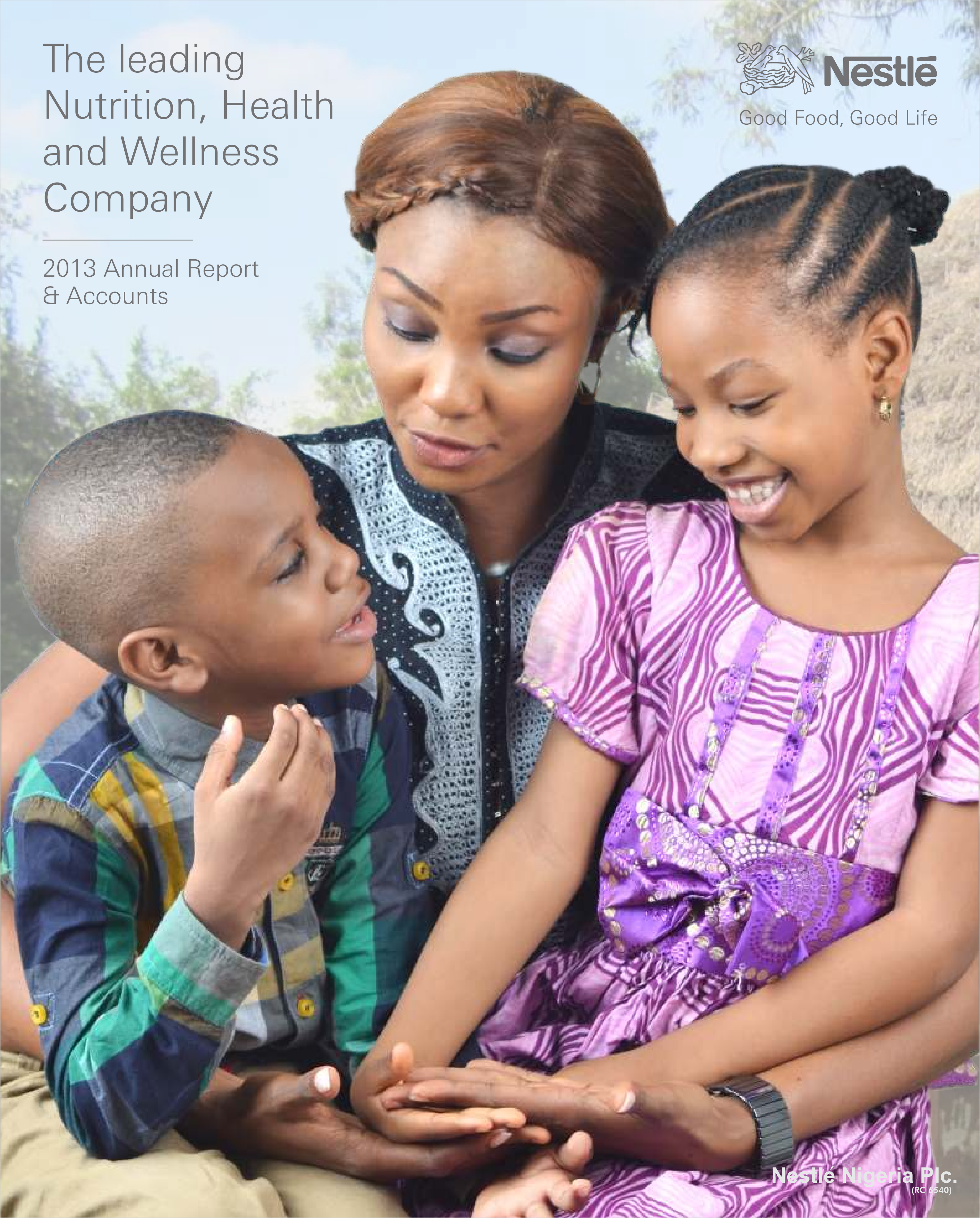
The leading Nutrition, Health and Wellness Company

2013 Annual Report
& Accounts

Nestlé
Good Food, Good Life



Nestlé Nigeria Plc.
(RC 6540)

Good Food
Good Life

MAGGI NESCAFÉ MILO Nestlé Pure Life NIDO Nestlé Nutrition Golden Morn

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

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Directors and Other Corporate Information

Board of Directors:

Mr David Ifezulike	Chairman - Appointed 10 May 2013
Chief Olusegun Osunkeye	- Resigned 9 May 2013
Mr Dharnesh Gordhon (South African)	MD/CEO - Appointed 1 June 2013
Mr Martin Woolnough (Australian)	- Resigned 31 May 2013
Mr Martin Kruegel (German)	
Mrs Iquo Ukoh	
Mr Etienne Benet (French)	- Resigned 31 July 2013
Mr Frederic Duranton (French)	- Resigned 31 May 2013
Mr Giuseppe Bonanno (Italian)	- Appointed 1 June 2013
Mr Kais Marzouki (German)	- Appointed 1 August 2013
Late Dr Fiama Mshelia	- Deceased 28 December 2013
Mr Gbenga Oyebode	- Appointed 24 February 2014
Mrs Ndidi Okonkwo Nwuneli	- Appointed 24 February 2014

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

Company Secretary/Legal Adviser:

Mr Bode Ayeku

Registered Office:

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

Registrars:

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

Independent Auditors:

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

Members of the Audit Committee:

Mr Matthew Akinlade	Chairman
Alhaji Kamorudeen Danjuma	
Mr Christopher Nwaguru	
Late Dr Fiama Mshelia	Deceased 28 December 2013
Mrs Iquo Ukoh	
Mr David Ifezulike	Resigned 10 May 2013
Mr Giuseppe Bonanno	Appointed 1 August 2013

Company Profile

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

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

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

Nestlé Nigeria Plc was listed on the Nigerian Stock Exchange on April 20, 1979. Nestlé Central & West Africa (CWA) Limited is the major shareholder of the Company. As at December 2013, 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 2013 was ₦133.0 billion. In the year 2013, the Company's profit before tax was ₦26.0 billion and profit after tax was ₦22.3 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; 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.

> 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.

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

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

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

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

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

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

The Company also promotes Nigerian food culture through its MAGGI Star Kitchen participatory cookery programme in neighbourhoods;

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

Nestlé is committed to environmentally sound business practices. The Company integrates environmental policies, programmes and practices into each business as an element of management in all its functions. The Company strives always to minimize the impact of its operations on the environment through the utilization of packaging and manufacturing processes that are internationally recognized to have minimum impact on the environment. To further reduce our environmental footprint and ensure efficient use of energy for manufacturing operation, Nestlé Nigeria Plc 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.

“Nestlé is committed to environmentally sound business practices. The Company integrates environmental policies, programmes and practices into each business as an element of management in all its functions. The Company strives always to minimize the impact of its operations on the environment through the utilization of packaging and manufacturing processes that are internationally recognized to have minimum impact on the environment.”


MAGGI
MAGGI
SEASONING
MAGGI
MILO
NESCAFÉ
NIDO
Nutrition

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9, Onikan, Lagos, on Monday, 12 May 2014 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 2013 and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a Final Dividend
3. To re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect the members of the Audit Committee

SPECIAL BUSINESS

6. To fix the remuneration of Directors

Dated 24 February 2014

By Order of the Board

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

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

NOTES

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

(b) DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS: If the Dividend recommended by the Directors is approved, dividend warrants will be posted on Tuesday, 13 May 2014 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 25 April 2014. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 28 April 2014 to Monday, 5 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, Union Registrars Limited 2, Burma Road, Apapa, P.M.B. 12717, Lagos during normal working hours.

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

Chairman's Statement

> "The environment looks to be every bit as challenging in 2014 as it was in 2013. But 2014 will again provide opportunities to leverage our competitive advantages, deliver on our growth opportunities and benefit from our drive for continuous improvement across the company."

Mr David Ifezulike
Chairman

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

I am pleased to welcome you to the 45th Annual General Meeting of our company and to present the Annual Report and Accounts as well as a review of the performance of our company for the year ended 31 December 2013.

Business Environment

Nigeria's economy continued to see strong growth in 2013, receiving a major fillip with the completion of the long-awaited privatization of the power sector. Electricity has long been the Achilles' heel of Nigeria's economy, with the country generating one-tenth the power of South Africa, a country that has one-third the population.

We commend the federal government for this milestone, which is one of the world's biggest-ever privatization project. We hope the initiative will continue to attract investment to the power generation sector, improve efficiency and boost supply, which lags behind rapidly growing demand.

In addition to their tangible impact, the reforms in the power sector provide a strong indication that Nigeria is willing to push ahead with economic liberalization to support long-term economic growth.

We also wish to praise the federal government for the unprecedented institution and implementation of some economic policies which have helped in reviving hitherto moribund manufacturing sector of the economy and encourage industrialization and job creation.

We note with delight the special intervention funds of the Central Bank of Nigeria - disbursed through the Bank of Industry (BOI) - which have also helped revive a good number of ailing industries and SME's. The incentives will no doubt boost trade and investment in the non-oil sector and generate employment in agro-allied industries.

Operating Results and Performance

The economic environment in 2013 was very challenging because of the deteriorating security situation in the country, particularly in the northern region. Our response was to increase brand support, accelerate innovation and renovation, and ensure our pricing was sensitive to consumer needs. This gave impetus to our real internal growth and, together with efficiencies and structural cost savings, contributed to our profit increase and strong cash flow.

You can obtain the details of the operating results on page 25 of this Annual Report and Account or from our investor's website: http://www.nestle-cwa/en/investors/nigeria

Dividend

In view of the good performance achieved in 2013 and in line with your Board's commitment to creating value for its shareholders, the Board is proposing a dividend of ₦24.00k. An interim dividend of ₦1.50k was earlier declared and paid, making a total dividend of ₦25.50k per share for the year 2013. This represents 27.5% increase from 2012.

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 2013 Annual Report and Accounts and deliver to our Registrars either at the venue of the Annual General Meeting or to their office immediately after this meeting.

Shareholders are also required to open bank accounts, stock broking accounts and Central Securities Clearing Systems (CSCS) accounts for the e-Dividend and e-Bonus. Your compliance with this request will reduce the magnitude of unclaimed dividends and share certificates and eliminate the delay or loss of dividend warrants.

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.

₦5.4 Billion Distribution Centre, Agbara

In furtherance of our commitment to the development of Nigerian economy, we inaugurated an ultra-modern Distribution Centre in Agbara, Ogun State in 2013. The new ₦5.42 billion facility is key to Nestlé's growth in Nigeria. The new facility will further strengthen Nigeria's role as the largest manufacturing operation for Nestlé in the West and Central Africa region.

Marketing, Sales and Product Performance

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.

Nestlé GOLDEN MORN millet launch

Buoyed by the need to provide consumers with high quality foods that provide nutritional value at an affordable cost, we introduced a new millet variety of GOLDEN MORN fortified with iron and vitamin A. The new product offers millions of Nigerian families the opportunity to increase their intake of two essential micronutrients as part of their daily breakfast. The introduction of millet variety expands the product portfolio of GOLDEN MORN to three in addition to maize enriched and maize choco.

Launch of Nestlé PURE LIFE Protect and 5-litre family size Nestlé PURE LIFE

We believe that hydration is at the heart of public health challenges in Nigeria.

At Nestlé Waters, the healthy hydration Company in Nigeria, we utilize all of our expertise to make sure that we bring consumers the best of water. In furtherance of our commitment to create innovative healthy hydration solutions in Nigeria, we launched 60 cl Nestlé PURE LIFE Protect, a variant of our bottled water brand fortified with zinc - an essential mineral to support the immune system.

To further increase our market share, we launched Nestlé PURE LIFE 5-litre family size bottle, the first of its kind in Nigeria.

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 15th year in a row reaching 5,700 schools pan Nigeria. The Championship which began in 1999 has grown to be the single biggest basketball event in Nigeria. We also created additional platform for Nigerian youths to express their sporting talents and showcase their skills by sponsoring the maiden Nestlé MILO National Youth Games in Abuja, in 2013.

Employees

The good performance we recorded in 2013 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 2013 results possible. As at 31 December 2013, 2,288 people benefitted from direct employment (excluding third party and fixed contract staff). Also, in 2013, 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. 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.

Creating Shared Value

We believe that companies are only sustainable and successful over the long term if they create value not just for their shareholders but also for the societies in which they operate. We believe that we can create value for our shareholders and society by doing business in ways that specifically help address global and local issues in the areas of nutrition, water and rural development. 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 2013.*

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

2nd Creating Shared Value Media Workshop

To further build our thought leadership and promote public understanding of nutrition, water and rural development, we organised a workshop for health and science journalists on creating shared value. The event was held in partnership with Federal Ministry of Health and Nutrition Society of Nigeria.

Best Company in Environmental Sustainability in Nigeria

In recognition of our leadership and commitment to environmentally sustainable business practices, our company emerged the best organisation in environmental sustainability in Nigeria in 2013. Nestlé Nigeria received the award at the 2013 edition of the Social Enterprise Reports and Award (SERA).

