

# The Leading Nutrition, Health and Wellness Company

2009 Annual Report & Accounts



Nestl



# Directors, Officers & Professional Advisers

## Board of Directors:

<b>Chief Olusegun Osunkeye</b>	Chairman
<b>Mr. Martin Woolnough</b> (Australian)	Managing Director/Chief Executive
<b>Mr. Martin Kruegel</b> (German)	
<b>Mr. John Reed</b> (British)	Resigned 19/02/2010
<b>Mr. Etienne Benet</b> (French)	
<b>Mr. Wilbart De Wit</b> (Dutch)	Resigned 30/07/2009
<b>Mr. Frederic Duranton</b> (French)	Appointed 14/08/2009
<b>Mr. David Ifezulike</b>	
<b>Dr. Fiama Mshelia</b>	
<b>Mrs. Iquo Ukoh</b>	Appointed 19/02/2010

## Company Secretary/Legal Manager:

**Mr. Bode Ayeku**

### Registered Office:

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

### Registrars:

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

### Auditors:

KPMG Professional Services  
22A, Gerrard Road, Ikoyi, Lagos.  
Tel: 01-2718955

## Members of the Audit Committee:

<b>Otunba Thomas Adebayo</b>	Chairman
<b>Alhaji Kamorudeen Danjuma</b>	
<b>Mr. Christopher Nwaguru</b>	
<b>Dr. Fiama Mshelia</b>	
<b>Mr. Martin Kruegel</b> (German)	
<b>Mr. Wilbart De Wit</b> (Dutch)	Resigned 30/07/2009
<b>Mr. Frederic Duranton</b> (French)	Appointed 14/08/2009



## Company Profile

Nestlé Nigeria Plc is part of the Nestlé Group, the respected and trustworthy Nutrition, Health and Wellness Company renowned world-wide for its high quality products. Nestlé Nigeria Plc began simple trading operations in Nigeria in 1961 and has today grown into a leading food manufacturing and marketing company. Nestlé Nigeria Plc was listed on the Nigerian Stock Exchange on April 20, 1979. Nestlé S.A. of Switzerland and Nestlé CWA Limited, Ghana are the major shareholders of the Company. As at December 2009, the number of Nigerian shareholders was more than 31,000.

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 2009 was ₦68.3 billion out of which more than ₦3.9 billion was charged as tax for the year. In year 2009, the Company's profit before tax was ₦13.8 billion and profit after tax was ₦9.8 billion.

Nestlé Nigeria Plc manufactures and markets an impressive array 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 GOLDEN BEEF, MAGGI MIXPY; and table water - Nestlé PURE LIFE. Nestlé Nigeria also markets coffee - NESCAFÉ CLASSIC and NESCAFÉ 3-in-1, and full cream milk product - Nestlé NIDO.

These 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. Over 75 per cent of our 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. 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.

Nestlé Nigeria Plc fully supports the ten principles of the United Nations Global Compact on human rights, labour, the environment and corruption. Indeed, 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 S.A. Switzerland, parent company of Nestlé Nigeria, donated CHF3 million to the International Federation of Red Cross/Red Crescent Society (IFRC) Africa Health Initiative (ARCHI 2010 Project) in 2002 to prevent transmission of HIV through increased AIDS awareness in Nigeria. In the course of the 3-year programme, about 15 million people were educated; 1.2 million people received life-preserving information; 2,640 HIV/AIDS Peer Youth Educators were trained; 5,000 families were reached through the Home-Based Care Programme; 3 million condoms were distributed free of charge and about 10,000 lives were enhanced through comprehensive voluntary and confidential counselling and testing.





## Company Profile

(continued)

In furtherance of its cutting-edge, knowledge-base and multi-stakeholder strategic approach to fight the HIV/AIDS scourge in Nigeria, Nestlé collaborated with the Nigerian Red Cross Society to produce series of educational materials on HIV/AIDS. The first brochure entitled **HIV/AIDS Questions & Answers** was produced in 2003. The second publication, **NUTRITION and HIV/AIDS: Basic facts** was launched in 2004 while the third document, **CHILDREN AND HIV/AIDS** was published in 2005. These three brochures have been produced into a book: **Pathways to Managing HIV and AIDS: A Book of Readings** in 2007.

To further promote through the publications, greater involvement of civil society and ensure proper dissemination and better understanding of HIV/AIDS in the local community, Nestlé published all three brochures in three major Nigerian languages: Hausa, Yoruba and Igbo. Together with the Nigerian Red Cross Society, the publications were distributed extensively to some key target publics including: Schools; Youth Groups, Parents, Counsellors, Community-based Organizations, Peer Educators and Teachers, Network of People living with HIV and AIDS in Nigeria, Faith-Based Organizations, Social Welfare Workers, Home Care Providers and Non-Governmental Organizations, Nestlé Employees, Key Business Partners and Customers, Shareholders, Trade and Professional Associations and the Nigeria Business Coalition Against AIDS.

Nestlé Nigeria Plc continues to contribute to the development of sports 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 Nigeria food culture through 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. Also, as part of its local community and social partnership initiatives, Nestlé Nigeria Plc in collaboration with Search for Common Ground, a Washington based-non-profit organization, sponsored a ground breaking Nigerian documentary television series, **THE ACADEMY** and **THE STATION**. The projects sought to promote positive role models and peaceful resolution of conflict among the nation's youths.

Also, in furtherance of its commitment to technical education and manpower development in Nigeria, Nestlé donated ten million Naira in 2004 to the Institute of Industrial Technology (IIT) towards the construction and completion of Nestlé Workshop on the Institute's permanent site. Additional two million Naira was donated to IIT in 2008 to further support the upgrade of equipment at the institute's permanent

complex for it to provide top class technical education. Nestlé Nigeria Plc also sponsors 15 students every year at the Institute at a cost of ₦150,000.

In pursuit of its sustainable agriculture initiative (SAI), Nestlé Nigeria Plc is involved in collaborative research with the University of Agriculture, Abeokuta (UNAAB) on popularization of soybean. The Company embarked on an on-the-farm adaptive research with UNAAB, which brought into being a selection of soybean varieties with improved seed colour, seed size and seed yield. Some local farmers in the southwest region of Nigeria were encouraged to use sustainable farming techniques to plant the improved soybean varieties. Between 2004 and 2009, Nestlé donated twenty six million Naira to the University of Agriculture, Abeokuta to procure modern soybean threshing machines and expand the scope of the collaborative on-the-farm research effort between the two organizations.

As part of her ongoing commitment to Creating Shared Value in the local community in 2009, Nestlé Nigeria Plc donated one year's supply of Nestlé MILO and Nestlé GOLDEN MORN worth two million Naira for use in all four branches of Little Saints Orphanage, Lagos. Ninety desks and seats were donated to Salvation Army Primary school, Agbara, to aid the school in ensuring reasonable learning outcomes. Nestlé also donated some laptop and desktop computers to Idea Builders, a non-profit organisation working specifically to empower women and young people in Nigeria.

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

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





# Raise Your Game

With

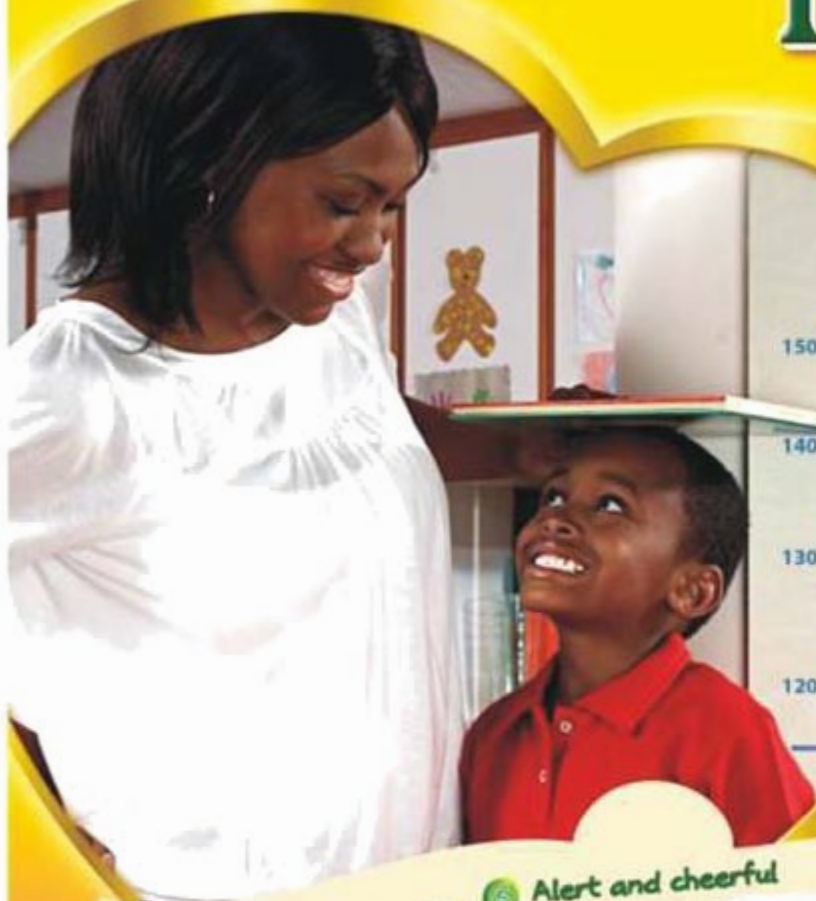


Refreshing Nestlé MILO contains Actigen-E, which is a combination of vitamins and minerals that help you release energy to WIN.

**The energy food drink of future champions**

Look for the 10 Signs  
of Good Nutrition with

**Nestlé**  
**NIDO**  
**FORTIFIED**



**1 Healthy growth**

- 2 Good muscular tone
- 3 Good appetite
- 4 Good sleep
- 5 Good digestion

- 6 Alert and cheerful
- 7 Good posture
- 8 Smooth skin
- 9 Clear eyes
- 10 Nice hair



**New!  
Pack!**

Wouldn't it be lovely if you had a good way to check your child's development? Now you do. Nestlé NIDO FORTIFIED introduces the 10 Signs of Good Nutrition to help mothers know if their children are growing strong and healthy.

To ensure your child's good nutrition, serve a glassful of Nestlé NIDO FORTIFIED with meals or at bedtime. NIDO is fortified with nutrients like Proteins, Iron, Calcium, Zinc and Vitamins, which promote the 10 Signs of Good Nutrition.



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 41<sup>st</sup> Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8/9, Onikan, Lagos, on Tuesday, 27 April 2010 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 2009 and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a Final Dividend.
3. To elect/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 19 February 2010

By Order of the Board



**Bode Ayeku**  
Company Secretary / Legal Manager

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

## NOTES

- (a) **PROXY:** A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed herewith. Proxy forms must be completed and deposited at the office of the Company's Registrars, Union Registrars Limited, 2, Burma Road, Apapa, Lagos, P.M.B. 12717, Lagos not later than 48 hours before the time of the meeting.
- (b) **DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS:** If the Dividend recommended by the Directors is declared, dividend warrants will be posted on Wednesday, 28 April 2010 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 16 April 2010. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 19 April 2010 to Friday, 23 April 2010 both dates inclusive to enable the preparation and payment of dividend.
- (c) **NOMINATIONS FOR THE AUDIT COMMITTEE:** The Audit Committee consists of 3 Shareholders and 3 Directors. In accordance with section 359 (5) of the Companies and Allied Matters Act, 1990 any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.
- (d) **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES:** Several Dividend warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members will be circulated with the Annual Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrars, Union Registrars Limited 2, Burma Road, Apapa, P.M.B. 12717, Lagos during normal working hours.
- (e) **E-DIVIDEND/BONUS:** Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual report to enable all shareholders furnish particulars of their accounts to the Registrars (Union Registrars Limited) as soon as possible.



## Chairman's Statement

### **Distinguished Shareholders, My colleagues on the Board, Ladies and Gentlemen.**

It is my honour to welcome you heartily to the 41st 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 2009.

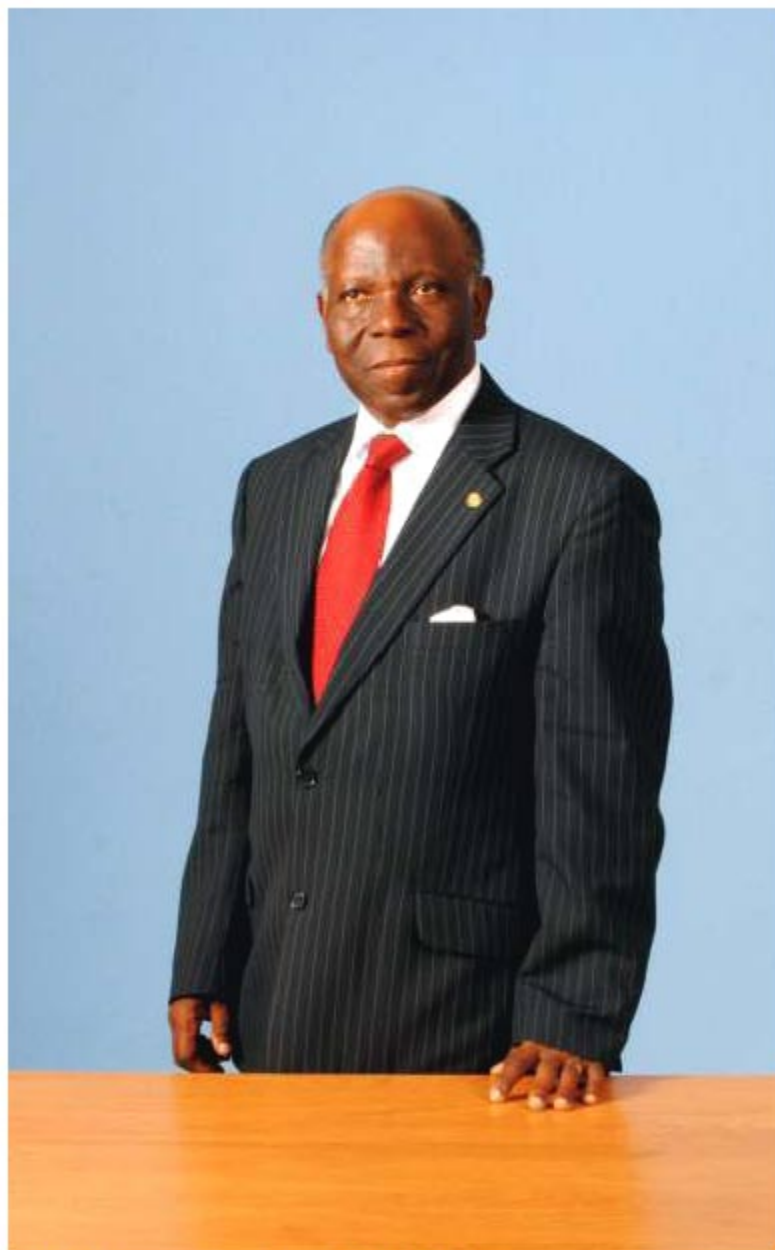
#### **Business Environment**

Most major economies appeared to be on the verge of slipping into recession. Against this backdrop and exacerbated by destructive attacks on oil installations, Nigeria's 2009 outlook was expectedly unfavourable. The year was indeed very challenging. With a significant reduction in government revenues, governments across all levels had to resort to a combination of increased borrowing, enhanced tax collection and reduced expenditure to plug budget deficits. Recourse was also made to windfall oil savings which led to a reduction of USD10.0bn in Nigeria's external reserves from USD 53.0bn in December 2008 to USD 43.0bn in December 2009.

