

2011
Annual
Report &
Accounts



Nestlé Nigeria Plc.
(INC 2004)





OUR
BRANDS

Directors, Officers & Professional Advisers

Board of Directors:

Chief Oluogun Ounkanya

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 Hazzulke

Dr. Fiama Mahella

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: 5803389, 6451399, 5803387.

Auditors:

KPMG Professional Services

22A, Gerrard Road, Ikoyi, Lagos.

Tel: 01-2718955

Members of the Audit Committee:

Ounba Thomas Adebayo

Chairman

Alhaji Kamorudeen Danjuma

Mr. Christopher Nweguru

Dr. Fiama Mahella

Mr. Martin Kruegel (German)

Mr. Frederic Duranton (French)

Company Profile

Nestlé Nigeria Plc hereinafter "Nestlé" or "the Company" is part of the Nestlé Group, the Nutrition, Health and Wellness company renowned world-wide for its high quality products. Nestlé began simple trading operations in Nigeria in 1961 and has today grown into a leading food manufacturing and marketing company. Nestlé was listed on the Nigerian Stock Exchange on April 20, 1979. Nestlé Central & West Africa (CWA) Limited is the major shareholder of the Company. As at December 2011, the number of Nigerian shareholders was more than 30,000.

The strategic priorities of the Company are focused on delivering shareholder value through the achievement of sustainable, capital efficient and profitable long-term growth. The Company's turnover in year 2011 was ₦98billion out of which more than ₦1.7billion was charged as tax for the year. In the year 2011, the Company's profit before tax was ₦18.5billion and profit after tax was ₦16.8billion.

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

Our brands and products are the focus of continuous innovation so that they meet and exceed our consumers' expectations. The Company seeks to achieve clear-cut advantage over competitors' products and to ensure that its products are available wherever, whenever and however the consumers want them. Continuous

attention is also given to developing the professional and leadership skills of staff at all levels so that they can directly contribute to growth and a higher level of performance.

To stimulate industrial growth, the Company has a policy of long-term sustainable business practices. 100% of our agricultural raw materials are sourced locally through farmers and suppliers. 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.

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. Indeed, 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.

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

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

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



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

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

The project has significantly reduced the nutritional and economic losses in grains (16% in 2007 and 0.5% in 2011) and legumes and ensure also high quality raw materials for our factory.

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

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

Notice of Annual General Meeting

NOTES

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

(b) **DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS:** If the Dividend recommended by the Directors is declared, dividend warrants will be posted on Friday, 27 April 2012 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 13 April 2012. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 16 April 2012 to Friday, 20 April 2012 both dates inclusive to enable the preparation and payment of dividend.

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9, Onikan, Lagos, on Thursday, 26 April 2012 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 2011 and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a Final Dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect the members of the Audit Committee.

SPECIAL BUSINESS

6. To fix the remuneration of Directors.

Dated 20 February 2012

By Order of the Board

Bode Ayekun

Company Secretary / Legal Manager

Registered Office

22-24, Industrial Avenue, Ilupeju, LAGOS.

(c) **NOMINATIONS FOR THE AUDIT COMMITTEE:** The Audit Committee consists of 3 Shareholders and 3 Directors. In accordance with section 359 (6) of the Companies and Allied Matters Act, CAP C.20, LFN 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

(d) **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES:** Several Dividend Warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members will be circulated with the Annual

Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrars, Union Registrars Limited 2, Burns Road, Apapa, P.M.B. 12717, Lagos during normal working hours.

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

Chairman's Statement

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

I am pleased to welcome you warmly to the 43rd Annual General Meeting of our Company and to present the Financial Statements and Reports as well as a review of the performance of our Company for the year ended 31 December 2011.

Business Environment

Although the Nigerian economy has recovered considerably from the worst effects of the global economic crisis, global economic activities, particularly the outlook for international oil prices, remain a source of concern. Also, reforms in the banking sector, such as the creation of the Asset Management Company of Nigeria (AMCON) to clear up non-performing loans on bank balance sheets and Nigerian stock Exchange (NSE) reforms to introduce tighter regulations in the market, are also aiding recovery in these areas but there is still a long way to go.

However, despite high growth rate recorded by the Nigerian economy in 2011, daunting challenges still remain. The challenges have basically stunted employment opportunities and frustrated efforts at developing the nation. Nigeria's growth in the past few years has averaged seven percent in the face of the global financial crisis which slowed many economies. It is gratifying that Nigeria grew by 7.1 percent in 2011 and has been projected to record some 7.2 percent growth in 2012 according to the Federal office of Statistics.

The link between major growth drivers, particularly agriculture and manufacturing, continue to be weak and the required costs of the expected infrastructural needs of the economy are daunting and remain a major challenge to the financial sector.

Nevertheless, substantial progress has been made and significant public confidence has been restored to the banking sector with the reform measures adopted by the banks.

We also note with delight the federal government's stated aim to revamp the agriculture sector, ensure food security, diversify the economy and enhance foreign exchange earnings through the Federal Ministry of Agriculture and Rural Development through the Transformation Agenda. The transformation action plan is focused on key aspects of value chains, including the provision and availability of improved inputs (seed and fertilizer), increased productivity and production, as well as the establishment of staple crop processing zones. It also addresses reduction in post-harvest losses, improving linkages with industry with respect to backward integration, as well as access to financial services and markets.

Our Company fully supports the transformation agenda which is expected to create over 3.5 million jobs from the rice, cassava, sorghum, cocoa and cotton value chains. The programme aims to provide over ₦300 billion additional income in the hands of Nigerian farmers. We hope the transformation agenda and the targeted interventions will increase efficiency and profitability along the value-added chains of these crops.

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

Our company fully supports the transformation agenda which is expected to create over 3.5 million jobs from the rice, cassava, sorghum, cocoa and cotton value chains. The programme aims to provide over ₦300 billion additional income in the hands of Nigerian farmers. We hope the transformation agenda and the targeted interventions will increase efficiency and profitability along the value-added chains of these crops.

Operating Results and Performance

Our Company achieved a strong growth and continued to outperform competition despite the harsh economic environment of 2011. I am pleased that we were able to maintain the positive momentum on our path towards long term sustainable, profitable and capital efficient growth. The 2011 results, achieved in an exceedingly challenging environment, were not the reflection of a single-minded focus on achieving short-term performance, but were achieved whilst investing for the future and laying foundations to shape the future direction of the Company. You can obtain the details of the operating results from our website:

<http://www.nestle-cwa.com/en/investors/nigeria>.

In 2011, we invested in capacities and capabilities that further strengthened our Company's future. We started the year with the opening of our new ₦12 billion Flowergate Factory. The new facility was officially opened by His Excellency, Dr Goodluck Jonathan, GCFR, President of the Federal Republic of Nigeria, ably represented by His Excellency, Arch. Mohammed Namadi Sambo, GCON, Vice President of Federal Republic of Nigeria. The presence of the Chief Executive of Nestlé S. A., Mr Paul Bulcke at the commissioning demonstrates the importance of Nigeria in the growth ambition of Nestlé's operations in Africa. The new facility which was Nestlé's 27th factory in Africa will further strengthen Nestlé Nigeria's role as the single largest culinary manufacturing operation on the Africa continent.

We also inaugurated a ₦3.6 billion Agbara Factory Tri-Generation Power Plant and

new state-of-the-art ₦1.8 billion Cereals Milling Plant. The new milling facility will further enhance our competitive edge and meet our expansion of cereal products well into the future.

Dividend and Bonus

As a result of the good performance achieved in 2011 and in line with our dividend policy – which underlines your Board's commitment to creating value for its shareholders – the Board recommends for your approval a final dividend of ₦11.05k. Interim dividend of ₦1.50k was earlier declared and paid, making a total dividend of ₦12.55k per share from the results for the year. This represents a payout ratio of 59%.

E-Dividend and E-Bonus

Together with our Registrars, we were able to reduce the level of unclaimed dividends in the year 2011. Despite the reduction, there is still a material list of unclaimed dividend and share certificates. Therefore, we wish to passionately request, once again, every shareholder to complete the detachable application form for e-Dividend and e-Bonus attached to the 2011 Annual Report and Accounts and deliver to our Registrars either at the venue of the Annual General Meeting or to their office immediately after this meeting. Shareholders are also required to open bank accounts, stock broking accounts and Central Securities Clearing Systems (CSCS) accounts for the e-Dividend and e-Bonus. Your compliance with this request will reduce the magnitude of unclaimed dividends and share certificates; eliminate the delay or loss of dividend warrants and share certificates and the sundry inconveniences associated with revalidation of dividend warrants.

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

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

Marketing, Sales and Product Performance

Our reputation is based on consumers' trust. The success of our company depends on our ability to anticipate consumer habits and to offer high quality products that appeal to the consumer preferences. Our Food and Beverages business has the scale to touch consumers all over the country; the intimacy to provide the food and beverages they want; the diversity to do so at a great many eating occasions and to provide balance; the ubiquity to provide it whenever and wherever consumers want it. We use these pillars to build our nutrition, health and wellness agenda across our categories for the benefit of our consumers everywhere

who consume our products every day. That agenda is encapsulated in the expression "Good Food, Good Life".

MAGGI, our flagship brand continued to promote Nigeria's food culture and transfer of culinary skills to young boys and girls through the "MAGGI Cook for Mama" competition, sponsorship of "Miss Nigeria 2011" and MAGGI Women Forum. To further increase awareness and stimulate growth of MAGGI in the market, MAGGI Fast Food Association (MAFFAN) was launched in 2011. The Association will serve as a platform for Fast Food Operators to interact with the MAGGI brand and also afford them the opportunity to learn more about the Out-of-Home expertise of Nestlé Professional, our food service business provider. Nestlé MILO continued to strategically leverage the grassroots football program to drive affinity and maximize sales opportunities. Nestlé MILO sponsored the MILO Under -13 Africa Football Championship – an event that harnesses the energy of the youth and gives them an international platform to showcase their talent. We also sponsored the MILO Football Clinic facilitated by Peter Rufai, one of Nigeria's foremost football international star and other youth football development experts. The Clinic is based on unique proven scientific techniques discovered after 15 years of wide-ranging research in Europe. Nestlé has also been at the forefront of developing the body and soul of Nigerian youths through the MILO Secondary School Basketball Championship. Nearly 5,000 schools involving 10,000 students participates every year for the past thirteen years.

NESCAFÉ introduced a new product, NESCAFÉ Ginger and Lemon sachet to the market. The new product combines the many benefits of coffee with beneficial health properties of ginger and lemon all in one cup. To further strengthen brand awareness and image, NESCAFÉ consumers in Nigeria had a thrilling experience with NESCAFÉ Magic Mug flight: a giant hot air balloon, shaped in the form of a red NESCAFÉ mug.

Employees

The harsh business climate made 2011 a very challenging and tough year for all of us. The good performance we recorded in 2011 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, therefore, to thank our people whose hard work and strong commitment have made our 2011 results possible. As at 31 December 2011, 3,690 people benefitted from direct employment (including third party and fixed contract staff). Also in 2011, our staff participated in overseas courses, external (local) trainings, and different in-house training programmes to sharpen their skills and improve their productivity.

Also, in line with Nestlé's Corporate Business Principles, our company continues to take a proactive approach to respect and support human rights principles within business operations. The MD-Union Forum, a highly interactive approach to improve workplace relations and sustain a

peaceful industrial relations climate, was held in 2011. To further advance human rights principles in the workplace, we rolled out an online human rights training tool for all our employees. The web-based tool will help our staff better understand the relevance of human rights principles to business operations, providing exercises, case studies and links to facilitate learning.

Creating Shared Value

We believe that companies are only sustainable and successful over the long term if they create value not just for their shareholders but also for the societies in which they operate. We call this "Creating Shared Value". We talk about this in more detail in this report. Our commitment to Creating Shared Value and our principle-based approach to running our business stand front-and-centre as we pursue our objective of being the reference for financial performance in our industry because we want to achieve this whilst also being trusted by all stakeholders.

Launch of Nestlé Healthy Kids Global Programme in Nigeria

In line with our business strategy to create shared value, we launched the Nestlé Healthy Kids Global program in Nigeria in 2011. We held workshops for teachers participating in the program in Lagos and Ogun states. This worldwide initiative aims to improve the nutrition, health and wellness of school-aged children, giving them the chance to develop positive attitudes and behaviours towards food and exercise to achieve and maintain a healthy body weight into adulthood.

In addition, we have decided to introduce electronic delivery of our annual report and accounts and other relevant corporate documents. With this initiative, instead of receiving the hard copy of any of these documents in future, each shareholder would be able to elect to receive a soft copy online via his or her e-mail address or a Compact Disk to be sent by post.

We believe 2012 will be a difficult but successful year due to our proven ability to deliver innovative growth in our businesses while at the same time delivering value to all our stakeholders.

Grains Quality Improvement Project

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

Therefore in 2011, we continued our Quality Grains Improvement Project which is aimed at ensuring high quality grains by reducing Mycotoxin contamination in grains through good agricultural and storage practices. During 2010/2011 farming season, 10,000 farmers (including agricultural extension agents, farm village heads, farm family heads, grains suppliers and transporters) were trained to produce grains with mycotoxin levels within Nestlé standards. Consequently, factory gate rejection rate progressively reduced from 16% in 2009 to 0.1% in 2011.

Nestlé/IITA Cassava Starch Project

We also commenced a new project to help farmers increase output and quality of cassava starch production in collaboration with the International Institute of Tropical Agriculture (IITA) Ibadan. The project is aimed at increasing productivity per hectare in cassava through multiplication and dissemination of high yielding varieties and ensuring smallholder farmers benefit from improved cassava management practices. The project will enable sustainable supply of

cassava roots (with high starch content) to local processors. Our ultimate goal is import substitution of one of our agricultural raw materials: we hope to replace imported corn starch with cassava starch in our culinary manufacturing process. To underline our strong commitment to this initiative, we are spending ₦120 million on this project over two years.

