Nestlé 150 Years
of Good Food, Good Life

Nestlé Nigeria Plc.

(RC 6540)

2015 Annual Report & Accounts

The leading Nutrition, Health and Wellness Company

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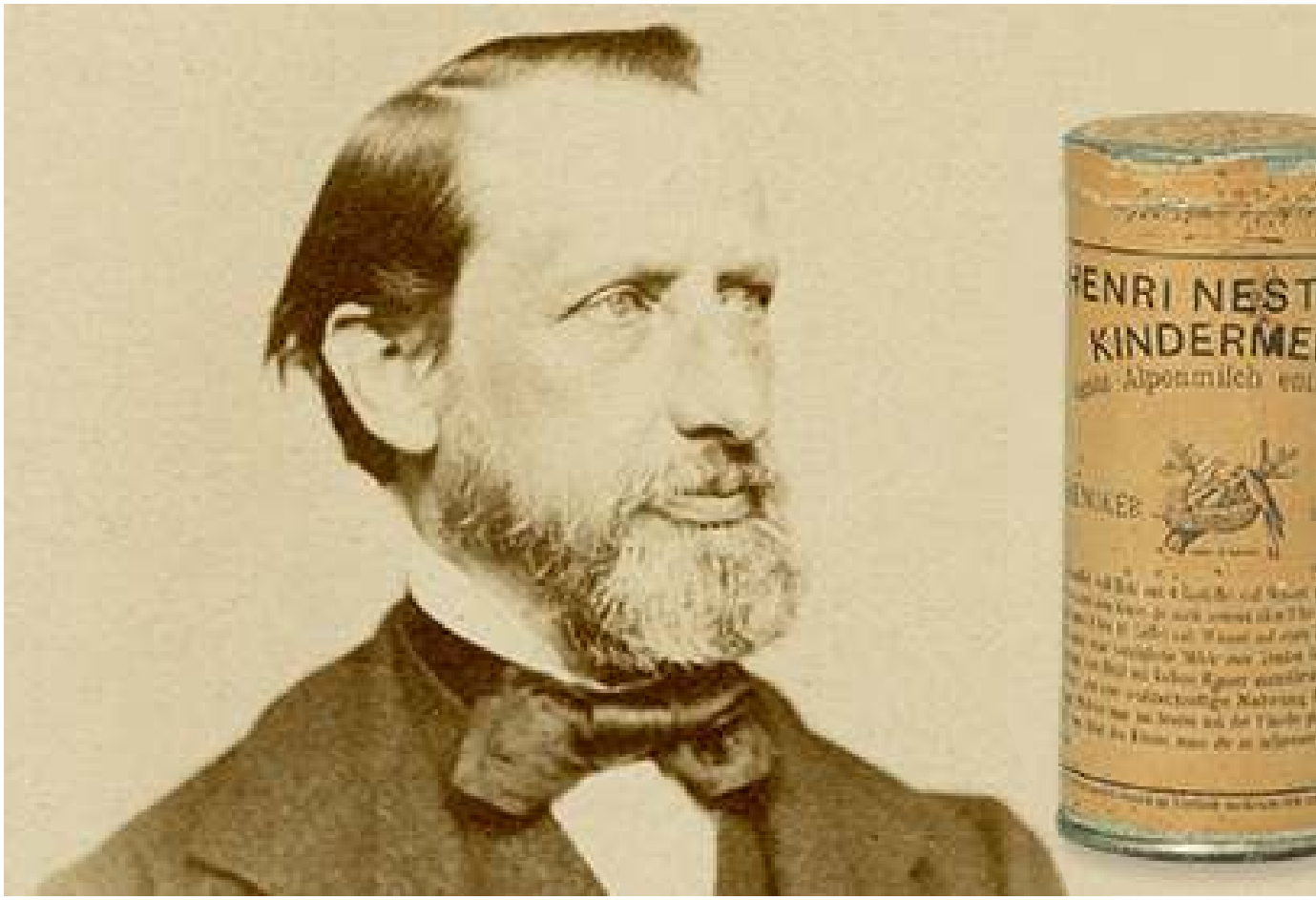
Contents

Nestlé 150 Years
of Good Food, Good Life

‘Good Food, Good Life’: Celebrating 150 years of Nestlé



It’s 1867 in Switzerland, and a premature baby cannot breastfeed, which is worrying in an era when many infants die of malnutrition due to a lack of effective breast milk alternatives. Henri Nestlé learns about the case and feeds the child his new ‘farine lactée’ infant food. It is the only product that the boy can digest, and he survives.

Word of Nestlé’s success spreads rapidly, and through determination, commitment and a pioneering spirit he builds a thriving business. His life-saving innovation is the model for all those that follow throughout Nestlé’s 150 years, which show the company’s skill in meeting and anticipating consumers’ changing needs.

Worldwide, people now consume more than one billion servings of Nestlé products per day. The company operates in over 197 countries and employs almost 340,000 people. It’s a far cry from the small-scale business that Henri Nestlé founded in Vevey, Switzerland. But Nestlé still embraces his values, his famous ‘Nest’ logo, and its headquarters in the city.

Growing-up in an industrial age

Nestlé’s story proper begins in 1866, when the Anglo-Swiss Condensed Milk Company launched Europe’s first condensed milk, another life-saving product in an era before refrigeration, when fresh milk spoilt easily in transit. In 1905, Anglo Swiss merged with Nestlé’s company to form the Nestlé & Anglo-Swiss Milk Company, which evolved into Nestlé from 1977.

The company's early success was due to its investment in science-based products and modern factories to produce them efficiently. Railways and steamships gave Nestlé & Anglo-Swiss access to new urban markets worldwide, and it made savvy use of modern advertising media – newspapers, magazines, billboards – to educate people on product benefits. Namely, nutrition, quality, safety, affordability and taste.

It's a blueprint for success that, bar a few necessary updates, still applies today. One other benefit that Nestlé products have always offered is convenience, and this became especially important after World War Two, when more women entered the workplace, and people demanded foods that were easy to prepare.

By 1938, people could 'start the day with a Nescafé', the world's first great-tasting instant coffee, simply by adding hot water. By 1948 they could enjoy Nesquik, a cocoa-based powder that dissolves easily in cold milk. And by 1957, they could finish the day with Maggi pasta 'ready meals' in cans, which were hugely successful.

Lightening the load in the kitchen
Cans weren't new, but nutritious meals in cans were, and this quickly became a high-growth segment for Nestlé. Such foods had a long shelf life, were easy to heat then eat, and you could even enjoy them cold. Cans were also simple to transport, so you could consume them on a camping trip, for instance, along with your cup of Nescafé. Such products helped to shape our modern world, and life would never be the same.

From the 1960s, you could also enjoy the convenience of Nestlé frozen foods and ice creams, which the company entered as domestic fridges and freezers grew in popularity. In 1986 Nestlé went one step further by creating its own breakthrough Nespresso system, which changed the way we experience premium coffee.

Nespresso is another Nestlé innovation that enhances people's quality of life, everywhere, every day. In doing so it brings pleasure, an emotion we associate strongly with chocolate. Nestlé first entered this key business in 1904 when it took on export sales for Peter & Kohler, later adding brands such as Cailler and KitKat.

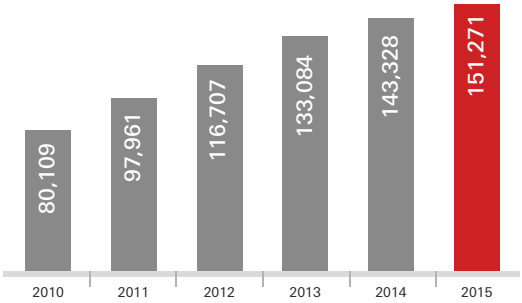
Targeted nutrition: the future of food
Today Nestlé business spans beverages, waters, dairy, confectionery, petcare, even skincare. In 2011 the company extended its leadership in Nutrition, Health and Wellness by creating Nestlé Health Science, to develop nutritional healthcare products that target optimal brain health, for example, or healthy aging.

Such innovations will help Nestlé address the global challenges of malnutrition, growing and aging populations and obesity. This same passion for nutrition underpins a commitment to improve products by reducing salt, sugar and saturated fats, and fortify them with vitamins, minerals, vegetables and wholegrains.

As Nestlé' celebrates 150 years, the company holds true to its conviction that to prosper in the long-term, it must create value for shareholders, the communities where it operates, and wider society. It's a conviction that enshrines Henri Nestlé's values, as Nestlé looks forward to the next 150 years of 'Good Food, Good Life'.

Performance Indicators

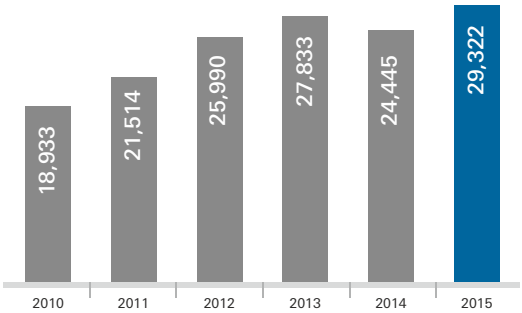
Turnover



Turnover Development

- Turnover growth of 6% from 2014 to 2015
- Turnover growth of 89% over the last five years
- All Segments and Businesses with strong Turnover development

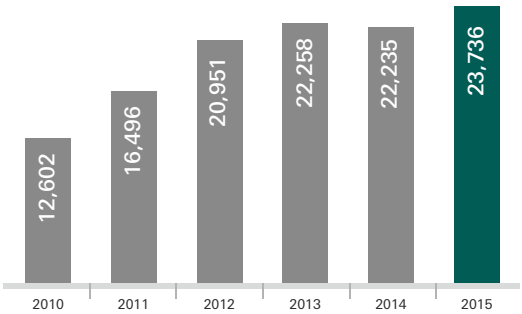
Operating Profit



Operating Profit Development

- 20% increase in Operating Profit despite cost pressures
- Operating Profit growth of 55% over the last five years
- Higher investments in Marketing & Distribution to build basis for future growth

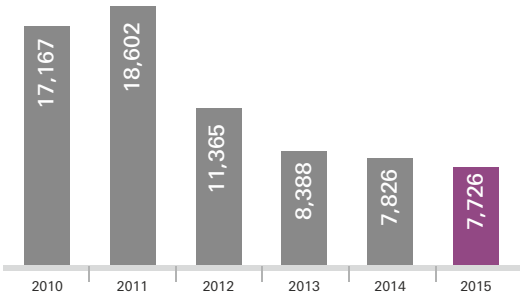
Profit After Tax



Profit After Tax Development

- 7% increase in PAT in 2015
- Growth of PAT 88% over the last five years
- 2015 PAT margin impacted by revaluation of USD denominated loans

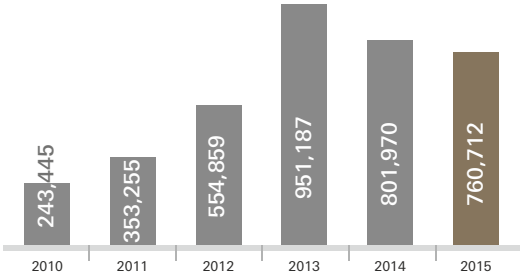
Investment



Investments

- Investments of NGN 7.7 Bio in year 2015
- Investments of NGN71 Bio during the last six years
- New factory in Abaji and capacity increases in our existing Agbara and Flowergate factories

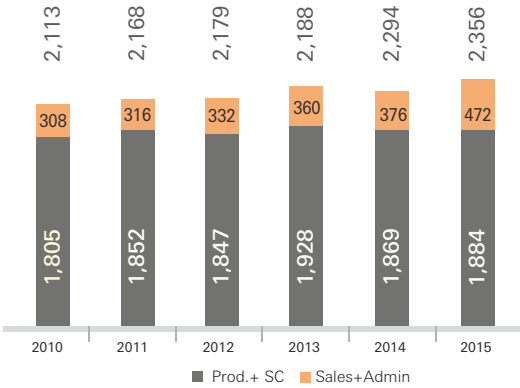
Market Capitalization



Market Capitalization Development

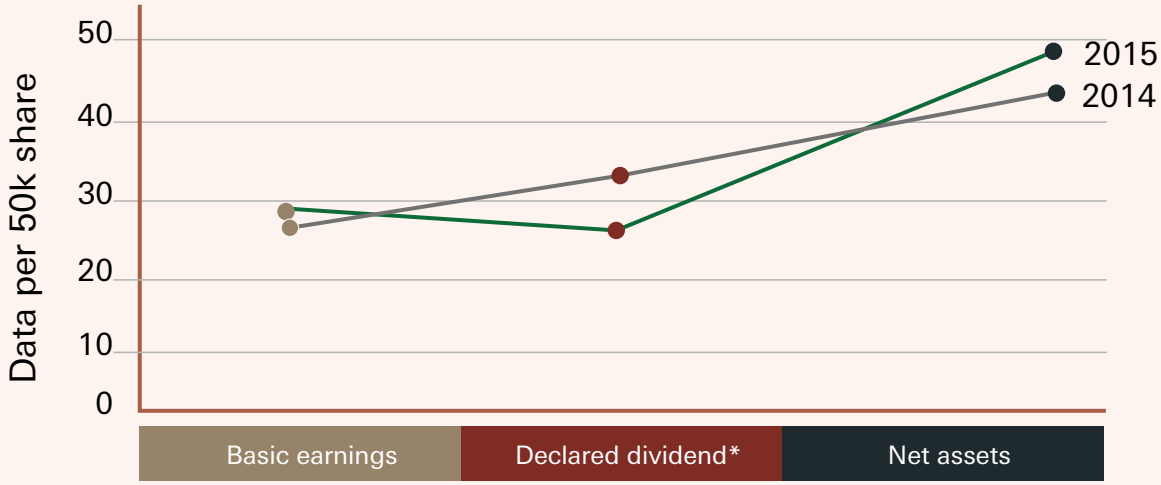
- Reasonable market capitalization despite the lull in the capital market
- Growth of Market Capitalization with 212% from 2010 to 2015

Staff Development

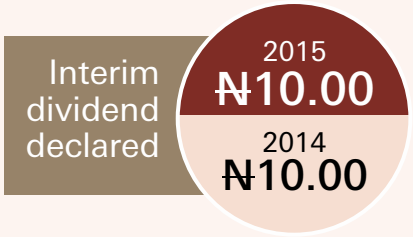


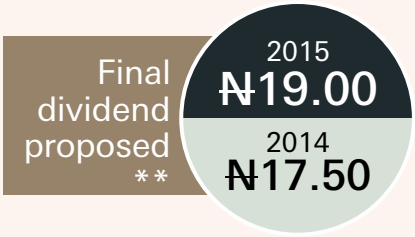
Staff Development

- Consistent growth of employment over the last six years
- We employed 2,356 own staff at end of 2015
- More than 14,000 people rely on Nestlé Nigeria PLC for their income
- Growth of employment especially in the Production, Supply Chain, Sales and Admin areas



Dividend per 50k share in respect of current year results only





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9 Onikan, Lagos, on Monday, 23 May 2016 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 2015 and the Reports of the Auditors and the Audit Committee thereon
2. To declare a Final Dividend
3. To re-elect Directors
4. To authorize 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
7. To consider and pass the following resolution as an ordinary resolution of the Company: "That a general mandate be and is hereby given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons."

NOTES

(a) PROXY: A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed herewith. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, GTL Registrars Limited, 2 Burma Road, Apapa, Lagos, P. M.B. 12717, Lagos not later than 48 hours before the time of the meeting. A member may submit his questions in writing to the registered office of the Company at least a week before the meeting.

(b) DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS: If the Dividend recommended by the Directors from the pioneer and non-pioneer profits is approved, dividend warrants will be posted on Tuesday, 24 May 2016 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 6 May 2016. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 9 May 2016 to Friday, 13 May 2016 both dates inclusive to enable the preparation and payment of dividend.