Also, there was a slowdown in GDP growth due to a significant decline in earnings from the country's principal foreign exchange source, a contraction in international financial market liquidity and an expected slowdown in global economic output.

The on-going CBN-induced banking sector reforms (culminating in a near total freeze on credit expansion) resulted in a major slowdown in economic activity in the last quarter of 2009. This was further exacerbated by the failure of government to actualize previously set milestone on energy infrastructure investment, particularly, the delivery of the much touted 6,000 Megawatts of electric power generation.

Business closures and massive job losses (particularly in the Banking Sector) placed a further strain on Nigeria's already dismal economic output.



**Chief Olusegun Osunkeye, OON- Chairman**

“

**At Nestlé Nigeria Plc we have 2038 people sharing the same vision and aligned behind a clear strategy. Our ambition is for Nestlé to be recognised as Nigeria's trusted leader in nutrition, health and wellness and to continue to be the reference for financial performance in our industry.**

”

## Chairman's Statement

(continued)

and worsened the abysmal unemployment levels.

### Political Environment

The year 2009 saw a good measure of political stability with the resolution at the courts of most of the pending legal disputes trailing the 2007 general elections. Sadly however, the cycle of ethno-religious violence resurfaced in some parts of the country, notably Jos, Bauchi and Maiduguri. Violent agitation by Niger Delta militants caused severe disruption to oil production as output dropped to below one million barrels per day (bpd) from an annual estimate of between 2.1 and 2.3 million.

The current administration was able to buy itself some measure of relief through its amnesty programme which helped restore peace to the restive Niger Delta.

### Operating Results And Performance

Despite the daunting economic challenges of 2009, our company declared a performance that combined very strong sales growth with a huge profit increase.

This impressive performance is a reflection of the capacity investments that the Company has been making. Investing is one thing, but it is extremely satisfying to see our sales results matching these investments.

We believe that we will continue to set the pace for growth in our industry. Our growth drivers are as relevant to consumers today as they are in happier times.

Our priority is to excel in four core competencies and strategic pillars: Innovation and renovation which drives nutrition, health and wellness, which places our brands ahead of the competition; operational efficiency which creates gaps with our competitors through our focus on operational excellence; product ubiquity (whenever, wherever, however) which ensures our products are always available; and finally consumer communication which keeps consumers abreast of the innovation and renovation and builds our brands' reputation.

At Nestlé Nigeria Plc we have 2038 people sharing the same vision and aligned behind a clear strategy. Our ambition is for Nestlé to be recognised as Nigeria's

trusted leader in nutrition, health and wellness and to continue to be the reference for financial performance in our industry.

We have again reported strong results in 2009 which reflects the benefit of having identified the challenges we faced early, of adopting our plans and of being agile and fast moving in our industry.

We will continue to invest in our future through our commitment to our people, through capital expenditure, through our products, brands and consumer focus, through our marketing expenditure, and through R&D and innovation.

These investments further reinforce our fundamental commitment to the principles of Creating Shared Value (CSV) which is based on the firm conviction that only by creating value for society as a whole can we create long-term value for our shareholders.

### Dividend

As a result of the good performance recorded in 2009 and in line with our progressive shareholders relations' policy, the Board recommends for your approval a final dividend of ₦7,001,796,875 or ₦10.60k per ordinary share of fifty kobo each (2008: ₦10.60k).

The dividend is payable on 28 April 2010 and is subject to deduction of appropriate withholding tax. This brings the total dividend payout for the year to ₦8,289,863,281 or ₦12.55k per ordinary share, including the interim dividend of ₦1.95k earlier paid in December 2009.

**We will continue to invest in our future through our commitment to our people, through capital expenditure, through our products, brands and consumer focus, through our marketing expenditure, and through R&D and innovation.**





## Chairman's Statement (continued)

### E-Dividend/ E-Bonus

Once again, we request every shareholder to complete the detachable application form for e-Dividend and e-Bonus attached to the 2009 Annual Report and deliver it to our Registrars either at the venue of the Annual General Meeting or to their office immediately after this meeting. It is also necessary for shareholders to open bank accounts, stock broking accounts and Central Securities Clearing System accounts for the e-Dividend and e-Bonus.

Your compliance with this request will reduce the magnitude of unclaimed dividend and share certificates, eliminate the delay or loss of dividend warrants and share certificates associated with postage, avoid the incidence of stolen warrants and share certificates and the inconveniences associated with revalidation of dividend warrants.

### Marketing, Sales And Product Performance

Our brands continue to meet consumer needs and enhance the quality of life for everyone in Nigeria - babies, toddlers, children, teenagers, adults, mothers-to-be, and the elderly - from daybreak to bed-time.

Through significant investment in production capacity and implementation of an aggressive marketing strategy at relevant point of purchase, MAGGI continued its dominance of the seasoning market.

MAGGI Mix'py, a powder seasoning in two new exciting variants (MAGGI Mix'py Classic and MAGGI Mix'py Ginger & Garlic) was launched pan Nigeria in 2009. The launch was heavily supported with adverts on TV, radio, outdoor as well as open market activations and branding activities.

MAGGI continued to strengthen its consumer communication with MAGGI TV cookery and participatory programmes in 3 major Nigerian

languages (Hausa, Yoruba and Igbo), consumer promotions, MAGGI Women Forum and MAGGI Cook for Mama Competition.

Nestlé MILO further increased its market share in malt/chocolate drink category by the launch of MILO Ready-To-Drink. The Nestlé MILO National Secondary School Basketball Championship reached its eleventh edition in 2009. Nestlé MILO also sponsored the maiden edition of the Nestlé MILO U-13 African Football Championship. The sponsorship of the two championships is a reflection of your company's commitment to the development of sports.

Nestlé GOLDEN MORN facilitated its drive to recruit more consumers especially in the northern region of Nigeria and increase consumption to meet increased production capacity of All Family Cereals.

To reinforce the nutritional superiority of Nestlé NIDO over competition, there was improved brand awareness for the brand in 2009. We embarked on Nutrition Awareness campaigns and sponsorships in schools and maintained good media presence.

NESCAFÉ embarked on massive sampling campaign on campuses during the year in review to help cultivate coffee drinking culture in Nigeria. During the campaign, coffee education (benefits of the product and preparation tips) was the focus. NESCAFÉ also sponsored youth forum which also provided the avenue to propagate the coffee message. The year also witnessed massive market activation and recruitment of new users of NESCAFÉ CLASSIC and NESCAFÉ 3-in-1.

In the bid to make more premium drinking water available to consumers per bottle, Nestlé Waters increased Nestlé PURE LIFE 50cl bottle to 60cl in 2009. Nestlé also increased production capacity and massively expanded its distribution network in order to ensure availability.

### Distributors And Suppliers

Consistent with our business principle of dealing only with reputable suppliers who are willing to apply Nestlé Quality standard, in 2009, we provided training to our suppliers on e-procurement.

Nestlé will continue to maintain the highest standards of integrity and professional competence in all business with all its distributors and suppliers.

**Our brands continue to meet consumer needs and enhance the quality of life for everyone in Nigeria - babies, toddlers, children, teenagers, adults, mothers-to-be, and the elderly - from daybreak to bed-time.**

## Chairman's Statement (continued)

### Employees

The employees contributed significantly to the good results achieved in 2009.

During the period under review, staff participated in 29 overseas courses, 39 external local training and 189 different in-house training programmes to sharpen their skills and improve their productivity.

As at 31 December 2009, our Staff strength stood at 2,038, comprising 1,553 Junior Staff and 472 Senior and Management Staff. In line with our people development programme, 13 Nestlé Nigeria Plc. Staff are on overseas assignments in Ghana, Cote d'Ivoire, Turkey, Germany and Switzerland.

During the year 2009, we engaged a total of 345 new employees following our increased capacity and contributing to employment generation in Nigeria.

### Expansion Of Nestlé Operations In Nigeria

Construction work is progressing steadily at our new manufacturing complex in Sagamu, Ogun State. You would recall that in 2008 our company took a bold step in expanding our manufacturing operations in Nigeria. Once completed, this new manufacturing complex will not only create jobs for the teeming Nigerian youths but also increase our market share and broaden our Nutrition, Health and Wellness platform.

### Corporate Social Responsibility

As part of our Creating Shared Value (CSV) in 2009, Nestlé Nigeria Plc. donated an additional fifteen million Naira to the University of Agriculture, Abeokuta (UNAAB) to strengthen its collaboration in the Nestlé/UNAAB Soybean Popularization Project and the Farm Family Health Initiative. The projects assist farmers in south west of Nigeria by providing multiple streams of income generation activities and agribusiness as well as improving the quality of the rural farm family and promoting healthy lifestyle amongst farm families.

Nestlé Nigeria Plc also donated Nestlé MILO and Nestlé GOLDEN MORN worth two million Naira to the four branches of Little Saints Orphanage Lagos. The donation represents one year's supply. Ninety desks and seats were donated to Salvation Army Primary School, Agbara, to aid the school in ensuring reasonable

learning outcomes. Nestlé also donated some laptop and desktop computers to Idea Builders, a non-profit organisation working specifically to empower women and young people in Nigeria.

### Economic Outlook

In 2010, the growth of the economy will be driven mainly by increased output of oil after the low levels of 2009. Despite the challenges of Nigerian economic environment, Nestlé believes that it will once again be one of its industry's fastest growing companies in Nigeria in 2010. The management team and all our people have been, and remain, wholly focused on managing the business and winning in the market-place, on delivering our strategic plan and meeting our financial objectives for 2010.

I thank you for your attention.

**Chief Olusegun Osunkeye, OON**  
Chairman

Nestlé Nigeria Plc  
19 February 2010

“Construction work is progressing steadily at our new manufacturing complex in Sagamu, Ogun State. You would recall that in 2008 our company took a bold step in expanding our manufacturing operations in Nigeria.”



# Nestlé Nigeria Corporate Governance Report 2009

## Background

The priority of Nestlé Nigeria Plc 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 therefore is working to achieve the best possible implementation of good Corporate Governance.

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

Nestlé Corporate Governance Principles

Nestlé Nigeria Plc 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 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.

These reflect and highlight our ongoing commitment to ensure the highest level of responsible corporate conduct in all facets of our Company's activities and operations.



**Good Corporate  
Governance is a  
critical factor in  
achieving business  
success**

# Nestlé Nigeria Corporate Governance Report 2009

(continued)

## Local Legislations and International Recommendations

### Nestlé:

- complies with all applicable laws and regulations;
- 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;
- 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;
- generally 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).
- 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.
- ensures that all taxes are promptly and regularly remitted to the three tiers of government: federal, state and local authorities.
- complies with the provisions of the Code of Corporate Governance in Nigeria issued in 2003 by the Securities and Exchange Commission and the Corporate Affairs Commission. Also, Nestlé Nigeria 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.



# Nestlé Nigeria Corporate Governance Report 2009

(continued)

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 at when necessary.

## Future Relations with Shareholders

We are committed to sustaining the very good relations our Company has with its shareholders through well established cycle of communication based on the Company's financial reporting calendar. The Company would 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.

## Transparency in Financial Reporting and Internal Control

Nestlé produces 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. It is responsible for the overall supervision of the Company.

## The Board performs the following key functions:

- 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;
- The determination of accounting and financial control principles, as well as principles of financial planning;
- The appointment and removal of the Chairman and of the Committee members;
- The ultimate supervision by the Chairman with respect to compliance with the law, the Articles of Association,

# Nestlé Nigeria Corporate Governance Report 2009

(continued)

Board Regulations and instructions given from time to time;

. The discussion and approval of:

- corporate governance principles of the Company
- the review of and recommendations of reports submitted to the Board
- any significant policy issue dealing with the Company's general structure or with financial, commercial and industrial policy

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.

## Time of first election and when due for re-election

Name	First election	Due for re-election
Olusegun Osunkeye	01/01/1973	27/04/2010
Martin Woolnough	01/04/2008	N/A (not subject to re-election)
David Ifezulike	22/12/2000	2011
Fiama Mshelia	23/03/2001	27/04/2010
Etienne Benet	14/02/2008	27/04/2010
Martin Kruegel	14/11/2008	2011
John Reed	14/11/2008	N/A (resigned on 19/02/2010)
Wilbart De Wit	07/08/2008	N/A (resigned on 30/07/2009)
Frederic Duranton	14/08/2009	27/04/2010
Iquo Ukoh	19/02/2010	27/04/2010

## Allocation of tasks within the Board of Directors

### 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 following Directors served on the committee in 2009.

Etienne Benet

Wilbart De Wit                      Resigned on 30/07/2009

Frederic Duranton                      Appointed on 14/08/2009

Martin Kruegel



# Nestlé Nigeria Corporate Governance Report 2009

(continued)

## 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 in review.

The list of members of the Committee is contained on page 2 of this document.