Outlook for 2012

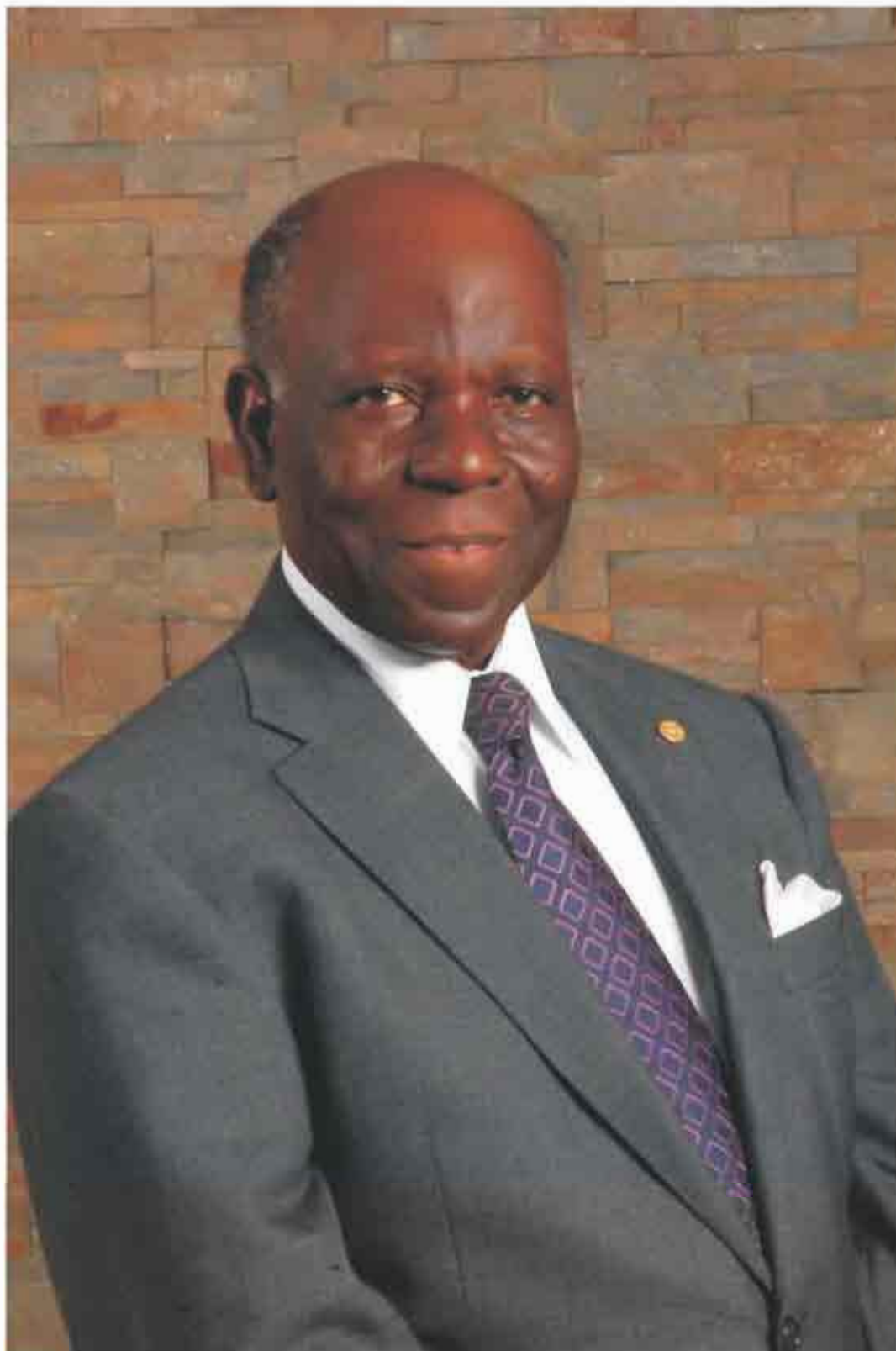
We started 2012 with continued momentum, well placed to face uncertainties ahead, including the aftermath of new pump price of petrol occasioned by the withdrawal of subsidy on fuel. We will continue to build our brands and create a sustainable competitive edge to accelerate Nestlé's growth.

We believe 2012 will be a difficult but successful year due to our proven ability to deliver innovative growth in our businesses while at the same time delivering value to all our stakeholders. The shared value we generate will reach far beyond our consumers and shareholders. It will benefit our partners, clients, suppliers and raw material producers; both individually, and in their communities.

I thank you for your attention.

Chief Olusegun Osunkeye, OON, OFR
Chairman

Our Company achieved a strong growth and continued to outperform competition despite the harsh economic environment of 2011. I am pleased that we were able to maintain the positive momentum on our path towards long term sustainable, profitable and capital efficient growth. The 2011 results, achieved in an exceedingly challenging environment, were not the reflection of a single-minded focus on achieving short-term performance, but were achieved whilst investing for the future and laying foundations to shape the future direction of the Company.



Chief Olusegun Osunkoya, OON, OFR
Chairman

Corporate Governance Report 2011

Background

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

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



Nestlé Corporate Governance Principles

Nestlé has since:

- 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. We complied with the mandatory provisions of the 2011 Code of Corporate Governance issued by the Securities and Exchange Commission during the year under review.

Local Legislations and International Recommendations

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

government: federal, state and local authorities.

- Nestlé complies with the provisions of the Code of Corporate Governance in Nigeria issued in 2011 by the Securities and Exchange Commission. Also, Nestlé has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

The Principles

They cover four areas:

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

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

Information Policy

Shareholder Relations- Guiding Principles

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

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

Methodology

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

Printed material

Nestlé produces a highly detailed Annual Report and

Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations.

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

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

Future Relations with Shareholders

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

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

Communication with Stakeholders

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

In addition, information on the performance of the Company and other major corporate

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

Transparency in Financial Reporting and Internal Control

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

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé Nigeria Plc. The Board is made up of five (5) non-executive directors including the Chairman and three (3) executive directors. The names of all the directors are stated on page 1 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,

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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, entrepreneurial spirit and high commitment to the task of good corporate governance.

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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.

Attendance of members of the Board

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

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

Date of last election and when due for re-election

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

Board Appointment, Induction and Training Processes

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

A newly appointed Director of the Company is required to undergo an induction process in order to know the Company, business and duties better. Important corporate documents on the profile, history, values, members of the Board and top management, business principles, production facilities, projects, Creating Shared Valued initiatives are made available to new Directors. The Directors of the Company participate periodically, 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 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 the 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 2011 was completed by members and the summary of results compiled electronically.

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

Directors standing for re-election and their biographical details

The following directors are standing for re-election at the next Annual General Meeting:

- a) **Mr. Etienne Benet (French)** is the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds an MBA in Agronomy and Food Science. He started his working career in Nestlé Group in 1989 as an internal auditor in France. He has held various positions within the Nestlé Group including Country Manager of Gabon in 1997, Country Business Manager, Nestlé Waters in Egypt and Indonesia from 1999 to 2004 and 2004 to 2008 respectively until his present appointment as the Head of the Nestlé CWA Region on 1 March 2008. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 February 2008.
- b) **Mr. Frederic Duranton (French)** is the Head of Finance and Control of Nestlé CWA Region. He holds a Master of Finance degree. He started his career with Nestlé in Russia in 1998 as the Plant Controller. Thereafter, he assumed different responsibilities within the Finance Department of the Nestlé Group. He was the Operational Controller of Nestlé Belgium before his appointment as the Chief Financial Officer of a Joint Venture between Nestlé and L'Oreal. He was later appointed as the Ice Cream SBU Controller in Headquarter Switzerland where he worked from July 2007 to July 2009. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 August 2009.
- c) **Mrs. Iquo Ukoh** is the Marketing Services Director in charge of Creative / Media / Research Agency Coordination; Media Buying and Experiential Marketing / Event Management and Buying. Until her current appointment in March 2009, she was the Category Business Manager – Culinary (Nigeria and Ghana). She was

appointed a director of the Company on 19 February 2010. She holds a Bachelor of Science degree in Nutrition and Dietetics. She joined Nestlé Nigeria Plc in 1981 as a Medical Delegate and has held several key positions in the Company, such as Senior Product Manager, Group Product Manager and Marketing Manager in the Marketing Division of Nestlé Nigeria Plc.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) Directors appointed by the Board of Directors to submit recommendations on the salaries of Executive Directors to the Board for approval. The committee discharged their responsibilities excellently in 2011. The following Directors served on the committee in 2011 and their attendance at meetings:

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

Safety, Health and Environment Committee

The Committee is to review reports on safety, health and environmental activities of the Company, safety statistics and environmental compliance. The Committee is also to review reports on visits made to Nestlé on safety, health and environment by government agencies and the proposed activities in relation to the Company's safety, health and environmental policy. The committee discharged their responsibilities excellently in 2011.

The members of the Committee are:

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

Statutory Audit Committee

The Committee is established to perform the functions stated in Section 359 (6) of the Companies and Allied Matters Act. There are six (6) members of the Committee and one of the three representatives of the shareholders is the chairman of the Committee. The Committee met thrice during the period under review and discharged their responsibilities excellently in 2011.

The list of members of the Committee is contained on page 1 of this document.

The following Directors served on the committee in 2011:

Name	Status	No. of meetings held	No. of meetings attended
Fiama Mshelia	Member	3	3
Martin Kruegel	Member	3	3
Frederic Duranton	Member	3	0* AWA

* Absent with apology

Mr. Frederic Duranton informed the Board that he was not able to attend meetings of the committee because of some urgent official assignments. Consequently, he requested, and the Board agreed to appoint another director to replace him as a member of the committee with effect from the 2012 financial year.

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.

Human Resources Policies and other related matters

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

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

It is the Company's policy to:

- a) Give every employee the chance of proving his or her ability in order to realise the desired career progression;
- b) Give equal opportunity for engagement and promotion on the basis of merit, diligence and good conduct;
- c) Remunerate staff based on principle of internal equity and external comparability together with performance;
- d) Reward 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 prone activities and designs strategies to eliminate the corruption risks.

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

The Company impacts on the community through the peculiar initiatives known as Creating Shared Value (CSV) with 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.

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.

In 2011, we launched the Nestlé Healthy Kids program to improve nutrition, health and wellness of children aged 8-12 years; partnered with the International Institute for Tropical Agriculture (IITA) to boost cassava starch production in Nigeria; organized training programmes for soybean farmers under the Nestlé/University of Agriculture Abeokuta Soybean Popularization Project and workshop to improve farm family health initiative for the farming community.

The details of these initiatives are stated in our CSV Report on pages 83 to 101 of this Annual Report.

Environmental Protection

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

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

HIV/AIDS

Our Company always endeavours to provide a safe healthy working environment for its employees. The Company makes available to employees periodically free HIV/AIDS screening and confidential counseling sessions for them to know their status. It also provides regularly, basic HIV/AIDS training to educate

the employees on its prevention, care and control. It is the policy of the Company not to discriminate against any employee on the basis of his or her HIV status.

E-Dividend

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

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

Auditors

The Company's auditors are KPMG Professional Services.

Our Company always endeavours to provide a safe healthy working environment for its employees. The Company makes available to employees periodically free HIV/AIDS screening and confidential counseling sessions for them to know their status

Board of Directors



1 Chief Olusegun Ogunkeye
Chairman

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

2 Mr. Martin Woolnough (Australian)
Managing Director

Is the Managing Director / Chief Executive of Nestlé Nigeria Plc. He has an extensive career in Nestlé which started in Australia in 1993. He has worked in different locations including Australia, most of Asia, Uzbekistan and Middle East. Prior to his present appointment, Martin was appointed Country Manager of Uzbekistan in 2004. Thereafter, he served as the Business Manager, Nestlé Waters, Levant, a position he held until 31 March 2008. He attended senior executive programmes organised by the Curtin University, Australia, International Institute for Management Development, Lausanne, Switzerland and London Business School. He was appointed Managing Director of Nestlé Nigeria Plc on 1 April 2008.



3 Mr. Etienne Banat (French)

Is the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds an MBA in Agronomy and Food Science. He started his working career in Nestlé Group in 1968 as an intern author in France. He has held various positions within the Nestlé Group including Country Manager of Gabon in 1987, Country Business Manager, Nestlé Waters in Egypt and Indonesia in 1999 and 2004 respectively until his present appointment as the Head of the CWA Region on 1 March 2008. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 February 2008.



4 Mr. Frederic Duranton (French)

Is the Head of Finance and Control of Nestlé CWA Region. He holds a Master of Finance degree. He started his career with Nestlé in Russia in 1988 as the Plant Controller. Thereafter, he assumed different responsibilities within the Finance Department of the Nestlé Group. He was the Operational Controller of Nestlé Belgium before his appointment as the Chief Financial Officer of a Joint Venture between Nestlé and L'Oréal. He was later appointed as the Ice Cream SBU Controller in Switzerland where he worked from July 2007 to July 2009. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 August 2008.

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



6 Mr. David Ifezulike

Is a non-executive director of the Company. He holds a Master of Science degree in Petroleum Engineering. He joined Nestlé in 1980 and worked for over 22 years in various capacities and locations including Nigeria, Ghana and Switzerland. Mr. Ifezulike was on international exchange programme as the Factory Manager of Nestlé Ghana between May 1999 and April 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2008.



7 Dr. Flavia Mshella

Is a medical practitioner of more than 35 years standing, a seasoned administrator and non-executive director of the Company. Dr. Mshella has previously served as chairman, National Eye Centre, Director, Banque Internationale du Bénin, Cotonou, Benin Republic, CentralPoint Merchant Bank. He is a director of Acacia Management & Consultancy Limited and the Chairman of Triple Gas Plc. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 23 March 2001 as a non-executive director.

8 Mrs. Iquo Ukoh
Is the Marketing Services Director in charge of management of Creating Shared Value projects; Creative / Media / Research Agency Coordination; Media Buying and Experiential Marketing / Event Management and Buying. Until her current appointment in March 2008, she was the Category Business Manager - Culinary (Nigeria and Ghana). She was appointed a director of the Company on 19 February 2010. She holds a Bachelor of Science degree in Nutrition and Dietetics. She joined Nestlé Nigeria Plc in 1981 as a Medical Delegate and has held several key positions in the Company, such as Senior Product Manager, Group Product Manager and Marketing Manager in the Marketing Division of Nestlé Nigeria Plc.



9 Mr. Bade Ayeku

Is the Company Secretary / Legal Manager of the Company with effect from 1 January 2008. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria and was called to the Bar in 1992. He holds a Master of Laws degree and has over 19 years post qualification experience. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of the Institute of Chartered Secretaries and Administrators, Nigeria and United Kingdom. He is a member of Council of the Institute of Chartered Secretaries and Administrators of Nigeria.

Board of Directors



Nestlé Nigeria Plc

Financial Statements -

For the year ended 31 December 2011 and
Directors' and Auditor's Reports

Contents

Results at a Glance	22
Directors' Report	25
Statement of Directors' Responsibilities	34
Independent Auditor's Report	35
Audit Committee Report	36
Statement of Accounting Policies	38
Profit and Loss Account	43
Balance Sheet	44
Statement of Cash Flows	45
Notes to the Financial Statements	48
Value Added Statement	62
Five-Year Financial Summary	63



Turnover +22%

Profit before tax +2%

Profit after tax +33%

Result at a Glance

	2011	2010	% Increase/ (decrease)
Results in millions of Naira			
Turnover	97,961	80,108	22
Profit before taxation	18,540	18,244	2
Profit after taxation	16,809	12,602	33
Declared dividend*	8,191	8,290	(1)
Share capital	396	330	20
Shareholders' funds	23,493	14,865	58
Data per 50k share			
Basic earnings	₦21.21	₦19.08	11
Adjusted earnings	₦21.21	₦16.80	33
Declared dividend*	₦10.33	₦12.66	(18)
Adjusted declared dividend	₦10.33	₦10.48	(1)
Net assets	₦29.64	₦22.50	32
Dividend per 50k share in respect of current year results only			
- Interim Dividend	₦ 1.50	₦ 1.95	(23)
- Final dividend proposed**	₦11.05	₦10.60	4
- Total Dividend	₦12.55	₦12.55	

A bonus issue of one new share for every five existing shares was approved by the shareholders at the 42nd Annual General Meeting held on 28 April 2011.