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

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

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

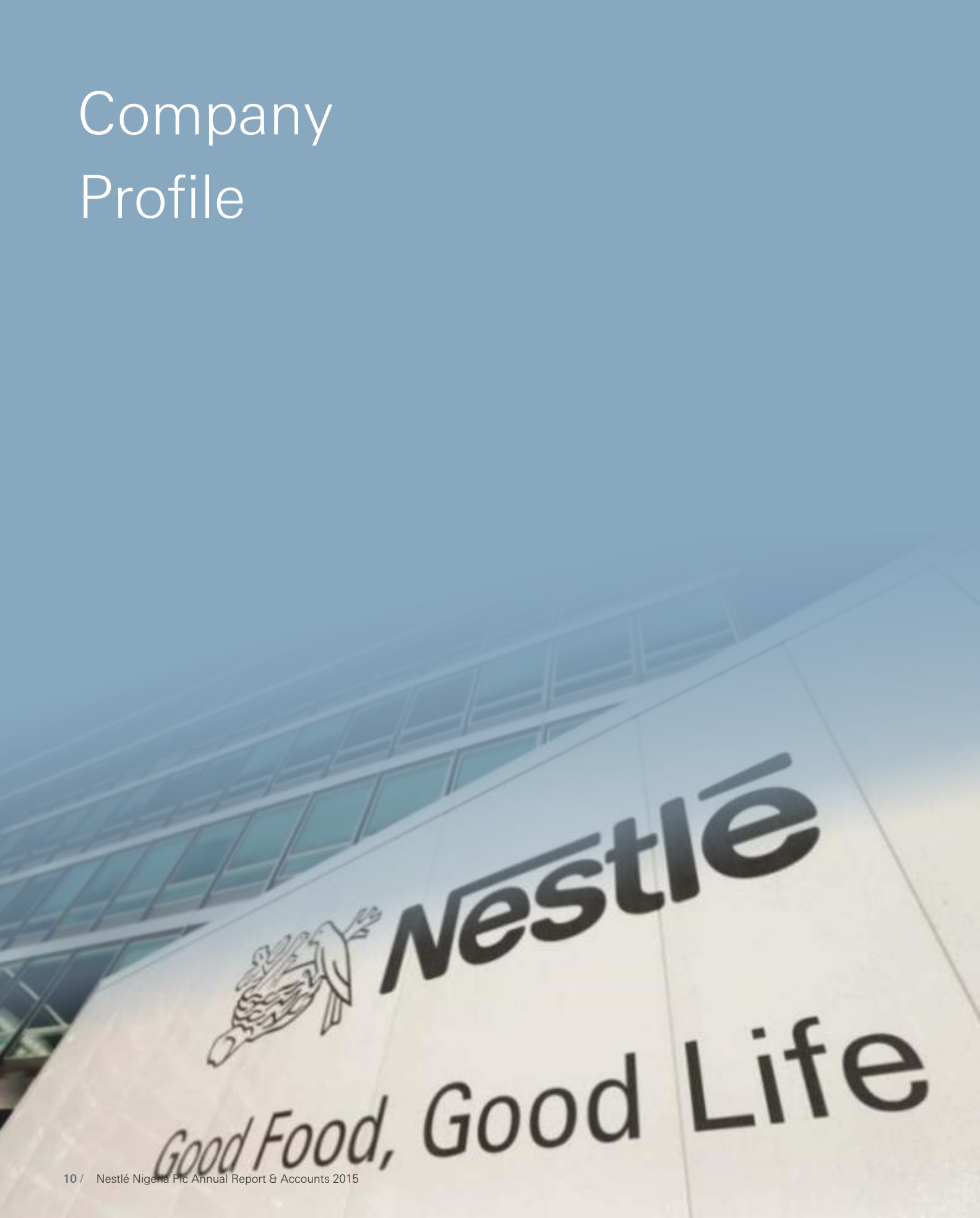
We request our shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars. The letter from GTL Registrars Limited explaining the new initiative is at page 33 of this Annual Report and Accounts.

Dated 14 March 2016
By Order of the Board

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

Registered Office
22-24 Industrial Avenue,
Ilupeju, LAGOS

Company Profile



> The strategic priorities of the Company are focused on delivering shareholder value through the achievement of sustainable, capital efficient and profitable long-term growth.

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

Nestlé Nigeria Plc was listed on the Nigerian Stock Exchange on April 20, 1979. As at December 2015, 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 2015 was ₦151.3 billion. In the year 2015, the Company's profit before tax was ₦29.3 billion and profit after tax was ₦23.7 billion.

Nestlé manufactures and markets a range of high quality brands: Infant Formula - Nestlé NAN®, Nestlé LACTOGEN®; Infant cereals - Nestlé NUTREND®, Nestlé CERELAC®; Family cereals - Nestlé GOLDEN MORN™; Beverage drink-Nestlé MILO®; Confectionery-Nestlé CHOCOMILO®, Nestlé KITKAT®; Bouillon - MAGGI® Cube, MAGGI® Chicken, MAGGI® Crayfish, MAGGI® Mix'py; and Table Water - Nestlé PURE LIFE®. Nestlé also markets coffee - NESCAFÉ® CLASSIC (Pure soluble coffee), NESCAFÉ® 3-in-1 (Complete coffee mixes), and full cream milk product - Nestlé NIDO®.

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

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

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

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

Also, in line with Nestlé Corporate Business Principles, our Company continues to take a proactive approach to respect and support human rights principles within business operations. In 2011, we rolled out an online human rights training tool for

> Nestlé is committed to environmentally sound business practices. Our goal is that Nestlé products will not only be tastier and healthier, but also better for the environment along the value chain.

all our employees. The web-based tool helps our staff better understand the relevance of human rights principle to business operations, providing exercises, case studies and links to facilitate learning.

As part of our commitment to enhancing the quality of life through sports, we support development of sports in Nigeria by sponsoring many sporting events - including Nestlé MILO® Secondary School Basketball Championship. We are strengthening our health and wellness education activities, particularly those that positively impact children's' development and support governments' goals to increase physical activity.

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

In support of Nigeria's drive towards a rapid technological capability, Nestlé inaugurated a state-of-the-art Technical Training Centre (TTC) at Agbara factory in 2011. The Centre offers an 18-month multi skilled, vocational training in machining / mechanical fitting operations, electrical / instrumentation operations and automation leading to the certificate examination of the London City and Guilds Technician Certificate. The best five students from the Centre are given the opportunity to participate in additional training modules in Switzerland. The third batch of technicians admitted at our TTC started the programme in September 2015.

In pursuit of our commitment to local sourcing of agricultural raw materials, we are involved in an initiative in the agricultural sector with the Grains Quality Improvement Project. The Grains Quality Improvement project is aimed at ensuring high quality grains by reducing mycotoxin contamination in grains through good agricultural and storage practices. The project has significantly reduced the nutritional and economic losses in grains and legumes and ensures high quality raw materials for our factory.

Nestlé is committed to environmentally sound business practices. Our goal is that Nestlé products will not only be tastier and healthier, but also better for the environment along the value chain. We are committed to improving resource efficiency; improve the environmental performance of our packaging; assess and optimize the environmental impact of our products; provide climate change leadership and provide meaningful and accurate environmental information and dialogue. To further reduce our environmental footprint and ensure efficient use of energy for manufacturing operation, Nestlé Nigeria Plc built a tri-generation power plant at Agbara factory. The plant generates electrical power, while chilled and hot water are generated using heat from the power plant exhaust gases. This enables us to increase overall energy efficiency from 42 to 74 per cent and to reduce carbon dioxide emissions by 5,000 tons per year. Our Agbara factory is listed among the Global Nestlé factories considered as 'High Performing' in relation to reduced water consumption versus increased production output.

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

Directors and Other Corporate Information

Board of Directors:	Mr. David Ifezulike	Chairman
	Mr. Dharnesh Gordhon (South African)	Managing Director/Chief Executive Officer
	Mr. Syed Saiful Islam (Bangladeshi)	Executive Director
	Mrs. Iquo Ukoh	Executive Director - Resigned 15/3/2016
	Mr. Kais Marzouki (German)	Non-Executive Director
	Mr. Giuseppe Bonanno (Italian)	Non-Executive Director
	Mr. Gbenga Oyebode	Non-Executive Director
	Mrs. Ndidi Okonkwo Nwuneli	Independent Non-Executive Director
Company Secretary/ Legal Adviser	Mr. Bode Ayeku	
Registered Office:	22-24 Industrial Avenue, Ilupeju, Lagos. Tel: 01 – 2798184, 2798188, 2790707.	
Registrars:	GTL Registrars Limited 2 Burma Road, Apapa, Lagos. Tel: 01- 5803369, 5451399, 5803367.	
Independent Auditors:	Akintola Williams Deloitte 235 Ikorodu Road, Ilupeju, Lagos. Tel: 01- 2717800.	
Members of the Audit Committee	Mr. Matthew Akinlade	Chairman
	Alhaji Kamorudeen Danjuma	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mrs. Iquo Ukoh	Directors' Representative
	Mr. Giuseppe Bonanno	Directors' Representative
	Mr. Gbenga Oyebode	Directors' Representative

Chairman's Statement

Mr David Ifezulike - Chairman

Mr Dharnesh Gordhon - MD/CEO

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

Business Environment

The year 2015 was a remarkable one for Nigeria, with each quarter posing its own hurdle for the economy. The economy posted an average GDP growth of 3.05% for the first three quarters of 2015 (6.33% for the comparative period in 2014). The performance has been attributed to steeply declining international crude oil prices, foreign currency restrictions, security challenges in the north, among others.

The above factors affected the growth of the major contributors to the non-oil sector. Crop production, Trade, Telecoms, Real Estate, and Food, Beverage and Tobacco – which jointly contribute two-thirds of total non-oil output all recorded lower Year on Year growth as low aggregate spending continued to take its toll on economic activities.

In response, the Central Bank of Nigeria deployed a vast range of policy interventions with a view to manage Forex utilization in order to avoid naira devaluation. Some of these policies include the harmonization of Cash Reserve Ratio on public and private deposits to 31%, ban on banks from accepting Forex cash deposits from customers and restriction on accessing Forex from the official market for 41 commodities in June 2015.

However, it is worthy of note that despite the decline in oil revenue, the economy accelerated in Q3 driven by stronger oil output and increased domestic demand. Third quarter 2015 GDP growth stood at 2.8%, up from 2.4% growth recorded in the second quarter of 2015.

Operating Results and Performance

Despite the tough economic and business realities, as well as the slowdown of consumer demand in Nigeria, we outperformed our competitors, grew market shares and managed our bottom line more responsibly.

You can obtain the highlights of the operating results on page 37 of this Annual Report and Accounts and from our investor's website: http.//www.nestle-cwa/en/investors/nigeria

> Our aim is to enhance the quality of consumers' lives everyday, everywhere in Nigeria by offering tastier and healthier foods and beverages at all stages of life and at any time of the day, helping consumers care for themselves and their families.

Dividend

In view of the good performance achieved in 2015 and in line with your Board's commitment to creating value for its shareholders, the Board is proposing a dividend of ₦19.00 composed of ₦5.00 and ₦14.00 from the pioneer and non-pioneer profits of the Company. An interim dividend of ₦10.00 was earlier declared and paid, making a total dividend of ₦29.00 per share for the year 2015. This represents 5% increase from 2014.

E-Dividend and E-Bonus

We still have a material list of unclaimed dividend warrants 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 2015 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. We request our shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars. The letter from GTL Registrars Limited explaining the new initiative is at page 33 of this Annual Report. 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.

Marketing, Sales and Product Performance

Our top-quality brands and nutritious products maintained their competitive edge over competition in 2015 due largely to continuous investment in them. Our aim is to enhance the quality of consumers' lives every day, everywhere in Nigeria by offering tastier and healthier foods and beverages at all stages of life and at any time of the day, helping consumers care for themselves and their families. Nestlé brands have remained dominant in all the categories our products are found while enjoying better visibility, product penetration and improved sales growth.

Enhancing the quality of life through sports

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

> To further advance human rights principles in the workplace and ensure compliance with Nestlé Corporate Business Principles, we provided an internal platform to report potential legal, regulatory or ethical misconduct on an anonymous basis called the Nestle Integrity Reporting System

Secondary School Basketball Championship – an event that harnesses the energy of the youth and gives them an international platform to showcase their talent. The Championship which was sponsored for the 17th year in a row reached over 90,000 students from over 7,000 schools across Nigeria. The Championship is reputed to be the single biggest basketball event in Nigeria.

Our People, Human Rights and Compliance

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

The good performance we recorded in 2015 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 for their valued contributions over what has been a truly remarkable year of challenges. As at 31 December 2015, 2,356 people benefitted from direct employment (excluding third party and fixed contract staff). We continue to grow our own pipeline of high-performing talent and to develop the future leaders of our business. In 2015, all employees participated in different in-house training programs to sharpen their skills and improve their productivity.

In line with Nestlé Corporate Business Principles, our Company continues to take a proactive approach to respect and support human rights principles within business operations. We are committed to respecting human rights in all our business activities by assessing and addressing human rights impacts in our operations. We take proactive steps to prevent and address any negative impact we may have on the rights of the people we employ, do business with, or interact with.

To further advance human rights principles in the workplace and ensure compliance with Nestle Corporate Business Principles, we provided an internal platform to report potential legal, regulatory or ethical misconduct on an anonymous basis called the Nestle Integrity Reporting System. All reports are treated with seriousness, investigated thoroughly and responded to by the company.

We also provide an external platform called 'Tell Us' to third parties to report, anonymously or otherwise, any violations or suspected violations of laws, regulations, the Nestle Corporate Business Principles and the Nestle Supplier Code thus enabling them to hold us to the legal, ethical, and moral standards that we have committed to.

We also have a WHO Ombudsman to enable employees to report concerns regarding the marketing of our Nestle Infant Nutrition and Wyeth Infant Nutrition products. Like the Nestle Integrity Reporting System and 'Tell Us', any concerns may be reported anonymously.

Nestlé in society: Creating Shared Value

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

Ultimately, our prosperity depends on that of the communities that we serve and in which we operate. We fundamentally believe that our activities should

> We believe Nigeria's outlook in 2016 is brightened by the large and varied opportunities in different sectors of the economy.

create shared value. At Nestlé, this begins with the creation of superior long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness. This is what we mean when we speak about "Creating Shared Value". We talk about this in more detail in the summary Nestlé in society: CSV Report 2015 on pages107 to 121 of this Annual Report.

Outlook for 2016

We are confident that a more stable economic environment and increase in government infrastructural spending will aid significant growth in 2016. The ambitious reform agenda and policy direction of the new administration are expected to play a huge role in restoring confidence to the economy.

We have hope in the resilience of local economy. We believe Nigeria's outlook in 2016 is brightened by the large and varied opportunities in different sectors of the economy. We are ready to grasp the many possibilities the Nigerian business environment is offering. Our Company has the right mindset and structures. We have the right action plans in place to deliver solid results in the short term and in the long term.

Although we are operating in a challenging economic environment, we will continue to make affordable nutrition our key competitive advantage. This is particularly relevant in Nigeria where nutritional deficiencies are high and purchasing power is low. On a daily basis where a difficult environment exists for our consumers, we have a major opportunity to build trust in our brands with proven nutritional credentials at price points that enable daily consumption.

Together, we will build a bright future for our company by making Nestle the leader in Nutrition, Health and Wellness in Nigeria.

I thank you for your attention.

Mr. David Ifezulike
Chairman

Corporate Governance Report 2015

Background

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

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

Nestlé Corporate Governance Principles

Nestlé has since its commencement of business:

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

The Nestlé Group commitment to sound Corporate Governance goes back to its very early days. Nestlé published for the first time, in September 2000, its Corporate Governance Principles. Today, these are incorporated in the Nestlé global Management Report. Nestlé complies with these principles even before the introduction of code of corporate governance in Nigeria.

Local Legislations and International Recommendations

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

2011 by the Securities and Exchange Commission during the year under review. Also, Nestlé has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

The Principles

They cover four areas:

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

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

Information Policy

Shareholder Relations- Guiding Principles

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

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

Methodology

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

Printed material

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

The document also outlines and discusses the latest social initiatives of Nestlé resulting from its commitment to the highest levels of corporate citizenship. Nestlé publishes its full-year and quarterly results. Press releases are issued on activities of the Company as and when necessary.

Future Relations with Shareholders

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

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

Communication with Stakeholders

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

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

Transparency in Financial Reporting and Internal Control

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

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé. The Board is made up of four (4) non-executive directors including the Chairman, one independent non-executive director and three (3) executive directors as at the end of 2015. The names of all the directors are stated on page 13 of this Annual Report. The non-executive directors are independent of management and able to carry out their oversight functions in an objective and effective manner. The position of the Chairman and that of the Managing Director are occupied by different persons. All the directors have access to the advice and services of the Company Secretary.

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

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

The following are the specific issues reserved for the Board:

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

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

List of Board Members and attendance at meetings

Name	Date of Meeting 23 Feb 2015	Date of Meeting 11 May 2015	Date of Meeting 29 July 2015	Date of Meeting 26 October 2015	Total
Mr. David Ifezulike	√	√	√	√	4
Mr. Dharnesh Gordhon	√	√	√	√	4
Mr. Syed Saiful Islam	√	√	√	√	4
Mrs. Iquo Ukoh	√	√	√	√	4
Mr. Kais Marzouki	√	√	X	√	3
Mr. Giuseppe Bonanno	√	√	√	√	4
Mr. Gbenga Oyebode	√	√	√	√	4
Mrs. Ndidi Nwuneli	√	√	√	X	3

√ Present X Absent with apologies

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 2015 was completed by members and the summary of results compiled electronically.