The following Directors served on the committee in 2009.

Fiamma Mshelia

Martin Kruegel

Wilbart De Wit

Resigned on 30/07/2009

Frederic Duranton

Appointed on 14/08/2009

## 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 members of the Committee are:**

John Reed

David Ifezulike

Fiamma Mshelia

## Work methods of the Board of Directors and its Committees

The Board meets as often as necessary and on notice by the Chairman.

The following meetings were held in 2009:

- |  |         |
|--|---------|
| - Board of Directors   | 4 times |
| - Audit Committee  | 3 times |
| - Remuneration Committee   | 2 times |
| - Safety, Health and Environment Committee (inaugurated in 2009) | Once    |

## 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 account and CSCS numbers.

## Auditors

The Company's auditors are KPMG Professional Services.



**MAGGI®**

**MIX'PY™**

*Bring rhythm to your cooking*

## Give your Cooking a rich Flavour

MAGGI's New Seasoning Powder is  
easy and fun to use. It gives a delicious  
taste and exciting aroma to your meals.



**Real Star, Real MAGGI®, Real Woman**





Nestlé Golden Morn now comes in a new pack and still has the same great taste. It contains healthy wholegrain and soya which promotes good health as part of a balanced diet. It is a **good source** of **energy, protein, calcium and dietary fibre** so provides **round-the-clock nutrition**. Nestlé Golden Morn can be enjoyed with either water or milk and some sugar to taste. It can be eaten by all the family **anytime** and **anywhere** either as a full meal or a snack. So, **pick a pack today!**

**Nestlé GOLDEN MORN**  
Highly nutritious, simply delicious.

on (French)

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his career with  
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July 2009. He  
non-executive  
s Plc on 14

**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. 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 before his present appointment as the Finance and Control Director of Nestlé Nigeria Plc on 14 November 2008.

**6 Mr. John Reed (British)**

is the Factory Manager of Nestlé Nigeria Plc. He holds a First Class degree in Food Science. Mr. Reed started his career in Nestlé in 1990 and has worked in Nestlé for 19 years in the capacities of Production Manager in Indonesia, Manufacturing Advisor in Switzerland and Factory Manager in Côte d'Ivoire. He was appointed the Factory Manager for Nestlé Nigeria Plc in 2005. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 14 November 2008.

**7 Mr. David Ifezulike**

is a non-executive  
Company. He holds  
degree in Petrol  
worked for Nestlé  
various capacities  
Nigeria, Ghana and  
Ifezulike was on the  
programme as the  
Nestlé Ghana between  
April 2003. He retired  
Plc as the Executive  
Development in October  
appointed to the Board  
Nestlé Nigeria Plc on





Nestlé Nigeria Plc.

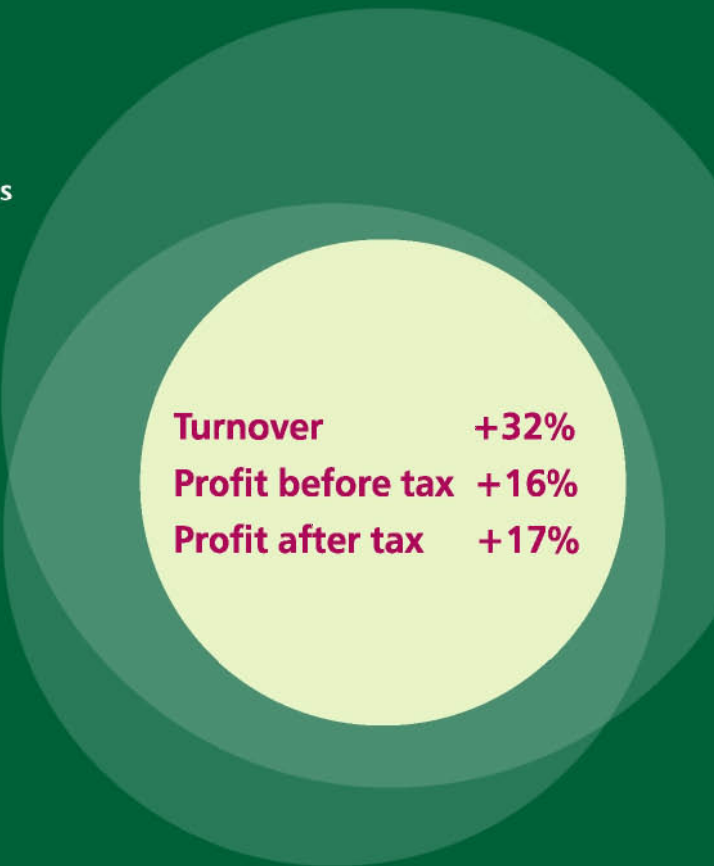
# Financial Statements-

For the year ended 31 December 2009 and

# Directors' and Auditor's Reports

## Contents

- 1 The Year at a Glance
- 2 Directors' Report
- 3 Statement of Directors Responsibilities
- 4 Independent Auditor's Report
- 5 Audit Committee Report
- 6 Statement of Accounting Policies
- 7 Profit and Loss Account
- 8 Balance Sheet
- 9 Statement of Cash Flows
- 10 Notes to the Financial Statements
- 11 Statement of Value Added
- 12 Five-Year Financial Summary



<b>Turnover</b>	<b>+32%</b>
<b>Profit before tax</b>	<b>+16%</b>
<b>Profit after tax</b>	<b>+17%</b>

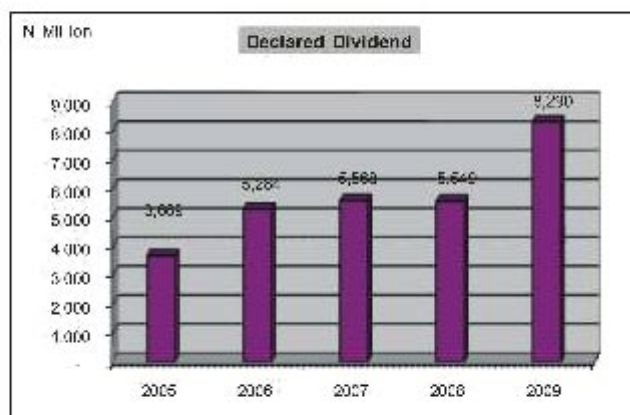
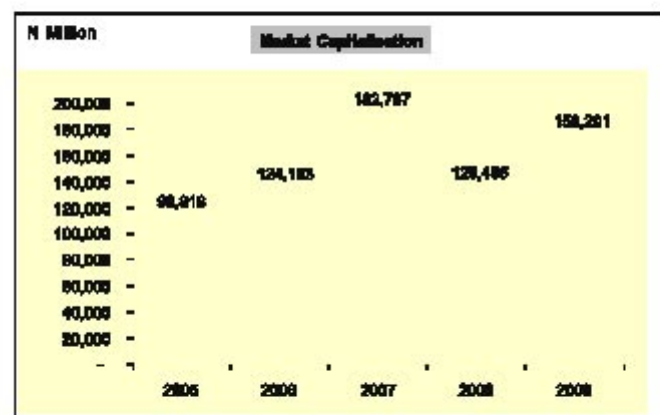
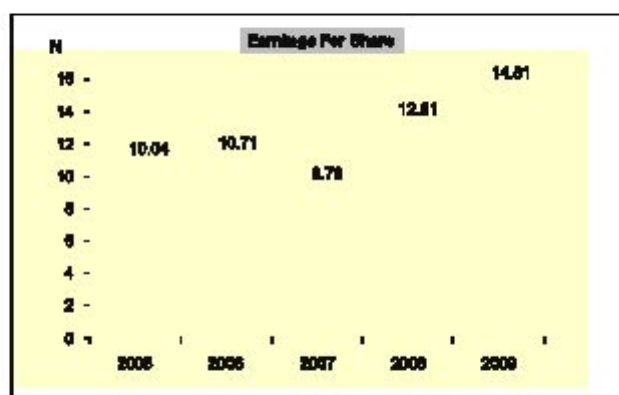
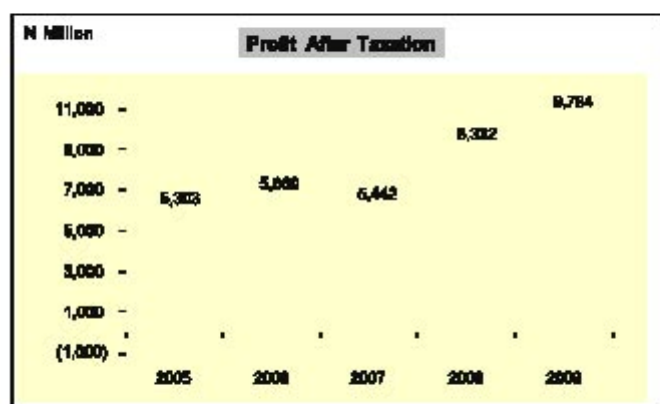
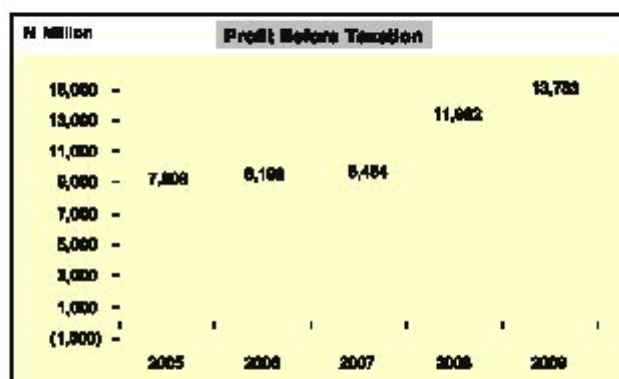
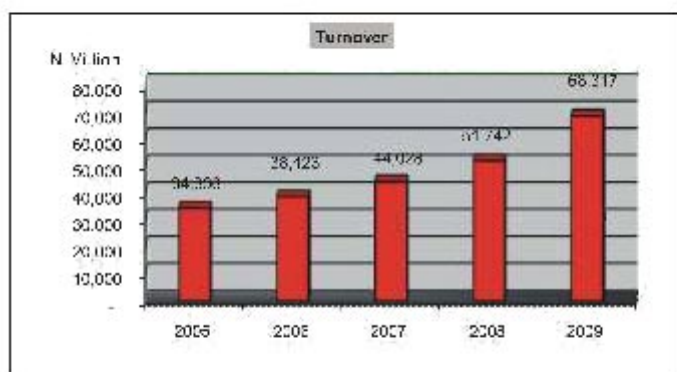
## The Year At A Glance

	2009	2008	% Increase/
	N'000	N'000	(Decrease)
Turnover	68,317,303	51,742,302	32
Profit before taxation	13,783,244	11,862,213	16
Profit after taxation	9,783,578	8,331,599	17
Interim dividend paid	1,288,066	1,288,066	0
Declared Dividend during the year*	8,289,863	5,548,594	49
Proposed final dividend	7,001,797	7,001,797	0
Share capital	330,273	330,273	0
Shareholders' funds	10,543,935	9,031,240	17
<b>Per 50k Share Data</b>			
Earnings per share	N 14.81	N 12.61	
Dividend per share			
- Interim Dividend	N 1.95	N 1.95	
- Proposed final dividend	N 10.60	N 10.60	
- Declared dividend per share*	N 12.55	N 8.40	
Net assets per share	N 15.96	N 13.67	
Stock exchange quotation at 31 December	N239.50	N191.44	
Market capitalization at 31 December (N: million)	158,201	126,455	

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



## Performance Indicators



# Directors' Report

For the year ended 31 December 2009

## 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 2009.

## 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 and the manufacture of hydrolysed plant protein mix for Maggi cubes and other food products.

## 3. Operating Results

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

	2009	2008
	N'000	N'000
Turnover	68,317,303	51,742,302
Operating profit	15,732,203	11,903,627
Profit before tax	13,783,244	11,862,213
Profit after tax	9,783,578	8,331,599
Retained earnings, end of year	9,994,909	8,482,214

## 4. Dividend

The directors recommend the payment of a final dividend of ₦10.60 (2008: ₦10.60) per share, having earlier declared and paid an interim dividend of ₦1.95 (2008: ₦1.95) per share, on the issued share capital of 660,546,875 (2008: 660,546,875) ordinary shares of 50k each totaling ₦12.55 (2008: ₦12.55). Withholding tax at the applicable rate will be deducted at the time of payment.



## Directors' Report

For the year ended 31 December 2009

### 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	
		2009	2008
Chief Olusegun Osunkeye	- Chairman	300,000	300,000
Mr. Martin Woolnough (Australian)	- MD/CEO	Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Mr. Etienne Benet (French)		Nil	Nil
Mr. John Reed (British)		Nil	Nil
Mr. Wilbart De Wit (Dutch)		Nil	Nil
Mr. Frederic Duranton (French)		Nil	Nil
Mr. David Ifezulike		63,546	63,546
Dr. Fiama Mshelia		3,125	3,125
Mrs. Iquo Ukoh		31,250	31,250

- (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) Mr. Wilbart De Wit, who joined the Board on 7 August 2008 resigned his appointment on 30 July 2009 and Mr. Frederic Duranton was appointed to replace him with effect from 14 August 2009. Also, Mr. John Reed, who joined the Board on 14 November 2008 resigned his appointment on 19 February 2010 and Mrs. Iquo Ukoh was appointed to replace him with effect from 19 February 2010.
- (d) In accordance with Section 249(2) of the Companies and Allied Matters Act of Nigeria and Article 98(2) of the Articles of Association of the Company, Mr. Frederic Duranton and Mrs. Iquo Ukoh will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.
- (e) Chief Olusegun Osunkeye, Mr. Etienne Benet and Dr. Fiama Mshelia will retire by rotation, and being eligible, offer themselves for re-election.