	2011	2010	% Increase
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	₦445.66	₦368.55	21
Number of shares issued ('000)	792,656	660,547	20
Market capitalisation at 31 December (₦: million)	353,255	243,445	45

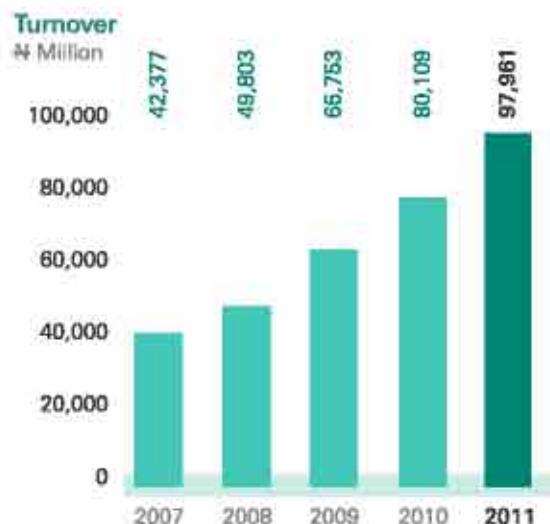
* Declared dividend represents the interim dividend declared during the year plus the final dividend proposed for the preceding year but declared during the current year.

** The directors propose a final dividend payment of ₦11.05 (2010: ₦10.60) per share on the issued share capital of 792,656,252 (2010: 660,546,875) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

Performance Indicators

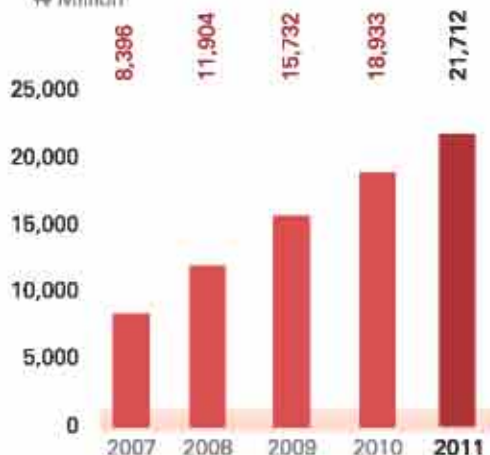
Turnover Development

- Turnover growth 22% from 2010 to 2011
- Turnover growth 131% over the last four years
- All Segments and Businesses with strong Turnover development
- For the first time, Nestlé Nigeria exported to other countries (N1.7 Bio)
- On the back of heavy capacity increases also in 2011
- Continued optimization of our "Route to Market" enabling us to reach more consumers for our products



Operating Profit

N Million



Operating Profit Development

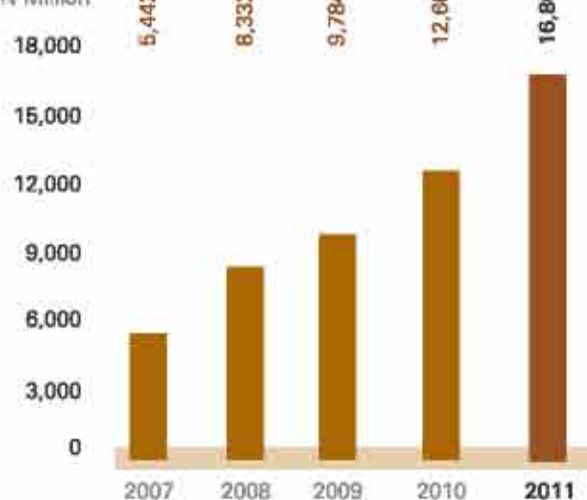
- Growth of Operating Profit 15% from 2010 to 2011
- Growth of Operating Profit 159% over the last four years
- Efficiency improvements in the factories contributed to the increase of the Operating Profit
- Increases of commodities prices were compensated by savings in purchasing and strict cost control

Profit After Tax Development

- PAT growth with 33% from 2010 to 2011
- Growth of PAT 209% over the last four years
- PAT Margin increased from 15.7% in 2010 to 17.2% in 2011
- Increase of Financing costs in 2011 due to higher loan volume and Naira devaluation
- Huge Tax savings due to "Pioneer Status" granted by government.

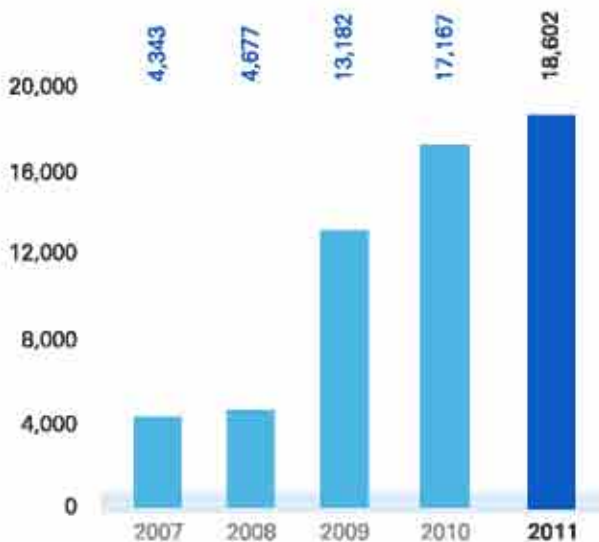
Profit after Tax

N Million



Investments

₦ Million



Investments

- Record high investments in 2011: ₦18.6 Bio
- Investments of almost ₦50 Bio during the last three years
- Construction and completion of new Flowergate factory in 2009-2011
- Capacity increases in our existing Agbara factory

Staff Development

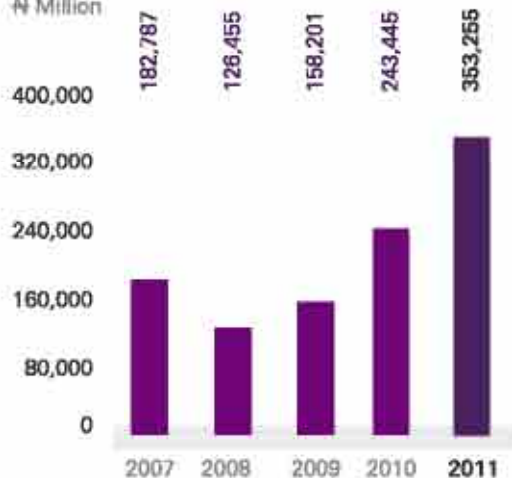
- Consistent growth of employment over the last five years
- End of 2011, we employed 2,168 own staff
- More than 14,000 people rely on Nestlé Nigeria PLC for their income
- Growth of employment especially in the Production and Supply Chain areas
- Strong cost control in the Administration areas

Staff Development



Market Capitalisation

₦ Million



Market Capitalization Development

- Increase of share price from ₦368.55 to ₦445.66 during the year 2011
- Issue of Bonus shares in ratio "1 for 5" during the year 2011
- Growth of Market Capitalization with 45% from 2010 to 2011
- Growth of Market Capitalization with 179% from 2008 to 2011

Directors' Report

For the year ended 31 December 2011

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 year ended 31 December 2011.

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:

	2011 ₦'000	2010 ₦'000
Turnover	97,961,260	80,108,738
Operating profit	21,712,045	18,933,379
Profit before tax	18,539,669	18,244,454
Profit after tax	16,808,764	12,602,109
Retained earnings, end of year	22,885,689	14,316,327

As highlighted in Note 3 to the financial statements, the profit after tax was impacted by the Pioneer Status granted to certain lines of business of the Company during the year.

4. Dividend

The directors recommend the payment of a final dividend of ₦11.06 (2010: ₦10.80) per share which will bring the total dividend to ₦12.55 (2010: ₦12.55) as an interim dividend of ₦1.50 (2010: ₦1.95) per share had been declared on the issued share capital of 792,656,252 (2010: 660,546,875) ordinary shares of 50k each. If the proposed final dividend of ₦8,758,851,585 is approved by the shareholders, it will be paid from retained earnings, subject to deduction of withholding tax at the applicable rate at the time of payment.

Directors' Report

For the year ended 31 December 2011

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	
		2011	2010
Chief Olusegun Osunkeye	Chairman	300,000	300,000
Mr. Martin Woolnough (Australian)	MD/CEO	Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Mr. Etienne Banet (French)		Nil	Nil
Mr. Frederic Duranton (French)		Nil	Nil
Mrs. Iquo Ukoh		37,500	31,250
Mr. David Ifezulike		78,255	83,548
Dr. Fama 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.
- (c) No share option is granted to the directors by Nestlé Nigeria Plc.
- (d) Mr. Etienne Banet, Mr. Frederic Duranton and Mrs. Iquo Ukoh will retire by rotation, and being eligible, offer themselves for re-election.

6. Records of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' Attendance at Board Meetings held in 2011 will be made available at the Annual General Meeting for inspection.

7. (a) Analysis of Shareholdings

Shareholding Between		Number of shareholders	%	Number of shares	%
1	- 100	3,444	11.25	163,295	0.02
101	- 500	8,975	29.33	2,340,347	0.30
501	- 1,000	4,563	14.91	3,354,747	0.42
1,001	- 2,500	5,418	17.70	8,697,306	1.10
2,501	- 5,000	3,401	11.11	11,639,305	1.47
5,001	- 7,500	1,474	4.82	8,704,151	1.10
7,501	- 10,000	840	2.74	7,135,435	0.90
10,001	- 100,000	2,207	7.21	55,771,732	7.03
100,001	- 1,000,000	248	0.81	70,522,364	8.90
1,000,001	and above	34	0.11	122,577,174	15.46
		30,604	99.99	290,905,946	36.70
Nestlé CWA Limited, Ghana		1	0.005	472,308,322	59.59
Nestlé S.A. Switzerland		1	0.005	29,441,984	3.71
		30,606	100.00	792,656,252	100.00

Directors' Report

For the year ended 31 December 2011

(b) Substantial interest in Shares

Apart from Nestlé CWA Limited, Ghana, with 472,308,322 ordinary shares (representing 69.68%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2011.

8. Fixed Assets

Information relating to changes in fixed assets is disclosed in Note 7 to the financial statements.

9. Donations

The Company made donations amounting to ₦12,802,000 (2010: ₦3,000,000) to the following institutions and organisations during the year:

	2011 ₦'000
Centre for Health, Population and Nutrition	11,802
Nigeria Association of Small and Medium Enterprises	500
Institute of Chartered Secretaries and Administrators of Nigeria	500
	<u>12,802</u>

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.

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

Nestlé Nigeria Trust (CPFA) Limited ("NNTL") previously called Nestlé Nigeria Provident Fund Limited was incorporated by the Company and is a

duly registered closed pension fund administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for both employees and former employees of Nestlé Nigeria Plc.

11. Local Sourcing of Raw Materials

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

12. Major Distributors

The Company's products are distributed through various distributors that are spread across the whole country. The distributors are listed on page 99 of the annual report.

13. Suppliers

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

Directors' Report

For the year ended 31 December 2011

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.

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 manufacturing, 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 (NOTAP).

15. Acquisition of Own Shares

Nestlé Nigeria Plc 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 18 (2010: 17) physically challenged persons in its employment as at 31 December 2011.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that

appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(b) Health and safety at work and welfare of employees:

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

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

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

Directors' Report

For the year ended 31 December 2011

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.

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

- (c) **Employees involvement and training:** The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

Employees' representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate issues are published. In order to further facilitate the exchange of information, a house journal, 'Nestlé News' is published quarterly featuring contributions from, and about, employees of the Company.

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

17. **Remuneration Committee**
The remuneration committee, which consists of three directors namely; Chief Olusegun Osunkeye, Messrs

Etienne Benet and Frederic Duranton, were appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval.

18. **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 the keep the board apprised. The members of the committee are Messrs. Woolnough, Ifezulike and Dr. Mshelia.

19. **Statutory 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 include:

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

Directors' Report

For the year ended 31 December 2011

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. Disclosure

a) Details of Issuance of share capital in 2011

In 2011, the Company issued and allotted 132,109,376 new ordinary shares of 50k each as bonus shares on the basis of one new share for every five existing shares after the endorsement of the shareholders at the Annual General Meeting held on 28 April 2011 and approval of the regulatory authorities.

b) Borrowings and maturity dates

The details of the borrowings and maturity dates are stated in Notes 14, 16 and 17 to the financial statements.

c) 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.

d) Sustainability Initiatives

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

e) 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 11, 15 and 17 to the financial statements. In addition, the Company (and other operating

Directors' Report

For the year ended 31 December 2011

companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on stand-alone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each operating company is based on Activity Based Costing. The agreement was approved by the Central Bank of Nigeria.

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

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 which are:

- employees through Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of a baby care room, extended maternity leave that is not annual leave consuming and paternity leave.
- b) **Quality assurance and product safety**
Everywhere in the world, the Nestlé name guarantees to the consumer that the product is safe and of high standard.
- c) **Consumer communication**
We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.
- d) **Human rights in our business activities**
We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.

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	Supplier and customer relations	Agriculture and rural development	Environment sustainability	Water

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

We encourage Health and Wellness of our

Directors' Report

For the year ended 31 December 2011

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 hour service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. In 2011, we recorded minor and major accidents due to the massive construction and expansion of production facilities at our factories. An accident is classified as major if the affected person is not able to resume work after 3 days. Efforts are being made by the Safety, Health and Environment Committee of the Board, Management and the Safety, Health and Environment Officers at the various sites to curtail industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

In furtherance of effort to scale up the workplace HIV/AIDS Programme, we organise

a one day HIV screening for our staff in collaboration with Nigeria Business Coalition Against AIDS (NIBUCAA). We also distributed the book "Pathways to managing HIV and Aids: A book of Readings" to improve knowledge and understanding of HIV Aids. We make this book available to every employee. Also, we provide training and basic information to staff on prevention and treatment of malaria and other serious diseases. On a 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

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.

Directors' Report

For the year ended 31 December 2011

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 full time employees

As at 31 December 2011, the staff strength of the company was 2168. Our employees are

made up of male and female from all parts of the country. Also, every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have nineteen (19) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, United Arab Emirate, South Africa and Philippines in order to give them the required exposure to enable them take up higher responsibilities.

Bribery and corruption

We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. They must not accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behaviour that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

23. Independent Auditors

Messrs. KPMG Professional Services notified the Board in writing that the Independent Auditor's Report was signed by Patrick Adetola Adeyemi (Mr.), FCA, a partner in the firm, with Institute of Chartered Accountants of Nigeria (ICAN) membership number "6107".

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

BY ORDER OF THE BOARD



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

Date: 20 February 2012

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.



Statement of Directors' Responsibilities

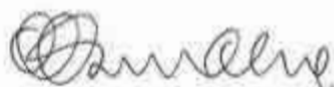
For the year ended 31 December 2011

The directors accept responsibility for the preparation of the annual financial statements set out on pages 38 to 83 that give a true and fair view in accordance with Statements of Accounting 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 Osunkoya

20 February 2012



Martin Woolnough

20 February 2012

To the Members of Nestlé Nigeria Plc



Nestlé Nigeria Plc Annual Report & Accounts 2011.

Audit Committee Report

For the year ended 31 December 2011



22-24 Industrial Avenue, Ilupeju
P.M.B 21184, IKEJA, NIGERIA
TELEPHONES; 01-2708184, 2798188
2790707
FAX; 01-496 3033, 2716701

Report to the Members of Nestlé Nigeria Plc

In accordance with the provisions of Section 359(8) of the Companies and Allied Matters Act, (CAP. C20), Laws of the Federation of Nigeria, 2004, we have examined the Auditors' Report for the year ended 31 December 2011. We have obtained all the information and explanations we required.

