 12/11/12 and the committee discharged their responsibilities excellently in 2012.

The table below shows the Directors who served on the committee in 2012 and their attendance at meetings:

Name	Status	No. of meetings held	No. of meetings attended
Olusegun Osunkeye	Chairman	2	2
Etienne Benet	Member	2	2
Frederic Duranton	Member	2	2

Safety, Health and Environment Committee

The Committee is to review reports on safety, health and environmental activities of the Company, safety statistics and environmental compliance. The Committee is also to review reports on visits made to Nestlé on safety, health and environment by government agencies and the proposed activities in relation to the Company's safety, health and environmental policy. Meetings were held on 15/2/12 and 23/7/12 and the committee discharged their responsibilities excellently in 2012.

The table below shows the Directors who served on the committee in 2012 and their attendance at meetings:

Name	Status	No. of meetings held	No. of meetings attended
Martin Woolnough	Chairman	2	2
David Ifezulike	Member	2	2
Fiama Mshelia	Member	2	2

Statutory Audit Committee

The Committee is established to perform the functions stated in Section 359 (6) of the Companies and Allied Matters Act. There are six (6) members of the Committee and one of the three representatives of the shareholders is the chairman of the Committee. The Committee met four times during the period under review and discharged their responsibilities excellently in 2012.

The list of members of the Committee is contained on page 4 of this document.

The table below shows the Directors who served on the committee in 2012 and their attendance at meetings:

Name	Status	No. of meetings held	No. of meetings attended
David Ifezulike	Member	4	4
Fiama Mshelia	Member	4	4
Martin Kruegel (up to 12/11/2012)	Member	4	3
Iquo Ukoh (from 12/11/2012)	Member	4	1*

* Mrs. Iquo Ukoh was appointed to replace Mr. Martin Kruegel on the Audit Committee with effect from 12 November 2012.

Board Charter and Code of Ethics

The Company has a Board Charter and Code of Ethics approved by the Board and signed by all members. The document provides guidance to members on the operations of the Board, duties and obligations of members, code of conduct and how to avoid conflict of interest in any business relationship with the Company.

Insider Trading

The Directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007. As required by law, the shares held by directors are disclosed in the annual report.

Human Resources Policies and other related matters

The Company recognises that its employees are very valuable. Consequently, the human resources policies of the Company are to ensure that the aptitude, knowledge and skills of staff are put to the best possible use. The training of staff to perform their duties effectively is a major preoccupation of Management.

The Management holds periodic meetings with the employees in order to brief them on business related issues and exchange ideas that are beneficial. In addition, there is the Managing Director - Union Forum with all the key Union officers as well as top management staff, to foster greater understanding of the business and the need to realize our roles as joint stakeholders. Also, Management communicates corporate issues to employees regularly through circulars and newsletters - “Nestlé News”. Nestlé Nigeria Plc has no employee share-ownership scheme.

It is the Company's policy to:

a) Give every employee the chance of proving his or her ability in order to realise the desired career progression;
b) Give equal opportunity for engagement and promotion on the basis of merit, diligence and good conduct;
c) Remunerate staff based on the principle of internal equity and external comparability together with performance;
d) Appreciate honesty, integrity and loyalty to the Company;
e) Encourage loyalty by providing adequate job security and good conditions of work to all employees;
f) Give every employee when necessary the opportunity to deal directly with Management and raise matters affecting his or her work for discussion and resolution;
g) Promote joint consultation and communication in order to enable employees to have full opportunity to speak frankly with Management on matters of mutual interest;
h) Provide a safe working environment by encouraging employees to work safely and maintain good health at all times.

Company's Sustainability policies

Corruption

The Company has zero-tolerance attitude to corruption and unethical practice. It encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations. On a regular basis, the Company tracks and monitors potential corruption proned activities and designs strategies to eliminate the corruption risks.

In furtherance of the above, the Company has established an anonymous whistle blowing system which enables staff and suppliers to raise concerns in relation to its operations and report malpractice, illegal acts or omission by employees. Such concerns could be communicated to the Company through anonymous letter, e-mail or dedicated telephone line.

Creating Shared Value

The Company impacts on the community through the peculiar initiatives known as Creating Shared Value (CSV) with a special focus on Nutrition, Water and Rural Development. The Company is convinced that these initiatives will improve the livelihood of our community and make our business more competitive. Through CSV, the Company provides technical assistance to farmers to help them increase the quality and quantity of yields; rehabilitates water pumps in rural areas; embarks on school building projects; encourages the grassroots sports activities; provides edutainment that is used to promote and encourage physical activities; implements the fortification initiatives to fight malnutrition; provides the job and development opportunities in order to contribute to the growth and development of Nigeria.

Recently, we launched the Nestlé Healthy Kids program to improve nutrition, health and wellness of children aged 8-12 years; partnered with the International Institute for Tropical Agriculture (IITA) to boost cassava starch production in Nigeria; organized training programmes for soybean farmers under the Nestlé/University of Agriculture Abeokuta Soybean Popularization Project and workshop to improve farm family health initiative for the farming community.

In a bid to mainstream CSV as a corporate strategy and enhance Nestlé's leadership and presence in nutrition, water and rural development/agriculture, the first regional CSV Forum for Central and West Africa was held at Lekki campus of Pan-African University on September 17th and 18th 2012. More than 400 high profile participants (local and international) comprising policy makers, development partners, academics, business representatives, government and political stakeholders, media, NGOs, Civil Society Organizations, Community Based Organizations, Trade and Professional Associations as well as Nestlé delegates from Switzerland, CWAR and local employees attended the Forum.

The Forum examined, among others, the concept of CSV in light of the role of Business in Food Security and Nutrition. The presence of Harvard University Professor Mark Kramer, who, together with Professor Michael Porter, formulated the concept of CSV, brought the model into sharp focus in the Central and West African context.

The details of these initiatives are stated in our CSV Report circulated with this Annual Report.

INTERNATIONAL CARE AUDIT

The international CARE Audit initiated by the Nestlé Group for the purpose of ascertaining Compliance, Assessment of Human Resources, Occupational Health and Safety, Environment and Business Integrity of its subsidiaries was carried out in 2012. The CARE Audit was conducted by the Société Generale de Surveillance, Switzerland (SGS). After the audit, the Auditors, rated operations as compliant with international best practices.

CORPORATE GOVERNANCE AND INTEGRITY COMMITTEE

In 2012, the Managing Director inaugurated the Corporate Governance and Integrity Committee (CGI). The objective of the Committee is to ensure that staff and stakeholders of the company act in compliance with applicable laws and regulations, the Company's Code of Business Conduct and that staff of the company exhibit the highest standard of ethical and moral business conduct. The Committee is made up of the senior management and other key employees of the Company.

The terms of Reference of the CGI are:

1. To embark on increased awareness of staff and stakeholders through trainings and education with a view to establishing a common understanding of unacceptable practices and reinforcing our corporate culture.
2. To launch and sustain an anti-graft campaign within the company and plug avenues for corruption "Red Flags".
3. To improve corporate compliance within the company.
4. To establish an effective and confidential whistle blowing system for staff and external stakeholders of the company.
5. To promptly and transparently investigate reported concerns and improper conduct.

Environmental Protection

Nestlé Nigeria adopts a precautionary approach to environmental stewardship which enables the Company to maintain a clear vision with regard to environmental objectives. Nestlé Nigeria ensures that environmental progress is efficiently coordinated so that improvements made in one area are complementary to environmental aspects in other areas. Among the key success drivers in Nestlé environmental management programme is the provision of waste water treatment facility.

When all options for water use reduction, reuse and recycling have been exhausted, the waste water that is left must be discharged to the environment. To reduce both the volume and load of the waste water, Nestlé has built a modern waste water treatment facility at Agbara factory. The facility ensures that the physical, chemical and biological parameters of the wastewater are controlled within the limits set by the government of Nigeria before discharging from the factory.

In order to reduce the impact of its operations on the environment, Nestlé Nigeria Plc has built a new Distribution Centre within its Agbara factory. This has eliminated the pollution associated with the transportation of our raw materials and finished products from and to our previous Distribution Centre at Ota.

HIV/AIDS

Our Company always endeavours to provide a safe healthy working environment for its employees. The Company makes available to all employees periodically free HIV/AIDS screening and confidential counseling sessions for them to know their status. It also provides regularly, basic HIV/AIDS training to educate the employees on its prevention, care and control. It is the policy of the Company not to discriminate against any employee on the basis of his or her HIV status. Confidentiality is fully respected and the status is only known to our company doctor.

E-Dividend

Consistent with the Nestlé business strategy of Shareholder Value Creation and in line with our commitment to good corporate governance, we are encouraging our shareholders to embrace the e-dividend and e-bonus recently introduced into the Capital Market. This is to enable us pay dividend due to shareholders by crediting their bank accounts with dividend and the Central Securities Clearing System (CSCS) accounts with bonus shares immediately they are declared. Consequently, we have requested all shareholders to complete the detachable form in the Annual Report, in order to provide our Registrars, Union Registrars Limited, with their bank accounts and CSCS numbers.

We also request our shareholders to complete and submit to our Registrars the Electronic Delivery Mandate Form which would enable them to receive soft copy of our annual report and accounts via e-mail address or Compact Disk to be sent to them by post.

Auditors

The Company's auditors are KPMG Professional Services.

Board of Directors

BUILDING VALUE FOR SHAREHOLDERS

Chief **Olusegun Osunkeye**
1 *Chairman*

is the Chairman of the Board of Directors of Nestlé Nigeria Plc. He was the Managing Director / Chief Executive Officer of the Company between 1991 and 1999. Thereafter, he was appointed in June 1999 as Chairman of the Board of Directors. He is a Fellow of the Institute of Chartered Accountants of Nigeria. Chief Osunkeye is well known in local and international corporate circles. He is on the Board of several blue chip companies and is also the Chairman of the Board of Directors of GlaxoSmithkline Consumer Nigeria Plc and Lafarge Cement WAPCO Nigeria Plc.

Mr. **Martin Woolnough**
(Australian)
2 *Managing Director*

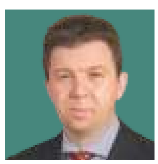
is the Managing Director / Chief Executive of Nestlé Nigeria Plc. He has an extensive career in Nestlé which started in Australia in 1983. He has worked in different locations including Australia, most of Asia, Uzbekistan and Middle East. Prior to his present appointment, Martin was appointed Country Manager of Uzbekistan in 2004. Thereafter, he served as the Business Manager, Nestlé Waters, Levant, a position he held until 31 March 2008. He attended senior executive programmes organised by the Curtin University, Australia, International Institute for Management Development, Lausanne, Switzerland and London Business School. He was appointed Managing Director of Nestlé Nigeria Plc on 1 April 2008.

Mr. **Etienne Benet**
3 *(French)*

is the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds an MBA in Agronomy and Food Science. He started his working career in Nestlé Group in 1989 as an internal auditor in France. He has held various positions within the Nestlé Group including Country Manager of Gabon in 1997, Country Business Manager, Nestlé Waters in Egypt and Indonesia in 1999 and 2004 respectively until his present appointment as the Head of the CWA Region on 1 March 2008. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 February 2008.

Mrs. **Iquo Ukoh**
4

is the Marketing Services Director in charge of management of Creating Shared Value projects; Creative / Media / Research Agency Coordination; Media Buying and Experiential Marketing / Event Management and Buying. Until her current appointment in March 2009, she was the Category Business Manager – Culinary (Nigeria and Ghana). She was appointed a director of the Company on 19 February 2010. She holds a Bachelor of Science degree in Nutrition and Dietetics. She joined Nestlé Nigeria Plc in 1981 as a Medical Delegate and has held several key positions in the Company, such as Senior Product Manager, Group Product Manager and Marketing Manager in the Marketing Division of Nestlé Nigeria Plc.



Mr. **Martin Kruegel**
5 *(German)*

is the Finance and Control Director of Nestlé Nigeria Plc. He holds a Master of Science degree in Economics. He worked with reputable companies in Europe before joining the Nestlé Group in 2004. He began his career in Nestlé at Nestlé Deutschland AG, Frankfurt, Germany as Manager in charge of Project Implementation "SAP R/3 / Finance and Controlling". He has also worked in Netherlands and the Nordics (comprising Denmark, Finland, Norway and Sweden). He was the Regional Finance Manager of the Nordics Region for Cereal Partners Worldwide before his present appointment as the Finance and Control Director of Nestlé Nigeria Plc on 14 November 2008.

Mr. **David Ifezulike**
6

is a non-executive director of the Company. He holds a Master of Science degree in Petroleum Engineering. He joined Nestlé in 1980 and worked for over 22 years in various capacities and locations including Nigeria, Ghana and Switzerland. Mr. Ifezulike was on international exchange programme as the Factory Manager of Nestlé Ghana between May 1999 and April 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000.

Dr. **Fiama Mshelia**
7

is a medical practitioner of more than 36 years standing, a seasoned administrator and non-executive director of the Company. Dr. Mshelia has previously served as Chairman, National Eye Centre, Director, Banque Internationale du Benin, Cotonou, Benin Republic, CentrePoint Merchant Bank. He is a director of Acacia Management & Consultancy Limited and the Chairman of Triple Gee Plc. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 23 March 2001 as a non-executive director.

Mr. **Frederic Duranton**
8 *(French)*

is the Head of Finance and Control of Nestlé CWA Region. He holds a Master of Finance degree. He started his career with Nestlé in Russia in 1998 as the Plant Controller. Thereafter, he assumed different responsibilities within the Finance Department of the Nestlé Group. He was the Operational Controller of Nestlé Belgium before his appointment as the Chief Financial Officer of a Joint Venture between Nestlé and L'Oreal. He was later appointed as the Ice Cream SBU Controller in Switzerland where he worked from July 2007 to July 2009. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 August 2009.

Mr. **Bode Ayeku**
9

is the Company Secretary / Legal Manager of the Company with effect from 1 January 2008. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria and was called to the Bar in 1992. He holds a Master of Laws degree and has over 20 years post qualification experience. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of the Institute of Chartered Secretaries and Administrators, Nigeria and United Kingdom. He is a member of Council of the Institute of Chartered Secretaries and Administrators of Nigeria.

Board of Directors

BUILDING VALUE FOR SHAREHOLDERS

Nestlé Nigeria Plc

Financial Statements

For the year ended 31 December 2012 and

Directors' and Auditor's Reports

“Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We express this via our corporate proposition “Good Food, Good Life”.

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Result at a Glance

In millions of naira	2012	2011	Increase %
Revenue	116,707	97,961	19
Profit before income tax	25,050	18,199	38
Profit for the year	21,137	16,496	28
Declared dividend*	9,948	8,191	21
Share capital	396	396	-
Total equity	34,186	23,210	47
Data per 50k share			
Basic earnings	₦26.67	₦20.81	28
Declared dividend*	₦12.55	₦10.33	21
Net assets	₦43.13	₦29.28	47
Dividend per 50k share in respect of current year results only			
Interim dividend declared	₦ 1.50	₦ 1.50	-
Final dividend proposed**	₦18.50	₦11.05	67
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	₦700.00	₦445.66	57
Number of shares issued ('000)	792,656	792,656	-
Market capitalisation at 31 December (₦: million)	554,859	353,255	57

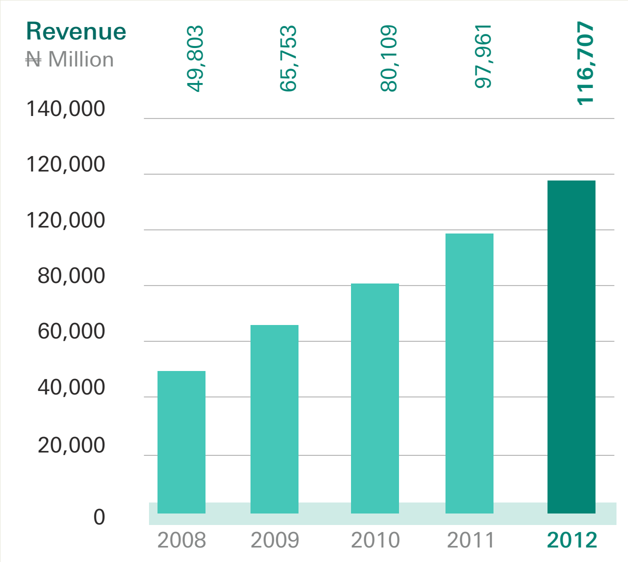
* Declared dividend represents the interim dividend declared during the year plus the final dividend proposed for the preceding year but declared during the current year.

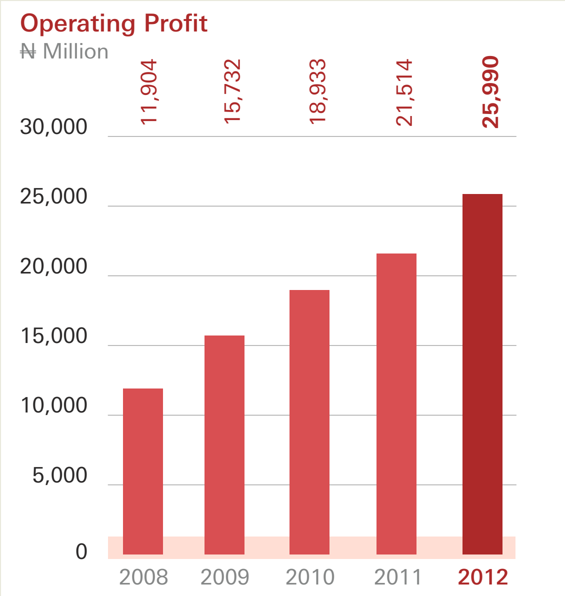
** The directors propose a final dividend payment of ₦18.50 (2011: ₦11.05) per share on the issued share capital of 792,656,252 (2011: 792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

Performance Indicators

Revenue Development

- Revenue growth 19% from 2011 to 2012
- Revenue growth 134% over the last four years
- All Segments and Businesses with strong Revenue development
- On the back of heavy capacity increases also in 2012
- Continued optimisation of our "Route to Market" enabling us to reach more consumers for our products



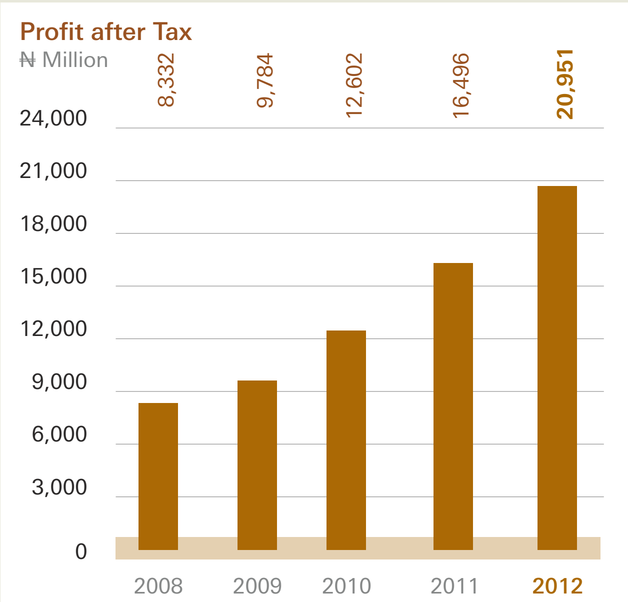


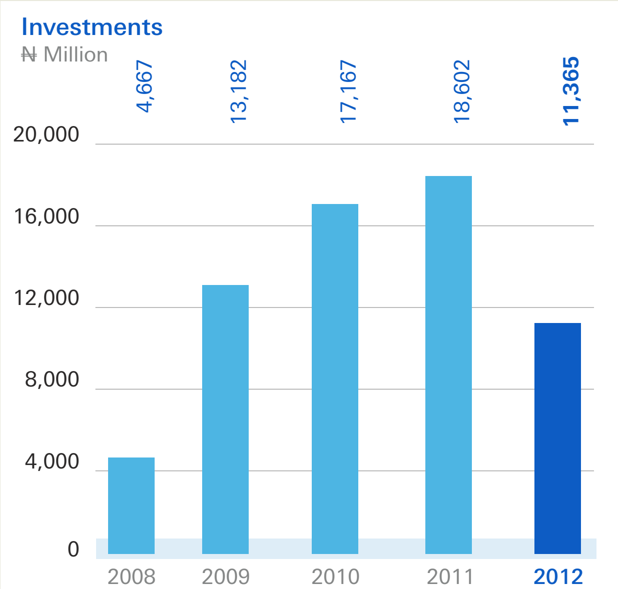
Operating Profit Development

- Growth of Operating Profit 21% from 2011 to 2012
- Growth of Operating Profit 118% over the last four years
- Efficiency improvements in the factories contributed to the increase of the Operating Profit
- Higher investments in Marketing & Distribution were compensated by efficiency increases