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

b) **Mr. Giuseppe Bonanno** (Italian) is a non-executive director and the Head of Finance and Control of Nestlé CWA Region comprising 22 countries. He is a Certified Public Accountant and holder of Master in Business Administration. He worked with F. Cinzano Spa, VERA and RECOARO factories in Italy between 1995 and 2000 before he joined Nestlé Water 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 Pakistan 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.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) non-executive directors appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval. The committee met on 23/2/2015 and 26/10/2015 and discharged their responsibilities excellently in 2015.

The table below shows the members who served on the committee in 2015 and their attendance at meetings:

Name	Date of Meeting 23 Feb 2015	Date of Meeting 26 October 2015	Total
Mr. David Ifezulike	√	√	2
Mr. Kais Marzouki	√	√	2
Mr. Giuseppe Bonanno	√	√	2

√ Present

Safety, Health and Environment Committee

The Committee is to review reports on safety, health and environmental activities of the Company, safety statistics and environmental compliance. The Committee is also to review reports on visits made to Nestlé on safety, health and environment by government agencies and the proposed activities in relation to the Company's safety, health and environmental policy. Meeting was held on 23/2/2015 and the committee discharged their responsibilities excellently in 2015. During the year, the Board decided to replace the Committee with the Creating Shared Value Committee.

The table below shows the Directors who served on the committee in 2015 and their attendance at meeting:

Name	Date of Meeting 23 February 2015	Total
Mr. David Ifezulike	√	1
Mr. Dharnesh Gordhon	√	1
Mrs. Ndidi Nwuneli	√	1

√ Present

Statutory Audit Committee

The Committee is established to perform the functions stated in Section 359 (6) of the Companies and Allied Matters Act. There are six (6) members of the Committee and one of the three representatives of the shareholders is the chairman of the Committee. The Committee met during the period under review and discharged their responsibilities excellently in 2015.

The table below shows the members who served on the committee in 2015 and their attendance at meetings:

Name	Date of Meeting 23 Feb 2015	Date of Meeting 28 April 2015	Date of Meeting 29 July 2015	Date of Meeting 26 October 2015	Total
Mr. Matthew Akinlade	√	√	√	√	4
Alhaji Kamorudeen Danjuma	√	X	√	√	3
Mr. Christopher Nwaguru	√	√	√	√	4
Mrs. Iquo Ukoh	√	√	√	√	4
Mr. Giuseppe Bonanno	√	√	√	√	4
Mr. Gbenga Oyebode	√	√	√	√	4

√ Present X Absent with apologies

Board Charter and Code of Ethics

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

Insider Trading

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

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

Human Resources Policies and other related matters

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

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

It is the Company's policy to:

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

Company's Sustainability policies

Corruption

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

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

the Company through www.speakupfeedback.eu/web/r8a5g3/ne, then log in using the generic access code: 70182 or dedicated telephone line 070 8060 1488.

Creating Shared Value

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

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

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

Corporate Governance and Integrity Committee

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

The terms of Reference of the CGI are:

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

Environmental Protection

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

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

The facility ensures that the physical, chemical and

biological parameters of the wastewater are controlled within the limits set by the government of Nigeria before discharging from the factory.

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

HIV/AIDS

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

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 . This is to enable us pay dividend due to shareholders by crediting their bank accounts with dividend and the Central Securities Clearing System (CSCS) accounts with bonus shares immediately they are declared. Consequently, we hereby request all shareholders to complete the detachable form in the Annual Report, in order to provide our Registrars, GTL Registrars Limited, with their bank accounts and CSCS numbers. We request our shareholders to use the recently launched e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars.

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

Independent Auditors

The Company's auditors are Akintola Williams Deloitte.

General Mandate Circular

Information in respect of General Mandate

In accordance with the Rules on Transactions with Related Parties recently issued by the Nigerian Stock Exchange, the Company is seeking a general mandate from shareholders as per item 7 on the Agenda for the Annual General Meeting slated for 23 May 2016.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 89, 90 and 91 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

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

(i) The class of interested persons with which the Company will be transacting during the next financial year are Nestlé S.A. Switzerland, its subsidiaries and associated companies;

(ii) The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations;

(iii) The rationale for the transactions are that they are indispensable to the operations of the Company, cost effective and makes the products of the Company to be competitive;

(iv) The method and procedure for determining transaction prices are based on the transfer pricing policy;

(v) KPMG Advisory Services, the transfer pricing consultants of the Company, gave opinion based on the transfer pricing compliance exercise it earlier conducted that the method and procedure in (iv) are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) The audit committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices as earlier reviewed by KPMG Advisory Services are adequate;

(vii) The Company shall obtain a fresh mandate from shareholders if the method and procedure in (iv) become inappropriate; and

(viii) The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

Complaints Management Policy of Nestlé Nigeria Plc for Shareholders

Table of Contents

1. **Preamble**

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

Further, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder / investor confidence in the company.

This Policy sets out the broad framework by which Nestlé Nigeria Plc ("Nestlé" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Nestlé's shareholders to provide feedback to the Company on matters that affect shareholders.

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

2. **Objective**

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

3. **Nestlé's Commitment**

Nestlé is committed to providing high standards of services for shareholders, including:

- Providing a platform for efficient handling of shareholder complaints and enquiries;
- Enabling shareholders to have shareholder related matters acknowledged and addressed;
- Providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner; and
- Facilitating efficient and easy access to shareholder information.

4. **Procedure for Shareholder Complaints/Enquiries**

Shareholders can make complaints/enquiries and access relevant information about their shareholdings in the following manner:

a) Contact the Registrar: Shareholders who wish to make a complaint / enquiry shall in the first instance contact the Registrar (see the contact details set out in section 8 of this Policy). The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others.

Upon receipt of a complaint or an enquiry, the Registrar shall take appropriate action to resolve the issue and immediately provide the relevant details of such complaint or enquiry to Nestlé for monitoring, record keeping and reporting purposes.

In resolving complaints or enquiries, the Registrar shall be guided by the timelines stipulated in clause 5 (c-f) of this Policy.

b) Contact Nestlé's Company Secretary: If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints then, shareholders should contact the office of the Company Secretary (see the contact details set out in section 9 of this policy).

5. **Complaints/Enquiries received directly by Nestlé**

Where a complaint or an enquiry is sent to Nestlé directly, the Company upon receipt of the complaint or enquiry, shall use its best endeavours to ensure that:

a) relevant details of the complaint or enquiry are immediately recorded.
b) It forwards the complaint or enquiry to the Registrar and that a response is provided by the Company or the Registrar within the time frame set out in sub-clauses (c-f) below.
c) complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.
d) complaints or enquiries received by post are responded to within five (5) working days of receipt.
e) complaints or enquiries are resolved by the Registrar or company within ten (10) working days of receipt.
f) The Nigerian Stock Exchange is notified, within two (2) working days, of the resolution of a complaint or enquiry.
g) where a complaint/ enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.
h) the same or similar medium that was used for the initial enquiry is used in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

6. Electronic Complaints Register and Quarterly Reporting Obligations

Nestlé shall maintain an electronic complaints register.

The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address. Telephone number, e-mail address).
- Nature and Details of the enquiry or complaint.
- Action Taken / Status.
- Date of the Resolution of the complaint.

Nestlé shall also provide information on the details and status of complaints to the Securities and Exchange Commission and The Nigerian Stock Exchange on a quarterly basis.

7. Liaison with the Registrar

During the course of investigating a shareholder's enquiry, complaint or feedback, Nestlé may liaise with the Registrar. Nestlé's engagement with the Registrar will include:

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

8. Contact Details of the Registrar

The Registrar may be contacted as follows:

GTL Registrars Limited
2 Burma Road
Apapa
P.M.B. 12717
Lagos
Telephone: +234 1 2793161, +234 1 8131925
E-mail: info@gtlregisrars.com
Website: www.gtlregistrars.com

9. **Contact Details of Nestlé's Company Secretary**

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

The Company Secretary/Legal Adviser
Nestlé Nigeria Plc
22-24 Industrial Avenue
Ilupeju
P.M.B. 21164
Ikeja
Telephone: +234 1 2798184; +234 1 2798188
E-mail: shareholders.enquiries@ng.nestle.com
Website: www.nestle-cwa.com/en/investors/nigeria.com

10. **Shareholder Access to this Policy**

Shareholders will have access to this policy through the following avenues:

- The Policy shall be available on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)
- A copy of the Policy may be requested by contacting the Office of the Company Secretary/Legal Adviser.
- The Policy shall be made available to shareholders of the Company through the Annual Report and Account.

11. **Fees and Charges**

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

Shareholders are informed that in some circumstances the Registrar may charge shareholders a fee (for example, to resend previous dividend statements upon request by the shareholder).

12. **Amendment/Review of this Policy**

Nestlé may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback.

Any changes or subsequent versions of this Policy will be published on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)

Approved by:

.....	.....
Managing Director/Chief Executive Officer	Company Secretary/Legal Adviser

Co

Introducing the New E-dividend Mandate Management System (EDMMS)

As a part of the ongoing collaborative effort of stakeholders in the Financial Industry to ensure that the e-dividend payment process is embraced by all, the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria InterBank Settlement System (NIBSS) and the Institute of Capital Market Registrars (ICMR) have successfully developed an e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing.

The portal is a web-based application that can be assessed by every branch of all Banks and by all Registrars. The following are the unique features/advantages of the new process;

1. Shareholders can go to their Bank or any of their Bank's branches nationwide to complete an e-dividend mandate form and this will be verified and stamped by the Bank and forwarded electronically to the Registrar
2. Data relating to shareholders who are yet to provide their Bank details to Registrars has been pre-loaded unto the portal by NIBSS so as to allow the Bank verify shareholders' details on-line when they complete e-dividend forms.
3. Completed forms that have been verified by the Bank will be forwarded electronically to the relevant Registrar via the portal.
4. Confirmation of forms and other correspondences between the Registrar and the Bank as may be required will be done via the portal.
5. Shareholders do not have to come to the Registrar's office to submit e-dividend forms any more.

With this new system, shareholders have the opportunity to update their bank details with Registrars with ease.

We wish to inform you that GTL Registrars Limited is actively involved in this process and shareholders on the Registers of members managed by us are encouraged to take advantage of this new process to update their records with us with the Bank details.

Kindly visit your Bank or any of GTL Registrar's offices nationwide as stated below and our website www.gtlregistrars.com for more details.

Thank you.

ABUJA BRANCH
Plot 388, Coscharis Building, 4th Floor, Behind Old Chelsea Hotel, Central Business District, Abuja
Tel: 08159594379

BENIN BRANCH
UBN Building 5, Forestry Road Benin-City, P.M.B 1001 Benin-City Edo
Tel: 08159594382

IBADAN BRANCH
UBN Building 1st floor Bank Road, Dugbe, P.M.B 5338 Ibadan
Tel: 08159594385

KANO BRANCH
UBN Building 1st Floor 37 Niger Street, Muritala/Mohammed Way, Kano
Tel: 08159594383

OWERRI BRANCH
UBN Building Opp. Nigeria Prison Service Okigwe Road Owerri Imo State
Tel: 08159594388

PORT HARCOURT BRANCH
26 Aba Road, Opposite Oando filling station Port Harcourt, Rivers State
Tel: 08159594387

Board of Directors

1. Mr David Ifezulike
(Nigerian)
Chairman

is the non-executive Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Management Science and a Diploma of Imperial College. He joined Nestlé in 1980 and worked for over 26 years in various capacities and locations including Nigeria, Malaysia, Zimbabwe, Switzerland and Ghana. Mr Ifezulike was on international exchange programme as the Factory Manager of Nestlé Ghana between May 1999 and April, 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000, and appointed the Chairman with effect from 10 May 2013.

2. Mr Dharnesh Gordhon
(South African)
Managing Director

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

3. Mr Syed Saiful Islam
(Bangladeshi)

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

4. Mrs Iquo Ukoh
(Nigerian)

was 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. She was the Category Business Manager – Culinary (Nigeria and Ghana). She holds a Bachelor of Science degree in Nutrition and Dietetics. She joined Nestlé Nigeria Plc in 1981 as a Medical Delegate and has held several key positions in the Company. She was appointed a director of the Company on19 February 2010 and resigned as a director on 15 March 2016, following her retirement from the Company after more than 34 years of service.

5. Mr Kais Marzouki
(German)

is a non-executive director of the Company and the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds a European Master's in Management degree and joined Nestlé Group in 1995. He held various positions including General Business Manager for Jordan and Lebanon in 2001 and 2003

respectively; Regional Sales Director for Southern and Eastern African Region from 2005 to 2008; Global Channel Category Manager, SBU-Food of Nestlé S.A. from 2008 to 2009; Regional Sales Director for Nestlé Oceania Region from 2009 to 2011; Business Executive Manager Coffee and Beverages from 2011 to July 2013 before his current appointment as Head of CWA Region. He was appointed to the Board on 1 August 2013.

6. Mr Giuseppe Bonanno
(Italian)

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

7. Mr Gbenga Oyebode (MFR)
(Nigerian)

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

8. Mrs Ndidi Nwuneli (MFR)
(Nigerian)

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

9. Mr Bode Ayeku
(Nigerian)

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

Nestlé Nigeria Plc Financial Statements

For the year ended 31 December 2015, together with

Directors'and Independent Auditor's Reports

Financial Highlights

In thousands of naira	2015	2014	Increase/ (decrease) %
Revenue	151,271,526	143,328,982	6%
Profit before income tax	29,322,477	24,445,978	20%
Profit for the year	23,736,777	22,235,640	7%
Declared dividend*	21,798,049	26,950,313	(19)%
Share capital	396,328	396,328	0%
Total equity	38,007,074	35,939,643	6%
Data per 50k share			
Basic earnings	₦29.95	₦28.05	
Declared dividend*	₦27.50	₦34.00	
Net assets	₦47.95	₦45.34	
Dividend per 50k share in respect of current year results only			
Interim dividend declared	₦10.00	₦10.00	
Final dividend proposed**	₦19.00	₦17.50	
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	₦860.00	₦1,011.75	(15)%
Number of shares issued ('000)	792,656	792,656	0%
Market capitalisation at 31 December (₦: million)	760,712	801,970	(5)%

* Declared dividend represents the interim dividend declared during the year from the pioneer profits as at the year ended 31 December 2014, plus the final dividend proposed for the preceding year but declared during the current year.

** The directors propose a final dividend of ₦19.00 (2014:₦17.50) per share on the issued share capital of 792,656,252 (2014:792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting. The final dividend proposed is composed of ₦5.00 and ₦14.00 from the pioneer and non-pioneer profits of the Company respectively (2014: ₦17.50 from the pioneer profits of the Company).

Directors' Report

1 **Financial Statements**

The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 December 2015
.

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:

	2015 ₦'000	2014 ₦'000
Revenue	151,271,526	143,328,982
Results from operating activities	33,747,243	29,200,221
Profit before income tax	29,322,477	24,445,978
Profit for the year	23,736,777	22,235,640
Total comprehensive income for the year	23,736,777	22,235,640

4 **Dividend**

The directors recommend the payment of a final dividend of ₦19.00 (2014:₦17.50) per share, having earlier declared an interim dividend of ₦10.00 (2014:₦10.00) per share, on the issued share capital of 792,656,252 (2014:792,656,252) ordinary shares of 50k each totaling ₦29.00 (2014:₦27.50).The interim dividend was declared entirely from the pioneer profits of the Company as at the year ended 31 December 2014.

The final dividend proposed is composed of ₦5.00 and ₦14.00 from the pioneer and non-pioneer profits of the Company respectively (2014:17.50 from the pioneer profits of the Company).

If the proposed final dividend of ₦19.00 is approved by the shareholders, the non-pioneer dividend portion of ₦14.00 will be subject to deduction of withholding tax at the applicable rate.

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	
		2015	2014
Mr. David Ifezulike	- Chairman	56,255	76,255
Mr. Dharnesh Gordhon (South African)	- MD/CEO	Nil	Nil
Mr. Syed Saiful Islam (Bangladeshi)		1,110	Nil
Mr. Giuseppe Bonanno (Italian)		Nil	Nil
Mr. Kais Marzouki (German)		Nil	Nil
Mrs. Iquo Ukoh		37,500	37,500
Mrs. Ndidi Okonkwo Nwuneli		Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil

(b) Mr. Gbenga Oyebode, was 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 26 to the financial statements.

(d) Mrs. Iquo Ukoh resigned as a Director of the Company on 15 March 2016 following her retirement from the Company after more than 34 years of service.

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 2015 is available at the Annual General Meeting for inspection.

7 **Analysis of Shareholdings**

			Number of shareholders	%	Number of shares	%
1	-	1,000	17,945	61.285	5,644,098	0.71
1,001	-	5,000	7,595	25.938	17,452,348	2.20
5,001	-	10,000	1,864	6.366	12,810,370	1.62
10,001	-	50,000	1,487	5.078	29,352,966	3.70
50,001	-	100,000	189	0.645	13,065,588	1.65
100,001	-	500,000	148	0.505	31,665,012	4.00
500,001	-	1,000,000	18	0.061	13,800,734	1.74
1,000,001		and above	34	0.116	165,688,036	20.90
			29,280	99.99	289,479,152	36.52
Nestlé S.A, Switzerland *			1	0.01	503,177,098	63.48
			29,281	100	792,656,250	100

** Apart from Nestlé S.A, Switzerland, with 503,177,098 ordinary shares (representing 63.48%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2015.