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

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

Dated this 20th day of February, 2012.
Lagos, Nigeria

A handwritten signature in blue ink, reading "Otunba T. B. Adebayo".

Otunba T. B. Adebayo
Chairman, Audit Committee.

Members

Otunba T. B. Adebayo (Chairman), Mr. M. Kruegel (German) Mr. E. Duranton (French) Dr. E. D. Meshella, Alh. K. A. Danjuma, Mr. C. Nwaguru

Audit Committee Members



1. Otunba Thomas Adebayo - Chairman 2. Mr. Christopher Nwaguru 3. Dr. Flama Meshella 4. Mr. Martin Kruegel (German)
5. Mr. Frederic Durantou - French 6. Alhaji Kamorudeen Danjuma

Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding years except as disclosed in note (d) below, is set out as follows:

(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) **Turnover**

Turnover represents the invoiced value of goods supplied to external customers, net of returns, trade allowances, rebates and value added tax.

(c) **Fixed Assets**

Fixed assets are stated at cost or valuation less accumulated depreciation.

- 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 available for use.
- 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
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) **Intangible Assets**

Intangible assets are recognised if it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and the cost of the assets can be measured reliably. Expenditures that form part of the cost of an intangible asset that meets the recognition criteria are capitalised as part of the intangible asset. Intangible assets are accounted for using the cost model. After initial recognition, the intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Statement of Accounting Policies

(continued)

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit and loss as incurred.

Amortisation is calculated over the cost of the asset, less its residual value. Amortisation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of intangible assets, 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.

Computer software has finite useful life which is estimated as 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Intangible assets not available for use are tested for impairment annually.

This is a new policy in line with the Statement of Accounting Standard number 31. On Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standard Board), which is effective for annual periods beginning on or after 1 January 2011. See Notes 7(d) and 8 for reclassifications made to the balance sheet on implementation of the new accounting policy. There was no effect on either the profit and loss account or retained earnings.

(e) Stocks

Stocks 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.

Statement of Accounting Policies

(continued)

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

(f) **Debtors**

Debtors are stated net of allowance for debts considered bad or doubtful of recovery.

(g) **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.

(h) **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.

(i) **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 year-end are retranslated into Naira at the rates of exchange prevailing at the balance sheet date.

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.

(j) **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.

(k) **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.

Statement of Accounting Policies

(continued)

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.

(l) **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 Nestlé Nigeria Trust (CPFA) Limited (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).

(m) **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. Provision is made 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.

(n) **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.

(o) **Government Grants**

Export expansion grants, which compensate the Company for expenses incurred in making exports, are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

Statement of Accounting Policies

(continued)

(p) **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.

(q) **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 overdrafts.

(r) **Finance income**

Finance income comprises interest on funds invested. Finance income is recognised in the profit and loss account, when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(s) **Finance cost**

Finance cost comprises interest expense on borrowings and bank charges and is recognised in the profit and loss account. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised with the cost of the asset.

(t) **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.

Profit and Loss Account

For the year ended 31 December 2011

	Notes	2011 N'000	2010 N'000
TURNOVER	1	97,981,260	80,108,738
Cost of sales		(57,188,571)	(43,877,896)
GROSS PROFIT		40,792,689	36,230,842
Marketing and distribution expenses		(14,525,841)	(12,993,513)
Administrative expenses		(4,555,003)	(4,303,950)
OPERATING PROFIT		21,712,045	18,933,379
Finance income		23,758	64,378
Finance costs		(3,196,134)	(753,303)
PROFIT BEFORE TAXATION	2	18,539,669	18,244,454
Taxation	3	(1,730,905)	(5,642,345)
PROFIT AFTER TAXATION		16,808,764	12,602,109
APPROPRIATIONS:			
Interim dividend declared	4	1,188,984	1,288,066
Transfer to retained earnings	6	15,619,780	11,314,043
		16,808,764	12,602,109
Basic earnings per share	5(a)	N21.21	N19.06
Adjusted earnings per share	5(b)	N21.21	N15.90
Declared dividend per share	5(a)	N10.33	N12.55
Adjusted declared dividend per share	5(b)	N10.33	N10.46



The accounting policies on pages 38 to 42 and notes on pages 48 to 61 form an integral part of these financial statements.

Balance Sheet

As at 31 December 2011

	Notes	2011 ₦'000	2010 ₦'000
NON CURRENT ASSETS			
Fixed assets	7	54,859,249	40,004,612
Intangible assets	8	131,737	237,127
		54,990,986	40,241,739
CURRENT ASSETS:			
Stocks	9	9,902,238	8,494,039
Debtors and prepayments	10	8,585,072	8,410,169
Amounts due from related companies	11	1,340,992	30,608
Deposits for imports		1,056,617	77,805
Bank balances and cash in hand	23	1,069,888	3,092,702
		76,945,793	60,347,062
TOTAL ASSETS			
CAPITAL AND RESERVES:			
Share capital	12	396,328	330,273
Share premium		32,262	32,262
Revaluation reserve	13	178,600	186,491
Retained earnings	8	22,885,689	14,316,327
		23,492,887	14,865,353
SHAREHOLDERS' FUNDS			
CURRENT LIABILITIES:			
Bank overdraft and term loans	14	6,780,417	3,398,377
Trade creditors		7,543,859	4,085,379
Other creditors and accruals		1,460,709	1,935,038
Taxation	3	2,375,385	4,817,090
Dividend payable	4(b)	1,331,872	2,479,489
Amounts due to related companies	15	3,927,901	2,868,851
		23,419,243	19,576,124
NON-CURRENT LIABILITIES:			
Bank term loans	16	8,372,414	7,904,762
Inter-company loan	17	17,779,096	14,294,209
Deferred taxation	18	3,118,712	2,985,848
Provision for other long term employee benefits	19	762,541	712,666
		29,932,763	25,897,485
TOTAL EQUITY AND LIABILITIES		76,945,793	60,347,062

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


 Chairman)

 Managing Director) Directors

These financial statements were approved by the Board of Directors on 20 February 2012. The accounting policies on pages 38 to 42 and notes on pages 46 to 61 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2011

	Notes	2011 ₦'000	2010 ₦'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	21	24,661,716	21,234,742
Working capital changes	22	3,214,253	1,600,391
Income tax paid	3(c)	(4,039,746)	(4,604,624)
VAT paid		(3,043,350)	(2,790,319)
Other long term employee benefits paid	19	(144,870)	(91,875)
Net cash inflow from operating activities		20,648,003	15,348,315
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	7	(18,062,137)	(17,167,307)
Proceeds from sale of fixed assets		140,111	33,391
Finance income		23,758	64,378
Net cash outflow from investing activities		(17,898,268)	(17,069,538)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend paid	4(b)	(9,328,847)	(7,001,797)
Finance costs		(1,670,893)	(367,698)
Increase in intercompany loan		2,377,499	2,116,339
Increase in bank loan	16	2,200,000	5,000,000
Net cash outflow from financing activities		(6,422,241)	(253,156)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,672,506)	(1,974,379)
CASH AND CASH EQUIVALENTS, beginning of year		(210,437)	1,763,942
CASH AND CASH EQUIVALENTS, end of year	23	(3,882,943)	(210,437)

The accounting policies on pages 38 to 42 and notes on pages 45 to 61 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2011

1. Turnover

Turnover represents the invoiced value of goods exported to affiliated companies and local sales to external customers, less allowances granted to customers, net of returns, volume rebates and value added tax.

The analysis of turnover by geographical area is as follows:

	Turnover	
	2011 N'000	2010 N'000
Nigeria	98,273,179	80,108,738
Export	1,688,081	-
	97,981,280	80,108,738

2. Profit before taxation

(a) Profit before taxation is stated after charging:

	2011 N'000	2010 N'000
Depreciation	2,960,062	2,137,204
Amortisation	105,390	105,390
Staff costs (Note (b))	11,305,648	9,326,692
Auditor's remuneration	28,219	24,812
Directors' remuneration (Note (c))	101,490	88,127
Loss on foreign exchange transactions	1,297,526	258,680
General licence fees	3,681,918	3,040,189
Loss on disposal of fixed assets	50,557	54,199

(b) Staff costs

i. Employees costs during the year amounted to:

	2011 N'000	2010 N'000
Salaries and wages	8,069,387	4,901,143
Welfare and end of service benefits	5,236,261	4,425,549
	11,305,648	9,326,692

Notes to the Financial Statements

For the year ended 31 December 2011

- ii. 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:

		2011 Number	2010 Number
N	N		
800,001 -	1,000,000	8	168
1,000,001 -	1,200,000	379	666
1,200,001 -	1,400,000	575	276
1,400,001 -	1,600,000	241	138
1,600,001 -	1,800,000	117	187
1,800,001 -	2,000,000	184	144
2,000,001 -	2,500,000	329	241
2,500,001 -	3,000,000	106	69
3,000,001 -	3,500,000	37	50
3,500,001 -	4,000,000	66	32
4,000,001 -	4,500,000	25	29
4,500,001 -	5,000,000	24	17
5,000,001 -	7,000,000	63	45
7,000,001 and above		56	51
		2,188	2,113

- iii. The number of full-time persons employed as at 31 December was as follows:

	2011 Number	2010 Number
Production	1,744	1,698
Supply Chain	108	109
Sales and Marketing	227	211
Administration	89	97
	2,188	2,113

Notes to the Financial Statements

For the year ended 31 December 2011

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

	2011 ₦'000	2010 ₦'000
Fees:		
– Non executive directors	1,400	1,400
– Executive directors	100,090	86,727
	101,490	88,127

The directors' remuneration shown above includes:

	2011 ₦'000	2010 ₦'000
Chairman	830	830
Highest paid director	44,469	37,735

Other directors received emoluments in the following ranges:

		2011 Number	2010 Number
N			
N/A		2	2
10,001 - 4,000,000		2	3
15,000,001 - 25,000,000		-	1
26,000,001 - 32,000,000		2	1
		6	7

3. Taxation

(a) The tax charge for the year comprises:

	2011 ₦'000	2010 ₦'000
Income tax	2,323,755	4,345,437
Education tax	267,412	414,293
Effect of pioneer status on preceding year (Note (b))	(993,126)	-
	1,598,041	4,759,730
Deferred taxation charge (Note 18)	132,864	882,615
	1,730,905	5,642,345

Notes to the Financial Statements

For the year ended 31 December 2011

- (b) 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:
- New Flowergate factory with an effective commencement production date of 1 January 2011 and;
 - Agbara factory capacity increase projects with respect to specific products, with a retroactive effective commencement production date of 1 August 2010.

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

The company income tax attributable above for the 5 months period (1 August – 31 December 2010) has been re-estimated in current year and adjusted accordingly in the profit and loss account. The impact of the above change in estimate amounts to a credit of N993 million to the current year's profit and loss account.

- (c) The movement on the tax payable account was as follows:

	2011 N'000	2010 N'000
Balance, beginning of year	4,817,090	4,661,984
Current year charge (Note (a))	1,598,041	4,759,730
Payments during the year	(4,039,746)	(4,604,624)
Balance, end of year	2,375,385	4,817,090

4. Dividend

- (a) Declared dividend:

	2011 N'000	2010 N'000
Final dividend proposed for the preceding year but declared in current year (Note (b))	7,001,797	7,001,797
Interim dividend declared in current year (Note (b))	1,188,984	1,288,066
Declared dividend	8,190,781	8,289,863

The directors propose a final dividend payment of N11.05 (2010: N10.60) per share on the issued share capital of 792,658,252 (2010: 660,546,875) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting. The dividend will be paid from retained earnings.

Notes to the Financial Statements

For the year ended 31 December 2011

- (b) The movement on the dividend payable account was as follows:

	2011 N'000	2010 N'000
Balance, beginning of year	2,479,489	1,200,595
Final dividend declared (Note (a))	7,001,797	7,001,797
Interim dividend declared (Note (a))	1,188,984	1,288,066
Unclaimed dividends written back (Note d)	(9,551)	(9,172)
Payments during the year	(9,328,847)	(7,001,797)
Balance, end of year	1,331,872	2,479,489

- (c) The dividend payable above represents unclaimed dividend which is held in a separate bank account as directed by the Securities and Exchange Commission. Additional unclaimed dividends amounting to N790,909,950 (2010: N289,402,715) were held by the Registrars at year end.
- (d) Unclaimed dividends written back represents dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with section 386 of the Companies and Allied Matters Act. These are written back to retained earnings.

5. Earnings and declared dividend per share

- (a) Basic earnings and declared dividend per share are based on profit after taxation for the year of N16,808,764,000 (2010: N12,602,109,000) and declared dividend of N8,190,781,000 (2010: N8,289,863,000) respectively and on 792,658,262 (2010: 680,648,875) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.
- (b) Adjusted earnings per share and adjusted declared dividend per share have been computed on the basis of shares in issue as at 31 December 2011.

6. Retained earnings

The movement in retained earnings was as follows:

	2011 N'000	2010 N'000
Balance, beginning of year	14,316,327	9,994,909
Transfer from profit and loss account	15,619,780	11,314,043
Final dividend declared (Note 4 (a))	(7,001,797)	(7,001,797)
Bonus Shares issued (Note 12(b))	(68,065)	-
Unclaimed dividend written back (Note 4 (b))	9,551	9,172
Transfer from revaluation reserve (Note 13)	7,883	-
Balance, end of year	22,885,689	14,316,327

Notes to the Financial Statements

For the year ended 31 December 2011

7. Fixed assets

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

	Leasehold Land & Buildings N'000	Plant & Machinery N'000	Motor Vehicles N'000	Furniture & Fittings N'000	IT Equipment N'000	Capital Work-in Progress N'000	Total N'000
COST/VALUATION:							
At 1 Jan., 2011	3,574,242	19,292,497	709,423	2,062,172	599,497	22,485,416	48,723,247
Additions	3,015,010	2,655,203	390,759	431,637	94,178	11,475,350	18,062,137
Transfers	9,798,730	9,153,594	-	1,017,482	148,367	(20,118,173)	-
Disposals	(13,745)	(1,028,975)	(21,998)	(130,836)	(28,642)	-	(1,224,196)
At 31 Dec., 2011	16,374,237	30,072,319	1,078,184	3,380,455	813,400	13,842,593	85,561,189
ACCUMULATED DEPRECIATION:							
At 1 Jan., 2011	879,170	5,809,891	388,910	1,142,581	500,283	-	8,718,835
Charge for the year	322,450	1,944,310	137,132	457,519	98,641	-	2,960,052
Disposals	(8,107)	(791,613)	(19,477)	(128,909)	(28,642)	-	(976,748)
At 31 Dec., 2011	1,193,513	8,962,588	504,565	1,471,191	570,282	-	10,701,939
NET BOOK VALUE:							
At 31 Dec., 2011	15,180,724	23,109,831	573,619	1,808,264	243,118	13,842,593	64,859,249
At 31 Dec., 2010 (Note (d))	2,695,072	13,482,806	322,513	919,591	99,214	22,485,416	40,004,612

(b) No finance costs were capitalised in current year (2010: N610 million).

(c) Buildings were last professionally revalued on 30 June 1992 by Messrs Roxburgh and Partners, Chartered Quantity Surveyors and Valuers on a replacement cost basis. Plant and Machinery were valued by applying indices to the cost of the assets on 30 June 1992. The new values were incorporated in the books on 30 June 1992. The surplus arising on revaluation was credited to the fixed assets revaluation reserve. All subsequent additions to fixed assets have been stated at cost.