Profit After Tax Development

- PAT growth with 27% from 2011 to 2012
- Growth of PAT 151% over the last four years
- PAT Margin increased from 16.8% in 2011 to 18.0% in 2012
- Heavy Decrease of Financing costs in 2012 due to reduced Net debts and Naira appreciation
- Huge Tax savings due to granted "Pioneer Status"



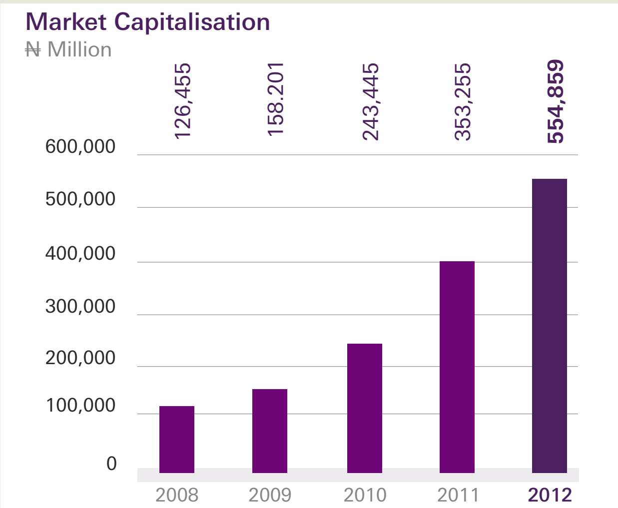


Investments

- Investments of ₦11.4 Bio in the year 2012
- Investments of ₦60 Bio during the last four years
- New Distribution Center in Agbara as major investment in 2012
- Capacity Increases in our existing factories Agbara and Flowergate

Staff Development

- Consistent growth of employment over the last five years
- End of 2012, we employed 2,179 own staff
- More than 14,000 people rely on Nestlé Nigeria PLC for their income
- Growth of employment especially in the Production and Supply Chain areas
- Strong cost control in the Administration areas



Market Capitalization Development

- Increase of share price from ₦445.66 to ₦700.00 during the year 2012
- Growth of Market Capitalization with 57% from 2011 to 2012
- Growth of Market Capitalization with 339% from 2008 to 2012
- Share price increase continued in Q1 2013

Directors' Report
For the year ended 31 December 2012

1 Financial Statements
The directors present their annual report on the affairs of Nestlè Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 December 2012.

2 Principal Activities
The principal activities of the Company continue to be the manufacturing, marketing, sale and distribution of food products including purified water.

3 Operating Results
The following is a summary of the Company's operating results:

	2012 ₦'000	2011 ₦'000
Revenue	116,707,394	97,961,260
Results from operating activities	25,989,569	21,514,273
Profit before income tax	25,050,172	18,199,249
Profit for the year	21,137,275	16,496,453
Total comprehensive income for the year	20,950,774	16,495,948
Retained earnings, end of year	33,707,429	22,704,491

4 Dividend
The directors recommend the payment of a final dividend of ₦18.50 (2011: ₦11.05) per share, having earlier declared an interim dividend of ₦1.50 (2011: ₦1.50) per share, on the issued share capital of 792,656,252 (2011: 792,656,252) ordinary shares of 50k each totalling ₦20.00 (2011: ₦12.55). If the proposed final dividend of ₦18.50 is approved by the shareholders, it will be subject to deduction of withholding tax at the applicable rate at the time of payment.

5 Directors and Their Interests
(a) The directors who served during the year and their interests in the shares of the Company at the year end were as follows:

		Interest in the Ordinary Shares of the Company 2012	2011
Chief Olusegun Osunkeye	- Chairman	250,000	300,000
Mr. Martin Woolnough (Australian)	- MD/CEO	Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Mr. Etienne Benet (French)		Nil	Nil
Mr. Frederic Duranton (French)		Nil	Nil
Mrs. Iquo Ukoh		37,500	37,500
Mr. David Ifezulike		76,255	76,255
Dr. Fiama Mshelia		3,750	3,750

(b) In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.

(c) No share options were granted to the directors by Nestlè Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including directors of the Company.

(d) Although Chief Olusegun Osunkeye and Dr. Fiama Mshelia are due for retirement by rotation at the next Annual General Meeting, Chief Olusegun Osunkeye has opted to retire from the Board.

Consequently, only Dr Fiama Mshelia is standing for re-election at the next Annual General Meeting.

6 Records of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' attendance at Board Meetings held in 2012 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings

Shareholding Between			Number of shareholders	%	Number of shares	%
1	-	1,000	17,234	57.42	5,798,838	0.73
1,001	-	5,000	8,391	27.96	19,322,730	2.44
5,001	-	10,000	2,133	7.11	14,594,043	1.84
10,001	-	50,000	1,781	5.93	35,378,617	4.46
50,001	-	100,000	216	0.72	14,902,688	1.88
100,001	-	500,000	197	0.66	42,627,849	5.38
500,001	-	1,000,000	32	0.11	23,994,486	3.03
1,000,001		and above	30	0.10	132,859,903	16.76
			30,014	99.994	289,479,154	36.52
Nestlé CWA Limited, Ghana *			1	0.003	472,308,322	59.59
Nestlé S.A, Switzerland			1	0.003	30,868,776	3.89
			30,016	**100.00**	**792,656,252**	**100.00**

*Apart from Nestlé CWA Limited, Ghana, with 472,308,322 ordinary shares (representing 59.59%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2012

8 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 14 to the financial statements.

9 Donations

The value of gifts and donations made by the Company during the year amounted to N37,018,000 (2011: N12,802,000) and is as follows;

	2012 ₦'000
Center for Health Education, Population and Nutrition	23,012
Nigerian Red Cross Society	2,771
Ogun State Police Command	11,235
	37,018

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.
In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives. These shared value initiatives are presented in the dedicated corporate shared value report circulated with this Annual Report.

10 Nestlé Nigeria Trust (CPFA) Limited ("NNTL")

Nestlé Nigeria Trust (CPFA) Limited ('NNTL') previously called Nestlé Nigeria Provident Fund Limited was incorporated by the Company and is a duly registered closed pension fund administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for both employees and former employees of Nestlé Nigeria Plc.

11 Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials in its production processes and has successfully introduced the use of locally produced items such as soya bean, maize, cocoa, Oil palm olein and sorghum in a number of its products.

12 Major Distributors

The Company's products are distributed through various distributors that are spread across the whole country.

13 Suppliers

The Company procures all of its raw materials on a commercial basis from overseas and local suppliers. Amongst the overseas suppliers are companies within the Nestlé Group.

14 General Licence Agreement

The Company has a general licence agreement with Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A., all based in Switzerland. Under the agreement, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the Company's products, development of new products and training of personnel abroad. Access is also provided to the use of patents, brands, inventions and know-how. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion.

15 Acquisition of Own Shares

The Company did not purchase any of its own shares during the period.

16 Employment and Employees

(a) Employment of physically challenged persons:
It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 18 (2011: 18) physically challenged persons in its employment as at 31 December 2012.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(b) Health and safety at work and welfare of employees:
The Company invests its resources to ensure that hygiene on its premises is of the highest standard. In this regard, the Company has, on three occasions, won the Manufacturers' Association of Nigeria's award for the best kept factory and on three occasions won the Federal Environmental Protection Agency's environmental performance award as the most environment-friendly company in Nigeria. The work environment is kept conducive and as safe as possible.

The Company operates its own clinics which provide quick health care to its employees. In pursuit of efforts to improve health infrastructure and enhance the quality of care for the employees, the company has built a new ultra modern clinic at Agbara factory. The new clinic which is fully equipped with state-of-the-art medical facilities consists of three consulting rooms, one pharmacy, one laboratory and two observation rooms, amongst others.

In addition, the Company renovated the head office clinic at Ilupeju in order to continue to deliver excellent medical services to the employees. The modernisation of the medical facilities by the Company is in line with Nestlé Corporate Business principles of promoting safe and healthy work environment for the employee.

In addition, the Company retains a number of registered private hospitals run by qualified medical doctors to whom serious cases of illness are referred for treatment

.

The Company caters for the recreational needs of its employees by providing them with a wellness center and other games facilities such as Table Tennis, Draughts, etc. Lunch is provided free to staff in the Company's canteen

(c) Employees involvement and training

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate issues are published. In order to further facilitate the exchange of information, a house journal, 'Nestlé News' is published quarterly featuring contributions from, and about, employees of the Company. Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills.

The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

17 Remuneration Committee

The remuneration committee, which consists of three directors namely Chief Olusegun Osunkeye, Messrs Etienne Benet and Frederic Duranton, were appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval.

18 Audit Committee

In accordance with section 359(4) of the Companies and Allied Matters Act of Nigeria, members of the Audit Committee of the Company were elected at the Annual General Meeting held on 26 April 2012. Members that served on the Audit Committee during the year comprise:

> “The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

Mr. Mathew Akinlade	Chairman	Shareholders'	Representative	Appointed 26 April 2012
Otunba Thomas Adebayo		Shareholders'	"	Tenure expired 26 April 2012
Alhaji Kamorudeen Danjuma		Shareholders'	"	
Mr. Christopher Nwaguru		Shareholders'	"	
Dr. Fiama Mshelia		Directors'	"	
Mr. David Ifezulike		Directors'	"	Appointed 26 April 2012
Fredric Duranton (French)		Directors	"	Tenure expired 26 April 2012
Mr. Martin Kruegel (German)		Directors'	"	Resigned 12 November 2012
Mrs. Iquo Ukoh		Directors'	"	Appointed 12 November 2012

19 Effectiveness of Internal Control System

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities.

There is an effective internal control function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalisation and improvement of the Company's business processes.

20 Disclosures

a) **Borrowings and maturity dates**

The details of the borrowings and maturity dates are stated in Note 22 to the financial statements.

b) **Risk Management and Compliance System**

The directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. The risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk. The directors are of the view that effective internal audit function exists in the Company and that risk management control and compliance system are operating efficiently and effectively in all respects.

> “The risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk.

The Company has a structured Risk Management process in place and undertakes at least annually a thorough Risk Assessment covering all aspects of the business. The Risk Assessment is based on the two criteria “Business Impact” and "Likelihood of Occurrence”. For every identified Business risk, mitigating measures are implemented by the Company.

c) Sustainability Initiatives

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. Also, the Company is sensitive to Nigeria's social and cultural diversity and promotes as much as possible national interests as well as national ethos and values without compromising global aspirations where applicable. The Company has a culture of integrity and zero tolerance to corruption and corrupt practices.

d) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from related party transactions are stated in Notes 19,22,24,26 and 30 to the financial statements. In addition, the Company (and other operating companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on standalone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing. The agreement was approved by the Central Bank of Nigeria.

21 Report on Social, Ethical, Safety, Health and Environmental Policies and Practices

Corporate Business Principles

Nestlé is a principle-based company, the Nestlé Corporate Business Principles (NCBP) form the foundation of all we do. NCBP consists of ten principles, these are:

Consumers			Human Rights & Labour Practices	Our People		Suppliers and Customers		The Environment	
1	2	3	4	5	6	7	8	9	10
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership and personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

> Nestlé is a principle-based company, the Nestlé Corporate Business Principles (NCBP) form the foundation of all we do.

a) Nutrition, Health and Wellness

Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We express this via our corporate proposition “Good Food, Good Life”.

We encourage Health and Wellness of our employees via Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of a Baby Care room, extended maternity leave that is not annual leave consuming and paternity leave.

b) Quality assurance and product safety

Everywhere in the world, the Nestlé name guarantees to the consumer that the product is safe and of high standard.

c) Consumer communication

We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.

d) Human rights in our business activities

We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.

e) Leadership and personal responsibility

Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values. We provide equal opportunities for our employees' development and advancement. We protect our employees' privacy and do not tolerate any form of harassment or discrimination.

The long-term success of the Company depends on its capacity to attract, retain and develop employees able to ensure its growth on a continuing basis. We provide equal opportunity in our resourcing drive. The Nestlé policy is to hire staff with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company.

f) Safety and health at work

We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain. We recognise and require that everyone plays an active role in providing a safe and healthy environment, and promote awareness and knowledge of safety and health to employees, contractors and other people related to or impacted by our business activities by setting high standards.

We have Clinics in our Factories, Distribution Centre and Head Office. The Clinics at the factory operate 24 hours service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. In 2012, there was a remarkable reduction in the number of minor and major industrial accidents despite the massive construction work at our factories. An accident is classified as major if the affected person is not able to resume work after 3 days. Efforts are being made by the Safety, Health and Environment Committee of the Board, Management and the Safety, Health and Environment Officers at the various sites to curtail industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

We provide basic HIV/AIDS training to our employees. In addition to that, we sponsored the publication and distribution of a book titled “Pathways to Managing HIV and AIDS” by the Nigerian Red Cross Society. We also make this book available to every employee. Also, we provide training and basic information to staff on prevention and treatment of malaria and other serious diseases.

On periodic basis, we invite medical experts and health institutions to make available free screening exercise to enable employees know their status in respect of serious diseases and provide the treatment required.

We do not discriminate against or disengage any employee on the basis of his or her HIV/AIDS status. The Company makes the above facilities available to staff through the retained clinics.

g) Supplier and customer relations

We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.

h) Agriculture and rural development

We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.

I) Environmental sustainability

We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle, we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources and target zero waste.

We invest continuously to improve our environmental performance. The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact's three guiding principles on environment (Principle 7 on support for precautionary approach to environmental challenges; Principle 8 on the need to undertake initiatives to promote environmental responsibility and Principle 9 on the need to encourage the development and diffusion of environmentally friendly technologies). Our four priority areas are: water, agricultural raw materials, manufacturing and distribution of our products and packaging. We implement our policy through the Nestlé Environmental Management System. We believe that environmental performance is a shared responsibility and requires the cooperation of all parts of society. We are determined to always provide leadership within our sphere of influence.

j) Water

We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

Number, diversity, training initiatives and development of employees

As at 31 December 2012, the staff strength of the company was 2,179 (2011: 2,168). Our employees are made up of male and female from all parts of the country. Also, every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have fifteen (15) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, United Arab Emirate, South Africa and Philippines in order to give them the required exposure to enable them take up higher responsibilities.

Bribery and corruption

We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behaviour that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

Independent Auditors

Messrs. KPMG Professional Services were the Company's Independent Auditors during the year under review. The Independent Auditor's report was signed by Mrs. Oluwatoyin Atinuke Gbagi, a partner in the firm, with the Institute of Chartered Accountants of Nigeria (ICAN) membership number '17186' and the Financial Reporting Council (FRC) registration number FRC/2012/ICAN/00000000565.

"We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private.

Messrs. KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Bode Ayeku
Company Secretary/Legal Manager
FRC/2012/NBA/00000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

Statement of Directors' Responsibilities

For the year ended 31 December 2012

The directors accept responsibility for the preparation of the annual financial statements set out on pages 41 to 91 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Martin Woolnough (Managing Director)
18 February, 2013

Martin Kruegel (Finance and Control Director)
18 February, 2013
FRC/2013/ITM/00000001009

Chief Olusegun Osunkeye (Chairman)
18 February, 2013
FRC/2012/ICAN/00000000224

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

KPMG

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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Report on the Financial Statements

We have audited the accompanying financial statements of **Nestlé Nigeria Plc** ("the Company), which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 91.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view 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 management, 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, these financial statements give a true and fair view of the financial position of **Nestlé Nigeria Plc** ("the Company) as at December 31, 2012, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

KPMG

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 346514

18 February 2013
Lagos, Nigeria
FRC/2012/ICAN/00000000565

Audit Committee Report

For the year ended 31 December 2012

22-24 Industrial Avenue, Ilupeju
P.M.B 21164, IKEJA, NIGERIA
TELEPHONES; 01-2708184, 2798188
2790707
FAX; 01-496 3033, 2715701

Report to the Members of Nestlé Nigeria Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, (CAP. C20), Laws of the Federation of Nigeria, 2004, we have examined the Auditor's Report for the year ended 31 December 2012.
We have obtained all the information and explanations we required.

In our opinion, the Auditor's 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 Auditor's findings and recommendations on management matters, we are satisfied with management responses thereon.

We acknowledge the cooperation of the Auditors, Messrs. KPMG Professional Services, Management and Staff of the Company in performing our duties.

Dated this 15th day of February, 2013.
Lagos, Nigeria

Mathew Akinlade
Chairman, Audit Committee.