8 **Property, plant and equipment**
Information relating to changes in property, plant and equipment is disclosed in Note 15 to the financial statements.

9 **Donations**
The value of gifts and donations made by the Company during the year amounted to ₦47,191,259 (2014: ₦45,547,432) and analysed as follows:

	2015 ₦'000
Donation for 2015 Cancer Summit (Cancer Education and Advocacy Foundation of Nigeria)	500
Sagamu Community Library Project (Royal Initiative for Sagamu Development)	3,000
Product donation to Internally Displaced Persons (IDPs) Camps via the office of Director-General of NAFDAC	36,872
Product donation to Murtala Mohammed Foundation for IDPs	549
Donation to SUJIMOTO Charity Event: "The 10,000 – Giving Back with Sujimoto"	6,270
	47,191

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives. These shared value initiatives are presented in the dedicated Creating Shared Value Report which is part of this Annual Report.

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

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

11 **Local Sourcing of Raw Materials**

On a continuing basis, the Company explores the use of local raw materials in its production processes and has successfully introduced the use of locally produced items such as soya bean, maize, cocoa, palm oil 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 as stated on page 122 of the Annual report and financial statements.

13 **Suppliers**

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

14 **General Licence Agreement**

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

The Company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) with certificate No CR 005823 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. The approval is for a period of three (3) years with effect from 1st January 2015 to 31st December 2017.

15 **Acquisition of Own Shares**

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

16 **Employment and Employees**

(a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 17 (2014: 17) physically challenged persons in its employment as at 31 December 2015.

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 engagement 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 (TTC) in Agbara in 2011 for the 18 months multi-skill engineering training graduated on 12 July 2013. The second batch of technicians graduated in July 2015, bringing the total number of those who have so far completed the programme to twenty-six (26). The third batch of twenty (20) technicians started the programme at our TTC in September 2015. The Company is responsible for the cost of training.

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 five (5) students in the scheme were taken to Switzerland for further training within the Group's factories. In order to reduce unemployment, eight (8) of the thirteen (13) graduates from the first batch and thirteen (13) graduates from the second batch were given immediate employment by our Company. The other graduates are in full time employment with other organizations.

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

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

17 **Remuneration Committee**

The remuneration committee, which consists of three 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 11 May 2015. Members that served on the audit committee during the year comprise:

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

19 **Safety, Health and Environment Committee**

The committee is responsible for monitoring the safety, health and environment activities of the Company, safety statistics and environmental compliance. The committee is to review the activities of the Company in relation to the safety, health and environmental policy and to keep the board appraised. Messrs. Ifezulike, Gordhon and Mrs. Ndidi Nwuneli served on the committee. However, during the year, the Board decided to replace the Safety, Health and Environment Committee with the Creating Shared Value 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 24 to the financial statements.

b) Risk Management and Compliance System

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

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

c) Sustainability Initiatives

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

d) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from related party transactions are stated in Notes 21, 23, 24, 26, 28 and 32 to the financial statements. In addition, the Company (and other operating companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on standalone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing.

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

Corporate Business Principles

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

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

(a) Nutrition, Health and Wellness

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. No major industrial accident occurred during the period under review. An accident is classified as major if the affected person is not able to resume work after 3 days. Efforts are being made by the Safety, Health and Environment Committee of the Board, Management and the Safety, Health and Environment Officers at the various sites to curtail industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

We provide basic HIV/AIDS training to our employees. Also, we provide training and basic information to staff on prevention and treatment of serious diseases. On periodic basis, we invite medical experts and health institutions to make available free screening exercise to enable employees know their status in respect of serious diseases and provide the treatment required. We do not discriminate against or disengage any employee on the basis of his or her HIV/AIDS status. The Company makes the above facilities available to staff through the retained clinics.

(g) Supplier and Customer Relations

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

(h) Agriculture and rural development

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

(i) Environmental sustainability

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

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

(j) Water

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

Number, diversity, training initiatives and development of employees

As at 31 December 2015, the staff strength of the Company was 2,356 (2014: 2,245). Our employees are made up of male and female from all parts of the country. Also, every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have twenty one (21) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, United Arab Emirate and Cameroun 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 **Insider Trading**

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

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

24 **Notable Awards received in 2015**

In recognition of its exceptionally high level of compliance with corporate governance principles, the company won the 2015 Institute of Directors Nigeria (IoD) Corporate Governance Award which was given in partnership with the Nigerian Stock Exchange. Nestlé emerged winner out of 10 quoted companies on the Nigerian Stock Exchange that were corporate governance compliant. The award was given to Nestlé for leadership in responsible business performance and demonstrating a high level of effectiveness across the four pillars of corporate governance: accountability, transparency, fairness and responsibility. Nestlé was particularly commended for completely integrating governance structures into its day-to-day business operations, social responsibility policies and procedures, stakeholder outreach and communication, regulatory compliance operations, anti-fraud procedures and an understanding of the rights and needs of all stakeholders.

The other awards received by the Company in 2015 include:

- Advertising Association of Nigeria Awards for Marketing Excellence 2015 (Consumer Promotion category – 1st Position won by MILO)
- Advertising Association of Nigeria Awards for Marketing Excellence 2015 (Brand of the Year category – 2nd position won by MAGGI)
- Brand Journalist Association of Nigeria Award in recognition of outstanding contribution of Nestlé Nigeria Plc to sports development in Nigeria
- Inspector-General of Police Award to Flowergate Factory in appreciation of tremendous contribution and support of Nestlé to the Police Force in general and Ogun State Police command in particular.

25 **Independent Auditors**

The firm of Akintola Williams Deloitte have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Allied Act (CAP) C20) Laws of the Federation of Nigeria, 2004.

Dated this 14th day of March 2016.

BY ORDER OF THE BOARD

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

Statement of Directors' responsibilities

For the preparation and approval of the financial Statements

The Directors of Nestlé Nigeria Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2015, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for: properly selecting and applying accounting policies;

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

The Directors are responsible for:

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

Going concern:
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.

The financial statements of the Company for the year ended 31 December 2015 were approved by directors on 14 March, 2016.

Signed on behalf of the Directors of the Company:

David Ifezulike	Dharnesh Gordhon	Syed Saiful Islam
Chairman	Managing Director	Finance & Control Director
FRC/2013/NIM/00000003355	FRC/2013/IMN/00000003359	FRC/2015/ANAN/00000013195
14 March 2016	14 March 2016	14 March 2016

Independent Auditors

Deloitte.

P. O. Box 965
Marina
Lagos
Nigeria

Akintola Williams Deloitte
253 Ikorodu Road
Ilupeju
Lagos
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Tel: +234 (1) 271 7800
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Report of the Independent Auditors to the Members of Nestlé Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of Nestlé Nigeria Plc which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, statement of value added for the year then ended 31 December 2015, a summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nestlé Nigeria Plc as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act. 2011.

Other reporting responsibilities

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

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears form our examination of those books

iii) The Group's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Adebisi Jelili
FRC/2013/ICAN/000000004247
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
14 March 2016

AUDIT COMMITTEE MEMBERS

1 Mr Gbenga Oyebode (MFR)
2 Mr Giuseppe Bonanno
3 Alhaji Kamorudeen Danjuma
4 Mrs Iquo Ukoh
5 Mr Matthew Akinlade (Chairman)
6 Mr Christopher Nwaguru

Audit Committee Report

For the year ended 31 December 2015

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

Report to the Members of Nestlé Nigeria Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, (CAP. C20), Laws of the Federation of Nigeria, 2004, we have examined the Auditor's Report for the year ended 31 December 2015.

We have obtained all the information and explanations we required.

In our opinion, the Auditor's Report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the Accounting and Reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices. Having reviewed the Auditor's findings and recommendations on Management matters, we are satisfied with management responses thereon.

We acknowledge the cooperation of the Auditor, Messrs. Akintola Williams Deloitte (Chartered Accountants), Management and staff of the Company in performing our duties.

Dated this 14th day of March, 2016.
Lagos, Nigeria

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

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

Notes

Statement of Profit or loss and Comprehensive Income

For the year ended

In thousands of naira	Note	2015	2014
Revenue	9	151,271,526	143,328,982
Cost of sales	11	(83,925,957)	(82,099,051)
Gross Profit		67,345,569	61,229,931
Marketing and distribution expenses	11	(25,904,586)	(24,689,301)
Administrative expenses	11	(7,693,740)	(7,340,409)
Results from operating activities		33,747,243	29,200,221
Finance income		443,805	551,594
Finance costs		(4,868,571)	(5,305,837)
Net finance cost	10	(4,424,766)	(4,754,243)
Profit before income tax	11	29,322,477	24,445,978
Income tax expense	13(a)	(5,585,700)	(2,210,338)
Profit for the year		23,736,777	22,235,640
Other comprehensive income -		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		23,736,777	22,235,640
Profit for the year is attributable to:			
Owners of the company		23,736,777	22,235,640
Total comprehensive income for the year is attributable to:			
Owners of the company		23,736,777	22,235,640
Earnings per share		₦	₦
Basic earnings per share	14(a)	29.95	28.05
Diluted earnings per share	14(b)	29.95	28.05

The accompanying notes and significant accounting policies on pages 53 to 91 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December

In thousands of naira

	Note	2015	2014
Assets			
Property, plant and equipment	15	69,148,171	67,514,854
Long term receivables	17	1,352,196	1,157,883
Total non-current assets		70,500,367	68,672,737
Inventories	20	10,813,960	10,956,010
Trade and other receivables	21	24,445,995	22,330,813
Prepayments	18	525,205	398,002
Cash and cash equivalents	22	12,929,526	3,704,505
Total current assets		48,714,686	37,389,330
Total assets		119,215,053	106,062,067
Equity			
Share capital	23 (a)(ii)	396,328	396,328
Share premium	23 (a)(iii)	32,262	32,262
Share based payment reserve	23 (a)(iv)	150,466	44,637
Retained earnings		37,428,018	35,466,416
Total Equity		38,007,074	35,939,643
Liabilities			
Loans and borrowings	24	12,530,361	18,385,876
Employee benefits	25	2,382,213	1,827,773
Deferred tax liabilities	19	6,563,548	5,270,723
Total non- current liabilities		21,476,122	25,484,372
Bank Overdraft	22	305,024	1,237,606
Current tax liabilities	13(b)	5,040,468	3,478,733
Loans and borrowings	24	17,108,803	12,730,126
Trade and other payables	28	36,661,728	26,656,779
Provisions	27	615,834	534,808
Total current liabilities		59,731,857	44,638,052
Total liabilities		81,207,979	70,122,424
Total equity and liabilities		119,215,053	106,062,067

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

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

Syed Saiful Islam
Finance & Control Director
FRC/2015/ANAN/00000013195

The accompanying notes and significant accounting policies on pages 53 to 91 form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira	Note	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
Balance at 1 January 2015		396,328	32,262	44,637	35,466,416	35,939,643
Profit for the year						
Profit or loss		-	-	-	23,736,777	23,736,777
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	23,736,777	23,736,777
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23(b)(i)	-	-	-	(21,798,049)	(21,798,049)
Unclaimed dividend written back	23(b)(ii)	-	-	-	22,874	22,874
Share based payment contribution	23(a)(iv)	-	-	170,128	-	170,128
Share based payment recharge		-	-	(64,299)	-	(64,299)
Balance as at 31 December 2015		396,328	32,262	150,466	37,428,018	38,007,074
Balance at 1 January 2014		396,328	32,262	26,585	40,139,626	40,594,801
Profit for the year						
Profit or loss		-	-	-	22,235,640	22,235,640
Total comprehensive income		-	-	-	22,235,640	22,235,640
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23(b)(I)	-	-	-	(26,950,313)	(26,950,313)
Unclaimed dividend written back	23(b)(ii)	-	-	-	41,463	41,463
Share based payment contribution	23(a)(iv)	-	-	32,978	-	32,978
Share based payment recharge		-	-	(14,926)	-	(14,926)
Balance as at 31 December 2014		396,328	32,262	44,637	35,466,416	35,939,643

Statement of Cash Flows

In thousands of naira

	Note	2015	2014
Cash flows from operating activities			
Profit for the year		23,736,777	22,235,640
Adjustments for:			
Depreciation	15	5,933,051	5,796,278
Amortisation of intangible assets	16	-	-
Impairment loss on property, plant and equipment	11(b)	-	362,635
Net loss on foreign exchange transactions	10	1,758,825	3,036,101
Net finance cost		2,665,941	1,718,142
Equity settled share based payment transactions	23	170,128	32,978
Provisions for other long term employee benefits	25 (a)	794,704	170,637
Loss on sale of property, plant and equipment		106,148	30,698
Income tax expense	13(a)	5,585,700	2,210,338
		40,751,274	35,593,447
Changes in long term receivables		(194,313)	(584,636)
Change in inventories		142,050	(1,102,117)
Change in trade and other receivables		(2,115,182)	(4,446,038)
Change in prepayments		(127,203)	(97,365)
Change in trade and other payables (excluding dividend payable)		4,375,486	(3,456,843)
Changes in provisions		81,026	119,195
Cash generated from operations		42,913,138	26,025,643
Income tax paid	13 (b)	(2,731,139)	(2,350,986)
Other long term employee benefit paid	25(a)	(240,264)	(164,693)
Share based payment recharge paid		(64,299)	(14,926)
Net cash generated by operating activities		39,877,436	23,495,038
Cash flow from investing activities			
Finance income	10	443,805	551,594
Proceeds from sale of property, plant and equipment		53,915	-
Acquisition of property, plant and equipment	15	(7,726,431)	(7,815,132)
Net cash used in investing activities		(7,228,711)	(7,263,538)
Cash flow from financing activities			
Proceeds from loans obtained-- Intercompany loan		-	-
-- Bank loan		13,500,000	8,000,000
Repayments of borrowings -- Intercompany loan		-	-
-- Bank loan		(17,002,621)	(7,106,327)
Finance cost		(2,842,789)	(2,269,735)
Dividends paid	23(b)	(16,145,712)	(26,105,042)
Net cash used in financing activities		(22,491,122)	(27,481,104)
Net increase in cash and cash equivalents		10,157,603	(11,249,604)
Cash and cash equivalent at January 1		2,466,899	13,716,503
Cash and cash equivalent at December 31	22	12,624,502	2,466,899

Notes to the Financial Statements

For the year ended 31 December 2015

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 14 March 2016.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

3 **Significant accounting policies**

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

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

a) Foreign currency transaction

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between

amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

b) Financial instruments

i. Non-derivative financial assets

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

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

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

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise intercompany receivables and trade and other receivables.
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Non-derivative financial liabilities

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

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

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

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

III. Share capital

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

c) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are 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 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:

• buildings	25 - 35 years
• plant and machinery	10 - 25 years
• motor vehicles	5 years
• furniture and fittings	5 years
• IT equipment	3 years

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

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

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

d) Intangible assets

i. Software

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

II. Subsequent expenditure

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

III. Amortisation

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

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of

intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Computer software	5 years

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

e) Leased assets

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

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

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

f) Inventories

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

Raw and packaging materials and purchased finished goods
purchase cost on a first- in, first - out basis including transportation and clearing costs

Products-in-process and manufactured finished goods - weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Engineering spares - purchase cost on a weighted average cost basis, including transportation and clearing costs

Goods-in-transit - purchase cost incurred to date

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

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

g) Impairment

i. Financial assets (including receivables)

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

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

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.
In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.
.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

II. Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

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

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

h) Employee benefits

I. Defined contribution plans

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

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

1 Defined contribution gratuity scheme

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

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

2 Pension fund scheme

In line with the provisions of the Pension Reform Act 2014, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution is 10% for all senior staff, junior staff and temporary staff while employees contribute 8% of their monthly emolument (basic, housing and transport).

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

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

III. Termination benefits

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

IV. Short-term employee benefits

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

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

V. Share-based payment transactions

Nestlé S.A., the ultimate holding company of Nestlé Nigeria Plc operates an equity incentive scheme, 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.

i) Provisions

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

j) Contingent liabilities

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

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

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

k) Statement of cash flows

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

l) Revenue

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

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

m) Advance payment to contractors

Advance payments represents payments made to contractors for ongoing construction projects as the year end date.

n) Finance income and finance costs

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

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

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

o) Income tax

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

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

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

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

p) Earnings per share

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

q) Segment reporting

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

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

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

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

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

r) Dividends

Dividends are recognised as liability in the period they are declared.