Notes to the Financial Statements

- (d) This is the first set of financial statements after the implementation of the Statement of Accounting Standards number 31: On Intangible Assets, which became effective for annual periods beginning on or after 1 January 2011. The implementation of the accounting policy resulted to a reclassification of computer software from fixed assets (Note 8). The impact of this is shown below:

COST:

Opening balance as previously stated
Reclassification to intangible assets

Balance as re-stated

ACCUMULATED DEPRECIATION:

Balance as previously stated
Reclassification to intangible assets
Balance as re-stated

NET BOOK VALUE:

Balance as previously stated
Balance as re-stated

2010
N'000
49,250,197
(526,950)
48,723,247
9,008,458
(289,823)
8,718,635
40,241,738
40,004,812

- (e) The net book values of revalued assets included in Note (a) above are as follows:

	2011	2010
	N'000	N'000
Buildings	9,765	11,387
Plant and Machinery	1	1
	9,766	11,388

- (f) Capital commitments comprise:

	2011	2010
	N'000	N'000
Contracted	7,636,273	5,601,131
Authorised but not contracted	6,337,094	7,944,510
	13,973,367	13,545,641

Notes to the Financial Statements

For the year ended 31 December 2011

8. Intangible assets

The Company adopted the new accounting standard - Statement of Accounting Standards 31: On Intangible Assets, which became operative for financial statements covering periods beginning on or after 1 January 2011. As a result, the carrying amount of the cost of its acquired software cost, which does not form part of a related hardware and previously classified as fixed assets, was reclassified to intangible assets. The movement on intangible asset account during the year was as follows:

	Computer Software N'000
COST:	
At 1 January, 2011 (Note 7 (d))	526,950
At 31 December, 2011	526,950
ACCUMULATED AMORTISATION	
At 1 January 2011 (Note 7 (d))	289,823
Charge for the year	105,390
At 31 December, 2011	395,213
NET BOOK VALUE	
At 31 December 2011	131,737
At 31 December 2010	237,127

There were no additions, disposals and impairment during the year (2010: Nil).

9. Stocks

	2011 N'000	2010 N'000
Raw and packaging materials	3,833,888	4,061,007
Products-in-process	594,880	393,038
Finished goods	3,494,175	2,224,034
Engineering spares	1,068,163	741,337
Goods-in-transit	811,054	1,074,625
	9,902,238	8,494,039

Notes to the Financial Statements

For the year ended 31 December 2011

10. Debtors and prepayments

(a) Debtors and prepayments comprise:

	2011 N'000	2010 N'000
Trade receivables	4,843,331	4,970,206
Staff loans and advances	876,680	883,026
Advance payments to suppliers	878,140	990,688
Advance payment to contractors	428,666	911,288
Other receivables (Note (b))	1,303,218	263,895
Prepayments	255,137	391,090
	8,585,072	8,410,169

(b) Included in Other receivables are:

- i. An amount of N254 million relating to accrued income on export expansion grants (EEG) Incentive for the year ended 31 December 2011. This was recognised with respect to export sales made during the year, and
- ii. An amount of N860 million relating to Input Value Added Tax (VAT) claimable arising from import duties on the importation of raw materials, packaging materials and finished goods which is available for offset against future output VAT payable.

11. Amounts due from related companies

Amounts due from related companies represent balances due on current accounts maintained with companies within the Nestlé Group mainly for the exportation of finished goods and for other costs borne on their behalf by the Company. Amounts due from related companies are analysed as follows:

	2011 N'000	2010 N'000
Nestlé Cameroun	25,418	12,344
Nestlé Senegal	42,500	1,168
Nestlé Niger	69,154	-
Nestlé Cote D'Ivoire	90,946	9,964
Nestlé Ghana	455,305	6,716
Nestlé Togo	842,502	-
Others	15,187	416
Balance, end of year	1,340,992	30,808

Notes to the Financial Statements

For the year ended 31 December 2011

12. Share capital

The movement in the share capital account was as follows:

	2011 N'000	2010 N'000
(a) Authorised: 792,656,252 (2010: 660,546,875) ordinary shares of 50k each	396,328	330,273
(b) Allotted, called-up and fully paid: 792,656,252 (2010: 660,546,875) ordinary shares of 50k each		
Balance, beginning of year	330,273	330,273
Bonus shares issued (Note 6)	66,055	-
Balance, end of year	396,328	330,273

13. Revaluation reserve

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

	2011 N'000	2010 N'000
Balance, beginning of year	186,491	186,491
Transfer to retained earnings (Note (a))	(7,883)	-
Balance, end of year	178,608	186,491

(a) The transfer to retained earnings represents the portion of revaluation surplus relating to previously revalued assets that were disposed during the year.

14. Bank overdraft and term loans

Bank overdraft and term loans comprise:

	2011 N'000	2010 N'000
Bank overdraft (Note (a))	4,952,831	3,303,139
Short term portion of bank loans (Note 16)	1,827,586	95,238
	6,780,417	3,398,377

(a) Bank overdraft comprises various facilities obtained by the Company for working capital requirements. Total available facility at the year end amounted to N6 billion (2010: N5 billion) at market related interest rates. The overdrafts are secured by a negative pledge on the Company's assets.

Notes to the Financial Statements

For the year ended 31 December 2011

15. 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 (NOTAP) 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 within the Nestlé Group mainly for the importation of fixed assets, raw materials and finished goods as well as for providing services (shared service centres). Amounts due to related companies are analysed as follows:

	2011 N'000	2010 N'000
Nestlé Malaysia	36,630	57,190
Nestlé Deutschland	33,336	18,869
Nestlé S.A.	-	223,950
Nestlé Senegal	-	157,189
Nestlé Products Sdn Bhd	102,304	-
Nestlé Globe Center AQA	130,483	10,861
Nestlé Central and West Africa Limited	188,447	1,098,027
Nestlé France Limited	249,092	210,774
Nestlé Ghana Limited	272,392	178,372
Nestlé Cote D'Ivoire Plc	498,487	346,539
Societe des Produits Nestlé S.A.	577,139	-
Nestlé Netherlands	-	235,503
Nestlé World Trade Corporation Limited	1,573,594	115,268
Nestlé Treasury Center-Middle East & Africa Limited (Note 17)	227,715	128,925
Others	38,283	87,584
Balance, end of year	3,927,901	2,868,851

Notes to the Financial Statements

For the year ended 31 December 2011

16. Bank term loans

The Company has different loans from local banks. The details of the bank loans are summarised below:

		2011 ₦'000	2010 ₦'000
Facility I	AN6.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility was fully drawn down in 2010; however ₦1.0 billion was converted to overdraft in current year.	4,000,000	5,000,000
Facility II	AN3.0 billion facility with a tenor of 4 years, commencing from May 2010. The facility was priced at 9.0% for the first 12 months and subsequently at 180 day Nibor plus 200 basis points. The total facility has been fully drawn down as at year end.	3,000,000	1,000,000
Facility III	AN1.2 billion facility under the CBN Power and Aviation Intervention Fund with a tenor of 7 years, commencing from July 2011. The facility is priced at 7.0%. The total facility has been fully drawn down as at year end.	1,200,000	-
Facility IV	AN2.0 billion facility under the CBN Commercial Agricultural Credit Scheme with a tenor of 7 years, commencing from July 2010. The facility is priced at 7.0%. The total facility has been fully drawn down as at year end.	2,000,000	2,000,000
		10,200,000	8,000,000
	Amounts falling due within one year (Note 14)	(1,827,586)	(95,238)
	Balance, end of year	8,372,414	7,904,762

The aforesaid facilities are secured by negative pledges on the assets of the Company in line with their relative exposures.

Notes to the Financial Statements

For the year ended 31 December 2011

17. Inter-company loan

Intercompany loan is made up of:

- a) Two loan facilities of US \$54million and US \$40million which were made available to the Company in 2008 by Nestlé Treasury Centre – Middle East & Africa Limited, a Nestlé Group Company based in Dubai for general corporate purposes. Both facilities have been fully drawn down as at 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 amounts become payable at the end of the seven year tenure for both loans.
- b) A loan facility of US\$ 28 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. 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.

As at year end, the total balance outstanding on these loans amounted to ₦17.8 billion (2010: ₦14.3 billion).

Accrued interest on the intercompany loan amounting to ₦227.7 million (2010: ₦128.9 million) is included in Amounts due to related companies (Note 16).

18. Deferred taxation

The movement on the deferred tax account was as follows:

	2011 ₦'000	2010 ₦'000
Balance, beginning of year	2,985,848	2,103,233
Charged to profit and loss account (Note 3 (a))	132,864	882,615
Balance, end of year	3,118,712	2,985,848

19. Provision for other long term employee benefits

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

	2011 ₦'000	2010 ₦'000
Balance, beginning of year	712,666	671,046
Charged to profit and loss	194,745	133,495
Payments during the year	(144,870)	(91,875)
Balance, end of year	762,541	712,666

Notes to the Financial Statements

For the year ended 31 December 2011

Other long term employee benefits provision is based on independent actuarial valuation performed by an actuarial specialist using the projected unit credit basis as at 31 December 2011. The principal assumptions i.e. discount rates, average pay increases and average rates of inflation used for the purpose ranged between 11% and 14% per annum.

20. 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 2008, 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.

21. Operating profit before working capital changes

Operating profit before working capital changes comprise:

	2011 N'000	2010 N'000
Profit after tax	16,808,764	12,602,109
Add back:		
- Taxation	1,730,905	5,842,345
- Finance costs, net	3,172,378	688,925
	21,712,045	18,833,379
Adjustment for items not involving the movement of cash:		
- Loss on foreign exchange transactions	(1,297,526)	(256,680)
- Impact of foreign exchange difference on intercompany loans	1,107,388	256,680
- Depreciation	2,860,062	2,137,204
- Amortisation	105,390	105,390
- Loss on disposal of fixed assets	50,557	54,199
- Provision for gratuity and other long term employee benefits	194,745	133,495
- Proceeds from the sale of fixed assets not yet received	56,780	-
- Interest expense on intercompany loan not yet paid	(227,715)	(128,925)
	24,881,718	21,234,742

Notes to the Financial Statements

For the year ended 31 December 2011

22. Working capital changes

	2011 N'000	2010 N'000
(Increase)/decrease in stocks	(1,408,189)	2,203,628
Increase in debtors and prepayments	(174,903)	(1,779,819)
Increase in amounts due from related companies	(1,310,384)	(3,072)
(Increase)/decrease in deposits for imports	(978,812)	748,987
Increase/(decrease) in trade creditors	3,458,480	(28,774)
Increase in other creditors and accruals*	2,589,021	3,430,799
Increase/(decrease) in amounts due to related companies	1,059,050	(2,971,458)
	3,214,253	1,800,391

* The effect of Value Added Tax (VAT) paid shown on the statement of cash flows has been considered in the movement in other creditors and accruals.

23. Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise bank balances and cash in hand, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items as follows:

	2011 N'000	2010 N'000
Bank balances and cash in hand	1,069,888	3,092,702
Bank overdraft (Note 14)	(4,952,831)	(3,303,139)
Balance, end of year	(3,882,943)	(210,437)

24. Guarantees and other financial commitments

(a) Litigation

The Company is engaged in lawsuits that have arisen in the normal course of business. Contingent liabilities in respect of pending litigation and other possible claims amounted to ₦241 million (2010: ₦264 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.

(b) Financial commitments

The directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2011

25. Post balance sheet events

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31 December 2011 that have not adequately been provided for or disclosed in these financial statements.

26. Comparative figures

Where necessary, certain prior year comparative figures have been reclassified in line with the current year presentation format.

27. Segment reporting

Nigeria is the Company's primary geographical segment as the Company's operations are mainly carried out in Nigeria. As at 31 December 2011, Nestlé Nigeria Plc's operations comprised two business segments namely: Food and Beverages. The segments are made up of the following:

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

(a) Segment profit and loss accounts

	Food		Beverages		Unallocated		Total	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000	2011 N'000	2010 N'000	2011 N'000	2010 N'000
Turnover	80,728,432	49,348,387	37,234,828	30,780,351	-	-	87,981,260	80,108,738
Depreciation	(2,427,243)	(1,752,607)	(632,809)	(384,697)	-	-	(2,960,052)	(2,137,204)
Amortisation	-	-	-	-	(106,380)	(106,380)	(106,380)	(106,380)
Interest and other income (net)	-	-	-	-	(3,172,376)	(688,925)	(3,172,376)	(688,925)
Profit before Tax	13,459,351	11,663,293	8,252,694	7,270,066	(3,172,376)	(688,925)	18,539,669	18,244,454

(b) Segment balance sheet

	Food		Beverages		Unallocated		Total	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000	2011 N'000	2010 N'000	2011 N'000	2010 N'000
Non Current Assets	34,007,387	24,643,542	20,851,862	15,381,070	131,737	237,127	54,990,986	40,241,739
Current Assets	11,460,330	10,413,268	7,028,980	8,490,820	3,467,497	3,201,116	21,954,907	20,106,323
Current Liabilities	(5,581,954)	(3,708,682)	(3,422,614)	(2,311,735)	(14,415,575)	(13,563,807)	(23,420,143)	(19,584,224)
Long Term Liabilities	-	-	-	-	(30,032,763)	(25,897,485)	(30,032,763)	(25,897,485)
Net Assets/ (Liabilities)	39,885,763	31,348,148	24,456,228	19,540,255	(40,849,104)	(36,023,050)	23,492,987	14,865,353

Value Added Statement

For the year ended 31 December 2011

	2011 ₦'000	%	2010 ₦'000	%
Turnover	97,961,260		80,108,738	
Bought In goods and services:				
- Local	(38,668,235)		(30,218,112)	
- Imported	(23,209,890)		(19,387,961)	
	36,083,135		30,502,665	
Finance income	23,758		64,378	
Value added	36,106,893	100.0	30,567,043	100.0
Distribution of value added:				
To Employees:				
Employees as salaries, wages, welfare and end of service benefits	11,305,648	31	9,326,692	31
To providers of finance:				
Shareholders as dividends - interim	1,188,984	3	1,288,066	4
Finance costs	3,196,134	9	753,303	2
To government as taxes	1,730,905	5	5,642,345	18
Retained in the business:				
- Depreciation	2,960,052	8	2,137,204	7
- Amortisation	105,390	1	105,390	1
- Proposed final dividend	8,758,852	24	7,001,797	23
- To augment reserves	6,860,928	19	4,312,246	14
	36,106,893	100	30,567,043	100

Five-Year Financial Summary

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
FUNDS EMPLOYED					
Share capital	396,328	330,273	330,273	330,273	330,273
Share premium	32,262	32,262	32,262	32,262	32,262
Fixed assets revaluation reserve	178,608	188,491	186,491	188,491	186,491
Retained earnings	22,885,689	14,316,327	9,954,909	8,482,214	5,687,495
Shareholders' funds	23,492,887	14,865,353	10,543,935	9,031,240	6,236,521
Current liabilities	23,420,143	19,584,224	22,012,398	11,083,617	8,236,796
Long term liabilities	30,032,763	25,897,485	14,695,469	9,034,895	6,779,003
	76,945,793	60,347,062	47,251,802	29,159,552	21,252,320
ASSETS EMPLOYED					
Non-current assets	54,990,986	40,241,739	25,404,616	13,817,348	10,435,952
Current assets	21,954,807	20,105,323	21,847,186	15,342,204	10,816,368
	76,945,793	60,347,062	47,251,802	29,159,552	21,252,320
TURNOVER	97,961,260	80,108,738	65,753,414	49,802,547	42,376,524
Profit before taxation	18,539,669	18,244,454	13,783,244	11,862,213	8,463,788
Profit after taxation	16,808,764	12,602,109	9,783,578	8,331,599	5,441,899
Declared dividend*	8,190,781	8,289,863	8,289,863	5,548,594	5,568,410
Per 50k share data:					
Basic earnings per share	N21.21	N19.08	N14.81	N12.61	N8.79
Adjusted earnings per share	N21.21	N15.90	-	-	-
Declared dividend per share	N10.33	N12.55	N12.55	N8.40	N8.99
Adjusted declared dividend per share	N10.33	N10.48	-	-	-
Net assets per share	N29.64	N22.50	N15.95	N13.87	N10.07

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



Food and Beverage Categories



MAGGI is good for all your cooking

MAGGI products partner with our fresh, natural ingredients by providing simple, great tasting products and ideas for nutritious meals, which guarantee success and appreciation for the cook.