Members:
Mr. M. Akinlade (Chairman), Dr. F. D. Mshelia, Mr. D. C. Ifezulike, Alh. K. A. Danjuma, Mr. C. Nwaguru, Mrs. I Ukoh

Audit Committee Members

1. Mr. Mathew Akinlade Chairman 2..Alhaji Kamorudeen Danjuma 3. Mr. Christopher Nwaguru 4. Dr. Fiama Mshelia 5. Mr. David Ifezulike 6. Mrs. Iquo Ukoh

Statement of Financial Position
As at 31 December 2012

In thousands of naira	Note	2012	2011	1 January 2011
Assets				
Property, plant and equipment	14	62,159,796	55,017,927	40,196,544
Intangible assets	15	26,347	131,737	237,127
Long term receivables	16	420,930	368,224	302,791
Total non-current assets		62,607,073	55,517,888	40,736,462
Inventories	18	8,784,909	9,902,238	8,494,039
Trade and other receivables	19	13,457,105	10,983,142	7,987,225
Prepayments		300,066	255,137	391,090
Cash and cash equivalents	20	3,814,065	1,069,888	3,092,702
Assets classified as held for sale		-	-	126,879
Total current assets		26,356,145	22,210,405	20,091,935
Total assets		88,963,218	77,728,293	60,828,397
Equity				
Share capital	21 (a)	396,328	396,328	330,273
Share premium	21 (a)	32,262	32,262	32,262
Share based payment reserve		49,543	76,903	78,752
Retained earnings		33,707,429	22,704,491	14,455,828
Total Equity		34,185,562	23,209,984	14,897,115
Liabilities				
Loans and borrowings - long term	22	23,556,616	25,870,684	20,571,771
Employee benefits	23	1,082,673	762,541	712,666
Deferred tax liabiliites	17	4,958,723	3,070,249	2,965,710
Total non- current lliabilities		29,598,012	29,703,474	24,250,147
Bank overdraft	20	-	4,952,831	3,303,139
Current tax liabililties	12(c)	2,349,901	2,375,385	4,817,090
Loans and borrowings - short term	22	3,457,431	2,659,083	2,031,671
Trade and other payables	26	19,003,142	14,525,707	11,216,625
Provisions	25	369,170	301,829	312,610
Total current liabilities		25,179,644	24,814,835	21,681,135
Total liabilities		54,777,656	54,518,309	45,931,282
Total equity and liabilities		88,963,218	77,728,293	60,828,397

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Olusegun Osunkeye (Chairman)

Martin Woolnough (Managing Director)

Martin Kruegel (Finance and Control Director)

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2012

In thousands of naira

Continuing operations	Note	2012	2011
Revenue		116,707,394	97,961,260
Cost of sales		(66,538,762)	(57,368,192)
Gross Profit		50,168,632	40,593,068
Marketing and distribution expenses		(18,866,526)	(14,525,641)
Administrative expenses		(5,312,537)	(4,553,154)
Results from operating activities		25,989,569	21,514,273
Finance income		909,074	23,758
Finance expense		(1,848,471)	(3,338,782)
Net finance cost		(939,397)	(3,315,024)
Profit before income tax	10	25,050,172	18,199,249
Income tax expense	12(a)	(3,912,897)	(1,702,796)
Profit for the year		21,137,275	16,496,453
Other comprehensive income			
Defined benefit plan actuarial losses	23	(266,430)	(721)
Income tax on other comprehensive income	12(b)	79,929	216
Other comprehensive income for the year, net of income tax		(186,501)	(505)
Total comprehensive income for the year		20,950,774	16,495,948
Profit for the year is attributable to:			
Owners of the company		21,137,275	16,496,453
Total comprehensive income for the year is attributable to:			
Owners of the company		20,950,774	16,495,948
Earnings per share			
Basic earnings per share	13	₦26.67	₦20.81
Diluted earnings per share	13	₦26.67	₦20.81
Declared dividend per share	13	₦12.55	₦10.33

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira	Note	Share capital	Share Premium	Share based payment reserve	Retained earnings	Total equity
Balance at 1 January 2011		330,273	32,262	78,752	14,455,828	14,897,115
Profit for the year						
Profit or loss		-	-	-	16,496,453	16,496,453
Other Comprehensive income						
Defined benefit plan actuarial loss, net of tax		-	-	-	(505)	(505)
Total comprehensive income		-	-	-	16,495,948	16,495,948
Transactions with owners, recorded directly in equity						
Bonus shares issued		66,055	-	-	(66,055)	-
Dividend to equity holders	21	-	-	-	(8,190,781)	(8,190,781)
Share based payment contribution		-	-	42,208	-	42,208
Share based payment recharge		-	-	(44,057)	-	(44,057)
Unclaimed dividend written back		-	-	-	9,551	9,551
Balance as at 31 December 2011		396,328	32,262	76,903	22,704,491	2 3,209,984
Balance at 1 January 2012		396,328	32,262	76,903	22,704,491	23,209,984
Profit for the year						
Profit or loss		-	-	-	21,137,275	21,137,275
Other Comprehensive income						
Defined benefit plan actuarial loss, net of tax		-	-	-	(186,501)	(186,501)
Total comprehensive income		-	-	-	20,950,774	20,950,774
Transactions with owners, recorded directly in equity						
Dividend to equity holders	21	-	-	-	(9,947,836)	(9,947,836)
Unclaimed dividend written back		-	-	-	-	-
Share based payment contribution		-	-	49,851	-	49,851
Share based payment recharge		-	-	(77,211)	-	(77,211)
Balance as at 31 December 2012		396,328	32,262	49,543	33,707,429	34,185,562

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2012

In thousands of naira	Note	2012	2011
Cash flows from operating activities			
Profit for the year		21,137,275	16,496,453
Adjustments for:			
Depreciation	14	3,935,671	2,993,306
Amortisation of intangible assets	15	105,390	105,390
Gain/(loss) on foreign exchange transactions	9	744,901	(1,297,526)
Impact of foreign exchange difference on intercompany loans		(759,227)	1,107,388
Net finance cost	9	939,397	3,315,024
Equity settled share based payment transactions	11	49,851	42,208
Provisions for other long term employee benefits	23	266,165	194,024
Loss on sale of property, plant and equipment		283,604	50,557
Proceeds from the sale of fixed assets not yet received		-	56,780
Income tax expense	12	3,912,897	1,702,796
		30,615,924	24,766,400
Changes in long term receivables		(52,706)	(65,433)
Change in inventories		1,117,329	(1,408,199)
Change in trade and other receivables		(2,473,963)	(2,995,917)
Change in prepayments		(44,929)	135,953
Change in trade and other payables (excluding dividend payable and short term financing)*		6,367,879	6,722,233
Change in assets classified as held for sale		-	126,879
Changes in provisions		67,341	(10,781)
Cash generated from operating activities		35,596,875	27,271,135
Value Added Tax (VAT) paid		(3,093,390)	(3,043,350)
Income tax paid	12	(1,969,979)	(4,039,746)
Other long term employee benefit paid	23(a)	(212,463)	(144,870)
Share based payment recharge paid		(77,211)	(44,057)
Net cash in flow from operating activities		30,243,832	19,999,112
Cash flow from investing activities			
Finance income	9	164,173	23,758
Proceeds from sale of property, plant and equipment		3,691	140,111
Acqusition of property, plant and equipment	14	(11,364,834)	(18,062,137)
Net cash used in investing activities		(11,196,970)	(17,898,268)
Cash flow from financing activities			
Proceeds from loans obtained -- Intercompany loan		1,725,900	2,377,499
-- Bank loan		-	3,200,000
Repayments of borrowings		(2,215,910)	(1,000,000)
Change in short term financing facilities		104,284	147,384
Finance cost		(2,114,954)	(1,670,893)
Dividends paid	21(b)	(8,849,174)	(8,827,340)
Net cash used in financing activities		(11,349,854)	(5,773,350)
Net increase/(decrease) in cash and cash equivalents		7,697,008	(3,672,506)
Cash and cash equivalent at January 1		(3,882,943)	(210,437)
Cash and cash equivalent at December 31	20	3,814,065	(3,882,943)

*Change in trade and other payables have been adjusted for the effect of Value added tax (VAT) paid shown separately on the statement of cash flows.

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Notes to the Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

1 Reporting Entity

Nestlé Nigeria Plc ("the Company") is a company domiciled in Nigeria. The address of the Company's registered office is 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is a public company listed on the Nigerian Stock Exchange.

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its production to other countries within Africa.

2 Basis of Preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first financial statements prepared in accordance with FRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how transition to FRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 32.

The financial statements were authorised for issue by the Board of Directors on 18 February 2013.

b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the present value of the defined benefit obligation relating to long service awards as explained in Note 3(i) II and presented in the statement of financial position.

c) Functional and presentation currency

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

d) Use of estimates and judgement

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Critical judgements applied in arriving at these estimates are based on the best information available to management at the time such estimates were made.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 23
Measurement of defined benefit obligation

Note 25 and 29
Provisions and contingencies

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2011 for the purposes of the transition to IFRSs unless otherwise indicated.

a) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

b) Financial instruments

I. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise intercompany receivables and trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

II. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loan and borrowings, bank overdrafts, trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

III. Share capital

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

c) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to a previous GAAP revaluation on 30 June 1992 by Messrs Roxburgh and Partners, Chartered Quantity Surveyors and Valuers. The Company elected to apply the optional exemption to use this previous revaluation as deemed cost at 1 January 2011, the date of transition (See note 32(a)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised 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 net within other income in profit or loss.

II. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

III. Depreciation

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

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

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

land	Over lease period or 99 years, whichever is lower
buildings	25 years
plant and machinery	10 - 25 years
motor vehicle	5 years
furniture and fittings	5 years
IT equipment	3 years

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.

d) Intangible assets

I. Software

Purchased software with finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

III. Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Computer software	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost incurred in bringing each product to its present location and condition is based on:

Raw and packaging materials and purchased finished goods	purchase cost on a first- in, first - out basis including transportation and clearing costs
Products- in- process and manufactured finished goods	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity
Engineering spares	purchase cost on a weighted average cost basis, including transportation and clearing costs
Goods-in-transit	purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Engineering spares that are generic in nature are classified as inventory and are recognised in the profit or loss as consumed.

Allowance is made for obsolete, slow moving or defective items where appropriate.

g) Impairment

I. Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

II. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets (excluding Goodwill for which impairment loss is not recognised), impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re measurment are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

i) Employee benefits

I. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company has the following defined contribution plans: defined contribution gratuity scheme and pension fund scheme.

1. Defined contribution gratuity scheme

The Company has a defined contribution gratuity scheme for its Nigerian employees, which is funded. Under this scheme, a specified amount in accordance with the Gratuity Scheme Agreement is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employees' entitlements are calculated based on their actual salaries and paid to Nestlé Nigeria Trust (CPFA) Limited (“NNTL”) each month.

NNTL previously called Nestlé Nigeria Provident Fund Limited was incorporated by the Company and is a duly registered closed pension fund administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for both employees and former employees of Nestlé Nigeria Plc.

2. Pension fund scheme

In line with the provisions of the Pension Reform Act 2004, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution ranges between 8.3% and 12.5% for management and non-management staff respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport).

II. Other long term employee benefits (long service awards)

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of the employees. The charge to the profit and loss account is based on independent actuarial valuation performed using the projected unit credit method. HR Nigeria Limited (FRC registration number 00000000738) was engaged as the independent actuary in the current and prior years. Actuarial gains or losses arising are charged to other comprehensive income in the year in which they arise.

III. Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

IV. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

V. **Share-based payment transactions**

Nestlé S.A, the ultimate holding company of Nestlé Nigeria Plc operates an equity incentive scheme, Restricted Stock Unit Plan (RSUP) for its management employees whereby it awards shares to deserving employees.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity as a capital contribution from Nestlé S.A, over the period that the employees unconditionally become entitled to the awards.

A recharge arrangement exists between Nestlé S.A and Nestlé Nigeria Plc whereby vested shares delivered to employees' are recharged. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in equity for the capital contribution recognised in respect of the share-based payment.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

j) **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

k) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

l) **Revenue**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfer of significant risk and rewards of ownership is believed to be transferred to the buyer at the point of delivery to the buyer.

m) Government grants

Government grants relating to export sales are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as deduction to the related expense on a systematic basis in the same periods in which such expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

n) Finance, income and finance costs

Net finance cost includes interest expense on borrowings as well as interest income on funds invested.

Net finance cost also includes other finance income and expense, such as exchange differences on loans and borrowings and unwinding of the discount on provisions. Certain borrowing costs are capitalised as explained under the section on Property, Plant and Equipment. Others that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis.

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p) Earnings per share

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

q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BOD) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities, that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (primarily the Company's head office), head office expenses and income tax assets and liabilities, net finance cost and amortisation of intangible assets.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

r) Dividends

Dividends are recognised as liability in the period they are declared.
Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

s) Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

t) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for IFRS 13 Fair Value Measurement and IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2013 and 2015 financial statements respectively and is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short-term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

c) Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date discounted at a risk-free interest rate and adjusted for the dividends that participants are not entitled to receive during the restricted period of 3 years.

5. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both senior Management and the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management has established a customer/distributor activation process under which each new customer is analysed individually for credit worthiness before the Company's distributorship agreement standard payment and delivery terms and conditions are offered to seal the distributorship arrangement. The Company's review includes external ratings, when available, and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the National Sales Manager (NSM); these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash or prepayment basis. The Company's payment and delivery terms and conditions offered to customers provide various credit limits based on individual customers.

The Company also initiated a financing tripartite agreement with the Company's bankers and some selected customers. The objective of this agreement is to ensure consistent cash inflow from customers for goods purchased. The Company's most significant customers have been activated on this financing scheme for over two years and this has reduced losses incurred on trade receivables.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as “high risk” are placed on a restricted customer list and monitored by the NSM, and future sales are made on a cash or prepayment basis.

The Company has no significant concentration of credit risk, with exposure spread over a large number of parties. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low to keep prices within profitable range, foreign exchange risks are managed by maintaining foreign denominated bank accounts and keeping Letters of Credit (LC) facility lines with the Company's bankers. Also interest rates are benchmarked to NIBOR (for local loans) and LIBOR (for foreign denominated loans) with a large margin thereof at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity risk.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Company, primarily the Naira. The currencies in which these transactions primarily are denominated are Euro, US Dollars (USD), Pounds Sterling (GBP) and Swiss Francs (CHF). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

Interest rate risk

The Company adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling LIBOR rates to reduce the risk arising from interest rates.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of

controls and procedures to address the risks identified

- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

In thousands of naira	2012	2011
Total liabilities	54,777,656	54,518,309
Cash and cash equivalents	(3,814,065)	(1,069,888)
Net Debt	50,963,591	53,448,421
Total Equity	34,185,562	23,209,984
Debt to capital ratio at December 31	1.49	2.30

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

6. Operating segments

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Board of Directors (BOD) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

Segment	Description
Food	This includes the production and sale of MAGGI, CERELAC, NUTREND, NAN, LACTOGEN and GOLDEN MORN.
Beverages	This includes the production and sale of MILO, MILO Ready to Drink, CHOCOMILO, NIDO, NESCAFÉ and Nestlé PURE LIFE.

The accounting policies of the reportable segments are the same as described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
External Revenues	70,395,197	60,726,432	46,312,197	37,234,828	-	-	116,707,394	97,961,260
Interest revenue	-	-	-	-	909,074	23,758	909,074	23,758
Interest expense	-	-	-	-	(1,848,471)	(3,338,782)	(1,848,471)	(3,338,782)
Depreciation	(3,227,250)	(2,454,511)	(708,421)	(538,795)	-	-	(3,935,671)	(2,993,306)
Amortisation					(105,390)	(105,390)	(105,390)	(105,390)
Reportable segment profit before income tax	**16,051,058**	**13,401,581**	**10,043,901**	**8,218,082**	**(1,044,787)**	**(3,420,414)**	**25,050,172**	**18,199,249**

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Board of Directors) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

In thousands of naira

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss

	2012	2011
Total profit or loss for reportable segments	26,094,959	21,619,663
Unallocated amounts;	-	-
Other corporate expenses and income	(1,044,787)	(3,420,414)
Profit before income tax	**25,050,172**	**18,199,249**

Other material items 2012

There are no significant reconciling items between other material items for the reportable segments and Company total.

Geographical information

In thousands of naira	31 December 2012		31 December 2011	
	Revenue	Non-current assets	Revenue	Non-current assets
Nigeria	115,014,530	62,607,073	96,273,179	55,517,888
Ghana	686,624	-	857,770	-
Togo	331,547	-	714,980	-
Other countries	674,693	-	115,331	-
	116,707,394	**62,607,073**	**97,961,260**	**55,517,888**

In presenting information on the basis of Geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Major customer

Revenue from one customer does not represent up to 10% of the company's total revenue. Therefore, information on major customers is not presented.

7 Non-current assets held for sale

In 2010, the water line facility at the Agbara factory site of the Company is presented as a disposal group held for sale following the commitment of the Company's management to a plan to sell the facility due to the completion and commissioning of the new water treatment factory.

Efforts to sell the facility commenced in December 2010 and the sale was completed in October 2011.

Assets classified as held for sale

In thousands of naira	2012	2011	1 January 2011
Property, plant and equipment	-	-	126,879

8 Revenue

Revenue for the year which arose from sales of goods comprise:

In thousands of naira	2012	2011
Nigeria	115,014,530	96,273,179
Export	1,692,864	1,688,081
Total Revenue	**116,707,394**	**97,961,260**

9 Net finance cost

In thousands of naira	2012	2011
Interest income on bank deposits	164,173	23,758
Net foreign exchange gain	744,901	-
Finance income	**909,074**	**23,758**
Interest expense on financial liabilities measured at amortised cost	(1,848,471)	(2,041,256)
Net foreign exchange loss	-	(1,297,526)
Finance expense	(1,848,471)	(3,338,782)
Net finance cost	**(939,397)**	**(3,315,024)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately ₦575 million (2011: ₦440 million)

10 Profit before income tax

Profit before income tax is stated after charging/(crediting):

In thousands of naira	Note	2012	2011
Depreciation of property, plant and equipment	14	3,935,671	2,993,306
Amortisation of intangible assets	15	105,390	105,390
Auditor's remuneration		32,682	28,219
Directors' remuneration	11(c)	113,736	101,490
Personnel expenses	11(a)	13,248,045	11,304,927
Loss on property, plant and equipment disposed		283,604	50,557
Net foreign exchange (gain)/loss	9	(744,901)	1,297,526
General license fee		4,373,677	3,661,918

11 Personnel expenses

(a) Personnel expenses for the year comprise of the following:

In thousands of naira		2012	2011
Salaries, wages and allowances		7,081,299	6,069,387
Contributions to compulsory pension fund scheme		680,356	621,354
Contributions to defined contribution gratuity scheme		692,379	596,658
Provisions for other long term employee benefits	23(b)	266,165	194,024
Training, recruitment and canteen expenses		791,461	665,503
Medical expenses		278,130	227,184
Equity-settled share-based payment transactions	24	49,851	42,208
Other personnel expenses		3,408,404	2,888,609
	10	13,248,045	11,304,927

(b) Employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

₦	₦	2012 Number	2011 Number
1,400,001 -	1,600,000	16	73
1,600,001 -	1,800,000	14	539
1,800,001 -	2,000,000	77	305
2,000,001 -	2,500,000	853	304
2,500,001 -	3,000,000	285	230
3,000,001 -	3,500,000	230	200
3,500,001 -	4,000,000	201	102
4,000,001 -	4,500,000	150	122
4,500,001 -	5,000,000	74	33
5,000,001 -	7,000,000	95	111
7,000,001 and	above	184	149
		2,179	2,168

The number of full-time persons employed per function as at 31 December was as follows:

	2012 Number	2011 Number
Production	1,736	1,744
Supply Chain	111	108
Sales and Marketing	234	227
Administration	98	89
	2,179	2,168

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	2012	2011
Fees:		
Non Executive directors	1,635	1,400
Executive directors	112,101	100,090
	113,736	101,490

The directors' remuneration shown above includes:

In thousands of naira	2012	2011
Chairman	955	830
Highest paid director	49,805	44,469

Other directors received emoluments in the following ranges:

₦	₦	2012 Number	2011 Number
Nil		2	2
1,000,000	25,000,000	2	2
25,000,001	35,000,000	2	2
		6	6

12 Taxation

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

In thousands of naira	2012	2011
Current tax expense		
Current period income tax	2,023,784	2,323,755
Current period tertiary education tax	326,117	267,412
	2,349,901	2,591,167
Effect of pioneer status on preceeding year (Note a(i))	-	(993,126)
Adjustment for prior periods (Note a(ii))	(405,406)	-
	1,944,495	1,598,041

Deferred tax expense		
Origination and reversal of temporary differences	1,968,402	104,755
Total income tax expense	**3,912,897**	**1,702,796**

i. In 2011, the Nigerian Investment Promotion Council (NIPC) granted the Company a pioneer status for a five year period with respect to the following businesses of the Company.

 i. New Flowergate factory with an effective commencement production date of 1 January 2011 and;
 ii. Agbara factory capacity increase projects with respect to specific products, with a retrospective effective commencement production date of 1 August 2010

The effective commencement production dates were certified by the Industrial Inspectorate Department of the Federal Ministry of Commerce and Industry on 12 October 2011. In accordance with the provision of the Industrial Development (Income Tax Relief) Act, the Company's profit attributable to the pioneer line of business is therefore not liable to income taxes for the duration of the pioneer period.