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

s) Government grants

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

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

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

t) Related parties

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

4 Operating segments

(a) Basis of segmentation

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

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

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

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

5 Application of new and revised International Financial Reporting Standards (IFRSs)

5.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The Company has applied the amendments for the first time in the current year. Prior to the amendments, the Company accounted for discretionary employee contributions to defined benefit plans as a reduction of the service cost when contributions were paid to the plans, and accounted for

employee contributions specified in the defined benefit plans as a reduction of the service cost when services are rendered. The amendments require the Company to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.
- Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by

attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Company recognises the reduction in the service cost in the period in which the related services are rendered.

These amendments have been applied retrospectively. The application of these amendments has had material impact on the disclosures or the amounts recognised in the Company's financial statements.

Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle
The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The Company has aggregated several operating segments into a single operating segment and made the required disclosures in Note 4 in accordance with the amendments.

The application of the other amendments has had no impact on the disclosures or amounts recognised in the Company's financial statements.

5.2 New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 Financial Instrument
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014

mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the Company's financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

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

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these amendments to IFRS 11 will not have an impact on the Company's financial statements in future periods.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.
The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Company's financial statements.

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

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Company uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Company's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Company's financial statements as the Company is not engaged in agricultural activities.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Company's financial statements as the Company is not an investment entity and does not have any subsidiary, associate or joint venture.

Annual Improvements to IFRSs 2012-2014 Cycle
The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

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

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

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

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Company's financial statements.

6 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Company revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

6.1 Critical accounting judgments

6.1.1 Allowance for credit losses

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

Provisions are made for receivables that have been outstanding for more than 60 days, in respect of which there is no firm commitment to pay by the customer.

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

6.2 Key sources of estimation uncertainty

6.2.1 Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Company uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 25.

6.2.2 Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2015 and that has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. For more details refer to note 3.

6.2.3 Valuation of deferred tax

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

7 Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
External Revenues	90,384,794	83,831,556	60,886,732	59,497,426	-	-	151,271,526	143,328,982
Interest revenue	-	-	-	-	443,805	551,594	443,805	551,594
Interest expense	-	-	-	-	(4,868,571)	(5,305,837)	(4,868,571)	(5,305,837)
Depreciation	4,305,352	(4,252,722)	(1,627,699)	(1,543,556)	-	-	(5,933,051)	(5,796,278)
Impairment loss	-	-		(362,635)	-	-	-	(362,635)
Amortisation	-	-	-	-	-	-	-	-
Reportable segment profit before income tax	22,837,935	16,680,019	11,211,814	8,015,700	(4,727,272)	(249,741)	29,322,477	24,445,978

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	2015	2014
Total profit or loss for reportable segments	34,049,749	24,695,719
Other corporate expenses and income	(4,727,272)	(249,741)
Profit before income tax	29,322,477	24,445,978

Other material items in 2015

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

8 Geographical information

In thousands of naira	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Nigeria	148,214,944	70,500,367	141,766,402	68,672,737
Niger	1,680,558	-	843,076	-
Chad	-	-	-	-
Togo	239,462	-	310,573	-
Ghana	633,385	-	187,257	-
Senegal	61,978	-	135,339	-
Guinea	273,665	-	50,566	-
Other countries	167,534	-	35,769	-
	151,271,526	70,500,367	143,328,982	68,672,737

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.

9 Revenue

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

In thousands of naira	2015	2014
Nigeria	148,214,944	141,766,402
Export	3,056,582	1,562,580
Total Revenue	151,271,526	143,328,982

10 Net finance cost

In thousands of naira	2015	2014
Interest income on bank deposits	443,805	551,594
Finance income	443,805	551,594
Interest expense on financial liabilities	(3,109,746)	(2,269,736)
Net foreign exchange loss	(1,758,825)	(3,036,101)
Finance expense	(4,868,571)	(5,305,837)
Net finance cost	(4,424,766)	(4,754,243)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately ₦730 million (2014: ₦557 million) excluding the impact of foreign exchange

11 Profit before income tax

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

In thousands of naira	Note	2015	2014
Depreciation	15(a)	5,933,051	5,796,278
Amortisation of intangible assets	16	-	-
Impairment loss on property, plant and equipment	15(a)	-	362,635
Auditor's remuneration		30,000	30,783
Directors' remuneration	12 (c)	113,604	120,010
Personnel expenses	12 (a)	18,800,312	16,292,520
Loss on property, plant and equipment disposed		106,148	30,698
Net foreign exchange loss	10	1,758,825	3,036,101
General licence fees	32(b)	5,475,035	5,262,755

(b) Expenses by nature

In thousands of naira	Note	2015	2014
Depreciation	15(a)	5,933,051	5,796,278
Impairment loss on property, plant and equipment	15(a)	-	362,635
Auditor's remuneration		30,000	30,783
Personnel expenses	12(a)	18,800,312	16,292,520
General licence fees	32(b)	5,475,035	5,262,755
Raw materials and consumables		57,419,630	58,934,227
Distribution expense		6,196,168	4,270,957
Advertising		2,161,449	1,643,350
Sales Promotion		7,765,276	7,032,279
Factory overheads		10,953,539	10,071,358
Other expenses		2,789,823	4,431,619
		117,524,283	114,128,761

11 Profit before income tax (cont'd)

Summarised as follows:		
Cost of Sales	83,925,957	82,099,051
Marketing and distribution expenses	25,904,586	24,689,301
Administrative expenses	7,693,740	7,340,409
	117,524,283	114,128,761

12 Personnel expenses

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

In thousands of naira	Note	2015	2014
Salaries, wages and allowances		9,662,142	9,196,332
Contributions to compulsory pension fund scheme		1,007,884	909,535
Contributions to defined contribution gratuity scheme		967,947	908,097
Provisions for other long term employee benefits		859,189	170,637
Training, recruitment and canteen expenses		1,187,874	939,147
Medical expenses		379,705	311,998
Equity-settled share-based payment transactions	23	170,128	32,978
Other personnel expenses		4,565,443	3,823,796
	11	18,800,312	16,292,520

(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:

₦		₦	2015 Number	2014 Number
1,400,001	-	1,600,000	-	-
1,600,001	-	1,800,000	41	63
1,800,001	-	2,000,000	7	10
2,000,001	-	2,500,000	143	334
2,500,001	-	3,000,000	416	667
3,000,001	-	3,500,000	564	248
3,500,001	-	4,000,000	199	215
4,000,001	-	4,500,000	263	163
4,500,001	-	5,000,000	146	104
5,000,001	-	7,000,000	283	196
7,000,001		and above	294	245
			2,356	2,245

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

	2015 Number	2014 Number
Production	1,763	1,763
Supply chain	121	106
Sales and marketing	374	269
Administration	98	107
	2,356	2,245

Excluded in the number of full-time persons employed are 49 (2014:49) employees of Nestlé Nigeria Plc employed on behalf of Nestlé Middle East as described in Note 32(b).

12 Personnel expenses (cont'd)

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	2015	2014
Fees:		
Non Executive directors	6,100	2,488
Executive directors	107,504	117,522
	113,604	120,010

The directors' remuneration shown above includes:

In thousands of naira	2015	2014
Chairman	2,300	1,048
Highest paid director	50,931	46,765

Other directors received emoluments in the following ranges:

₦	₦	2015 Number	2014 Number
-	1,000,000	-	4
1,000,001	25,000,000	4	1
25,000,001	35,000,000	2	1
		6	6

13 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	2015	2014
Current tax expense		
Current period income tax	3,948,155	2,670,706
Current period tertiary education tax	344,719	355,390
	4,292,874	3,026,096
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	1,292,826	(358,337)
Recognition of previously unrecognised tax credits	-	(457,421)
	1,292,826	(815,758)
Total income tax expense	5,585,700	2,210,338

i Adjustment for prior periods represents tax benefits as a result of the recognition of previously unrecognised temporary differences in the current year's profit or loss account.

(b) Current tax liabilities

In thousands of naira	2015	2014
Movement in current tax liabilities account during the year was as follows:		
At 1 January	3,478,733	2,803,623
Charge for the year	4,292,874	3,026,096
Payments in the year	(2,731,139)	(2,350,986)
At 31 December	5,040,468	3,478,733

13 **Taxation** (cont'd)

(c) Reconciliation of effective tax rate

In thousands of naira	2015	2015	2014	2014
Profit for the year		23,736,777		22,235,640
Total income tax expense		5,585,700		2,210,338
Profit excluding income tax		29,322,477		24,445,978
Income tax using the Company's domestic tax rate	30.00%	8,796,743	30.00%	7,333,793
Non-deductible expenses*	0.53%	156,032	0.00%	-
Tax exempt income	(14.48)%	(4,246,446)	(19.80)%	(4,841,013)
Tax incentives	(0.48)%	(139,842)	(0.71)%	(172,467)
Recognition of previously unrecognised tax credits	(0.63)%	(185,956)	(1.87)%	(457,421)
Other income related taxes	1.13%	330,615	1.45%	355,390
Tax effect of changes in pioneer tax relief status	2.98%	874,554		
Other tax differences	0.00%	-	(0.03)%	(7,944)
	19.05%	5,585,700	9.04%	2,210,338

* 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.

III. The Agbara factory capacity increase pioneer status expired on 31 July 2015 while that of New Flowergate Factory expired on 31 December 2015.

14 **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 ₦23,736,776,839 (2014: ₦22,235,639,919) and declared dividend of ₦21,798,049,000 (2014: ₦ 26,950,313,000) respectively and on 792,656,252 (2014: 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.

In thousands of naira	Note	2015	2014
Earnings from continuing operations for the purpose of basic earnings per share		23,736,777	22,235,640
Earnings from continuing operations for the purpose of diluted earnings per share		23,736,777	22,235,640
		Number('000)	Number ('000)
Weighted average number of ordinary shares as at 31 December	23	792,656	792,656
		₦	₦
Basic (Naira)		29.95	28.05
Diluted (Naira)		29.95	28.05

(b) Diluted earnings per share of N29.95 (2014:N28.05) is based on the profit attributable to ordinary shareholders of ₦23,736,776,839 (2014: ₦22,235,639,919), and on the 792,656,252 (2014: 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 Nil (2014: Nil) dilutive potential ordinary shares.

15 Property, plant and equipment (PPE)

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

In thousands of naira	Note	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2014		26,446,370	43,704,216	1,079,970	5,308,890	973,570	6,410,452	83,923,468
Additions		133,822	1,776,383	218,489	195,867	61,118	5,440,361	7,826,040
Disposals		(6,982)	(136,934)	(28,330)	(62,116)	(131)	-	(234,493)
Transfers		24,564	3,861,414	112,475	917,211	37,707	(4,953,371)	-
Balance at 31 December 2014		26,597,774	49,205,079	1,382,604	6,359,852	1,072,264	6,897,442	91,515,015
Balance at 1 January 2015		26,597,774	49,205,079	1,382,604	6,359,852	1,072,264	6,897,442	91,515,015
Additions		772,746	1,379,143	488,697	394,071	87,586	4,604,188	7,726,431
Disposals		-	(779,841)	(112,439)	(403,802)	(169,133)	-	(1,465,215)
Transfers		295,469	1,818,912	525,270	530,206	17,677	(3,187,534)	-
Balance at 31 December 2015		27,665,989	51,623,293	2,284,132	6,880,327	1,008,394	8,314,096	97,776,231
Accumulated depreciation and impairment losses								
Balance at 1 January 2014		2,364,229	11,725,813	544,091	2,646,695	764,215	-	18,045,043
Depreciation	11(a)	1,129,169	3,301,190	196,417	1,062,613	106,889	-	5,796,278
Impairment loss	11 (a)	-	362,635	-	-	-	-	362,635
Disposals		(2,233)	(116,795)	(25,272)	(59,364)	(131)		(203,795)
Balance at 31 December 2014		3,491,165	15,272,843	715,236	3,649,944	870,973	-	24,000,161
Balance at 1 January 2015		3,491,165	15,272,843	715,236	3,649,944	870,973	-	24,000,161
Depreciation	11 (a)	722,108	3,487,902	381,141	1,197,213	144,687	-	5,933,051
Disposals		-	(640,378)	(104,331)	(391,323)	(169,120)	-	(1,305,152)
Balance at 31 December 2015		4,213,273	18,120,367	992,046	4,455,834	846,540	-	28,628,060
Carrying amounts								
At 1 January 2014		24,082,141	31,978,403	535,879	2,662,195	209,355	6,410,452	65,878,425
At 31 December 2014		23,106,609	33,932,236	667,368	2,709,908	201,291	6,897,442	67,514,854
At 31 December 2015		23,452,716	33,502,926	1,292,086	2,424,493	161,854	8,314,096	69,148,171

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

In 2014, due to the unsuccessful sales performance of the Nestle Water 5 liter product, the Company decided to discontinue production of the product. The Company tested the related production line for impairment and recorded an impairment loss of ₦362 million in respect of the related plant and equipment. This impairment loss was recorded as administrative expenses in the statement of comprehensive income.

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

In 2015, management placed an advert in three (3) national dailies and an independent valuer was invited for the valuation. No buyer was ready to buy the line at the valued price. However, there was a buyer that signified his intention and promised to start negotiation very early in 2016.

(c) **Independent Power Plant**

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

15 Property, plant and equipment (PPE) (cont'd)

In thousands of naira	2015	2014
Cost	4,216,804	4,223,687
Accumulated depreciation	(887,125)	(648,019)
Carrying amount	3,329,679	3,575,668

(d) Assets held on finance lease

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

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

In thousands of naira	2015	2014
Cost	1,286,465	1,286,465
Accumulated amortisation	(55,184)	(43,341)
Carrying amount	1,231,281	1,243,124

(e) Capital commitments

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

In thousands of naira	2015	2014
Approved and contracted	834,116	2,108,307
Approved but not contracted	4,764,065	8,064,121
	5,598,181	10,172,428

16 Intangible assets

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

In thousands of naira	Note	Software
Cost		
Balance at 1 January 2014		526,950
Balance at 31 December 2014		526,950
Balance at 1 January 2015		526,950
Balance at 31 December 2015		526,950
Amortisation		
Balance at 1 January 2014		526,950
Amortisation for the year	11 (a)	-
Balance at 31 December 2014		526,950
Balance at 1 January 2015		526,950
Amortisation for the year	11 (a)	-
Balance at 31 December 2015		526,950
Carrying amounts		
Balance at 1 January 2014		-
Balance at 31 December 2014		-
Balance at 31 December 2015		-

There were no additions or disposal during the year.

17 Long term receivables

Long term receivables represents long-term portion of loans granted to the Company's employees, which are secured by the employees' final entitlements and retirement benefits with Nestlé Nigeria Trust (CPFA) Limited. (See Note 25)

18 Prepayments

Prepayments represents the prepaid rents on office and residential apartments.

19 Deferred tax liabilities

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

	Assets		Liabilities		Net	
In thousands of naira	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Property, plant and equipment	(1,281,293)	(1,775,596)	9,748,915	8,558,447	8,467,622	6,782,851
Employee benefits	(467,471)	(398,745)	-	-	(467,471)	(398,745)
Unrealised exchange (loss)/gain	(1,417,313)	(1,106,147)	-	-	(1,417,313)	(1,106,147)
Share based payment	(19,290)	(7,236)	-	-	(19,290)	(7,236)
Tax (asset)/liabilities	(3,185,367)	(3,287,724)	9,748,915	8,558,447	6,563,548	5,270,723
Net tax liabilities	(3,185,367)	(3,287,724)	9,748,915	8,558,447	6,563,548	5,270,723

Movement in temporary differences during the year
In thousands of naira

	Balance 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2015
Property, plant and equipment	6,722,518	60,333	-	6,782,851	1,684,771	-	8,467,622
Employee benefits	(397,891)	(854)	-	(398,745)	(68,726)	-	(467,471)
Unrealised exchange difference	(221,725)	(884,422)	-	(1,106,147)	(311,166)	-	(1,417,313)
Share based payment	(16,421)	9,185	-	(7,236)	(12,054)	-	(19,290)
	6,086,481	(815,758)	-	5,270,723	1,292,825	-	6,563,548

At 31 December 2015 (2014: Nil), there was no unrecognised deferred tax asset or liability.

20 Inventories

In thousands of naira	2015	2014
Raw and packaging materials	2,722,782	4,151,911
Product in process	492,584	487,579
Finished products	4,949,344	3,840,033
Engineering spares	2,079,891	1,745,945
Goods in transit	569,359	730,542
	10,813,960	10,956,010

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 ₦57,419,630,450 (2014: ₦ 58,934,227,014). In 2015, the write-down of inventories to net realisable value amounted to ₦284 million (2014: N97.4 million) and is included in cost of sales.

21 Trade and other receivables

In thousands of naira	Note	2015	2014
Trade receivables	29(a)(ii)	14,603,711	16,818,900
Loans to key management personnel	29 (a)(ii),32	10,622	2,792
Staff loans	29(a)(ii)	1,778,050	1,763,360
Trade receivables due from related parties	32(e)(i)	2,226,867	969,210
Deposit with Company registrars for dividend		1,670,233	920,011
Loans and receivables		20,289,483	20,474,273
Advance payment to suppliers		4,685,636	2,855,711
Deposit for Import		55,141	32,113
Other receivables		767,931	126,599
		25,798,191	23,488,696
Non-current - reclassified to long term receivables	17	1,352,196	1,157,883
Current		24,445,995	22,330,813
		25,798,191	23,488,696

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 29.

