Nestlé Nigeria Plc

Unaudited IFRS Financial Statement -- 31 March 2012

Contents

Directors, Officers and Professional Advisers

Board of Directors:	Chief Olusegun Osunkeye	-	Chairman
	Mr. Martin Woolnough (Australian)	-	Managing Director/Chief Executive
	Mr. Martin Kruegel (German)		
	Mrs. Iquo Ukoh		
	Mr. Etienne Benet (French)		
	Mr. Frederic Duranton (French)		
	Mr. David Ifezulike		
	Dr. Fiama Mshelia		
Company Secretary/ Legal Manager:	Mr. Bode Ayeku		
Registered Office:	22-24, Industrial Avenue Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707		
Registrars:	Union Registrars Limited 2, Burma Road, Apapa, Lagos Tel: 5803369, 5451399, 5803367		
Auditors:	KPMG Professional Services 22A, Gerrard Road Ikoyi, Lagos Tel: 01 - 2718955		
Members of the Audit Committee:	Otunba Thomas Adebayo	-	Chairman
	Alhaji Kamorudeen Danjuma		
	Mr. Christopher Nwaguru		
	Dr. Fiama Mshelia		
	Mr. Martin Kruegel (German)		
	Mr. Frederic Duranton (French)		

Directors' Report

For the period ended 31March 2012

1. **Financial Statements**

   The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company") together with the financial statements and the auditor's report for the period ended 31 March 2012.

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.

3. **Operating Results**

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

	2012	2011
	₦'000	₦'000
Revenue	28,674,079	20,383,566
Result from operating activities	6,844,689	3,614,683
Profit before tax	7,349,333	3,455,291
Profit after tax	6,173,566	2,571,616

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4. **Directors and Their Interests**

(a) The directors who served during the period and their interests in the shares of the Company at the end of Reporting period 31 March 2012 were as follows:

			Interest in the Ordinary Shares of the Company	
			2012	2011
Chief Olusegun Osunkeye	-	Chairman	300,000	300,000
Mr. Martin Woolnough (Australian)	-	MD/CEO	Nil	Nil
Mr. Martin Kruegel (German)			Nil	Nil
Mr. Etienne Benet (French)			Nil	Nil
Mr. Frederic Duranton (French)			Nil	Nil
Mrs. Iquo Ukoh			37,500	31,250
Mr. David Ifezulike			76,255	63,546
Dr. Fiama Mshelia			3,750	3,125

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

5. **Fixed Assets**

Information relating to changes in fixed assets is disclosed in Note 5 to the financial statements.

6. **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.

7. **Local Sourcing of Raw Materials**

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

8. **Major Distributors**

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

9. **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.

10. **General Licence Agreement**

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

11. **Acquisition of Own Shares**

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

12. **Remuneration Committee**

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

13. **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 28 April 2011. Members that served on the audit committee during the year comprise:

Otunba Thomas Adebayo	-	Chairman	Shareholders'	Representative
Alhaji Kamorudeen Danjuma			Shareholders'	``
Mr. Christopher Nwaguru			Shareholders'	``
Dr. Fiama Mshelia			Directors'	``
Mr. Frederic Duranton (French)			Directors'	``
Mr. Martin Kruegel (German)			Directors'	``

15 **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.

BY ORDER OF THE BOARD

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

Date

Statement of Directors' Responsibilities

For the period ended 31 March 2012

The directors accept responsibility for the preparation of the annual financial statements set out on pages 7 to 24 that give a true and fair view in accordance with International financial reporting standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

___________________________	___________________________
Chief Olusegun Osunkeye	Mr. Martin Kruegel

Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding years, is set out below:

(a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain buildings, plant and machinery.

(b) **Revenue**

Turnover represents the invoiced value of goods measured at fair value supplied to external customers less allowances granted to the customers, net of returns and value added tax.

(c) **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to a previous GAAP revaluation (carried out on 30 th of June 1992). The company elected to apply the optional exemption to use this previous revaluation as deemed cost at 1st January 2011, the date of transition.

i. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing costs continues up to the date that the assets are capable of producing.

ii. Fixed assets under construction or in process of installation are disclosed as capital work-in-progress.

iii. Depreciation is provided at rates calculated to write off the gross value, less estimated residual value, of each asset on a straight line basis over their estimated useful life as follows:

Leasehold land and buildings	-	4% per annum
Plant and machinery	-	10% per annum
Motor vehicles	-	20% per annum
Furniture and fittings	-	20% per annum
Computer software	-	20% per annum
IT equipment	-	33.33% per annum

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant category immediately the asset is ready for use and depreciated accordingly.

iv. Gains or losses on disposal of fixed assets are included in the profit and loss account.

