The leading Nutrition, Health and Wellness Company

2014 Annual
Report & Accounts

Nestlé
Good Food, Good Life

Nestlé Nigeria Plc.
(RC 6540)

Nutrition

Good Food, Good Life

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

Contents

Corporate Profile

"Our brands and products are the focus of continuous innovation so that they meet and exceed our consumers' expectations."

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. As at December 2014, the number of Nigerian shareholders was more than 29,000.

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 2014 was ₦143.3billion. In the year 2014, the Company's profit before tax was ₦24.4billion and profit after tax was ₦22.2 billion.

Nestlé manufactures and markets a range of high quality brands: Infant Formula - Nestlé NAN®, Nestlé LACTOGEN®; Infant cereals - Nestlé NUTREND®, Nestlé CERELAC®; Family cereals - Nestlé GOLDEN MORN™; Beverage drink - Nestlé MILO®; Confectionery-Nestlé CHOCOMILO®, Nestlé KITKAT®; Bouillon - MAGGI® Cube, MAGGI® Chicken, MAGGI® Crayfish, MAGGI® Mix'py; and Table Water - Nestlé PURE LIFE®. Nestlé also markets coffee - NESCAFÉ® CLASSIC (Pure soluble coffee), NESCAFÉ® 3-in-1 (Complete coffee mixes), 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 helps our staff better understand the relevance of human rights principle to business operations, providing exercises, case studies and links to facilitate learning.

As part of our commitment to enhancing the quality of life through sports, we support 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.

Nestlé also promotes Nigerian food culture through MAGGI® Star Kitchen participatory cookery programme in neighborhoods; MAGGI® Women Forum, a home management program targeted at semi urban and rural women.

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 are given the opportunity to participate in additional training modules in Switzerland.

In pursuit of our commitment to local sourcing of agricultural raw materials, we are involved in an initiative in the agricultural sector with the Grains Quality Improvement Project. The Grains Quality Improvement project 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 ensures high quality raw materials for our factory.

Nestlé is committed to environmentally sound business practices. Our goal is that Nestlé products will not only be tastier and healthier, but also better for the environment along the value chain. We are commited to improving resource efficiency; improve the environmental performance of our packaging; assess and optimize the environmental impact of our products; provide climate change leadership and provide meaningful and accurate environmental information and dialogue. To further reduce our environmental footprint and ensure efficient use of energy for manufacturing operation, Nestlé Nigeria Plc built a tri-generation power plant at Agbara factory. 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.

Directors and Other Corporate Information

Board of Directors:	Mr. David Ifezulike	Chairman
	Mr. Dharnesh Gordhon (South African)	Managing Director/Chief Executive Officer
	Mr. Syed Saiful Islam (Bangladeshi)	Executive Director (Appointed 1 October 2014)
	Mr. Martin Kruegel (German)	Executive Director (Resigned 30 September 2014)
	Mrs. Iquo Ukoh	Executive Director
	Mr. Kais Marzouki (German)	Non-Executive Director
	Mr. Giuseppe Bonanno (Italian)	Non-Executive Director
	Mr. Gbenga Oyebode	Non-Executive Director
	Mrs. Ndidi Okonkwo Nwuneli	Independent Non-Executive Director
Company Secretary/ Legal Adviser	Mr. Bode Ayeku	
Registered Office:	22-24, Industrial Avenue Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707	
Registrars:	GTL Registrars Limited 2, Burma Road Apapa, Lagos Tel: 01- 5803369, 5451399, 5803367	
Independent Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street, Victoria Island, Lagos Tel: 01 - 2718955	
Members of the Audit Committee	Mr. Matthew Akinlade	Chairman
	Alhaji Kamorudeen Danjuma	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mrs. Iquo Ukoh	Directors' Representative
	Mr. Giuseppe Bonanno	Directors' Representative
	Mr. Gbenga Oyebode	Directors' Representative

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9, Onikan, Lagos, on Monday, 11 May 2015 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 2014 and the Reports of the Auditors and the Audit Committee thereon
2. To declare a Final Dividend
3. To re-elect Directors
4. To appoint a new Independent Auditor to replace the retiring KPMG Professional Services. Notice is hereby given that the proposed Independent Auditor to be appointed is Akintola Williams Deloitte
5. To authorise the Directors to fix the remuneration of the Auditors
6. To elect the members of the Audit Committee

SPECIAL BUSINESS

7. To fix the remuneration of Directors
8. To authorize the Company to procure goods and services necessary for its operations from related companies

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. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, GTL Registrars Limited, 2 Burma Road, Apapa, Lagos, P. M.B. 12717, Lagos not later than 48 hours before the time of the meeting. A member may submit his questions in writing to the registered office of the Company at least a week before the meeting.

(b) DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS: If the Dividend recommended by the Directors from the pioneer profits is approved, dividend warrants will be posted on Tuesday, 12 May 2015 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 24 April 2015. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 27 April 2015 to Monday, 4 May 2014 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, GTL 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 (GTL Registrars Limited) as soon as possible.

Dated 23 February 2015

By Order of the Board

Bode Ayeku
Company Secretary / Legal Adviser
FRC/2012/NBA/00000000637

Registered Office
22-24, Industrial Avenue, Ilupeju,
LAGOS

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

Business Environment

Nigeria's economy witnessed downturn in 2014 arising from significant macro headwinds; although the rebasing of the economy in April, for the first time in two decades, showed that Nigeria's GDP at $510 billion now outstrips South Africa as the largest on the continent and the 26th largest in the world.

In the first two quarters of the year, Nigeria recorded year-on-year GDP growth rates above 6% in the midst of declining worldwide growth trends. This trend continued in the third quarter as Nigeria recorded a third quarter year-on-year GDP growth of 6.23% driven by the Non-Oil sector which grew by 7.5%.

Offsetting what would have otherwise been a stable pre-election year, declining oil prices set the tone for tighter monetary policies, market turbulence and the inevitable devaluation of the Naira in the fourth quarter. The combined effect of declining oil prices, gradual capital flight, a reduction in foreign exchange supply, and the import dependent nature of the Nigerian economy resulted in the sustained pressure on the Naira. The Central Bank of Nigeria (CBN) continued to defend the Naira by employing tightening measures which included upward adjustments in the Cash Reserve Ratio (CRR) , increased controls on Bureau de Change (BDC) sales and imposing restrictions on foreign exchange sales to certain industries.

In spite of the measures executed by the CBN, the country reserves dropped to a 6-month low of ₦34.55 billion (as at 25th of November, 2014) and this compelled the CBN to devalue the Naira in an attempt to stabilize the currency.

We urge the Federal Government and other relevant institutions to continue to take a closer look at implementing more import substitution programmes in 2015 with a view to diversify away from and dampen the effects of oil prices on the economy.

Operating Results and Performance

Each year is a challenge in its own way, and 2014 was no different. A more difficult trading environment required an intense focus on ensuring we maintained our edge in the market. Although we fell short of our annual growth target, we significantly outperformed competition in the marketplace. The fact that we were able to stay ahead of our main competitors is testimony to two things: our great Brands and clearly the strength of our teams.

Our goal in 2015 is unchanged, to continue to deliver the strong performance that we have become known for. Our mission of 'Good Food, Good Life' 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. Therefore, our priorities remain the same. Competing and Winning with passion with our Consumers and Customers as one High Performing team, by being Brilliant at the basics.

You can obtain the details of the operating results on page 27 of this Annual Report and Accounts or from our investor's website: http.//www.nestle-cwa/en/investors/nigeria.

Dividend

In view of the good performance achieved in 2014 and in line with your Board's commitment to creating value for its shareholders, the Board is proposing a dividend of ₦17.50k from the pioneer profits of the Company. An interim dividend of ₦10.00k was earlier declared and paid, making a total dividend of ₦27.50k per share for the year 2014. This represents 8% increase from 2013.

E-Dividend and E-Bonus

We still have a material list of unclaimed dividend and share certificates. Therefore, we wish to request, once more, every shareholder to complete the detachable application form for e-Dividend and e-Bonus attached to the 2014 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.

"The environment looks to be every bit as challenging in 2015 as it was in 2014. But I can confidently say that Nestlé is ready to face the headwinds which await us in 2015 and the years after, and to grasp the many possibilities this changing world is offering. Our company has the right mindset and structures. We have the right action plans in place to deliver solid results in the short term and in the long term.

Mr David Ifezulike

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.

In addition, we are giving shareholders who have indicated interest, the option of electronic delivery of our Annual Reports and Accounts and other relevant corporate documents. Consequently, instead of receiving the hard copy of any of these documents, interested shareholders will be able to receive a soft copy online via e-mail or a compact disk to be sent by post.

I am confident that if you subscribe to e-Dividend, e-Bonus and electronic delivery of our Annual Report and Accounts as well as other corporate documents, the days of unclaimed dividend warrants, unclaimed share certificates and late receipt of Annual Report and Accounts will be over.

₦4.8 Billion Nestlé Waters Factory, Abaji

In furtherance of our commitment to the growth of Nigerian economy, we laid the foundation of our ultra-modern Nestlé Waters factory in Abaji, near Abuja on May 23rd 2014. The new ₦4.8 billion facility is key to growth of Nestlé Waters operation in Nigeria. The location of the new factory in a rural area is part of our contribution to rural development. We believe that through development, providing local employment and encouraging sustainable production practices, as well as purchasing directly from small-scale suppliers and intermediaries, our Company makes positive long-term impact to the local economy and standard of living of rural people.

Marketing, Sales and Product Performance

Our top-quality brands and nutritious products maintained their competitive edge over competition in 2014 due largely to continuous investment in them. Nestlé brands have remained dominant in all the categories our products are found while enjoying better visibility, product penetration and improved sales growth. Our Company has the privilege of being integrated into households across Nigeria, with many consumers buying our products on a daily basis.

Our mission is to enhance the quality of life with good food and beverages everywhere. We enhance lives by offering tastier and healthier food and beverage choices for all stages of life and at all times of the day.

Enhancing the quality of life through sports

As part of our commitment to enhancing the quality of life through sports, Nestlé MILO® continued to strategically leverage grassroots sports programmes to drive affinity and maximize sales opportunities.

We continued our sponsorship of Nestlé 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 Nestlé MILO® Secondary School Basketball Championship for the 16th year in a row reaching 92,000 students from 7,530 schools across Nigeria. The Championship which began in 1999 has grown to be the single biggest basketball event in Nigeria.

Promoting youth entrepreneurship through NESCAFÉ® Get Started Africa initiative

Buoyed by the need to encourage our youth to unleash their creativity and fulfil their dreams and aspirations, NESCAFÉ® launched Get Started Africa initiative across Central and West Africa in 2014. More than 10,000 dreams from Ghana, Nigeria, Togo, Benin, Burkina Faso, Mali and Senegal were collected and posted on the brand's Facebook page. Consumers voted for their top five dreams by "liking" them on Facebook. The most "liked" dreams were shortlisted and the winner and runners-up selected by a Jury composed of NESCAFÉ® team staff.

Muazu Adamu, a 21-year old Nigerian student emerged the winner of the 2014 Get Started Africa, thanks to his dream to light up the continent by boosting power produced from power generators. Muazu invented a power optimizer, a device that can be connected to a generator to boost power and that can be used on all electrical appliances. NESCAFÉ® awarded Adamu 20,000 USD to help him implement

"The good performance we recorded in 2014 is a testimony of the passion for excellence, diligence and outstanding dedication of our employees to the growth of our Company."

his idea. Half of the prize monies will be used to develop Adamu's business and project management skills.

Employees

Our people constitute an active and dynamic workforce. We depend on their diversity, energy, imagination, skills and knowledge for our competitive advantage. And they, in turn, expect to be treated with fairness and respect, and count on us for a safe workplace that provides them and their families with a good standard of living.

The good performance we recorded in 2014 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 2014 results possible. As at 31 December 2014, 2,294 people benefitted from direct employment (excluding third party and fixed contract staff). We continue to grow our own pipeline of high-performing talent and to develop the future leaders of our business. In 2014, all employees participated in different in-house training programmes to sharpen their skills and improve their productivity.

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. We are committed to respecting human rights in all our business activities by assessing and addressing human rights impacts in our operations. We take proactive steps to prevent and address any negative impact we may have on the rights of the people we employ, do business with, or interact with.

To further advance human rights principles in the workplace, we continued our online human rights training tool for all employees. The web-based tool helps our staff better understand the relevance of human rights principle to business operations, providing exercises, case studies and links to facilitate learning.

Nestlé in society: Creating Shared Value

Eight years ago, Nestlé formulated the principle of the Creating Shared Value that guides us in our decisions and our actions. It is by creating value for society as a whole that we ensure our company's long-term success.

Ultimately, our prosperity depends on that of the communities that we serve and in which we operate. We fundamentally believe that our activities should create shared value. At Nestlé, this begins with the creation of superior long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness. This is what we mean when we speak about "Creating Shared Value". We talk about this in more detail in the accompanied Nestlé in society: CSV Report 2014.

The CSV Report represents a significant step forward in our drive to communicate transparently with our shareholders about our commitments and progress in all the areas where we engage with society. The Report highlights the major CSV initiatives that we are implementing in the areas of nutrition, water, rural development, as well as our activities in environmental sustainability, compliance and human rights.

Outlook for 2015

The environment looks to be every bit as challenging in 2015 as it was in 2014. But I can confidently say that Nestlé is ready to face the headwinds which await us in 2015 and the years after, and to grasp the many possibilities this changing world is offering. Our Company has the right mindset and structures. We have the right action plans in place to deliver solid results in the short term and in the long term. And above all, Nestlé has the right people. Each and every one of us shares and pursues a common goal: to continue to make Nestlé the leading Nutrition, Health and Wellness Company.

I thank you for your attention.

Mr. David Ifezulike
Chairman

Corporate Governance Report 2014

Background

The priority of Nestlé Nigeria Plc (hereinafter ”Nestlé” or “the Company”) is to achieve 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 is fully aware of its responsibilities to shareholders and works to achieve implementation of good Corporate Governance. 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.

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 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.

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 mandatory provisions of the Code of Corporate Governance in Nigeria issued in 2011 by the Securities and Exchange Commission during the year under review. 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 managing 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 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 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 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 - www.nestle-cwa.com/en/investors/nigeria. This website contains our Annual Report and quarterly Financial Statements.

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. The Board is made up of four (4) non-executive directors including the Chairman, one independent non-executive director and three (3) executive directors. The names of all the directors are stated on page 8 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.