The products in the MAGGI stable are:

MAGGI Cube: an all purpose seasoning for savoury dishes. It adds an authentic local taste and flavour to dishes.



MAGGI Mix'py

A seasoning powder made from a rich blend of seasonings to give a rich aroma and taste to your dishes. It is available in 2 flavour variants:

MAGGI Mix'py Classic: A rich blend of seasoning with a mild onion flavour to enhance the aroma and taste of soups, potages and other dishes. It is available in 5g sachet.

MAGGI Mix'py Ginger & Garlic: A rich blend of seasonings with a distinct ginger & garlic aroma. Suitable for use in stews, rice dishes, seasoning meat and others. It is available in 5g sachet.

MAGGI Chicken

It adds a rich chicken flavour to dishes. It is ideal for cooking stews, jollof / fried rice, etc.



MAGGI Crayfish

A crayfish flavoured seasoning for savoury dishes. It adds a distinct crayfish flavour to dishes. It is ideal for cooking potage and local dishes.



NUTREND

Nestlé NUTREND is an infant cereal product that combines high quality maize and dehulled Soya in an excellent proportion to produce a nutritionally adequate meal for feeding babies from 6 months of age. The protein complementarity of maize and Soya protein in Nestlé NUTREND provides the right balance of protein quality and quantity from an all-vegetable source, hence providing complete essential amino acids for proper and adequate growth and development of the growing child.



Nestlé CERELAC

Nestlé CERELAC, a highly nutritious infant milk cereal provides the right start for babies when they are ready to go on cereals. Nestlé CERELAC contains the essential nutrients babies require to achieve full growth potentials.

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

Nestlé CERELAC is available in varieties of maize, wheat, rice, honey and 3 fruits.



Nestlé
MILO



Nestlé MILO Powder:

- Nestlé MILO is the delicious food drink with a unique chocolate malt which provides nutrition and energy for champions to perform at their best everyday.
- The brand was recently relaunched with an improved chocolate malt taste that always leaves consumers asking for more. The new recipe contains more calcium and protein to give champions that extra edge to be strong and energetic throughout the day.
- The product is available in 5 sizes to cater for consumers in all socio-economic segments: 900g, 500g Tin, 500g sachet, 200g sachet and 20g single serve.



Nestlé MILO is improved and more delicious than ever to provide energy for successful active lifestyle. Give your kids Nestlé MILO, they will want more.



CHOCOMILO

- CHOCOMILO is the unique chocolate-malt taste of MILO attractively wrapped in a cube. This product is fun to enjoy when shared with family, friends, business associates and colleagues. It is available in 100 cubes or 30 cubes formats.



Nestlé MILO Ready-To-Drink (RTD)

- Nestlé MILO RTD (ready-to-drink) was introduced three years ago to provide nutritious MILO energy any time, anywhere. The acceptance of the product amongst consumers has grown ever since.
- The drink is usually enjoyed chilled and it is available in various outlets Pan-Nigeria.



Nestlé GOLDEN MORN

Nestlé GOLDEN MORN is an exceptional, made in Nigeria cereal, introduced into the Nigerian Market in 1985. It is:

- a delicious, highly nutritious and quality product,
- an all family cereal which can be consumed anytime and anywhere.



Product Composition:

This delicious and nutritious cereal is basically made from:

1. Whole grain maize and
2. Soya bean.

Nestlé GOLDEN MORN is affordable and is available in:

- 50g for one time consumption
- 500g and 1kg for the whole family.



Nestlé NIDO Fortified

Nestlé NIDO Fortified is a full cream powdered milk brand committed to children health and nutrition. It stands for complete nutrition for the complete growth and development of children. Leveraging on its emotional brand essence "Nurturing", it stands for the expression of a mother's maternal love which is symbolic to giving love, care and attention to their children and also helping to develop them in a more caring way through complete nourishment.



The brand demonstrates this commitment by offering a high quality full cream milk product that is rich in iron, protein, calcium, zinc and vitamins with all the essential minerals. Nestlé NIDO Fortified comes in 25g, 385g, 400g, 800g and 2500g.

NIDO 1+ Prebio is a growing up milk with PREBIO 1; a unique natural blend of fiber from Nestlé that helps maintain a healthy digestive system. NIDO 1+ with PREBIO 1 from Nestlé is the only growing-up milk with a unique body-boosting Health and Protection formulation that aids tummy protection for children. PREBIO are complex sugars that can't be digested. It stimulates the growth of friendly bacteria in the digestive



system. It also contains honey to enhance the taste, and it is a product for Children 1 to 3 years old. NIDO 1+ comes in 400g Tin format.

Nestlé PURE LIFE Great Water. Great Taste

Nestlé PURE LIFE is the bottled water that guarantees total safety. Its purity and mineral composition offer the family a healthy and pleasurable water that meets daily requirements. It is safe, pure, always respecting local needs, accessible, affordable with a healthy supply of health giving minerals. Nestlé PURE LIFE is a lively brand with positive and healthy approach to life, caring, generous, trustworthy and



always there. It targets all consumers who believe that quality water is essential for a healthy life and who seek products that they can trust and share. There are two (2) formats present here in Nigeria: 60cl and 180cl



Nestlé NESCAFÉ, Awaken Your Senses

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

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

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

NESCAFÉ Classic 2g stick
NESCAFÉ Classic 25g sachet
NESCAFÉ Classic 60g Doypack
NESCAFÉ Classic 100g sachet
NESCAFÉ Classic 200g tin
NESCAFÉ Cream 18g stick
NESCAFÉ Breakfast 32g sachet
NESCAFÉ Ginger and Lemon 2g stick





Shareholders' Information
Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type
2002	35	3,179,065	1,056,875	250	Interim
	36		2,113,750	500	Final
2003	37	3,804,114	1,066,875	200	Interim
	38		2,642,188	500	Final
2004	39	3,835,493	1,056,875	200	Interim
	40		2,642,188	500	Final
2005	41	5,303,128	1,066,875	200	Interim
	42		4,227,500	800	Final
2006	43	5,680,329	1,066,875	200	Interim
	44		4,412,453	835	Final
2007	45	5,441,899	1,155,957	175	Interim
	46		4,280,527	645	Final
2008	47	8,331,599	1,288,067	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	12,802,109	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	Proposed Final

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

31 Dec	Turnover (N'000)	Profit Before Tax (N'000)	Taxation (N'000)	Profit After Tax (N'000)
2002	18,844,685	4,683,388	1,509,308	3,174,080
2003	23,708,251	5,846,923	2,042,809	3,804,114
2004	27,393,788	6,100,281	2,264,788	3,835,493
2005	33,048,295	7,907,848	2,604,720	5,303,128
2006	36,981,928	8,197,897	2,537,568	5,660,329
2007	42,376,524	8,483,788	3,021,888	5,441,899
2008	49,802,547	11,862,213	3,530,614	8,331,599
2009	65,753,414	13,783,244	3,999,666	9,783,578
2010	80,108,738	18,244,454	5,442,345	12,802,109
2011	97,961,260	18,538,888	1,730,905	16,808,764

Shareholders' Information (continued)

Share Capital History:

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

Date	Authorised Share Capital Value (₦)	Shares	Issued And Fully Paid Value (₦)	Shares	(₦)
29-11-71	200,000	100,000	200,000	100,000	Cash
30-12-71	600,000	300,000	200,000	100,000	-
30-11-72	800,000	300,000	440,000	220,000	Cash
11-06-73	1,000,000	600,000	440,000	220,000	-
16-08-73	1,000,000	500,000	756,726	378,363	Cash
22-10-73	1,000,000	600,000	1,000,000	600,000	Cash
21-05-74	2,000,000	1,000,000	1,000,000	600,000	-
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)
02-05-76	2,000,000	1,000,000	2,000,000	1,000,000	Bonus (3:10)
28-05-76	3,000,000	1,500,000	2,000,000	1,000,000	-
11-08-76	3,000,000	1,500,000	3,000,000	1,500,000	Bonus (1:2)
10-11-76	5,000,000	10,000,000	3,000,000	3,000,000	1 share of N2 subdivided to 2 shares of N1 each
12-08-77	5,000,000	10,000,000	5,000,000	5,000,000	Bonus (2:3)
12-05-78	7,500,000	15,000,000	5,000,000	10,000,000	1 share of N1 each subdivided to 2 shares of 50 kobo each
08-12-78	7,500,000	15,000,000	7,500,000	15,000,000	Public Issue
10-07-80	11,250,000	22,500,000	11,250,000	22,500,000	Bonus (1:2)
01-07-82	16,875,000	33,750,000	16,875,000	33,750,000	Bonus (1:2)
18-06-88	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)
27-06-81	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)
03-08-96	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)
16-04-03	284,218,750	628,437,500	284,218,750	628,437,500	Bonus (1:4)
24-04-07	330,273,438	660,546,876	330,273,438	660,546,876	Bonus (1:4)
28-04-11	396,328,126	792,656,252	396,328,126	792,656,252	Bonus (1:5)

Shareholders' Information

(continued)

Unclaimed Dividend Warrants, Bonus and Rights Certificates

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

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

Dividends	Date Paid	Amount Unclaimed (N)
30-33	14/06/2000-07/12/2001	35,393,383
34	24 April 2002	14,796,237
35	25 November 2002	10,973,731
36	16 April 2003	21,202,210
37	24 November 2003	14,377,894
38	21 April 2004	25,271,773
39	8 December 2004	14,898,742
40	27 April 2005	46,316,972
41	28 November 2005	23,400,357
42	26 April 2006	64,898,971
43	10 November 2006	19,760,074
44	25 April 2007	73,148,590
45	28 November 2007	21,478,436
46	23 April 2008	89,300,121
47	01 December 2008	38,016,946
48	29 April 2009	109,998,921
49	07 December 2009	48,160,665
50	27 April 2010	271,509,002
51	10 January 2011	150,975,875
52	29 April 2011	386,696,696
53	12 December 2011	
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 NIGERIA PLC

2011: Year in Retrospect



NOTABLE QUOTES AT THE INAUGURATION OF FLOWERGATE FACTORY

BY PAUL BULCKE, CHIEF EXECUTIVE OFFICER OF NESTLÉ



Globally, our ambition is to be recognized as the world leader in nutrition, health and wellness, and to be a reference for financial performance in our industry.

It is exciting for me to be here in Nigeria as the country is a major growth driver of Africa's development thanks to her large population, the ideal geographic location and its economic dynamism.

It is therefore an honour to officially inaugurate the new Flowergate factory, an investment of CHF 87 million (N12 billion).



Nestlé Opens Flowergate Factory

In February 2011, Nestlé Nigeria opened Flowergate factory located in Ogun State. With an investment of N12 billion (CHF 87 million), the factory (Nestlé's 27th in Africa) will be initially dedicated to the production of MAGGI products. The Vice President of the Federal Republic of Nigeria, Architect Namadi Sambo, GCON who commissioned the new factory also lauded Nestlé Nigeria for its continued and remarkable contributions to the economic growth and development of Nigeria in the last fifty years of its operation in the country.



NESTLÉ NIGERIA PLC
2011: Year in Retrospect



2011: Year in Retrospect

Continuously Reducing our Environmental Footprints in Nigeria

In pursuit of its commitment to reduce its environmental footprints and ensure efficient use of energy in the manufacturing operations, Nestlé Nigeria Plc commissioned a tri-generation power plant at Agbara factory in 2011. The new Plant will generate power, produce chilled water and hot water, increase energy efficiency from 42% to 74% and reduce carbon emissions by 5,000 tonnes per year. The new tri-generation plant represents a significant effort in technology

transfer which is over and above the technology of a standard power plant.

The new N3.6 billion facility which ensures efficient use of energy in Nestlé's manufacturing operations was officially inaugurated by the Chief Executive Officer of Nestlé S.A., Mr Paul Bulcke and the former Executive Vice President, Asia, Oceania and Africa (Zona ADA) Mr. Frits van Dijk.



Nestlé Unveils New Cereals Milling Plant

Our new Cereals Milling Plant at Agbara Factory was officially opened on May 25, 2011 by the global Nestlé Chief Financial Officer, Mr James Singh. The new ultra-modern cereals milling plant will further create competitive gaps by leveraging modern milling technology. The new facility will not only enhance our competitive edge but also meet our massive expansion of cereal products well into the future.



Shareholders' Visit to Agbara Factory

The 2011 Annual Business Forum was held at Agbara factory. Shareholders used the occasion to inspect the new state-of-the-art facilities at the Agbara factory.



Rewarding Loyalty, Nestlé Nigeria Rewards Customers in 50th Anniversary Promo

Nestlé Nigeria has rewarded customers with various prizes in commemoration of its 50th anniversary. Consumers who purchased the company's product pack containing a raffle ticket, automatically qualified to participate in raffle draw to win air conditioning units, gas cookers, home theatre systems, refrigerators and a star prize of a Honda Civic car.



NESCAFÉ Magic Mug

Nestlé Nigeria treated its consumers to a unique opportunity to fly in the NESCAFÉ Magic Mug in Lagos and Abuja. Alongside the hot air balloon flight was entertainment provided by top musicians and comedians in the country as well as limitless refreshing cups of NESCAFÉ.



Nestlé Launches NESCAFÉ Ginger and Lemon

To increase its competitiveness and market share, Nestlé Nigeria introduced a new variant of coffee; NESCAFÉ Ginger and Lemon in 2011. The new product is based on consumer insight for a product with the right blend of coffee and natural flavor of ginger and lemon.



NESCAFÉ®



2011: Year in Retrospect

MAGGI Fast Food Association of Nigeria (MAFFAN) Goes Live in 2011

In a bid to increase awareness, sales and stimulate volume growth for MAGGI seasoning powder in the Nigerian Market, Nestlé Professional launched a new customer forum known as MAGGI Fast Food Association of Nigeria (MAFFAN) in September 2011. The launch which focused on Food Operators in Lagos Sales branch is the first of its kind and will spread to all other Nestlé sales branches in 2012.



Nestlé Waters Mark 2011 World Water Day

In line with the theme of 2011 World Water Day, "Together for Water", Nestlé Waters Nigeria demonstrated its commitment to water resources management by organising a Water Education Programme for school children and their teachers.