(d) **Inventory**

Inventory are valued at the lower of cost and net realisable value.
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

Weighted average cost is reviewed periodically to ensure it consistently approximates historical cost.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal.

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

(e) **Trade receivables**

Trade receivables are stated at fair value net of allowance for debts considered bad and doubtful of recovery.

(f) **Provisions**

A provision is recognised only 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 resources embodying economic benefits will be required to settle the obligation.

(g) **Segment Reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business and geographical segments, where applicable.

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 include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(h) **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded in Naira at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the quarter-end are retranslated into Naira at the rates of exchange prevailing as at 31st March , 2012.

Any gain or loss arising from a change in exchange rates, subsequent to the dates of transactions, is included as an exchange gain or loss in the profit and loss account.

(i) **Income Tax**

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on taxable income, using statutory tax rates at the balance sheet date.

(j) **Deferred Taxation**

Deferred taxation 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.

Deferred tax is charged to the profit and loss account except to the extent that it relates to a transaction that is recognised directly in equity.

(k) **Employees' End of Service Benefits**

The Company operates gratuity and pension fund schemes for the benefit of all its Nigerian employees.

i. **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 is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employee entitlements are calculated based on their actual salaries and paid over to NNTL each month.

ii. **Pension Fund Scheme:**

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

(l) **Other Long Term Employee Benefits – Long Service Awards**

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits are accrued 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. Actuarial gains or losses arising are charged to the profit and loss account.

(m) **Unclaimed Dividends**

Dividends which remain 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 the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

(n) **Revaluation Reserve**

Surplus/deficits arising on revaluation of individual fixed assets are credited/debited to a non-distributable reserve known as the revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account.

On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from the revaluation reserve to retained earnings.

(o) **Cash and Cash Equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; cash balances with banks and short term investments in money market instruments net of outstanding bank overdraft

(p) **Impairment**

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognised in the profit and loss account.

Statement of comprehensive Income

For the year period ended 31 March 2012

	Notes	March 2012	March 2011
		₦'000	₦'000
Continuing operations			
Revenue		28,674,079	20,383,566
Cost of sales		(16,676,808)	(11,964,262)
GROSS PROFIT		**11,997,271**	**8,419,304**
Other Income			
Marketing and distribution expenses		(3,935,427)	(3,618,672)
Administrative expenses		(1,217,155)	(1,185,949)
Result from operating activities		**6,844,689**	**3,614,683**
Finance income	9	858,497	473,796
Finance costs	9	(353,853)	(633,188)
Net loss on foreign exchange transaction		-	-
Net Finance income		504,644	(159,392)
Profit before Income tax		**7,349,333**	**3,455,291**
Income tax expense	3	(1,175,767)	(883,675)
Profit for the period		**6,173,566**	**2,571,616**
Profit attributable to:			
Owners of the company		6,173,566	2,571,616
Profit for the period		**6,173,566**	**2,571,616**

The accounting policies on pages 7 to 10 and notes on pages 14 to 24 form an integral part of these financial statements.

Statements of financial position

As at 31 March

In thousands of naira	***Note***	**2012**	**2011**
Assets			
Property, plant and equipment	5	55,678,234	55,042,771
Intangibles assets		105,390	131,737
Long term debtors		-	-
Deferred tax asset		-	-
Total non-current assets		55,783,624	55,174,508
Inventories	6	11,873,679	9,902,238
Trade and other receivables	7	13,615,975	10,727,544
Prepayments		822,842	255,137
Cash and cash equivalents		1,305,307	1,069,888
Assets classified as held for sale		-	-
Total current assets		27,617,803	21,954,807
Total Assets		83,401,427	77,129,315

The notes on pages 16 to 24 are an integral part of these financial statements.