22 Cash and cash equivalents

In thousands of naira	2015	2014
Cash and bank balances	8,378,523	1,269,653
Call deposits	4,551,003	2,434,852
Cash and cash equivalents in the statement of financial position	12,929,526	3,704,505
Bank overdrafts used for cash management purposes	(305,024)	(1,237,606)
Cash and cash equivalents in the statement of cash flows	12,624,502	2,466,899

The Company's exposure to credit risk for cash and cash equivalents is disclosed in Note 29.

23 Capital, reserves and dividends

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In number of shares	2015	2014
At 31 December	792,656,252	792,656,252

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

In number of shares	2015	2014
At 31 December	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

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

(iii) Share premium

In thousands of Naira		
The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:		
Share premium	32,262	32,262

(iv) Share based payment reserves

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

23 Capital, reserves and dividends (cont'd)

(b) Dividends

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

	2015		2014	
	Per Share (₦)	₦'000	Per Share (₦)	₦'000
Final dividend	17.50	13,871,484	24.00	19,023,750
Interim dividend	10.00	7,926,565	10.00	7,926,563
	27.50	21,798,049	34.00	26,950,313

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

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

	2015	2014
Naira per qualifying ordinary share	19.00	17.50

(ii) Movement in dividend payable

In thousands of naira	Notes	2015	2014
At 1 January		3,660,731	2,856,923
Declared dividend		21,798,049	26,950,313
Unclaimed dividend transferred to retained earnings		(22,874)	(41,463)
Payments		(16,145,712)	(26,105,042)
At 31 December	28	9,290,194	3,660,731

As at 31 December 2015, ₦1,670 million (2014: ₦920 million) of the total dividend payable is held with the Company's registrar, GTL Registrars Nigeria Limited. The remaining dividend payable of ₦2.8 billion (2014: ₦2.7 billion) represents unclaimed dividends, which have been returned to the Company by the Registrar and are held in separate interest yielding bank accounts, while ₦4.7 billion represents the balance of Nestlé S.A dividend yet to be transferred.

24 Loans and borrowings

(a) This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 29.

Loans and borrowing as at 31 December 2015 is as follows:

In thousands of naira	2015	2014
Secured bank loans	5,467,382	8,970,002
Loans from related party	24,171,782	22,146,000
	29,639,164	31,116,002

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

	2015	2014
Current liabilities	17,108,803	12,730,126
Non-current liabilities	12,530,361	18,385,876
	29,639,164	31,116,002

24 Loans and borrowings (cont'd)

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	2015 Face Value	2015 Carrying amount	2014 Face Value	2014 Carrying amount
Loan from related party	(i)	USD	LIBOR + 4.97%	2016	8,057,261	8,057,261	7,382,000	7,382,000
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	2,014,315	2,014,315	1,845,500	1,845,500
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	3,424,335	3,424,335	3,137,350	3,137,350
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	2,014,315	2,014,315	1,845,500	1,845,500
Loan from related party	(i)	USD	LIBOR + 1.5%	2016	1,410,021	1,410,021	1,291,850	1,291,850
Loan from related party	(i)	USD	LIBOR + 5.0%	2017	2,014,315	2,014,315	1,845,500	1,845,500
Loan from related party	(ii)	USD	LIBOR + 3.0%	2018	5,237,220	5,237,220	4,798,300	4,798,300
Secured bank loan	(iii)	NGN	7.00%	2017	666,666	666,666	1,000,000	1,000,000
Secured bank loan	(iv)	NGN	5.50%	2018	600,000	600,000	818,182	818,182
Secured bank loan	(v)	NGN	10%	2019	4,200,716	4,200,716	5,151,820	5,151,820
Secured bank loan	(vi)	NGN	17%	2015	-	-	1,000,000	1,000,000
Secured bank loan	(vii)	NGN	16%	2015	-	-	1,000,000	1,000,000
Total Interest bearing liabilities					29,639,164	29,639,164	31,116,002	31,116,002

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 $54 million and US $40 million 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 a tenure of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from October 2011. The facility which is unsecured attracts interest at 6 months USD LIBOR plus a margin of 300 basis points.

(iii) A ₦2.0 billion facility under the CBN Commercial Agricultural Credit Scheme (CACS) 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.

(iv) A ₦1.2 billion facility under the CBN Power and Aviation Intervention Fund (PAIF) 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.

(v) A ₦ 5.7 billion facility under the Bank of Industry (BOI) scheme, 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.

(c) Fair value of government subsidised loans

(I) The CBN Power and Aviation Intervention Fund and Bank of Industry loans were fair valued as at 31st December 2015. The fair value of the loans was ₦4,487,089,634 and the resulting deferred income on the loans was ₦466,788,649. The difference between the commercial value and the fair value was not reflected in this financial statements because the directors did not consider the impact material to the financial statements.

(ii) The Commercial Agricultural Credit Scheme (CACS) loan was obtained prior to transition to International Financial Reporting Standards (IFRS). Per IFRS 1, this loan is exempted from IAS 20 and was not valued at amortised cost.

25 Employee benefits

Other long term employee benefits

Other long term employee benefits represents the present value of unfunded long service award given to deserving members of staff of the Company.

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

In thousands of Naira	2015	2014
Balance at 1 January	1,827,773	1,821,829
Charge for the year	7 94,704	170,637
Payments during the year	(240,264)	(164,693)
Balance at 31 December	2,382,213	1,827,773

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

	2015	2014
Long term average Discount rate (p.a.)	12%	15%
Average Pay Increase (p.a.)	10%	10%

Demographic assumptions

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

Mortality in Service

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

Sample age	Number of deaths in year out of 10,000 lives	
	2015	2014
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	
	2015	2014
Less than or equal to 30	4.0%	4.0%
31 – 39	3.0%	3.5%
40 – 44	2.0%	2.0%
45 – 50	2.0%	2.0%
51 – 55	1.0%	1.0%

25 Employee benefits (cont'd)

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 2015	Employee benefit obligation	
Effect in thousands of Naira	Increase	Decrease
Discount Rate (1% movement)	(144,020)	151,346
Future salary growth (1% movement)	163,939	(148,138)
Future mortality (1% movement)	2,429	(11,800)

(c) 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	2015	2014
Balance at 1 January	143,143	124,457
Charged for the year	1,835,657	1,699,146
Payments during the year	(1,818,861)	(1,680,460)
Balance at 31 December	159,939	143,143

Pension Payable is included in other payables and accruals in Note 28

26 Share-based payments

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

Terms and conditions of the Restricted Share Unit Plan

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

Grant date/employees entitled	Number of instruments	Vesting Conditions
Shares awarded to key management on 1 February 2012	4,810	3 years' service
Shares awarded to key management on 28 February 2013	2,870	3 years' service
Shares awarded to key management on 28 February 2014	4,215	3 years' service
Shares awarded to key management on 1 March 2015	4,795	3 years' service

The fair value of the PSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the restricted stock units granted in 2015 is ₦45,643,933 (2014: ₦51,955,473).

Total share based payment expense recognised in the profit or loss for the year amounted to ₦170,128,040 (2014: ₦32,977,739) See Note 12.

27 Provisions

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

	Total
Balance at 1 January 2015	534,808
Provisions made during the year	134,407
Provisions used during the year	(53,381)
Balance at 31 December 2015	
	615,834

In thousands of naira	Total
Balance at 1 January 2015	534,808
Provisions made during the year	134,407
Provisions used during the year	(53,381)
Balance at 31 December 2015	615,834

28 Trade and other payables

In thousands of naira	Note	2015	2014
Trade payables		9,240,551	13,207,427
Other payables and accruals		4,441,014	3,324,305
Import finance loans		-	-
Trade payables due to related parties	32	13,689,969	6,464,316
Dividend payable	23(b)	9,290,194	3,660,731
		36,661,728	26,656,779

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

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

29 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.

29 Financial instruments (cont'd)

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 has an order approval matrix which provides guidelines for the various approval authorisation limits for customers, based on the risk grading of the customer and the percentage by which the customer exceeds his credit limit. The approval responsibility is allocated to the Chief Accountant, Country Controller, Regional Controller and the Regional CFO.

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	2015	2014
Loans and receivables	21	20,289,483	20,474,273
Cash	22	12,929,526	3,704,505
		33,219,009	24,178,778

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	2015	2014
Distributors	21	14,603,711	16,818,900
Related parties	21	2,226,867	969,210
Loans to key management personnel	21	10,622	2,792
Staff loans and advances	21	1,778,050	1,763,360
Registrar	21	1,670,233	920,011
		20,289,483	20,474,273

29 Financial instruments (cont'd)

The Company's most significant customer accounts for ₦475 million of the loans and receivables carrying amount at 31 December 2015 (2014: ₦517 million).

ii Impairment losses

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

In thousands of naira	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not Past due	6,201,404	-	9,886,035	-
Past due	11,091,102	(2,688,795)	11,824,976	(1,236,738)
	17,292,506	(2,688,795)	21,711,011	(1,236,738)

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

In thousands of Naira	2015	2014
Balance at 1 January	1,236,738	346,643
Prior year impairment loss reversed	(855,855)	(41,689)
Impairment loss recognized	2,308,046	931,784
Balance at 31 December	2,688,929	1,236,738

The impairment loss as at 31 December 2015 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 95% of the trade receivable balance, have been collected.

(III) Liquidity risk

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

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

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

31 December 2015

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	5,467,382	5,467,382	(751,310)	(751,310)	(1,502,620)	(2,462,142)	-
Unsecured intercompany loans	24,171,782	24,171,782	(2,406,981)	(7,658,822)	(5,278,930)	(8,827,049)	-
Trade and other payables	36,661,728	36,661,728	(36,661,728)	-	-	-	-
	66,300,892	66,300,892	(39,820,019)	(8,410,132)	(6,781,550)	(11,289,191)	-

29 Financial instruments (cont'd)

31 December 2014

In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6 -12 months	1 - 2 years	2 - 5years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	8,970,002	(8,970,002)	(3,055,719)	(1,025,184)	(1,951,766)	(2,447,861)	(489,472)
Unsecured intercompany loans	22,146,000	(22,146,000)	(2,139,199)	(7,658,822)	(5,278,930)	(7,069,049)	-
Trade and other payables	26,656,779	(26,659,779)	(26,656,779)	-	-	-	-
	57,772,781	(57,772,781)	(31,851,697)	(8,684,006)	(7,230,696)	(9,516,910)	(489,472)

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 1.7 billion (2014: loss of N3.03 billion). 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

29 Financial instruments (cont'd)

Amounts in thousands	31 December 2015										31 December 2014									
	NGN	Euro	USD	CHF	XOF	ZAR	SGD	GBP	GHS	JPY	NGN	Euro	USD	CHF	XOF	ZAR	SGD	GBP	GHS	JPY
Unsecured intercompany loans	-	-	(120,000)	-	-	-	-	-	-	-	-	-	(120,400)	-	-	-	-	-	-	-
Amount due from related parties	7,356	5,585	2,518	29	-	-	-	-	-	-	7,356	813	4,164	59	-	-	-	-	-	-
Amount due to related parties	(1,803,907)	(20,550)	(20,488)	(4,118)	-	(600)	(35)	(43)	-	-	(395,445)	(20,472)	(10,480)	(3,910)	684,200	(1)	(5)	(244)	-	-
Trade payables	(10,165,435)	-	-	-	-	-	-	-	-	-	(12,591,861)	(2,426)	28	-	-	-	-	(269)	11	-
Net exposure	(11,961,986)	(14,965)	(137,970)	(4,089)	-	(600)	(35)	(43)	-	-	(12,979,950)	(22,085)	(126,688)	(3,851)	684,200	(1)	(5)	(513)	11	-

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

	Average rate		Year end spot rate	
	2015	2014	2015	2014
Euro	219.69	219.27	217.72	224.29
United states dollar (USD)	197.96	165.14	199.20	184.55

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 2014, 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. 2015		
Euro (10 percent strengthening)	-	325,040
USD (10 percent strengthening)	-	2,748,362
31 December. 2014		
Euro (10 percent strengthening)	-	531,821
USD (10 percent strengthening)	-	2,491,722

ii Interest rate risk

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

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

29 Financial instruments (cont'd)

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

In thousands of Naira	Carrying Amount 2015	2014
Fixed rate instruments		
Financial assets	4,551,003	2,434,852
Financial liabilities	5,467,382	8,970,002
	10,018,385	11,404,854
Variable rate instruments		
Financial assets	-	-
Financial liabilities	24,171,782	22,146,000
	24,171,782	22,146,000

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 2015.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2015				
Variable rate instruments	(120,000)	120,000	-	-
Cash flow sensitivity (net)	(120,000)	120,000	-	-
31 December 2014				
Variable rate instruments	(221,460)	221,460	-	-
Cash flow sensitivity (net)	(221,460)	221,460	-	-

(V) Operational risk

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

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

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

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures

29 Financial instruments (cont'd)

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and
- procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

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

(b) Determination of fair values

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

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

(I) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(II) Non-derivative financial liabilities

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

(III) Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

Fair values

Fair values versus carrying amounts

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

Assets measured at fair value

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

29 Financial instruments (cont'd)

Financial assets measured at amortized cost

In thousands of naira	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	1,352,196	1,352,196	1,157,883	1,157,883
Loans and receivables	18,937,287	18,937,287	19,316,390	19,316,390
Cash Balance	12,929,526	12,929,526	3,704,505	3,704,505
	33,219,009	33,219,009	24,178,778	24,178,778
Financial liabilities measured at amortized cost				
Unsecured intercompany loan	24,171,782	24,171,782	22,146,000	21,059,426
Secured bank loans	5,467,382	5,467,382	8,970,002	6,488,512
Bank overdraft	305,024	305,024	1,237,606	1,237,606
Trade and other payables	36,661,728	36,661,728	26,656,779	26,656,779
	66,605,916	66,605,916	59,010,387	55,442,323

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

(c) Capital management

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

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

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

In thousands of naira	2015	2014
Total liabilities	81,207,979	70,122,424
Cash Balance	(12,929,526)	(3,704,505)
Net Debt	68,278,453	66,417,919
Total Equity	38,007,074	35,939,643
Debt to capital ratio at December 31	1.80	1.85

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.

30 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 ₦424 million (2014: ₦398 million)

During the year ended 31 December 2015 an amount of ₦313 million (2014: ₦423 million) was recognized as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2014: 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.

31 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 ₦646.5million as at 31 December 2015 (2014: ₦317 million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

(b) Financial commitments

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

32 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2015, Nestlé Switzerland (Nestlé S.A.), the ultimate holding Company owned 63.48% (2014: 63.48%) of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

Nestlé Nigeria Plc has a general license fee agreement with Societe Des Produits Nestlé S.A., for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion Certificate number CR.005823 and payments are made to Societe Des Produits Nestlé S.A. The agreement was renewed in the current year for a period of three (3) years, with effect from January 1, 2015 to December 31, 2017. The technical fee paid in the current year was ₦5,474 billion (2014: ₦5,262 billion). See Note 11a and 11b.

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

32 Related parties (cont'd)

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	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
In thousands of naira		2015	2014	2015	2014
Nestlé Togo	Finished goods and Services	251,375	310,573	48,502	163,246
Nestlé Ghana	Finished goods and Services	680,713	187,257	158,971	55,045
Nestlé Niger	Finished goods and Services	1,792,847	843,076	983,767	516,486
Nestlé Senegal	Finished goods and Services	83,333	135,339	65,984	6,743
Nestlé Cameroun	Finished goods and Services	5,682	-	72,948	51,261
Nestle Middle East	Services	139,162	551,900	-	88,792
Others	Finished goods and Services	487,999	86,335	896,695	87,637
		3,441,111	2,114,480	2,226,867	969,210

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.

33 Events after the reporting date

There are no significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2015 (2014: None) adequately been provided for or disclosed in the financial statements.

32 Related parties (cont'd)

utility and shared service expenses. According to the agreement, recharge of other general expenses to Nestlé Middle East continued from March 2015. Wyeth Nutrition has been fully integrated into Nestle Nigeria PLC in April 2015.