## Directors' Report

For the year ended 31 December 2009

### 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 2009 is available at the Annual General Meeting for inspection.

### 7. Analysis of Shareholdings

Shareholding Between			Number of		Number of	
			shareholders	%	shares	%
1	-	100	3,291	10.49	172,455	0.03
101	-	500	9,611	30.64	2,555,294	0.39
501	-	1,000	4,804	15.31	3,581,444	0.54
1,001	-	2,500	6,049	19.28	10,016,792	1.52
2,501	-	5,000	3,215	10.25	11,732,454	1.77
5,001	-	7,500	1,263	4.03	7,766,213	1.17
7,501	-	10,000	800	2.55	6,926,558	1.05
10,001	-	100,000	2,062	6.57	53,471,843	8.10
100,001	-	1,000,000	246	0.79	67,454,444	10.21
1,000,001		and above	25	0.08	85,340,068	12.92
			31,366	99.99	249,017,565	37.70
Nestlé CWA Limited, Ghana			1	0.005	390,590,269	59.13
Nestlé S.A. Switzerland			1	0.005	20,939,041	3.17
			31,368	100.00	660,546,875	100.00

Apart from Nestlé CWA Limited, Ghana, with 390,590,269 ordinary shares (representing 59.13%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2009.

### 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 ₦18,436,555 (2008: ₦6,279,800) to the following institutions and organisations during the year:

	2009 N'000
University of Agriculture (UNAAB) Abeokuta	15,291,555
Little Saints Orphanage (Products)	2,000,000
Bullet proof vest for Ilupeju police station	945,000
Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN)	200,000
	18,436,555

## Directors' Report

For the year ended 31 December 2009

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 pages 77 to 78 of the financial statements.

**13. Suppliers**

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

**14. General License Agreement**

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

**15. Acquisition of Own Shares**

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



## Directors' Report

For the year ended 31 December 2009

### 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 16 (2008: 18) physically challenged persons in its employment as at 31 December 2009.

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 Nestlé Group International CARE audit, charged with the responsibility of ascertaining compliance, assessment of human resources, occupational health and safety, environment and business integrity carried out a CARE audit of Nestlé Nigeria Plc in July 2009. At the end of the audit exercise, the CARE auditors expressed satisfaction with the level of compliance by the Company with respect to areas within the scope of its mandate.

The use of safety shoes, goggles, earmuffs, etc is enforced in compliance with the Factories Act, 1990. The Company carries out safety and fire drills regularly. There is a written Safety Policy supported by systems and procedures for ensuring that safe working practices are followed in the performance of all functions. The Company has a corporate Safety Officer that monitors and guides compliance with safety regulations. In the event of accidents occurring in the work place, there are adequate provisions for medical care.

The Company operates its own clinics which provide quick health care to its employees. In addition, the Company retains a number of registered private hospitals run by qualified medical doctors to whom

## Directors' Report

For the year ended 31 December 2009

serious cases of illness are referred for treatment.

Lunch is provided free to staff in the Company's canteen.

The Company caters for the recreational needs of its employees by providing them with games facilities such as Table Tennis, Draughts, etc.

(c) **Employees involvement and training:**

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

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

Circulars and newsletters on significant corporate issues are published. In order to further facilitate the exchange of information, a house journal, 'Nestlé News' is published 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 organization.

17. **Remuneration Committee**

The remuneration committee, which consists of three Directors namely Messrs Etienne Benet, Frederic Duranton and Martin Kruegel, were appointed by the Board of Directors to submit recommendations on the salaries of Executive Directors to the Board for approval.

Mr Frederic Duranton was appointed on 14 August 2009 to replace Mr Wilbart De Wit who resigned his appointment as a Director on 30 July 2009.

18. **Audit Committee**

In accordance with section 359(4) of the Companies and Allied Matters Act of Nigeria, members of the audit committee of the Company were elected at the Annual General Meeting held on 28 April 2009. Members that served on the audit committee during the year comprise:



## Directors' Report

For the year ended 31 December 2009

Otunba Thomas Adebayo	- Chairman	Shareholder
Alhaji Kamorudeen Danjuma		Shareholder
Mr. Christopher Nwaguru		Shareholder
Dr. Fiama Mshelia		Director
Mr. Wilbart De Wit (Dutch)	(Resigned 30/07/2009)	Director
Mr. Fredric Duranton (French)	(Appointed 14/08/2009)	Director
Mr. Martin Kruegel (German)		Director

### 19. Safety, Health and Environment Committee

During 2009, the Board established the 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 members of the Committee are Mr. John Reed, Mr. David Ifezulike and Dr. Fiama Mshelia.

### 20. Auditors

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

#### BY ORDER OF THE BOARD

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

Date: 19 February 2010



## Statement of Directors' Responsibilities

For the year ended 31 December 2009

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position of the Company at the end of the financial period and of the operating results for the year then ended.

The responsibilities include ensuring that:

- i. the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act of Nigeria;
- ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- iii. the Company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- iv. it is appropriate for the financial statements to be prepared on a going concern basis.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with Nigerian Statements of Accounting Standards and the requirements of the Companies and Allied Matters Act of Nigeria.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company and of its operating results.

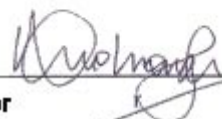
The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Director  
19 February 2010



Director  
19 February 2010



# Independent Auditor's Report

To the Members of Nestlé Nigeria Plc



KPMG Professional Services  
22A Gerrard Road, Ikeja  
P.M.B 40014, Folorunso  
Lagos, Nigeria.

Telephone 234 (1) 271 8955  
Fax 234 (1) 462 0704  
Internet [www.ng.kpmg.com](http://www.ng.kpmg.com)

## Report on the Financial Statements

We have audited the accompanying financial statements of Nestlé Nigeria Plc ("the Company") which comprise the balance sheet as at 31 December 2009, the profit and loss account, statement of cash flows and value added statement for the year then ended, the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 34 to 52.

## Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

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

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

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

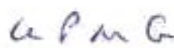
## Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Nestlé Nigeria Plc as at 31 December 2009 and of the Company's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

## Report on Other Legal and Regulatory Requirements

### Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and Company's balance sheet and profit and loss account are in agreement with the books of accounts.

  
19 February 2010  
Lagos, Nigeria

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Cooperative, all Rights reserved  
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Adeyemi D. Sani  
Adedun R. Adeniji  
Chikara M. Ayinla  
Oluwalan O. Oluwalan  
Oluwalan O. Oluwalan  
Oluwalan O. Oluwalan  
Oluwalan O. Oluwalan

Geoffrey C. Odi  
Oluwalan O. Oluwalan  
Victor Oluwalan  
Adedun R. Adeniji  
Ayoola H. Oluwalan  
Joseph O. Oluwalan  
Oluwalan O. Oluwalan



## Audit Committee Report

For the year ended 31 December 2009

22-24, Industrial Avenue, Ilupeju  
P.M.B. 21164, Ikeja, Nigeria.  
Telephone: 01-4934131-5, 4934080-4,  
4934105-9, 4978720-4.  
Fax: 01-496 3033.


### REPORT TO THE MEMBERS OF NESTLE NIGERIA PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors' Report for the year ended 31 December 2009. 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 19<sup>th</sup> day of February, 2010.  
Lagos, Nigeria.



Otunba T. B. Adebayo  
Chairman, Audit Committee.

#### Members:

Otunba T. B. Adebayo (Chairman), Mr. M. Kruegel, Mr. F. Duranton, Dr. E. B. Mshella, Alh. K. A. Danjuma, Mr. C. Nwaguru



Nestlé

Good Food, Good Life



**Audit Committee Members:**

1. Otunba Thomas Adabayo - *Chairman* 2. Mr. Frederic Dumontin (*French*) 3. Alhaji Kamoruadeen Danjuma 4. Dr. Rama Mshella 5. Mr. Christopher Nwaguru 6. Mr. Martin Kuegel (*German*)



## Statement of Accounting Policies

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

(a) **Basis of Accounting**

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

(b) **Turnover**

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

(c) **Fixed Assets**

Fixed assets are stated at cost or valuation less accumulated depreciation. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing costs continues up to the date that the assets are capable of producing. Fixed assets under construction are disclosed as capital work-in-progress. Depreciation is provided at rates calculated to write off the gross value, less estimated residual value, of each asset on a straight line basis over their estimated useful life as follows:

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

Costs relating to fixed assets under construction or in process of installation are disclosed as capital work-in-progress. The attributable cost of each asset is transferred to the relevant category immediately the asset is ready for use and depreciated accordingly.

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

(d) **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, engineering spares 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	- average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
Goods-in-transit	- Purchase cost incurred to date

# Statement of Accounting Policies

(continued)

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

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

(e) **Debtors**

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

(f) **Provisions**

A provision is recognised only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(g) **Segment Reporting**

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(h) **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded in Naira at 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.

(i) **Income Tax**

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

(j) **Deferred taxation**

Deferred taxation, which arises from differences in the timing of recognition of items, in the financial statements and by the tax authorities, is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal. A deferred tax asset recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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)

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

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

i. **Gratuity Scheme:**

Employee entitlements are calculated based on their actual salaries and paid over to NNTL each month.

ii. **Pension Fund Scheme:**

In line with the provisions of the Pension Reform Act 2004, the Company instituted a defined contribution pension scheme for its entire Nigerian staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account.

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

Long service awards accrue to employees based on graduated periods of uninterrupted service. These awards are accrued over the service life of employees. Provision is made based on independent actuarial valuation performed on the projected unit credit basis. Actuarial gains or losses arising are charged to the profit and loss account.

(m) **Unclaimed Dividend**

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

(n) **Revaluation Reserve**

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

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

(o) **Cash and cash equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances and short term investments in money market instruments.

(p) **Impairment**

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

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



## Profit and Loss Account

For the year ended 31 December 2009

	Notes	2009	2008
		N'000	N'000
<b>TURNOVER</b>	1	68,317,303	51,742,302
Cost of sales		(39,956,777)	(31,300,680)
<b>GROSS PROFIT</b>		<u>28,360,526</u>	<u>20,441,622</u>
Marketing and distribution expenses		(9,389,285)	(6,058,720)
Administrative expenses		(3,239,038)	(2,479,275)
<b>OPERATING PROFIT</b>		<u>15,732,203</u>	<u>11,903,627</u>
Finance income		96,598	26,024
Finance costs		(2,045,557)	(67,438)
<b>PROFIT BEFORE TAXATION</b>	2	<u>13,783,244</u>	<u>11,862,213</u>
Taxation	3	(3,999,666)	(3,530,614)
<b>PROFIT AFTER TAXATION</b>		<u>9,783,578</u>	<u>8,331,599</u>
<b>APPROPRIATIONS</b>			
Interim dividend declared		1,288,066	1,288,066
Transfer to retained earnings	6	8,495,512	7,043,533
		<u>9,783,578</u>	<u>8,331,599</u>
<b>Earnings per share</b>	5	<u>N14.81</u>	<u>N12.61</u>
<b>Declared dividend per share</b>	5	<u>N12.55</u>	<u>N 8.40</u>

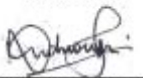
The accounting policies on pages 34 to 36 and notes on pages 40 to 50 form an integral part of these financial statements.

## Balance Sheet

As at 31 December 2009

	Notes	2009 N000	2008 N000
<b>FIXED ASSETS</b>	<b>7</b>	<b>25,404,616</b>	<b>13,817,348</b>
<b>CURRENT ASSETS:</b>			
Stocks	8	10,697,567	6,415,165
Debtors and prepayments	9	3,402,510	4,304,928
Advance payments to contractors		2,127,409	-
Amounts due from related companies		27,536	122,627
Foreign currencies purchased for imports		826,792	856,351
Bank balances and cash in hand		1,763,942	3,643,133
<b>TOTAL ASSETS</b>		<b>44,250,372</b>	<b>29,159,552</b>
<b>CAPITAL AND RESERVES:</b>			
Share capital	10	330,273	330,273
Share premium		32,262	32,262
Revaluation reserve	11	186,491	186,491
Retained earnings	6	9,994,909	8,482,214
<b>Shareholders' funds</b>		<b>10,543,935</b>	<b>9,031,240</b>
<b>CURRENT LIABILITIES</b>			
Trade creditors		3,123,137	3,001,440
Other creditors and accruals		1,184,943	1,831,059
Taxation	3	4,661,984	1,982,067
Dividend payable	4	1,200,595	583,920
Amounts due to related companies	12	5,840,309	3,695,131
Loan	16	3,000,000	-
<b>LONG-TERM LIABILITIES</b>			
Inter-company loan	15	11,921,190	5,980,438
Deferred taxation	13	2,103,233	2,606,588
Provision for long term employee benefits	14	671,046	447,669
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44,250,372</b>	<b>29,159,552</b>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

	Directors
Chairman	
	
Managing Director	

These financial statements were approved by the Board of Directors on 19 February 2010.  
The accounting policies on pages 34 to 36 and notes on pages 40 to 50 form an integral part of these financial statements.

# Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 N'000	2008 N'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating profit before working capital changes	18	17,577,981	13,818,876
Working capital changes	19	(3,761,984)	31,070
Income tax paid	3	(1,823,104)	(2,485,018)
Gratuity/Long service award paid	14	(72,804)	(5,788,707)
<b>Net cash inflow from operating activities</b>		<b>11,920,089</b>	<b>5,576,221</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of fixed assets		(13,182,037)	(4,677,329)
Proceeds from sale of fixed assets		45,172	18,118
Finance income		96,598	26,024
<b>Net cash outflow from investing activities</b>		<b>(13,040,267)</b>	<b>(4,633,187)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividend paid, net	4	(7,654,208)	(5,548,594)
Finance costs		(457,040)	(67,438)
Loan received	15	7,352,235	5,980,438
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(759,013)</b>	<b>364,406</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,879,191)</b>	<b>1,307,440</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>		<b>3,643,133</b>	<b>2,335,693</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>		<b>1,763,942</b>	<b>3,643,133</b>

The accounting policies on pages 34 to 36 and notes on pages 40 to 50 form an integral part of these financial statements.