List of Board Members and attendance at meetings

Name	Date of meeting 24 Feb 2014	Date of meeting 12 May 2014	Date of meeting 25 July 2014	Date of meeting 27 October 2014	Total
Mr. David Ifezulike	√	√	√	√	4
Mr. Dharnesh Gordhon	√	√	√	√	4
Mr. Martin Kruegel	√	√	√	AR	3
Mr. Saiful Islam	NYA	NYA	NYA	√	1
Mrs. Iquo Ukoh	√	√	√	√	4
Mr. Kais Marzouki	√	X	X	√	2
Mr. Giuseppe Bonanno	√	X	√	√	3
Mr. Gbenga Oyebode	√	√	√	√	4
Mrs. Ndidi Nwuneli	X	√	√	√	3

√ Present | X Absent with apologies | AR Already Resigned | NYA Not Yet Appointed

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 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 2014 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.

Directors standing for re-election and their biographical details

The following directors will retire at the next Annual General Meeting, and being eligible, offer themselves for re-election:

a) Mr. Saiful Islam (Bangladeshi) is an Executive Director of the Company. He is a Chartered Accountant and holds a Master of Commerce in Finance and Banking. He joined Nestlé Bangladesh in 1999 as Financial Accounting Manager. In 2000, he moved to Nestlé India as Financial Planning Manager and later Delhi Sales Branch Controller. In 2006, he returned to Nestlé Bangladesh as Corporate Controller and then Country Controller. In 2010, he was promoted to the position of Vice President - Finance and Control. He was the Country Controller Nestlé Sri Lanka before his appointment on 1st October 2014 as an executive director of the Company.

b) Mrs. Iquo Ukoh 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 , 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 the Company.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) non-executive directors appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval. The committee met on 24/2/2014 and 27/10/2014 and discharged their responsibilities excellently in 2014.

The table below shows the members who served on the committee in 2014 and their attendance at meetings:

Name	Date of meeting 24 February 2014	Date of meeting 27 October 2014	Total
Mr. David Ifezulike	√	√	2
Mr. Kais Marzouki	√	√	2
Mr. Giuseppe Bonanno	√	√	2

√ Present

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 25/2/2014 and 24/7/2014 and the committee discharged their responsibilities excellently in 2014.

The table below shows the Directors who served on the committee in 2014 and their attendance at meetings:

Name	Date of meeting 25 February 2014	Date of meeting 24 July 2014	Total
Mr. David Ifezulike	√	√	2
Mr. Dharnesh Gordhon	√	√	2
Mrs. Ndidi Nwuneli	X	√	1

√ Present X Absent with apologies

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 during the period under review and discharged their responsibilities excellently in 2014.

The table below shows the members who served on the committee in 2014 and their attendance at meetings:

Name	Date of meeting 24 Feb 2014	Date of meeting 25 April 2014	Date of meeting 25 July 2014	Date of meeting 27 October 2014	Total
Mr. Matthew Akinlade	√	√	√	√	4
Alhaji Kamorudeen Danjuma	√	√	X	√	3
Mr. Christopher Nwaguru	√	√	√	√	4
Mrs. Iquo Ukoh	√	√	√	√	4
Mr. Giuseppe Bonanno	√	X	√	√	3
Mr. Gbenga Oyebode	NYA	√	√	√	3

√ Present | X Absent with apologies | NYA Not Yet Appointed

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 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

Human Resources Policies and other related matters

The Company recognises that its human resources are very valuable assets. 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 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, suppliers and distributors 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 www.speakupfeedback.eu/web/r8a5g3/ne, then log in using the generic access code: 21585 or dedicated telephone line 070 8060 1488.

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.

We initiated 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.

The details of these initiatives are stated in our CSV Report attached to this Annual Report.

Corporate Governance and Integrity Committee

The Company has 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 re-orientation 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 and communication with our shareholders.
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 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 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 and healthy working environment for its employees. The Company makes available to all employees periodically free HIV/AIDS screening and confidential counselling 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 only disclosed to our company doctor.

Change of ownership and name of our Registrars

In compliance with the directive of Central Bank of Nigeria that Nigerian Banks should operate as mono-line businesses and relinquish all their non-commercial banking subsidiaries, unless they chose to adopt a holding company structure, Union Bank of Nigeria Plc recently divested its interest in Union Registrars Limited to Citadel Nominees Limited. Thereafter, Citadel Nominees Limited changed the name of the company from Union Registrars Limited to GTL Registrars Limited, but all the existing contact details are still valid.

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 hereby request all shareholders to complete the detachable form in the Annual Report, in order to provide our Registrars, GTL 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.

Independent Auditor

KPMG Professional Services have been Independent Auditors to the Company for some years. In line with the policy of rotation of external auditors, the Company has taken appropriate steps to appoint a new Independent Auditor. The firm of Akintola Williams Deloitte is now being proposed for appointment by the shareholders. If appointed, the firm of Akintola Williams Deloitte will become the Independent Auditor of the Company with effect from the completion of this annual general meeting in accordance with the provisions of Sections 357(1) of the Companies and Allied Matters Allied Act (CAP) C20), Laws of the Federation of Nigeria, 2004.

Information in respect of General Mandate

In accordance with the Rules on Transactions with Related Parties recently issued by the Nigerian Stock Exchange, the Company is seeking a general mandate from shareholders as per item 8 of the Notice of Annual General Meeting.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 79 to 81 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

In order to ensure smooth operations, the Company will continue to procure goods and services that are necessary for its operations from related companies in the next financial year and hereby seeks a general mandate from shareholders for the related company transactions of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued share capital of the Company. Relevant items for the consideration of the shareholders are stated below:

(i) The class of interested persons with which the Company will be transacting during the next financial year are subsidiaries of Nestlé S.A. Switzerland;
(ii) The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations;
(iii) The rationale for the transactions are that they are indispensable to the operations of the Company, cost effective and makes the products of the Company to be competitive;
(iv) The method and procedure for determining transaction prices are based on the transfer pricing policy;
(v) KPMG Advisory Services, the transfer pricing consultants of the Company, gave opinion based on the transfer pricing compliance exercise it earlier conducted that the method and procedure in (iv) are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the issuer and its minority shareholders;
(vi) The audit committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices as earlier reviewed by KPMG Advisory Services are adequate;
(vii) The Company shall obtain a fresh mandate from shareholders if the method and procedure in (iv) become inappropriate; and
(viii) The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

Board of Directors

Mr David Ifezulike
(Nigerian)
Chairman

is the non-executive Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Management Science and a Diploma of Imperial College. He joined Nestlé in 1980 and worked for over 26 years in various capacities and locations including Nigeria, Malaysia, Zimbabwe, Switzerland and Ghana. 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, and appointed the Chairman with effect from 10 May 2013.

Mr Dharnesh Gordhon
(South African)
Managing Director

is the Managing Director / Chief Executive Officer of the Company. He is a Chartered Marketer and holds a Master in Business Administration. He joined the Nestlé Group in South Africa in March 2004 as Category Sales Development Manager before taking over as Business Executive Manager, Dairy in September 2005. In 2009, he was on a short assignment in Malaysia/Singapore as Group Channel and Category Sales Development Manager before returning to South Africa to assume the position of Head of Sales for the Southern African Region (ZAR). He was appointed to the Board as a director and the Managing Director of the Company on 1 June 2013.

Mrs Ndidi Nwuneli (MFR)
(Nigerian)

is an independent non-executive director of the Company. She holds a Master in Business Administration. She worked with McKinsey & Company as a Business Analyst and Associate in Chicago and South Africa before she joined the FATE Foundation as pioneer Executive Director in 2000. She is the Founder of Leadership, Effectiveness, Accountability and Professional (LEAP) Africa and was the CEO for six years before joining Sahel Capital Partners & Advisory. She is the Co-Founder and Director of AACE Food Processing and Distribution Limited. She was appointed to the Board of the Company on 24 February 2014.

Mr Kais Marzouki
(German)

is a non-executive director of the Company and the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds a European Master's in Management degree and joined Nestlé Group in 1995. He held various positions including General Business Manager for Jordan and Lebanon in 2001 and 2003 respectively; Regional Sales Director for Southern and Eastern African Region from 2005 to 2008; Global Channel Category Manager, SBU-Food of Nestlé S.A. from 2008 to 2009; Regional Sales Director for Nestlé Oceania Region from 2009 to 2011; Business Executive Manager Coffee and Beverages from 2011 to July 2013 before his current appointment as Head of CWA Region. He was appointed to the Board on 1 August 2013.

The Board is responsible for maintaining a sound system of internal control

Mr Syed Saiful Islam
(Bangladeshi)

is an Executive Director of the Company. He is a Chartered Accountant and holds a Master of Commerce in Finance and Banking. He joined Nestlé Bangladesh in 1999 as Financial Accounting Manager. In 2000, he moved to Nestlé India as Financial Planning Manager and later Delhi Sales Branch Controller. In 2006, he returned to Nestlé Bangladesh as Corporate Controller and then Country Controller. In 2010, he was promoted to the position of Vice President - Finance and Control. He was the Country Controller Nestlé Sri Lanka before his appointment to the Board on 1 October 2014.

Mr Gbenga Oyebode (MFR)
(Nigerian)

is a non-executive director of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1980. He holds a Master of Laws degree and is the Managing Partner of Aluko & Oyebode & Co. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He is the Chairman of Access Bank Plc and Okomu Oil Palm Company Plc and a non- executive director of MTN Nigeria Limited. He is on the Africa Advisory Committee of the Johannesburg Stock Exchange. He was appointed to the Board on 24 February 2014.

Mrs Iquo Ukoh
(Nigerian)

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 , she was the Category Business Manager – Culinary (Nigeria and Ghana). 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. She was appointed a director of the Company on 19 February 2010.

Mr Giuseppe Bonanno
(Italian)

is a non-executive director and the Head of Finance and Control of Nestlé CWA Region comprising 22 countries. He is a Certified Public Accountant and holder of Master in Business Administration. He worked with F. Cinzano Spa and VERA and RECOARO factories in Italy between 1995 and 2000 before he joined Nestlé Water as Corporate Industrial Controller. He held various positions including Nestlé Waters Regional Controller & Globe IS/IT in Dubai; Nestlé Waters Zone AOA Head of Finance and Globe IS/IT, Dubai; Head of Finance & Control in Nestlé Paskitan from 2010 to May 2013 before his current position. He was appointed to the Board on 1 June 2013.

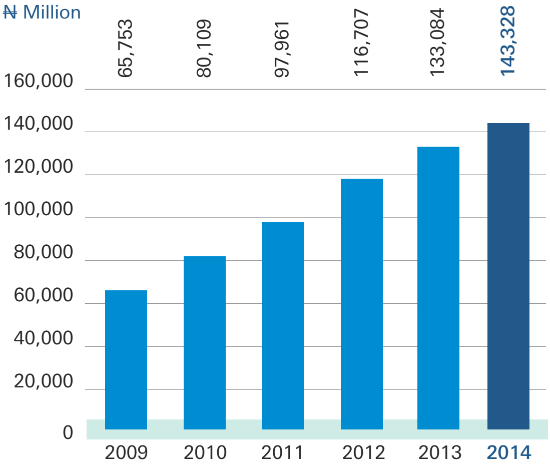
Mr Bode Ayeku
(Nigerian)

is the Company Secretary / Legal Adviser of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1992 and holds a Master of Laws degree. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of the Institute of Chartered Secretaries and Administrators in Nigeria and United Kingdom. He is a member of Council of the Institute in Nigeria and the Chairman of the Corporate Members Committee. He is a member of the Governing Council of the Nigeria Employers' Consultative Association (NECA) and the Chairman of the Committee of Legal Advisers and Company Secretaries of NECA.

to safeguard shareholders' investment and the assets of the Company.

Performance Indicators

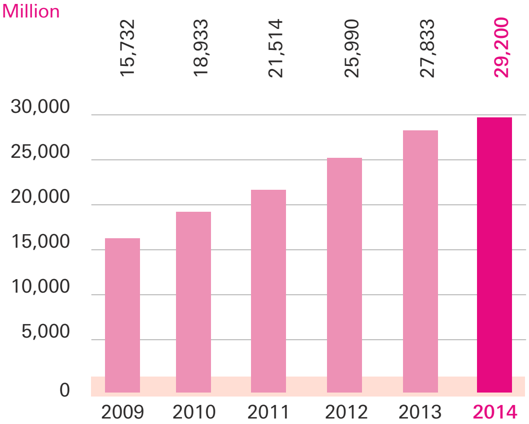
Turnover
₦ Million



Turnover Development

- Turnover growth 8% from 2013 to 2014
- Turnover growth 118% over the last five years
- All Segments and Businesses with strong Turnover development

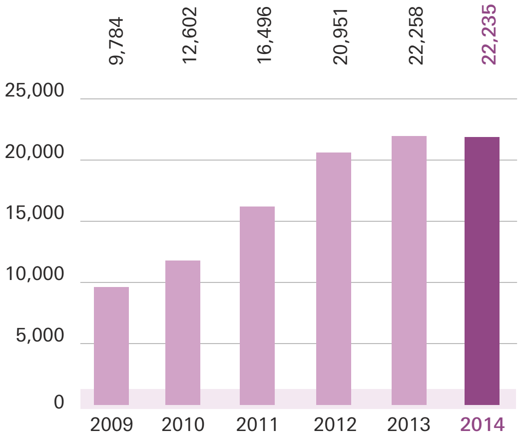
Operating Profit
₦ Million



Operating Profit Development

- Growth of Operating Profit of 5% from 2013 to 2014
- Growth of Operating Profit 86% over the last five years
- Higher investments in Marketing & Distribution for future growth

Profit After Tax
₦ Million

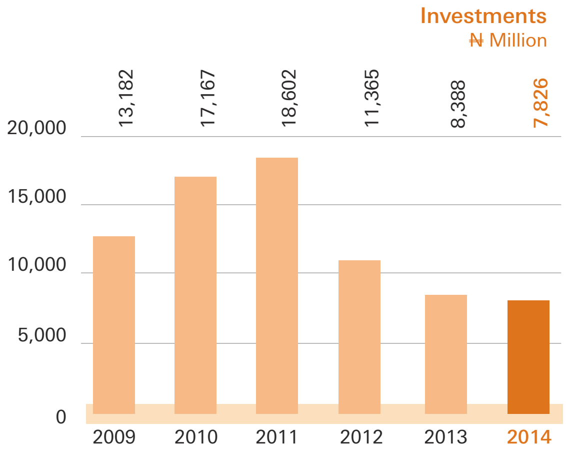


Profit After Tax Development

- Sustained almost the same level of PAT in 2013
- Growth of PAT 127% over the last five years
- PAT Margin 2014 impacted by devaluation loss on USD denominated loans