MAGGI Fosters Family Ties with 'Cook for Mama'

To further enhance family ties and promote transfer of culinary skills from mother to child, Nestlé Nigeria sponsored the 2011 edition of MAGGI Cook for Mama Competition.



Nestlé Waters Hold Commercial Conference

Buoyed by the need to accelerate growth and ensure strong performance in 2011, Nestlé Waters assembled its top distributors for a conference in February 2011.

Contribution to Sports Development 13th MILO Secondary Schools Basketball Championship

Nestlé continued its support for the development of sports in Nigeria in 2011 with the sponsorship of the 13th edition of the MILO Secondary Schools Basketball Championship. In addition to nurturing young talents throughout the country, Nestlé also donated a world-class basketball floor to the Nigerian Basketball Federation to further improve basketball infrastructure and standard of the game in Nigeria.



MILO Football Clinic with Peter Rufai (Dodoma)

The MILO Football Clinic is based on unique proven scientific techniques discovered after 16 years of extensive research in Europe. The 2011 edition was expanded to reach out to more champions in different parts of Nigeria with regional screenings and clinic in Lagos, Ilorin and Enugu. A record 2000 participants was screened in each region. In addition, the most talented ones were rewarded with fantastic prizes, including bursary awards, certificates and medals.



Nestlé Nigeria Re-launches MILO at Mum 'n' Child Marathon

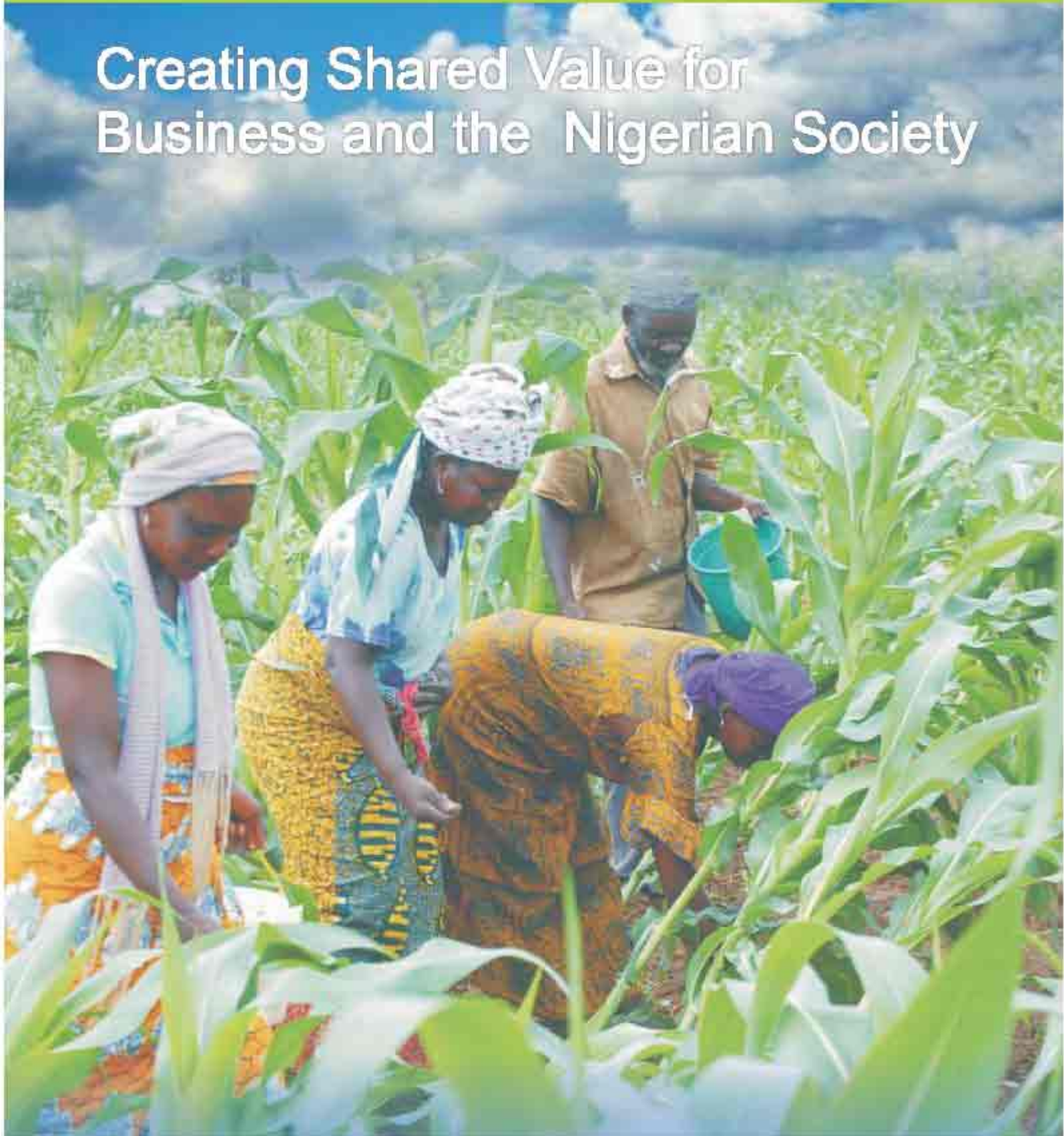
In furtherance of efforts to increase its competitiveness and market share, Nestlé Nigeria has re-launched MILO into the market. The new MILO rides on the tagline, "more delicious, more nutritious". It is a richer source of milk protein for building and repair of body tissues. The launch featured a Mum 'n' Child Marathon which kicked off from the National Stadium, Lagos and terminated at the National Arts Theatre where mothers and their children were rewarded with cash



MILO Under-13 African Championship

Nestlé Nigeria sponsored the U-13 football competition during the national school festival which took place in Calabar, Cross River State. The winning team will undergo training in the Football Academy to prepare them for the African U-13 championship to be hosted by Ghana in 2012.

Creating Shared Value for Business and the Nigerian Society



Creating Shared Value for Business and the Nigerian Society



For us at Nestlé, Creating Shared Value means looking at the multiple points where we touch society and making long-term investments that both benefit the public and our shareholders.

To grow and succeed, businesses typically employ many strategies. To Nestlé, one strategy has remained a fundamental through its over a century of existence – that of Creating Shared Value.

We strongly believe that for a company to be successful in the long term, it must create value for its shareholders and at the same time for the communities where it operates and for society at large. We call this Creating Shared Value. Analysing our entire value chain, we have identified three focus areas where Nestlé can optimise the creation of shared value: Nutrition, Rural Development and Water.

For us at Nestlé, Creating Shared Value means looking at the multiple points where we touch society and making long-term investments that both benefit the public and our shareholders. It means that our investments must be good not only for the company but also for the country where we operate and for its people. It means providing jobs directly and indirectly, bringing value to our employees and our suppliers and to supporting businesses along the value chain. It means opening doors of opportunities to the communities where we operate.

At Nestlé Nigeria, Creating Shared Value is our path forward, integral to our mission of nurturing generations of Nigerian families. From continuously reducing our environmental footprints through water conservation and energy efficiency to educating kids on dietary practices that affect pupils' health, growth and intellectual development. From helping grains and cassava farmers improve their yield to supporting development of indigenous technological capability through multi-skill vocational training.

All these we do through sustainable programs driven by the company's strong sense of responsible corporate citizenship. More importantly, we do all these in line with the fundamental business strategy that has steered the successful course of the Nestlé business in Nigeria and throughout the world – that of Creating Shared Value.

Through our Creating Shared Value reporting, we aim to share information transparently about our long-term impact on society and how this is intrinsically linked to the creation of our long-term business success.

In this report, we invite you to look at the programs by which we create value for society and in so doing, for our stakeholders as well. We believe that Nestlé's future will be exceptional, forged on our ability to deliver innovative growth in our businesses and value to all stakeholders. The shared value we generate will benefit our partners, clients, suppliers and raw materials producers, both individually and in their communities.

Martin Woolnough
Managing Director & Chief Executive,
Nestlé Nigeria Plc.

Nestlé/ IITA Cassava Starch Project

Unleashing the power of Cassava

In Pursuit of our corporate strategy of Creating Shared Value for our business and the society, Nestlé commenced a cassava starch project in 2011.

The multistakeholder initiative is in collaboration with the International Institute for Tropical Agriculture (IITA), cassava farmers and local cassava processing industries to ensure long term, sustainable and commercial production of high quality cassava starch in Nigeria.

We have so far spent N31 mio on the project.

Supporting smallholder farmers

This initiative aims to introduce smallholder farmers in target communities to better farming practices which will address the common agronomic errors that keep root yields below 12 tonnes per hectare. This includes the efficient use of inputs such as the timely application of fertilizers/herbicides and the use of harvesters to reduce drudgery currently experienced by farmers.



This initiative aims to introduce smallholder farmers in target communities to better farming practices which will address the common agronomic errors that keep root yields below 12 tonnes per hectare

The project will also facilitate the multiplication and dissemination of improved, high yielding, commercially viable and disease - resistant cassava varieties to cluster farmers and industries.

The ultimate goal of the cassava starch project is to guarantee a sustainable supply of raw materials (cassava roots) to local cassava starch processors – MATNA Foods in Akure and Nigeria Starch Mill in Ihiala, Anambra State.





Establishment of Strategic Multiplication Plots

One of the objectives of the cassava starch project is the establishment of strategic multiplication plots. To underline Nestlé's commitment to the cassava value chain project, the Managing Director of Nestlé Nigeria, Mr. Martin Woolnough led some members of the country Coordinating Team (Executive Committee) to IITA multiplication plot in Ibadan to plant improved cassava stem (TME 419).

In line with the project objective of commercializing stem production through the involvement of private entrepreneurs around project locations, 27.9 hectares of multiplication plots were established between July and December 2012.

Established multiplication plots by location

Name of farmer group	Location	Farm Size (ha)	Date Established	Varieties planted
ITA	Ibadan, Oyo State	4.8	July 2011	TME 419
ITA	Ikanna, Ogun State	5.6	July 2011	TME 419
Oluwaseun (Cooperative Multipurpose Society) FADAMA	Uso, Ondo State	2.5	Oct. 2011	0581
Sourcer & Outfit	Kajola, Ondo State	2.5	Oct. 2011	0581
NSM Opuoma	Oguta Opuoma, Imo State	5.0	Sep. 2011	95/0289, TME 419
Diyoke Integrated Farms	Igbo Ekiti, Enugu State	2.0	Oct. 2011	TME 419 98/0581
Okpunor Farmers Group	Ukala Okwute, Delta State	3.0	Oct. 2011	TMS 98/0581 TME 419
ITA station	Ibadan	2.8	Oct. 2011	TME 419, 98/051
Total		27.9		

Sourcing and Distribution

of Planting Materials to Farmer's Fields

The goal of the Nestlé/ IITA Cassava Starch Project is to plant 500 hectares of land with improved cassava varieties by the end of 2012.



The goal of the Nestlé/ IITA Cassava Starch Project is to plant 500 hectares of land with improved cassava varieties by the end of 2012.

Between September and October 2011, a total of 166.7 hectares were established at various project locations. Also, 12,180 bundles of improved cassava stems have been distributed to 203 farmers in clusters within local starch processors project states.

The distribution pattern is shown in table below.



Project state/ location	Quantity in bundles	No of ha planted	No of farmers
Ondo	4602	76.7	77
Ekiti	1032	17.2	17
Osun	720	12	12
Sub-total (MATNA)	6,354	105.9	106
Imo	726	12.1	12
Anambra	180	3	3
Abia	300	5	5
Delta	3,420	57	57
Enugu	1,200	20	20
Sub-total (NSM)	5,826	97.1	97
Grand Total (MATNA, NSM)	12,210	203	203

Nestlé Organises Mobilisation Workshop for Cassava Farmers

To ensure production of cassava roots in the required quantity and quality at competitive prices, Nestlé organised series of on-farm training for farmers participating in the project. The training programme focussed on pre-planting and pre-harvesting operations, integrated weed management practice in cassava production, among others.

Between October and December 2011, six trainings were conducted at various locations in six states in the south-west and south-east regions. In summary, 220 farmers participated in pre-planting/pre-harvest workshop while 217 farmers were trained on integrated weed management.

Farmers trained on pre-planting and pre-harvesting operations

Location	Male	Female	Total
MATNA			
Ondo	45	4	49
Ekiti	43	17	60
NSM			
Abia	13	7	20
Imo	26	9	35
Enugu	28	3	31
Delta	15	10	25
Total	170	50	220

Table 4: Farmers trained on Integrated weed management practices in project states.

Location	Male	Female	Total
MATNA			
Ondo	44	5	49
Ekiti	39	18	57
NSM			
Abia	13	7	20
Imo	26	9	35
Enugu	28	3	31
Delta	15	10	25
Total	165	52	217

To complement the on-farm training programmes, protocols on the establishment of on-farm experimental trials on resource use efficiency was finalized in 2011. Three demonstration trials were established in October/November 2011 at Ikenna, Ogun State, Ogbess, Ondo State and Opuoma, Imo state.





Federal Government lauds Nestlé on Cassava Starch Value Chain Project



The Federal Government of Nigeria has commended Nestlé for the laudable initiative on the cassava starch value chain project.

The Federal Government of Nigeria has commended Nestlé for the laudable initiative on the cassava starch value chain project. The Deputy Director (Economic Monitoring, Multilateral Research) in the office of the Secretary to the Government of the Federation, Dr Abdul Garba, made this remark during a study site visit to Nestlé/ITA Cassava multiplication plots in Ibadan and Ogbese in November 2011. He said that the cassava starch project was in line with government's effort to revamp the agricultural sector, ensure food security, diversify the economy and enhance foreign exchange earnings. Dr Garuba said that the three man team was out to see how some of the private sector interventions could be harmonized with government policies to alleviate poverty and create more jobs.



Nestlé Partners with MATNA Foods to boost cassava starch production in Nigeria



One of the highlights of the visit was a question and answer session with 16 outgrower farmers within the MATNA cluster

The Managing Director of MATNA Foods Company, Mr Albert Ogunlade, has lauded Nestlé for its unwavering commitment to boost cassava starch production in Nigeria. Mr. Ogunlade made the remark when he granted an audience to a three-man delegation from the office of the Secretary to the Government of the Federation. The delegation, led by Dr. Abdul Garba, was on a study visit to Nestlé/IITA Cassava Starch processors.

One of the highlights of the visit was a question and answer session with 16 outgrower farmers within the MATNA cluster. Dr Garba praised MATNA for utilizing local raw materials and for emerging as one of the largest starch producing companies in Nigeria. He lauded the company for its pioneering effort in the development of the cassava industry in Nigeria.



Nestlé Grains Improvement Project

Ensuring sustainable supply of quality grains for Nestlé and the community

Good Agricultural Practices (GAP) and Good Storage Practices (GSP) are seldom practiced by farmers in sub-Saharan Africa thereby exposing food crops to risk of mycotoxin contamination.

Buoyed by the need to ensure sustainable supply of high quality grains for manufacture of our cereal-based products, Nestlé launched the Grains Quality Improvement Project in 2009 in collaboration with the International Institute of Tropical Agriculture (IITA) and the National Agriculture Research and Extension Systems (NARES).



Why Grains Improvement Project?