# Notes to the Financial Statements

For the year ended 31 December 2009

## 1. Turnover

Turnover, which comprises entirely of domestic sales, represents the invoiced value of goods sold to external customers, net of returns and value added tax.

## 2. Profit Before Taxation

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

	2009	2008
	N'000	N'000
Depreciation	1,565,267	1,264,737
Staff costs (Note (b))	8,272,085	7,041,453
Auditors' remuneration	23,000	20,500
Directors' remuneration	83,747	68,778
Loss/(gain) on foreign exchange transactions	1,564,357*	(126,285)
General license fees	2,514,077	1,903,532
(Profit)/loss on disposal of fixed assets	(15,670)	13,078

(b) Staff costs and directors remuneration

i. Employees costs during the year amounted to:

	2009	2008
	N'000	N'000
Salaries and wages	3,500,561	2,800,420
Welfare and end of service benefits	4,771,524	4,241,033
	8,272,085	7,041,453

\* Included in the loss on foreign exchange transactions is an amount of N1,588,517,000 which relates to exchange losses on foreign currency denominated loans, which forms part of finance costs.

ii. Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

	2009	2008
N	Number	Number
0 - 400,000	1	4
400,001 - 600,000	-	27
600,001 - 800,000	181	453
800,001 - 1,000,000	706	387
1,000,001 - 1,200,000	234	143
1,200,001 - 1,400,000	174	245
1,400,001 - 1,600,000	213	156
1,600,001 - 1,800,000	162	89
1,800,001 - 2,000,000	72	47
2,000,001 - 2,500,000	93	64
2,500,001 - 3,000,000	36	28
3,000,001 - 3,500,000	30	29
3,500,001 - 4,000,000	35	18
4,000,001 - 4,500,000	17	10
4,500,001 - 5,000,000	8	13
5,000,001 and above	76	65
	2,038	1,778

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

iii. The number of full-time persons employed as at 31 December 2009 was as follows:

	2009	2008
	Number	Number
Production	1,640	1,402
Supply Chain	106	96
Sales and Marketing	172	164
Administration	120	116
	<u>2,038</u>	<u>1,778</u>

iv. Remuneration paid to directors of the Company was follows:

	2009	2008
	N'000	N'000
Fees:		
– Non- executive directors	1,160	1,160
– Executive directors	82,587	67,618
	<u>83,747</u>	<u>68,778</u>

The directors' remuneration shown above includes:

	2009	2008
	N'000	N'000
Chairman	700	690
Highest paid director	<u>30,611</u>	<u>29,692*</u>

Other directors received emoluments in the following ranges:

		2009	2008
		Number	Number
N	N		
Nil		3	4
10,001	- 2,000,000	2	4
9,000,001	- 15,000,000	0	1
15,000,001	- 25,000,000	1	1
25,000,001	- 32,000,000	1	1
		<u>7</u>	<u>11</u>

\* This amount covers only the proportionate period worked during the year.

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

## 3. Taxation

(a) The tax charge for the year comprises:

	2009	2008
	N'000	N'000
Income tax	4,158,050	1,942,341
Education tax	344,971	161,746
	<u>4,503,021</u>	<u>2,104,087</u>
Deferred taxation (Note 13)	(503,355)	1,426,527
	<u>3,999,666</u>	<u>3,530,614</u>

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

	2009	2008
	N'000	N'000
Balance, beginning of year	1,982,067	2,362,998
Current year charge (Note (a))	4,503,021	2,104,087
Payments during the year	(1,823,104)	(2,485,018)
	<u>4,661,984</u>	<u>1,982,067</u>

## 4. Dividend

(a) Dividend declared:

	2009	2008
	N'000	N'000
Final dividend proposed for the preceding year but declared and paid in current year	7,001,797	4,260,528
Interim dividend declared and paid in current year	1,288,066	1,288,066
	<u>8,289,863</u>	<u>5,548,594</u>



# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

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

	2009	2008
	N'000	N'000
Balance, beginning of year	583,920	595,634
Final dividend declared (Note (a))	7,001,797	4,260,528
Interim dividend declared (Note (a))	1,288,066	1,288,066
Unclaimed dividends returned	635,655	-
Unclaimed dividends written back	(18,980)	(11,714)
Payments during the year	(8,289,863)	(5,548,594)
Balance, end of year	1,200,595	583,920

(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 N436,887,687 (2008: N730,195,266) were held by the Registrars at the year end.

## 5. Earnings and Dividend per share

Earnings and dividend per share are based on profit after taxation for the year of N9,783,578,000 (2008: N8,331,599,000) and declared dividends of N8,289,863,000 (2008: N5,548,594,000) respectively and on 660,546,875 (2008: 660,546,875) ordinary shares.

## 6. Retained Earnings

The movement in retained earnings was as follows:

	2009	2008
	N'000	N'000
Balance, beginning of year	8,482,214	5,687,495
Transfer from profit and loss account	8,495,512	7,043,533
Final dividend declared (Note 4 (a))	(7,001,797)	(4,260,528)
Unclaimed dividend written back (Note 4 (b))	18,980	11,714
Balance, end of year	9,994,909	8,482,214

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

## 7. Fixed Assets

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

	Leasehold					Capital	
	Land &	Plant &	Motor	Furniture	IT Equipment	Work-in	
	Building	Machinery	Vehicles	& Fittings	& Software	Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>COST/VALUATION:</b>							
At 1 Jan., 2009	2,830,468	11,636,842	757,875	1,377,727	1,013,431	2,176,461	19,792,804
Additions	324,975	1,922,565	52,608	176,003	36,959	10,668,927	13,182,037
Transfers	80,404	252,154	16,540	98,037	976	(448,111)	-
Disposals	(473)	(88,524)	(167,296)	(28,591)	(2,021)	-	(286,905)
At 31 Dec., 2009	3,235,374	13,723,037	659,727	1,623,176	1,049,345	12,397,277	32,687,936
<b>ACCUMULATED DEPRECIATION:</b>							
At 1 Jan., 2009	649,889	3,678,403	404,505	793,738	448,921	-	5,975,456
Charge for the year	108,818	937,383	118,083	225,179	175,804	-	1,565,267
Disposals	(268)	(81,075)	(153,060)	(21,361)	(1,639)	-	(257,403)
At 31 Dec., 2009	758,439	4,534,711	369,528	997,556	623,086	-	7,283,320
<b>NET BOOK VALUE:</b>							
At 31 Dec., 2009	2,476,935	9,188,326	290,199	625,620	426,259	12,397,277	25,404,616
At 31 Dec., 2008	2,180,579	7,958,439	353,370	583,989	564,510	2,176,461	13,817,348

(b) Included in capital work in progress are equipment in transit and capitalized finance costs of N319,472,000 and N314,472,000 respectively.

(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. Subsequent additions to fixed assets have been stated at cost.

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

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

	2009	2008
	N'000	N'000
Buildings	11,387	12,203
Plant and Machinery	1	1
	<u>11,388</u>	<u>12,204</u>

(e) Capital commitments comprise:

	2009	2008
	N'000	N'000
Contracted	6,311,059	2,996,173
Authorised but not contracted	12,935,215	9,841,131
	<u>19,246,274</u>	<u>12,837,304</u>

## 8. Stocks

	2009	2008
	N'000	N'000
Raw and packaging materials	4,954,112	2,417,593
Products-in-process	313,928	134,609
Finished goods	2,815,066	1,361,933
Goods-in-transit	2,002,451	2,104,334
Engineering spares	612,010	396,696
	<u>10,697,567</u>	<u>6,415,165</u>

## 9. Debtors and Prepayments

	2009	2008
	N'000	N'000
Trade receivables	1,951,039	3,118,863
Staff loans and advances	702,631	651,916
Other receivables	110,135	86,152
Prepayments	638,705	447,997
	<u>3,402,510</u>	<u>4,304,928</u>



# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

## 10. Share Capital

The movement in the share capital account was as follows:

	2009	2008
	N'000	N'000
(a) Authorised: 660,546,875 (2008: 660,546,875) Ordinary shares of 50k each	<u>330,273</u>	<u>330,273</u>
(b) Allotted, called-up and fully paid: 660,546,875 (2008: 660,546,875) ordinary shares of 50k each	<u>330,273</u>	<u>330,273</u>

## 11. Revaluation Reserve

	2009	2008
	N'000	N'000
Balance, end of year	<u>186,491</u>	<u>186,491</u>

## 12. 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. for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A.

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

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

	2009	2008
	N'000	N'000
Nestlé Cote D'Ivoire Plc	693,828	942,498
Nestlé Ghana Limited	145,401	300,508
Nestlé World Trade Corporation Limited	3,855,393	1,774,600
Nestlé Globe Centre AOA	262,243	83,383
Nestlé Nederland	306,742	162,482
Nestlé France Limited	132,153	28,304
Nestlé Singapore	-	29,055
Nestlé Malaysia	133,562	41,863
Nestlé Deutschland	6,516	18,380
Nestec S.A.	31,417	11,477
Societe Des Produits Nestlé S.A.	194,265	290,628
Others	78,789	11,953
	<u>5,840,309</u>	<u>3,695,131</u>

## 13. Deferred Taxation

The movement on the deferred tax account was as follows:

	2009	2008
	N'000	N'000
Balance, beginning of year	2,606,588	1,180,061
Charged to profit and loss account (Note 3 (a))	(503,355)	1,426,527
Balance, end of year	<u>2,103,233</u>	<u>2,606,588</u>

## 14. Provision for Other Long-term Employee Benefits

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

	2009	2008
	N'000	N'000
Balance, beginning of year	447,669	5,598,942
Charged to profit and loss	296,181	637,434
Payments during the year	(72,804)	(5,788,707)
Balance, end of year	<u>671,046</u>	<u>447,669</u>

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

## 15. Inter-Company Loan

Two loan facilities of US \$54million and US \$40million were made available to the Company in the prior year by Nestlé Treasury Centre – Middle East & Africa Limited, a Nestlé Group Company based in Dubai for general corporate purposes. Both loans have tenures of 7 years (inclusive of a moratorium period of 2 years) 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. At the year end, the total balance outstanding on these loans amounted to ₦11,921,190,000

## 16. Loan

A loan facility of ₦3,000 million was made available to the Company by one of its bankers during the year. This facility, which is unsecured, has a tenure of 12 months and attracts interest at 17% per annum.

## 17. Nestlé Nigeria Trust (CPFA) Limited

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

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

## 18. Profit Before Working Capital Changes

	2009	2008
	₦'000	₦'000
Profit after tax	9,783,578	8,331,599
Add back:		
- Taxation	3,999,666	3,530,614
- Finance costs, net	1,948,959	41,414
	<u>15,732,203</u>	<u>11,903,627</u>
Adjustment for items not involving the movement of cash:		
- depreciation	1,565,267	1,264,737
- Profit/Loss on disposal of fixed assets	(15,670)	13,078
- Provision for gratuity and other long term employee benefits	296,181	637,434
	<u><u>17,577,981</u></u>	<u><u>13,818,876</u></u>



# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

## 19. Working Capital Changes

	2009	2008
	₦'000	₦'000
Increase in stocks	(4,282,402)	(1,189,336)
Increase in debtors, prepayments and advance payments	(1,224,991)	(2,005,855)
Decrease in amounts due from related companies	95,091	161,387
Decrease/(increase) in foreign currencies purchased for imports	29,559	(184,592)
Increase in trade creditors	121,697	606,806
(Decrease)/increase in other creditors and accruals	(646,116)	713,842
Increase in amounts due to related companies	2,145,178	1,928,818
	<u>(3,761,984)</u>	<u>31,070</u>

## 20. Guarantees and Other Financial Commitments

### (a) Litigation

The Company is engaged in lawsuits that have arisen in the normal course of business. 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) Contingent Liabilities

No provision has been made in the financial statements for potential capital gains tax liabilities of ₦18,649,100 (2008: ₦18,649,100) that would arise should the revalued fixed assets referred to in Note 7 be disposed off at their enhanced values. However, it is not the directors' present intention to sell these assets.

### (c) 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.

## 21. 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 2009 that have not adequately been provided for or disclosed in these financial statements.