The Company's income tax attributable above for the 5 months period (1 August - 31 December 2010) was re-estimated in 2011 and adjusted accordingly in the profit or loss account. The impact of the above change in estimates amounts to a credit of ₦993 million to 2011 profit or loss account.

ii. Adjustment for prior period represents tax benefit as a result of reclassification of certain investments for generation of electricity from Plant and Machinery to Independent Power Plant (IPP). The reclassification qualifies this investment for higher capital allowances in relation to those previously claimed in line with applicable tax laws. Consequently, the impact of the above change amounts to ₦405 million and has been recognised in the current year's profit or loss account (Note 14).

(b) Income tax recognised directly in other comprehensive income

In thousands of naira	2012	2011
Charges to other comprehensive income before tax	266,430	721
Tax benefit	(79,929)	(216)
	186,501	**505**

(c) Tax payable

In thousands of naira	2012	2011
Movement in tax payable account during the year was as follows		
At 1 January	2,375,385	4,817,090
Charge for the year	1,944,495	1,598,041
Payments in the year	(1,969,979)	(4,039,746)
At 31 December	**2,349,901**	**2,375,385**

(d) Reconciliation of effective tax rate

In thousands of naira	2012	2012	2011	2011
Profit for the period		21,137,275		16,496,453
Total income tax expense		3,912,897		1,702,796
Profit excluding income tax		25,050,172		18,199,249
Income tax using the Company's domestic tax rate	30.00%	7,515,052	30.00%	5,459,775
Non-deductible expenses*	0.01%	1,696	0.02%	3,149
Tax exempt income	-13.19%	(3,303,011)	-16.29%	(2,964,365)
Tax incentives (investment allowance)	-1.30%	(326,312)	-0.70%	(126,607)
Other income related taxes	1.30%	326,117	1.47%	267,412
Adjustment for prior periods	-1.62%	(405,406)	-5.46%	(993,126)
Other tax differences	0.42%	104,761	0.31%	56,558
	15.62%	3,912,897	9.36%	1,702,796

* Non deductible expenses include the effect of fines and penalties.

13 Earnings and declared dividend per share

(a) Basic earnings and declared dividend per share are based on profit attributable to the owners of the Company for the year of ₦21,137,275,000 (2011: ₦16,496,453,000) and declared dividend of ₦ 9,947,836,000 (2011: ₦8,190,781,000) respectively and on 792,656,252 (2011: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

Weighted average number of ordinary shares

	Note	2012	2011
Issued ordinary shares at 1 January		792,656,252	660,546,875
Effect of bonus shares issued		-	132,109,377
Weighted average number of ordinary shares as at 31 December	21	792,656,252	792,656,252

(b) Diluted earnings per share of ₦ 26.67 kobo (2011: ₦20.81) is based on the profit attributable to ordinary shareholders of ₦21,137,275,000 (2011: ₦16,496,453,000), and on the 792,656,252 (2011: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the current and preceding years after adjustment for the effects of all dilutive (2012 and 2011: Nil) potential ordinary shares.

14 Property, plant and equipment (PPE)

(a) The movement on these accounts during the year was as follows:

In thousands of naira	Notes	Land and Buildings	Plant and Machinery	Independent Power Plant (IPP)	Motor Vehicles	Furniture & Fittings	IT Equipment	PPE Under Construction	Total
Cost or deemed cost									
Balance at 1 Jan 2011		3,574,242	19,292,497	-	709,423	2,062,172	599,498	22,485,415	48,723,247
Additions		3,015,010	2,655,203	-	390,758	431,638	94,178	11,475,350	18,062,137
Disposals		(13,745)	(1,028,975)	-	(21,998)	(130,836)	(28,642)	-	(1,224,196)
Transfers		9,798,730	9,153,594	-	-	1,017,482	148,367	(20,118,173)	-
Balance at 31 Dec 2011		**16,374,237**	**30,072,319**	**-**	**1,078,183**	**3,380,456**	**813,401**	**13,842,592**	**65,561,188**
Balance at 1 Jan 2012		16,374,237	30,072,319	-	1,078,183	3,380,456	813,401	13,842,592	65,561,188
IPP Reclassification		(1,178,163)	(2,541,695)	3,761,592	-	(38,323)	(3,411)	-	-
Additions		966,713	2,304,412	8,586	133,642	275,023	51,866	7,624,592	11,364,834
Disposals		(4,701)	(805,216)	-	(120,202)	(236,522)	(30,366)	-	(1,197,007)
Transfers		1,387,624	5,232,400	453,509	-	694,931	28,726	(7,797,190)	-
Balance at 31 Dec 2012		**17,545,710**	**34,262,220**	**4,223,687**	**1,091,623**	**4,075,565**	**860,216**	**13,669,994**	**75,729,015**
Depreciation									
Restated Opening Balance									
1 January 2011		869,278	5,797,372	-	335,803	1,074,486	449,764	-	8,526,703
Depreciation for the year	10	331,619	1,942,692	-	152,253	472,787	93,955	-	2,993,306
Disposals		(8,107)	(791,613)	-	(19,477)	(128,909)	(28,642)		(976,748)
Balance at 31 Dec 2011		**1,192,790**	**6,948,451**	**-**	**468,578**	**1,418,364**	**515,078**	**-**	**10,543,261**
Balance at 1 Jan 2012		1,192,790	6,948,451	-	468,578	1,418,364	515,078	-	10,543,261
IPP Reclassification		(24,787)	(89,796)	120,326	-	(4,985)	(758)	-	-
Depreciation for the year	10	454,151	2,340,713	192,305	163,094	638,196	147,212	-	3,935,671
Disposals		(1,925)	(551,697)	-	(118,521)	(207,231)	(30,339)	-	(909,713)
Balance at 31 Dec 2012		**1,620,229**	**8,647,671**	**312,631**	**513,150**	**1,844,345**	**631,193**	**-**	**13,569,219**
Carrying amounts									
At 1 Jan 2011		2,704,964	13,495,125	-	373,620	987,686	149,734	22,485,415	40,196,544
At 31 December 2011		**15,181,447**	**23,123,868**	**-**	**609,605**	**1,962,092**	**298,323**	**13,842,592**	**55,017,927**
At 1 January 2012		15,181,447	23,123,868	-	609,605	1,962,092	298,323	13,842,592	55,017,927
At 31 December 2012		**15,925,481**	**25,614,549**	**3,911,056**	**578,473**	**2,231,220**	**229,023**	**13,669,994**	**62,159,796**

(b) **Property, plant and equipment under construction**

Expenditure on capital work in progress during the year is analysed as follows:

In thousands of naira	2012	2011
Plant and machinery	4,570,288	5,628,388
Furniture and fittings	1,170,491	490,395
Land and buildings	1,883,813	5,356,567
	7,624,592	11,475,350

No borrowing cost was capitalised in current year (2011: Nil)

(c) **Assets held on finance lease**

Included as part of Property Plant and Equipment is Land held under finance lease arrangements for a minimum lease term of 99 years. The lease amounts were fully paid at the inception of the lease. The carrying amount of the leasehold land at the end of the year is presented below:

In thousands of naira	2012	2011
Cost	992,070	986,918
Accumulated amortisation	(19,582)	(8,410)
Carrying amount	**972,488**	**978,508**

(d) **Capital commitments**

Capital expenditure commitments at the year-end authorised by the Board of Directors comprise:

	2012	2011	1 January 2011
Approved and contracted	2,922,956	7,636,273	5,601,131
Approved but not contracted	8,431,751	6,337,094	7,944,510
	11,354,707	13,973,367	13,545,641

15 Intangible assets

The movement on this account during the year was as follows:

In thousands of naira	Note	Software
Cost		
Balance at 1 January 2011		526,950
Balance at 31 December 2011		**526,950**
Balance at 1 January 2012		526,950
Balance at 31 December 2012		**526,950**
Amortisation and impairment losses		
Balance at 1 January 2011		289,823
Amortisation for the year	6	105,390
Balance at 31 December 2011		**395,213**
Balance at 1 January 2012		395,213
Amortisation for the year	6	105,390
Balance at 31 December 2012		**500,603**
Carrying amounts		
At 1 January 2011		237,127
At 31 December 2011		131,737
Balance at 1 January 2012		131,737
Balance at 31 December 2012		**26,347**

There were no additions or disposal during the year.

16 Long term receivables

Long term receivables represents long-term portion of loans granted to the Company's employees, which are backed by the employees' final entitlements and retirement benefits with Nestlé Nigeria Trust (CPFA) Limited. (See note 19)

17 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Assets			Liabilities			Net		
In thousands of naira	31-Dec-12	31-Dec-11	01-Jan-11	31-Dec-12	31-Dec-11	01-Jan-11	31-Dec-12	31-Dec-11	01-Jan-11
Property, plant and equipment	(631,530)	(203,499)	-	5,793,295	4,293,014	3,784,642	5,161,765	4,089,515	3,784,642
Employee benefits	(294,929)	(222,329)	(213,800)	-	-	-	(294,929)	(222,329)	(213,800)
Unrealised exchange (loss)/gain	(11,823)	(749,234)	(553,560)	127,020	-	-	115,197	(749,234)	(553,560)
Tax exposures	-	(24,393)	(27,946)	-	-	-	-	(24,393)	(27,946)
Share based payment	(23,626)	(23,626)	(23,626)	316	316	-	(23,310)	(23,310)	(23,626)
Tax (asset)/liabilities	(961,908)	(1,223,081)	(818,932)	5,920,631	4,293,330	3,784,642	4,958,723	3,070,249	2,965,710
Set off of tax	-	-	-	-	-	-	-	-	-
Net tax liabilities	(961,908)	(1,223,081)	(818,932)	5,920,631	4,293,330	3,784,642	4,958,723	3,070,249	2,965,710

Movement in temporary differences during the year

In thousands of naira

	Balance 1 January 2011	Recognised in profit or loss	Recognised in other Comprehensive Income	Balance 31 December 2011	Recognised in profit or loss	Recognised in other Comprehensive income	Balance 31 December 2012
Property, plant and equipment	3,784,642	304,873	-	4,089,515	1,072,250	-	5,161,765
Employee benefits	(213,800)	(8,313)	(216)	(222,329)	7,329	(79,929)	(294,929)
Unrealised exchange difference	(553,560)	(195,674)	-	(749,234)	864,431	-	115,197
Tax exposures	(27,946)	3,553	-	(24,393)	24,393	-	-
Share based payment	(23,626)	316	-	(23,310)	-	-	(23,310)
	2,965,710	104,755	(216)	3,070,249	1,968,402	(79,929)	4,958,723

At 31 December 2012, there is no unrecognised deferred tax asset or liability.

18 Inventories

In thousands of naira	2012	2011	1 January 2011
Raw and packaging materials	3,409,921	3,933,986	4,061,007
Product in process	353,635	594,860	393,036
Finished products	3,591,896	3,494,175	2,224,034
Engineering spares	969,542	1,068,163	741,337
Goods in transit	459,915	811,054	1,074,625
	8,784,909	9,902,238	8,494,039

The value of raw and packaging materials, changes in finished products and product in process consumed during the year and recognised in cost of sales amounted to ₦ 53,627,656,000 (2011: ₦ 45,412,378,000). In 2012 the write-down of inventories to net realisable value amounted to ₦ 40.6 million (2011: ₦ 50.8 million) and is included in cost of sales.

19 Trade and other receivables

In thousands of naira	Note	2012	2011	1 January 2011
Trade receivables	27	7,885,202	4,843,331	4,970,206
Loans to key management personnel	27,30	11,384	15,974	7,004
Staff loans and advances	27	1,049,679	860,706	876,022
Due from related parties	27,30	707,159	1,340,992	30,608
Loans and receivables		9,653,424	7,061,003	5,883,840
Advance payment to suppliers		1,603,292	878,140	990,667
Foreign currencies purchased for imports		318,583	1,056,617	77,805
Other receivables		1,512,900	1,136,130	137,015
Advance payments to contractors		-	428,566	911,286
Deposit with Company registrars for dividend		789,836	790,910	289,403
		13,878,035	11,351,366	8,290,016
Non-current - reclassified to long term debtors	16	420,930	368,224	302,791
Current		13,457,105	10,983,142	7,987,225
		13,878,035	11,351,366	8,290,016

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 27.

20 Cash and cash equivalents

In thousands of naira	2012	2011	1 January. 2011
Cash and bank balances	2,230,798	19,888	1,892,702
Call deposits	1,583,267	1,050,000	1,200,000
Cash and cash equivalents	3,814,065	1,069,888	3,092,702
Bank overdrafts used for cash management purposes	-	(4,952,831)	(3,303,139)
Cash and cash equivalents in the statement of cash flows	3,814,065	(3,882,943)	(210,437)

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 27.

21 Capital and reserves

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In number of shares	2012	2011
At 1 January	792,656,252	660,546,875
Movement	-	132,109,377
At 31 December	792,656,252	792,656,252

(ii) Issued and fully paid ordinary shares of 50k each

In number of shares	2012	2011
At 1 January	792,656,252	660,546,875
Bonus shares issued	-	132,109,377
At 31 December	792,656,252	792,656,252

Nominal value (In thousands of naira)	396,328	396,328

The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:

Share premium	32,262	32,262

(b) Dividends

(i) The following dividends were declared and paid by the Company during the year:

	2012		2011	
	Per Share (₦)	₦'000	Per Share (₦)	₦'000
Final dividend	11.05	8,758,852	8.83	7,001,797
Interim dividend	1.50	1,188,984	1.50	1,188,984
	12.55	9,947,836	10.33	8,190,781

Total dividends represents the interim dividend declared during the year plus the final dividend proposed for the preceeding year, but declared during the current year.

After the respective reporting dates, the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax implications.

	2012	2011
Naira per qualifying ordinary share	18.50	11.05

(ii) Movement in dividend payable

In thousands of naira	Notes	2012	2011
At 1 January		2,122,782	2,768,892
Declared dividend		9,947,836	8,190,781
Unclaimed dividend transferred to retained earnings		-	(9,551)
Payments		(8,849,174)	(8,827,340)
At 31 December	26	3,221,444	2,122,782

22 Loans and borrowings

(a) This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 27.

Loans and borrowing as at 31 December 2012 is as follows:

In thousands of naira	2012	2011	1 January 2011
Secured bank loans	8,092,248	10,626,602	8,181,824
Loans from related party	18,921,799	17,903,165	14,421,618
	27,014,047	28,529,767	22,603,442

` Loans and borrowings are analysed into short and long term liabilities based on the time the repayment obligation falls due as follows:

Current liabilities	3,457,431	2,659,083	2,031,671
Non-current liabilities	23,556,616	25,870,684	20,571,771
	27,014,047	28,529,767	22,603,442

Terms and debt repayment schedule

(a) Terms and conditions of outstanding loans were as follows:

					2012		2011		1 January 2011	
In thousands of naira	Notes	Currency	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount	Face Value	Carrying amount
Loan from related party	(i)	USD	LIBOR + 3.0%	2015	6,250,902	6,242,003	6,262,216	6,522,470	6,051,671	6,083,344
Loan from related party	(i)	USD	LIBOR + 1.5%	2015	1,570,575	1,561,011	1,640,276	1,618,646	1,530,369	1,501,095
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,093,362	1,095,515	1,209,129	1,146,185	1,105,152	1,103,900
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,564,593	1,568,208	1,667,424	1,638,638	1,556,951	1,557,961
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,561,945	1,565,791	1,667,424	1,638,579	1,555,393	1,552,403
Loan from related party	(i)	USD	LIBOR + 1.5%	2017	2,665,051	2,673,337	2,864,826	2,871,205	2,623,598	2,622,915
Loan from related party	(ii)	USD	LIBOR + 3.0%	2018	4,217,354	4,215,934	2,467,799	2,467,442	-	-
Secured bank loan	(iii)	NGN	NIBOR + 2.0%	2014	1,333,333	1,393,413	2,000,000	2,198,373	3,000,000	3,112,795
Secured bank loan	(iii)	NGN	NIBOR + 2.0%	2014	1,200,000	1,235,627	2,000,000	2,107,139	2,000,000	2,013,728
Secured bank loan	(iv)	NGN	NIBOR + 2.0%	2014	600,000	610,784	1,000,000	1,064,946	1,000,000	1,046,702
Secured bank loan	(iv)	NGN	NIBOR + 2.0%	2014	2,000,000	2,024,377	2,000,000	2,044,505	-	-
Secured bank loan	(v)	NGN	NIBOR + 2.0%	2017	1,653,626	1,674,108	2,000,000	2,009,069	2,000,000	2,008,599
Secured bank loan	(vi)	NGN	NIBOR +2.0%	2018	1,200,000	1,153,939	1,200,000	1,202,570	-	-
Total Interest bearing liabilities					26,910,741	27,014,047	27,979,094	28,529,767	22,423,134	22,603,442

The bank loans are secured by a negative pledge on the Company's assets in line with their relative exposures

(i) Two loan facilities of US $54million and US $40million which were made available to the Company in 2008 by Nestlé Treasury Centre – Middle East & Africa Limited, a Nestlé Group Company based in Dubai for general corporate purposes. Both facilities have been fully drawn down as at 31 December 2010. Both loans have tenures of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from March 2008 and December 2008 respectively. These facilities, which are unsecured, attract interest at 6 months USD LIBOR plus a margin of 150 basis points and 300 basis points respectively. The principal amounts become payable at the end of the seven year tenure for both loans.

(ii) A loan facility of US$ 26 million which was also made available to the Company in 2011 by Nestlé Treasury Centre – Middle East & Africa Limited. The Company made a first drawdown of US$15 million in October 2011 and a final drawdown of US$11 million in March 2012 . The loan has tenure of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from October 2011. The facility which is unsecured attracts interest at 6 months USD LIBOR plus a margin of 300 basis points.

(iii) A N5.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility was fully drawn down in 2010; however N1.0 billion was converted to overdraft in 2011

(iv) A N5.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was obtained in two tranches of N3.0 billion and N2.0 billion in 2011. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility was fully drawn down in 2011.

(v) A N2.0 billion facility under the CBN Commercial Agricultural Credit Scheme with a tenor of 7 years, commencing from July 2010. The facility is priced at 7.0%. The total facility was fully drawn down in 2011.

(vi) A N1.2 billion facility under the CBN Power and Aviation Intervention Fund with a tenor of 7 years, commencing from July 2011. The facility is priced at 7.0%. The total facility was fully drawn down in 2011.

23 Other long term employee benefits

(a) Other long term employee benefits represent the present value of unfunded long service award given to deserving members of staff of the Company.

The movement in the present value of the other long term employee benefits was as follows:

In thousands of naira	Note	2012	2011
Balance at 1 January		762,541	712,666
Charged to profit and loss		266,165	194,024
Charged to other comprehensive income		266,430	721
Payments during the year		(212,463)	(144,870)
Balance at 31 December		1,082,673	762,541

(b) Expense recognised in profit or loss and other comprehensive income

In thousands of naira		2012	2011
Current service costs		123,328	101,339
Interest costs on obligation		142,837	92,685
	11(a)	266,165	194,024
Actuarial loss recognised in other comprehensive income		266,430	721
		532,595	194,745

Current service cost and interest cost are recognised in administrative expenses and cost of sales in the statement of comprehensive income.

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) fall under two broad categories. These assumptions depict management's estimate of the likely future experience of the Company.