Statements of financial position (continued)

As at end of Reporting Period

In thousands of naira	**Note**	**2012**	**2011**
Equity			
Share capital		396,328	396,328
Share premium		32,262	32,262
Reserves			-
Retained earnings		30,203,216	22,811,308
Total equity		30,631,806	23,239,898
Liabilities			
Loans and borrowings – Long term		27,496,700	26,474,466
Other long term employee benefits		876,096	876,096
Provisions			-
Deferred tax liabilities		3,118,712	3,118,712
Total non-current liabilities		31,491,508	30,469,274
Bank overdraft		661,493	4,952,831
Current tax liabilities		3,319,091	2,375,385
Loans and borrowings – Short term		1,176,582	1,827,586
Trade and other payables		15,004,658	13,047,091
Provisions		1,116,289	1,217,250
Total current liabilities		21,278,113	23,420,143
Total liabilities		52,769,621	53,889,417
Total equity and liabilities		83,401,427	77,129,315

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

______________________________________)
) Directors
______________________________________)

These financial statements were approved by the Board of Directors on 26th April 2012.
The accounting policies on pages 7 to 10 and notes on pages 16 to 24 form an integral part of these financial statements.

Statement of cash flows

As at end of Reporting Period

In thousands of naira

	Note	2012	2011
Cash flows from operating activities			
Profit for the year		6,173,566	16,640,262
Adjustments for:			
Depreciation		932,898	2,968,462
Amortization of intangible assets		26,348	105,390
Gain on foreign exchange transactions		582,756	(1,297,526)
Impact of foreign exchange difference on intercompany loans		(582,756)	1,107,388
Net finance costs		504,644	2,612,634
Interest expense on intercompany loan not yet paid		-	(227,715)
Provision for gratuity and other long term employee benefits		-	212,189
Loss on sale of property, plant and equipment		8,820	50,557
Proceeds from the sale of fixed assets not yet received		-	56,780
Income tax expense		1,175,767	1,730,905
		8,822,043	23,959,326
Change in long term debtors			-
Change in inventories		(1,971,441)	(1,408,199)
Change in trade receivables and other receivables		(2,888,431)	(2,600,052)
Change in prepayments		(567,705)	135,953
Change in trade and other payables (excluding dividend payable)		625,695	6,893,017
Change in provisions		925,810	193,534
Cash generated from operating activities		4,945,971	27,173,579
VAT paid		(448,092)	(3,043,350)
Other long term employee benefit paid		-	(144,870)
Income tax paid		-	(4,039,746)
Net cash from operating activities		4,497,879	19,945,613
Cash flows from investing activities			
Finance income		858,497	868,796
Proceeds from sale of property, plant and equipment		-	140,111
Acquisition of property, plant and equipment		(1,760,704)	(18,062,137)
Acquisition of intangible assets			-
Net cash used in investing activities		(902,207)	(17,053,230)

Statement of cash flows (continued)

As at end of Reporting Period

In thousands of naira

	Note	2012	2011
Cash flows from financing activities			
Proceeds from loans obtained		1,725,900	5,577,499
Repayment of borrowings		(440,962)	(1,000,000
Finance cost		(353,853)	(1,813,541)
Dividends paid		-	(9,328,847)
Net cash used in financing activities		931,085	(6,564,889)
Net decrease in cash and cash equivalents		4,526,757	(3,672,506)
Cash and cash equivalents at January 1		(3,882,943)	(210,437)
Effect of exchange rate fluctuations on cash held			-
Cash and cash equivalents at March 31		643,814	(3,882,943)

The accounting policies on pages 7 to 10 and notes on pages 16 to 24 form an integral part of these financial statements.

Notes to the Financial Statement

For the year ended 31 March 2012

1. Revenue

Revenue represents the invoiced value of goods measured at fair value sold to external customers less allowances granted to the customers, net of returns and value added tax.

2. **Profit before taxation**

(a) Profit before taxation is stated after charging/ (crediting):

	2012	2011
	₦'000	₦'000
Depreciation	959,246	587,140
Staff costs (Note (b))	3,234,789	2,731,628
Auditors' remuneration	-	
Directors' remuneration		
Loss/(gain) on foreign exchange transactions	(582,756)	412,279
General licence fees	1,025,758	779,562
Loss/(gain) on disposal of fixed assets	8,820	88,845

(b) Staff costs and directors remuneration

i. Employees costs during the year amounted to:

	2012	2011
	₦'000	₦'000
Salaries and wages	1,803,930	1,457,325
Welfare and end of service benefits	1,430,858	1,274,303
	3,234,789	2,731,628