(c) Transactions with key management personnel

Loan to key management personnel

There were no new loans to key management personnel issued during the year ended 31 December 2015 (2014: Nil) which include interest and non-interest bearing facilities and the loans are repayable in full over the agreed repayment period which could be short or long term. As at 31 December 2015, the balance outstanding was ₦10,622,000 (2014: ₦2,791,667) and is included in trade and other receivables. (See note 21)

(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	2015	2014
Short-term employee benefits	50,391	77,462
Contribution to compulsory pension fund scheme	14,756	11,962
Defined contribution gratuity scheme	16,315	13,567
Other long-term benefits	-	-
Share based payments	64,299	41,170
Termination benefits	-	-
	145,761	144,161

(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	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
In thousands of naira		2015	2014	2015	2014
Related Party					
Nestlé Ghana Limited	Finished goods	1,046,654	1,697,089	790,854	508,481
Nestlé World Trade Corporation Limited	PPE/ Services	3,024,171	6,803,663	2,351,823	2,760,706
Nestlé Netherlands	Finished goods	1,691,154	2,420,594	1,358,118	907,270
Nestlé France Limited	Finished goods	1,011,603	1,916,557	686,855	861,663
Societe Des Produits Nestlé S.A	Services	4,728,043	5,972,244	2,165,033	886,937
Nestlé Central and West Africa	Services	3,845,332	5,171,622	2,465,324	225,041
Wyeth Nutritional Singapore	Finished goods	2,318,680	-	1,311,478	-
Others		2,889,753	4,794,274	2,560,483	314,218
		20,555,390	28,776,043	13,689,968	6,464,316

Value Added Statement

In thousands of naira	2015	%	2014	%
Revenue	151,271,526		143,328,982	
Brought in materials and services				
- Local	(55,693,631)		(50,579,595)	
- Imported	(37,097,289)		(41,097,733)	
	58,480,606		51,651,654	
Finance Income	443,805		551,594	
Value Added	58,924,411	100	52,203,248	100
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	18,800,312	32	16,292,520	31
To Providers of Finance:				
- Finance Costs	4,868,571	8	5,305,837	10
- Company tax	4,292,874	7	3,026,096	6
Retained in the business:				
- Depreciation of tangible assets	5,933,051	10	5,796,278	11
- Deferred tax	1,292,826	3	(815,758)	(2)
- Impairment loss on tangible assets			362,635	1
- Profit transferred to reserves	23,736,777	40	22,235,640	43
	58,924,411	100	52,203,248	100

Other National Disclosures

5 Year Financial Summary

In thousand	2015	2014	2013	2012	2011
Funds Employed					
Share Capital	396,328	396,328	396,328	396,328	396,328
Share Premium	32,262	32,262	32,262	32,262	32,262
Share based payment reserve	150,466	44,637	26,585	49,543	76,903
Retained Earnings	37,428,018	35,466,416	40,139,626	33,707,429	22,704,491
Shareholder's Fund	38,007,074	35,939,643	40,594,801	34,185,562	23,209,984
Current Liabilities	59,731,857	44,638,052	33,233,095	25,179,644	24,814,835
Long Term Liabilities	21,476,122	25,484,372	34,379,584	29,598,012	29,703,474
	119,215,053	106,062,067	108,207,480	88,963,218	77,728,293
Asset Employed					
Non Current assets	48,714,686	37,389,330	66,451,672	62,607,073	55,517,888
Current assets	70,500,367	68,672,737	41,755,808	26,356,145	22,210,405
	119,215,053	106,062,067	108,207,480	88,963,218	77,728,293

In thousand	2015	2014	2013	2012	2011
Revenue	151,271,526	143,328,982	133,084,076	116,707,394	97,961,260
Profit before income tax	29,322,477	24,445,978	26,047,590	25,050,172	18,199,249
Profit for the year	23,736,777	22,235,640	22,258,279	21,137,275	16,496,453
Other comprehensive income, net of tax	23,736,777	22,235,640	-	(186,501)	(505)
Declared dividend*	21,798,049	26,950,313	15,853,125	9,947,836	8,190,781
Per 50k share data:					
Basic earnings per share	29.95	₦28.05	₦28.08	₦26.67	₦20.81
Diluted earnings per share	29.95	₦28.05	₦28.08	₦26.67	₦20.81
Declared dividend per share	27.50	₦34.00	₦20.00	₦12.55	₦10.33
Net assets per share	47.95	₦45.34	₦51.21	₦43.13	₦29.28

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

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Shareholders' Information

Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (₦'000)	Dividend Declared (Gross) (₦'000)	Dividend Per Share (kobo)	Dividend Type
2006	43	5,660,329	1,056,875	200	Interim
	44		4,412,453	835	Final
2007	45	5,441,899	1,155,957	175	Interim
	46		4,260,527	645	Final
2008	47	8,331,599	1,288,066	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	1060	Final
2010	51	12,602,109	1,288,067	195	Interim
	52		7,001,796	1060	Final
2011	53	16,808,764	1,188,984	150	Interim
	54		8,758,852	1105	Final
2012	55	21,137,275	1,188,984	150	Interim
	56		14,664,140	1850	Final
2013	57	22,258,279	1,188,984	150	Interim
	58		19,023,750	2400	Final
2014	59	22,235,640	7,926,562	1000	Interim
	60		13,871,484	1750	Final
2015	61	23,736,777	7,926,562	1000	Interim
	62		15,060,468	1900	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)
2006	38,422,782	8,197,897	2,537,568	5,660,329
2007	44,027,525	8,463,788	3,021,889	5,441,899
2008	51,742,302	11,862,213	3,530,614	8,331,599
2009	68,317,303	13,783,244	3,999,666	9,783,578
2010	82,726,229	18,244,454	5,642,345	12,602,109
2011	97,961,260	18,199,249	1,702,796	16,496,453
2012	116,707,394	25,050,172	3,912,897	21,137,275
2013	133,084,076	26,047,590	3,789,311	22,258,279
2014	143,328,982	24,445,978	2,210,338	22,235,640
2015	151,271,526	29,322,477	5,585,700	23,736,777

Share Capital History:

The share capital of the Company is as indicated below. The issued and paid up capital of the Company as at 31 December 2014 is ₦396,328,126.

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

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Since becoming a public company in 1978, Nestlé Nigeria has declared sixty-one 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 Share Certificates have been returned to the Registrars as unclaimed or undeliverable. For Unclaimed Dividend and Share Certificates, please contact:

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

Dividends	Date Paid	Amount Unclaimed (₦)
38	21 April 2004	31,415,529
39	6 December 2004	14,833,413
40	27 April 2005	46,487,961
41	28 November 2005	20,947,971
42	26 April 2006	75,761,337
43	10 November 2006	17,247,546
44	25 April 2007	86,162,969
45	26 November 2007	25,803,771
46	23 April 2008	82,745,509
47	01 December 2008	30,828,838
48	29 April 2009	174,985,131
49	07 December 2009	33,676,716
50	27 April 2010	229,208,087
51	10 January 2011	97,678,277
52	29 April 2011	352,178,744
53	12 December 2011	46,320,157
54	27 April 2012	325,923,327
55	24 December 2012	52,281,251
56	10 May 2013	601,824,756
57	09 December 2013	47,590,617
58	13 May 2014	864,799,512
59	08 December 2014	297,134,956
60	11 May 2015	603,273,282
61	10 December 2015	569,555,900
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

Nestlé NIDO®

Enriching lives, Nurturing futures

Milk plays an essential role in children's nutrition and in building the foundation for a healthy future. That is why we at Nestlé leverage the best of our science and product expertise to provide families with the best nutrition milk can offer through our brand, Nestlé NIDO®.

Nestlé NIDO® fortified with FortiGrow is a full cream milk powder that presents a perfectly balanced combination of nutrients that caters to the specific needs of a child's growing years. The unique goodness of Nestlé NIDO® helps mothers provide their children with complete and delicious milk nutrition to support their growth to the fullest potential.

It has high quality proteins to aid muscle gowth and is a good source of Calcium and Vitamin D for strong bones and teeth. It also contains Iron and Vitamin C to support cognitive development and immunity in children.

Nestlé NIDO® Fortified with FortiGrow is available in 5 SKUs: 365g & 800g (soft packs), 400g 900g & 2.5kg (tin formats).

NIDO: A premium global milk brand from NESTLÉ , trusted for Children's growth & development.

NIDO. Your love. Their future.™

#1
market leader

celebrating 50 years

80
million cubes produced daily

Source of Iron
Source of Iodine

MAGGI® products help bring out the best in every meal

MAGGI® is good for all your cooking

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

For 50 years, MAGGI® products provide nutritional value at a price that lower income consumers can afford. Hence they help fill the nutritional gaps in people's diets across Nigeria. All our MAGGI® bouillons contain iodine and a majority of them are fortified with iron. Each serving (i.e a meal for 6 people prepared with 5 cubes or 2 tablets) provides for over 30% of the recommended daily allowance of iron.

Our products

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

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

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

MAGGI® Mix'py comes in 4 powder variants:

Tomato: perfect red color for your stews, porridge and Jollof rice;

Ginger & Garlic: use for steaming and bring natural flavor

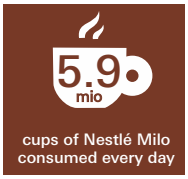
Golden Beef: premium, mouthwatering beef flavour like you have never tasted it.

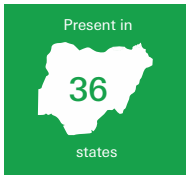
Classic: a special blend of onion and mild spice for your traditional soups

With MAGGI® Every Woman is a Star.


The Ener
of Futu


Nestlé
MILO


5.9
mio
cups of Nestlé Milo
consumed every day


Present in
36
states


6+3
6 vitamins and 3 minerals
in Nestlé Milo Activ-Go

The Energy Food Drink of Future Champions

Nestlé MILO, the energy food drink of future champions, has been reformulated and it is now fortified with Activ-Go™ made from PROTOMALT®, a unique malt extract and a specifically designed combination of 9 micronutrients (including 6 vitamins and 3 minerals).

Activ-Go™ supports energy release, muscle function and bone maintenance that are essential for physical activity in children. The new MILO with Activ-Go comes in new attractive packaging.

MILO encourages children every day to engage in sports. This is in partnership with Nigerian School Sports Federation, an arm of the Ministry of Education. Engaging in sports provide good opportunities for children to interact with each other and thereby learning important life skills such as determination, confidence, discipline and teamwork.

Every year, more than 1,000,000 children participate in various MILO Sports Development Programmes where they are taught important skills in a select sport. For nearly 20 years, MILO has been at the forefront of Basketball development in Nigeria through the MILO Secondary School Basketball Championship. The Championship has played a key role in producing many national and international basketball stars.

MILO also supports grassroots football development through the MILO U-13 Africa Football Championship. Nigerian children compete with children from other countries around Africa.

MILO is truly committed to a higher purpose of ensuring the total development of Champions all over Nigeria. In 2015, The Nutrition Society of Nigeria endorsed MILO as the Nutritious Energy Food Drink of Future Champions.

Start Your Day Right!

Breakfast cereals offer a simple solution to help consumers meet daily nutrition requirements and encourage healthier eating habits for a healthier life. MILO Breakfast Cereals invites you to kick-start each and everyday with a delicious and nutritious breakfast.

Made with Whole Grain, MILO Breakfast cereals (with milk) gives you an energetic start to the day.

Great taste comes with the benefits of Vitamins, Calcium and Iron.

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

N°1
bottled water brand in the world, in value

56
Nestlé Pure Life production sources worldwide

Present in
36
states

More than 1500 glasses drunk every second worldwide

16
year old brand

Discover all the health benefits of water

At Nestlé Waters our mission is *"To bring the safest drinking water to the Nigerian consumers combined with innovative healthy solutions aimed at improving the quality of life of our consumers and their families"*

Nestlé Pure Life is committed to helping every family adopt daily healthy hydration habits and, ultimately, to giving consumers the assurance that water is an important part of a healthy lifestyle. That's why we bring you Nestlé Pure Life with a light & refreshing taste that the whole family can enjoy and Nestlé Pure Life Protect, which contains zinc, an essential mineral scientifically proven to protect the immune system.

Water is an essential nutrient for our body and has many functions:

- It helps to keep your body at the right temperature,
- It helps to remove waste products from the body,
- It helps to transport nutrients to the cells, (water is a major component of blood),
- It contributes to proper mental function

For parents, Nestlé Pure Life helps you discover the benefits of a healthy hydration lifestyle, while passing down the love of water to the next generation.

Kids will grow up loving water, knowing it's the most satisfying way to quench their thirst, and one of the quickest and easiest ways to stay healthy.

Live life to the fullest and let your family be at their best.

DRINK BETTER. LIVE BETTER.

NESCAFÉ

75
years of expertise in every cup

36
states where Nescafe products are sold

4000
cups
consumed every second worldwide

4.2
mio
tonnes sourced in 2014

100% Natural

It all starts with a NESCAFÉ®

We love making new connections, friendships and relationships. And we might be a little biased, but we think the best ones start with a NESCAFÉ®.

We live in a land where everyday a new challenge is born, the connections we make are real connections that have the power to lead to something amazing – to innovations and pioneering experiences that shape the world we live in. Let's nourish it.

From creating our first NESCAFÉ® in 1938, to joining the first expedition to the top of the Mount Everest or being the first coffee on the moon – we have been part of great connections that have started with a NESCAFÉ® and led to even more stimulating experiences.

So remember – whether it is new ideas, new friendships or just a new day – we are excited to be there with you and in whatever you decide to start – fresh ideas, restarts or even start up - It all starts with a NESCAFÉ®.

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

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

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

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

100% coffee 100% natural

NESCAFÉ®, when enjoyed as a black coffee, is made from 100% coffee beans with water. Nothing more. Nothing less. We carefully select high quality Arabica and Robusta beans to make sure every cup delivers a distinctive, 100% coffee experience.

Nestlé GOLDEN MORN™

Highly Nutritious. Simply Delicious.

Breakfast is one of the most important meals of the day, if not the most important. It is meant to provide the family with energy for the day, to allow them to be at their best in work and in school.

Mothers always want their family, especially their children, to eat wholesome and healthy food. But they are not able to do so regularly for a number of reasons – lack of time, resources and information.

Nestlé GOLDEN MORN™ is a nutritious and delicious instant family cereal, that is made from the best quality maize and soya grains, sourced locally with the highest standards. It is rich in Protein and is enriched with Vitamin A and Iron which help provide energy for work, school and play. It is filling and offers ease and convenience in preparation.

On its 30th year, Nestlé GOLDEN MORN™ will continue to delight its consumers – of nourishing generations of Nigerians, with product innovations with strong NHW credentials, that will address their various needs and will guarantee nothing less than excellent product experience.

Nestlé GOLDEN MORN™ is available in Maize and Millet variants, in 50g single-serve formats and in bigger pack size formats of 450g, 500g and 1kg.

A GREAT START TO YOUR DAY: Breakfast cereals are a convenient, tasty and healthy part of a nutritious breakfast for children and adults.

Nestlé in society

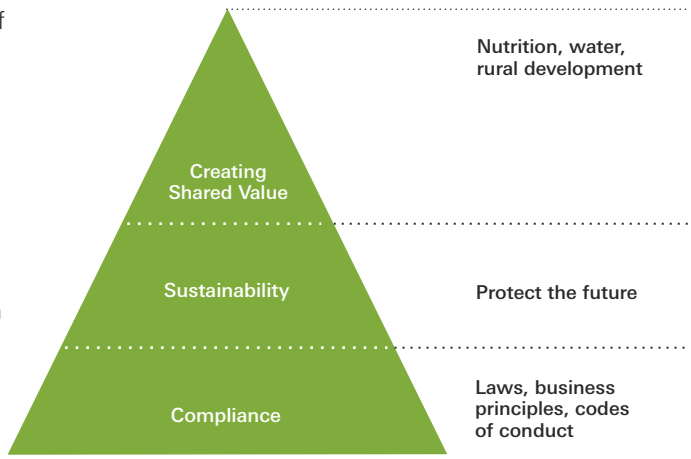
Creating Shared Value and meeting our commitments 2015

Creating Shared Value: a long-term perspective

We are convinced that for a company to be successful over the long term and create value for shareholders, it must create value for society. At Nestlé, this means creating superior, long-term value for shareholders by offering products and services that help people to improve their Nutrition, Health and Wellness. We call this Creating Shared Value (CSV) and we take this approach to the business as a whole.

In addition to nutrition, we focus on water because water scarcity is a very serious issue in many parts of the world and water is quite simply the linchpin of food security. And we focus on rural development because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of our business.

We also continue to actively manage our commitments to environmental and social sustainability and we ensure that our activities are in compliance with national regulations, international laws and our own values and principles.



Strong SDG-CSV linkages

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Ensure healthy lives and promote well-being for all at all ages

Ensure availability and sustainable management of water and sanitation for all

Ensure sustainable consumption and produciotn patterns

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

*Acknowledging that the United Nations Framework convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

Stakeholder engagement

Engaging with our stakeholders is central to our Creating Shared Value, helping us to identity emerging issues, develop and improve our corporate policies and commitments. It helps us to build our business and target our societal investments

Our stakeholder groups

Our stakeholder network is vast ranging from people we engage with regularly through our operations to those in public positions who influence our activities.