Financial Assumptions

	2012	2011
Long term average Discount rate (p.a.)	14%	14%
Average Pay Increase (p.a.)	12%	12%
Average Rate of Inflation (p.a.)	11%	11%

Demographic assumptions

Assumptions regarding future mortality are based on published statistics and mortality tables.

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This is due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000 lives	
	2012	2011
25	7	11
30	7	12
35	9	13
40	14	19
45	26	33

Withdrawal from Service

Withdrawal from service means retirement; voluntary or compulsory disengagement from service.

Age Band	Rate	
	2012	2011
Less than or equal to 30	2%	2.5%
31 – 39	1.5%	1.5%
40 – 44	1.0%	1.0%
45 – 50	0.0%	0.5%
51 – 55	0.0%	0.5%

The calculation of the defined benefit obligation is sensitive to the mortality assumptions set out above. As the actuarial estimates of mortality continue to be refined, an increase of one year in lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the employee benefit liability by ₦ 12,828,000. Similarly, a decrease of one year on the lives shown above would lead to a decrease of ₦13,285,000 in the employee benefit liability.

24 Share-based payment

The Company's ultimate holding company, Nestlé Switzerland (Nestlé S.A.) operates an Equity Incentive Scheme for its management employee around the world known as the Restricted Stock Unit Plan (RSUP). Under the RSUP, Nestlé S.A. awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Nestlé S.A. shares or an equivalent amount in cash at the end of a three-year restriction period.

At 31 December 2012, Nestlé Nigeria Plc has 5 (2011:5) qualified key management employees in its employment.

Terms and conditions of the Restricted Share Unit Plan

The terms and conditions relating to the grants of the RSUP are as follows;

Grant date/employees entitled	Number of instruments	Vesting Conditions
Shares awarded to key management on 1 February 2010	4,790	3 years' service
Shares awarded to key management on 1 February 2011	5,460	3 years' service
Shares awarded to key management on 1 February 2012	4,810	3 years' service

The fair value of the RSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, discounted at a risk-free interest rate and adjusted for the dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the restricted stock units granted in 2012 is ₦46,153,258 (2011: ₦48,339,675).

Total share based payment expense recognised in the profit or loss for the year amounted to N49,851,000 (2011: 42,208,000). See Note 11 (a)

25 Provisions

Provisions represent management's estimate of the Company's probable exposure to tax liabilities at the end of the year.

In thousands of naira	
Balance at 1 January 2011	312,610
Provisions used during the year	(10,781)
Balance at 31 December 2011	**301,829**
Balance at 1 January 2012	301,829
Provisions made during the year	70,926
Provisions used during the year	(3,585)
Balance at 31 December 2012	**369,170**
Current	369,170
	369,170

Current year provision of ₦71 million recognised represents management's evaluation of additional provision required to cover for the Company's probable exposure to tax liabilities.

The Company's financial records were not committed to any investigation during the year 2012. However, provision amounting to ₦3,585,000 (2011: ₦10,781,000) was utilised during the year.

26 Trade and other payables

In thousands of naira	Note	2012	2011	1 January 2011
Trade creditors		9,327,832	7,293,394	3,982,299
Other creditors and accruals		1,570,040	1,158,880	1,622,427
Import finance loans		354,749	250,465	103,081
Amount due to related parties	30	4,529,077	3,700,186	2,739,926
Dividend payable	21	3,221,444	2,122,782	2,768,892
		19,003,142	14,525,707	11,216,625

Import finance loans represents balance on unsesured revolving import financing facility obtained from commercial banks to finance working capital.

At 31 December 2012, there was no retentions fees (2011: Nil) relating to construction projects in progress in non-trade payables and accrued expenses.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 27.

27 Financial instruments

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from customers or investment in securities.

i. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount		
In thousands of naira	Note	2012	2011	1 January 2011
Loans and receivables	19	9,653,424	7,061,003	5,883,840
Cash and cash equivalents	20	3,814,065	1,069,888	3,092,702
		13,467,489	8,130,891	8,976,542

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counter party was:

		Carrying amount		
In thousands of naira	Note	2012	2011	1 January 2011
Wholesale customers	19	7,885,202	4,843,331	4,970,206
Related parties	19	707,159	1,340,992	30,608
Loans to key management personnel	19	11,384	15,974	7,004
Staff	19	1,049,679	860,706	876,022
		9,653,424	7,061,003	5,883,840

The Company's most significant customer accounts for ₦ 686 million of the loans and receivable carrying amount at 31 December, 2012 (2011: ₦ 373 million; 1 January 2011: ₦ 471 million).

ii. Impairment losses

The aging of loans and receivables at the reporting date was:

In thousands of naira	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011	Gross 1 January 2011	Impairment 1 January 2011
Not Past due	5,733,358	-	4,703,774	-	3,601,191	-
Past due	4,221,673	(301,607)	2,514,077	(156,848)	2,541,197	(258,548)
	9,955,031	(301,607)	7,217,851	(156,848)	6,142,388	(258,548)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

In thousands of naira	2012	2011
Balance at 1 January	156,848	258,548
Impairment loss/ (write back) recognised	144,759	(101,700)
Balance at 31 December	301,607	156,848

The impairment loss as at 31 December 2012 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and extensive analysis of the underlying customers' credit ratings.

(b) Liquidity risk

Liquidity risk arises when a company encounters difficulties to meet commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth, distruption or refinancing problems. The Company's objective is to manage this risk by limiting exposure in instruments that may be affected by liquidity problems and by maintaining sufficient back up facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2012 *In thousands of naira*	Carrying amount	Contractual cash flows	6 months or less	6-12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	8,092,248	(9,230,482)	(2,007,040)	(1,926,289)	(2,932,358)	(2,210,681)	(154,114)
Unsecured intercompany loans	18,921,799	(21,181,850)	(64,527)	(632,665	(573,166)	(15,701,760)	(4,209,732)
Trade and other payables	19,003,142	(19,003,142)	(19,003,142)	-	-	-	-
	46,017,189	(49,415,474)	(21,074,709)	(2,558,954)	(3,505,524)	(17,912,441)	(4,363,846)

31 December 2011 *In thousands of naira*	Carrying amount	Contractual cash flows	6 months or less	6-12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	10,626,602	(12,987,317)	(1,813,131)	(1,818,010)	(4,158,919)	(4,483,030)	(714,227)
Unsecured intercompany loans	17,903,165	(20,382,355)	(146,461)	(374,046)	(616,491)	(13,822,879)	(5,422,478)
Trade and other payables	14,525,707	(14,525,707)	(14,525,707)	-	-	-	-
Bank overdraft	4,952,831	(4,952,831)	(4,952,831)	-	-	-	-
	48,008,305	(52,848,210)	(21,438,130)	(2,192,056)	(4,775,410)	(18,305,909)	(6,136,705)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Currency risk
Exposure to currency risk

(c) The Company is exposed to foreign currency risk from transactions denominated in foreign currencies.

The Company manages the transactional exposures in accordance with specific principles which are in line with the Company's business needs. These include balancing the sources of financial instruments. Exchange difference recorded in the income statement represented a gain of ₦745 million (2011: loss of ₦1,298 million). They are allocated to the appropriate headings of expenses by function.

Financial instruments analysed by currency is as follows

i.	USD	United States Dollar
ii.	Euro	Euro
iii.	GBP	Pounds Sterling
iv.	ZAR	South African Rand
v.	SGD	Singaporian Dollar
vi.	XOF	Ivorian CFA
vii	CHF	Swiss Franc

	31 December 2012							31 December 2011		
Amounts in thousands	NGN	Euro	USD	CHF	XOF	ZAR	SGD	NGN	Euro	USD
Unsecured intercompany loans	-	-	(121,224)	-	-	-	-	-	-	(108,372)
Amount due from related parties	30,114	694	3,432	-	-	-	-	-	120	8,066
Amount due to related parties	(466,532)	(3,788)	(20,790)	(200)	(14,910)	(186)	(43)	(352,035)	(3,700)	(15,756)
Trade payables	(4,313,074)	(12,241)	(16,153)	-	-	-	-	(3,583,431)	(8,935)	(11,563)
Net exposure	(4,749,492)	(15,335)	(154,735)	(200)	(14,910)	(186)	(43)	(3,935,466)	(12,514)	(127,625)

The significant exchange rates applied during the year is as follows:

	Average rate		Year end spot rate	
	2012	2011	2012	2011
Euro	199.80	211.40	203.69	205.16
United states dollar (USD)	155.44	151.83	156.09	163.10

Sensitivity analysis

A strengthening of the Naira, as indicated below, against the Euro and US Dollar at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

Effect in thousands of Naira	Equity	Profit or loss
31 December 2012		
Euro (5 percent strengthening)	-	109,324
USD (5 percent strengthening)	-	849,727
31 December 2011		
Euro (5 percent strengthening)	-	89,856
USD (5 percent strengthening)	-	719,169

(d) Interest rate risk

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogenous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
In thousands of naira	2012	2011
Fixed rate instruments		
Financial assets	1,583,267	1,050,000
Financial liabilities	(2,828,048)	(3,211,639)
	(1,244,781)	(2,161,639)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(24,185,999)	(25,318,127)
	(24,185,999)	(25,318,127)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2012				
Variable rate instruments	(285,305)	285,305	-	-
Cash flow sensitivity (net)	(285,305)	285,305	-	-
31 December 2011				
Variable rate instruments	(241,173)	241,173	-	-
Cash flow sensitivity (net)	(241,173)	241,173	-	-

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Assets carried at fair value

There are no financial assets and liabilities that are carried at fair value. As such the fair value hierarchy has not been disclosed.

Assets carried at amortised cost

In thousands of naira	31 December 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables	9,653,424	9,653,424	7,061,003	7,061,003
Cash and cash equivalents	3,814,065	3,814,065	1,069,888	1,069,888
	13,467,489	13,467,489	8,130,891	8,130,891

Liabilities carried at amortised cost	31 December 2012		31 December 2011	
Unsecured intercompany loan	18,921,799	15,268,084	17,903,165	13,748,274
Secured bank loans	8,092,248	7,751,620	10,626,602	10,400,519
Trade and other payables	19,003,142	19,003,142	14,525,707	14,525,707
Bank overdraft	-	-	4,952,831	4,952,831
	46,017,189	**42,022,846**	**48,008,305**	**43,627,331**

At year end, the carrying amounts of loans and receivables and trade and other payables reasonable estimated their fair values.

See note 4 for the basis of determination of fair value.

28 Operating leases

The Company leases a number of offices, warehouse and accommodation facilities under operating leases. The leases typically run for a period of 2 to 7 years, with an option to renew the lease after that date. Lease payments are usually increased at the expiration of the lease term and consequent renewal to reflect market rentals. Advance payments outstanding in respect of these leases at year end amounts to ₦300 million.

During the year ended 31 December 2012 an amount of ₦ 167 million (2011: ₦ 168 million) was recognised as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2011: Nil).

The warehouse and head office leases were entered into many years ago as combined leases of land and buildings. Since the land title does not pass, the rent paid to the landlord of the building is increased to market rent at regular intervals, and the Company does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Company determined that the leases are operating leases.

29 Contingencies

(a) Pending litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other possible claims amounted to ₦ 55 million as at 31 December 2012 (2011: ₦241 million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

(b) Tax

At the end of the year, contigent liability in respect of withholding tax (WHT) on liable transactions amounts to ₦165 million (2011:₦93 million)

(c) Financial commitments

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

30 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2012, Nestlé Switzerland (Nestle S A.), the ultimate holding Company and Nestlé CWA Limited, the parent, owned 3.89% (2011: 3.71%) and 59.59% (2011: 59.59%) respectively of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

Nestlé Nigeria Plc has a general license fee agreement with Societe Des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A., for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A.

Nestlé Nigeria Plc also has an agreement with Nestlé Central and West Africa Limited (Nestlé CWA) whereby Nestlé CWA provides and charges for certain common shared services to the Company at a service cost. Service cost as defined by the terms of the contract means: all direct and indirect expenses charges, overheads and administration costs reasonably incurred by Nestlé CWA from time to time during the term of the agreement in providing the shared services, plus a 4% mark-up on the reimbursable cost of Nestlé Business Services and Operational and Commercial Services as allocated amongs the various countries in the region. The services provided by Nestlé CWA includes transactionary services as well as planning and management functions.

Additionally, the Company sources part of its raw materials, finished products and fixed assets through companies related to its ultimate holding company, Nestlé S.A., incorporated in Switzerland.

Nestlé Nigeria Plc has an agreement with Cereal Partners Nigeria Limited (CPNL) for the importation, warehousing and distribution of breakfast cereal. Nestlé Nigeria Plc provides these functions to CPNL and obtains re-imbursement for all costs incurred in respect of these functions.

(c) Transactions with key management personnel

Loan to key management personnel

Unsecured loans to key management personnel issued during the year ended 31 December 2012 amounted to ₦1,225,000 (2011: to ₦ 12,000,000) which include interest and non-interest bearing facilities and the loans are repayable in full over the agreed repayment period which could be short or long term. At 31 December 2012, the balance outstanding was ₦ 11,384,172 (2011: ₦ 15,974,035; 1 January 2011: ₦ 7,004,000) and is included in trade and other receivables. (See note 19)

(d) Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, directors and executive officers are entitled access to the fund when they retire.

Executive officers also participate in the Company's long service awards programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

Key management personnel compensation comprised:

In thousands of naira	2012	2011
Short-term employee benefits	79,601	54,315
Contribution to compulsory pension fund scheme	12,908	13,232
Defined contribution gratuity scheme	14,694	14,441
Other long-term benefits	-	23,722
Share based payments	46,153	48,340
	153,357	154,049

(e) Other related party transactions

Amount due to other related companies represents balances due on current accounts maintained with companies in the Nestlé Group for the importation of Property, plant and equipment (PPE), raw materials, finished products and services. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(I) Intercompany payables

In thousands of naira	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December		
Related Party		2012	2011	2012	2011	1 Jan. 2011
Nestlé Cote d"Ivoire Plc	Finished goods	761,728	881,691	164,599	498,487	346,539
Nestlé Ghana Limited	Finished goods	1,244,360	522,727	694,978	272,392	178,372
Nestlé World Trade corporation limited	PPE/ Services	5,742,447	6,574,119	1,425,737	1,573,594	115,268
Nestlé Globe Center AOA	Services	640,826	738,967	216,354	130,483	10,661
Nestlé Nederland	Finished goods	508,840	812,437	243,647	-	235,503
Nestlé France Limited	Finished goods	518,925	351,823	260,936	249,092	210,774
Nestlé Cameroun	Services	138,515	27,825	42,652	-	83,254
Nestlé Malaysia	Finished goods	604,468	422,401	23,129	36,630	57,190
Nestlé Deutschland	Services	16,753	20,882	27,530	33,335	18,869

In thousands of naira

Nestlé S.A.	Services	77,211	44,057	-	-	2,747
Societe Des Produits Nestlé S.A.	Services	3,758,636	3,147,714	339,856	577,139	223,950
Nestlé Central and West Africa	Services	2,372,446	2,281,106	901,655	188,447	1,098,027
Nestlé Senegal	Finished goods	34,590	139,602	39,273	-	157,189
Others		179,165	-	148,731	140,587	1,583
		16,598,910	15,965,351	4,529,077	3,700,186	2,739,926

Amount due from other related companies represents balances due on current accounts maintained with companies within the Nestlé Group for the export of finished goods and provision of services. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(II) Intercompany receivables

Intercompany receivables *In thousands of naira* Related Party	Nature of transaction	Transaction value Year ended 31 December 2012	2011	Balance outstanding as at 31 December 2012	2011	1 Jan. 2011
Nestlé Togo	Finished goods and Services	342,569	714,980	124,657	642,502	-
Nestlé Ghana	Finished goods and Services	1,069,519	857,770	162,981	455,305	6,716
Nestlé Cote D'voire	Finished goods and Services	5,321	91,671	2,933	90,946	9,964
Nestlé Niger	Finished goods and Services	411,697	69,154	257,440	69,154	-
Nestlé Senegal	Finished goods and Services	47,935	82,756	16,607	42,500	1,168
Nestlé Cameroun	Finished goods and Services	15,149	12,439	31,185	25,418	12,344
Others	Finished goods and Services	375,263	75,105	111,357	15,167	416
		2,267,453	1,903,875	707,159	1,340,992	30,608

All outstanding balances with these related parties are to be settled in cash within six months of the reporting date. None of these balances are secured nor interest bearing.

31 Subsequent events

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31st December 2012 that have not adequately been provided for or disclosed in the financial statements.

32 Explanation of transition to IFRSs

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP. An explanation of how the transition from the Nigerian GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of Nigerian GAAP statements to IFRS

(a) Reconciliation of statement of financial position

In thousands of naira	Note	1 January 2011			31 December 2011		
		Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs	Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs
Assets							
Property, plant and equipment	b, c, f	40,241,739	(45,195)	40,196,544	54,859,249	158,678	55,017,927
Intangible assets	b	-	237,127	237,127	131,737	-	131,737
Long term receivables	e	-	302,791	302,791	-	368,224	368,224
Total non-current assets		40,241,739	494,723	40,736,462	54,990,986	526,902	55,517,888
Inventories		8,494,039	-	8,494,039	9,902,238	-	9,902,238
Debtors and prepayments	e	7,498,883	7(498,883)	-	8,585,072	(8,585,072)	-
Advance payments to contractors	e	911,286	(911,286)	-	-	-	-
Foreign currencies purchased for import	e	77,805	(77,805)	-	1,056,617	(1,056,617)	-
Amounts due from related companies	e	30,608	(30,608)	-	1,340,992	(1,340,992)	-
Trade and other receivables	e	-	7,987,225	7,987,225	-	10,983,142	10,983,142
Prepayments	e	-	391,090	391,090	-	255,137	255,137
Cash and cash equivalents		3,092,702	-	3,092,702	1,069,888	-	1,069,888
Assets classified as held for sale	e	-	126,879	126,879	-	-	-
Total current assets		20,105,323	(13,388)	20,091,935	21,954,807	255,598	22,210,405
Total assets		60,347,062	481,335	60,828,397	76,945,793	782,500	77,728,293

Reconciliation of statement of financial position (continued)

In thousands of naira	Note	1 January 2011			31 December 2011		
		Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs	Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs
Equity							
Share capital		330,273	-	330,273	396,328	-	396,328
Share premium		32,262	-	32,262	32,262	-	32,262
Reserves	a	186,491	(186,491)	-	178,608	(178,608)	-
Share based payment reserve	i	-	78,752	78,752	-	76,903	76,903
Retained earnings	a,c,d,g	14,316,327	139,501	14,455,828	22,885,689	(181,198)	22,704,491
Total equity		14,865,353	31,762	14,897,115	23,492,887	(282,903)	23,209,984
Liabilities							
Bank term loan	e	7,904,762	(7,904,762)	-	8,372,414	(8,372,414)	-
Inter-company loan	e	14,423,134	(14,423,134)	-	17,779,096	(17,779,096)	-
Loans and borrowings	e, d	-	20,571,771	20,571,771	-	25,870,684	25,870,684
Employee benefits		712,666	-	712,666	762,541	-	762,541
Deferred tax liabilities	j	2,985,848	(20,138)	2,965,710	3,118,712	(48,463)	3,070,249
Total non- current liabilities		26,026,410	(1,776,263)	24,250,147	30,032,763	(329,289)	29,703,474
Bank overdraft	e	3,398,377	(95,238)	3,303,139	6,780,417	(1,827,586)	4,952,831
Current tax liabililties		4,817,090	-	4,817,090	2,375,385	-	2,375,385
Loans and borrowings	e	-	2,031,671	2,031,671	-	2,659,083	2,659,083
Amount due to related parties	e	2,739,926	(2,739,926)	-	3,927,901	(3,927,901)	-
Trade Creditors	e	4,085,379	(4,085,379)	-	7,543,859	(7,543,859)	-
Other creditors and accurals	e	1,935,038	(1,935,038)	-	1,460,709	(1,460,709)	-
Trade and other payables	e	-	11,216,625	11,216,625	-	4,525,707	14,525,707
Dividends	e	2,479,489	(2,479,489)	-	1,331,872	(1,331,872)	-
Provisions	e	-	312,610	312,610	-	301,829	301,829
Total current liabilities		19,455,299	2,225,836	21,681,135	23,420,143	1,394,692	24,814,835
Total liabilities		45,481,709	449,573	45,931,282	53,452,906	1,065,403	54,518,309
Total equity and liabilities		60,347,062	481,335	60,828,397	76,945,793	782,500	77,728,293