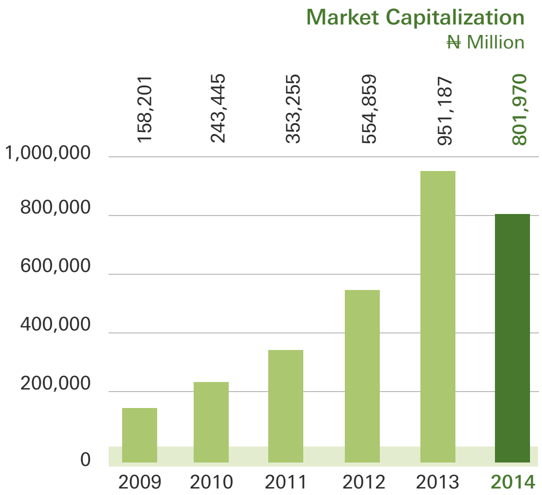
Investments

- Investments of NGN 7.8 Bio in the year 2014
- Investments of NGN77 Bio during the last six years
- Capacity Increases in our existing factories in Agbara and Flowergate



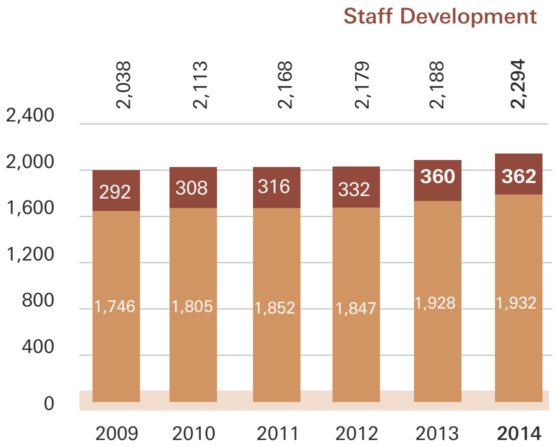
Market Capitalization Development

- Increase of share price from NGN 700 to NGN 1,011 during the year 2014
- Growth of Market Capitalization with 406% from 2009 to 2014



Staff Development

- End of 2014, we employed 2,294 own staff
- More than 14,000 people rely on Nestlé Nigeria PLC for their income



Nestlé Nigeria Plc

Financial Statements

For the year ended 31 December 2014
Together with Directors'and Independent Auditor's Reports

Contents	Page

Financial Highlights

In thousands of naira	2014	2013	Increase/ (decrease) %
Revenue	143,328,982	133,084,076	8
Profit before income tax	24,445,978	26,047,590	(6)
Profit for the year	22,235,640	22,258,279	(0)
Declared dividend*	26,950,313	15,853,125	70
Share capital	396,328	396,328	-
Total equity	35,939,643	40,594,801	(11)
Data per 50k share			
Basic earnings	₦28.05	₦28.08	(0)
Declared dividend*	₦34.00	₦20.00	70
Net assets	₦45.34	₦51.21	(11)
Dividend per 50k share in respect of current year results only			
Interim dividend declared	₦10.00	₦1.50	567
Final dividend proposed**	₦17.50	₦24.00	(27)
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	₦1,011.75	₦1,200.00	(16)
Number of shares issued ('000)	792,656	792,656	-
Market capitalisation at 31 December (₦: million)	801,970	951,187	(16)

* Declared dividend represents the interim dividend declared during the year from the non pioneer profits as at the year ended 31 December 2013, plus the final dividend proposed for the preceding year but declared during the current year.

** The directors propose a final dividend of ₦17.50 (2013:₦24.00) per share on the issued share capital of 792,656,252 (2013:792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting. The final dividend proposed is from the pioneer profits of the Company (2013: ₦16.76 pioneer and ₦7.24 non-pioneer profits of the Company).

1 Financial Statements

The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 December 2014.

2 Principal Activities

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 products to other countries within Africa.

3 Operating Results

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

	2014 ₦'000	2013 ₦'000
Revenue	143,328,982	133,084,076
Results from operating activities	29,200,221	27,832,980
Profit before income tax	24,445,978	26,047,590
Profit for the year	22,235,640	22,258,279
Total comprehensive income for the year	22,235,640	22,258,279

4 Dividend

The directors recommend the payment of a final dividend of ₦17.50 (2013:₦24.00) per share, having earlier declared an interim dividend of ₦10.00 (2013:₦1.50) per share, on the issued share capital of 792,656,252 (2013:792,656,252) ordinary shares of 50k each totaling ₦27.50 (2013:₦25.50). The final dividend proposed is from the pioneer profits of the Company (2013: ₦16.76 pioneer profits and ₦7.24 non-pioneer profits of the Company). The interim dividend was declared entirely from the after tax profit of the following years;

In thousands of naira	2014	2013	2012
After tax profit	6,882,873	977,024	66,666
In naira			
Dividend per share	8.69	1.23	0.08

The composition of the final dividend proposed is as follows;

In thousands of naira	2014	2013	2012	2011	2010
Pioneer Profit					
In naira	2,892,482	24,854	153,596	7,886,572	2,913,980
Dividend per share	3.65	0.03	0.19	9.95	3.68

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 2014	2013
Mr. David Ifezulike	- Chairman	56,255	76,255
Mr. Dharnesh Gordhon (South African)	- MD/CEO	Nil	Nil
Mr. Martin Kruegel (German) (Resigned 30 September 2014)		Nil	Nil
Mr. Syed Saiful Islam (Bangladeshi) (Appointed 1 October 2014)		Nil	Nil
Mrs. Iquo Ukoh		37,500	37,500
Mr. Kais Marzouki (German)		Nil	Nil
Mr. Giuseppe Bonanno (Italian)		Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil
Mrs. Ndidi Okonkwo Nwuneli		Nil	Nil

(b) Mr. Gbenga Oyebode, is the Non-Executive Chairman of Access Bank Plc, one of the Company's bankers and a Non-Executive Director of MTN Nigeria Communications Limited (MTN), one of the telecommunication service providers of the Company. In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, he has notified the Company of his position with Access Bank Plc and MTN to the Board.

(c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company. Information relating to this share based payment scheme is disclosed in Note 22 to the financial statements.

(d) Mr. Martin Kruegel resigned as a director of the Company on 30 September 2014. Mr. Saiful Islam was appointed an executive director with effect from 1 October 2014. Mr. Saiful Islam will retire at the next Annual General Meeting, and being eligible, offers himself for re-election.

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 2014 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings

			Number of shareholders	%	Number of shares	%
1	-	1,000	17,612	60.520	5,632,801	0.71
1,001	-	5,000	7,688	26.418	17,711,163	2.23
5,001	-	10,000	1,880	6.460	12,925,960	1.63
10,001	-	50,000	1,523	5.233	30,156,196	3.80
50,001	-	100,000	188	0.646	12,882,570	1.63
100,001	-	500,000	153	0.526	32,781,854	4.14
500,001	-	1,000,000	26	0.089	19,592,368	2.47
1,000,001		and above	30	0.103	157,796,242	19.91
			29,100	99.997	289,479,154	36.52
Nestlé S.A, Switzerland *			1	0.003	503,177,098	63.48
			29,101	100.00	792,656,252	100.00

* During the year, Nestlé CWA Limited, Ghana with 472,308,322 ordinary shares representing 59.59% of the total shareholdings transferred its shares to Nestlé S.A, Switzerland. Consequently, apart from Nestlé S.A, Switzerland, with 503,177,098 ordinary shares (representing 63.48%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2014.

8 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 11 to the financial statements.

9 Donations

The value of gifts and donations made by the Company during the year amounted to ₦45,547,432 (2013: ₦35,826,000) and analysed as follows;

	2014 ₦'000
20 KVA Generator Donation to Ilupeju Police Station	1,607
Nestlé Mobile Clinic to Akwa Ibom State Government	14,480
Food Consumption Project, university of Ibadan	10,000
Product donation to Muritala Mohammed Foundation for internally displaced persons	10,460
Renovation of Salvation Primary School, Agbara	9,000
	45,547

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 value initiatives. These shared value initiatives are presented in the dedicated Creating Shared Value Report attached to the Annual Reports.

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, 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 in 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 Company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. and the approval expired on 31 December 2014. The Company has submitted a new general licence agreement to NOTAP for approval.

15 Acquisition of Own Shares

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

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 17 (2013: 20) physically challenged persons in its employment as at 31 December 2014.

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.

The modernization 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.

In addition, the first batch of our technicians admitted into the Technical Training Centre in Agbara (TTC) in 2011 for the 18 months multi-skill engineering training graduated on 12 July 2013. The cost of the training was fully paid by our Company. The second set of 16 students are presently undergoing their technical training at our TTC. The content of the course was based on the syllabus of the Technician Examinations Certificate of City and Guilds of London, one of the world's leading vocational education organizations. To empower the trainees with relevant skills, the top 5 students in the scheme were taken to Switzerland for further training within the Group's factories. In order to reduce unemployment, eight of the thirteen graduating students were given immediate employment by our Company.

The training program at our TTC equips the students with the technical knowledge required by potential employers. Therefore, all the TTC students are better equipped for employment after undergoing the curriculum at our TTC, either at Nestlé Nigeria PLC or at other companies.

This TTC program contributes to the increase in the overall technology know-how in Nigeria and increases the pool of employable technical persons as the students also act as technology ambassadors after they have completed their training schedule.

17 Remuneration Committee

The remuneration committee, which consists of three non-executive directors namely; Mr. David Ifezulike, Mr. Kais Marzouki and Mr. Giuseppe Bonanno, 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 12 May 2014. Members that served on the audit committee during the year comprise:

Mr. Matthew Akinlade - Chairman	Shareholders' Representative
Alhaji Kamorudeen Danjuma	Shareholders' Representative
Mr. Christopher Nwaguru	Shareholders' Representative
Mrs. Iquo Ukoh	Directors' Representative
Mr. Giuseppe Bonanno	Directors' Representative
Mr. Gbenga Oyebode	Directors' Representative

19 Safety, Health and Environment Committee

The committee is responsible for monitoring the safety, health and environment activities of the Company, safety statistics and environmental compliance. The committee is to review the activities of the Company in relation to the safety, health and environmental policy and to keep the board appraised. Messrs. Ifezulike, Gordhon and Mrs. Ndidi Nwuneli served on the committee.

20 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.

21 Disclosures

a) Borrowings and Maturity Dates

The details of the borrowings and maturity dates are stated in Note 20 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 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 Nigerian'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 17,20,22,24 and 28 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.

22 **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

(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 baby 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 factories operate 24 hours service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. Six major industrial accident occurred during the period under review. All the injured employees have since resumed their normal duties. 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. Also, we provide training and basic information to staff on prevention and treatment of 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.

<u>Number, diversity, training initiatives and development of employees</u>

As at 31 December 2014, the staff strength of the Company was 2,294 (2013: 2,288). 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 twenty seven (27) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, United Arab Emirate, Cameroun and Senegal in order to give them the required exposure to enable them take up higher responsibilities.

<u>Bribery and corruption</u>

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 behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

23 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 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

24 Notable Awards received in 2014

Nestlé Nigeria Plc continues with its record of being award-winning company in 2014. The Company won the Top Business in Nigeria Presidential Award by Federal Government of Nigeria; Pearl 2014 Sectorial Leadership Award and the Nigerian Institute of Food Science and Technology Presidential Merit Award in recognition of Nestlé's contribution to the development of food industry in Nigeria.

25 Independent Auditor

The firm of KPMG Professional Services served as Independent Auditor during the year under review.

KPMG Professional Services has served as the Company's Independent Auditor for several years. The SEC Code of Corporate Governance requires that Independent Auditor be rotated after ten years; thus, KPMG Professional Services will not continue in office as the Company's Independent Auditor after the conclusion of the forthcoming Annual General Meeting.

Dated this 23 day of February 2015

BY ORDER OF THE BOARD

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

Statement of Directors' Responsibilities

For the year ended 31 December 2014

The directors accept responsibility for the preparation of the annual financial statements set out on pages 40 to 82 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:

Dharnesh Gordhon (Managing Director) FRC/2013/IMN/00000003359 23 February 2015	**David Ifezulike (Chairman)** FRC/2013/NIM/00000003355 23 February 2015

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

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Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report to 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 31 December 2014, 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 40 to 82.

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 and 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 the directors determine 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 judgement, 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 of 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Nestlé Nigeria Plc ("the Company") as at 31 December 2014, 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 to 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.

Signed:
Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
23 February 2015
Lagos, Nigeria

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 2014. 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 the 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 Auditor, Messrs. KPMG Professional Services (Chartered Accountants), Management and staff of the Company in performing our duties.

Dated this 23rd day of February, 2015.
Lagos, Nigeria

Matthew Akinlade
Chairman, Audit Committee.
FRC/2013/ICAN/00000002111

Members:
Mr M. Akinlade (Chairman), Alh K. A. Danjuma, Mr C. Nwaguru, Mrs I. Ukoh, Mr G. Bonanno (Italian), Mr G. Oyebode.

Audit Committee

Sitting from right:
Mr Matthew Akinlade (Chairman)
Mr Gbenga Oyebode (MFR)

Standing from right:
Mr Christopher Nwaguru
Mrs Iquo Ukoh
Mr Giuseppe Bonanno (Italian)
Alhaji Kamorudeen Danjuma

Statement of Financial Position

As at 31 December

In thousands of naira	Note	2014	2013
Assets			
Property, plant and equipment	11	67,514,854	65,878,425
Long term receivables	13	1,157,883	573,247
Total non-current assets		68,672,737	66,451,672
Inventories	16	10,956,010	9,853,893
Trade and other receivables	17	22,330,813	17,884,775
Prepayments	14	398,002	300,637
Cash and cash equivalents	18	3,704,505	13,716,503
Total current assets		37,389,330	41,755,808
Total assets		106,062,067	108,207,480
Equity			
Share capital	19 (a)(ii)	396,328	396,328
Share premium	19 (a)(iii)	32,262	32,262
Share based payment reserve	19 (a)(iv)	44,637	26,585
Retained earnings		35,466,416	40,139,626
Total Equity		35,939,643	40,594,801
Liabilities			
Loans and borrowings	20	18,385,876	26,471,275
Employee benefits	21	1,827,773	1,821,829
Deferred tax liabilities	15	5,270,723	6,086,480
Total non- current liabilities		25,484,372	34,379,584
Bank Overdraft	18	1,237,606	-
Current tax liabilities	9(b)	3,478,733	2,803,623
Loans and borrowings	20	12,730,126	947,809
Trade and other payables	24	26,656,779	29,066,050
Provisions	23	534,808	415,613
Total current liabilities		44,638,052	33,233,095
Total liabilities		70,122,424	67,612,679
Total equity and liabilities		106,062,067	108,207,480

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 23 FEBRUARY 2015 BY:

David Ifezulike
(Chairman)
FRC/2013/NIM/00000003355

Dharnesh Gordhon
(Managing Director)
FRC/2013/IMN/00000003359

Musibau Makanjuola
(Chief Accountant)
FRC/2013/ICAN/00000000640

The accompanying notes and significant accounting policies on pages 45 to 82 form an integral part of these financial statements.