The following groups (in alphabetical order) are fundamental to our continuing business success in Nigeria:

- Academia communities
- Consumers and the general public
- Customers
- Employees and their representatives
- Government at all levels
- Industry and trade associations
- Non-governmental organisations
- Shareholders and the financial community
- Suppliers (including farmers and smallholders)

Nestlé Nigeria stakeholders convening

Nestlé stakeholders' convening are hosted and organised by external experts. They ensure we receive independent opinions and feedback. These events address issues that are specific to our value chain and focus areas in which Nestlé can Create Shared Value.

In November 2015, we held a stakeholder convening in Lagos in collaboration with Lagos Business School. The convening provided Nestlé Nigeria with an opportunity to share progress on its CSV programmes and commitments.

The event was attended by 30 representatives from private sector, government originations, NGOs, consumer associations, multilateral agencies, business , academia, as well as Nestlé Nigeria Managing Director and Chief Executive, Mr Dharnesh Gordhon and other senior management staff.

Promoting CSV concept in local media

In furtherance of effort to promote better understanding of nutrition, water and rural development issues and equip journalists with requisite reporting skills, Nestlé Nigeria organised a fourth CSV Media workshop for health and science editors in June 2015.

Featured speakers provided fresh thinking on how to mainstream nutrition, water and rural development reporting in the media. Head of Nutrition, Federal Ministry of health, Dr Chris Isokpunwu, led discussion on "Addressing the multiple burden of malnutrition through micronutrient fortification".

Head of Department of Mass Communication University of Lagos, Dr Abigail Ogwezzy Ndisika, spoke on "Improving water access, sanitation and hygiene practices in Nigeria: the role of the media "; while Technical Adviser, Processing, Products and Nutrition, Federal Ministry of Agriculture and Rural Development, Dr Omo Ohiokpehail, examined "Promoting planting and consumption of conventionally-bred biofortified staple crops in Nigeria".

About 55 senior media executives from print, electronic and online media attended the event.

Flowergate factory community engagement pilot

Buoyed by the need to ensure a more strategic engagement with and investment in local communities that respond to Nestlé priorities and community needs, Nestlé Nigeria organised a community engagement pilot at Flowergate factory in October 2015.

The objectives of the programme were to: understand factory's impact on and learning about the needs of communities around the factory; engage communities in a structured and strategic way and improve the social license to operate and create long-term benefits for Nestlé and the communities.

About 30 high-level community members, including traditional rulers and leaders of thought from Sagamu and Orile-Imo community attended the programme.

Nutrition, health and wellness

We are the leading Nutrition, Health and Wellness company in Nigeria. We enhance lives with science-based nutrition and health solution for all stages of life, helping consumers care for themselves and their families.

Nutrition, health and wellness

Our commitment

Lead the industry in nutrition and health research through collaboration

We seek to support public health by investing in both individual and population-based scientific research to deliver better nutrition for present and future generations.

Our progress

100 paediatricians
mothers and nurses reached during the year 2015 as whole

Nestlé Nutrition Institute Africa (NNIA)

A multidisciplinary educational organization dedicated to the science of nutrition for people of all ages in Africa – partnered with the European Society of Paediatric Gastroenterology Hapatology and Nutrition (ESPGHAN) to build capacity of young paediatricians.

The 'ESPGHAN Goes Africa' partnership postgraduate course provides a platform for medical practitioners in Africa to network and interact with each other on clinical and scientific problem in the various institutions and countries where they work.

Since its inception, over 100 paediatricians have been trained from various countries in Africa.

Our commitment

Help reduce the risk of under-nutrition through micronutrient fortification

Micronutrient deficiency is a common public health problem, particularly in developing countries such as Nigeria. Our work on micronutrient deficiencies is focused on developing foods and beverages designed to provide nourishment, especially for children and women of child bearing age.

Our progress

We tested blending biofortified pro-vitamin maize with normal maize in a recipe. Local agricultural production of these new biofortified crop varieties was still very small in 2015, and we are working with farmer and suppliers to increase the harvest in 2016.

10,000
tonnes of maize purchased form farmers in Nigeria

Biofortification is a complex process that can take years and requires a careful collaborative balance between stakeholders.

Nutrition, health and wellness

Our commitment

Encourage consumption of whole grains and vegetables

Whole grains and vegetable are a key part of a balanced diet, as they are excellent sources of fibre, vitamins and minerals. Through our food and beverage offerings, as well as community activities, Nestlé aims to promote the consumption of both these food groups.

Our Progress

In 2015, MAGGI engaged over 53,000 Nigerian women in its home garden initiative aimed at promoting cooking with locally grown vegetables as part of healthy diet.

The initiative is an integral part of the annual MAGGI Women Forum, which is held in different parts of Nigeria in partnership with women's associations, including the influential Governors' Wives and Association Presidents. At each forum, participants are educated on the importance of nutrition, health and wellness, and shown how to cultivate a vegetable garden. They are then given a vegetable starter pack containing iron-rich fluted pumpkin seeds or the popular 'green vegetable' seeds – both are indigenous vegetable easy to cultivate.

At the end of 2015, 43 women gave us feedback that their vegetables had started to grow and five of them were visited. The consumer engagement services team also planted the seeds as a control to stimulate different consumer situations, such as planting in buckets and plastic bags, in order to confidently respond to any queries raised by consumers.

Our commitment

Programmes for good nutrition and feeding practices

We believe we have a responsibility to share our nutrition expertise and consumer insight, especially to promote the importance of nutrition in the first 1000 days of life.

We disseminate our knowledge through appropriate channels , with healthcare providers and caregivers, to help raise healthier children.

Our Progress

As the largest publisher of nutrition information the Nestlé Nutrition Institute (via Nestlé Nutrition Initiative Africa, NNIA) offers education services and programmes for healthcare professionals on nutrition and related health concerns.

In 2015, NNIA trained 50 paramedics drawn from Anglophone countries of Central and West Africa. The Nestlé *Start Healthy Stay Healthy* continues to provide the right information to mothers during the first 1000 days of life.

Nutrition, health and wellness

Our commitment

Market breast-milk substitutes responsibly

We believe breast-milk is the best food for infant. When mothers and families, together with healthcare providers, decide that optimal breastfeeding is not possible, infant formula- the only breast-milk substitute (BMS) recognized by the WHO- plays a vital role in providing essential nutrients to infants. We remain committed to the highest standards of responsible marketing of BMS

Our Progress

100 paediatricians
mothers and nurses reached during the year 2015 as whole

We continued to promote responsible marketing of breast-milk substitutes by supporting nursing mother employees to breastfeed. In 2015, we inaugurated a new breastfeeding room at Agbara factory. The new factory is well equipped to enable nursing mother employees to breastfeed their babies during working hours.

We also believe that new parents should be given the option to take time off before returning to work. This is reflected in our maternity and paternity leave policies. We offer four months maternity leave and five-day paternity leave. This provides an environment that is supportive to new parents and reflects our commitment to mothers, beginning with our very own employees.

Our commitment

Promote healthy diets and lifestyles including physical activity

We aim to help children understand the role that nutrition plays in their lives and how to balance good nutrition with active lifestyle The Nestlé Healthy Kids Global Programme focuses on nutrition education and physical activity, providing information on balanced diets, positive approaches to food and practical advice on improving eating habits.

Our Progress

In 2015, we collaborated with Chefs Gathering Nigeria, a professional organization associated with the World Association of Chefs societies, to organise a Healthy Kids Cooking workshop as part of effort to raise awareness on healthy diet. The children went home with recipe cards for their parents to ensure a healthy nutrition and diet for them at home and at school.

Nutrition, health and wellness

Our commitment

Promote healthy hydration as part of a healthy lifestyle

As part of a healthy diet and lifestyle, it is important that individual remain hydrated and be mindful of what they drink. Nestlé believes that drinking water is as important to a healthy lifestyle as what you eat and how often you exercise.

Our Progress

We delivered healthy hydration modules through the Nestlé Healthy Kids programme in 2016. The modules aimed to raise awareness on proper hydration for children, the role of water in the body, the concept of water balance, signs and effects of dehydration and information about calories and beverages.

Local schools and villages are also benefiting from Nestlé Waters' partnership with Project WET, a global water education for teachers programme. It aims to illustrate the importance of water in people's lives while providing a better understanding of the benefits of water for healthy hydration.

In 2015, a total of 5,994 school children and 363 teachers in 115 schools in Lagos and Osun states benefitted from the programme.

In 2016, it will be expanded to Abaji, in Federal Capital Territory, with an aim to impact 1,200 pupils and 75 teachers in 25 schools.

Water

Water is critical to our business and our value chain. In order to respect the right to safe, clean water and sanitation, we strive to use water efficiently and facilitate responsible water stewardship in catchement where we have facilities.

Water

Our commitment

Raise awareness on water conservation, and improve access to water and sanitation across our value chain.

Access to clean drinking water and sanitation is a human right. We help to address local water issues in communities where we operate because improved water availability and access is essential to rural development and quality of life in the communities we depend on for raw materials supply.

We know that lack of access to safe water, sanitation and hygiene can cause illness or death, impair productivity and restrict markets for some products and services.

We believe there is a clear and compelling economic case for business to demonstrate leadership by addressing the situation.

Our Progress

200,000m^3
reduction in the water ratio (m^3/tonne of finished production) and water saving of 200,000m^3 in 2015 at all sites.

In 2015, we donated two water boreholes to Orile-Imo Community, located near Flowergate factory in Owode-Egba Obafemi Local Government area of Ogun state. About 10,000 community member now have access to safe and clean water.

Environmental sustainability

Environmental sustainability means protecting the future by making the right choices, in a world where natural resources are constrained, biodiversity is declining, and where climate change may exacerbate these challenges. It also means delighting consumers, and living up to the expectations of our employees and external stakeholders about our environmental responsibility and practices.

Environmental sustainability

Our commitment

Provide meaningful and accurate environmental information and dialogue

We believe that, by providing meaningful and accurate environmental information about our products, we can help raise awareness among the millions of people who use them.

Our Progress

In pursuit of effort to communicate science-based environmental information and proactively engage with media on environmental issues, we invited environmental journalists to visit our factory in Agbara during the 2015 World Environment Day. The tour enabled them to gain insight on our various environmental initiatives aimed at reducing our environmental footprints across the value chain.

+76%

Overall energy efficiency increased by76% from 42%

Our people, human rights and compliance

Nestlé operates with a fundamental respect for the rights of the people we employ, do business with or otherwise interact with. This respect is at the core of Nestlé Corporate Business Principles and aligned with the UN Guiding Principles reporting frame work.

Our people, human rights and compliance

Our commitment

Roll out the Global Youth Initiative across all our operations

Our Progress

With high youth unemployment, we are committed to working hand in hand with policy makers and the education sector to foster employability and job creation in Nigeria. We will recruit and develop the next generation of Nestlé leaders, and help young people with the transition from education to work.

In 2015, we continued to help young people contribute to the technological development of Nigeria through our Technical Training scheme which began in 2011.

All students from the first wave found permanent employment and eight of them were employed by Nestlé. A second wave finished in July 2015, and a further 13 graduands were employed by Nestlé Nigeria. A third wave with 20 participants - the largest group since the beginning of the programme in September 2015. About 26 students have completed the programme since inception.

List of Distributors

S/N	Name of Distributor
1	A. D. Basharu And Sons Nigeria Ltd
2	A. E. Chrismerchants Ltd
3	A'Alij Merchants Company Ltd
4	Achida - Sokoto
5	Achida Saidu Usman And Sons Limited
6	Ade Distribution And Investment
7	Adebiyi Bida
8	Adebiyi Kontagora
9	Adebukola And Sons Limited
10	Adetimehin Intergrated Investment Ltd
11	Ajoke Stores Limited
12	Albawa International Inv. Ltd
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14	Alh Usman Muazu
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58	Igwediebube Nigeria Limited
59	Innovation Era Nigeria Limited
60	Iyanu Business Ventures Limited
61	J. J. Nnoli And Sons Ltdmited
62	J. O Adegboyega Enterprises
63	J. O. Adebiyi And Sons Nig. Ltd, Suleja
64	Jamkat Integrated Investment Ltd
65	Jifatu Stores General Enterprises Nig. Ltd
66	Joc Dona Investments Limited
67	Joe Best Akor Enterprises
68	Julius Ogu And Sons Limited
69	JV 901 Nigeria Limited
70	Kaima Integrated Network Ventures Ltd
71	Kinco Global Link Limited
72	Kofaj Nigeria Enterprises
73	Kwesifin Ventures
74	Lajim Tatabe Brothers Stores Ltd
75	Lilyemman Global Venture
76	Livingspring Bulk Purchase Ltd
77	M. A. Onigbinde And Sons Ltd
78	Maihadisi Multi-Investment Nig Ltd
79	Makemx Nigeria Limited
80	Mazek Resources Ltd
81	Modu Director And Sons Ltd
82	Nortex Business Link Ltd
83	Ochiagha Udo Ventures
84	Ojawa Nig Enterprises
85	Olaniyi Badmus Nig Ltd
86	Olayiwola & sons stores Ltd
87	Omofade Ventures
88	PUO Assets Ltd
89	Rapha Micromedis Services Limited
90	RSL Ventures Capital Limited
91	RSL International Limited
92	S C Okafor Nigeria Ltd
93	Saadu Ali Mai Silifas Nigeria Ltd
94	Sambajo General Enterprises Limited
95	Sambajo Katsina
96	Seddt Nig Limited
97	Sidi & Sons
98	Square Bee Four Nigeria Limited
99	Timac Ventures
100	Tivo Corporate Services Intl Ltd
101	Tivo-Egbor
102	Umar SAD Radda Nigeria Ltd
103	Unidon Global Trade Co. Nig.Ltd
104	Viceri Dynamic Investment Ltd
105	Vinna Investment Limited
106	W.J. Ukaonu & Sons Nig Ltd
107	Wet Sample Enterprises

Corporate Directory

Head Office

Lagos. P.M.B. 21164, Ikeja, Lagos State. Tel: 01-2798184, 2798188, 2790707
Fax: 01-4963033

Factories/ Distribution Centres

Agbara Factory:

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

Flowergate Factory

Flowergate Industrial Estate
Along Abeokuta – Sagamu Expressway
By RIYE Roundabout
Sagamu, Ogun State.
Tel: 01-2791150.

Distribution Centre:

Km 7, Idi-Iroko Road,
Sango-Ota, Ogun State
Tel: 01-7912764, 7944658, 7924502.

Abaji Factory:

Plot No CP/ED1395
Phase II Extension, Layout II,
FCT, Abuja
Tel: 08052797010

Distribution Centre:

Km 32, Lagos-Badagry Express Road,
Agbara Industrial Estate,
Ogun State.

Branch Offices

LAGOS

Plot C.D.E.
Industrial Crescent,
Ilupeju, Lagos.
Tel: 01-7923489,
08052797041.

KADUNA

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

PORT HARCOURT

19 Stadium Rd, Port Harcourt.
Tel: 08052797388.

ENUGU

5A Okpara Avenue
G.R.A. , Enugu
Tel: 08052797143.

IBADAN

Plot 1, Block D, Ring Road / Challenge Junction, Ibadan.
Tel: 09038868775.

LAGOS EXTENSION

Km 7, Idi-Iroko Road,
Sango-Ota, Ogun State.
Tel: 08052797120.

JOS

NICON Building, 1st floor
4, State Secretarial Road,
Jos.
Tel: 08052797093.

ABUJA

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

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

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal Adviser

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

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal

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

Notes

Affix N50.00
Postage Stamp
Here

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

Proxy Form

47TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON MONDAY, 23 MAY 2016 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 23 May 2016 and at any adjournment thereof.

Dated this.....day of.....2016

Signature.....

Ordinary Business	For	Against
· To declare a Final Dividend		
· To re-elect Directors:		
Mr. Kais Marzouki		
Mr. Giuseppe Bonanno		
· To authorise Directors to fix the remuneration of Auditors		
· To elect members of the Audit Committee		
Special Business		
· To fix the remuneration of Directors		
· To authorize the Company to procure goods and services necessary for its operations from related companies		

Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain/ from voting at his/her discretion.

NOTES:
Please sign this form and post it to reach the address overleaf not later than 20 May 2016. 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 47TH 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, 23 May 2016.

Name of Shareholder

Number of shares held

Signature of person attending

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

Bode Ayeku
Company Secretary/Legal Adviser

Affix N50.00
Postage Stamp
Here

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

NESTLÉ NIGERIA PLC

Electronic Delivery Mandate Form

Dear Sir/Madam,

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

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

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

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

or any of their branch offices nationwide.

Bode Ayeku
Company Secretary/Legal Adviser

I,

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

PLEASE TICK ONE OPTION ONLY

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

OR

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

MY E-MAIL ADDRESS:

DESCRIPTION OF SERVICE:

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

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

_____
Name (Surname First)

_____
Signature and Date

Affix N50.00
Postage Stamp
Here

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

Good Food, Good Life

design:dbrig communications ltd. tel:01-454846
www.dbrigcommunications.com