(b) Reconciliation of statement of comprehensive income for the year ended 31 December 2011

In thousands of naira	Note	Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs
Continuing operations				
Revenue		97,961,260	-	97,961,260
Cost of sales	c, f	(57,168,571)	(199,621)	(57,368,192)
Gross Profit		40,792,689	(199,621)	40,593,068
Distribution expenses		(14,525,641)	-	(14,525,641)
Administrative expenses		(4,555,003)	1,849	(4,553,154)
Results from operating activities		21,712,045	(197,772)	21,514,273
Finance income		23,758	-	23,758
Finance costs	d	(3,196,134)	(142,648)	(3,338,782)
Net finance costs		(3,172,376)	(142,648)	(3,315,024)
Profit before income tax		18,539,669	(340,420)	18,199,249
Income tax expense		(1,730,905)	28,109	(1,702,796)
Profit for the period		16,808,764	(312,311)	16,496,453
Profit attributable to:				
Owners of the company		16,808,764	(312,311)	16,496,453
Profit for the year		16,808,764	(312,311)	16,496,453
Statement of other Comprehensive income				
Defined benefit plan actuarial losses		-	(721)	(721)
Income tax on other comprehensive income		-	216	216
Other comprehensive income for the year		-	(505)	(505)
Total comprehensive income for the year		16,808,764	(312,816)	16,495,948
Earnings per share				
Basic earnings per share (naira)		₦21.21	₦0.40	₦20.81
Diluted earnings per share (naira)		₦21.21	₦0.40	₦20.81

(c) Reconciliation of statement of cash flows for the year ended 31 December 2011

In thousands of naira	Note	Nigerian GAAP (SAS)	Effect of Transition to IFRSs	IFRSs
Cash flows from operating activities				
Profit for the year	c,d,f,h	16,808,764	(312,311)	16,496,453
Adjustments for:				
Depreciation	c,f	2,960,052	33,254	2,993,306
Amortisation of intangible assets		105,390	-	105,390
Gain/(loss) on foreign exchange transactions		(1,297,526)	-	(1,297,526)
Impact of foreign exchange dfference on intercompany loans		1,107,388	-	1,107,388
Net finance cost	d	3,172,376	142,648	3,315,024
Interest expense on intercompany loan not yet paid		(227,715)	227,715	-
Equity settle share based payment transaction	i	-	42,208	42,208
Provisions for other long term employee benefits	h	194,745	(721)	194,024
Loss on sale of property, plant and equipment		50,557	-	50,557
Proceeds from the sale of fixed assets not yet received		56,780	-	56,780
Income tax expense	h	1,730,905	(28,109)	1,702,796
		24,661,716	104,684	24,766,400
Change in inventories		(1,408,199)	-	(1,408,199)
Increase in amounts due from related companies		(1,310,384)	1,310,384	-
Change in debtors and prepayments		(174,903)	174,903	-
Change in trade and other receivables		-	(2,995,917)	(2,995,917)
Changes in long term debtors		-	(65,433)	(65,433)
Change in prepayments		-	135,953	135,953
Change in deposit for imports		(978,812)	978,812	-
Change in trade creditors		3,458,480	(3,458,480)	-
Change in creditors and accruals		2,569,021	(2,569,021)	-
Change in amount due to related parties		1,059,050	(1,059,050)	-
Change in trade and other payables		-	6,722,233	6,722,233
Change in assets classified as held for sale		-	126,879	126,879
Changes in provision		-	(10,781)	(10,781)
		27,875,969	(604,834)	27,271,135

Value Added Tax Paid		(3,043,350)	-	(3,043,350)
Income Tax paid		(4,039,746)	-	(4,039,746)
Other long term employee benefit paid		(144,870)	-	(144,870)
Share based payment recharge paid	i	-	(44,057)	(44,057)
		(7,227,966)	(44,057)	(7,272,023)
Net cash flow from operating activities	e,i	**20,648,003**	**(648,891)**	**19,999,112**
Cash flow from investing activities				
Finance Income		23,758	-	23,758
Proceeds from sale of property, plant and equipment		140,111	-	140,111
Acqusition of property, plant and equipment		(18,062,137)	-	(18,062,137)
Net cash used in investing activities		**(17,898,268)**	-	**(17,898,268)**
Cash flow from financing activities				
Proceeds from loans obtained–				
Intercompany loan		2,377,499	-	2,377,499
Bank loan		2,200,000	1,000,000	3,200,000
Repayments of borrowings		-	(1,000,000)	(1,000,000)
Change in short term financing facilities		-	147,384	147,384
Finance cost		(1,670,893)	-	(1,670,893)
Dividends paid		(9,328,847)	501,507	(8,827,340)
Net cash used in financing activities	e	**(6,422,241)**	**648,891**	**(5,773,350)**
Net decrease in cash and cash equivalents	i	(3,672,506)	-	(3,672,506)
Cash and cash equivalent at January 1		(210,437)	-	(210,437)
Cash and cash equivalent at December 31		**(3,882,943)**	-	**(3,882,943)**

33. Index to the notes to the reconciliations

Contents

(a) **Deemed Cost**

At 30 June 1992 the Company revalued Buildings and Plant and Machinery under the Nigerian GAAP. On transition to IFRSs the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under IFRSs. The revaluation reserve of ₦ 186.5 million at 1 January 2011 and ₦ 178.6 million at 31 December 2011 was reclassified to retained earnings. Except for the reclassification this had no impact on the financial statements

The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2011	31 December 2011
Statement of financial position		
Decrease in revaluation reserve	186,491	178,608
Related tax impact	-	-
Adjustment to retained earnings	186,491	178,608

(b) **Intangible assets reclassification**

As part of accounting policies applied under previous GAAP for the acquisition of SAP software application in 1 April 2008, the carrying amount of the asset was included as part of Property, Plant and Equipment (PPE). Software that is not an integral part of PPE is recognised separately as intangible assets under IFRSs. Accordingly, the carrying amount of the asset at the date of transition has been reclassified to intangible assets. The carrying amount of ₦ 237 million at 1 January 2011 was reclassified to intangible assets. Except for the reclassification this had no impact on the financial statements.

The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2011
Statement of financial position	
Decrease in property, plant and equipment	(237,127)
Increase in intangible assets	237,127
Adjustment to retained earnings	-

(c) **Impact of residual value assessment of Property, Plant and Equipment (PPE)**

In accordance with IFRSs, residual values and useful lives of items of property, plant and equipment have been assessed as at 1 January 2011 and 31 December 2011. The impact arising from this assessment and subsequent recognition in 2011 is summarised as follows:

In thousands of naira	1 January 2011	31 December 2011
Statement of comprehensive income		
Increase in cost of sales-Depreciation expense		191,932
Adjustment before income tax		191,932
Statement of financial position		
Increase/(decrease) in property, plant and equipment	191,932	(24,844)
Related tax effect	(57,580)	4,248
Reclassification to PPE	-	(167,088)
Adjustment to retained earnings	134,352	(187,684)

(d) **Financial Instrument remeasurement**

In accordance with IFRSs, financial instruments have been subsequently measured at value or amortised cost. These assets and liabilities were previously carried at cost under the Nigerian GAAP.

The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2011	31December 2011
Statement of comprehensive income		
Increase in finance expense		142,648
Adjustment before income tax		142,648
Statement of financial position		
Loans and borrowings	(180,308)	(142,648)
Related tax effect	54,092	24,393
Adjustment to retained earnings	(126,216)	(118,255)

(e) **Reclassification within statement of financial position and cashflows**

The Company has previously classified and presented certain prior year comparative figures in line with the presentation format under the Nigerian GAAP. In accordance with IFRSs, these comparative figures have been presented in additional line items, headings and subtotals in the statement of financial position in line with the current year presentation format. These reclassifications had no net impact on the statements of financial position and cash flows.

(f) **Amortisation of land**

Under the Nigerian GAAP, the effect of the amortisation of leasehold land was not recognised in the profit or loss. Under IFRSs, leasehold land is amortised over the period of the lease. See note 14 (c) for additional details.

The impact arising from the change is summarized as follows:

In thousands of naira	31 December 2011
Statement of comprehensive income	
Depreciation expense	8,410
Adjustment before income tax	8,410
Statement of financial position	
Property, plant and equipment	(8,410)
Adjustment to retained earnings	(8,410)

(g) **Retained earnings**

The above changes decreased (increased) retained earnings (each net of related tax) as follows:

In thousands of naira	Note	1 January 2011	31 December 2011
Reclassification of revaluation reserves	a	186,491	178,608
Impact of residual value reassessment	c	134,352	(53,332)
Financial instrument remeasurement	d	(126,216)	(244,471)
Amortisation of land	f	-	(8,410)
Share based payments	i	(55,126)	(53,593)
Decrease (increase) in retained earnings		139,501	(181,198)

(h) Other Comprehensive income

Under the Nigeria GAAP, items of other comprehensive income was recognised in the profit or loss account. Under IFRSs, items of comprehensive income are excluded from the profit or loss account and are presented separately in other comprehensive income, also with the related tax effect

In thousands of naira	31 December 2011
Reclassification of actuarial loss	(721)
Tax benefit	216
Increase in profit for the year	(505)

(i) Share based payments

Nestlé S.A. the ultimate holding company of Nestlé Nigeria Plc operates an equity incentive scheme, Restricted Stock Unit Plan (RSUP) for its management employees whereby it awards shares to deserving management employees. Under the Nigerian GAAP, this benefit is accounted for at the vesting date i.e when the Company receives recharge invoice from the parent in respect of the equity instrument issued to the employees by the parent. Under IFRSs, the grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, as a capital contribution from Nestlé S.A. over the period that the employees unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market conditions at the vesting date.

The Impact from the above changes is as summarised below:

In thousands of naira		31 December 2011
Statement of Comprehensive income		
Decrease in administrative expenses		1,849
Related tax effect		(316)
		1,533
(Increase)/ Decrease in share based payment reserve	(78,752)	1,533
Related tax effect	23,626	-
Adjustment to retained earnings	(55,126)	1,533

(j) Deferred tax liability

The above changes decreased/ (increased) the deferred tax liability as follows based on a tax rate of 30% and adjustments for other tax reliefs:

	1 January 2011	31 December 2011
Property plant and equipment	(57,580)	(53,332)
Financial liability	54,092	78,485
Share based payment	23,626	23,310
	20,138	48,463

Other Information

Value Added Statement

For the year ended 31 December 2012

In thousands of naira

	2012 ₦'000	%	2011 ₦'000	%
Revenue	116,707,394		97,961,260	
Brought in materials and services				
- Local	(46,427,944)		(38,834,195)	
- Imported	(27,267,205)		(23,209,890)	
	43,012,245		35,917,175	
Finance Income	909,074		23,758	
Value Added	**43,921,319**	**100**	**35,940,933**	**100**
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	13,248,045	30	11,304,927	31
To Providers of Finance:				
- Shareholders as dividends - interim	1,188,984	3	1,188,984	3
- Finance Costs	1,848,471	4	3,338,782	10
- Government as taxes	3,832,968	9	1,702,580	5
Retained in the business:				
- Depreciation of tangible assets	3,935,671	9	2,993,306	8
- Amortisation of intangible assets	105,390	-	105,390	-
- Proposed final dividend	14,664,141	33	8,758,852	25
- To augment reserves	5,097,649	12	6,548,112	18
	43,921,319	100	35,940,933	100

Financial Summary

In thousands of naira	2012	2011	2010
Funds Employed			
Share Capital	396,328	396,328	330,273
Share Premium	32,262	32,262	32,262
Share based payment reserve	49,543	76,903	78,752
Retained Earnings	33,707,429	22,704,491	14,455,828
Shareholder's Fund	34,185,562	23,209,984	14,897,115
Current Liabilities	25,179,644	24,814,835	21,681,135
Long Term Liabilities	29,598,012	29,703,474	24,250,147
	88,963,218	77,728,293	60,828,397
Asset Employed			
Non Current assets	62,607,073	55,517,888	40,736,462
Current assets	26,356,145	22,210,405	20,091,935
	88,963,218	77,728,293	60,828,397

In thousands of naira	2012	2011
Revenue	116,707,394	97,961,260
Profit before income tax	25,050,172	18,199,249
Profit for the year	21,137,275	16,496,453
Other comprehensive income, net of tax	(186,501)	(505)
Declared dividend*	9,947,836	8,190,781
Per 50k share data:		
Basic earnings per share	₦26.67	₦20.81
Diluted earnings per share	₦26.67	₦20.81
Declared dividend per share	₦12.55	₦10.33
Net assets per share	₦43.13	₦29.28

* Declared dividend represents interim dividend declared during the year and final dividend proposed for the preceding year but declared during the current year.

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

Shareholders' Information

Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (₦'000)	Dividend Declared (Gross) (₦'000)	Dividend Per Share (kobo)	Dividend Type
2003	37	3,804,114	1,056,875	200	Interim
	38		2,642,188	500	Final
2004	39	3,835,493	1,056,875	200	Interim
	40		2,642,188	500	Final
2005	41	5,303,128	1,056,875	200	Interim
	42		4,227,500	800	Final
2006	43	5,660,329	1,056,875	200	Interim
	44		4,412,453	835	Final
2007	45	5,441,899	1,155,957	175	Interim
	46		4,260,527	645	Final
2008	47	8,331,599	1,288,066	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	1060	Final
2010	51	12,602,109	1,288,067	195	Interim
	52		7,001,796	1060	Final
2011	53	16,808,764	1,188,984	150	Interim
	54		8,758,852	1105	Final
2012	55	21,137,275	1,188,984	150	Interim
	56		14,664,140	1850	Proposed Final

TEN-YEAR REVENUE, PROFIT BEFORE TAX, TAXATION AND PROFIT AFTER TAX HISTORY

31 Dec	Revenue (₦'000)	Profit Before Tax (₦'000)	Taxation (₦'000)	Profit After Tax (₦'000)
2003	23,708,251	5,846,923	2,042,809	3,804,114
2004	27,393,788	6,100,281	2,264,788	3,835,493
2005	33,048,295	7,907,848	2,604,720	5,303,128
2006	36,981,928	8,197,897	2,537,568	5,660,329
2007	42,376,524	8,463,788	3,021,889	5,441,899
2008	49,802,547	11,862,213	3,530,614	8,331,599
2009	65,753,414	13,783,244	3,999,666	9,783,578
2010	80,108,738	18,244,454	5,642,345	12,602,109
2011	97,961,260	18,199,249	1,702,796	16,496,453
2012	116,707,394	25,050,172	3,912,897	21,137,275

Share Capital History:

The share capital of the Company is as indicated below. The issued and paid up capital of the Company as at 31 December 2011 is ₦396,328,126.

Date	Authorised Share Capital Value ((₦))	Shares	Issued And Fully Paid Value (₦)	Shares	((₦))
29-11-71	200,000	100,000	200,000	100,000	Cash
30-12-71	600,000	300,000	200,000	100,000	-
30-11-72	600,000	300,000	440,000	220,000	Cash
11-06-73	1,000,000	500,000	440,000	220,000	-
16-08-73	1,000,000	500,000	756,726	378,363	Cash
22-10-73	1,000,000	500,000	1,000,000	500,000	Cash
21-05-74	2,000,000	1,000,000	1,000,000	500,000	-
15-10-74	2,000,000	1,000,000	1,250,000	625,000	Rights (1:4)
27-03-75	2,000,000	1,000,000	1,625,000	812,500	Rights (3:10)
02-05-75	2,000,000	1,000,000	2,000,000	1,000,000	Bonus (3:10)
28-05-76	3,000,000	1,500,000	2,000,000	1,000,000	-
11-08-76	3,000,000	1,500,000	3,000,000	1,500,000	Bonus (1:2)
10-11-76	5,000,000	10,000,000	3,000,000	3,000,000	1 share of N2 subdivided to 2 shares of N1 each
12-08-77	5,000,000	10,000,000	5,000,000	5,000,000	Bonus (2:3)
12-05-78	7,500,000	15,000,000	5,000,000	10,000,000	1 share of N1 each subdivided to 2 shares of 50 kobo each
08-12-78	7,500,000	15,000,000	7,500,000	15,000,000	Public Issue
10-07-80	11,250,000	22,500,000	11,250,000	22,500,000	Bonus (1:2)
01-07-82	16,875,000	33,750,000	16,875,000	33,750,000	Bonus (1:2)
18-06-86	20,250,000	40,500,000	20,250,000	40,500,000	Bonus (1:5)
09-03-90	30,375,000	60,750,000	30,375,000	60,750,000	Rights (1:2)
27-06-91	40,500,000	81,000,000	40,500,000	81,000,000	Bonus (1:3)
24-06-93	50,625,000	101,250,000	50,625,000	101,250,000	Bonus (1:4)
23-06-94	75,937,500	151,875,000	75,937,500	151,875,000	Bonus (1:2)
03-09-96	105,687,500	211,375,000	105,687,500	211,375,000	Scheme of arrangement for acquisition of NPL shares
19-06-97	211,375,000	422,750,000	211,375,000	422,750,000	Bonus (1:1)
15-04-03	264,218,750	528,437,500	264,218,750	528,437,500	Bonus (1:4)
24-04-07	330,273,438	660,546,875	330,273,438	660,546,875	Bonus (1:4)
28-04-11	396,328,126	792,656,252	396,328,126	792,656,252	Bonus (1:5)

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Since becoming a public company in 1978, Nestlé Nigeria Plc has declared fifty-five Dividends, issued ten scripts and made one rights issue. Our records show that Dividend warrants in respect of the unclaimed dividends listed below have not been presented for payment while a number of Scrip/Rights Certificates have been returned to the Registrars as unclaimed or undeliverable. For Unclaimed Dividend and Scrip/Rights Certificates, please contact:

The Managing Director,
Union Registrars Limited, 2, Burma Road,
Apapa.

Dividends	Date Paid	Amount Unclaimed (N)
32-35	16/05/2001-25/11/2002	48,011,234
36	16 April 2003	21,995,093
37	24 November 2003	13,958,515
38	21 April 2004	24,743,274
39	6 December 2004	13,007,052
40	27 April 2005	50,026,830
41	28 November 2005	23,501,786
42	26 April 2006	59,223,058
43	10 November 2006	18,956,873
44	25 April 2007	70,856,696
45	26 November 2007	20,670,306
46	23 April 2008	84,196,884
47	01 December 2008	36,786,540
48	29 April 2009	97,985,015
49	07 December 2009	45,153,533
50	27 April 2010	266,139,277
51	10 January 2011	144,910,381
52	29 April 2011	527,462,881
53	12 December 2011	187,425,053
54	27 April 2012	493,912,865
55	24 December 2012	251,859,008
Scripts	Date Issued	
01	10 July 1980	1 for 2
02	01 July 1982	1 for 2
03	18 June 1986	1 for 5
04	27 June 1991	1 for 3
05	24 June 1993	1 for 4
06	23 June 1994	1 for 2
07	19 June 1997	1 for 1
08	15 April 2003	1 for 4
09	24 April 2007	1 for 4
10	28 April 2011	1 for 5
Rights		
01	09 March 1990	1 for 2

Our Brands

We believe that our foods and beverages can be enjoyable and play an important role in a balanced and healthy diet and lifestyle.