Statement of Comprehensive Income
For the year ended 31 December

In thousands of naira	Note	2014	2013
Revenue	5	143,328,982	133,084,076
Cost of sales	7	(82,099,051)	(76,298,147)
Gross Profit		61,229,931	56,785,929
Marketing and distribution expenses	7	(24,689,301)	(22,932,923)
Administrative expenses	7	(7,340,409)	(6,020,026)
Results from operating activities		29,200,221	27,832,980
Finance income		551,594	361,307
Finance costs		(5,305,837)	(2,146,697)
Net finance cost	6	(4,754,243)	(1,785,390)
Profit before income tax	7	24,445,978	26,047,590
Income tax expense	9(a)	(2,210,338)	(3,789,311)
Profit for the year		22,235,640	22,258,279
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		22,235,640	22,258,279
Profit for the year is attributable to:			
Owners of the company		22,235,640	22,258,279
Total comprehensive income for the year is attributable to:			
Owners of the company		22,235,640	22,258,279
Earnings per share			
Basic earnings per share	10	₦28.05	₦28.08
Diluted earnings per share	10	₦28.05	₦28.08

The accompanying notes and significant accounting policies on pages 45 to 82 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 2014		396,328	32,262	26,585	40,139,626	40,594,801
Profit for the year						
Profit or loss		-	-	-	22,235,640	22,235,640
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	22,235,640	22,235,640
Transactions with owners, recorded directly in equity						
Dividend to equity holders	19 (b)(i)	-	-	-	(26,950,313)	(26,950,313)
Unclaimed dividend written back	19 (b)(ii)	-	-	-	41,463	41,463
Share based payment contribution	22	-	-	32,978	-	32,978
Share based payment recharge		-	-	(14,926)	-	(14,926)
Balance as at 31 December 2014		396,328	32,262	44,637	35,466,416	35,939,643
Balance at 1 January 2013		396,328	32,262	49,543	33,707,429	34,185,562
Profit for the year						
Profit or loss		-	-	-	22,258,279	22,258,279
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	22,258,279	22,258,279
Transactions with owners, recorded directly in equity						
Dividend to equity holders	19 (b)(i)	-	-	-	(15,853,125)	(15,853,125)
Unclaimed dividend written back	19 (b)(ii)	-	-	-	27,043	27,043
Share based payment contribution	22	-	-	49,243	-	49,243
Share based payment recharge		-	-	(72,201)	-	(72,201)
Balance as at 31 December 2013		396,328	32,262	26,585	40,139,626	40,594,801

The accompanying notes and significant accounting policies on pages 45 to 82 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December

In thousands of naira	Note	2014	2013
Cash flows from operating activities			
Profit for the year		22,235,640	22,258,279
Adjustments for:			
Depreciation	11	5,796,278	4,646,194
Amortisation of intangible assets	12	-	26,347
Impairment loss on property, plant and equipment	11(b)	362,635	-
Net loss on foreign exchange transactions	6	(3,036,101)	(609,070)
Impact of foreign exchange difference on intercompany loans		2,803,245	605,823
Net finance cost	6	4,754,243	1,785,390
Equity settled share based payment transactions	22	32,978	49,243
Provisions for other long term employee benefits	21(a)	170,637	904,657
Loss on sale of property, plant and equipment		30,698	19,860
Income tax expense	9(a)	2,210,338	3,789,311
		35,360,591	33,476,034
Changes in long term receivables		(584,636)	(152,317)
Change in inventories		(1,102,117)	(1,068,984)
Change in trade and other receivables		(4,446,038)	(4,427,670)
Change in prepayments		(97,365)	(571)
Change in trade and other payables (excluding dividend payable and short term financing)*		1,541,869	14,232,801
Changes in provisions		119,195	46,443
Cash generated from operating activities		30,791,499	42,105,736
Value Added Tax (VAT) paid		(4,765,856)	(4,443,801)
Income tax paid	9(b)	(2,350,986)	(2,207,831)
Other long term employee benefit paid	21(a)	(164,693)	(165,501)
Share based payment recharge paid		(14,926)	(72,201)
Net cash in flow from operating activities		23,495,038	35,216,402
Cash flow from investing activities			
Finance income	6	551,594	361,307
Proceeds from sale of property, plant and equipment		-	2,935
Acquisition of property, plant and equipment	11(h)	(7,815,132)	(7,394,440)
Net cash used in investing activities		(7,263,538)	(7,030,198)
Cash flow from financing activities			
Proceeds from loans obtained-- Intercompany loan		-	-
-- Bank loan		8,000,000	5,706,632
Repayments of borrowings -- Intercompany loan		-	-
-- Bank loan		(7,106,327)	(5,630,303)
Change in import finance loan	24	-	(354,749)
Finance cost		(2,269,735)	(1,814,743)
Dividends paid	19(b)	(26,105,042)	(16,190,603)
Net cash used in financing activities		(27,481,104)	(18,283,766)
Net increase in cash and cash equivalents		(11,249,604)	9,902,438
Cash and cash equivalent at January 1		13,716,503	3,814,065
Cash and cash equivalent at December 31	18	2,466,899	13,716,503

*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, as well as accruals for additions to PPE.

The accompanying notes and significant accounting policies on pages 45 to 82 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1 Reporting entity

Nestlé Nigeria Plc ("the Company") is a Company domiciled in Nigeria. The address of the Company's registered office is at 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is 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 products to other countries within Africa.

2 Basis of accounting

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB). They were authorised for issue by the Company's Board of Directors on 23 February 2015.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements
- The present value of the defined benefit obligation relating to long service awards
- Inventory at lower of cost and net realisable value

(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 judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 11(f) and 26	-	lease classification

Information about assumptions and estimation uncertainties that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 9	-	Taxation
Note 21	-	Measurement of defined benefit obligation: key actuarial assumptions
Note 23, 25 and 27	-	Recognition and measurement of provisions, impairment of financial assets and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources
Note 25		Determination of fair values

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

a) Foreign currency transaction

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 recognized 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 recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized as a separate asset or liability.

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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized 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.

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 amortized cost using the effective interest method.

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.

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 recognised as assets if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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 at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.

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.

II. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

III. 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.

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

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

buildings	25 - 35 years
plant and machinery	10 - 25 years
motor vehicles	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.

Land is depreciated over the lease period or 99 years, whichever is lower.

Items of PPE classified as Independent Power Plant (IPP) consists of certain asset classes as specified above and depreciation has been charged on the same basis as stated above.

d) Intangible assets

I. Software

Purchased software with finite useful life is measured at costbless 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 recognized 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.

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

f) Inventories

Inventory is measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, 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 conversion and selling expenses.

Engineering spares are classified as inventory and are recognised in the profit and loss account 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 judgment 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 recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized 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 or cash generating unit (CGU). 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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized 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 reversed), impairment losses recognized 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 amortization, if no impairment loss had been recognised.

h) 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, gratuity 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 2014, 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 is 10% for all senior staff, junior staff and temporary staff while employees contribute 8% of their monthly emolument (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 remeasurements are recognised in the profit and loss 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, Performance Stock Unit Plan (PSUP) 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 recognized 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.

i) 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.

j) 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.

k) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

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 customer, recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably, 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.

m) Advance payment to contractors

Advance payments represents payments made to contractors for ongoing construction projects as the year end date. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the advance payments. The receipt of the goods or service is a reduction in the advance and a corresponding increase in assets for that reporting period.

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.

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 recognized 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 includes 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.

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) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to income are recognized as deferred income and allocated into profit or loss on a systematic basis over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate.

The benefit of a government loan at below market rate of interest is treated as a government grant related to income.

The fair value of the government loan at below market rate of interest is estimated as the present value of all future cash flows discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. The benefit of the government grant is measured as the difference between the fair value of the loan and the proceeds received.

t) 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.

u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015. However, the Company have not applied the new or amended standards in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

IFRS 9 are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of these standards is expected to have an impact on the Company's financial assets and liabilities.

4. Operating segments

(a) Basis of segmentation

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®, CHOCOMILO®, NIDO®, NESCAFE® and NESTLÉ PURE LIFE®.

The accounting policies of the reportable segments are the same as described in Notes 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.

(b) Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
External Revenues	83,831,556	77,150,545	59,497,426	55,933,531	-	-	143,328,982	133,084,076
Interest revenue	-	-	-	-	551,594	361,307	551,594	361,307
Interest expense	-	-	-	-	(5,305,837)	(2,146,697)	(5,305,837)	(2,146,697)
Depreciation	(4,246,740)	(3,404,693)	(1,543,556)	(1,241,501)	-	-	(5,790,296)	(4,646,194)
Impairment loss	-	-	(362,635)	-	-	-	(362,635)	-
Amortisation	-	-	-	-	-	(26,347)	-	(26,347)
Reportable segment profit before income tax	16,680,019	17,882,612	8,015,700	9,976,715	(249,741)	(1,811,737)	24,445,978	26,047,590

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	2014	2013
Total profit or loss for reportable segments	24,695,719	27,859,327
Other corporate expenses and income	(249,741)	(1,811,737)
Profit before income tax	24,445,978	26,047,590

Other material items 2014

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

Geographical information

In thousands of naira	2014 Revenue	2014 Non-current assets	2013 Revenue	2013 Non-current assets
Nigeria	141,766,402	68,672,737	131,702,515	66,451,672
Niger	843,076	-	927,809	-
Chad	-	-	201,242	-
Togo	310,573	-	154,051	-
Ghana	187,257	-	62,988	-
Senegal	135,339	-	-	-
Guinea	50,566	-	-	-
Other countries	35,769	-	35,471	-
	143,328,982	68,672,737	133,084,076	66,451,672

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.

5. Revenue

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

In thousands of naira	2014	2013
Nigeria	141,766,402	131,702,515
Export	1,562,580	1,381,561
Total Revenue	143,328,982	133,084,076

6. Net finance cost

In thousands of naira	2014	2013
Interest income on bank deposits	551,594	361,307
Finance income	551,594	361,307
Interest expense on financial liabilities measured at amortised cost	(2,269,736)	(1,537,627)
Net foreign exchange loss	(3,036,101)	(609,070)
Finance expense	(5,305,837)	(2,146,697)
Net finance cost	(4,754,243)	(1,785,390)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N557 million (2013: N586 million) excluding the impact of foreign exchange differences.

7 Profit before income tax

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

In thousands of naira	Note	2014	2013
Depreciation	11(a)	5,796,278	4,646,194
Amortisation of intangible assets	12	-	26,347
Impairment loss on property, plant and equipment	11(a)	362,635	-
Auditor's remuneration		30,783	35,676
Directors' remuneration	8(c)	120,010	119,668
Personnel expenses	8(a)	16,292,520	15,582,276
Loss on property, plant and equipment disposed		30,698	19,860
Net foreign exchange loss	6	3,036,101	609,070
General licence fees	28(b)	5,262,755	4,815,258

(b) Expenses by nature

In thousands of naira	Note	2014	2013
Depreciation	11(a)	5,796,278	4,646,194
Impairment loss on property, plant and equipment	11(a)	362,635	-
Auditor's remuneration		30,783	35,676
Personnel expenses	8(a)	16,292,520	15,582,276
General licence fees	7(a)	5,262,755	4,815,258
Raw materials and consumables		58,934,227	56,537,704
Distribution expense		4,270,957	3,852,194
Advertising		1,643,350	1,988,460
Sales Promotion		7,032,279	4,359,892
Factory overheads		10,071,358	9,152,391
Other expenses		4,431,619	4,281,051
		114,128,761	105,251,096
Summarised as follows:			
Cost of Sales		82,099,051	76,298,147
Marketing and distribution expenses		24,689,301	22,932,923
Administrative expenses		7,340,409	6,020,026
		114,128,761	105,251,096

8 Personnel expenses

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

In thousands of naira		2014	2013
Salaries, wages and allowances		9,196,332	8,001,617
Contributions to compulsory pension fund scheme		909,535	799,757
Contributions to defined contribution gratuity scheme		908,097	798,208
Provisions for other long term employee benefits		170,637	904,657
Training, recruitment and canteen expenses		939,147	941,593
Medical expenses		311,998	298,499
Equity-settled share-based payment transactions	22	32,978	49,243
Other personnel expenses		3,823,796	3,788,702
	7	16,292,520	15,582,276

(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:

₦		₦	2014 Number	2013 Number
1,400,001	-	1,600,000	-	20
1,600,001	-	1,800,000	63	11
1,800,001	-	2,000,000	10	43
2,000,001	-	2,500,000	334	153
2,500,001	-	3,000,000	667	553
3,000,001	-	3,500,000	248	458
3,500,001	-	4,000,000	215	204
4,000,001	-	4,500,000	163	197
4,500,001	-	5,000,000	104	172
5,000,001	-	7,000,000	196	251
7,000,001	and	above	245	226
			2,245	2,288

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

	2014 Number	2013 Number
Production	1,763	1,816
Supply chain	106	112
Sales and marketing	269	258
Administration	107	102
	2,245	2,288

Excluded in the number of full-time persons employed are 49 (2013:17) employees of Nestlé Nigeria Plc employed on behalf of Nestlé Middle East as described in Note 28(b).