Nestlé Healthy Kids Global Programme in Nigeria

In 2013, we continued our initiative to improve the nutrition, health and wellness of school-aged children in Nigeria through the healthy kids programme. The programme was launched in Lagos and Ogun states in 2011 and extended to Oyo and Ondo states in 2013. The healthy kids programme continued to witness significant expansion in reach, improved knowledge and behaviour in nutrition and physical activity. The number of children directly reached increased from 15,000 in 2012 to over 62,000 in 2013.

Outlook for 2014

The environment looks to be every bit as challenging in 2014 as it was in 2013. But 2014 will again provide opportunities to leverage our competitive advantages, deliver on our growth opportunities and benefit from our drive for continuous improvement across the company. We will continue to be disciplined in driving our performance in line with the Nestlé Model of profitable growth and resource efficiency.

I thank you for your attention.

Mr David Ifezulike
Chairman

Corporate Governance Report 2013

Background

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

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 Nigeria Plc resulting from its commitment to the highest levels of corporate citizenship.

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

Future Relations with Shareholders

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

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

Communication with Stakeholders

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

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

Transparency in Financial Reporting and Internal Control

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

Board of Directors

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

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

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

The following are the specific issues reserved for the Board:

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

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

List of Board Members and attendance of meetings

Name	# No. of meetings held	No. of meetings attended
Mr. David Ifezulike	4	4
Chief Olusegun Osunkeye	2	2*
Mr. Dharnesh Gordhon	2	2+
Mr. Martin Woolnough	2	2**
Mr. Martin Kruegel	4	4
Mrs. Iquo Ukoh	4	4
Mr. Frederic Duranton	2	1***
Mr. Etienne Benet	3	2****
Mr. Giuseppe Bonanno	2	1++
Mr. Kais Marzouki	1	1+++
Late Dr. Fiama Mshelia	4	4

During the time the Director was a member of the Board of Directors.

Board meetings were held on 18/2/2013, 9/5/2013, 23/7/2013 and 11/11/2013.

Mr. Gbenga Oyebode and Mrs. Ndidi Okonkwo Nwuneli were subsequently appointed after the year end but before the approval of the financial statements and have no shares in the company.

Mr. David Ifezulike was appointed the Chairman of the Board of Directors with effect from 10/5/2013.
Late Dr. Fiama Mshelia died on 28/12/2013.

* Chief Olusegun Osunkeye resigned from the Board as Director and Chairman on 9/5/2013
** Mr. Martin Woolnough resigned as a Director and Managing Director on 31/5/2013
*** Mr. Frederic Duranton resigned as a Director on 31/5/2013
**** Mr. Etienne Benet resigned as a Director on 31/7/2013
\+ Mr. Dharnesh Gordhon was appointed Director and Managing Director on 1/6/2013
++ Mr. Giuseppe Bonanno was appointed Director on 1/6/2013
+++ Mr. Kais Marzouki was appointed Director on 1/8/2013

Board Appointment, Induction and Training Processes

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

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

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

Evaluation Process and Summary of Evaluation Results

The Board has established a system to undertake a formal and rigorous annual evaluation of its performance, that of its Committees, the Chairman and individual directors. The Board designed 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 2013 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. Dharnesh Gordhon** (South African) 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 from 1st June 2013. His appointment is presented for the approval of the shareholders.

b) **Mr. Giuseppe Bonanno** (Italian) is the Head of Finance and Control of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He is a Certified Public Accountant and a 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 Waters as Corporate Industrial Controller. He held various positions within the Nestlé Group 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 as Head of Finance & Control Nestlé CWA Region. He was appointed to the Board as non-executive director with effect from 1st June 2013.

c) **Mr. Kais Marzouki** (German) is the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds a European Master's in Management degree and started his working career in Nestlé Group in 1995 in Brand Management in Switzerland. He held various positions within the Nestlé Group 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 in Nestlé Oceania from 2011 to 2013 before his current appointment in August 2013 as the Market Head of Nestlé CWA Region. He was appointed a non-executive director on 1 August 2013.

d) **Mr. Gbenga Oyebode** is a non-executive director of the company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1980 and admitted an attorney-at-law of the Supreme Court of New York State in 1983. He holds a Master of Laws degree and is the Managing Partner of Aluko & Oyebode & Co. since 1993. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He is the Chairman of the Section of Business Law of the Nigerian Bar Association, a Member of the Order of the Federal Republic of Nigeria (MFR) and Belgian Royal Honour of "Knight of the Order of Leopold". 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 a non-executive director on 24 February 2014.

e) **Mrs. Ndidi Okonkwo Nwuneli** is a non-executive director of the company. She holds a Master in Business Administration. She worked with McKinsey & Company as Business Analyst and Associate in Chicago and South Africa before she joined the FATE Foundation as pioneer Executive Director in 2000. She was the CEO of the Leadership, Effectiveness, Accountability and Professionalism (LEAP) Africa for six years before joining the Sahel Capital Partners & Advisory in Lagos in 2008. She is the Co-Founder and a Director of AACE Food Processing and Distribution Limited, an indigenous agro processing company which started business in 2009. She was appointed a non-executive director on 24 February 2014.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) Directors appointed by the Board of Directors to submit recommendations on the salaries of Executive Directors to the Board for approval. The committee met on 18/2/2013 and 11/11/2013 and discharged their responsibilities excellently in 2013. The table below shows the members who served on the committee in 2013 and their attendance at meetings:

Name	Status	* No. of meetings held	No. of meetings attended
David Ifezulike	Chairman (wef 10/5/2013)	1	1
Giuseppe Bonanno	Member (wef 1/6/2013)	1	1
Kais Marzouki	Member (wef 1/8/2013)	1	1
Olusegun Osunkeye	Chairman (up to 9/5/2013)	1	1
Frederic Duranton	Member (up to 31/5/2013)	1	1
Etienne Benet	Member (up to 31/7/2013)	1	1

* During the time the Director was a member of the Board of Directors

Safety, Health and Environment Committee

The Committee is to review reports on safety, health and environmental activities of the Company, safety statistics and environmental compliance. The Committee is also to review reports on visits made to Nestlé on safety, health and environment by government agencies and the proposed activities in relation to the Company's safety, health and environmental policy. Meetings were held on 15/2/2013 and 22/7/2013 and the committee discharged their responsibilities excellently in 2013.

The table below shows the Directors who served on the committee in 2013 and their attendance at meetings:

Name	Status	* No. of meetings held	No. of meetings attended
David Ifezulike	Chairman (wef 10/5/2013)	2	2
Martin Woolnough	Chairman (up to 9/5/2013)	1	1
Dharnesh Gordhon	Member (wef 1/6/2013)	1	1
Late Fiama Mshelia	Member	2	2

* During the time the Director was a member of the Board of Directors

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 on 15/2/2013, 8/5/2013, 22/7/2013 and 30/10/2013 during the period under review and discharged their responsibilities excellently in 2013.

The table below shows the members who served on the committee in 2013 and their attendance at meetings:

Name	Status	* No. of meetings held	No. of meetings attended
Matthew Akinlade	Chairman	4	4
Kamorudeen Danjuma	Member	4	4
Christopher Nwaguru	Member	4	4
David Ifezulike	Member	2	2
Late Dr. Fiama Mshelia	Member	4	4
Iquo Ukoh	Member	4	3
Giuseppe Bonanno	Member	1	AWA

* During the time of membership of the Audit Committee
AWA - Absent With Apology

Mr. Giuseppe Bonanno was not able to attend the meeting after his appointment due to an official assignment.

Board Charter and Code of Ethics

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

Insider Trading

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

Human Resources Policies and other related matters

The Company recognises that its 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 Nigeria Plc has no employee share-ownership scheme.

It is the Company's policy to:

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

Company's Sustainability policies

Corruption

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

In furtherance of the above, the Company has established an anonymous whistle blowing system which enables staff, 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 anonymous letter, e-mail or dedicated telephone line.

Creating Shared Value

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

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.

Notable Awards received in 2013

In view of the entrenched strong corporate governance culture, Nestlé Nigeria Plc continues with its record of being a regular award-winning company. In 2013, the Company won the 2013 Nigerian Stock Exchange CEO Award as the Most Compliant Listed Company. Also, the Nigeria Chapter of the International Facility Management Association presented to the Company the IFMA Award of Excellence for being the Best Managed Industrial Facility. The Advertising Practitioners Council of Nigeria (APCON) also presented the Company the award as the Most Compliant Advertiser in Food and Beverages Category in 2013. The Institute of Personnel Management of Nigeria also voted our Company as the Most Employee Friendly Company in 2013. In addition, the Elite Business Africa Network presented to the Company the Nigeria Elite Business Award for being Nigeria's Food and Beverage Company of the year 2013.

Environmental Protection

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

When all options for water use reduction, reuse and recycling have been exhausted, the waste water that is left must be discharged to the environment. To reduce both the volume and load of the waste water, Nestlé has built a modern waste water treatment facility at Agbara factory.

The facility ensures that the physical, chemical and biological parameters of the wastewater are controlled within the limits set by the government of Nigeria before discharging from the factory.

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

HIV/AIDS

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

E-Dividend

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

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

Auditors

The Company's auditors are KPMG Professional Services.

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

Board of Directors

Mr
David Ifezulike
Chairman

Mr. David Ifezulike is the Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Petroleum Engineering. He joined Nestlé in 1980 and worked for over 22 years in various capacities and locations including Nigeria, Ghana and Switzerland. Mr. Ifezulike was on international exchange programme as the Factory Manager of Nestlé Ghana between May 1999 and April 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000 and appointed the Chairman with effect from 10 May 2013.

Mr
Dharnesh Gordhon
(South African)
Managing Director

Mr. Dharnesh Gordhon (South African) 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 from 1 June 2013.

Mr
Martin Kruegel
(German)

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

Mrs
Iquo Ukoh

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 Nestlé Nigeria Plc.

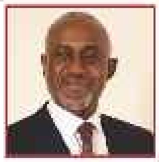
Mr
Kais Marzouki
(German)

Mr. Kais Marzouki (German) is 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 a non-executive director on 1 August 2013.

Mr
Giuseppe Bonanno
(Italian)

Mr Giuseppe Bonanno (Italian) is 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 a non-executive director on 1 June 2013.

Mr
Gbenga Oyebode
(MFR)



Mr. Gbenga Oyebode 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 the Section of Business Law of the Nigerian Bar Association. 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 a non-executive director of the Company on 24 February 2014.

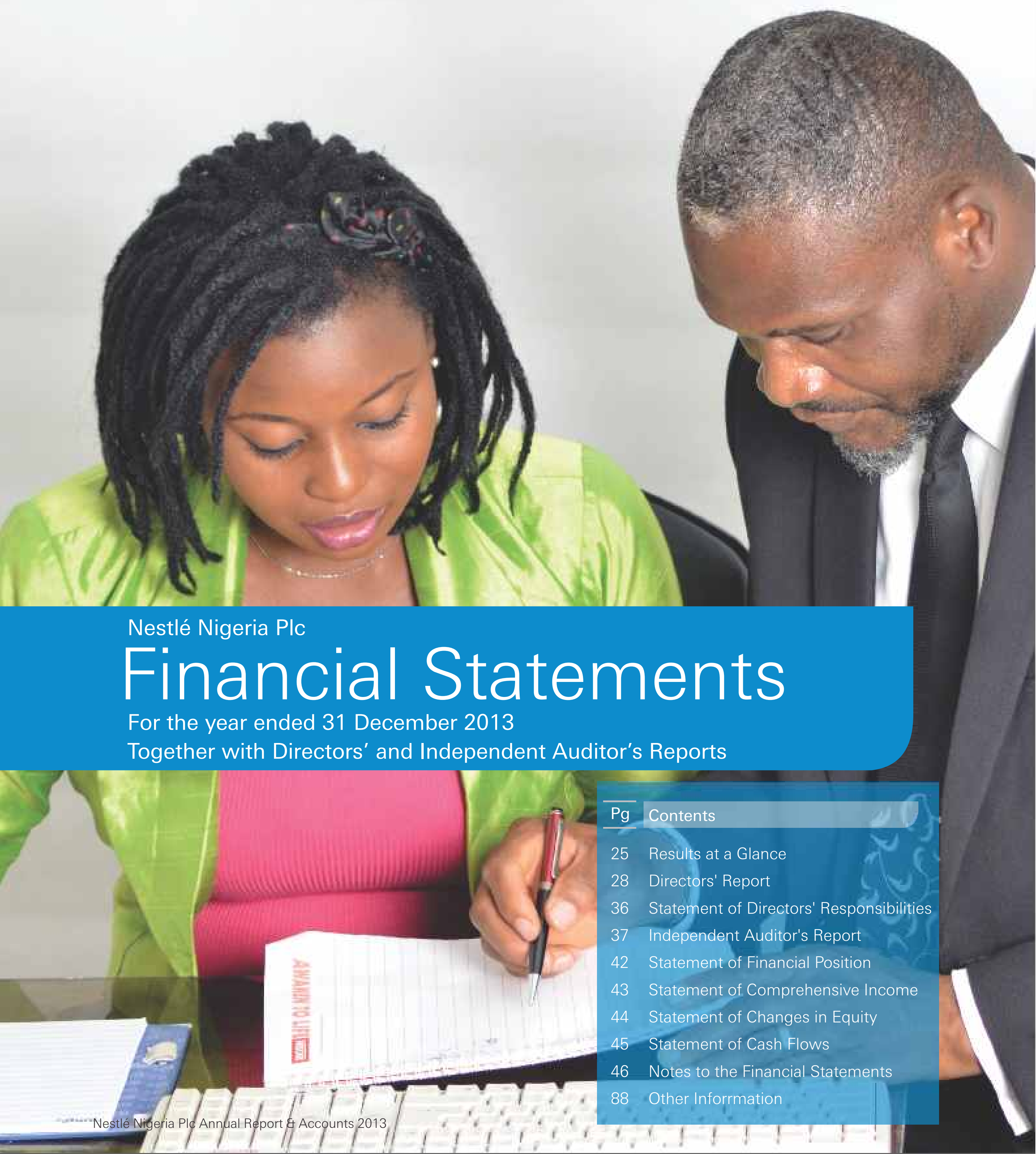
Mrs
Ndidi Okonkwo Nwuneli
(MFR)

Mrs. Ndidi Okonkwo Nwuneli is a 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 a non-executive director of the Company on 24 February 2014.