Our brands and products accompany consumers' lives from birth through adulthood, from breakfast to dinner, at home and elsewhere. We work to ensure the same level of commitment to quality, taste and nutrition across all our products, to touch lives in a positive way and continually earn consumers' trust.

Our long term commitment is to enable people to make informed choices about their diets and lifestyle, helping them care for themselves and their families.

Good home-cooking that stands the test of time.

MAGGI® – creating nutritious and delicious meals for families around the world since 1886.

At the end of the 19th century, Julius Maggi noticed a changing pattern in home trends. More mothers were working outside of home, and less people were eating home-cooked meals. A firm believer that cooking and eating at home were essential in keeping a family together, he also realised that flavour and convenience were important when preparing delicious, wholesome meals quickly.

Today, wherever you are in the world, Julius Maggi's beliefs are kept alive in the brand MAGGI®, with decades of culinary know-how infused into every product. After all, it's the name that holds a special place in the heart of every home.

Just look for the famous red and yellow MAGGI® trademark, and you'll always be assured of our time-tested brand values of superior product quality and choice ingredients – yesterday, today and for generations to come.

MAGGI.

Nestlé.
Good Food, Good Life

MAGGI

Since 1966 when MAGGI was first launched in Nigeria, MAGGI remains the number 1 seasoning brand in the Country. MAGGI is built on the timeless pillars of great taste, quality ingredients, availability and a deep relationship of trust and respect with consumers.

MAGGI is good for all your cooking

MAGGI products are available in a variety of flavors and formats, each one helping consumers create delicious and nutritious meals for their family with a guarantee of success and appreciation.

MAGGI Cube

MAGGI Cube is an all-purpose seasoning, made with fermented soya bean, perfect for many traditional Nigerian dishes.
MAGGI Cube also contains iodized salt and is now fortified with iron to aid in improving the micronutrient intake of consumers nationwide.

MAGGI Mix'py

A new style of powder seasoning available in 4 great flavors!

Classic: Onion and mild spice blended to bring out the aroma and flavor of your pottage and soup.

Ginger & Garlic: As good as natural. Add this blend to your stew, or to season your meat.

Golden Beef: A mouth watering premium beef flavour like you have never tasted before. Try it in your soup or pottage.

Tomato: Rich tomato powder for everything tomato... stews, jollof rice, etc.

MAGGI Chicken Tablet

The rich chicken flavor aroma. Ideal for cooking modern dishes such as jollof rice and fried rice.

MAGGI Arome

Arome brings that extra taste and flavor to your cooked food.

MAGGI Crayfish Tablet

A distinct, natural crayfish flavor for any pottage or local dish.

Nestlé
MILO
MORE
DELICIOUS
The Energy Food Drink Of Future Champions
Nestlé
Good Food, Good Life

Nestlé MILO

Nestlé MILO Powder:

Nestlé MILO is a nutritious chocolaty malt drink that is made from the natural goodness of malt, milk and cocoa. MILO has been the trusted heritage of nourishment which mothers count on to give their children positive energy to start the day and achieve success.

Nestlé MILO continues to deliver superior taste and nutrition to children. A research conducted amongst consumers revealed that over 60% prefer the delicious taste of MILO versus competition. This percentage is growing everyday as more and more consumers are won into the delicious world of MILO through the unique MILO Sampling Train running nationwide.

Being the energy food drink of future champions, Nestlé MILO leverages on sports to develop the champion spirit in children across the country. Knowing that sports is a great teacher, the brand is committed to grassroots sports development through the games of basketball and football. The children develop the technical skills of the games while also imbibing the lifelong social values learnt from sports. This makes them champions not only in sports but also in life.

The champion spirit is also clearly demonstrated by the MILO brand both in its consistent track records and its unique feature of being the number 1 chocolate malt brand in the world with over 27 million cups of MILO consumed every day.

Nestlé MILO, the energy food drink of future champions.

Nestlé CONFECTIONERY

Nestlé ChocoMILO is set to create a niche for itself in the snacking and Confectionery sub-sector, promising products with superior taste for on-the-go consumers in a vastly untapped market. Our role is to provide uniquely enjoyable products to consumers in a responsible way; providing innovative products that satisfy the functional and emotional needs of consumers.

Nestlé will leverage on the success and popularity of ChocoMILO being a part of the validated growth strategies for Confectionery to further expand the business.
ChocoMILO is 100% MILO powder pressed in crunchy 2.75g cubes

Good To Remember: "Made from the goodness of malt, milk and cocoa to give you energy to succeed"
Communication: "Energy cubes of Future Champions"

Nestlé GOLDEN MORN

Since its launch in 1986, GOLDEN MORN remains a delicious & nutritious instant family cereal made from best quality Maize and Soya grains sourced locally with highest standards and has been nourishing and delighting Nigerian families over 25 years.

Being a household cereal brand, GOLDEN MORN continually seeks to delight the consumer with good tasting products that meet their everyday energy and health needs.

Nestlé GOLDEN MORN

Nestlé GOLDEN MORN® is a delicious, nutritious & instant family cereal made from best quality Maize and Soya grains which is sourced locally with highest standards.

Now available in Chocolate flavour and enriched with Vitamin A & Iron - essential micro nutrients necessary for the survival, growth and development of every individual, GOLDEN MORN seeks to cater to the varying needs of consumers with the ultimate goal of nourishing Nigerians in their daily lives.

It is affordable and available in:

- 50g for on the go consumption
- 500g and 1kg for the whole family and
- Chocolate flavour for variety seekers

Nestlé NIDO

Nestlé NIDO Fortified is a brand of full cream powdered milk committed to children health and nutrition. It stands for complete nutrition for the complete growth and development of children.

Leveraging on its brand essence of Nurturing; it represents the expression of mothers' maternal love which is symbolic to giving love, care and attention to their children, and also helping to develop them in a more caring way through complete nourishment.

The brand demonstrates this commitment by offering a high quality full cream milk product that is rich in iron, protein, calcium, zinc and vitamins with all the essentials mineral.

Nestlé NIDO Fortified is available in 26g, 365g, 400g, 900g & 2500g. Also available in the portfolio is NIDO1+ Prebio; a growing up milk with PREBIO 1 that has a unique natural blend of fibres which helps maintain a healthy digestive system.

Within our product range is the newly introduced Nestlé NIDO NutriPak 14g. It is a nutritious and delicious filled milk powder that is Rich in Iron & Vitamin C.

It is an affordable single serve format of 14g. Nestlé NIDO NutriPak is good for beverage, porridge & cereal; and can be consumed straight with hot or cold water.


Look who's had her
Golden Morn
Nestlé
Golden Morn
Maize
Nutritious Family Cereal
ENRICHED
VITAMIN A & IRON
Highly Nutritious. Simply Delicious.
Nestlé
Good Food, Good Life

Nestlé NESCAFÉ & Nestlé PURELIFE

The NESCAFÉ Plan is a global initiative that brings together under one umbrella, the commitments of Nestlé which support responsible farming, production and consumption. To us it's more than just providing the best quality in a cup - we go beyond the cup.

NESCAFÉ is one of the world's most popular coffee brands. Available in many varieties to suit all tastes and occasions.

Nestlé NESCAFÉ Awaken Your Senses

Coffee has long been known and appreciated for its mild stimulating effects, appealing aroma and satisfying taste.
Some of the added benefits of coffee are:

- Dietary benefits: Coffee has been proven to be a major dietary source of antioxidants that can protect from free radicals which cause cellular damage.
- Its "healthy" caffeine content also helps to drive optimum physical and mental performance.

NESCAFÉ comes in different sizes in order to meet the different need states of our discerning consumers.

NESCAFÉ Classic
NESCAFÉ Crem 18g stick
NESCAFÉ Breakfast 32g sachet

Have you enjoyed the NESCAFÉ experience yet? Visit our Cafés. www.facebook.com/nescafeafrica

Nestlé PURE LIFE Great Water. Great Taste

NESTLÉ PURE LIFE is guaranteed by a specific production process, carried out under strict hygienic conditions, which ensures that the quality of the water is preserved right up to the place where you buy it.

NESTLÉ PURE LIFE offers affordable water with the NESTLÉ quality guarantee of trust: NESTLÉ is a renowned brand with dual expertise in the field of bottled water and nutrition, helping you to make a healthy choice.

Present in 30 countries spanning 5 continents, NESTLÉ PURE LIFE is the biggest bottled water brand in the world in value. It is the great tasting water for the whole family.

Now your family can enjoy the sheer purity, thirst quenching effect and smooth taste of NESTLÉ PURE LIFE.


It all starts with a NESCAFÉ
NESCAFÉ
NESCAFÉ
Classic
2g
Nestlé
Good Food, Good Life


INTRODUCING THE
NEW
5 LITRE
BOTTLE
Now your family can enjoy the sheer purity, thirst quenching effect and smooth taste of NESTLÉ PURE LIFE. Grab a healthy choice.
Nestlé
Pure Life
PREMIUM DRINKING WATER
Drink Better, Live Better.
Tastes great
Soft & Gentle
TM

Nestlé NUTREND & CERELAC

Nestlé NUTREND

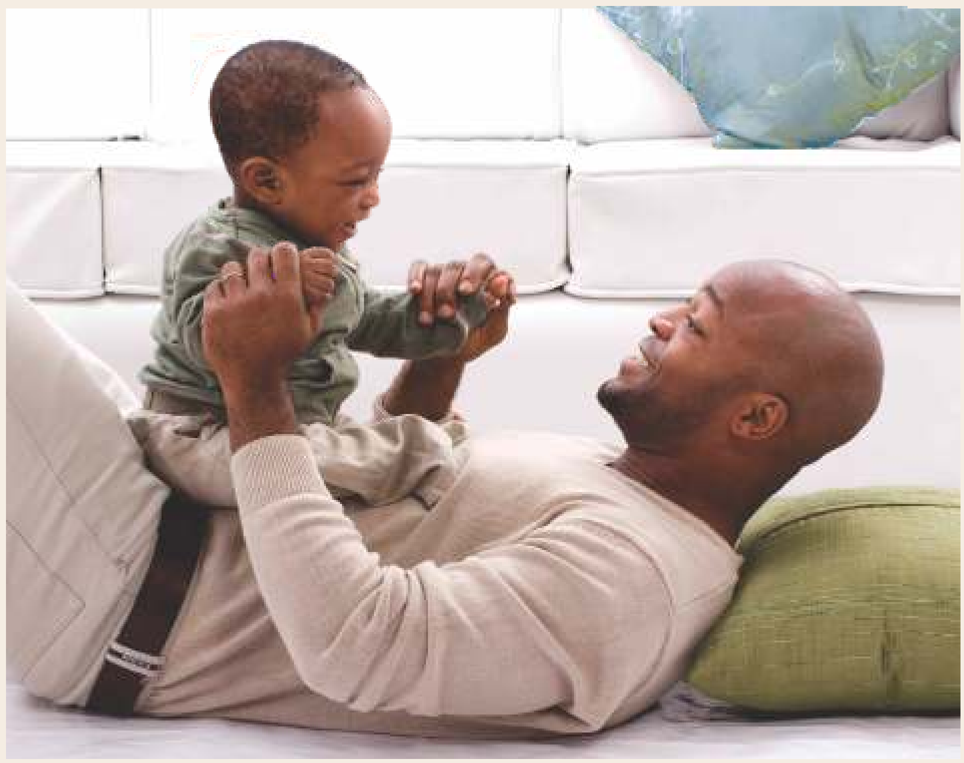
Nestlé NUTREND is specially developed to meet the infant's needs during the complementary feeding period as it provides all key nutrients in quantity appropriate for their limited stomach capacity. Nestlé NUTREND has excellent combination of Proteins, Carbohydrates, Vitamins and Minerals required for babies' healthy growth and development.

Nestlé NUTREND contains naturally hydrolyzed carbohydrates for easier digestion; has smooth texture to facilitate swallowing and gentle taste to ensure acceptance. Nestlé NUTREND is produced from high quality, gluten-free, natural ingredients; with no artificial colors, flavors or preservatives. We have added probiotics that assures protection and immunity against common infections.

Nestlé NUTREND is available in 2 pack sizes of 400g and 900g.

Infant cereals are often chosen as the first complementary food due to their excellent nutritional value, appropriate gentle taste and smooth texture. The gradual introduction of these can facilitate the transition to a healthy diet.

Important notice: Infant cereals should be introduced when breast or infant milk is not sufficient to meet the increased nutritional needs of the baby. The World Health Organization recommends exclusive breast-feeding during the first six months and as a general recommendation, milk, especially breast milk, must be given for as long as possible.



Nestlé CERELAC

Nestlé CERELAC, a highly nutritious infant milk cereal, provides the right start for babies when they are ready to go on cereals. Nestlé CERELAC contains the essential nutrients babies require to achieve full growth potentials whilst assuring protection and immunity as a result of its probiotics content.

Nestlé CERELAC milk cereal is produced from high quality milk, delicately combined with maize. Nestlé CERELAC provides the essential amino acids and adequate amount of protein required by growing babies to maintain and achieve healthy growth and development. Nestlé CERELAC is fortified with iron, an important nutrient that helps prevent anemia in infants. The creamy milk taste of Nestlé CERELAC makes babies transit easily from all milk feeds to semi-solid foods.

Nestlé CERELAC is available in varieties of Maize, Wheat, Rice and 3 fruits and pack sizes of 50g, 400g and 1Kg.

2012: Year in Retrospect

The Executive Vice President, Zone AOA Mr Nandu Nandkishore 1st right planting a tree to commemorate his tour of Agbara factory in 2012.

Nandu Nandkishore visits Nigeria

The Executive Vice-President of Zone AOA, Mr Nandu Nandkishore visited Nigeria as part of a five-day visit to the Central & West Africa Region (CWAR). Accompanied by Messrs Roger Stettler, Senior Vice-President in charge of Africa and Etienne Benet, Head of CWA region, Mr Nandkishore started the day with a tour of Ilupeju head office. The team also visited Ojuwoye market, Mushin as well as Agbara and Flowergate factories. At Agbara factory, the team visited the Beverages Plant, the Change Journey Board, the New Malt Plant, the Technical Training Centre and the Tri-Generation Power Plant. Mr Nandkishore later planted a tree at Agbara Factory to commemorate the visit.

The Commercial Manager, Nestlé Nigeria Plc,
Mr Anup Srivastava showcasing the range of Popularly Positioned Products offered by the company in Nigeria.

Nestlé Launches MILO Crunchy Cereals

In a bid to increase market share and broaden its Nutrition, Health and Wellness business platform, Nestlé introduced MILO Crunchy Breakfast Cereal to the Nigerian market. Made from wholegrain and boosted with essential nutrients: 8 vitamins, calcium and iron; MILO Crunchy Breakfast Cereal is a convenient, tasty and healthy way to eat a nutritious and delicious breakfast.

L - R Mr Martin Kruegel, Financial Control Director; Mr Femi Akintola, Brand Manager, Beverages; Dr Samuel Adenekan, Corporate Communications and Public Affairs Manager; Mr Gerben Kamps, Category Business Manager, MILO Crunchy Cereals; Mrs Iquo Ukoh, Marketing Services Director and Mr Adewale Ojo, Country Business Manager, Nestlé Waters, Nigeria at the launch of MILO Crunchy Cereals.

Nestlé Nigeria Wins Milo Trophy

Nestlé Nigeria won the trophy for 2011 in the MILO category (Developing League). A MILO Champions' Day was celebrated on all sites to mark the victory.

MAGGI Star Kitchen Debuts In 2012

The MAGGI Star Kitchen was launched in 2012. The programme educates people about balanced diets, micronutrient deficiency and the importance of culinary hygiene. It also encourages cooking at home

MAGGI Women Forum

MAGGI Women Forum is a development programme from the MAGGI brand which empowers women in home management, cookery, nutrition information and resourcefulness. It supports women to competently fulfill their role in organising the home and utilising limited resources to ensure nutritious, adequate and sustainable meals for their families while projecting MAGGI as the trusted helper for every woman. In 2012, the MAGGI Women Forum was held in 8 states.

Nestlé Launches MAGGI Arome

Nestlé Nigeria introduced a new variant of seasoning; MAGGI Arome. The new product is based on consumer insight for a liquid seasoning that can be used on cooked food at the dinner table.

Nestlé Commissions NESCAFÉ CAFÉ in Ibadan and Lagos

Nestlé commissioned a NESCAFÉ Café at the University of Ibadan and University of Lagos. The café is a platform for students and staff to engage with the NESCAFÉ brand without having to leave their campus. In addition, it provides a training ground for entrepreneurship for students.

Nescafé Partners Nigerian Campus Enterprise Challenge

NESCAFÉ partnered with the Nigerian Enterprise Campus Challenge as a way to give budding student entrepreneurs the opportunity to try their hands at running the NESCAFÉ Café at the University of Ibadan.

NESCAFÉ Magic Mug

The NESCAFÉ Magic Mug returned to Nigeria for an exciting three-city tour across Nigeria. Students of the University of Ibadan, Obafemi Awolowo University and Kwara State Polytechnic had the opportunity of a lifetime to sail up to 50 metres in the giant hot air balloon. In addition, there was music, entertainment and endless cups of NESCAFÉ on offer.

Nestlé Unveils Tinu Baby Room

Buoyed by the need to provide a conducive environment for nursing mothers to exclusively breastfeed their babies while at work, Nestlé unveiled the Tinu Baby Room at its Lagos headquarters. The baby friendly room is fitted with the latest equipment and appliances and is supervised by the medical personnel on site.

Mrs Tinuade Ogunyemi, Distribution Requirement Planner and Mr Nandu Nandkishore during the commissioning of the Tinu Baby Room.

Nestlé Nutrition Organises Symposia Pan Nigeria

Nestlé Nutrition organised Symposia in Calabar, Sokoto and Kaduna. 'The Role of Infant Nutrition in Immunity' and 'Childhood Nutrition, Cognitive and Immunological Development: First 1000 days' formed the bases of the discussions. The key note speakers stressed the importance of adequate nutrition especially micronutrients and Long Chain Polyunsaturated Fatty Acids (LCPUFAs) and Probiotics during the first 1000 days of life as it is very important to prevent irreparable damages that could arise from inadequacy.

Nestlé Professional Launches Myowbu in Nigeria

My Own Business (MYOWBU) is an entrepreneurship platform introduced by Nestlé Professional for youths interested in beverage vending in the open markets. The programme enables independent micro-operators sell cups of branded NESCAFÉ products at an affordable price in the market.

Nestlé Celebrates 2012 World Breastfeeding Week

In the spirit of Nestlé's unalloyed support for protection, promotion and campaign for breastfeeding which is also reflected in Nestlé Corporate Business Principles, Nestlé Nigeria joined the world to celebrate 2012 World Breastfeeding Week. There was full participation at all Nestlé Nigeria sites.