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	2014	2013
Fees:		
Non Executive directors	2,488	2,488
Executive directors	117,522	117,180
	120,010	119,668

The directors' remuneration shown above includes:

In thousands of naira	2014	2013
Chairman	1,048	1,048
Highest paid director	46,765	28,067

Other directors received emoluments in the following ranges:

₦	₦	2014 Number	2013 Number
-	1,000,000	4	2
1,000,001	25,000,000	1	2
25,000,001	35,000,000	1	2
		6	6

9 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	2014	2013
Current tax expense		
Current period income tax	2,670,706	2,326,913
Current period tertiary education tax	355,390	334,640
	3,026,096	2,661,553
	3,026,096	2,661,553
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(358,337)	1,127,758
Recognition of previously unrecognised tax credits	(457,421)	-
	(815,758)	1,127,758
Total income tax expense	2,210,338	3,789,311

(b) Current tax liabilities

In thousands of naira	2014	2013
Movement in current tax liabilities account during the year was as follows		
At 1 January	2,803,623	2,349,901
Charge for the year	3,026,096	2,661,553
Payments in the year	(2,350,986)	(2,207,831)
At 31 December	3,478,733	2,803,623

(c) Reconciliation of effective tax rate

In thousands of naira	2014	2014	2013	2013
Profit for the period		22,235,640		22,258,279
Total income tax expense		2,210,338		3,789,311
Profit excluding income tax		24,445,978		26,047,590
Income tax using the Company's domestic tax rate	30.00%	7,333,793	30.00%	7,814,277
Non-deductible expenses*	0.00%	-	0.30%	77,308
Tax exempt income	-19.80%	(4,841,013)	-17.12%	(4,459,417)
Tax incentives	-0.71%	(172,467)	-0.60%	(155,456)
Recognition of previously unrecognised tax credits	-1.87%	(457,421)	0.00%	-
Other income related taxes	1.45%	355,390	1.28%	334,640
Other tax differences	-0.03%	(7,944)	0.69%	177,959
	9.03%	2,210,338	14.55%	3,789,311

* Non deductible expenses include the effect of fines, penalties and export grant subsidies written off.

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 an 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 provisions 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.

10 Earnings and declared dividend per share

Basic earnings and declared dividend per share are based on profit attributable to the owners of the Company for the year of ₦22,235,639,919 (2013: ₦22,258,279,000) and declared dividend of ₦26,950,313,000 (2013: ₦15,853,125,000) respectively and on 792,656,252 (2013: 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	2014	2013
Issued ordinary shares at 1 January		792,656,252	792,656,252
Weighted average number of ordinary shares as at 31 December	19	792,656,252	792,656,252

Basic earnings per share is the same as diluted earnings per share.

11 Property, plant and equipment (PPE)

(a) The reconciliation of the carrying amount is as follows:

In thousands of naira	Note	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2013		19,094,168	36,892,150	1,091,624	4,116,628	864,451	13,669,994	75,729,015
Additions		955,787	2,813,239	63,470	259,599	50,430	4,245,093	8,387,618
Disposals		-	(24,152)	(155,584)	(2,801)	(10,628)		(193,165)
Transfers		6,396,415	4,022,979	80,460	935,464	69,317	(11,504,635)	-
Balance at 31 December 2013		**26,446,370**	**43,704,216**	**1,079,970**	**5,308,890**	**973,570**	**6,410,452**	**83,923,468**
Balance at 1 January 2014		26,446,370	43,704,216	1,079,970	5,308,890	973,570	6,410,452	83,923,468
Additions		133,822	1,776,383	218,489	195,867	61,118	5,440,361	7,826,040
Disposals		(6,982)	(136,934)	(28,330)	(62,116)	(131)	-	(234,493)
Transfers		24,564	3,861,414	112,475	917,211	37,707	(4,953,371)	-
Balance at 31 December 2014		**26,597,774**	**49,205,079**	**1,382,604**	**6,359,852**	**1,072,264**	**6,897,442**	**91,515,015**
Accumulated depreciation and impairment losses								
Balance at 1 January 2013		1,689,258	8,875,919	513,150	1,857,451	633,441	-	13,569,219
Depreciation	7(a)	674,971	2,864,965	172,950	792,011	141,297	-	4,646,194
Disposals		-	(15,071)	(142,009)	(2,767)	(10,523)	-	(170,370)
Balance at 31 December 2013		**2,364,229**	**11,725,813**	**544,091**	**2,646,695**	**764,215**	-	**18,045,043**
Balance at 1 January 2014		2,364,229	11,725,813	544,091	2,646,695	764,215	-	18,045,043
Depreciation	7(a)	1,129,169	3,301,190	196,417	1,062,613	106,889	-	5,796,278
Impairment loss	7(a)	-	362,635	-	-	-	-	362,635
Disposals		(2,233)	(116,795)	(25,272)	(59,364)	(131)		(203,795)
Balance at 31 December 2014		**3,491,165**	**15,272,843**	**715,236**	**3,649,944**	**870,973**	-	**24,000,161**
Carrying amounts								
At 1 January 2013		17,404,910	28,016,231	578,474	2,259,177	231,010	13,669,994	62,159,796
At 31 December 2013		24,082,141	31,978,403	535,879	2,662,195	209,355	6,410,452	65,878,425
At 31 December 2014		23,106,609	33,932,236	667,368	2,709,908	201,291	6,897,442	67,514,854

(b) Impairment loss recognised in property, plant and equipment

In the current year, due to the unsuccessful sales performance of the Nestlé Water 5 liter product, the Company decided to discontinue production of the product. The Company tested the related production line for impairment and recorded an impairment loss of ₦362 million in respect of the related plant and equipment. This impairment loss was recorded as administrative expenses in the statement of comprehensive income.

Accordingly, management estimated the recoverable amount of the CGU (the product line) in the year. The recoverable amount was estimated based on its fair value less costs of disposal. In determining the fair value less cost of disposal, management has used level 3 fair value hierarchy.

The estimated cost of disposal (including dismantling costs) when set off against the selling price (fair value less costs of disposal) was considered negligible and determined to be zero. This is based on the assumption that the asset would be dismantled and sold as scrap for its steel component as based on management's assessment, this reflects the most likely means of disposing the asset as at the date of the assessment.

(c) Change in estimates

During the year, the Company performed an operational review of the floor area of its distribution center in Agbara which became structurally unserviceable shortly after it was commissioned. The floor area which management had initially estimated to be used for 35 years, is now expected to remain in use for 12 months starting from the beginning of the current year. The effect of this change on depreciation expense, included in 'administrative expenses' amounted to ₦371 million in the current year.

(d) Independent Power Plant

Included as part of property, plant and equipment is independent power plant. The carrying amount of the independent power plant at the end of the year is presented below:

In thousands of naira	2014	2013
Cost	4,223,687	4,223,687
Accumulated depreciation	(648,019)	(456,552)
Carrying amount	3,575,668	3,767,135

(e) Property, plant and equipment under construction

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

In thousands of naira	2014	2013
Plant and machinery	3,782,289	1,543,048
Furniture and fittings	618,199	795,118
Buildings	1,039,873	1,906,927
	5,440,361	4,245,093

(f) Assets held on finance lease

Included as part of property, plant and equipment is leasehold 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:

The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards of ownership incidental to ownership of the land to the Company.

In thousands of naira	2014	2013
Cost	1,286,465	1,286,465
Accumulated amortisation	(43,341)	(30,346)
Carrying amount	1,243,124	1,256,119

(g) Capital commitments

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

In thousands of naira	2014	2013
Approved and contracted	2,108,307	3,001,268
Approved but not contracted	8,064,121	5,723,912
	10,172,428	8,725,180

(h) Additions in statement of cash flows

In thousands of naira	2014	2013
Additions (Note 11(a))	7,826,040	8,387,618
Accrued additions to PPE	(10,908)	(993,178)
	7,815,132	7,394,440

12 Intangible assets

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

In thousands of naira	Note	Software
Cost		
Balance at 1 January 2013		526,950
Balance at 31 December 2013		**526,950**
Balance at 1 January 2014		526,950
Balance at 31 December 2014		**526,950**
Amortisation		
Balance at 1 January 2013		500,603
Amortisation for the year	7(a)	26,347
Balance at 31 December 2013		526,950
Balance at 1 January 2014		526,950
Amortisation for the year	7 (a)	-
Balance at 31 December 2014		526,950
Carrying amounts		
Balance at 1 January 2013		26,347
Balance at 31 December 2013		-
Balance at 31 December 2014		-

There were no additions or disposal during the year.

13 Long term receivables

Long term receivables represents long-term portion of loans granted to the Company's employees, which are secured by the employees' final entitlements and retirement benefits with Nestlé Nigeria Trust (CPFA) Limited. (See Note 17)

14 Prepayments

Prepayments represents the prepaid rents on office and residential apartments.

15. Deferred tax liabilities

Recognised deferred tax (assets)/liabilities
Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of naira	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Property, plant and equipment	(1,775,596)	(810,063)	8,558,447	7,532,581	6,782,851	6,722,518
Employee benefits	(398,745)	(397,891)	-	-	(398,745)	(397,891)
Unrealised exchange (loss)/gain	(1,106,147)	(221,725)	-	-	(1,106,147)	(221,725)
Share based payment	(7,236)	(16,422)	-	-	(7,236)	(16,422)
Tax (asset)/liabilities	(3,287,724)	(1,446,101)	8,558,447	7,532,581	5,270,723	6,086,480
Net tax liabilities	(3,287,724)	(1,446,101)	8,558,447	7,532,581	5,270,723	6,086,480

Movement in temporary differences during the year

In thousands of naira

	Balance 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2013	Recognised in profit or loss	Recognised in other comprehensive income	Balance December 31 2014
Property, plant and equipment	5,161,765	1,560,752	-	6,722,518	60,333	-	6,782,851
Employee benefits	(294,929)	(102,961)	-	(397,891)	(854)	-	(398,745)
Unrealised exchange difference	115,197	(336,922)	-	(221,725)	(884,422)	-	(1,106,147)
Tax exposures	-	-	-	-	-	-	-
Share based payment	(23,310)	6,889	-	(16,422)	9,185	-	(7,236)
	4,958,723	1,127,758	-	6,086,480	(815,758)	-	5,270,723

At 31 December 2014 (2013: Nil), there is no unrecognised deferred tax asset or liability.

16 Inventories

In thousands of naira	2014	2013
Raw and packaging materials	4,151,911	4,375,381
Product in process	487,579	331,540
Finished products	3,840,033	3,363,290
Engineering spares	1,745,945	1,221,763
Goods in transit	730,542	561,919
	10,956,010	9,853,893

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 ₦58,934,227,014 (2013: ₦56,537,704,319). In 2014, the write-down of inventories to net realisable value amounted to ₦97.4 million (2013: ₦37.6 million) and is included in cost of sales.

17 Trade and other receivables

In thousands of naira	Note	2014	2013
Trade receivables	25(a)(ii)	16,818,900	11,575,247
Loans to key management personnel	25 (a)(ii),28	2,792	11,443
Staff loans	25(a)(ii)	1,763,360	1,491,090
Trade receivables due from related parties	25 (a)(ii),28	969,210	581,764
Deposit with Company registrars for dividend		920,011	1,204,333
Loans and receivables		20,474,273	14,863,877
Advance payment to suppliers		2,855,711	2,994,227
Deposit for Import		32,113	110,588
Other advances		126,599	489,330
		23,488,696	18,458,022
Non-current - reclassified to long term receivables	13	1,157,883	573,247
Current		22,330,813	17,884,775
		23,488,696	18,458,022

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 25.

18 Cash and cash equivalents

In thousands of naira	2014	2013
Cash and bank balances	1,269,653	4,091,825
Call deposits	2,434,852	9,624,678
Cash and cash equivalents in the statement of financial position	3,704,505	13,716,503
Bank overdrafts used for cash management purposes	(1,237,606)	-
Cash and cash equivalents in the statement of cash flows	2,466,899	13,716,503

The Company's exposure to credit risk for cash and cash equivalents is disclosed in Note 25.

19 Capital, reserves and dividends

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In number of shares	2014	2013
At 1 January	792,656,252	792,656,252
At 31 December	792,656,252	792,656,252

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

In number of shares	2014	2013
At 1 January	792,656,252	792,656,252
At 31 December	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(iii) Share premium

In thousands of Naira

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

	2014	2013
Share premium	32,262	32,262

(iv) Share based payment reserves

The share based payment reserves comprises the cumulative weighted average fair value of performance stock unit plan granted to deserving employees which have not vested at the end of the year.

(b) Dividends

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

	2014		2013	
	Per Share (₦)	₦'000	Per Share (₦)	₦'000
Final dividend	24.00	19,023,750	18.50	14,664,141
Interim dividend	10.00	7,926,563	1.50	1,188,984
	34.00	26,950,313	20.00	15,853,125

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

After the respective reporting dates, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax implications.

	2014	2013
Naira per qualifying ordinary share	17.50	24.00

(ii) Movement in dividend payable

In thousands of naira	Notes	2014	2013
At 1 January		2,856,923	3,221,444
Declared dividend		26,950,313	15,853,125
Unclaimed dividend transferred to retained earnings		(41,463)	(27,043)
Payments		(26,105,042)	(16,190,603)
At 31 December	24	3,660,731	2,856,923

As at 31 December 2014, ₦920 million (2013: ₦1.2 billion) of the total dividend payable is held with the Company's registrar, GTL Registrars Nigeria Limited. The remaining dividend payable of ₦2.7 billion (2013: ₦1.6 billion) represents unclaimed dividends, which have been returned to the Company by the Registrar and are held in separate interest yielding bank accounts.

20 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 information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 25.

In thousands of naira	2014	2013
Secured bank loans	8,970,002	8,076,329
Loans from related party	22,146,000	19,342,755
	31,116,002	27,419,084

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

	2014	2013
Current liabilities	12,730,126	947,809
Non-current liabilities	18,385,876	26,471,275
	31,116,002	27,419,084

Terms and debt repayment schedule

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

In thousands of naira	Notes	Currency	Nominal interest rate	Year of maturity	2014 Face Value	2014 Carrying amount	2013 Face Value	2013 Carrying amount
Loan from related party	(i)	USD	LIBOR + 3.0%	2015	7,382,000	7,382,000	6,447,585	6,447,585
Loan from related party	(i)	USD	LIBOR + 1.5%	2015	1,845,500	1,845,500	1,611,896	1,611,896
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,291,850	1,291,850	1,128,327	1,128,327
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,845,500	1,845,500	1,611,896	1,611,896
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,845,500	1,845,500	1,611,896	1,611,896
Loan from related party	(i)	USD	LIBOR + 1.5%	2017	3,137,350	3,137,350	2,740,224	2,740,224
Loan from related party	(ii)	USD	LIBOR + 3.0%	2018	4,798,300	4,798,300	4,190,931	4,190,931
Secured bank loan	(iii)	NGN	7.00%	2017	1,000,000	1,000,000	1,333,333	1,333,333
Secured bank loan	(iv)	NGN	5.50%	2018	818,182	818,182	1,036,364	1,036,364
Secured bank loan	(v)	NGN	10%	2019	5,151,820	5,151,820	5,706,632	5,706,632
Secured bank loan	(vi)	NGN	17%	2015	1,000,000	1,000,000	-	-
Secured bank loan	(vii)	NGN	16%	2015	1,000,000	1,000,000	-	-
Total Interest bearing liabilities					31,116,002	31,116,002	27,419,084	27,419,084

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 ₦2.0 billion facility under the CBN Commercial Agricultural Credit Scheme with a tenure of 7 years, commencing from July 2010. The facility is priced at 7.0%. The total facility was fully drawn down in 2011.