Mr
Bode Ayeku

Mr. Bode Ayeku 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.

Building value for shareholders



Nestlé Nigeria Plc

Financial Statements

For the year ended 31 December 2013
Together with Directors' and Independent Auditor's Reports

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Results at a Glance

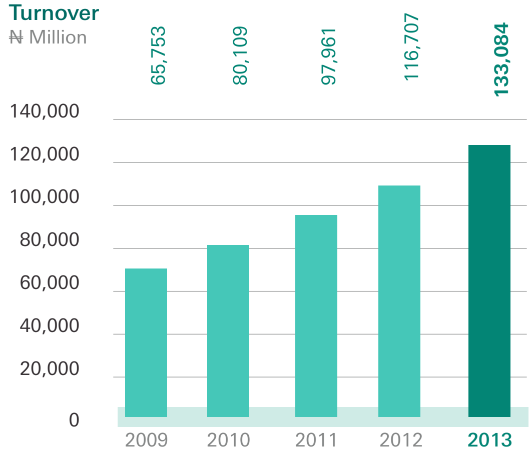
In millions of naira	2013	2012	Increase %
Revenue	133,084	116,707	14
Profit before income tax	26,048	25,050	4
Profit for the year	22,258	21,137	5
Declared dividend*	15,853	9,948	59
Share capital	396	396	-
Total equity	40,595	34,186	19
Data per 50k share			
Basic earnings	₦28.08	₦26.67	5
Declared dividend*	₦20.00	₦12.55	59
Net assets	₦51.21	₦43.13	19
Dividend per 50k share in respect of current year results only			
Interim dividend declared	₦1.50	₦1.50	-
Final dividend proposed**	₦24.00	₦18.50	30
Stock Exchange Information			
Stock Exchange quotation at 31 December in Naira per share	₦1,200.00	₦700.00	71
Number of shares issued ('000)	792,656	792,656	-
Market capitalisation at 31 December (₦: million)	951,187	554,859	71

* Declared dividend represents the interim dividend declared during the year from the pioneer profits as at the year ended 31 December 2012, plus the final dividend proposed for the preceding year but declared during the current year.

** The directors propose a final dividend of ₦24.00 (2012:₦18.50) per share on the issued share capital of 792,656,252 (2012:792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting. The final dividend proposed is composed of ₦16.76 and ₦7.24 (2012: ₦12.19 and ₦6.31) from the pioneer and non-pioneer profits of the Company respectively.

Performance Indicators

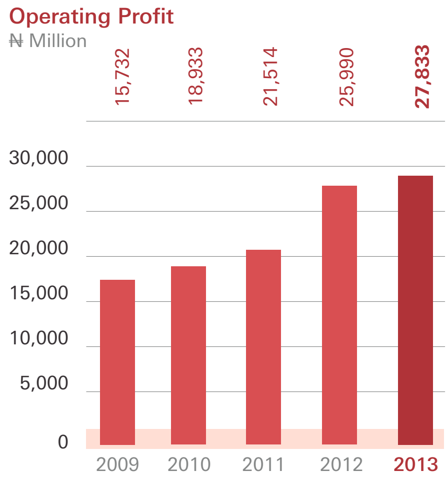
Turnover growth 102% over the last four years



Turnover Development

- Turnover growth 14% from 2012 to 2013
- Turnover growth 18% in H2 2013
- Turnover growth 102% over the last four years
- All Segments and Businesses with strong Turnover development
- On the back of heavy capacity increases also in 2013

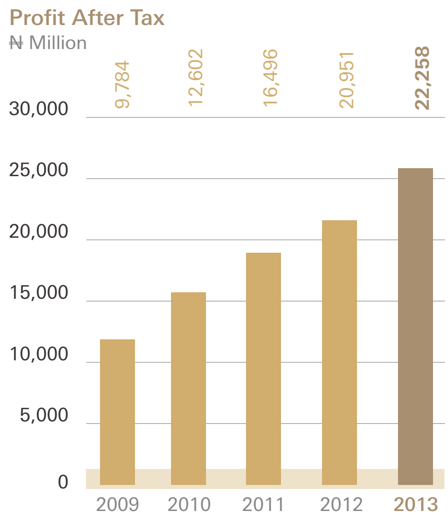
Growth of Operating Profit 77% over the last four years



Operating Profit Development

- Growth of Operating Profit 7% from 2012 to 2013
- Growth of Operating Profit 77% over the last four years
- Higher investments in Marketing & Distribution to build basis for future growth

Growth of PAT 127% over the last four years



Profit After Tax Development

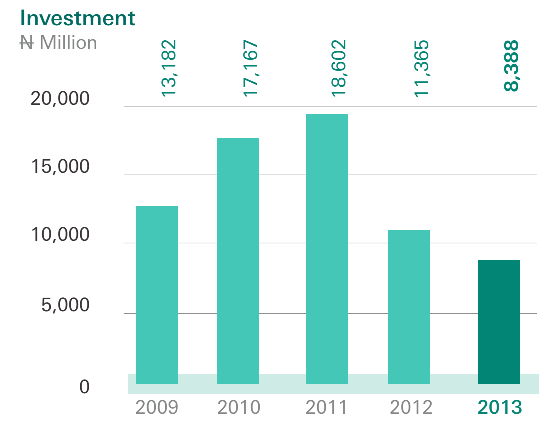
- PAT growth with 6% from 2012 to 2013
- Growth of PAT 127% over the last four years
- PAT Margin 2013 impacted by devaluation loss on USD denominated loans
- Huge Tax savings due to granted "Pioneer Status"

Investments

Investments of NGN 8.4 Bio in the year 2013

Investments of NGN69 Bio during the last five years

Capacity Increases in our existing factories Agbara and Flowergate



Investments of NGN69 Bio during the last five years

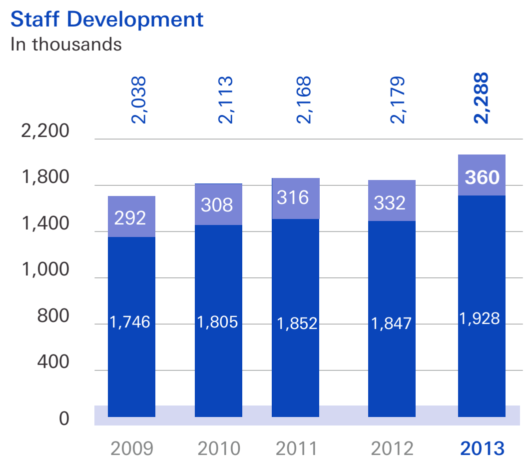
Market Capitalization Development

- Increase of share price from NGN 700 to NGN 1,200 during the year 2013
- Growth of Market Capitalization with 71% from 2012 to 2013
- Growth of Market Capitalization with 501% from 2009 to 2013

Growth of Market Capitalization with 71% from 2012 to 2013

Staff Development

- Consistent growth of employment over the last five years
- End of 2013, we employed 2,288 own staff
- More than 14,000 people rely on Nestlé Nigeria PLC for their income
- Growth of employment especially in the Production- and Supply Chain areas
- Strong cost control in the Administration areas



Consistent growth of employment over the last five years

1 Financial Statements

The directors present their annual report on the affairs of Nestlè Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 December 2013.

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:

	2013 ₦‘000	2012 ₦‘000
Revenue	133,084,076	116,707,394
Results from operating activities	27,832,980	25,989,569
Profit before income tax	26,047,590	25,050,172
Profit for the year	22,258,279	21,137,275
Total comprehensive income for the year	22,258,279	20,950,774
Retained earnings, end of year	40,139,626	33,707,429

4 Dividend

The directors recommend the payment of a final dividend of ₦24.00 (2012:₦18.50) per share, having earlier declared an interim dividend of ₦1.50 (2012:₦1.50) per share, on the issued share capital of 792,656,252 (2012:792,656,252) ordinary shares of 50k each totaling ₦25.50 (2012:₦20.00). The final dividend proposed is composed of ₦16.76 and ₦7.24 (2012: ₦12.19 and ₦6.31) from the pioneer and non-pioneer profits of the Company respectively. The interim dividend was declared entirely from the pioneer profits of the Company arising as at the year ended 31 December 2012. If the proposed final dividend of ₦24.00 is approved by the shareholders, the non-pioneer dividend portion of N7.24 will be subject to deduction of withholding tax at the applicable rate at the time of payment.

5 Directors and Their Interests

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

		Interest in the Ordinary Shares of the Company 2013	2012
Mr. David Ifezulike	- Chairman	76,255	76,255
Chief Olusegun Osunkeye		20,000	250,000
Mr. Dharnesh Gordhon (South African)	- MD/CEO	Nil	Nil
Mr. Martin Woolnough (Australian)		Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Mr. Giuseppe Bonanno (Italian)		Nil	Nil
Mr. Frederic Duranton (French)		Nil	Nil
Mr. Kais Marzouki (German)		Nil	Nil
Mr. Etienne Benet (French)		Nil	Nil
Mrs. Iquo Ukoh		37,500	37,500
Late Dr. Fiama Mshelia		3,750	3,750

Mr. Gbenga Oyebode and Mrs. Ndidi Okonkwo Nwuneli, subsequently appointed after the year end, but before the approval of the financial statements have no shares in the Company.

(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) Sequel to the retirement of Chief Olusegun Osunkeye as the Chairman of the Board on 9 May 2013, Mr. David Ifezulike was appointed to succeed him as the Chairman of the Board with effect from 10 May 2013.

(e) Mr. Martin Woolnough resigned as the Managing Director and Chief Executive Officer of the Company on 31 May 2013. Mr. Dharnesh Gordhon was appointed to succeed him as the Managing Director and Chief Executive Officer with effect from 1 June 2013. Mr. Frederic Duranton resigned from the Board on 31 May 2013 and Mr. Giuseppe Bonanno was appointed to replace him with effect from 1 June 2013. Also, Mr. Etienne Benet resigned from the Board on 31 July 2013 and Mr. Kais Marzouki was appointed to replace him with effect from 1 August 2013. On your behalf, we wish to thank the Directors who resigned from the Board for their invaluable contributions to the growth of the Company during their tenure.

Subsequent to the end of the year but before the approval of the financial statements, Mr. Gbenga Oyebode and Mrs. Ndidi Okonkwo Nwuneli were appointed as directors of the Company with effect from 24 February 2014. The new Directors will retire at the next Annual General Meeting, and being eligible, offer themselves for re-election.

(f) This is to inform the shareholders of the death of Dr. Fiama Diggira Mshelia, a Non- Executive Director of our Company, on 28 December 2013. He was appointed to the Board in 2001. He was an outstanding professional. Dr. Mshelia will be remembered for his contributions to the growth of the Company in the last 12 years. May his gentle soul rest in peace.

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 2013 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings

			Number of Shareholders	%	Number of Shares	%
1	-	1,000	17,388	59.181	5,673,547	0.72
1,001	-	5,000	7,935	27.007	18,242,762	2.30
5,001	-	10,000	2,001	6.811	13,712,611	1.73
10,001	-	50,000	1,631	5.551	32,379,719	4.08
50,001	-	100,000	197	0.671	13,574,319	1.71
100,001	-	500,000	173	0.589	36,843,786	4.65
500,001	-	1,000,000	22	0.075	15,619,091	1.97
1,000,001		and above	32	0.109	153,433,319	19.36
			29,379	99.994	289,479,154	36.52
Nestlé CWA Limited, Ghana *			1	0.003	472,308,322	59.59
Nestlé S.A, Switzerland			1	0.003	30,868,776	3.89
			29,381	100.00	792,656,252	100.00

*Apart from Nestlé CWA Limited, Ghana, with 472,308,322 ordinary shares (representing 59.59%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2013.

8 **Property, plant and equipment**

Information relating to changes in property, plant and equipment is disclosed in Note 12 to the financial statements.

9 **Donations**

The value of gifts and donations made by the Company during the year amounted to ₦35,826,000 (2012: ₦37,018,000) and analysed as follows;

	2013 ₦'000
Orile-Imo Primary School - Ogun State	15,171
International Women's Day - Ogun State	7,755
Diabetes Association of Nigeria	2,900
Food Composition Table Project	10,000
	35,826

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 Report.