## 22. Comparative Figures

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

## 23. Segment Reporting

Nigeria is the Company's primary geographical segment as the Company's operations are entirely carried out in Nigeria. As at 31 December 2009, Nestlé Nigeria Plc's operations comprised two business segments namely: Food and Beverages. The segments are made up of the following:

# Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

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

## (a) Segment Profit and loss accounts

	Food		Beverages		Unallocated		Total	
	2009 N '000	2008 N'000	2009 N '000	2008 N'000	2009 N '000	2008 N'000	2009 N '000	2008 N'000
Turnover	42,275,943	31,736,310	26,041,360	20,005,992			68,317,303	51,742,302
Depreciation	1,025,384	919,146	539,883	345,591			1,565,267	1,264,737
Interest and other Income					(1,948,959)	(41,414)	(1,948,959)	(41,414)
Profit before tax	11,440,792	7,716,796	4,291,411	4,186,813	(1,948,959)	(41,414)	13,783,244	11,862,213

## (b) Segment Balance sheet

	Food		Beverages		Unallocated		Total	
	2009 N '000	2008 N'000	2009 N '000	2008 N'000	2009 N '000	2008 N'000	2009 N '000	2008 N'000
Fixed Assets	15,508,426	8,144,673	9,553,672	5,134,252	342,518	538,432	25,404,616	13,817,348
Current Assets	10,061,042	6,753,046	6,166,444	4,525,306	2,618,270	4,063,852	18,845,756	15,342,204
Current Liabilities	(2,671,010)	(2,565,389)	(1,637,070)	(1,617,174)	(14,702,888)	(6,911,054)	(19,010,968)	(11,093,617)
Long Term Liabilities	(416,048)	(274,579)	(254,998)	(173,090)	(14,024,423)	(8,587,026)	(14,695,469)	(9,034,695)
Net Assets/ (Liabilities)	22,482,410	12,057,751	13,828,048	7,869,294	(25,766,523)	(10,895,805)	10,543,935	9,031,240

## Statement of Value Added

For the year ended 31 December 2009

	2009	%	2008	%
	N'000		N'000	
Turnover	68,317,303		51,742,302	
Bought in goods and services:				
- Local	(27,045,122)		(18,858,239)	
- Imported	(17,291,143)		(12,674,246)	
	<u>23,981,038</u>		<u>20,209,817</u>	
Interest received	96,598		26,024	
Value added	<u>24,077,636</u>	100.0	<u>20,235,841</u>	100.0
Distribution of value added:				
To employees as salaries, wages, welfare and end of service benefits	8,272,085	34.4	7,041,453	34.8
To providers of finance:				
Shareholders as dividends - interim	1,288,066	5.3	1,288,066	6.4
Interest paid	457,040	1.9	67,438	0.3
To government as taxes	3,999,666	16.6	3,530,614	17.5
Retained in the business:				
- depreciation	1,565,267	6.5	1,264,737	6.2
- Proposed final dividend	7,001,797	29.1	7,001,797	34.6
- to augment reserves	1,493,715	6.2	41,736	0.2
	<u>24,077,636</u>	100	<u>20,235,841</u>	100.0



## Five-Year Financial Summary

	2009	2008	2007	2006	2005
	N'000	N'000	N'000	N'000	N'000
<b>FUNDS EMPLOYED</b>					
Share capital	330,273	330,273	330,273	264,219	264,219
Share premium	32,262	32,262	32,262	32,262	32,262
Fixed assets revaluation reserve	186,491	186,491	186,491	189,261	194,605
Retained earnings	9,994,909	8,482,214	5,687,495	5,874,750	5,489,226
Shareholders' funds	10,543,935	9,031,240	6,236,521	6,360,492	5,980,312
Current liabilities	19,010,968	11,093,617	8,236,796	7,325,189	7,233,743
Long term liabilities	14,695,469	9,034,695	6,779,003	5,222,534	3,661,029
	44,250,372	29,159,552	21,252,320	18,908,215	16,875,084
<b>ASSETS EMPLOYED</b>					
Fixed assets	25,404,616	13,817,348	10,435,952	7,336,015	6,183,324
Shares in subsidiary	-	-	-	-	340,000
Current assets	18,845,756	15,342,204	10,816,368	11,572,200	10,351,760
	44,250,372	29,159,552	21,252,320	18,908,215	16,875,084
<b>TURNOVER</b>	68,317,303	51,742,302	44,027,525	38,422,782	34,335,891
Profit before taxation	13,783,244	11,862,213	8,463,788	8,197,897	7,907,848
Profit after taxation	9,783,578	8,331,599	5,441,899	5,660,329	5,303,128
Declared dividend*	8,289,863	5,548,594	5,568,410	5,284,375	3,699,062
Per 50k share data (Unadjusted)					
Earnings per share	N14.81	N12.61	N 8.79	N10.71	N10.04
Declared dividend per share*	N12.55	N 8.40	N 8.99	N10.00	N 7.00
Net assets per share	N15.96	N13.67	N10.07	N12.04	N11.32

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

## Our Food Product Category



### Nestlé 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 & flavour to dishes, especially soups and local delicacies. It is available in 4g cube.

**MAGGI Chicken:** a chicken flavoured seasoning for savoury dishes. It adds a rich

chicken flavour to dishes. It is ideal for cooking dishes such as stews, jollof/fried rice, etc. It is available in 4g cube and 10g tablet.



**MAGGI Crayfish:** a crayfish flavoured seasoning for savoury dishes. It adds a distinct crayfish flavour to dishes. It is ideal for cooking pottage and local dishes. It is available in 4g cube and 10g tablet.



## MAGGI Mix'py

**MAGGI Mix'py:** a powder seasoning 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 seasonings with a mild onion flavour to enhance the aroma and taste of soups, pottages and other dishes. It is available in 6g 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 6g sachet.





## Our Food Product Category

(continued)

### Tasty Instant cereal Nestlé GOLDEN MORN

Nestlé GOLDEN MORN is a very exceptional, made in Nigeria cereal, introduced into the Nigerian Market In 1986.

- It is a delicious, highly nutritious and quality product.
- It is to be enjoyed by every member of the family.
- It is 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 very affordable and is available in:

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



### NUTREND

Nestlé NUTREND is a 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 upwards. 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 NUTREND is fortified with bio available Iron to meet the Infants Iron need. Nestlé NUTREND has a unique taste.

### Nestlé CERELAC

Nestlé CERELAC, a highly nutritious infant milk cereal provides the right start for babies when they are ready to go on cereals (i.e. start complementary feeds). Nestlé CERELAC Maize contains the essential nutrients baby requires 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 Maize, provides important nutrient, fortified with iron fumarate to ensure better iron bio-availability in the infant. The creamy milk taste of Nestlé CERELAC Maize makes babies switch easily from all milk feeds to semi-solid foods.





## Our Beverage Product Category



### Nestlé NIDO FCMP Full Cream Milk Powder

Nestlé NIDO 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" which stands for the expression of a mothers' maternal love which is symbolic to giving love, care and attention to their children and also helping to develop them in a more caring way through complete nourishment. The brand demonstrates this commitment by offering a high quality full cream milk product that is rich in protein, calcium and zinc with all the essential vitamins and minerals. Nestlé NIDO FCMP comes in 26g, 365g, 400g, 900g & 2500g.

### What is Nestlé MILO?

Nestlé MILO is a chocolate malt food drink which contains a combination of natural ingredients specially formulated to provide energy for an active lifestyle. The dynamism of the brand is demonstrated in its variety of formats which include the following:

### Nestlé Milo Powder:

Nestlé MILO exists in powder format of various sizes. It delivers wholesome nutrition with a balanced ratio of carbohydrates, protein, minerals and important vitamins (B1, B2, B5, B6, B12, & C). The unique taste and goodness of MILO remains the same whether mixed with hot water or cold water. It is the perfect day-starter at breakfast, refreshing during the day and soothing at night. It is available in 5 different sizes namely:

- a. MILO 900g (Tin)
- b. MILO 500g (Tin)



- c. MILO 500g (Sachet)
- d. MILO 200g (Sachet)
- e. MILO 15g (Single serve)



### CHOCOMILO

Chocomilo is MILO powder made available in cube format. This unique energy cube is best enjoyed when shared with family, friends, colleagues and visitors. It is available in cubes of 2.75g packaged in two formats:

- a. 100 cubes pack
- b. 30 cubes pack



### Nestlé MILO Ready-To-Drink (RTD)

MILO RTD is the goodness of MILO in liquid format; conveniently packaged in a trendy 235ml can. It provides Champions the benefit of recharging their energy requirements, anytime, anywhere.



## Our Beverage Product Category

(continued)



### Nestlé NESCAFÉ DOYPACK for a great feeling

NESCAFÉ, Coffee has long been appreciated for its mild stimulating effect on body. It helps in many ways:

- Hydration: contributes to the required daily fluid intake
- Coffee is an important source of fluid in the diet – a basic physiological need
- Mental performance: Improved awareness/alertness/mood
- Coffee/Caffeine makes you feel better
- Physical performance: Improved endurance and peak
- Coffee/Caffeine improves physical performance
- Antioxidants: protects body cells from

- oxidative damage
- Coffee is a major dietary source of antioxidants
- Antioxidants can protect from free radicals which cause cellular damage



### Nestlé PURE LIFE Spring Water. Great Value

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 150cl





Take on a healthy life style,  
drink water regularly.



**Nestlé Pure Life.**

Pure choice, for healthy hydration!



Let life flow!



## Shareholders' Information

### Ten-Year Dividend History

Year	Dividend No.	Profit After Taxation	Dividend Declared (Gross)	Dividend Per Share	Dividend Type
		(₦,000)	(₦,000)	(kobo)	
2000	31	1,605,183	634,125	150	Interim
	32		951,188	225	Final
2001	33	2,526,450	634,125	150	Interim
	34		1,691,000	400	Final
2002	35	3,179,065	1,056,875	250	Interim
	36		2,113,750	500	Final
2003	37	3,804,114	1,056,875	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	1,056,875	200	Interim
	42		4,227,500	800	Final
2006	43	5,660,329	1,056,875	200	Interim
	44		4,412,453	835	Final
2007	45	5,441,899	1,155,957	175	Interim
	46		4,260,527	645	Final
2008	47	8,331,599	1,288,067	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	10	Proposed Final

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

31 Dec.	Turnover (₦,000)	Profit Before Tax (₦,000)	Taxation (₦,000)	Profit After Tax (₦,000)
2000	10,027,714	2,224,667	619,484	1,605,183
2001	14,146,932	3,699,334	1,172,884	2,526,450
2002	19,578,894	4,683,388	1,575,996	3,174,080
2003	24,631,949	5,846,923	2,042,809	3,804,114
2004	28,461,078	6,100,281	2,264,788	3,835,493
2005	34,335,891	7,907,848	2,604,720	5,303,128
2006	38,422,782	8,197,897	2,537,568	5,660,329
2007	44,027,525	8,463,788	3,021,889	5,441,899
2008	51,742,302	11,862,213	3,530,614	8,331,599
2009	68,317,303	13,783,244	3,999,666	9,783,578



## 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 2009 is N330,273,438.

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

## Shareholders' Information

(continued)

### Unclaimed Dividend Warrants, Bonus and Rights Certificates

Since becoming a public company in 1978, Nestlé Nigeria Plc has declared forty-nine Dividends, issued nine scrips 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)
26-29	29/06/98-17/12/99	23,084,134
30	14 June 2000	8,682,831
31	27 November 2000	15,725,388
32	16 May 2001	15,573,147
33	07 December 2001	14,783,146
34	24 April 2002	23,083,758
35	25 November 2002	17,086,414
36	16 April 2003	28,694,308
37	24 November 2003	17,421,634
38	21 April, 2004	40,131,117
39	6 December 2004	20,089,062
40	27 April 2005	62,528,179
41	28 November 2005	31,852,857
42	26 April 2006	123,164,107
43	10 November 2006	29,505,510
44	25 April 2007	154,113,043
45	26 November 2007	48,780,599
46	23 April 2008	170,212,694
47	01 December 2008	63, 184,534
48	29 April 2009	474,708,740
49	07 December 2009	274,075,896
<b>Scrips</b>	<b>Date Issued</b>	
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
<b>Rights</b>		
01	09 March 1990	1 for 2

## A Vision of Nestlé in Nigeria: Creating Shared Value in Human Resources Development

Creating Shared Value is one of the Nestlé's Principles of doing business founded on the conviction that shareholders' interests and the interests of society must be aligned to achieve long-term business success.

Creating Shared Value which is integrally linked to our core business strategies and operations means going beyond sustainability to create value for shareholders and society.

One of the unique set of inherent strengths to help Nestlé fulfill its nutrition, health and wellness vision, meet the challenges of intense competition and deliver the Nestlé model of shareholder value creation is its human resource development.

The human resource development includes the process of empowering men and women to enjoy long and healthy lives, be knowledgeable and have a decent standard of living. Human development also includes access to economic and social opportunities for being creative and productive.

Nestlé provides access to skills development and training opportunities for career advancement to employees on an equal and non-discriminatory basis.

One of the most important parts of Nestlé business strategy and culture is the development of human capacity each country where the company operates. Nestlé has a long reputation for providing development and career opportunities, especially internationally.

Training and development have always played an important role at Nestlé. Training and development opportunities are not the exclusive prerogative of senior management at Nestlé. They exist at all levels, from on-the-job training in the factory, where two-thirds of the company's employee actually work, through regional training centres for middle management in the markets to courses at Nestlé international training centre in Rive-Reine, Vevey, Switzerland. The result is a highly competent global leadership team, embracing common competent global leadership team, embracing common Nestlé values and business principles, but equipped with experience and local cultures and environments.

By building the skills of our local workforce, we make a significant contribution to strengthening the business environment. Based on the fact that Nestlé relies heavily on strong, regional operations, a competent local workforce is essential.

Nestlé continues to provide continuous educational opportunities at all levels, from basic education and training, to specific business skills such as sales and marketing, account leadership and management. We offer on-the-job training, support tertiary education, send managers to visit other Nestlé operating companies in other countries in order to acquire relevant skills for their assignment and offer an extensive series on online "E-learning" Programme.

We are pleased to feature in this Annual Report, some employees of Nestlé Nigeria Plc who have had a distinguished and meritorious career with Nestlé.

**Nestlé has a long reputation for providing development and career opportunities, especially internationally.**



## Nigerian Expats Abroad

### Umurhuru, Samson



**Currently works in:** Group Corporate HR Department, Compensation & Benefits Operations Unit, Vevey, Switzerland.

**Years with the company:** 15 Years.

**Current position:** Compensation & Benefits Manager for Asia, Oceania, Africa & the Middle East (Zone AQA)

**Academic background:** B. Sc Sociology, Master of Industrial & Labour Relations, Certificate in Mass Comm. & Speech Making

**Career path at Nestlé:** Employee Relations Mgr ( Feb.1995 to April 2000), Factory HR Mgr, Agbara Factory (April 2000 to January, 2001), Head of HR, Nestlé Nigeria (Feb. 2001 to Jan. 2003) Head of HR, Nestlé Central & West African Region (Feb. 2003 to April, 2006), Compensation & Benefits Coordinator, Zone AQA HR Dept, Vevey-Switzerland (May 2006 to August 2007), Compensation & Benefits Mgr Zone AQA, Vevey Switzerland (Sept. 2007 till date).