(iv) A ₦1.2 billion facility under the CBN Power and Aviation Intervention Fund with a tenure of 7 years, commencing from July 2011. The facility is priced at 5.5%. The total facility was fully drawn down in 2011.

(v) A ₦5.7 billion facility with a tenure of 7 years (inclusive of a moratorium period of 1 year on principal only) commencing from May 2013. The facility was priced at 10.0%. The facility was fully drawn down in 2013.

(vi) A N 1 billion facility with a tenure of 91 days commencing from December 2014. The facility was priced at 17.0%. The facility was fully drawn down in 2014.

(vii) A ₦1 billion facility with a tenure of 90 days commencing from December 2014. The facility was priced at 16.0%. The facility was fully drawn down in 2014.

21 Employee Benefits

(a) Other long term employee benefits

Other long term employee benefits represents 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 during the year was as follows:

In thousands of Naira	Note	2014	2013
Balance at 1 January		1,821,829	1,082,673
Charge for the year		170,637	904,657
Payments during the year		(164,693)	(165,501)
Balance at 31 December		1,827,773	1,821,827

Actuarial assumption

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

	2014	2013
Long term average Discount rate (p.a.)	15%	14%
Average Pay Increase (p.a.)	10%	10%

Demographic assumptions

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

<u>Mortality in Service</u>

The rates of mortality assumed for employees are the rates published in the A67/70 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	
	2014	2013
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

<u>Withdrawal from Service</u>

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

Age Band	Rate	
	2014	2013
Less than or equal to 30	4.0%	3.0%
31 – 39	3.5%	2.5%
40 – 44	2.0%	1.0%
45 – 50	2.0%	1.0%
51 – 55	1.0%	1.0%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amount shown below.

31 December 2014	Employee benefit obligation	
Effects in thousands of Naira	Increase	Decrease
Discount Rate (5% movement)	(50,059)	52,689
Future salary growth (5% movement)	56,492	(53,999)
Future mortality (10% movement)	22,582	(22,119)

(b) Pension payable

The balance on the pension payable account represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end. The movement on this account during the year was as follows:

In thousands of Naira	2014	2013
Balance at 1 January	124,457	5,367
Charged for the year	1,699,146	1,473,828
Payments during the year	(1,680,460)	(1,354,738)
Balance at 31 December	143,143	124,457

22 Share-based payments

The Company's ultimate holding company, Nestlé Switzerland (Nestlé S.A.) operates an Equity Incentive Scheme for its management employees around the world known as the Performance Share Unit Plan (PSUP). Under the PSUP, Nestlé S.A. awards Performance Stock Units (PSU) 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.

Terms and conditions of the Performance Share Unit Plan

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

Grant date/employees entitled	Number of instruments	Vesting Conditions
Shares awarded to key management on 1 February 2012	4,810	3 years' service
Shares awarded to key management on 28 February 2013	2,870	3 years' service
Shares awarded to key management on 28 February 2014	4,215	3 years' service

The fair value of the PSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of 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 2014 is ₦51,955,473 (2013: ₦31,985,648).

Total share based payment expense recognised in the profit or loss for the year amounted to ₦32,977,739 (2013: N49,243,203. See Note 8 (a).

23 Provisions

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

In thousands of naira	Tax	Legal	Total
Balance at 1 January 2014	385,613	30,000	415,613
Provisions made during the year	178,159	-	178,159
Provisions used during the year	(48,964)	(10,000)	(58,964)
Balance at 31 December 2014	514,808	20,000	534,808
Current	514,808	20,000	534,808
	514,808	20,000	534,808

(a) Tax

Current year provision of ₦178 million for tax 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 2014. However, provision amounting to ₦48,964,000 (2013: ₦30,325,000) was utilised during the year.

(b) Legal

Current year provision of ₦20 Million represents management's evaluation of the probable exposure due to on going litigation against the company.

24 Trade and other payables

In thousands of naira	Note	2014	2013
Trade payables		13,207,427	11,823,705
Other payables and accruals		3,324,305	2,436,397
Trade payables due to related parties	28	6,464,316	11,949,025
Dividend payable	19(b)	3,660,731	2,856,923
		26,656,779	29,066,050

The Company's exposure to currency and liquidity risk related to trade and payables is disclosed in note 25.

25 Financial instruments

(a) Financial Risk Management

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

- credit risk (see (a)(ii)
- liquidity risk (see (a)(iii)
- market risk (see (a)(iv)
- operational risk (see (a)(v)

(I) 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.

25 Financial instruments

(a) Financial Risk Management

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

credit risk (see (a)(ii)
liquidity risk (see (a)(iii)
market risk (see (a)(iv)
operational risk (see (a)(v)

(I) 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 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.

(II) 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 debt securities.

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 i Exposure to credit risk

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

In thousands of naira	Note	Carrying amount 2014	2013
Loans and receivables	17	20,474,273	14,863,877
Cash and cash equivalents	18	3,704,505	13,716,503
		24,178,778	28,580,380

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

In thousands of naira	Note	Carrying amount 2014	2013
Distributors	17	16,818,900	11,575,247
Related parties	17	969,210	581,764
Loans to key management personnel	17	2,792	11,443
Staff loans and advances	17	1,763,360	1,491,090
Registrar	17	920,011	1,204,333
		20,474,273	14,863,877

The Company's most significant customer accounts for ₦517 million of the loans and receivables carrying amount at 31 December 2014 (2013: ₦238 million).

ii Impairment losses

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

In thousands of naira	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not Past due	9,886,035	-	9,964,766	-
Past due	11,824,976	(1,236,738)	5,245,754	(346,643)
	21,711,011	(1,236,738)	15,210,520	(346,643)

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

In thousands of Naira	2014	2013
Balance at 1 January	346,643	301,607
Prior year impairment loss reversed	(41,689)	(10,438)
Impairment loss recognized	931,784	55,474
Balance at 31 December	1,236,738	346,643

The impairment loss as at 31 December 2014 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. The impairment loss is included in administrative expenses.

Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due. As at the date of the approval of the financial statements, over 95% of the trade receivable balance, have been collected.

(III) 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 reasonably be predicted, such as natural disasters.

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

31 December 2014 In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	8,970,002	(10,705,640)	(3,055,719)	(1,025,184)	(1,951,766)	(4,183,499)	(489,472)
Unsecured intercompany loans	22,146,000	(23,360,288)	(2,139,199)	(7,658,822)	(5,278,930)	(8,283,337)	-
Trade and other payables	26,656,779	(26,656,779)	(26,656,779)	-	-	-	-
	57,772,781	(60,722,707)	(31,851,697)	(8,684,006)	(7,230,696)	(12,466,836)	(489,472)

31 December 2013 In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	8,076,329	(10,427,601)	(631,280)	(1,090,682)	(2,080,903)	(5,085,140)	(1,539,596)
Unsecured intercompany loans	19,342,755	(20,932,086)	(258,985)	(258,985)	(8,562,308)	(11,851,808)	-
Trade and other payables	29,066,050	29,066,050)	(29,066,050)	-	-	-	-
	56,485,134	(60,425,737)	(29,956,315)	(1,349,667)	(10,643,211)	(16,936,948)	(1,539,596)

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

(IV) 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.

i 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.

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 statement of comprehensive income represented a loss of N 3.03 billion (2013: loss of 609 million). They are allocated to the appropriate headings of expenses by function.
Financial instruments analysed by currency is as follows

- USD United States Dollar
- Euro Euro
- GBP Pounds Sterling
- ZAR South African Rand
- SGD Singaporean Dollar
- XOF Ivorian CFA
- CHF Swiss Franc
- JPY Japanese Yen
- GHS Ghananian Cedis
- NGN Nigerian Naira

31 December 2014

Amounts in thousands	NGN	Euro	USD	CHF	XOF	ZAR	SGD	GBP	GHS	JPY
Unsecured inter-company loans	-	-	(120,400)	-	-	-	-	-	-	-
Amount due from related parties	7,356	813	4,164	59	-	-	-	-	-	-
Amount due to related parties	(395,445)	(20,472)	(10,480)	(3,910)	684,200	(1)	(5)	(244)	-	-
Trade payables	(12,591,861)	(2,426)	28	-	-	-	-	(269)	11	-
Net exposure	(12,979,950)	(22,085)	(126,688)	(3,851)	684,200	(1)	(5)	(513)	11	-

31 December 2013

Amounts in thousands	NGN	Euro	USD	CHF	XOF	ZAR	SGD	GBP	GHS	JPY
Unsecured inter-company loans	-	-	(120,372)	-	-	-	-	-	-	-
Amount due from related parties	28,520	106	3,356	-	-	-	-	-	-	-
Amount due to related parties	(3,741,860)	(11,197)	(42,806)	(2,094)	185,742	(83)	(17)	(11)	-	(20)
Trade payables	11,289,587)	(1,012)	(1,812)	(94)	-	-	-	-	-	-
Net exposure	(15,002,927)	(12,103)	(161,634)	(2,188)	185,742	(83)	(17)	(11)	-	(20)

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

	Average rate		Year end spot rate	
	2014	2013	2014	2013
Euro	219.27	211.50	224.29	222.15
United states dollar (USD)	165.14	159.21	184.55	161.19

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 for USD and Euro being the most significant currency risk the Company is exposed to and on the same basis for 2013, 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. 2014		
Euro (10 percent strengthening)	-	531,821
USD (10 percent strengthening)	-	2,491,722
31 December. 2013		
Euro (10 percent strengthening)	-	268,870
USD (10 percent strengthening)	-	2,605,380

ii 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.

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 heterogeneous 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	2014	2013
Fixed rate instruments		
Financial assets	2,434,852	9,624,678
Financial liabilities	(8,970,002)	(8,076,329)
	(6,535,150)	1,548,349
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(22,146,000)	(19,342,755)
	(22,146,000)	(19,342,755)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate 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 2013.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2014				
Variable rate instruments	(221,460)	221,460		
Cash flow sensitivity (net)	(221,460)	221,460	-	-
31 December 2013				
Variable rate instruments	(244,183)	244,183	-	-
Cash flow sensitivity (net)	(244,183)	244,183	-	-

(V) 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 behavior. 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 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.

(b) 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.

(I) 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 measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(II) 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.

(III) 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 adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

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 measured 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.

Financial assets measured at amortized cost

In thousands of naira	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	1,157,883	874,215	573,247	408,230
Loans and receivables	20,474,273	20,474,273	14,863,877	14,863,877
Cash and cash equivalents	3,704,505	3,704,505	13,716,503	13,716,503
	25,336,661	25,052,993	29,153,627	28,988,610
Financial liabilities measured at amortized cost				
Unsecured intercompany loan	22,146,000	21,059,426	19,342,755	17,895,334
Secured bank loans	8,970,002	6,488,512	8,076,329	4,827,898
Bank overdraft	1,237,606	1,237,606	-	-
Trade and other payables	26,656,779	26,656,779	29,066,050	29,066,050
	59,010,387	55,442,323	56,485,134	51,789,282

The fair value of the financial assets and liabilities are determined based on level 3 inputs of the fair value hierarchy. At year end, the carrying amounts of loans and receivables and trade and other payables reasonable estimated their fair values.

(c) 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	2014	2013
Total liabilities	70,122,424	67,612,679
Cash and cash equivalents	(3,704,505)	(13,716,503)
Net Debt	66,417,919	53,896,176
Total Equity	35,939,643	40,594,801
Debt to capital ratio at December 31	1.85	1.33

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.

26 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 ₦398 million (2013: ₦301 million).

During the year ended 31 December 2014 an amount of ₦423 million (2013: ₦289 million) was recognized as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2013: 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.

27 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 ₦317 million as at 31 December 2014 (2013: ₦317 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) 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.

28 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2014, Nestlé Switzerland (Nestlé S.A.), the ultimate holding Company owned 63.48% (2013: 3.89%) of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

Nestlé Nigeria Plc has a general license fee agreement with Societe Des Produits 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. The agreement expired in the current year and the Company is yet to obtain a renewed approval for the general license agreement from the National Office for Technology Acquisition and Promotion (NOTAP).

Shared Service Agreement

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% on the reimbursable cost of Nestlé Business Services and Operational and Commercial Services as allocated among the various countries in the region. The services provided by Nestlé CWA includes transactionary services as well as planning and management functions.

Sourcing of Raw Materials

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.

Agency and Administration Service Agreement

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.

Cost Recharge Agreement

Nestlé Nigeria Plc has a business transfer agreement with Wyeth Nutrition for the transfer of the assets of Wyeth Nutrition to Nestlé Nigeria Plc. Nestlé Nigeria Plc entered into an employee payment arrangement with Nestlé Middle East, under which Nestlé Nigeria Plc assists Nestlé Middle East to settle expenses (employee expenses) incurred as a result of the business transfer agreement. These expenses are recharged to Nestlé Middle East without any mark-up or commission. In December 2013, a formal agreement was signed between Nestlé Nigeria Plc and Nestlé Middle East. The agreement widened the scope of expenses to be recharged to Nestlé Middle East in relation to expenses incurred by the Company on behalf of Nestlé Middle East to include other general expenses including re-allocation of utility and shared service expenses. According to the agreement, recharge of other general expenses to Nestlé Middle East commenced from 1 January 2014.

As at 31 December 2014, there were 49 (2013: 17) employees of Nestlé Nigeria Plc under the Employee Payment Agreement.

(c) Transactions with key management personnel

Loan to key management personnel

There were no loans to key management personnel issued during the year ended 31 December 2014 (2013: ₦ 4,500,000) 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. As at 31 December 2014, the balance outstanding was ₦2,791,667 (2013: ₦11,442,755) and is included in trade and other receivables. (See note 17)

(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	2014	2013
Short-term employee benefits	77,462	84,964
Contribution to compulsory pension fund scheme	11,962	11,757
Defined contribution gratuity scheme	13,567	13,231
Other long-term benefits	-	9,643
Share based payments	41,170	19,539
Termination benefits	-	12,741
	144,161	151,875

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 2014	2013	Balance outstanding as at 31 December 2014	2013
Related Party					
Nestlé Ghana Limited	Finished goods	1,697,089	782,307	508,481	545,204
Nestlé World Trade Corporation Limited	PPE/ Services	6,803,663	5,725,948	2,760,706	2,521,741
Nestlé Nederland	Finished goods	2,420,594	1,265,460	907,270	542,571
Nestlé France Limited	Finished goods	1,916,557	1,133,233	861,663	515,985
Societe Des Produits Nestlé S.A	Services	5,970,244	4,922,801	886,937	4,192,527
Nestlé Central and West Africa	Services	5,171,622	3,111,102	225,041	2,785,438
Others		4,794,274	3,515,046	314,218	845,559
		28,774,043	20,455,897	6,464,316	11,949,025

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 In thousands of naira Related Party	Nature of transaction	Transaction value Year ended 31 December 2014	2013	Balance outstanding as at 31 December 2014	2013
Nestlé Togo	Finished goods and Services	310,573	154,051	163,246	76,400
Nestlé Ghana	Finished goods and Services	187,257	62,988	55,045	25,988
Nestlé Niger	Finished goods and Services	843,076	927,809	516,486	183,807
Nestlé Senegal	Finished goods and Services	135,339	-	6,743	7,091
Nestlé Cameroun	Finished goods and Services	-	20,840	51,261	55,543
Nestlé Chad	Finished goods and Services	-	201,242	-	201,242
Nestle Middle East	Services	551,900	190,311	88,792	11,588
Others	Finished goods and Services	86,335	14,631	87,637	20,105
		2,114,480	1,571,872	969,210	581,764

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.