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

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

11 **Local Sourcing of Raw Materials**

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

As at 31 December 2013, the Company has commenced but has not yet obtained the approval from the National Office for Technology Acquisition and Promotion for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A..

15 **Acquisition of Own Shares**

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

16 **Employment and Employees**

(a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons.

The Company had 20 (2012: 18) physically challenged persons in its employment as at 31 December 2013.

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 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 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.

In recognition of the excellent relationship between the Company and its employees, the Institute of Personnel Management of Nigeria voted our Company as the Most Employee Friendly Company in 2013.

17 **Remuneration Committee**

The remuneration committee, which consists of three directors namely Mr. David Ifezulike, Mr. Giuseppe Bonanno and Mr. Kais Marzouki, 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 9 May 2013. 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
Late Dr. Fiama Mshelia	Directors' Representative Deceased 28 December 2013
Mr. David Ifezulike	Directors' Representative Resigned, 10 May 2013
Mrs. Iquo Ukoh	Directors' Representative
Mr. Giuseppe Bonanno	Directors' Representative Appointed, 1 August 2013

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 Late Dr. Mshelia 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 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."

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

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

d) Related Party Transactions
The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from related party transactions are stated in Notes 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 stand alone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing. The agreement was approved by the Central Bank of Nigeria.

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

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

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

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

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

We encourage Health and Wellness of our employees via Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of 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. Two 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.

> "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"."

(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.

"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."

Number, diversity, training initiatives and development of employees

As at 31 December 2013, the staff strength of the Company was 2,288 (2012: 2,179). 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 nineteen (19) 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.

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

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

Dated this 24th day of February 2014

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 in Relation to the Financial Statements

for the year ended 31 December 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 42 to 87 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
24 February 2014

Martin Kruegel (Finance and Control Director)
FRC/2013/ITM/00000001009
24 February 2014

David Ifezulike (Chairman)
FRC/2013/NIM/00000003355
24 February 2014

"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."

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of **Nestlé Nigeria Plc** ("the Company"), which comprise the statement of financial position as at December 31, 2013, 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 42 to 87.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 December 31, 2013, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Report on other Legal and Regulatory Requirements

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

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

Signed:

Oluwatoyin A. Gbagi, ACA
FRC/2012/ICAN/00000000565

For: KPMG Professional Services
Chartered Accountants
24 February 2014
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 provision of section 359(6) of the company 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 2013.

We have obtained all the information and explanation 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 polices of the Company are in accordance with legal requirements and agreed ethical practices. Having reviewed the Auditor's findings and recommendations on management matters, we are satisfied with management responses thereon.

We acknowledge the cooperation of the Auditors, Messrs. KPMG Professional Services (Chartered Accountants), Management and staff of the Company in performing our duties.

Dated this 24th day of February, 2014.
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)

Audit committee members
for the year ended 31 December 2013

From left: Alhaji Kamorudeen Danjuma, Mrs. Iquo Ukoh, Mr. Matthew Akinlade (Chairman), Mr. Christopher Nwaguru Mr. Giuseppe Bonanno *(Italian)*


MILO
MAGGI
MILO
NESCAFÉ
NIDO
Nutrition


At NESCAFÉ we select exclusively
high quality coffee from Africa.
NESCAFÉ
MAGGI
MILO
NESCAFÉ
NIDO
Nutrition

Statement of Financial Position

As at 31 December 2013

In thousands of naira	Note	2013	2012
Assets			
Property, plant and equipment	12	65,878,425	62,159,796
Intangible assets	13	-	26,347
Long term receivables	14	573,247	420,930
Total non-current assets		66,451,672	62,607,073
Inventories	16	9,853,893	8,784,909
Trade and other receivables	17	17,884,775	13,457,105
Prepayments		300,637	300,066
Cash and cash equivalents	18	13,716,503	3,814,065
Total current assets		41,755,808	26,356,145
Total assets		108,207,480	88,963,218
Equity			
Share capital	19 (a)	396,328	396,328
Share premium	19 (a)	32,262	32,262
Share based payment reserve		26,585	49,543
Retained earnings		40,139,626	33,707,429
Total Equity		40,594,801	34,185,562
Liabilities			
Loans and borrowings	20	26,471,275	23,556,616
Employee benefits	21	1,821,829	1,082,673
Deferred tax liabilities	15	6,086,480	4,958,723
Total non- current liabilities		34,379,584	29,598,012
Current tax liabilities	10(b)	2,803,623	2,349,901
Loans and borrowings	20	947,809	3,457,431
Trade and other payables	24	29,066,050	19,003,142
Provisions	23	415,613	369,170
Total current liabilities		33,233,095	25,179,644
Total liabilities		67,612,679	54,777,656
Total equity and liabilities		108,207,480	88,963,218

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

David Ifezulike
(Chairman)
FRC/2013/NIM/00000003355
24 February 2014

Dharnesh Gordhon
(Managing Director)
FRC/2013/IMN/00000003359
24 February 2014

Martin Kruegel
(Finance and Control Director)
FRC/2013/ITM/00000001009
24 February 2014

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

Statement of Comprehensive Income

for the year ended 31 December 2013

In thousands of naira	Note	2013	2012
Continuing operations			
Revenue	6	133,084,076	116,707,394
Cost of sales		(76,298,147)	(66,538,762)
Gross Profit		56,785,929	50,168,632
Marketing and distribution expenses		(22,932,923)	(18,866,526)
Administrative expenses		(6,020,026)	(5,312,537)
Results from operating activities		27,832,980	25,989,569
Finance income		361,307	909,074
Finance costs		(2,146,697)	(1,848,471)
Net finance cost	7	(1,785,390)	(939,397)
Profit before income tax	8	26,047,590	25,050,172
Income tax expense	10(a)	(3,789,311)	(3,912,897)
Profit for the year		22,258,279	21,137,275
Other comprehensive income			
Defined benefit plan actuarial remeasurements		-	(266,430)
Income tax on other comprehensive income		-	79,929
Other comprehensive income for the year, net of income tax		-	(186,501)
Total comprehensive income for the year		22,258,279	20,950,774
Profit for the year is attributable to:			
Owners of the company		22,258,279	21,137,275
Total comprehensive income for the year is attributable to:			
Owners of the company		22,258,279	20,950,774
Earnings per share			
Basic earnings per share	11	₦28.08	₦26.67
Diluted earnings per share	11	₦28.08	₦26.67

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

Statement of Changes in Equity
for the year ended 31 December 2013

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 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
Total comprehensive income		-	-	-	22,258,279	22,258,279
Transactions with owners, recorded directly in equity						
Dividend to equity holders	19 (b)	-	-	-	(15,853,125)	(15,853,125)
Unclaimed dividend written back		-	-	-	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
Balance at 1 January 2012		396,328	32,262	76,903	22,704,491	23,209,984
Profit for the year						
Profit or loss		-	-	-	21,137,275	21,137,275
Other comprehensive income		-	-	-	(186,501)	(186,501)
Total comprehensive income		-	-	-	20,950,774	20,950,774
Transactions with owners, recorded directly in equity						
Dividend to equity holders	19 (b)	-	-	-	(9,947,836)	(9,947,836)
Share based payment contribution	22	-	-	49,851	-	49,851
Share based payment recharge		-	-	(77,211)	-	(77,211)
Balance as at 31 December 2012		396,328	32,262	49,543	33,707,429	34,185,562

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

Statement of Cash Flows

for the year ended 31 December 2013

In thousands of naira	Note	2013	2012
Cash flows from operating activities			
Profit for the year		22,258,279	21,137,275
Adjustments for:			
Depreciation	12	4,646,194	3,935,671
Amortisation of intangible assets	13	26,347	105,390
(Gain)/Loss on foreign exchange transactions	7	(609,070)	744,901
Impact of foreign exchange difference on intercompany loans		605,823	(759,227)
Net finance cost	7	1,785,390	939,397
Equity settled share based payment transactions	9 (a)	49,243	49,851
Provisions for other long term employee benefits	21	904,657	266,165
Loss on sale of property, plant and equipment		19,860	283,604
Income tax expense	10 (a)	3,789,311	3,912,897
		33,476,034	30,615,924
Changes in long term receivables		(152,317)	(52,706)
Change in inventories		(1,068,984)	1,117,329
Change in trade and other receivables		(4,427,670)	(2,473,963)
Change in prepayments		(571)	(44,929)
Change in trade and other payables			
(excluding dividend payable and short term financing)*		15,225,979	6,367,879
Changes in provisions		46,443	67,341
Cash generated from operating activities		43,098,914	35,596,875
Value Added Tax (VAT) paid		(4,443,801)	(3,093,390)
Income tax paid	10 (b)	(2,207,831)	(1,969,979)
Other long term employee benefit paid	21(a)	(165,501)	(212,463)
Share based payment recharge paid		(72,201)	(77,211)
Net cash in flow from operating activities		36,209,580	30,243,832
Cash flow from investing activities			
Finance income	7	361,307	164,173
Proceeds from sale of property, plant and equipment		2,935	3,691
Acquisition of property, plant and equipment	12	(8,387,618)	(11,364,834)
Net cash used in investing activities		(8,023,376)	(11,196,970)
Cash flow from financing activities			
Proceeds from loans obtained -- Intercompany loan		-	1,725,900
-- Bank loan		5,706,632	-
Repayments of borrowings -- Intercompany loan		-	-
-- Bank loan		(5,630,303)	(2,215,910)
Change in import finance loan	24	(354,749)	104,284
Finance cost		(1,814,743)	(2,114,954)
Dividends paid	19(b)	(16,190,603)	(8,849,174)
Net cash used in financing activities		(18,283,766)	(11,349,854)
Net increase in cash and cash equivalents		9,902,438	7,697,008
Cash and cash equivalent at January 1		3,814,065	(3,882,943)
Cash and cash equivalent at December 31	18	13,716,503	3,814,065

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

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

Notes to the financial statements

For the year ended 31 December 2013

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 IFRS. They were authorised for issue by the Company's Board of Directors on 24 February 2014.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the present value of the defined benefit obligation relating to long service awards as explained in Note 4(i) II and presented in the statement of financial position.

(c) Functional and presentation currency

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

(d) Use of estimates and 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 notes:

Note 4(m)	-	revenue recognition
Note 14(c) and 28	-	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 21	Measurement of defined benefit obligation
Note 23	Provisions
Note 25	Determination of fair values
Note 27	Contingencies

3 Changes in accounting policies

Except for the change below, the Company has consistently applied the accounting policies set out in Note 4 to all periods presented in these financial statements.

The Company has adopted IFRS 13, Fair Value Measurement, with a date of initial application of 1 January 2013.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Company has included additional disclosures in this regard.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

4 Significant accounting policies

Except for the change explained in Note 3, 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

Foreign currency transactions

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

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 realize the asset and settle the liability simultaneously.

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

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are 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.

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

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

III. Share capital

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

c) **Property, plant and equipment**

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment 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.

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

II . Subsequent costs

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

III. Depreciation

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

Depreciation is 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:

land	Over lease period or 99 years, whichever is lower
buildings	25 - 35 years
plant and machinery	10 - 25 years
motor vehicle	5 years
furniture and fittings	5 years
IT equipment	3 years

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

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 cost less accumulated amortisation and accumulated impairment losses.

II. Subsequent expenditure

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

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. 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) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets which continue to be measured in accordance with the

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.

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
Engineering spares that are generic in nature are classified as inventory and are recognised in the profit or loss as consumed.

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

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not

Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

i) Employee benefits

I. Defined contribution plans

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

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

1. Defined contribution gratuity scheme

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

NNTL previously called Nestlé Nigeria Provident Fund Limited was incorporated by the Company and is a duly registered closed pension fund administrator whose sole activity is the administration of the pension, 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 2004, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution ranges between 8.3% and 12.5% for management and non-management staff respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport).

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

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of the employees. The charge to the profit and loss account is based on independent actuarial valuation performed using the projected unit credit method. HR Nigeria Limited (FRC registration number 00000000738) was engaged as the independent actuary in the current and prior years. Actuarial 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, Restricted Stock Unit Plan (RSUP) for its management employees whereby it awards shares to deserving employees.

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

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

j) Provisions

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

k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

l) 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. Interest paid is also included in financing activities while finance income is included in investing activities.

m) 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.

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

n) **Government grants**

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

o) **Finance income and finance costs**

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

Net finance cost also includes other finance income and expense, such as exchange differences on loans and borrowings and unwinding of the discount on provisions.

Certain borrowing costs are capitalised as explained under the section on Property, Plant and Equipment. Others that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

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

p) **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.

q) **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.

r) **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.

s) **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.

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 after 1 January 2013, and have not been applied 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 (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their continual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The adoption of these standards is expected to have an impact on the Company's financial assets and liabilities.

5 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, NESCAFÉ and Nestlé PURE LIFE.

The accounting policies of the reportable segments are the same as described in Notes 3 and 4.