**Nestlé investments in training:** Switzerland 1999 and 2009, United Kingdom 2005.

### Omokaro, Emmanuel

**Currently works in:** Nestlé Product Technology Centre, Singen, Germany

**Years with the company:** 16 years.

**Current position:** Project Engineer.

**Academic background:** Bachelor degree In Mechanical Engineering, Master In Business Administration

**Career path at Nestlé:** Improvement Engineering, Nestlé Productivity, Process Engineering, Project Engineering and Maintenance Engineering

**Nestlé Investments in training:** Switzerland 2006 and Germany 2009.



### Folarin, Olusegun



**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 6 years

**Current position:** Regional Audit Manager

**Academic background:** H.N.D. Accountancy, Associate member, Institute of Chartered Accountants of Nigeria (ICAN)

**Career path at Nestlé:** Internal Auditor (August 2003 – December 2005), Audit Team Leader (January 2006 – November 2006), Control Framework Project Team Leader (December 2006 – December 2007), Shared Service Implementation Manager (January 2008 – April 2009) Regional Audit Manager ( May 2009 till date)

**Nestlé investments in training:** Turkey 2006, Italy 2007 and Switzerland 2007.

### Ovono, Omolabake

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 4 years

**Current position:** Business Unit Controller Nestlé Professional

**Academic background:** B.Sc. Agricultural Economics, Associate member of Institute of Chartered Accountants of Nigeria

**Career path at Nestlé:** Management Accountant ( July 2005 -April 2007), Head Management Accountant (April 2007 - July 2007), Country Controller, Nestlé Cameroun ( July 2007 - October 2008), Business Unit Controller, Dairy & Nestlé Professional (November 2008- January 2010), Business Unit Controller, Nestlé Professional (Feb 2010 -till date)

**Nestlé investments in training:** Jordan 2006, Thailand 2006, Egypt 2007 and Switzerland 2008.





## Nigerian Expats Abroad

(continued)

### Omotosho, Sule



**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 16 years

**Current position:** Regional Business Unit Controller (Culinary Business)

**Academic background:** B.Sc (Hons) ; M.Sc and Adv Dip (Mgt & IT)

**Career path at Nestlé:** Treasury Accountant (1994) ; Management Accountant (1995) ; Factory Accountant (1999) ; Factory Accounts and Admin. Mgr (2000) ; Manager, Management Accounts (2004) ; Project Manager (F&C) (2006) and Regional Business Unit Controller (Culinary (2007).

**Nestlé investments in training:** Switzerland 1996, 2000, 2001, 2008, Ghana 2003 and Abu-Dhabi 2005.

### YUSUFF LOOKMAN OLANREWaju

**Currently works in:** NESTLÉ COTE D'IVOIRE

**Years with the company:** 6 years

**Current position:** Production Manager

**Academic background:** B.ENG with second class honours (upper division) in Mechanical Engineering, University of Ilorin - 2001

**Career path at Nestlé:**

April 2003 – Dec. 2004 – Trainee Mechanical Engineer ( MAGGI plant ) – Nestlé Nigeria. Jan 2005 -Dec 2006- Assistant Manufacturing Manager, 2007-June 2009 Pressing and Wrapping Manager, Nestlé Cote d'Ivoire, July 2009 - Date Production Manager, Nestlé Cote d'Ivoire.

**Nestlé investments in training:** Switzerland 2005, Germany and Cote d'Ivoire 2008.



### Akinyosoye, Adesola



**Currently works in:** Nestlé CWA Limited, Accra-Ghana.

**Years with the company:** 6 years

**Current position:** Human Resources Business Partner (Technical & Supply Chain)

**Academic background:** Bsc Political Science, Master of Business Administration (MBA), Graduate Diploma (Personnel Administration)

**Career path at Nestlé:**

Human Resources Officer - Nestlé Nigeria (November 2003 – January 2006)

HR Business Application Specialist (February 2007 – May 2007)

HR Projects Team Lead (June 2007 – February 2009)

Human Resources Business Partner - Technical & Supply Chain (March 2009 till date)

**Nestlé Investments In training:** Abidjan 2004, United Kingdom 2009 and India 2009.

### Adewunmi, Annabella

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 13 years

**Current position:** Quality Assurance Manager, Tema Factory

**Academic background:** M.Sc. Microbiology; MBA (International Business) -Ongoing

**Career path at Nestlé:** Microbiologist-in- Training (June - December, 1997) Microbiologist, Agbara (January 1998 - October, 2002) - Assistant Manager position, Factory Microbiologist / Head of Regional Salmonella laboratory, Agbara, (November 2002 - September, 2007) - Full manager, Regional Quality Assurance Specialist, Supply Chain (September, 2007 - December, 2008) -Senior Manager, Quality Assurance Manager, Nestlé Ghana (January, 2009 - to date)

**Nestlé investments in training:** Switzerland 2004 and 2008, France 2005, Germany 2005 and Ghana 2008.



## Nigerian Expats Abroad

(continued)

### Omitogun, Olalekan

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 5 years

**Current position:** Business Unit Controller, Dairy and Other Dairy

**Academic background:** HND Accounting 1998, ACA 2004

**Career path at Nestlé:** Pioneer Cost Accountant for Nestlé Water 2004-2007

Regional Cost Accountant Nestlé CWA 2008, Management Accountant-

Nestlé Water Business 2009, Business Unit Controller for Dairy and Other Dairy CWA 2010.

**Nestlé investments in training:** Thailand 2009, France 2009 and Switzerland 2010.



### Osineye, Samuel

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 17 years

**Current position:** CWA GLOBE Project Implementation Manager

**Academic background:** B.Sc Econ, IB 1986; ACA 1992, M.Sc. Econ. Lagos 2002;

**Career path at Nestlé:** Treasury Accountant (1993-994); Factory Financial Accountant (1994-1996); Internal Auditor (1996-2001); Import Manager (2001-2003); Regional Business Excellence Manager-Finance (2003-2005); GLOBE Manager, Nestlé Nigeria (2005-2008); Regional GLOBE Project Implementation Manager (2008 till date).

**Nestlé investments in training:** Thailand 2001, South Africa 2001, Switzerland 2003 and 2004, Singapore 2004 and 2005, Turkey 2007 and United Kingdom 2010.



### Owoniye, Marle

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 8 years

**Current position:** CWA Recruitment Manager

**Academic background:** B.Sc. Accounting, ACA, Masters in Industrial & Labour Relations

**Career path at Nestlé:** Manpower Development Manager (Nov. 2001.-Dec. 2001)

HRM-Employee Relations/Corp. Training (Dec. 2001-Dec.2009)

Talent & Compensation Mgr. + HRBP-GD (Jan. 2010-Feb. 2010)

**Nestlé investments in training:** Switzerland 2003, 2006, 2008 Malaysia 2004 and United Kingdom 2005.



### Adediran, Adewale

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 4 years

**Current position:** Sales Manager, Nestlé Professional Nigeria ( March 1 2010 Branded Food Manager-Nestlé Professional CWA)

**Academic background:** Bachelor of Agriculture Degree 1999

Associate of the Chartered Institute of Marketing 2001

Masters in Economics 2010

**Career path at Nestlé:** Field Sales Representative, October 2005

District Sales Representative, June 2006

Assistant Sales Manager, April 2008

Sales Manager, Nestlé Professional, April 2009

Branded Foods Manager, Nestlé professional CWA, March 2010

**Nestlé Investments in training:** Ghana 2009 and Nigeria 2009.



## Nigerian Expats Abroad

(continued)

### **Samuel, Kuye**

**Currently works in:** Nestlé Turkey Limited

**Years with the company:** 35 Years

**Current position:** Finance & Control Director, Nestlé Turkey Limited

**Academic background:** Fellow, Chartered Institute of Accountants of Nigeria

**Career path at Nestlé:** Finance & Control Director, Nestlé Egypt Limited

Finance & Control Director, Nestlé Nigeria Plc

**Nestlé investments in training:** Switzerland 1992, 1993 and 2004.



### **Ganiyu, Adetayo**

**Currently works in:** Nestlé CWA Limited, Accra, Ghana.

**Years with the company:** 10 years

**Current position:** Regional IS/IT Manager

**Academic background:** Bsc/Msc. Computer Science with Statistics

**Career path at Nestlé:** 1999- IT Specialist (Nigeria), 2001- IT Manager (Nigeria), 2007- Regional

Service Desk Manager (CWAR), 2009-Regional IS/IT Manager(CWAR)

**Nestlé Investments In training:** Switzerland 2008 and United Kingdom 2009.



For a healthy  
young glow,  
**inside out!**

Look at coffee in a different way.

If you think antioxidants in coffee only prevent diseases like cancer and heart disease, think again. Antioxidants also prevent you from aging prematurely. Antioxidants prevent cell damage – one of the causes of premature aging. Just add a cup of coffee to your beauty regimen and watch your skin glow.

Not only can antioxidants help you maintain your youthful appearance, they also keep your brain young. And coffee is one of the richest sources of antioxidants, much more than green tea and cocoa. So, go ahead. Make coffee part of your daily diet and enjoy a healthy, young glow from the inside out.



more on the benefits of coffee and health: [www.nescafe.com](http://www.nescafe.com)

**AWAKEN TO LIFE** **NESCAFÉ**



## Weaning time is critical to manage



Breast milk is the best nutrition for baby during the first 6 months of life, as it provides him with all the nutrients required for growth and antibodies to fight against infectious diseases. Food diversification generally occurs when growth rate, energy, and nutritional needs increase, and breast milk alone or formula can no longer cover the baby's growing nutritional requirements.

At the same period, the immunity that Baby acquired from Mom during intra-uterine life is now declining, whereas Baby is demonstrating more independence and curiosity exploring things around. So he is increasingly exposed to microbes, and becomes susceptible to infectious diseases.

It is the time to provide baby additional nutrients, with nutritionally adequate food. A critical phase for growing babies that concerns the mother a lot, and leads her to request for advice from a paediatrician.



Babies nutritional needs are different

The growth rate is different from one baby to another of the same age. Baby undergoes weight and length gain as well as the ability to digest foods other than milk. Baby's weight doubles between the 4th and the 6th months of life, and triples at the end of the first year.



### IMPORTANT NOTICE!

Complementary foods introduced when breast milk alone or infant formulae no longer totally cover the baby's growing nutritional requirements. The World Health Organization recommends exclusive breast-feeding for the First 6 months of life. It is a global recommendation. Since babies grow at different paces, consult your health professional for advice or when to introduce Nestlé infant cereals. Milk feeds, ideally breast-feeding, should continue for as long as possible.

Information for the medical professional only

# The Year in Retrospect

## Contribution to Sports Development in Nigeria

Nestlé continued its support for the development of sports in Nigeria in 2009 with the sponsorship of the maiden edition of Nestlé MILO African Under-13 Football championship and the 11th Nestlé MILO Secondary School Basketball championship.



From Left to right, former Super Eagles goal keeper, Peter Rufai; Category Business Manager—Beverages, Nestlé Nigeria Walter Okefor; Captain of Asegun Comprehensive Secondary School; Managing Director and Chief Executive Nestlé Nigeria, Mr. Martin Woolnough and President of Nigeria Schools Sports Federation (NSSF), Mr Lekas Olaya,



## The Year in Retrospect

(continued)

### Brand Building Activities

To increase its market share and broaden its Nutrition, Health and Wellness platform in Nigeria, Nestlé launched two new products in 2009: Nestlé MILO Ready-to-Drink and MAGGI Mixpy.

*From Left to Right: Lagos State Commissioner for Women Affairs, Mrs. Joke Orewape-Adesulure, Mrs. Adenike Solomon (wife of Senator Ganiyu Solomon), Managing Director and Chief Executive of Nestlé Nigeria Plc, Mr. Martin Wadlow; Category Business Manager Nestlé Nigeria Plc, Mrs. Uduak Bassay and Acting NAO/NA President Rose Ochoa during the grand launch of MAGGI Mixpy in Lagos.*



*Salesmen with customised bicycles for better market penetration during the Nestlé MILO RTD launch.*

## The Year in Retrospect

(continued)

### Strengthening leadership in Infant Nutrition

In pursuit of Nestlé stakeholder engagement and outreach, the Managing Director, Mr. Martin Woolnough paid a courtesy visit to the honourable minister of health, Prof. Babatunde Oshotimehin in 2009. The purpose of the visit was to keep the Honourable Minister abreast of developments in Nestlé efforts in developing effective, scientifically proven nutrition products with functional health benefits that meet people's nutritional needs at every stage of life.

*Picture shows the Managing Director and Chief Executive of Nestlé Nigeria, Mr Martin Woolnough, (left) discussing with the Honourable Minister of Health, Prof. Babatunde Oshotimehin (right) during a courtesy visit to the minister.*



*A cross section of health care professionals at the symposium on "Probiotics: Implications in Paediatric Health" held at the Lagos Sheraton Hotel in 2009.*



## The Year in Retrospect

(continued)

### Sharing Science-based research



The Nestlé Research Centre (NRC) in Lausanne, Switzerland is home to 300 Ph. D scientists committed to discovering new ways for nutrition to contribute to good health. In our relentless pursuit of sharing science-based knowledge with our stakeholders, the NRC played host to top government officials and leaders of thought from Nigeria in 2009.

The NRC through ongoing research and development, ensure better taste and nutrition with products of the highest quality and safety to respond to consumer needs at every stage of life all over the world.

*Minister of Health, Prof. Babatunde Osotimehin (3rd right) and other members of his entourage at NRC.*



*(From L to R) Mr. Martin Woolnough, Chief Ernest Shonekan, GCFR, CBE, Chief Oluşgun Ogunbaye, GON and an official of NRC.*

## The Year in Retrospect

(continued)

### Partnering with AUN on Higher Education



Buoyed by the need to improve quality of higher education in Nigeria and equip young people with relevant skills for a successful transition to working life, Nestlé Nigeria in 2009 launched Nestlé/American University of Nigeria Outreach Programme. The partnership aims at promoting entrepreneurial skills among students as well as fostering quality and innovation in academic programmes tailored to fit the local job market.