(iii) Nestlé Nigeria Trust (CPFA) Limited

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.

Nestlé Nigeria Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension Commission (PENCOM), to conduct the business of a closed pension fund administrator. The activities of Nestlé Nigeria Trust (CPFA) Limited are regulated by the National Pension Commission (PENCOM) rather than by voting rights and the funds are managed in accordance with the PENCOM guidelines. The benefits arising from the activities of Nestlé Nigeria Trust (CPFA) Limited accrue principally to members of the provident, pension and defined contribution gratuity schemes and the Company has no exposures to variable returns arising from its involvement.

The Company's residual interest in Nestlé Nigeria Trust (CPFA) Limited is immaterial. The funds and assets of the provident, pension are held by an independent licensed pension fund custodian in line with the Pension Reform Act, 2004.

The Company supports the sourcing of resources to Nestlé Nigeria Trust (CPFA) Limited and intends to continue to provide support into the future. From 1 October 2014, all personnel costs relating to employees of Nestlé Nigeria Plc working for NNTL are recharged to NNTL at cost.

29 Events after the reporting date

There are no significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2014, that have not adequately been provided for or disclosed in the financial statements.

Other Financial Information

Value Added Statement

In thousands of naira	2014	%	2013	%
Revenue	143,328,982		133,084,076	
Brought in materials and services				
- Local	(50,579,595)		(53,547,656)	
- Imported	(41,097,733)		(31,448,623)	
	51,651,654		48,087,797	
Finance Income	551,594		361,307	
Value Added	52,203,248	100	48,449,104	100
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefit	16,292,520	31	15,582,276	32
To Providers of Finance:				
- Shareholders as dividends - interim	7,926,563	15	1,188,984	3
- Finance Costs	5,305,837	10	2,146,697	4
- Government as taxes	2,210,338	4	3,789,311	8
Retained in the business:				
- Depreciation of tangible assets	5,796,278	11	4,646,194	10
- Amortisation of intangible assets	-	-	26,347	-
- Impairment loss on tangible assets	362,635	1		
- Proposed final dividend	13,871,484	27	19,023,744	39
- To augment reserves	437,593	1	2,045,551	4
	52,203,248	100	48,449,104	100

5 Year Financial Summary

In thousands of naira	2014	2013	2012	2011	1 Jan 2011
Funds Employed					
Share Capital	396,328	396,328	396,328	396,328	330,273
Share Premium	32,262	32,262	32,262	32,262	32,262
Share based payment reserve	44,637	26,585	49,543	76,903	78,752
Retained Earnings	35,466,416	40,139,626	33,707,429	22,704,491	14,455,828
Shareholder's Fund	35,939,643	40,594,801	34,185,562	23,209,984	14,897,115
Current Liabilities	44,638,052	33,233,095	25,179,644	24,814,835	21,681,135
Long Term Liabilities	25,484,372	34,379,584	29,598,012	29,703,474	24,250,147
	106,062,067	108,207,480	88,963,218	77,728,293	60,828,397
Asset Employed					
Non Current assets	68,672,737	66,451,672	62,607,073	55,517,888	40,736,462
Current assets	37,389,330	41,755,808	26,356,145	22,210,405	20,091,935
	106,062,067	108,207,480	88,963,218	77,728,293	60,828,397

In thousands of naira	2014	2013	2012	2011
Revenue	143,328,982	133,084,076	116,707,394	97,961,260
Profit before income tax	24,445,978	26,047,590	25,050,172	18,199,249
Profit for the year	22,235,640	22,258,279	21,137,275	16,496,453
Other comprehensive income, net of tax	-	-	(186,501)	(505)
Declared dividend*	26,950,313	15,853,125	9,947,836	8,190,781

Per 50k share data:

	2014	2013	2012	2011
Basic earnings per share	₦28.05	₦28.08	₦26.67	₦20.81
Diluted earnings per share	₦28.05	₦28.08	₦26.67	₦20.81
Declared dividend per share	₦34.00	₦20.00	₦12.55	₦10.33
Net assets per share	₦45.34	₦51.21	₦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
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	Final
2013	57	22,258,279	1,188,984	150	Interim
	58		19,023,750	2400	Final
2014	59	22,235,640	7,926,562	1000	Interim
	60		13,871,484	1750	Proposed Final

Ten-Year Turnover, Profit Before Tax, Taxation and Profit After Tax History

31 Dec	Turnover (₦'000)	Profit Before Tax (₦'000)	Taxation (₦'000)	Profit After Tax (₦'000)
2005	34,335,891	7,907,848	2,604,720	5,303,128
2006	38,422,782	8,197,897	2,537,568	5,660,329
2007	44,027,525	8,463,788	3,021,889	5,441,899
2008	51,742,302	11,862,213	3,530,614	8,331,599
2009	68,317,303	13,783,244	3,999,666	9,783,578
2010	82,726,229	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
2013	133,084,076	26,047,590	3,789,311	22,258,279
2014	143,328,982	24,445,978	2,210,338	22,235,640

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 2014 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 ₦2 subdivided to 2 shares of ₦1 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 ₦1 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 has declared fifty-nine 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,
GTL Registrars Limited, 2 Burma Road,
Apapa.

Dividends	Date Paid	Amount Unclaimed (₦)
36	16 April 2003	22,983,097
37	24 November 2003	13,989,198
38	21 April 2004	32,110,564
39	6 December 2004	15,292,686
40	27 April 2005	47,387,997
41	28 November 2005	21,518,884
42	26 April 2006	78,325,200
43	10 November 2006	17,654,126
44	25 April 2007	88,356,304
45	26 November 2007	26,631,057
46	23 April 2008	84,777,886
47	01 December 2008	31,502,095
48	29 April 2009	179,019,712
49	07 December 2009	35,679,105
50	27 April 2010	237,060,604
51	10 January 2011	101,952,548
52	29 April 2011	371,061,619
53	12 December 2011	50,511,093
54	27 April 2012	354,311,300
55	24 December 2012	57,023,821
56	10 May 2013	691,229,928
57	09 December 2013	56,036,722
58	13 May 2014	1,006,729,811
59	08 December 2014	472,925,520

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 Leading Brands

Brands with strong equities in the mind of consumers.

Brands that retailers are happy to stock.

Brands that are platforms for innovation.

MAGGI®

MAGGI® is good for all your cooking

MAGGI® - the trusted seasoning in Nigeria since 1966 - has been helping consumers create delicious and nutritious meals for their families with a guarantee of success and appreciation.

MAGGI® products provide nutritional value at a price that lower income consumers can afford. Hence, they help fill the nutritional gaps in people's diets across Nigeria. All our MAGGI® bouillons contain iodine and a majority of them are fortified with iron. Each serving (i.e a meal for 6 people prepared with 5 cubes or 2 tablets) provides for over 30% of the recommended daily allowance of iron.

Our Products

MAGGI® Star Cube is an all-purpose seasoning, made from fermented Soya beans, perfect for many traditional Nigerian dishes in delivering pleasant aroma and great taste.

MAGGI® Crayfish provides traditional taste and aroma of natural crayfish to your cooking, thus giving it that distinct crayfish flavour.

MAGGI® Chicken gives the best chicken flavour, inviting aroma and perfect colour. It comes in two formats – cubes and tablets.

MAGGI® Mix'py comes in 4 powder variants:

Tomato: perfect red colour for your stews, porridge and jollof rice;

Ginger & Garlic: use for steaming and bring natural flavour.

Golden Beef: premium, mouthwatering beef flavour like you have never tasted it.

Classic: a special blend of onion and mild spice for your traditional soups.

With MAGGI® Every Woman is a Star

The Energy Food Drink of Future Champions

Nestlé MILO® POWDER

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.

The Energy cubes 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.

In quarter 4 of last year, Nestlé launched new ChocoMILO® format in a pack of 4 cubes. It is 4 delicious, yummilicious, nutritious Choco cubes in one air-tight pack. What's more? It comes in 4 attractive pack designs to excite our target, make them buy, collect, talk about and recommend our brand. Our retailers are not left out…the new born comes in chains (16 packs-per-chain) for easy handling & merchandising.

ChocoMILO® is 100% MILO® powder pressed in crunchy cubes

Good To Remember: "Made from the goodness of malt, milk and cocoa to give you energy to succeed."

Start Your Day Right!

Breakfast is vital to supply the body with important energy and nutrients at the start of everyday.

Breakfast cereals offer a simple solution to help people meet daily nutrition requirements whilst encouraging healthier eating habits for a healthier life. Nestlé Breakfast Cereals invite you kick-start your each and everyday with a delicious and nutritious breakfast.

Nestlé MILO® breakfast cereals with milk provides you a super start to the day with the goodness of whole grain and essential nutrients as part of a healthy diet . The great taste of Nestlé MILO® breakfast cereals comes with the benefits of Vitamins, Calcium and Iron.

Nestlé commits to continually improve the nutritional value of its cereals as part of its on-going efforts to making eating a healthy breakfast easier.

It all starts with a NESCAFÉ®

Our Coffee has long been known and loved for its mild stimulating attributes, appealing aroma and satisfying taste.

With over 75 years of expertise in every cup, we give you these great reasons to consume our NESCAFÉ®:

- It tastes amazingly good however you choose your cup
- It awakens your senses in a healthy way
- It is 100% Natural
- NESCAFÉ® connects people in diverse ways; business, social pleasure and fun. Indeed as we say "It all starts with a NESCAFÉ®".

NESCAFÉ® comes in different sizes in order to meet the different states of our discerning consumer:
NESCAFÉ® Classic (Tin, Bottle and Sachet)
NESCAFÉ® 3 in 1 Mixes (18g and 32g)

KIT KAT® is Nestlé's no.1 global brand in confectionery and the greatest asset in the portfolio. KIT KAT® is a perfect balance of 69% milk chocolate and 31% wafer & praline. KIT KAT's smooth taste and light crisp texture appeals to everyone.

Nestlé acquired the KIT KAT® brand as part of its purchase of the Rowntree business in 1988. In the following decade, Nestlé accelerated the brand's global reach with new manufacturing facilities set up in emerging markets in Eastern Europe, Asia and Latin America. KIT KAT® is now manufactured by Nestlé in 13 countries and sold directly in over 70 markets. It is also manufactured and sold under license by HersheyCorp. in the USA. Today, approximately 150 KIT KAT® bars are consumed worldwide every second. 2010 marks the 75th anniversary of the launch of the world's favourite 4 finger bar. Few consumer brands continue to be so outstandingly successful more than 70 years after being launched without any major changes to the core product.

Consumer target: The young and upwardly mobile, 18 - 25 years male and female. The bull's eye targets are students in higher institutions. The consumer communication line is **"Have a break, have a Kit Kat®"**.

CONSUMPTION OCCASION

The break is not just an occasion for confectionery consumption, but also an invitation to a moment of relaxation from the stresses of the day, a moment of wellbeing. Emotionally, **Have a break, have a Kit Kat®.** is the invitation to unwind. It is a moment of calm in a time-pressured and increasingly hard working world.

KIT KAT® is the perfect brand to accompany your break time. It is the smile factor in your break. It's portion able finger format supports the NHW life style as you break and share with friends to reduce your calorie intake per time.

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 41 countries, spanning 5 continents, Nestlé PURE LIFE® is the biggest bottled water brand in the world. It is the healthy hydration loved by the whole family.

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

Highly Nutritious. Simply Delicious.

Nestlé GOLDEN MORN™ is a delicious, nutritious and instant family cereal made from best quality locally sourced grains. Nestlé GOLDEN MORN™ is available in 2 varieties - Maize and Millet. Each variety is enriched with Vitamin A & Iron - essential micronutrients 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:
Single serve formats (50g) and larger formats (450g, 500g & 1kg).

Nestlé NUTREND® & CERELAC®

Highly nutritious infant cereal

Nestlé CERELAC®

Nestlé CERELAC® a highly nutritious infant cereal with milk, provides the right start for babies when they are ready to commence complementary feeding. 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® is produced with high quality milk, delicately combined with a cereal base. 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, Millet, Rice, Yummy fruits and Honey, and pack sizes of 50g, 400g and 1kg.

Nestlé NUTREND®

Nestlé NUTREND® is specially developed to meet infant's needs during the complementary feeding period as it provides all key nutrients in quantity appropriate for their limited stomach capacity.

Nestlé NUTREND® contains naturally hydrolyzed carbohydrates for easier digestion; has smooth textures 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 infection.

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

Nestlé Infant Cereals are endorsed by the Nutrition Society of Nigeria as ideal complementary feeding options for babies above 6 months.

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

The brand leverages the maternal love and nurturing instincts of mothers towards their children as its essence, and demonstrates this by offering a high quality milk product that is rich in iron, protein, calcium, zinc and vitamins, helping mothers support the growth of their children.

Nestlé NIDO® Fortified is available in 365g, 400g, 800g, 900g & 2500g.

Mother's milk
is Best for Babies

Why is it Best to give the Breast?

Breast milk is nature's perfect food for your baby and helps him grow and develop healthily. It is also important to know, that breastfeeding not only benefits your baby but you as well.

Best for your baby
- Breast milk contains all the nutrients your baby needs in the exact quantity required for his age.
- Breast milk is easy for your baby to digest.
- Breast milk strengthens your baby's natural defenses.
- Breast milk reduces the risk of diseases (e.g. infections, allergies, cardiometabolic diseases).
- Breastfeeding creates a unique emotional bond between mother and child.