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	
	2013	2012	2013	2012	2013	2012	2013	2012
External Revenues	77,150,545	70,395,197	55,933,531	46,312,197	-	-	133,084,076	116,707,394
Interest revenue	-	-	-	-	361,307	909,074	361,307	909,074
Interest expense	-	-	-	-	(2,146,697)	(1,848,471)	(2,146,697)	(1,848,471)
Depreciation	(3,404,693)	(3,227,250)	(1,241,501)	(708,421)	-	-	(4,646,194)	(3,935,671)
Amortisation					(26,347)	(105,390)	(26,347)	(105,390)
Reportable segment profit before income tax	17,882,612	16,051,058	9,976,715	10,043,901	(1,811,737)	(1,044,787)	26,047,590	25,050,172

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	2013	2012
Total profit or loss for reportable segments	27,859,327	26,094,959
Unallocated amounts;	-	-
Other corporate expenses and income	(1,811,737)	(1,044,787)
Profit before income tax	26,047,590	25,050,172

Other material items 2013

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

Geographical information

In thousands of naira	31 December 2013 Revenue	31 December 2013 Non-current assets	31 December 2012 Revenue	31 December 2012 Non-current assets
Nigeria	131,702,515	66,451,672	115,014,530	62,607,073
Niger	927,809	-	396,561	-
Chad	201,242	-	-	-
Togo	154,051	-	331,547	-
Ghana	62,988	-	686,624	-
Other countries	35,471	-	278,132	-
	133,084,076	66,451,672	116,707,394	62,607,073

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.

6 Revenue

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

In thousands of naira	2013	2012
Nigeria	131,702,515	115,014,530
Export	1,381,561	1,692,864
Total Revenue	133,084,076	116,707,394

7 Net finance cost

In thousands of naira	2013	2012
Interest income on bank deposits	361,307	164,173
Net foreign exchange gain	-	744,901
Finance income	361,307	909,074
Interest expense on financial liabilities measured at amortised cost	(1,537,627)	(1,848,471)
Net foreign exchange loss	(609,070)	-
Finance expense	(2,146,697)	(1,848,471)
Net finance cost	(1,785,390)	(939,397)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N586 million (2012: N575 million) excluding the impact of foreign exchange differences.

8 Profit before income tax

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

In thousands of naira	Note	2013	2012
Depreciation of property, plant and equipment	12	4,646,194	3,935,671
Amortisation of intangible assets	13	26,347	105,390
Auditor's remuneration		35,676	32,682
Directors' remuneration	9(c)	119,668	113,736
Personnel expenses	9(a)	15,582,276	13,248,045
Loss on property, plant and equipment disposed		19,860	283,604
Net foreign exchange loss/(gain)	7	609,070	(744,901)
General licence fees	28(b)	4,815,258	4,373,677

9 Personnel expenses

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

In thousands of naira		2013	2012
Salaries, wages and allowances		8,001,617	7,081,299
Contributions to compulsory pension fund scheme		799,757	680,356
Contributions to defined contribution gratuity scheme		798,208	692,379
Provisions for other long term employee benefits		904,657	266,165
Training, recruitment and canteen expenses		941,593	791,461
Medical expenses		298,499	278,130
Equity-settled share-based payment transactions	22	49,243	49,851
Other personnel expenses		3,788,702	3,408,404
	8	15,582,276	13,248,045

(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:

₦		₦	2013 Number	2012 Number
1,400,001	-	1,600,000	20	16
1,600,001	-	1,800,000	11	14
1,800,001	-	2,000,000	43	77
2,000,001	-	2,500,000	153	853
2,500,001	-	3,000,000	553	285
3,000,001	-	3,500,000	458	230
3,500,001	-	4,000,000	204	201
4,000,001	-	4,500,000	197	150
4,500,001	-	5,000,000	172	74
5,000,001	-	7,000,000	251	95
7,000,001	and above		226	184
			2,288	2,179

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

	2013 Number	2012 Number
Production	1,816	1,736
Supply Chain	112	111
Sales and Marketing	258	234
Administration	102	98
	2,288	2,179

Excluded in the number of full-time persons employed are 17 (2012:17) 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	2013	2012
Fees:		
Non Executive directors	2,488	1,635
Executive directors	117,180	112,101
	119,668	113,736

The directors' remuneration shown above includes:

In thousands of naira	2013	2012
Chairman	1,048	955
Highest paid director	28,067	49,805

Other directors received emoluments in the following ranges:

₦	₦	2013 Number	2012 Number
-	1,000,000	2	2
1,000,001	25,000,000	2	2
25,000,001	35,000,000	2	2
		6	6

10 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	2013	2012
Current tax expense		
Current period income tax	2,326,913	2,023,784
Current period tertiary education tax	334,640	326,117
	2,661,553	2,349,901
Adjustment for prior periods	-	(405,406)
	2,661,553	1,944,495
Deferred tax expense		
Origination and reversal of temporary differences	1,127,758	1,968,402
Total income tax expense	3,789,311	3,912,897

(b) Tax payable

In thousands of naira	2013	2012
Movement in tax payable account during the year was as follows		
At 1 January	2,349,901	2,375,385
Charge for the year	2,661,553	1,944,495
Payments in the year	(2,207,831)	(1,969,979)
At 31 December	2,803,623	2,349,901

(c) **Reconciliation of effective tax rate**

In thousands of naira		2013		2012
Profit for the period		22,258,279		21,137,275
Total income tax expense		3,789,311		3,912,897
Profit excluding income tax		26,047,590		25,050,172
Income tax using the Company's domestic tax rate	30.00%	7,814,277	30.00%	7,515,052
Non-deductible expenses*	0.30%	77,308	0.01%	1,696
Tax exempt income	-17.12%	(4,459,417)	-13.19%	(3,303,011)
Tax incentives	-0.60%	(155,456)	-1.30%	(326,312)
Other income related taxes	1.28%	334,640	1.30%	326,117
Adjustment for prior periods	0.00%	-	-1.62%	(405,406)
Other tax differences	0.69%	177,959	0.42%	104,761
	14.55%	3,789,311	15.62%	3,912,897

* 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.

11. **Earnings and declared dividend per share**

(a) Basic earnings and declared dividend per share are based on profit attributable to the owners of the Company for the year of ₦22,258,279,000 (2012: ₦21,137,275,000) and declared dividend of ₦15,853,125,000 (2012: ₦ 9,947,836,000) respectively and on 792,656,252 (2012: 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	2013	2012
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

(b) Diluted earnings per share of ₦28.08 kobo (2012: N26.67) is based on the profit attributable to ordinary shareholders of ₦22,258,279,000 (2012: ₦21,137,275,000), and on the 792,656,252 (2012: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the current and preceding years after adjustment for the effects of all dilutive (2013 and 2012: Nil) potential ordinary shares.

12. Property, plant and equipment (PPE)
(a) The movement on these accounts during the year was as follows:

In thousands of naira	Note	Land and Buildings	Plant and Machinery	Independent Power Plant (IPP)	Motor Vehicles	Furniture & Fittings	IT Equipment	PPE Under Construction	Total
Cost or deemed cost									
Balance at 1 January 2012		16,374,237	30,072,319	-	1,078,183	3,380,456	813,401	13,842,592	65,561,188
IPP Reclassification		(1,178,163)	(2,541,695)	3,761,592	-	(38,323)	(3,411)	-	-
Additions		966,713	2,304,412	8,586	133,642	275,023	51,866	7,624,592	11 ,364,834
Disposals		(4,701)	(805,216)	-	(120,202)	(236,522)	(30,366)	-	(1,197,007)
Transfers		1,387,624	5,232,400	453,509	-	694,931	28,726	(7,797,190)	-
Balance at 31 December 2012		17,545,710	34,262,220	4,223,687	1,091,623	4,075,565	860,216	13,669,994	75,729,015
Balance at 1 January 2013		17,545,710	34,262,220	4,223,687	1,091,623	4,075,565	860,216	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		24,897,912	41,074,286	4,223,687	1,079,969	5,267,827	969,335	6,410,452	83,923,468
Depreciation									
Balance at 1 January 2012		1,192,790	6,948,451	-	468,578	1,418,364	515,078	-	10,543,261
IPP Reclassification		(24,787)	(89,796)	120,326	-	(4,985)	(758)	-	-
Depreciation for the year		454,151	2,340,713	192,305	163,094	638,196	147,212	-	3,935,671
Disposals		(1,925)	(551,697)	-	(118,521)	(207,231)	(30,339)	-	(909,713)
Balance at 31 December 2012		1,620,229	8,647,671	312,631	513,150	1,844,345	631,193	-	13,569,219
Balance at 1 January 2013		1,620,229	8,647,671	312,631	513,150	1,844,345	631,193	-	13,569,219
Depreciation for the year	8	641,927	2,761,141	143,921	172,950	785,852	140,403	-	4,646,194
Disposals		-	(15,071)	-	(142,009)	(2,767)	(10,523)	-	(170,370)
Balance at 31 December 2013		2,262,156	11,393,741	456,552	544,091	2,627,430	761,073	-	18,045,043
Carrying amounts									
At 1 January 2012		15,181,447	23,123,868	-	609,605	1,962,092	298,323	13,842,592	55,017,927
At 31 December 2012		15,925,481	25,614,549	3,911,056	578,473	2,231,220	229,023	13,669,994	62,159,796
At 1 January 2013		15,925,481	25,614,549	3,911,056	578,473	2,231,220	229,023	13,669,994	62,159,796
At 31 December 2013		22,635,756	29,680,545	3,767,135	535,878	2,640,397	208,262	6,410,452	65,878,425

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

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

In thousands of naira	2013	2012
Plant and machinery	1,543,048	4,570,288
Furniture and fittings	795,118	1,170,491
Land and buildings	1,906,927	1,883,813
	4,245,093	7,624,592

No borrowing costs were capitalised in current year (2012: Nil)

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

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

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	2013	2012
Cost	1,286,465	992,070
Accumulated amortisation	(30,346)	(19,582)
Carrying amount	1,256,119	972,488

(d) **Capital commitments**

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

In thousands of naira	2013	2012
Approved and contracted	3,001,268	2,922,956
Approved but not contracted	5,723,912	8,431,751
	8,725,180	11,354,707

13. **Intangible assets**

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

In thousands of naira	Note	Software
Cost		
Balance at 1 January 2012		526,950
Balance at 31 December 2012		526,950
Balance at 1 January 2013		526,950
Balance at 31 December 2013		526,950

Amortisation and impairment losses	Note	Software
Balance at 1 January 2012		395,213
Amortisation for the year		105,390
Balance at 31 December 2012		500,603
Balance at 1 January 2013		500,603
Amortisation for the year	8	26,347
Balance at 31 December 2013		526,950
Carrying amounts		
Balance at 1 January 2013		26,347
Balance at 31 December 2013		-

There were no additions or disposal during the year.

14. Long term receivables

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

15. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

In thousands of naira	Assets 31-Dec-13	Assets 31-Dec-12	Liabilities 31-Dec-13	Liabilities 31-Dec-12	Net 31-Dec-13	Net 31-Dec-12
Property, plant and equipment	(810,063)	(631,530)	7,532,581	5,793,295	6,722,517	5,161,765
Employee benefits	(397,890)	(294,929)	-	-	(397,890)	(294,929)
Unrealised exchange (loss)/gain	(221,725)	(11,823)	-	127,020	(221,725)	115,197
Share based payment	(16,422)	(23,626)	-	316	(16,422)	(23,310)
Tax (asset)/liabilities	(1,446,100)	(961,908)	7,532,581	5,920,631	6,086,480	4,958,723
Net tax liabilities	(1,446,100)	(961,908)	7,532,581	5,920,631	6,086,480	4,958,723

Movement in temporary differences during the year

In thousands of naira	Balance 1 January 2012	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2012	Recognised in profit or loss	Recognised in comprehensive income	Balance 31 December 2013
Property, plant and equipment	4,089,515	1,072,250	-	5,161,765	1,560,752	-	6,722,517
Employee benefits	(222,329)	7,329	(79,929)	(294,929)	(102,961)	-	(397,890)
Unrealised exchange difference	(749,234)	864,431	-	115,197	(336,922)	-	(221,725)
Tax exposures	(24,393)	24,393	-	-	-	-	-
Share based payment	(23,310)	-	-	(23,310)	6,889	-	(16,422)
	3,070,249	1,968,403	(79,929)	4,958,723	1,127,758	-	6,086,480

At 31 December 2013, there is no unrecognised deferred tax asset or liability.

16 Inventories

In thousands of naira	2013	2012
Raw and packaging materials	4,375,381	3,409,921
Product in process	331,540	353,635
Finished products	3,363,290	3,591,896
Engineering spares	1,221,763	969,542
Goods in transit	561,919	459,915
	9,853,893	8,784,909

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 ₦ 59,143,889,858 (2012: ₦ 53,627,656,000). In 2013 the write-down of inventories to net realisable value amounted to ₦ 37.6 million (2012: ₦ 40.6 million) and is included in cost of sales.