- The sub-Saharan Africa region has high temperature, rainfall and humidity that permit the growth of mycotoxins.
- Good Agricultural Practices (GAP) and Good Storage Practices (GSP) are seldom practiced by farmers in sub-Saharan Africa thereby exposing food crops to risk of mycotoxin contamination.
- Mycotoxin impact negatively on human and animal health: immune system suppression and liver damage.
- Mycotoxin can lead to significant nutritional and economic losses in grains and legumes for farmers.



Key Outcomes of Grains Quality Improvement Project for local community

- Over 14,000 farmers have so far been trained (including agricultural extension agents, farm village heads, grain suppliers and transporters).
- Improved quality of cereal and legume from the farm to the consumer.
- Higher incomes for farmers participating in the project through access to more remunerative market.
- High quality raw materials for Nestlé factory resulting in considerable savings from reduced rejection rates at factory gate.



Benefits of Grains Quality Improvement Project for Nestlé

- Through capacity building, participating farmers are better informed and knowledgeable about mycotoxins and management practices.
- High quality grains for manufacture of our cereal-based products: Nestlé CERELAC, Nestlé NUTREND and Nestlé GOLDEN MORN.
- Mycotoxin risk management under control
- Factory gate rejection rate progressively reduced (from 23% rejection rate in 2008 to 0.3% in 2011).

Nestlé launches Healthy Kids Program in Nigeria

Promoting nutrition education and physical activity towards better health

A nutritional assessment and physical activities survey was conducted in randomly selected primary schools in Lagos and Ogun States in 2010 prior to the launch of the program in June 2011

Programme Content Development: Nestlé CWA developed the major instructional materials used for the intervention – Healthy Kids Children's Manual and Healthy Kids Teachers' Guide as well as other ICE (Information communication and education) materials such as posters, promotional items and teaching aids. The Ministries of Education and Health also made inputs to the instructional materials.



Nestlé launched the Healthy Kids Global Programme in Nigeria in June, 2011. The worldwide initiative aims to teach the benefits of healthy lifestyle to school-aged children, giving them the chance to develop positive attitudes and behaviours towards food and exercise to achieve and maintain a healthy body weight into adulthood.

Target Group: Primary school pupils (male and female) aged 8-10 years. The programme targets 25 schools each in Lagos and Ogun State, south west region of Nigeria in 2011/2012 academic session.

Implementing Partners: CHEPN (Centre for Health Education, Population and Nutrition) a non-governmental organization is involved in programme implementation (including planning, coordination of teachers workshop, field monitoring and evaluation).

Ministry of Education (via the State Universal Basic Education Board) and **Ministry of Health** for general endorsement of the programme.

Community Needs Assessment: A nutritional assessment and physical activities survey was conducted in randomly selected primary schools in Lagos and Ogun States in 2010 prior to the launch of the programme in June 2011. Our pre-assessment study showed: poor nutrition knowledge among the pupils, low participation in physical activities by pupils, poor hygiene and sanitation practices, lack of good source of water and toilet facility, typical school lunch is high in carbohydrate and low in protein, fruits and vegetables.

Method of Intervention: Intervention strategies include demonstrations, story telling, games, container gardening to help parents, songs and drama sketches linking nutrition and participation in physical activities with healthy pupils, field trips, quiz and debates.





Frequency of Intervention: Once a week of classroom teaching and physical exercise.

Key elements of Nestlé Healthy Kids in Nigeria

Behavioural-based nutrition education curriculum

Developmentally appropriate, culturally relevant instructional materials

- Integration of school food service and nutrition education
- Regular training for school staff
- Family and community involvement
-

Monitoring and Evaluation: regular evaluation of effectiveness of the programme through evaluation of knowledge, attitudes and behaviour of pupils on healthy eating practices. Field monitors will track teacher's comprehension and delivery of the lesson.



Healthy Kids Teachers' Workshop

Ensuring innovative teaching strategies for behavioural change.

The Workshop was also designed to meet the specific needs of the teachers, raising their competences in nutrition with regard to cognitive learning approaches as well as behaviour-focussed strategies

In pursuit of its commitment to teach the benefits of healthy lifestyles to school-aged children, Nestlé organised series of workshops for primary school teachers drawn from all the local government areas of Lagos and Ogun States in 2011.

The programme was facilitated by the Centre for Health Education, Population



and Nutrition (CHEPON) and supported by Ogun and Lagos States Universal Basic Education Board,

One of the objectives of the Nestlé Healthy Kids Teachers' Workshop was to build the capacity of the participating teachers on the use of innovative nutrition teaching techniques.

The use of innovative techniques would help enhance life-long learning through demonstrations and interactive sessions. The Workshop was also designed to meet the specific needs of the teachers, raising their competences in nutrition with regard to cognitive learning approaches as well as behaviour-focussed strategies. Whereas cognitive focussed education typically result in enhanced knowledge, nonetheless, there is evidence to show that this development usually has little or no impact on behaviour change. Therefore, the Nestlé Healthy Kids Programme is structured to highlight the importance of behaviourally based healthy and nutrition education.



Supporting Development of Indigenous Technological Capability in Nigeria.

Nestlé has been present in Nigeria for over 50 years and we are proud that our five decades of operations in Nigeria are not only measurable in length of time, but more importantly, also by our positive impact on our stakeholders, particularly the youth.

Nestlé opens Technical Training Centre in Agbara

In support of Nigeria's drive towards rapid transformation and development of indigenous technological capability, Nestlé Nigeria inaugurated a state-of-the-art Technical Training Centre at Agbara Factory in 2011.

Multi-skill Training:

The Centre offers 18-month multi skill, vocational training in Electro-Mechanical –Automation and Instrumentation Engineering. The programme is tailored along the syllabus of the City and Guilds of London Technicians Examinations Certificates which comes in three levels. The students will be groomed to take each level of the exam every six months.

Learning Facilities: The Centre is ideally located in the middle of engineering activities in the factory. It is well equipped with the following facilities: modern classrooms, standard library, computer and technical drawings rooms, state-of-the-art electrical /instrumentation /automation and mechanical workshops.



Faculty: The teaching staff consists of one full time co-coordinator; two external part-time instructors; and four internal professionals (Engineers) from the factory.

Method of Study: Twelve months Theory/ Practical based on City and Guilds of London Technicians Examination Certificates infused with elements of Nestlé's operations. The trainees will also undergo 6 months industrial experience in the various plants within the factory.

International Exposure for Trainees: The best five students from each promotion will have opportunity to participate in an additional training module of four months in Switzerland, in the framework of the training programs of Nestlé's international headquarters. The five students will be sponsored by Swiss embassy as part of a bilateral Migration Partnership Agreement between Switzerland and Nigeria. The partnership which has a pioneering character, brings cooperation between Switzerland and Nigeria to a new level. Designed to acknowledge both the opportunities and challenges of migration, the partnership is the first such agreement between Switzerland and an African country.

Continuously Reducing our Environmental Footprints in Nigeria

The Agbara factory tri-generation power plant is a major contribution to Nigeria's drive to reduce carbon emissions.

In pursuit of its commitment to reduce its environmental footprint by ensuring efficient use of energy for manufacturing operations, Nestlé commissioned a tri-generation power plant at Agbara factory in December 2012. The new plant generates electrical power, while chilled and hot water are generated using heat from the power plant exhaust gases. This allows to increase overall energy efficiency from 42 to 74 per cent and to reduce CO₂ emissions by 5,000 tonnes per year.



Why the Investment in Tri-Generation Power Plant?

Nigeria's power infrastructure is one of the major challenges constraining socio-economic growth and development in Nigeria. Most of Nigeria's infrastructure in the power sector was built in the 1970s and 1980s. Due to lack of maintenance and expansion of the facilities, the country has suffered significantly from the impact of epileptic and limited availability to electric supply. In spite of the abundant energy resources in the country, the quantity, quality and availability of electrical power does not allow for efficient factory operations and a majority of factories generate their own electricity.

Currently, only about 40 per cent of Nigeria's total population has access to public electricity supply due to inadequate transmission and distribution networks. Also, ageing infrastructure, poor maintenance, weak and radial network configuration, and overload transformers, result in frequent power cuts, high transmission losses, and a poor voltage profile. In order to bridge the infrastructural gap and sustain the factories' growing demand for reliable and good quality power, Nestlé decided to invest in an Independent Power Plant.

Ensuring Environmental Sustainability and Energy Optimization

One of Nestlé's key environmental sustainability challenges is energy efficiency. Energy is expensive and is associated with multiple environmental consequences. For example, one of the primary air emissions associated with the production of energy is carbon dioxide, which contributes to global warming.

Optimizing the use of fossil fuels to generate energy is a critical element in the management of energy resources. The tri-generation power plant generates electrical power as prime energy. Chilled water and hot water are produced by recovering the heat generated from the power plant exhaust gases. As this heat is usually expelled into atmosphere, the recovery of the heat improves overall energy efficiency. The use of new eco-friendly absorption chillers also eliminates the need for ozone-depleting refrigerants, therefore further reducing the plants' environmental footprint.

The Agbara factory tri-generation power plant is a major contribution to Nigeria's drive to reduce carbon emissions. The new tri-generation plant is also a significant effort in technology transfer which is over and above the technology of a standard power plant.

Names & Locations of Distributors

Name of Customer	Location
Julius Ogu And Sons Limited	Abia
Kinco Global Link Limited	Abia
W.J. Ukaonu & Sons Nig Ltd	Abia
Zubis And Company Nigeria Limited	Abia
A. D. Basharu And Sons Nigeria	Adamawa
Bledow International Ent.	Akwa Ibom
Igbozulike Investment Limited	Akwa Ibom
Franco International West Africa	Anambra
Mazak Resources Ltd	Anambra
Vivid & Valid Ventures Nigeria Ltd	Anambra
Alhaji Abubakar Moh'd	Bauchi
Saadu Ali Mai Silifas Nigeria Ltd	Bauchi
Bemewess Intergrated Services	Bayelsa
M. A. Onigbinde And Sons Limited	Benue
Alhaji Mohammad Monguno	Borno
Lajim Tatabe Brothers Stores	Borno
Modu Director And Sons Limited	Borno
Andyson Investment And Agro Allied	Cross River
G. N Chukwu Nig Ltd	Cross River
E V Okpalaka And Sons Nig Ltd	Delta
Elymay Nigeria Limited	Ebonyi
Everest Sales & Stores	Edo
V. I. Ekuaze And Sons	Edo
Ajoke Stores Limited	Ekiti
A. E. Chrismerchants Ltd.	Enugu
Innovation Era	FCT
Joc Dona Investments Limited	FCT
Makemx Nigeria Limited	FCT
Nortex Business Link	FCT
Fusahs Ventures	Gombe
Idrisiya Global Nig Ltd	Gombe
Festel Integrated Resources	Imo
Ugodurumba Enterprises Limited	Imo
Albawa International Investment Ltd	Jigawa
Alh Usman Muazu	Jigawa
Bukola Oshinaike	Kaduna
Sidi And Sons	Kaduna

Name of Customer	Location
Bello Zubairu Bello And Company	Kano
Hamlr Investment Nig. Ltd	Kano
Mazaf Honest Concept Limited	Kano
Sambajo General Enterprises Limited	Kastina
Umar S.B. Radda Nig. Ltd	Kastina
Alhaji Garba Dankane Jega	Kebbi
Allanka Nigeria Limited	Kebbi
Jamkat Integrated Investment Ltd	Kogi
Olaniyi Badmus Nig Ltd	Kwara
Adebukola And Sons Limited	Lagos
Al-wadud Ventures Limited	Lagos
Basross Stores	Lagos
Butsun Ratboh Nigeria Limited	Lagos
Kenny Commodities Merchant Nigeria	Lagos
Retail Supermarket Nigeria Limited	Lagos
Seddt Nigeria Limited	Lagos
Timac Ventures	Lagos
Jlsons Ventures And Investment	Nassarewa
J. O. Adebisi And Sons Nigeria	Niger
Joyce Stores	Niger
Ade Distribution And Investment	Ogun
Kofaj Nigeria Enterprises	Ogun
Toyospeal Ventures	Ogun
Ondo State Development Company Ltd	Ondo
Livingaspring Bulk Purchase Ltd	Osun
Dolat Multi Enterprises	Oyo
Emmako Investment Nigeria Limited	Oyo
Fes Nigeria Limited	Oyo
Tivo Corporate Services Int'l Ltd	Oyo
J. J. Nnoli And Sons	Plateau
Igwediebube Nigeria Limited	Rivers
Vinna Investment Limited	Rivers
Alh Abubakar Zamsu	Sokoto
Alhaji Tukur Faru	Sokoto
Viceri Dynamic Investment	Taraba
Amne Enterprises	Yobe
Alh Ibrahim Usman Achida & Sons Ltd	Zamfara

Corporate Directory

HEAD OFFICE:

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

AGBARA FACTORY:

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

FLOWERGATE FACTORY

Flowergate Industrial Estate
Along Abeokuta – Sagamu Expressway
By RIYE Roundabout
Ogun State

DISTRIBUTION CENTRE:

Km 7, Idiroko Road, Sango-Otta
Ogun State
Tel: 7912784, 7944858, 7924502.

BRANCH OFFICES

LAGOS

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

OWERRI

46 Wethadral Road, Owerri
Tel: 08052797140

JOS

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

KADUNA

5D, Kanta Road,
Kaduna.
Tel: 08052797076

IBADAN

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

Notes

Application Form

for e-Bonus and e-Dividend

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

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

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

E-mail Address: Name of Bank:

Branch of Bank: Bank Acct No: Branch Code:

No of Units held:

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER AND
CURRENT ADDRESS:

.....
.....
.....
.....
.....
.....

REGISTRARS' USE

NAME:

SIGNATURE:

DATE:

NAME OF COMPANY IN WHICH YOU HAVE SHARES
NESTLÉ NIGERIA PLC

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

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal Manager

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

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

.....

In case of Corporate Shareholder, use company seal

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

Affix N50.00
Postage Stamp
Here

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

NESTLÉ NIGERIA PLC Proxy Form



43RD ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON THURSDAY, 26 APRIL 2012 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 26 April 2012
and at any adjournment thereof.

Dated this.....day of.....2012.

Signature.....

RESOLUTIONS

Ordinary Business	For	Against
To declare a final Dividend		
To re-elect Directors retiring by rotation:		
Mr. Etienne Benet		
Mr. Frederic Durantou		
Mrs. Iquo Ukeoh		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors		

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

NOTES:

Please sign this form and post it to reach the address overleaf not later than 23 April 2012. 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 43RD ANNUAL GENERAL MEETING Shareholder's Admission Form

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the MUSON Centre, 8/9, Marina, Onikan, Lagos at 11.00 a.m. on Thursday, 26 April 2012.

Name of Shareholder.....

Number of shares held

Signature of person attending

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

Bode Ayeku
Company Secretary/Legal Manager

Affix N50.00
Postage Stamp
Here

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



Dear Sir/Madam,

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

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

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

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

Bode Ayeku
Company Secretary/Legal Manager

I,

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

PLEASE TICK ONE OPTION ONLY

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

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

MY E-MAIL ADDRESS:

DESCRIPTION OF SERVICE:

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

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 12B (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means".

Name (Surname First)

Signature and Date

Affix N50.00
Postage Stamp
Here

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