Nestlé Launches Enriched Golden Morn Choco

To increase its competitiveness and market share, Nestlé Nigeria introduced a new variant of ready-to-eat breakfast cereal; GOLDEN MORN Choco. The new product is based on consumer insight for a chocolate flavoured breakfast cereal with the goodness of maize and soya.

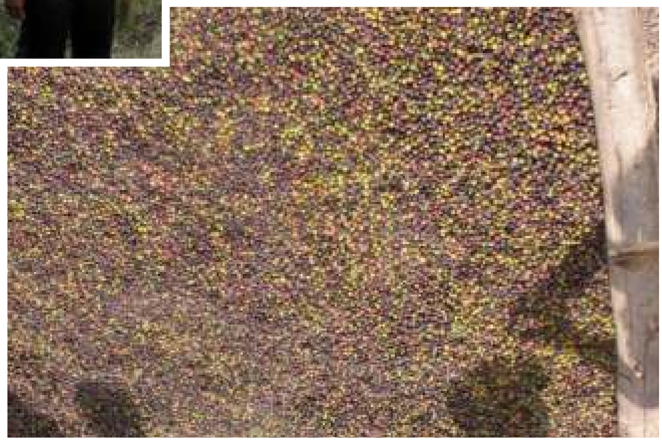
MAGGI Fast Food Association of Nigeria (MAFFAN) Launches Pan Nigeria

In a bid to increase market share and broaden its Nutrition, Health and Wellness business platform, Nestlé Professional has launched MAGGI Fast Food Association of Nigeria (MAFFAN) in Ibadan (Southwest Nigeria), Port Harcourt (Southeast Nigeria) and Kano (Northwest Nigeria). The association comprises food operators that favour the use of MAGGI in cooking. MAFFAN was first launched in Lagos in 2011.

The Board of Directors of Nestlé Nigeria Plc visit Cote d'Ivoire.

The Board of Directors of Nestlé Nigeria Plc paid a working visit to Cote d’Ivoire in November 2012.

The Board visited Coffee Farms at Agboville, Nestlé Research & Development Centre and Nestlé Cote d’Ivoire MAGGI and Coffee factories.



The Directors at the Nestlé Research and Development Centre, Abidjan

L - R: Mrs Iquo Ukoh, Mr Serigne Diop (Head, Nestlé Research and Development Centre, Abidjan) Chief Olusegun Osunkeye, Mr Martin Kruegel, Mr David Ifezulike, Dr Fiama Mshelia and Mr Bode Ayeku.

The Directors listening to the presentation of Mr Serigne Diop during the tasting session organised by the Nestlé Research and Development Centre, Abidjan.

Agbara Factory Opens NCE Gate

All the 3 foundation elements of the Gate (Compliance, Leadership Development and Global Alignment) were assessed and the final evaluation of Compliance and Leadership Development was GATE OPEN and Goal Alignment score of 84%.

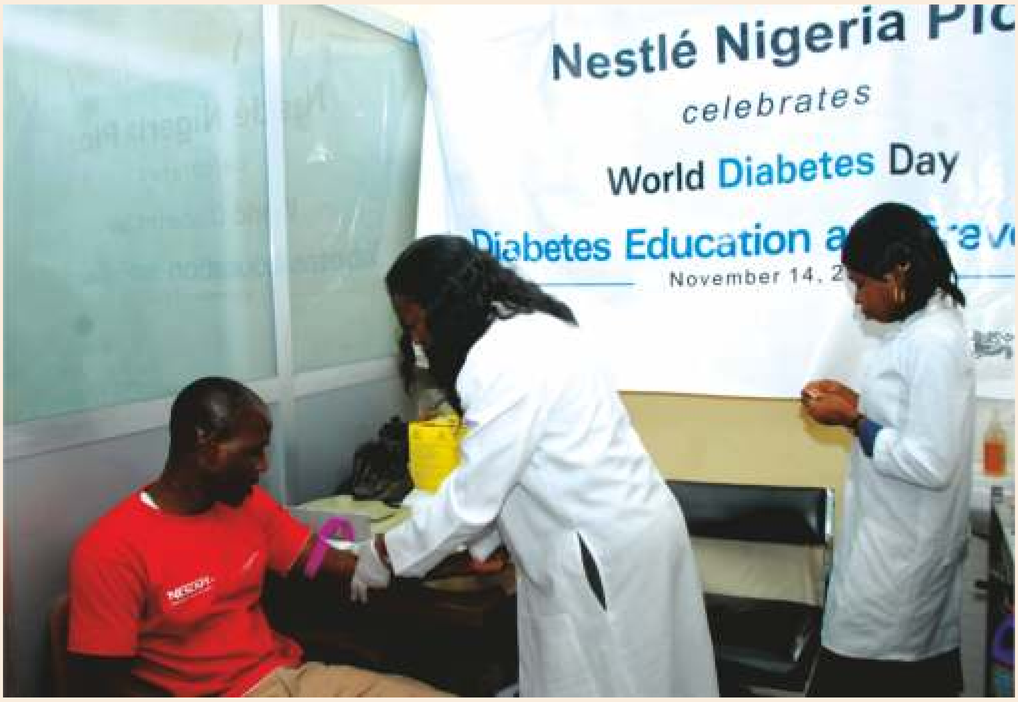
Compliance and Leadership Development were assessed by the Market Chief Engineer (Thomas Sigrist) and HR Business Partner (Sola Akinyosoye) respectively.

Nestlé Waters Mark 2012 World Water Day

In line with the theme of 2012 World Water Day, "Together for Water", Nestlé Nigeria demonstrated its commitment to water resources management by organising a Water Education Programme for school children and their teachers.

NESTLÉ PROFESSIONAL ORGANISES WORKSHOP FOR PUSHCART ATTENDANTS

Nestlé Professional organised a workshop for NESCAFÉ pushcart attendants. The workshop which was well attended provided an opportunity for both parties to interact and exchange constructive feedback on the business. In addition, the attendees received valuable tuition and training.



Nestlé Commemorates World Diabetes Day

On 14 November 2012, Nestlé Nigeria joined the rest of the world on commemorating the 2012 World Diabetes Day. A health talk on diabetes was given by medical experts in the various sites. In addition, there were interactive discussions on the role of lifestyle choices in the prevention of diabetes. Members of staff were also given the opportunity to take a free fasting blood sugar test.

Nestlé Organises Breast Cancer Awareness Campaign

Nestlé Nigeria Plc in its drive for a total Healthy Workforce being the leading Nutrition Health and Wellness Company organised an awareness program on Breast Cancer in all its sites throughout the month of October. The campaign involved a talk by experts on the history, cause and prevention of breast cancer as well as screening methods and treatment options. A talk was also given by a breast cancer survivor.

Nestlé Nutrition Institute Africa Collaborates With UUTH On Neonatal Resuscitation Workshop

In a bid to promote information sharing, education and training and to foster academic and professional excellence among health care providers (HCPs), Nestlé Nutrition Institute Africa (NNIA) collaborated with Department of Paediatrics, University of Uyo Teaching Hospital (UUTH), Akwa Ibom on a two-day workshop on Neonatal Resuscitation. This was to contribute to reduction of infant mortality and attainment of the MDG 4, by empowering HCPs directly involved in the delivery and care of infants with the knowledge and skills required to carry out the very important task of neonatal care especially resuscitation.

Nestlé Wins Brand New Ambulance

After a rigorous and thorough audit process on operational safety and health in the workplace by NSITF and NECA, Nestlé emerged in the top four companies in Nigeria. As a reward for exceptional safety culture, a brand new ambulance was donated to the company by NSITF-NECA Safe Workplace Intervention Project (SWIP).

Nestlé Donates To Flood Victims

Nestlé, the leading Nutrition, Health and Wellness Company donated relief materials to Nigerian Red Cross Society for distribution to flood victims in all affected states in Nigeria.The items included Nestlé PURE LIFE, Nestlé NIDO, Nestlé GOLDEN MORN, MAGGI Cubes and MAGGI Chicken bouillon.

Nestlé Nutrition Institute Africa Organises Advanced Nutrition Programme

In furtherance of efforts to combat infant and maternal mortality, Nestlé Nutrition Institute Africa (NNIA) in collaboration with the University College Hospital, Ibadan organised a three-day Advanced Nutrition Programme for Anglophone countries. The theme of the programme "Maternal and infant nutrition: first 1000 days of life" was discussed by a faculty comprising local and international speakers.

Nestlé Donates Chalk To SUBEB

2000 cartons of chalk donated to Ogun State SUBUB as Nestlé's additional contribution for effective teaching and learning in the state, especially the Healthy Kids Project. The Executive Chairman of Ogun State SUBEB Chief M. A. Ajibola thanked Nestlé for the kind gesture and promised to utilise the chalk for the advancement of education in the state. 2,500 cartons of chalk was also donated to Lagos State SUBEB as part of the Nestlé Healthy Kids Project. A permanent board member of Lagos State SUBEB received the donation on behalf of the Executive Chairman and thanked Nestlé for continuous support for education in Lagos State.

Nestlé Completes Acquisition of Pfizer Nutrition

Following the successful conclusion of the regulatory process in most markets, Nestlé completed the acquisition of Pfizer Nutrition on 30 November 2012 for USD 11.85 billion. In Nigeria, the integration process was completed on 3 December 2012 with former employees of Pfizer Nutrition taking part in a comprehensive induction programme.

List of Nestlé Distributors

S/N	Customer	Location
1	Igbozulike Investment Limited	Aba
2	Vinna Investment Limited	Aba
3	Julius Ogu And Sons Limited	Aba
4	Kinco Global Link Limited	Aba
5	Zubis and Company Nigeria Limited	Aba
6	Elymay Nigeria Limited	Abakaliki
7	Ondo State Development Company Ltd	Akure
8	Living Spring Bulk Purchase Ltd	Akure
9	Alhaji Abubakar Moh'd	Bauchi
10	V. I. Ekuaze and Sons	Benin City
11	Everest Sales & Services	Benin City
12	Idrisiya Global Nig Ltd	Biu
13	Andyson Investment And Agro Allied	Calabar
14	G. N Chukwu Nig Ltd	Calabar
15	Alh. Usman Muazu	Dutse
16	Albawa International Investment Ltd	Dutse
17	Bledow International Ent.	Eket
18	A. E. Chrismerchants Ltd	Enugu
19	Lajim Tatabe Brothers Stores	Gashua
20	Fusaha Ventures	Gombe
21	Saadu Ali Mai Silifas Nigeria Ltd	Gombe
22	Alh. Ibrahim Usman Achida & Sons Ltd	Gusau
23	Fes Nigeria Limited	Ibadan
24	Dolat Multi Enterprises	Ibadan
25	Ojawa Nig Enterprises	Ibadan
26	Olaniyi Badmus Nig Ltd	Ilorin
27	Viceri Dynamic Investment	Jalingo
28	M. A. Onigbinde and Sons Limited	Jos
29	J. J. Nnoli and Sons	Jos
30	Sidi and Sons	Kaduna
31	Bukola Oshinaike	Kaduna
32	Sambajo General Enterprises Limited	Kano
33	Mazaf Honest Concept Limited	Kano
34	Bello Zubairu Bello And Company	Kano
35	Hamir Investment Nig. Ltd	Kano
36	Umar Sad Radda Nig Ltd	Katsina
37	Jisons Venture	Lafia
38	Kwesifin Ventures	Lafia
39	Basrose Stores	Lagos
40	Butsun Ratboh Nigeria Limited	Lagos
41	Kofaj Nigeria Enterprises	Lagos
42	Toyospel Ventures	Lagos
43	Ade Distribution and Investment	Lagos
44	Seddt Nigeria Limited	Lagos
45	Kenny Commodities Merchant Nigeria	Lagos
46	Ajoke Stores Limited	Lagos
47	Al-wadud Ventures Limited	Lagos
48	RSL International Ltd	Lagos
49	Makemx Nigeria Limited	Lagos
50	Adebukola And Sons Limited	Lagos
51	Timac Ventures	Lagos
52	Jamkat Integrated Investment Ltd	Lokoja
53	Modu Director and Sons Limited	Maiduguri
54	Alhaji Mohammad Monguno	Maiduguri
55	Joyce Stores	Minna
56	Amodo Trading Ventures	Nnewi
57	E V Okpalaoka and Sons Nig Ltd	Onitsha
58	Franco International West Africa	Onitsha
59	Mazek Resources Ltd	Onitsha
60	Festel Integrated Resources	Orlu
61	Ugodurumba Enterprises Limited	Owerri
62	Igwediebube Nigeria Limited	Port Harcourt
63	Sanusi Sodangi Enterprises	Sokoto
64	Alhaji Tukur Faru	Sokoto
65	Allanka Nigeria Limited	Sokoto
66	Alh. Abubakar Zamau	Sokoto
67	Alhaji Garba Dankane Jega	Sokoto
68	J. O. Adebiyi and Sons Nigeria	Suleja/Abuja
69	Nortex Business Link	Suleja/Abuja
70	Innovation Era Nigeria Limited	Suleja/Abuja
71	Joc Dona Inv.	Suleja/Abuja
72	W. J. Ukaonu & Sons Nig Ltd	Umuahia
73	Tivo Corporate Services Intl Ltd	Warri
74	A. D. Basharu and Sons Nigeria	Yola

Corporate Directory

HEAD OFFICE:
22-24, Industrial Avenue, Ilupeju.
P.M.B. 21164, Ikeja
Tel: 01-2798184, 2798188, 2790707
Fax: 01-4963033

AGBARA FACTORY:
Km 32, Lagos-Badagry Express Road,
Agbara Industrial Estate, Ogun State.
Tel: 4484330-5, Fax: 01-2790701

FLOWERGATE FACTORY
Flowergate Industrial Estate
Along Abeokuta – Sagamu Expressway
By RIYE Roundabout
Ogun State
Tel: 2715700

DISTRIBUTION CENTRE:
Km 7, Idi-Iroko Road, Sango-Otta
Ogun State
Tel: 7912764, 7944658, 7924502.
and
Km 32, Lagos-Badagry Expressway,
Agbara Industrial Estate Ogun State

BRANCH OFFICES
LAGOS
Plot C.D.E. Industrial Crescent,
Ilupeju, Lagos.
Tel: 01-7923489.

OWERRI
46 Wethedral Road, Owerri
Tel: 08052797143

JOS
NICON Building, 1st floor
4, State Secretarial Road,
JOS
Tel: 08052797388

KADUNA
5D, Kanta Road,
Kaduna.
Tel: 08052797075

IBADAN
Plot 1, Block D, Ring Road /
Challenge Junction, Ibadan
Tel: 08052797053

Application Form
for e-Bonus and e-Dividend

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

In our quest to update shareholders data with the current technology in the Capital Market (i.e. e-Bonus and e-Dividend), we request you to complete this form with the following information:

Tel No: ………………. .... CSCS A/C No:………………..... STOCK BROKING FIRM:………………………...............................

E-mail Address:………………………………………………….Name of Bank:……………………………….................................

Branch of Bank:…………………………...... Bank Acct No:…………………..............Branch Code:…………………........................

No of Units held:…………………………………………………............

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER AND CURRENT ADDRESS:

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……………………………………………………...

……………………………………………………...

……………………………………………………...

REGISTRARS' USE

NAME:………………………………………………….

SIGNATURE:………………………………………

DATE:…………………………………………………

NAME OF COMPANY IN WHICH YOU HAVE SHARES
NESTLÉ NIGERIA PLC

Please notify our Registrars, Union Registrars Limited of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal Manager

Note: ** Please be informed that by filling and sending this form to our Registrars, Union Registrars Limited, for processing , you have applied for the e-dividend and e-Bonus; thereby, authorising NESTLÉ NIGERIA PLC to credit your account in respect of dividends and bonuses electronically.

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal

PLEASE COMPLETE AND RETURN TO
UNION REGISTRARS LIMITED
2, BURMA ROAD, APAPA, LAGOS.

Affix N50.00
Postage Stamp
Here

THE MANAGING DIRECTOR
UNION REGISTRARS LIMITED
2, BURMA ROAD, APAPA
P. M. B. 12717
LAGOS

Proxy Form
for e-Bonus and e-Dividend

44TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON THURSDAY, 9 MAY 2013 AT THE MUSON CENTRE, 8/9, MARINA, ONIKAN, LAGOS.

I/We*.. being a member/members of NESTLÉ NIGERIA PLC hereby appoint**

....
of..
or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on 9 May 2013 and at any adjournment thereof.

Dated this......................day of........................2013.

Signature...

Ordinary Business	For	Against
To declare a final Dividend		
To re-elect Director retiring by rotation:		
Dr. Fiama Msheha		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors and approve benefits to the long serving retired Director		

Please indicate with 'X' in the appropriate space 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.

NOTES:
Please sign this form and post it to reach the address overleaf not later than 6 May 2013. If executed by a corporation, this form should be sealed with its common seal.

*Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

**Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead.

A member voting in his own right as a member and also voting as proxy or representative for another or other members should fill one voting paper for his own holding and a separate paper for each of the members he is representing. Similarly, those present who are acting as proxy for more than one other members must complete a separate voting form for each member they represent.

NESTLÉ NIGERIA PLC 44TH ANNUAL GENERAL MEETING

Shareholder's Admission Form

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the MUSON Centre, 8/9, Marina, Onikan, Lagos at 11.00 a.m. on Thursday, 9 May 2013.

Name of Shareholder	
Number of shares held	
Signature of person attending	

Note: This form should be completed, signed, torn off and produced by the shareholder or his/her duly appointed proxy in order to gain entrance to the venue of the meeting

Bode Ayeku
Company Secretary/Legal Manager

Affix N50.00
Postage Stamp
Here

THE MANAGING DIRECTOR
UNION REGISTRARS LIMITED
2, BURMA ROAD, APAPA
P. M. B. 12717
LAGOS

NESTLÉ NIGERIA PLC
Electronic Delivery Mandate Form

Dear Sir/Madam,

To enable you receive your Annual Reports promptly, your company wishes to introduce electronic delivery of Annual Reports and Accounts, Proxy Forms and other statutory documents to shareholders.

With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in future, you can elect to receive a soft copy of the Annual Report , Proxy Form, etc, through the electronic link to be forwarded to your e-mail address or opt to receive the soft copy (Compact Disk) of the Annual Report by post.

Please complete this self-addressed form to capture your preference and return the completed form to:

The Managing Director,
Union Registrars Limited   or any of their branch offices nationwide.
2, Burma Road, Apapa,
P.M.B 12717, Lagos

Bode Ayeku
Company Secretary/Legal Manager

I,

OF HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF NESTLÉ NIGERIA PLC TO ME THROUGH:

PLEASE TICK ONE OPTION ONLY

ELECTRONIC COPY VIA A COMPACT DISK (CD) SENT TO MY POSTAL ADDRESS

OR

I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY E-MAIL ADDRESS STATED BELOW.

MY E-MAIL ADDRESS:

DESCRIPTION OF SERVICE:

By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by E-mail/Compact Disc (CD)/Internet Address (URL). These materials can be made available to you electronically either semi-annually or annually. Annual Report, Proxy Form, Prospectus and Newsletters are examples of shareholder communications that can be made available to you electronically. The subscription enrolment will be effective for all your holdings in Nestlé Nigeria Plc on an ongoing basis unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means".

____
Name (Surname First)

____
Signature and Date

Affix N50.00
Postage Stamp
Here

THE MANAGING DIRECTOR
UNION REGISTRARS LIMITED
2, BURMA ROAD, APAPA
P. M. B. 12717
LAGOS

Nestlé

Good Food, Good Life