17 Trade and other receivables

In thousands of naira	Note	2013	2012
Trade receivables	25(a)(ii)	11,575,247	7,885,202
Loans to key management personnel	25(a)(ii),28	11,443	11,384
Staff loans and advances	25(a)(ii)	1,432,624	1,049,679
Due from related parties	25(a)(ii),28	581,764	707,159
Loans and receivables		13,601,078	9,653,424
Advance payment to suppliers		2,994,227	1,603,292
Foreign currencies purchased for imports		110,588	318,583
Other receivables		547,796	1,512,900
Deposit with Company registrars for dividend		1,204,333	789,836
		18,458,022	13,878,035
Non-current - reclassified to long term receivables	14	573,247	420,930
Current		17,884,775	13,457,105
		18,458,022	13,878,035

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

18 Cash and cash equivalents

In thousands of naira	2013	2012
Cash and bank balances	4,091,825	2,230,798
Call deposits	9,624,678	1,583,267
Cash and cash equivalents in the statement of cash flows	13,716,503	3,814,065

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 25.

19 Capital and reserves

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In numbers of shares	2013	2012
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	2013	2012
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 votes per share at the general meetings of the Company.

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

Share premium	32,262	32,262

(iii) **Share based payment reserves**
The share based payment reserves comprises the cumulative weighted average fair value of restricted stock unit plan granted to deserving employees which have not vested at the end of the year. (See Note 22)

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

	2013		2012	
	Per Share (N)	N'000	Per Share (N)	N'000
Final dividend	18.50	14,664,141	11.05	8,758,852
Interim dividend	1.50	1,188,984	1.50	1,188,984
	20.00	15,853,125	12.55	9,947,836

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

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

	2013	2012
Naira per qualifying ordinary share	24.00	18.50

(ii) **Movement in dividend payable**

In thousand of naira	Notes	2013	2012
At 1 January		3,221,444	2,122,782
Declared dividend		15,853,125	9,947,836
Unclaimed dividend transferred to retained earnings		(27,043)	-
Payments		(16,190,603)	(8,849,174)
At 31 December	24	2,856,923	3,221,444

As at 31 December 2013, ₦1.2 billion (2012: ₦790 million) of the total dividend payable is held with the Company's registrar, Union Registrars Nigeria Limited. The remaining dividend payable of ₦1.6 billion (2012: ₦2.4 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 more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 25.

Loans and borrowing as at 31 December 2013 is as follows:

In thousands of naira	2013	2012
Secured bank loans	8,076,329	8,092,248
Loans from related party	19,342,755	18,921,799
	27,419,084	27,014,047

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

	2013	2012
Current liabilities	947,809	3,457,431
Non-current liabilities	26,471,275	23,556,616
	27,419,084	27,014,047

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	2013 Face Value	2013 Carrying Amount	2012 Face Value	2012 Carrying Amount
Loan from related party	(i)	USD	LIBOR + 3.0%	2015	6,447,585	6,447,585	6,250,902	6,242,003
Loan from related party	(i)	USD	LIBOR + 1.5%	2015	1,611,896	1,611,896	1,570,575	1,561,011
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,128,327	1,128,327	1,093,362	1,095,515
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,611,896	1,611,896	1,564,593	1,568,208
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,611,896	1,611,896	1,561,945	1,565,791
Loan from related party	(i)	USD	LIBOR + 1.5%	2017	2,740,224	2,740,224	2,665,051	2,673,337
Loan from related party	(ii)	USD	LIBOR + 3.0%	2018	4,190,931	4,190,931	4,217,354	4,215,934
Secured bank loan	(iii)	NGN	NIBOR + 2.0%	2014	-	-	1,333,333	1,393,413
Secured bank loan	(iii)	NGN	NIBOR + 2.0%	2014	-	-	1,200,000	1,235,627
Secured bank loan	(iv)	NGN	NIBOR + 2.0%	2014	-	-	600,000	610,784
Secured bank loan	(iv)	NGN	NIBOR + 2.0%	2014	-	-	2,000,000	2,024,377
Secured bank loan	(v)	NGN	NIBOR + 7.0%	2017	1,333,333	1,333,333	1,653,626	1,674,108
Secured bank loan	(vi)	NGN	NIBOR + 5.5%	2018	1,036,364	1,036,364	1,200,000	1,153,939
Secured bank loan	(vii)	NGN	10.00%	2019	5,706,632	5,706,632	-	-
Total Interest bearing liabilities					27,419,084	27,419,084	26,910,741	27,014,047

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 ₦5.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility was fully drawn down in 2010, however ₦1.0 billion was converted to overdraft in 2011. The Company made repayment of all the outstanding loan balance in 2013.

iv) A ₦5.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was obtained in two tranches of ₦3.0 billion and ₦2.0 billion in 2011. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility was fully drawn down in 2011. The company made repayment of all the outstanding loan balance in 2013.

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

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

(vii) 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.

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 was as follows:

In thousands of Naira	Note	2013	2012
Balance at 1 January		1,082,673	762,541
Charge for the year		904,657	532,595
Payments during the year		(165,501)	(212,463)
Balance at 31 December		1,821,829	1,082,673

Actuarial assumptions

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

Financial Assumptions

	2013	2012
Long term average Discount rate (p.a.)	14%	14%
Average Pay Increase (p.a.)	10%	12%
Average Rate of Inflation (p.a.)	9%	11%

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 A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This is due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000 lives 2013	2012
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from Service

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

Age Band	Rate 2013	Rate 2012
Less than or equal to 30	3.0%	2.0%
31 – 39	2.5%	1.5%
40 – 44	1.0%	1.0%
45 – 50	1.0%	0.0%
51 – 55	1.0%	0.0%

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 2013	Employee benefit obligation	
Effect in thousands of Naira	Increase	Decrease
Discount Rate (1% movement)	(105,463)	117,452
Future salary growth (1% movement)	117,321	(106,801)
Benefit inflation rate (1% movement)	12,418	(11,133)
Future mortality (10% movement)	4,762	(4,741)

(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	2013	2012
Balance at 1 January	5,367	103,107
Charged for the year	1,473,828	1,376,500
Payments during the year	(1,354,738)	(1,474,240)
Balance at 31 December	124,457	5,367

22 Share-based payment

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 Restricted Stock Unit Plan (RSUP). Under the RSUP, Nestlé S.A. awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Nestlé S.A. shares or an equivalent amount in cash at the end of a three-year restriction period.

At 31 December 2013, Nestlé Nigeria Plc has 4 (2012:5) deserving key management employees and one other employee (2012:Nil) in its employment.

Terms and conditions of the Restricted Share Unit Plan

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

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

The fair value of the RSU 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 2013 is ₦31,985,648 (2012: ₦46,153,258).

Total share based payment expense recognised in the profit or loss for the year amounted to ₦49,243,203 (2012: ₦ 49,851,443). See Note 9 (a)

23 Provisions

In thousands of naira

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

	Tax	Legal	Total
Balance at 1 January 2013	369,170	-	369,170
Provisions made during the year	46,768	30,000	76,768
Provisions used during the year	(30,325)	-	(30,325)
Balance at 31 December 2013	385,613	30,000	415,613
Current	385,613	30,000	415,613
	385,613	30,000	415,613

(a) Tax

Current year provision of ₦48 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 2013. However, provision amounting to ₦30,325,000 (2012: ₦3,585,000) was utilised during the year.

(b) Legal

Current year provision of ₦30 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	2013	2012
Trade payables		11,823,705	9,327,832
Other payables and accruals		2,436,397	1,570,040
Import finance loans		-	354,749
Amount due to related parties	28	11,949,025	4,529,077
Dividend payable	19(b)	2,856,923	3,221,444
		29,066,050	19,003,142

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

At 31 December 2013, there were no retentions fees (2012: Nil) relating to construction projects in progress in other payables and accrued expenses.

The Company's exposure to currency and liquidity risk related to trade and other 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.

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

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

(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 as "high risk" are placed on a restricted customer list and monitored by the NSM, and future sales are made on a cash or prepayment basis.

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

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

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

i Exposure to credit risk

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

		Carrying amount	
In thousands of naira	Note	2013	2012
Loans and receivables	17	13,601,078	9,653,424
Cash and cash equivalents	18	13,716,503	3,814,065
		27,317,581	13,467,489

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

		Carrying amount	
In thousands of naira	Note	2013	2012
Wholesale customers	17	11,575,247	7,885,202
Related parties	17	581,764	707,159
Loans to key management personnel	17	11,443	11,384
Staff	17	1,432,624	1,049,679
		13,601,078	9,653,424

The Company's most significant customer accounts for ₦ 238 million of the loans and receivables carrying amount at 31 December 2013 (2012: ₦ 686 million).

ii Impairment losses

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

In thousands of naira	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not Past due	8,701,967	-	5,733,358	-
Past due	5,245,754	(346,643)	4,221,673	(301,607)
	13,947,721	(346,643)	9,955,031	(301,607)

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

In thousands of Naira	2013	2012
Balance at 1 January	301,607	156,848
Impairment loss recognized	45,036	144,759
Balance at 31 December	346,643	301,607

The impairment loss as at 31 December 2013 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 behavior 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 90% 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 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)

31 December 2012

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	8,092,248	(9,230,482)	(2,007,040)	(1,926,289)	(2,932,358)	(2,210,681)	(154,114)
Unsecured intercompany loans	18,921,799	(21,181,850)	(64,527)	(632,665)	(573,166)	(15,701,760)	(4,209,732)
Trade and other payables	19,003,142	(19,003,142)	(19,003,142)	-	-	-	-
	46,017,189	(49,415,474)	(21,074,709)	(2,558,954)	(3,505,524)	(17,912,441)	(4,363,846)

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 609 million (2012: gain of 745 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

31 December 2013

Amounts in thousands	NGN	Euro	USD	CHF	XOF	ZAR	SGD	GBP	JPY
Unsecured intercompany 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)

31 December 2012

Amounts in thousands	NGN	Euro	USD	CHF	XOF	ZAR	SGD
Unsecured intercompany loans	-	-	(121,224)	-	-	-	-
Amount due from related parties	30,114	694	3,432	-	-	-	-
Amount due to related parties	(466,532)	(3,788)	(20,790)	(200)	(14,910)	(186)	(43)
Trade payables	(4,313,074)	(12,241)	(16,153)	-	-	-	-
Net exposure	(4,749,492)	(15,335)	(154,735)	(200)	(14,910)	(186)	(43)

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

	Average rate		Year end spot rate	
	2013	2012	2013	2012
Euro	211.50	199.80	222.15	203.69
United States Dollar (USD)	159.21	155.44	161.19	156.09

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 2012, 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, 2013		
Euro (5 percent strengthening)	-	134,435
USD (5 percent strengthening)	-	1,302,690
31 December, 2012		
Euro (5 percent strengthening)	-	109,324
USD (5 percent strengthening)	-	849,727

ii <u>Interest rate risk</u>

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	2013	2012
Fixed rate instruments		
Financial assets	9,624,678	1,583,267
Financial liabilities	(8,076,329)	(2,828,048)
	1,548,349	(1,244,781)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(19,342,755)	(24,185,999)
	(19,342,755)	(24,185,999)

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 2012.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2013				
Variable rate instruments	(244,183)	244,183	-	-
Cash flow sensitivity (net)	(244,183)	244,183	-	-
31 December 2012				
Variable rate instruments	(285,305)	285,305	-	-
Cash flow sensitivity (net)	(285,305)	285,305	-	-

(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 behaviour. Operational risks arise from all of the Company's operations.

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

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

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans

- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

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

(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 carried at fair value

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

Financial assets carried at amortized cost

In thousands of naira	31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Long term receivables	573,247	408,230	420,930	368,893
Loans and receivables	13,601,078	13,601,078	9,653,424	9,653,424
Cash and cash equivalent	13,716,503	13,716,503	3,814,065	3,814,065
	27,890,828	27,725,811	13,888,419	13,836,382
Financial liabilities carried at amortized cost				
Unsecured intercompany loan	19,342,755	19,427,488	18,921,799	15,268,084
Secured bank loans	8,076,329	8,217,532	8,092,248	7,751,620
Trade and other payables	29,066,050	29,066,050	19,003,142	19,003,142
	56,485,134	56,711,070	46,017,189	42,022,846

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	2013	2012
Total liabilities	67,612,679	54,777,656
Cash and cash equivalents	(13,716,503)	(3,814,065)
Net Debt	53,896,176	50,963,591
Total Equity	40,594,801	34,185,562
Debt to capital ratio at December 31	1.33	1.49

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 ₦301 million (2012: ₦300 million)

During the year ended 31 December 2013 an amount of ₦ 289 million (2012: ₦ 167 million) was recognized as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2012: 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 2013 (2012: N55 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 2013, Nestlé Switzerland (Nestlé S.A.), the ultimate holding Company and Nestlé CWA Limited, the parent, owned 3.89% (2012: 3.89%) and 59.59% (2012: 59.59%) respectively of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

The approval of the general license agreement by the National Office for Technology Acquisition and Promotion (NOTAP) for the payment of general license fee to Societes Des Produits Nestlé S. A. , Nestec S. A. and Nestlé S A for the provision of technical and other support services expired in December 2012. The Company during the current year submitted an application to NOTAP to renew the general license agreement. As at year end, the Company has not obtained approval from NOTAP for the renewal of the agreement. Consequently, an estimate of the provision for General License Fee was made by management in the current year. Also as a consequence of the outstanding approval, the Company as at 31 December 2013 was yet to pay the general license fees amounting to ₦4.8billion.