Best for you
- Breastfeeding stimulates hormones that help your body recover from pregnancy and birth.
- Breastfeeding helps you burn extra calories and loose weight.
- Breastfeeding helps reduce the risk of breast and ovarian cancers as well as osteoporosis.
- Breastfeeding saves money for the family.

How to nurse 'Best' without stress?

Breastfeeding is a learning experience. Knowing a few tips is good in the beginning to start out right. Once you know you can relax and enjoy quality time with your baby.

Start out right
- The sooner after birth, the better to start breastfeeding. The first milk called colostrum is rich in protective antibodies.
- In the first few days, stay with your baby to feed her on-demand and do not give him any other drink than breast milk.
- Make sure your baby latches properly on the nipple. It is key to ensure an adequate supply and a good flow of milk. Ask nurses for advice.
- Choose a correct breastfeeding position. Ask nurses for advice.

Give it time
- A well-nourished baby is a happy baby. It may take a few days for your baby to become a happy eater. Be patient.
- Follow your baby's needs and watch early hunger signs. Do not force feed. Most infants drink about 10 minutes every 2-3 hours.
- You may need help to care for your baby between feeds. When you are rested, your baby feels it.

Want to know more about breastfeeding?
Ask your Health Care Professional or go to
nestlebaby.com/breastisbest

What to eat to feed the 'Best'?

During lactation, your body uses nutrients first to produce milk before using them for yourself. A healthy diet is important to support your baby's growth and to help you stay healthy. Bon appétit!

Best to eat or drink
- You need 500 Kcalories more per day to provide for your needs and those of your baby.
- Focus on cereals, fruits and vegetables which are packed with healthy nutrients and fibers.
- You need more polyunsaturated fat, go for fish 1-2 times a week.
- Think calcium, eat dairy products.
- Drink 8 to 10 glasses of water every day.

Best to avoid or reduce
- Drinking alcohol and smoking, taking medicines that have not been prescribed by your doctor. Coffee and tea are ok in small quantities.
- Foods that rot easily and could provoke an intoxication (raw meat, egg or seafood) or gastrointestinal discomfort in your baby (onion, cabbage, berries, spices and condiments).
- Confectionery, and more generally 'empty calories'.

WHO recommends exclusive breastfeeding for 6 months. Nestlé fully supports this and continued breastfeeding, along with the introduction of complementary foods as advised by your doctor or health authority.

Nestlé Nigeria Plc

2014: The year in retrospect

Sharing Science-based Research with Healthcare Professionals

In our relentless pursuit of sharing science-based research and information with healthcare professionals, Nestlé Nutrition Institute Africa (NNIA) held its third Advanced Nutrition Programme (CANUP). The training focused on maternal and paediatric nutrition for healthcare professionals. The training was organised in collaboration with the Department of Peadiatrics, University College Hospital, Ibadan, Nigeria; the Paediatric Association of Nigeria; the Paediatric Society of Ghana; the Nutrition Society of Nigeria; the Ministry of Health and Sanitation of Sierra Leone and NNIA.

Promoting local sourcing of agricultural raw materials

The Minister of Agriculture and Rural Development, Dr Akinwumi Adesina visited our Agbara factory in August 2014, following the launch of the Transformative Partnership for High Energy Nutritious Foods by the Federal government of Nigeria. The visit afforded the Minister the opportunity to see our ₦1.8 billion cereals milling plant – where we process crops (such as sorghum, maize, soybeans and millet) required for high-energy foods. Dr Adesina lauded Nestlé for adhering to local content policy by sourcing its agricultural raw materials locally. The Minister noted that Nestlé's commitment to responsible sourcing of agricultural raw materials, which has resulted in purchase of over 32,000 metric tonnes of grains from local farmers in 2013 alone, is a clear example of business-supporting farming, and promoting it as a livelihood of choice that offers an attractive income.

Nigeria emerges best performing MILO® country in the world!

Nigeria won in the Expanders League of the MILO® Trophy for strong performance across all key measures through consistent execution of the basics and strengthening market share in a highly competitive environment since achieving leadership in 2011.

Nestlé MILO® is 2014 Brand of the Year

Nestlé MILO® emerged Brand of the Year at the 2014 Advertisers' Association of Nigeria, (ADVAN) Marketing Excellence Awards. Nestlé MILO® won awards in four of the categories beating brands such as Gulder, MTN, Pepsi, and Guinness. For its 2013 Back to School Promo, the brand was awarded first prize in the Consumer Promotion category while the emotional 'Thanks Mum' campaign won in the Campaign of the year category. Doja Ekeruche, Beverages Category Manager, received the Brand Manager of the Year award. Nestlé MILO® also emerged second runner up for its sports programmes in the Experiential Marketing category.

Promoting excellence in sports and brand journalism

In line with its commitment to reward excellence in journalism, Nestlé MILO® organised a media luncheon for sports and brand editors, as well as photo journalists. The winners were rewarded with brand new Dell laptops and commemorative plaques. A quiz competition and raffle draw were also organised where winners went home with valuable items such as generator and air conditioner.

Contributing to sports development in Nigeria

Nestlé continued to show its support for the development of sports at the grassroots through its sponsorship of the 16th Nestlé MILO® Basketball Secondary Schools Championship. Over 92,000 students from 7,530 schools across Nigeria participated in this edition. Facilitated by NBA coaches and scouts from the United States of America, a three day Top 50 camp was organised for the Most Valuable Players (MVPs) from all the regional conferences, together with the MVPs of the finals.

Promoting youth entrepreneurship in Nigeria

Buoyed by the need to encourage our youth to unleash their creativity and fulfil their dreams and aspirations, NESCAFE®, launched Get Started Africa initiative across Central and West Africa in 2014. More than 10,000 dreams from Ghana, Nigeria, Togo, Benin, Burkina Faso, Mali and Senegal were collected and posted on the brand's Facebook page. The most "liked" dreams were shortlisted and the winner and runners-up selected by a Jury composed of NESCAFÉ® team staff. Muazu Adamu, a 21-year old Nigerian student emerged the winner of the 2014 Get Started Africa, thanks to his dream to light up the continent by boosting power produced from power generators. Muazu invented a power optimizer, a device that can be connected to a generator to boost power and that can be used on all electrical appliances. NESCAFÉ® awarded Adamu 20,000 USD to help him implement his idea. Half of the money will be used to develop Adamu's business and project management skills.

Strong commitment to Nigerian economy

In furtherance of our long-term commitment to the growth and development of Nigeria economy, we laid the foundation of our ultra-modern Nestlé Waters factory in Abaji, near Abuja on 23 May 2014. The new ₦ 4.8 billion facility which occupies 14.13 hectares is key to growth of Nestlé Waters operation in Nigeria. The new investment underpins Nestlé's belief in the potential of local market and resilience of the Nigerian economy.

Supporting Community Policing Initiative

In support of the community policing initiative of the Nigerian Police Force, Nestle Nigeria donated a 20 KVA Jubailee Generator to Ilupeju Police Station in 2014.

Strengthening leadership in corporate governance

Nestlé's leadership in corporate governance and compliance in prompt payment of corporate tax was acknowledged in 2014. The Company emerged as the overall Best Tax-Payer (Corporate category) in Ogun State. Speaking at the award presentation ceremony, the Ogun State Governor, Ibikunle Amosun commended Nestlé for prompt remittance of taxes due to Ogun State. He described Nestlé as a model in corporate governance worthy of emulation by other multinational companies in Nigeria.

NNIA joins forces with Nutrition Society of Nigeria to tackle iron deficiency in Nigeria

Nestlé Nutrition Institute Africa (NNIA) and Nutrition Society of Nigeria (NSN) engaged health care professionals on the menace of iron deficiency in Nigeria and possible ways of reducing it, especially within the 1st 1000 Days of Life. During a seminar titled "Hidden Hunger: Improving Iron Deficiency in Nigeria" which was held in Owerri, Imo State, Professor Ngozi Nnam, President, Nutrition Society of Nigeria while discussing 'Nutrition in the 1st 1000 Days of Life' emphasized the importance of good nutrition during pregnancy until the 2nd birthday, as a window of opportunity to achieve lasting progress in global health and development.

Accelerating Performance Improvement in Manufacturing Operations

Flowergate factory celebrated successful integration of Total Performance Management (TPM) with other initiatives in line with the Factory TPM master plan to deliver improved results. The market Total Performance Management is part of Nestlé Continuous Excellence (NCE) - Group wide initiative that will accelerate performance improvement across operations to create competitive gaps and support delivery of the Nestlé model.

Promoting Employees Nutrition Health and Wellness

Buoyed by the need to promote the Nutrition, Health and Wellness culture among employees, Nestlé Nigeria organised a week-long internal NHW campaign with the theme "Add Life to Years with Nestlé." To increase awareness on the NHW values in our products and brands, each category business had a specific date for staff engagement.

List of Distributors

Listed below are the Company's Major Distributors during the year

S/N	Name of Distributor
1.	A. D. Basharu And Sons Nigeria
2.	A. E. Chrismerchants Ltd
3.	A'Alij Merchants Company
4.	Achida Saidu Usman And Sons
5.	Ade Distribution And Investment
6.	Adebukola And Sons Limited
7.	Adetimehin Integrated Investment
8.	Ajoke Stores Limited
9.	Albawa International Investment Ltd
10.	Alh Abubakar Zamau
11.	Alh Ibrahim Usman Achida & Sons Ltd
12.	Alh Usman Muazu
13.	Alh. Rufai Muhammad Nig. Enterprise
14.	Alhaji Garba Dankane Jega
15.	Alhaji Mohammad Monguno
16.	Alhaji Tukur Faru
17.	Ali Sa'adu Muhammed
18.	Allanka Nigeria Limited
19.	Al-Wadud Ventures Limited
20.	Andyson Investment And Agro Allied
21.	Basrose Stores
22.	Bello Zubairu Bello And Company
23.	Benenison Investment Ltd
24.	Bukola Oshinaike
25.	Butsun Ratboh Nigeria Limited
26.	C I Obioha And Sons
27.	CEC Global Ventures
28.	De Majok Global Ent
29.	De-batoram & Son Nig. Ltd
30.	Dolat Multi Enterprises
31.	E V Okpalaoka And Sons Nig. Ltd
32.	Ecart Internet Service
33.	Elymay Nigeria Limited
34.	Everest Sales & Stores
35.	Ezenwa And Sons-Lafia
36.	Fes Nigeria Limited
37.	First Choice Retailing Ltd
38.	Franco International West Africa
39.	Fusaha Ventures
40.	G. N Chukwu Nig Ltd
41.	Hamir Investment Nig. Ltd
42.	Igbozulike Investment Limited
43.	Igwediebube Nigeria Limited
44.	Innovation Era

S/N	Name of Distributor
45.	Iyanu Business Ventures Limited
46.	J. J. Nnoli And Sons
47.	J. O. Adebiyi And Sons Nigeria
48.	Jamkat Integrated Investment Ltd
49.	Joc Dona Investments Limited
50.	Julius Ogu And Sons Limited
51.	Justrite Limited
52.	Kaima Integrated Network Ventures
53.	Kenny Commodities Merchant Nigeria
54.	Kinco Global Link Limited
55.	Kofaj Nigeria Enterprises
56.	Kwesifin Ventures
57.	Lajim Tatabe Brothers Stores
58.	Lilyemman Global Venture
59.	Livingspring Bulk Purchase Ltd
60.	M. A. Onigbinde And Sons Limited
61.	Makemx Nigeria Limited
62.	Mazaf Honest Concept Limited
63.	Mazek Resources Ltd
64.	Modu Director And Sons Limited
65.	Nansabel International Limited
66.	Next Cash And Carry
67.	Nortex Business Link
68.	Nultan Nig. Ltd
69.	Ojawa Nig Enterprises
70.	Olaniyi Badmus Nig. Ltd
71.	RSL International Ltd
72.	RSL Ventures Capital Limited
73.	S C Okafor NIG LTD
74.	Saadu Ali Mai Silifas Nigeria Ltd
75.	Sambajo General Enterprises Limited
76.	Seddt Nigeria Limited
77.	Sidi And Sons
78.	Tamal Global Multi Purpose Nig. Ltd
79.	Timac Ventures
80.	Tivo Corporate Services Intl' Ltd
81.	Umar S. B. Radda Nig. Ltd
82.	Viceri Dynamic Investment
83.	Vinna Investment Limited
84.	W. J. Ukaonu & Sons Nig. Ltd
85.	Wet Sample Enterprises

Corporate Directory

Head office: Lagos. P.M.B. 21164, Ikeja, Lagos State. 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
Sagamu, Ogun State.
Tel: 2791150.

Distribution Centre:
Km 7, Idi-Iroko Road,
Sango-Ota, Ogun State
Tel: 7912764, 7944658,
7924502.

Branch Offices

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

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

PORT HARCOURT
19 Stadium Rd, Port Harcourt.
Tel: 08052797388.

OWERRI
46 Wetheral Road,
Owerri.
Tel: 08052797140.

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

LAGOS EXTENSION
Km 7, Idi-Iroko Road,
Sango-Ota, Ogun State.
Tel: 08052797053.

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

ABUJA
Union Homes Mega Mall
Plot 1479, Oro Agu Crescent,
Garki, Abuja.
Tel: 08052797092.

Notes

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, GTL Registrars Limited of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal Adviser

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal

Note: ** Please be informed that by filling and sending this form to our Registrars, GTL 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.

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

Affix N50.00
Postage Stamp
Here

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

Proxy Form

46TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON MONDAY, 11 MAY 2015 AT THEMUSON 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 11 May 2015 and at any adjournment thereof.

Dated this..................day of...............................2015

Signature...

....

Ordinary Business	For	Against
· To declare a Final Dividend		
· To re-elect Directors:		
Mr. Saiful Islam		
Mrs. Iquo Ukoh		
· To appoint Akintola Williams Deloitte as new Independent Auditor		
· To authorise Directors to fix the remuneration of Auditors		
· To elect members of the Audit Committee		
Special Business		
· To fix the remuneration of Directors		
· To authorize the Company to procure goods and services necessary for its operations from related companies		

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 8 May 2015. 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 46TH 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 Monday, 11 May 2015.

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 Adviser

Affix N50.00
Postage Stamp
Here

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

NESTLÉ NIGERIA PLC

Electronic Delivery Mandate Form

Nestlé

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
GTL Registrars Limited
2, Burma Road, Apapa
P. M. B 12717, Lagos

or any of their branch offices nationwide.

Bode Ayeku
Company Secretary/Legal Adviser

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
GTL REGISTRARS LIMITED
2, BURMA ROAD, APAPA
P. M. B 12717
LAGOS

design+production:dbrig communications ltd. tel:01-4548146
www.dbrigcommunications.com