3. **Taxation**

(a) The tax charge for the year comprises:

	2012	2011
	₦'000	₦'000
Income tax	1,064,743	811,258
Education tax	111,024	72,417
	1,175,767	883,675

4. **Retained earnings**

The movement in retained earnings was as follows:

	2012	2011
	₦'000	₦'000
Balance, beginning of year	22,811,308	14,418,331
Transfer from profit and loss account	6,173,566	15,451,278
Dividend paid		(7,001,797)
Bonus Issues		(66,055)
Unclaimed dividend written back		9,551
Net effect of fair value measurement	1,218,342	
Balance, end of year	30,203,216	22,811,308

5. Property, Plant and equipment

	Leasehold Land and Building	Plant and Machinery	Motor Vehicles	Furnitures and Fitting	IT Equipment and Software	Capital WorkinProgress	Total
	N	N	N	N	N	N	N
COST/VALUATION							
As 1st January 2012	**16,374,237**	**30,072,319**	**1,078,184**	**3,380,455**	**813,400**	**13,842,593**	**65,561,188**
Additions	305,143	41,110	121	12,200	781	**1,401,349**	**1,760,704**
Transfers	563,343	1,300,573	110	235,526	20,041	(2,119,593)	**0**
Disposals	493	77,518	-	36,966	851	-	**115,828**
At 31st March 2012	**17,242,230**	**31,336,484**	**1,078,415**	**3,591,215**	**833,371**	**13,124,349**	**67,206,064**
ACCUMULATED DEPRECIATION							
As at 1st January 2012	**1,193,513**	**6,962,388**	**504,565**	**1,471,191**	**570,282**		**10,701,939**
Charge for the year	121,917	581,521	44,700	153,995	30,765		**932,898**
Disposals	472	69,493	-	36,192	850	-	**107,007**
At 31st March 2012	**1,314,958**	**7,474,416**	**549,265**	**1,588,994**	**600,197**	**-**	**11,527,829**
NET BOOK VALUE							
At 31st March 2012	**15,927,272**	**23,862,068**	**529,150**	**2,002,221**	**233,174**	**13,124,349**	**55,678,234**
At 31st December 2011	**15,180,724**	**23,109,931**	**573,619**	**1,909,264**	**243,118**	**13,842,593**	**54,859,249**

6. **Stocks**

	2012	2011
	₦'000	₦'000
Raw and packaging materials	5,033,370	3,933,986
Products-in-process	635,228	594,860
Finished goods	4,885,987	3,494,175
Goods-in-transit	195,828	811,054
Engineering spares	1,123,266	1,068,163
	11,873,679	9,902,238

7. **Debtors and prepayments**

	2012	2011
	₦'000	₦'000
Trade receivables	7,540,731	4,843,331
Staff loans and advances	1,481,821	876,680
Advance payments to suppliers	851,580	878,140
Foreign currency purchase for import	1,569,004	1,056,617
Advance payment to contractors		428,566
Other receivables	970,465	1,303,218
Amount due from related parties	1,202,373	1,340,992
	13,615,974	10,727,544

9. Finance income and finance cost

Interest income represents income earned on bank deposits while interest expense represents charges paid on loans and overdraft facilities utilised during the year.

In thousands of naira	***Note***	**2012**	**2011**
Interest income on bank deposits			
Interest income on loan re measurement		72,207	310,527
Interest income on financed revenue		203,534	163,269
Net foreign exchange gain		582,756	-
Finance Income		**858,497**	**473,796**
Interest expense on financial liabilities measured at amortised cost		(353,853)	(633,188)
Net change in fair value of financial instruments			
Finance costs		**(353,853)**	**(633,188)**
Net Finance costs		**504,644**	**(159,392)**

10. **Amounts due to related companies**

The Company has a general licence agreement with Societe Des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. (the ultimate holding company) for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A.