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 will commence from 1January 2014.

As at 31 December 2013, there were 17 (2012: 17) employees of Nestlé Nigeria Plc under the Employee Payment Agreement.

(c) Transactions with key management personnel

Loan to key management personnel

Unsecured loans to key management personnel issued during the year ended 31 December 2013 amounted to ₦4,500,000 (2012: ₦1,225,000) which include interest and non-interest bearing facilities and the loans are repayable in full over the agreed repayment period which could be short or long term. At 31 December 2013, the balance outstanding was ₦11,442,755 (2012: ₦11,384,172) 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	2013	2012
Short-term employee benefits	84,964	79,601
Contribution to compulsory pension fund scheme	11,757	12,908
Defined contribution gratuity scheme	13,231	14,694
Other long-term benefits	9,643	-
Share based payments	19,539	46,153
Termination benefits	12,741	-
	151,875	153,357

(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

Related Party (In thousands of naira)	Nature of transaction	Transaction value Year ended 31 December 2013	Transaction value Year ended 31 December 2012	Balance outstanding as at 31 December 2013	Balance outstanding as at 31 December 2012
Nestlé Cote d'Ivoire Plc	Finished goods	1,236,584	761,728	313,311	164,599
Nestlé Ghana Limited	Finished goods	782,307	1,244,360	545,204	694,978
Nestlé World Trade Corporation Limited	PPE/ Services	5,725,948	5,742,447	2,521,741	1,425,737
Nestlé Globe Center AOA	Services	475,954	640,826	138,199	216,354
Nestlé Netherland	Finished goods	1,265,460	508,840	542,571	243,647
Nestlé France Limited	Finished goods	1,133,233	518,925	515,985	260,936
Nestlé Cameroun	Services	2,975	138,515	12,843	42,652
Nestlé Malaysia	Finished goods	1,256	604,468	630	23,129
Nestlé Deutschland	Services	8,529	16,753	4,398	27,530
Nestlé S.A	Services	125,572	77,211	133,109	-
Societe Des Produits Nestlé S.A.	Services	4,922,801	3,758,636	4,192,527	339,856
Nestlé Central and West Africa	Services	3,111,102	2,372,446	2,785,438	901,655
Nestlé Senegal	Finished goods	35,432	34,590	-	39,273
Others		1,628,744	179,165	243,069	148,731
		20,455,897	16,598,910	11,949,025	4,529,077

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

Related Party (In thousands of naira)	Nature of transaction	Transaction value Year ended 31 December 2013	Transaction value Year ended 31 December 2012	Balance outstanding as at 31 December 2013	Balance outstanding as at 31 December 2012
Nestlé Togo	Finished goods and Services	154,051	342,569	76,400	124,657
Nestlé Ghana	Finished goods and Services	62,988	1,069,519	25,988	162,981
Nestlé Cote D'voire	Finished goods and Services	-	-	-	2,933
Nestlé Niger	Finished goods and Services	927,809	411,697	183,807	257,440
Nestlé Senegal	Finished goods and Services	-	47,935	7,091	16,607
Nestlé Cameroun	Finished goods and Services	20,840	15,149	55,543	31,185
Nestlé Chad	Finished goods and Services	201,242	-	201,242	-
Others	Finished goods and Services	14,631	375,263	31,693	111,357
		1,381,561	2,262,132	581,764	707,159

` 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.

29 **Subsequent events**

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 2013 that have not adequately been provided for or disclosed in the financial statements.

Value Added Statement

In thousands of naira	2013	%	2012	%
Revenue	133,084,076		116,707,394	
Brought in materials and services				
- Local	(53,547,656)		(46,285,622)	
- Imported	(31,448,623)		(27,329,598)	
	48,087,797		43,012,245	
Finance Income	361,307		909,074	
Value Added	48,449,104	100	43,921,319	100
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	15,582,276	32	13,248,045	30
To Providers of Finance:				
- Shareholders as dividends - interim	1,188,984	3	1,188,984	3
- Finance Costs	2,146,697	4	1,848,471	4
- Government as taxes	3,789,311	8	3,832,968	9
Retained in the business:				
- Depreciation of tangible assets	4,646,194	10	3,935,671	9
- Amortisation of intangible assets	26,347	-	105,390	-
- Proposed final dividend	19,023,744	39	14,664,141	33
- To augment reserves	2,045,551	4	5,097,649	12
	48,449,104	100	43,921,319	100

4 Year Financial Summary

In thousands of naira	2013	2012	2011	2010
Funds Employed				
Share Capital	396,328	396,328	396,328	330,273
Share Premium	32,262	32,262	32,262	32,262
Share based payment reserve	26,585	49,543	76,903	78,752
Retained Earnings	40,139,626	33,707,429	22,704,491	14,455,828
Shareholder's Fund	40,594,801	34,185,562	23,209,984	14,897,115
Current Liabilities	33,233,095	25,179,644	24,814,835	21,681,135
Long Term Liabilities	34,379,584	29,598,012	29,703,474	24,250,147
	108,207,480	88,963,218	77,728,293	60,828,397
Asset Employed				
Non Current assets	66,451,672	62,607,073	55,517,888	40,736,462
Current assets	41,755,808	26,356,145	22,210,405	20,091,935
	108,207,480	88,963,218	77,728,293	60,828,397

In thousands of naira	2013	2012	2011
Revenue	133,084,076	116,707,394	97,961,260
Profit before income tax	26,047,590	25,050,172	18,199,249
Profit for the year	22,258,279	21,137,275	16,496,453
Other comprehensive income, net of tax	-	(186,501)	(505)
Declared dividend*	15,853,125	9,947,836	8,190,781
Per 50k share data:			
Basic earnings per share	N28.08	N26.67	N20.81
Diluted earnings per share	N28.08	N26.67	N20.81
Declared dividend per share	N20.00	N12.55	N10.33
Net assets per share	N51.21	N43.13	N29.28

* 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
2004	39	3,835,493	1,056,875	200	Interim
	40		2,642,188	500	Final
2005	41	5,303,128	1,056,875	200	Interim
	42		4,227,500	800	Final
2006	43	5,660,329	1,056,875	200	Interim
	44		4,412,453	835	Final
2007	45	5,441,899	1,155,957	175	Interim
	46		4,260,527	645	Final
2008	47	8,331,599	1,288,066	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	1060	Final
2010	51	12,602,109	1,288,067	195	Interim
	52		7,001,796	1060	Final
2011	53	16,808,764	1,188,984	150	Interim
	54		8,758,852	1105	Final
2012	55	21,137,275	1,188,984	150	Interim
	56		14,664,140	1850	Final
2013	57	22,258,279	1,188,984	150	Interim
	58		19,023,750	2400	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)
2004	28,461,078	6,100,281	2,264,788	3,835,493
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

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 2013 is N396,328,126.

	Authorised Share Capital		Issued And Fully Paid		
Date	Value ₦	Shares	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-seven Dividends, issued ten scripts and made one rights issue. Our records show that Dividend warrants in respect of the unclaimed dividends listed below have not been presented for payment while a number of Scrip/Rights Certificates have been returned to the Registrars as unclaimed or undeliverable. For Unclaimed Dividend and Scrip/Rights Certificates, please contact:

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

Dividends	Date Paid	Amount Unclaimed (₦)
34-35	24/04/2002-25/11/2002	26,922,890
36	16 April 2003	21,318,903
37	24 November 2003	13,501,367
38	21 April 2004	24,292,628
39	6 December 2004	12,568,257
40	27 April 2005	48,156,376
41	28 November 2005	21,932,605
42	26 April 2006	50,868,812
43	10 November 2006	17,947,837
44	25 April 2007	65,626,683
45	26 November 2007	14,405,558
46	23 April 2008	75,189,057
47	01 December 2008	33,779,123
48	29 April 2009	79,804,981
49	07 December 2009	37,096,165
50	27 April 2010	210,409,488
51	10 January 2011	107,086,395
52	29 April 2011	404,178,232
53	12 December 2011	57,117,414
54	27 April 2012	396,240,256
55	24 December 2012	66,098,866
56	10 May 2013	891,736,937
57	09 December 2013	104,220,669

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


MAGGI
MILO
Golden Morn
NESCAFÉ
NIDO


Nestlé
Pure Life
MAGGI
MILO
Golden Morn
NESCAFÉ
NIDO

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

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

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

MAGGI

MAGGI is good for all your cooking

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

MAGGI Cube

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

MAGGI Mix'py

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

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

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

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

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

MAGGI Arome

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

MAGGI Chicken Tablet

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

MAGGI Crayfish Tablet

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

Nestlé MILO

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.

Nestlé CONFECTIONERY

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

Nestlé will leverage on the success and popularity of ChocoMILO being a part of the validated growth strategies for Confectionery to further expand the business.

ChocoMILO is 100% MILO powder pressed in crunchy 2.75g cubes.

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

Communication: " Energy cubes of Future Champions".

Nestlé Pure Life

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.

Nestlé NIDO

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

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

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

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

Also available in the portfolio is Nestlé NIDO NutriPAK 14g, a nutritious and delicious filled milk powder that is rich in Iron & Vitamin C. Its delicious rich milky taste makes beverages, cereals or porridges even tastier.

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, 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
NESCAFÉ Crem 18g stick
NESCAFÉ Breakfast 32g sachet

Nestlé GOLDEN MORN®

Nestlé GOLDEN MORN® is a delicious, nutritious & instant family cereal made from best quality locally sourced grains. Nestlé GOLDEN MORN is available in 3 varieties - Maize, Maize Choco 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).

Nutrition

Nestlé NUTREND & CERELAC

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

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, Rice, 3 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.

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

Nutrition During the First 1000 Days of Life

The **first 1000 days of life** is an important and unique period for creating good conditions for a child's growth and development.

Good nutrition during this period is an important investment in future health. The right food contributes towards improving physical and psychological development and reducing the risks of certain diseases later in life.

What does the First 1000 Days mean?

The first 1000 days = the 270 days of an average pregnancy + 365 days for the first year and 365 days for the child's second year. Thus, first 1000 days is critical in determining the health of an unborn child and sets the stage for lifelong health.

The **first 1000 days** provides a unique opportunity for building a solid foundation of growth and development. Correct nutrition during this time frame is an investment in lifelong health, promoting physical and cognitive well-being while minimizing the risk of disease.

Good news!!!

Nestlé is committed to ensuring adequate and appropriate nutrition during the first 1000 days of life through our "Start Healthy, Stay Healthy" program.

What is "Start Healthy, Stay Healthy"?

"Start Healthy, Stay Healthy" is Nestlé's maternal and infant nutrition education program, dedicated to addressing global health concerns and providing science-based nutrition services and practical advice to parents and caregivers in the crucial first 1000 days of life, through partnership in public health. The aim of the program is to demonstrate impact in the prevention of under and over nutrition and thus reduce future health risks for both mother and child.

Our ambition: Healthier Infants & Young Children by "Owning the first 1000 days of Life with "Start Healthy, Stay Healthy" through:

- Becoming the recognized Nutrition, Health and Wellness Leader
- Becoming the Nutrition, Health and Wellness expert & reference point for maternal and infant nutrition
- Delivering on our Creating Shared Value commitment

Nestlé is committed to ensuring knowledge is converted to action through:

- Basic and clinical research
- Education of healthcare professionals and policy makers
- Development of new solutions to address maternal and infant nutrition

Let's act now for the health of future generations.

Breastfeeding is best for Babies

For more information, please contact your health care professional.


Nestlé
NIDO
5ft
MAGGI
MILO
NESCAFÉ
NIDO
Nutrition

Nestlé Nigeria Plc
2013: Year in Review

Supporting growth of the Nigerian economy

Nestlé inaugurates ₦5.4bn distribution centre

Nestle Nigeria Plc inaugurated an ultra-modern distribution centre in Agbara, Ogun State worth ₦5.4bn. The new facility is spread over an area of four hectares and has 17,000 pallet capacity warehouse designed to manage the capacity increase. The centre employs the technology of Radio Shuttle Automatic Racks which moves goods at a very high speed and with great accuracy. It also provides jobs for over 1,800 people, all Nigerians.

Strengthening consumer engagement through brand building activities

Nestlé boosts entrepreneurship education with NESCAFÉ CAFÉ at the University of Calabar

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

NESCAFÉ Magic Mug thrills Nigerian university students

NESCAFÉ thrilled students of the University of Calabar and the University of Benin with its Magic Mug flight experience. People had the opportunity of a lifetime to sail up to 50 metres in the giant hot air balloon in addition to music, dance and free cups of NESCAFÉ.

Nestlé launches zinc-fortified bottled water

In furtherance of Nestlé's commitment to creating innovative healthy hydration solutions in Nigeria, Nestlé Waters launched NESTLÉ PURE LIFE Protect, a variant of NESTLÉ PURE LIFE table water enriched with zinc.

Nestlé Waters Launches Nestlé PURE LIFE 5Litre Family Size table

Nestlé Waters, the leading healthy hydration Company in Nigeria and the world, launched new Nestlé PURE LIFE 5litre bulk water to cater to families and corporate organisations.