*Prof. David Smith, Dean of School of Business and Entrepreneurship (8th left) and students of AUN in a group photograph with Nestlé FRR team during the AUN visit to Nestlé in 2009.*

### Supporting local farmers

Nestlé's long-term commitment to working directly with small farmers continued in 2009 under the aegis of Nestlé/UNAAB (University of Agriculture, Abeokuta) Soybean Popularization Project. The company donated ₦15 million to the University of Agriculture, Abeokuta to boost the Soybeans Popularization Project and Farm Family Health Initiative for farmers in the south west region of Nigeria.



*The Vice Chancellor of University of Agriculture Abeokuta, UNAAB, Professor Okuremi Okunla Balogun (right) displays Fifteen Million Naira cheque donated for the Nestlé/UNAAB Soybean Popularization Project and the Farm Family Health Initiative while the Managing Director and Chief Executive Nestlé Nigeria Plc Mr. Martin Woolnough, (left) watches with admiration.*



## The Year in Retrospect

(continued)

### Strong commitment to Nigerian economy

In furtherance of its long-term commitment to the growth and development of Nigerian economy, Nestlé in 2009 began to clear site and commenced construction of a new state-of-the-art manufacturing complex in Ogun State.

The new factory which is located within Flowergate Mixed Development Scheme, along Abeokuta/Shagamu Expressway, Kaji Village in Obafemi/Owode Local Government Area of Ogun State occupies 36,330 hectares.



Picture shows the Managing Director and Chief Executive of Nestlé Nigeria, Mr. Martin Woolnough, in warm handshake with Chief Oluwagun Ayodele, a community leader in Kaji Village and Mr. Paul Ronan, Project Manager.

Picture shows members of board of directors of Nestlé Nigeria during the inspection tour of the new Nestlé factory at Shagamu in Ogun State. From left to right: Project Engineer, Paul Ronan; Company Secretary and Legal Manager, Mr. Bode Ayeku; a director Dr. Femi Adesina; Finance and Control Director, Mr. Martin Krueger; Regional Finance and Control Manager and a Director of Nestlé Nigeria, Mr. Frederic Duranton; a director, Mr. David Huzulike; Chairman, Board of Directors, Chief Oluwagun Osunkere; Managing Director and Chief Executive, Mr. Martin Woolnough; Head of Nestlé Central and West Africa Region and a director of Nestlé Nigeria, Mr. Etienne Benet and Factory Manager and a director of Nestlé Nigeria, Mr. John Reed.





## The Year in Retrospect (continued)

### Supporting community policing initiative



In support of the community policing initiative of Lagos State government, Nestlé Nigeria in 2009 donated some bullet-proof jackets to the Ilupeju Police Station to enhance the operational efficiency of the policemen in Ilupeju.

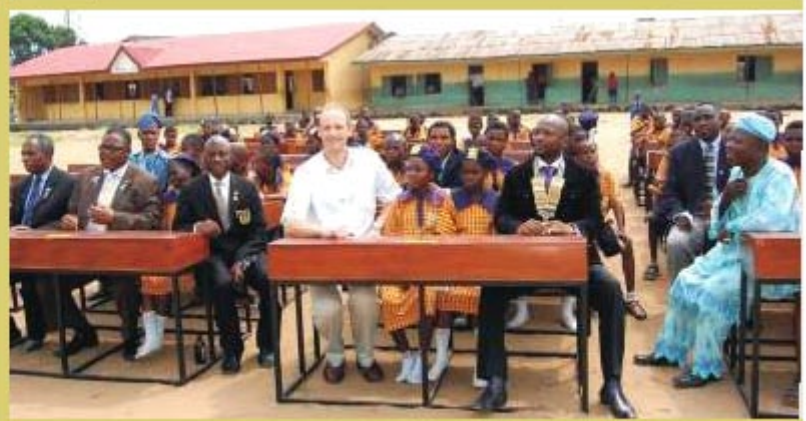
Managing Director and Chief Executive Nestlé Nigeria, Martin Woolnough (second right) presents a set of bullet-proof jackets to the Divisional Police Officer, Ilupeju, CSP Idris Ashafa (third right) while the Corporate Relations Manager, Dr. Samuel Adenekan (second left) watches.

The Factory Manager, Mr. John Reed (middle) with other Nestlé managers and Rotary club members during the presentation of desks and seats to Salvation Army Primary School Agbara.

### Community Engagement

Nestlé donated 90 desks and seats to Salvation Army Primary School, Agbara, Ogun State in 2009 in demonstration of its commitment to bringing long-term value to society and improving school infrastructure to ensure reasonable learning outcomes are achieved.

Pupils of Salvation Army School, Agbara (left) entertaining guests at the donation of 90 desks and seats by Nestlé to the school.



# Nestlé Environmental Progress Report 2009

In pursuit of its commitment to environmentally sound business practices, Nestlé in 1996 developed a system known as “Nestlé Environmental Management System (NEMS), which provides a common, coherent framework for environmental management at all levels of the organization.

The Nestlé Environmental Management System is aligned with the ISO14001 international standard and is mandatory for all Nestlé operating companies and plants worldwide.

To consolidate data, benchmark best practices and allow internal and external reporting, a system was established that defined standardized environmental performance indicators (EPIs) across the company.

The EPIs cover manufacturing operations. To determine environmental performance, both the process inputs and outputs are measured. This is based on the concept of eco-efficiency as defined in 1992 by the World Business Council on Sustainable Development, (WBCSD) in their document measuring eco-efficiency a guide to reporting company performance.

The methodology used to identify, track and report the indicators is also consistent with ISO 14031. The EPIs include: water and energy consumption, green house gases, air acidification potential, ozone depleting substances, emissions as well as by-products/ waste generation and waste recovery.



Nestlé Nigeria Plc Agbara  
waste water treatment plant.



# Nestlé Environmental Progress Report 2009

(continued)

## Nestlé Nigeria Plc consolidated (EPI's) per tonne of product

		2007	2008	2009
Water Consumption	m3	6.074	7.050	5.822
Energy Consumption	gigajoules	5.552	5.761	4.628
Greenhouse gases	kgCO2	21.583	11.820	8.983
Air acidification potential	kgSOe, equiv.	0.784	0.727	0.489
Ozone depleting substance	g R-11equiv.	0.001	0.000	0.001
By-products/waste generation	kg	0.016	0.012	0.021

## NOTE

### Water consumption

Water is a key resource for Nestlé and one of its three focus areas. Water is used in many ways: as an ingredient, for industrial processes, for cleaning, and as a finished product among others. In its factories, Nestlé has put in place important provisions for water reduction, water reuse and water recycling. The objective is to use as little water as necessary to make products and, thus, improve the water use efficiency. (Water use in the Factory for production excludes water use for the production of Nestlé table water - Nestlé PURELIFE).

### Energy consumption

Reducing the amount of energy needed and, therefore, the amount of energy consumed during manufacturing, is a critical element in the management of energy resources.

Yearly, Nestlé Nigeria Plc sets specific energy conservation and reduction targets.

### Greenhouse gases

These have been defined as the sum of all on-site CO2 emissions from combustion processes used to manufacture Nestlé products.

### Air acidification potential

This has been defined as the sum of SOx and NOx emissions from on-site combustion processes. In the absence of generally agreed factors, measurements are based upon the acidic strength of each component ( $SOx = 0.7 \times NOx$ ) presented as SOx equivalents.

### Ozone depleting substances

Many of Nestlé manufacturing processes are dependent on refrigeration and air conditioning. Not only do these processes use energy, but they also require refrigerants. For many years, chlorofluorocarbons (CFC) were considered to be among the safest types of refrigerants.




However, CFCs, halons, and to a lesser extent, similar substances like hydro-chlorofluorocarbons (HCFCs), have since been shown to contribute to depleting the stratospheric ozone layer. In accordance with the Montreal Protocol (1987) the use of CFCs and HCFCs is regulated in Nestlé Nigeria Plc and the phase out schedule for both substances is being respected.

### By-products/waste generation and recovery

The production of unwanted or unusable materials during manufacturing is inevitable. For example, with most agricultural raw materials, one part of the food processing operation involves separating the usable part that goes into the final food product from the unusable part, the by-products or waste. Waste can also be produced during the cleaning of equipment, as scraps from packaging operations, etc. As part of our commitment to environmentally sound business practices, opportunities for waste reduction and recovery are constantly explored.



## Names & Locations of Distributors

	Location	Name Of Customer
	Aba	Julius Ogu And Sons Limited
	Aba	Vinna Investment Limited
	Aba	Zubis And Company Nigeria Limited
	Abakiliki	Elymay Nigeria Limited
	Abuja	Innovation Era
	Akure	Henry Ekuase Trading Company
	Asaba	E V Okpalauka And Sons Nig Ltd
	Bauchi	Alhaji Abubakar Mohammed
	Benin	V. I. Ekuase And Sons
	Benin	Anambra Stores
	Birin - Kebbi	Allanka Nigeria Ltd
	Dutse	Saidu Ali Mai Silifas Nigeria Ltd
	Enugu	A. E. Chris Enterprises
	Enugu	Innotex Global Ventures Limited
	Gombe	Fusaha Ventures
	Ibadan	Dolat Multi Enterprises
	Ibadan	Emmako Investment Nigeria Limited
	Ibadan	Fabeto Nigeria Limited
	Ibadan	Fes Nigeria Limited
	Ilorin	Odekunle Trading Stores
	Ilorin	Stefirol Ventures
	Jega - Kebbi	Alheji Garba Dankane Jega
	Jos	Jisons Ventures And Investment
	Jos	M. A. Onigbinde And Sons Limited
	Jos	J. J. Nnoli And Sons
	Kaduna	Sidi And Sons
	Kaduna	Bukola Oshinaike
	Kano	Mazaf Honest Concept Limited
	Kano	Sambajo General Enterprises Ltd
	Kano	Bello Zubairu Bello And Company
	Lagos	Kenny Commodities Merchant Nigeria
	Lagos	Kofaj Nigeria Enterprises
	Lagos	Makemx Nigeria Limited
	Lagos	Mobac Ventures
	Lagos	Pauline Dolly Nigeria Limited

## Names & Locations of Distributors

(continued)

	Location	Name Of Customer
	Lagos	Retail Supermarket
	Lagos	Seddt Nigeria Limited
	Lagos	Ade Distribution And Investment
	Lagos	Adebukola And Sons Limited
	Lagos	Ajoke Stores Limited
	Lagos	Al-Wadud Ventures Limited
	Lagos	Basrose Stores
	Lagos	Butsun Ratboh Nigeria Limited
	Lokoja	Gazolak International Limited
	Maiduguri	Nortex Business Link
	Maiduguri	Kuli Barde Enterprises
	Maiduguri	Modu Director And Sons Limited
	Maiduguri	A. Hashimu Tukur
	Minna	Alhaji Mohammad Monguno
	Nnewi	Joyce Stores
	Okene	Vivid & Valid Ventures
	Onitsha	Joc Dowa Investments Limited
	Osogbo	Franco International West Africa
	Owerri	Osun State Investment Company
	Port Harcourt	Ugodurumba Enterprises Limited
	Port Harcourt	Bernawness Integrated Services
	Potiskum	Igwediebube Nigeria Limited
	Sokoto	Sanl Fema Enterprises
	Sokoto	Sanusi Sodangi Enterprises
	Suleja	Alhaji Tukur Faru
	Umuahia	J. O. Adebisi And Sons Nigeria
	Uyo	KInco Global Link Limited
	Uyo	Andyson Investment And Agro Allied
	Warri	Igbozulike Investment Limited
	Yola	Tivo Co - operate Services
	Yola	U-Turn & Sons Nigeria Limited
	Zamfara	A. D. Basharu And Sons Nigeria
		Alh. Ibrahim Usman Achida & Sons

## Corporate Directory

### HEAD OFFICE:

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

### FACTORY:

Km 32, Lagos-Badagry Express Road,  
Agbara Industrial Estate, Ogun State.  
Tel: 4934131-5, Fax: 4934109

### DISTRIBUTION CENTRE:

Km 7, Idi-Iroko Road, Sango-Otta  
Ogun State  
Tel: 039-722280, 722282, 722283, 722285

### BRANCH OFFICES LAGOS

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

### OWERRI

46 Wethedral Road, Owerri  
Tel: 08039770328

### IOS

NKON Building, 1<sup>st</sup> floor  
4, State Secretarial Road,  
IOS  
Tel: 08034020179

### KADUNA

PLOT C8, Magadishu Layout,  
Kaduna.  
Tel: 08035350465

### IBADAN

26, M.K.O Abiola Way  
(SW9/847C) Ring Road  
Old NEPA Bus Stop  
Opposite Anfani Layout  
Ibadan.  
Tel: 08034020204



1

1. Culinary, Cereals  
& Beverages Plants.

2. Nestlé Water Plant,  
Agbara



2



## Notes

## Notes

## Notes



## Notes

## 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 require 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

.....

PRESENT 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.

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

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal.



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



41<sup>ST</sup> ANNUAL GENERAL MEETING TO BE HELD AT  
11.00 A.M. ON TUESDAY, 27 APRIL 2010 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 27 April 2010  
and at any adjournment thereof.

Dated this.....day of.....2010.

Signature.....

### RESOLUTIONS

Ordinary Business	For	Against
To declare a final Dividend		
To approve the appointment of the following as Directors:		
Mr. Frederic Duranton		
Mrs. Iquo Ukoh		
To re-elect Directors retiring by rotation:		
Chief Olusegun Osunkeye		
Mr. Etienne Benet		
Dr. Fiana Mshelia		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
<b>Special Business</b>		
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 2010. 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

#### 41<sup>ST</sup> 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 Tuesday, 27 April 2010.

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.