Amounts due to other related companies represent balances due on current accounts maintained with companies in the Nestlé Group for the importation of fixed assets, raw materials, finished goods and services. Amounts due to related companies are analysed as follows:

	2012	2011
	₦'000	₦'000
Nestlé Cote D'Ivoire Plc	383,193	498,487
Nestlé Ghana Limited	251,625	272,392
Nestlé World Trade Corporation Limited	973,643	1,573,594
Nestlé Globe Centre AOA	22,340	130,483
Nestlé Nederland	713,826	
Nestlé France Limited	368,382	249,092
Nestlé Cameroun	116,162	
Nestlé Products Sdn Bhd Malaysia	108,233	102,304
Nestle Manufacturing (Malaysia)	38,640	36,630
Nestlé Deutschland	24,025	33,335
Nestec S.A	51,080	-
Societe Des Produits Nestlé S.A	371,484	577,139
Nestlé Central and West Africa Ltd	704,783	188,447
CP france	200,612	-
Nestlé Treasury Centre-Middle East & Africa Ltd	-	227,715
Others	262,648	38,283
	4,590,676	3,927,901

11 **Amounts due from related companies**

Amounts due from related companies represent balances due on current accounts maintained with companies in the Nestlé Group for the exportation of raw materials, finished goods and services. Amounts due from related companies are analysed as follows:

	2012	2011
	₦'000	₦'000
Nestlé Cameroun	29,046	25,418
Nestlé Senegal	23,588	42,500
Nestlé Niger	54,496	69,154
Nestlé Cote D'Ivoire	89,066	90,946
Nestlé Ghana	442,594	455,305
Nestlé Togo	320,212	642,502
Nestle Guinee	226,017	
Others	17,713	15,167
	1,202,732	1,340,992

12. **Inter-company loan**

(a) Two loan facilities of US $54million and US $40million 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 end of prior year.

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 repayments become payable at the end of the seven year tenure for both loans.

(b) A loan facility of US $ 26 million which was also made available to the company in 2011 by Nestle Treasury Centre. The loan has a tenure of 7 (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. The facility has been fully drawn down as at end of March 2012.

13. **Deferred taxation**

The movement on the deferred tax account was as follows:

	2012	2011
	₦'000	₦'000
Balance, beginning of year	3,118,712	2,985,848
Charged/(credited) to profit and loss account	-	132,864
Balance, end of year	3,118,712	3,118,712

14. **Provision for other long term employee benefits**

The movement on provision for other long term employee benefits was as follows:

	2012	2011
	₦'000	₦'000
Balance, beginning of year	762,541	712,666
Charged to profit and loss	113,555	308,300
Payments during the year		(144,870)
Balance, end of year	876,096	876,096

15. **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.

The activities of NNTL are, since 2006, regulated by the National Pension Commission (PENCOM) when PENCOM approved the issuance of the relevant license to NNTL. The benefit arising from the activities of NNTL accrue principally to members of the pension and gratuity schemes and the Company's residual interest in NNTL is immaterial.

16. **Export to Affiliate Companies**

Included in the reported turnover is an export of finished goods amounting to ₦ 515,000,000 to some Nestle Affiliate companies.

17 Operating segments

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Company's reportable segments:

Segment	**Description**
Food	This includes the production and sale of Maggi, Cerelac, Nutrend, Nan, Lactogen and Golden Morn
Beverages	This includes the production and sale of Milo, Milo Ready to Drink, Chocomilo, Nido, Nescafe and Nestlé Pure Life.

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

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

Information about reportable segment

In thousands of naira	Food		Beverages		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
External revenues	17,376,492	12,977,734	11,297,589	7,405,832			28,674,079	20,383,566
Interest revenue					1,325,431	473,796	1,325,431	473,796
Interest expense					(331,670)	(633,188)	(331,670)	(633,188)
Depreciation and amortisation	(570,922)	(371,660)	(388,324)	(215,480)			(959,246)	(587,140)
Reportable segment profit before income tax	4,453,696	1,935,119	2,895,637	1,520,172			7,349,333	3,455,291

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

In thousands of naira	**2012**	**2011**
Revenues	28,674,079	20,383,566
Total revenue for reportable segments		
Other revenue	28,674,079	20,383,566
Profit or loss	7,833,351	3,156,973
Profit before income tax	7,833,351	3,156,973
Assets		
Total assets for reportable segments	*85,204,529*	*77,129,315*
Other assets		
Other unallocated amounts		
Total Assets	*85,204,529*	*77,129,315*
Liabilities	*85,204,529*	*77,129,315*
Total liabilities for reportable segments		
Other liabilities		
Other unallocated amounts		
Total Liabilities	*85,204,529*	*77,129,315*