Nestlé Launches MAGGI Mix'py Tomato and Golden Beef variants

Nestlé Nigeria introduced two new variants of seasoning; MAGGI Mix'py Tomato and Golden Beef. The new products are based on consumer insight for variety in the powder seasoning segment.

Nestlé Nigeria Breaks World Record for Longest Breakfast Cereal Table

Nestlé, the leading Nutrition, Health and Wellness Company, broke the world's record for the longest breakfast cereal table. A total of 1,700 people sat down to eat together the world's largest cereal breakfast on Saturday, November 30, 2013, at Cocoa Mall in Ibadan, Nigeria. The previous world record, held in Dubai, registered 1,354 participants.

Educating women on micronutrient deficiency, good cooking and healthy living

Nestlé partnered with state governments across Nigeria to educate women on micronutrient deficiency, good cooking and healthy living during its 2013 MAGGI Women forum. The event focused on community influencers (women's leaders, nurses, teachers and home economists) who are able to disseminate the knowledge they receive about MAGGI to the wider population.

Promoting awareness and stewardship of water resources among school children

In furtherance of her commitment towards promoting healthy hydration and water conservation; Nestlé, the leading Nutrition, Health and Wellness Company organised a water education programme for pupils to commemorate the 2013 World Water Day. The event which took place at the Nestlé Waters Factory in Agbara brought together 100 pupils from schools in Badagry and Ojo local government areas. The schools chosen have also been adopted for the implementation of Water Education for Teachers which was launched in October 2012.

Rewarding excellence in performance

MILO Champ Camp wins Zone AOA Award

Nigeria received a certificate of recognition from the zone for its fantastic work on the MILO Champ Camp (sampling activations). Nestlé Nigeria won the award for "providing a unique MILO experience delivered to a substantial reach amongst children that positively encourages them to enjoy the positive experiences of sports and physical activities early in life and driving taste training through increased sampling intensity (one wet cup and three dry sachets per contact)."

Improving employees health and wellness

Nestlé engages employees in sporting activities

The Nestlé Sports Fiesta brought together staff from Agbara, Flowergate, Ota and Ilupeju to compete in the games of football and table tennis. This supports the Company's policy of promoting work life balance among its employees.

Nestlé Commemorates 2013 World AIDS Day

Nestlé Nigeria joined the rest of the world to mark the annual World AIDS Day. As part of the commemoration, a free one-day HIV screening was organised for staff across the various sites.

Leveraging external stakeholder engagement

Promoting Infant Nutrition - Nestlé Nutrition Institute Africa Organises Advanced Nutrition Programme

In furtherance of effort to combat infant and maternal mortality, Nestlé Nutrition Institute Africa (NNIA) organised a three-day Advanced Nutrition Programme for Anglophone countries in Central and West Africa. The participants were drawn from the University College Hospital, Ibadan; Federal Ministry of Health, Nigeria; some Health Institutions in Ghana; Cameroon; Sierra Leone and some private institutions. The theme of the programme "Improving Nutrition in the 1st 1000 Days of Life: Setting the Future" was discussed by a faculty comprising local and international speakers.

Educating Healthcare Professionals on Infant Feeding Practices

In pursuit of Nestlé's commitment to improve nutrition knowledge on infants and young child feeding, Nestlé Nutrition organised symposia (pan Nigeria) for Health Care Professionals on 'Achieving MDG 4 with Appropriate Infant Feeding Practices' with the sub theme: "Inappropriate Infant feeding: Implications & Way Forward". The symposia which held in Ibadan, Lagos, Gombe and Nnewi were led by local Key Opinion Leaders who made presentations on the topics. In providing innovative solutions and meeting the dietary needs of infant and young children, Nestlé Nutrition used the forum to disseminate scientific and factual information on the new LACTOGEN Classic to the Health Care Professionals in attendance.

Nestlé Partners Government during 2013 World Breastfeeding Week

Nestlé Nigeria collaborated with the Federal Ministry of Health to organise the ministerial flag-off of the event in Abuja on 1 August 2013. Nestlé Nigeria also collaborated with Imo, Edo and Plateau state governments to organise breastfeeding symposia in the respective state capitals. The event was attended by government representatives, key opinion leaders, health care practitioners and Nestlé Nutrition staff.

In the spirit of Nestlé's unalloyed support for protection, promotion and campaign for breastfeeding which is also reflected in Nestlé Corporate Business Principles, Nestlé Nigeria joined the world to celebrate 2013 World Breastfeeding Week. There was full participation at all Nestlé Nigeria sites.

Nestlé collaborates with Diabetes Association of Nigeria (DAN) to commemorate World Diabetes Day

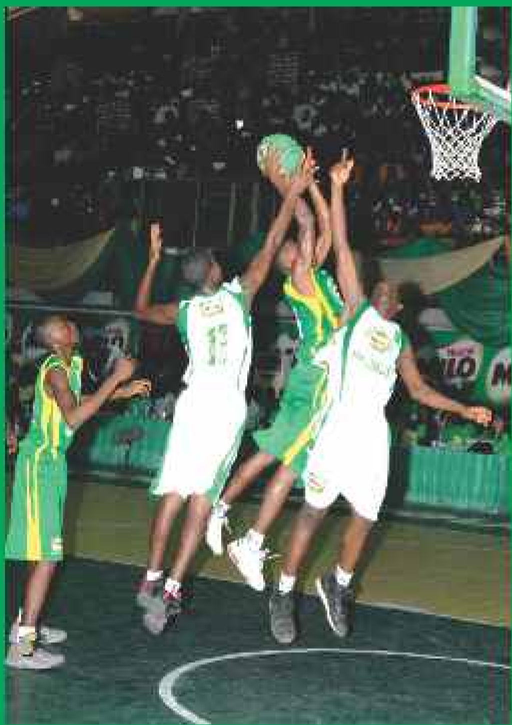
Nigeria joined the rest of the world on commemorating the 2013 World Diabetes Day. A health talk on diabetes was given by medical experts in the various sites. In addition, there were interactive discussions on the role of lifestyle choices in the prevention of diabetes. Members of staff were also given the opportunity to take a free fasting blood sugar test.

Furthermore, to help train healthcare professionals, we sponsored a three-day National Diabetes Educators Workshop for doctors, nurses, dieticians and other healthcare professionals in collaboration with DAN and Federal Ministry of Health. The workshop examined the national trends, innovative functional strategies and action plans for diabetes management. We also sponsored the print production of Clinical Practice Guidelines for Diabetes Management in Nigeria in collaboration with DAN and Federal Ministry of Health. The publication aims to provide healthcare professionals, scientists, health economists, policy makers and relevant national agencies with useful guidelines on management of diabetes.

Contribution to Sports development

Raising future basketball and football champions

Nestlé continued to show its support for the development of sports at the grassroots through its sponsorship of the 15th Nestlé MILO Basketball Secondary Schools Championship. A total of about 6,000 schools participated in this year's edition.



The company also supported the Nestlé MILO Football Clinic – a sport initiative of Nestlé MILO in conjunction with Peter Rufai and FIFA certified European Football Experts. The programme aims to teach children the latest scientific proven techniques of playing football and also serves as a suitable platform for youths to imbibe important values such as honesty, teamwork, fair play, adherence to rules, discipline, perseverance and resilience. The clinic was held in Abuja, Benin, Port Harcourt, Enugu, Akure, Abeokuta and Lagos with a record number of 14,000 students.

Supporting Community Policing Initiative

Nestlé Donates Vans to Sagamu Police Division

Nestlé showed its support to the community of Sagamu where the Flowergate factory is located by making a donation of two Toyota Hilux Pickup Patrol vans to the Nigeria Police.

List of Nestle Distributors - 2013

S/N	CUSTOMER
1	Alh Abubakar Zamau
2	A. A.Chambers
3	A. D. Basharu And Sons Nigeria
4	A. E. Chrismerchants Ltd
5	Achida Saidu Usman And Sons
6	Ade Distribution And Investment
7	Adebukola And Sons Limited
8	Ajoke Stores Limited
9	Albawa International Investment Ltd
10	Alh Usman Muazu
11	Alh. Ibrahim Achida & Sons Ltd
12	Alhaji Abubakar Moh'd
13	Alhaji Garba Dankane Jega
14	Alhaji Mohammad Monguno
15	Alhaji Tukur Faru
16	Ali Sa'adu Muhammed
17	Allanka Nigeria Limited
18	Al-Wadud Ventures Limited
19	Andyson Investment And Agro Allied
20	Basrose Stores
21	Bello Zubairu Bello And Company
22	Bendors Nigeria Ltd
23	Bisadip Nigeria Ltd
24	Bledow International Ent.
25	Bukola Oshinaike
26	Butsun Ratboh Nigeria Limited
27	C.I Obioha & Sons
28	CEC Global Ventures
29	Dolat Multi Enterprises
30	E V Okpalaoka And Sons Nig Ltd
31	Elymay Nigeria Limited
32	Euvee Ventures Ltd
33	Everest Sales & Stores
34	Favryts Stockers
35	Fes Nigeria Limited
36	Franco International West Africa
37	Fusaha Ventures
38	G. N Chukwu Nig Ltd
39	Garmas & Sons Nigeria Ltd
40	Hamir Investment Nig. Ltd
41	Idrisiya Global Nig Ltd
42	Igbozulike Investment Limited
43	Igwediebube Nigeria Limited
44	Innovation Era Nigeria Limited
45	Iyanu Business Ventures Limited
46	J. J. Nnoli And Sons

S/N	CUSTOMER
47	J. O. Adebiyi And Sons Nigeria
48	Jacktonis Nigeria Ltd
49	Jamkat Integrated Investment Ltd
50	Jay-Kay Integrated Services Ltd
51	Joc Dona Investments Limited
52	Joy Chinwuba Trading Company
53	Julius Ogu And Sons Limited
54	Jumakag Investment Ltd
55	Kaima Integrated Network Ventures
56	Kenny Commodities Merchant Nigeria
57	Kenoll Supreme Ventures
58	Kinco global Link
59	Kofaj Nigeria Enterprises
60	Kwesifin Ventures
61	Labpej Ventures Enterprises
62	Lajim Tatabe Brothers Stores
63	Livingspring Bulk Purchase Ltd
64	M. A. Onigbinde And Sons Limited,
65	Makemx Nigeria Limited
66	Mazaf Honest Concept Limited
67	Mazek Resources Ltd
68	Miracle Seed
69	Modu Director And Sons Limited
70	NBJ Nigeria Ltd
71	Niyi Onifade & Company
72	Nortex Business Link
73	Nyldinks Enterprises
74	Ojawa Nig Enterprises
75	Olaniyi Badmus Nig Ltd
76	R.M.S Ventures
77	Robson Dee & Company
78	RSL International Ltd
79	S.C Okafor Nig. Ltd.
80	Saadu Ali Mai Silifas Nigeria Ltd
81	Sambajo General Enterprises Limited
82	Seddt Nigeria Limited
83	Sidi And Sons
84	Timac Ventures
85	Tivo Corporate Services Intl Ltd
86	Ugodurumba Enterprises Limited
87	Umar S.B Radda Nig. Ltd
88	Viceri Dynamic Investment
89	Vinna Investment Limited
90	Vofmed Nigeria Ltd
91	W.J. Ukaonu & Sons Nig Ltd
92	Wet Sample Enterprises

Corporate Directory

Head Office:

22-24, Industrial Avenue, Ilupeju,
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.

OWERRI
46 Wetheral Road, Owerri
Tel: 08052797140

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

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

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

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

PORT HARCOURT
19 Stadium Rd, Port Harcourt
Tel: 08052797388

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:

`

……………………………………………………...............................

……………………………………………………...............................

……………………………………………………...............................

REGISTRARS' USE

NAME:…………………………………………….

SIGNATURE:…………………………………

DATE:…………………………………………

NAME OF COMPANY IN WHICH YOU HAVE SHARES
NESTLÉ NIGERIA PLC

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

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal 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, Union Registrars Limited, for processing , you have applied for the e-dividend and e-Bonus; thereby, authorising NESTLÉ NIGERIA PLC to credit your account in respect of dividends and bonuses electronically.

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

Affix N50.00
Postage Stamp
Here

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

Proxy Form

for e-Bonus and e-Dividend

45TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON MONDAY, 12 MAY 2014 AT THE MUSON CENTRE, 8/9, MARINA, ONIKAN, LAGOS.

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

....

of..

or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on 12 May 2014 and at any adjournment thereof.

Dated this................day of........................2014.

Signature..

Ordinary Business	For	Against
To declare a final Dividend		
To re-elect Mr. Dharnesh Gordhon as a Director		
To re-elect Mr. Kais Marzouki as a Director		
To re-elect Mr. Giuseppe Bonanno as a Director		
To re-elect Mr. Gbenga Oyebode as a Director		
To re-elect Mrs. Ndidi Okonkwo Nwuneli as a Director		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business To fix the remuneration of Directors		

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 9 May 2014. 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 45TH 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, 12 May 2014.

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

NESTLÉ NIGERIA PLC

Electronic Delivery Mandate Form

Dear Sir/Madam,

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

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

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

The Managing Director,
Union Registrars Limited
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
UNION REGISTRARS LIMITED
2, BURMA ROAD, APAPA
P. M. B. 12717
LAGOS