

The Leading  
Nutrition, Health and  
Wellness Company

**2010** Annual Report & Accounts



Nestlé Nigeria Plc Annual Report & Accounts.

2010



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# Good Food



# Nestlé: 50 Years of Nourishing Nigerians

Nestlé, the leading Nutrition, Health and Wellness Company has come a long way since 1961 when it began simple trading operations in Nigeria.

The first sales of Nestlé products in Nigeria date back to the beginning of the 20<sup>th</sup> century. This was through local importers who placed their orders directly with British trading companies active in the country. Imports were first sporadic, but became regular from the 1920s when Nestlé decided to set up office in Nigeria to organize the importation and distribution of products. The Company has since grown into a leading food manufacturing and marketing company.

Nestlé has been present in Nigeria for 50 years and we are proud that our five decades of operations in Nigeria are not only measurable in length of time, but more importantly, also by our positive impact on our stakeholders while leaving a visible landmark on the Nigerian industrial landscape.

Our contributions to productive investment in Nigeria is well chronicled in the corporate brochure *Nestlé Manufacturing Operations in Nigeria: A Profile*. Nestlé is proud to remain one of the major contributors to the food industry in Nigeria. We continue to heavily invest in the development and improvement in the nutritional profile of all our products. Using science-based solutions, we seek to improve quality of life through food and diet, contributing to the health and wellbeing of consumers.

## MILESTONES:

- 1961:** - Nestlé began simple trading operations in Nigeria as "Nestlé Products (Nigeria) Limited."
- 1966:** - MAGGI brand was first introduced into the Nigerian market in February with an initial volume of 34 tons (8.7 million cubes).
- 1969:** - The Company's name was changed from "Nestlé Products (Nigeria) Limited" to "Food Specialties (Nigeria) Limited."
- 1971:** - Small packaging factory for wrapping MAGGI cubes commissioned at Ilupeju.
- 1978:** Nestlé Nigeria became a public company.
- 1979:** - MAGGI Chicken tablet was introduced into the Nigerian market.
  - The Company was listed on the Nigerian Stock Exchange in April.
- 1981:** - Agbara Factory commenced production of MAGGI cubes and Nestlé MILO.
  - Formal inauguration of ₦ 5 million Nestlé Distribution Centre in Ota in April 1981.
- 1982:** - Agbara Factory started production of Nestlé CERELAC.
  - Official inauguration of ₦ 30 million Agbara Factory on 24<sup>th</sup> February by Honourable Minister for Agriculture, Mallam Adamu Ciroma.
- 1983:** - Nestlé commenced first phase of farming operations on a 50 hectare land in Sabon Birni, Kaduna State with the incorporation of a new subsidiary agro-allied company, Agro Development Nigeria Limited (ADN)
- 1984:** - Nestlé CERELAC Maize, infant cereal was launched in December.
  - Nestlé Nigeria commissioned ₦500,000 Nestlé Technical Training Centre at Agbara Factory.



## Nestlé: 50 Years of Nourishing Nigerians (continued)

- 1985:** - Nestlé CHOCOMILO a confectionery was launched in January.
  - MAGGI SUPER, a solid kitchen seasoning in tablet form with over 80% local raw material content, was launched in February.
- 1986:** - Nestlé NUTREND, a nutritious weaning cereal with over 95% local raw materials was launched in February after very successful clinical trials in three Nigerian Teaching Hospitals.
  - Nestlé NESCAO, a high quality cocoa –based beverage made with over 95% local raw materials was launched in June.
  - Nestlé GOLDEN MORN, an instant all family cereal produced from local maize and soya was introduced into the Nigerian market in October.
- 1988:** - The second phase of our farming operation commenced on a 2000 hectare farm using outgrowers and contract farmers. About 300 men and women were engaged as farm hands.
  - Construction work began on ₦33 million fully integrated plant producing concentrated Sorghum Malt Extract from locally grown and malted sorghum.
- 1990:** - Formal inauguration of ₦33 million Sorghum Malt Extract Plant on February 17, in the presence of Mr. Helmut Maucher, the then Managing Director and Chief Executive of Nestlé S.A. Switzerland.
- 1991:** - The Company's name was changed to "Nestlé Foods Nigeria PLC" on 27<sup>th</sup> June.
- 1992:** - MAGGI Chicken cube was launched into the Nigerian market in January. The product was a huge success to the extent that by the end of 1992, the company had recorded sales 90% over the budgeted volume.
  - Nestlé CERELAC with MILO, a baby weaning cereal was introduced to add variety to the feeding of older infants.
  - NESCAFE instant coffee was re-introduced into the market.
  - Local packaging of NESCAFE commenced in Agbara factory in August.
  - Nestlé NESTOGEN, a vegetable-based follow-up formula for infants was launched in September.
- 1993:** - MAGGI Crayfish, a crayfish flavoured seasoning was launched.
- 1994:** - MAGGI 2 minutes Instant Noodles was introduced to the market in November.
- 1995:** - MAGGI Cube was reformulated and re-launched.
  - The ₦500 million Enzymatic Hydrolyzed Plant Protein Mix (EHPM) Factory was formally inaugurated in Agbara on 26<sup>th</sup> June.
  - Nestlé Nigeria won the maiden award of the Federal Environmental Protection Agency (FEPA) Environment- Friendly Industry of the Year 1995.
- 1997:** - Nestlé Nigeria won the Nigerian Stock Exchange 20<sup>th</sup> Annual Presidents Award for excellence in corporate financial performance.
  - The following products were launched:
    - MAGGI Pepper Soup cube
    - MAGGI Tomato Mutton
- 1998:** - Nestlé Nigeria won Nigerian Stock Exchange 21<sup>st</sup> Annual President's Award for excellence in corporate financial performance.
  - The Company won the Environmental Excellence Award given by the Federal Environmental Protection Agency.
- 2001:** - Nestlé CERELAC Wheat Beans, an infant cereal that combines cowpea and wheat was introduced into the market.
  - The first NESCAFE Bar in Nigeria was commissioned at College of Medicine, Lagos University Teaching Hospital.
  - MAGGI cube was re-launched and re-formulated to meet growing customer taste and demand.
- 2002:** - NESCAFE Crem 3-in-1 was introduced into the market.
- 2003:** - Nestlé MILO was re-launched with the inclusion of energy releasing B vitamins to improve nutritional profile of the product.
- 2005:** - Launched MAGGI Machop, a highly nutritious, tasty, dehydrated soya mince combined with a rich blend of natural seasonings
  - Launched Nestlé PURE LIFE premium table water in July.
- 2006:** - Waste Water Treatment Facility was commissioned at Agbara Factory.
  - Nestlé received Nigeria's Most Respected Company Award by PriceWaterhouseCoopers and Businessday.
  - Nestlé NIDO soft packs in 180 grams and 400 grams introduced into the market.
  - Nestlé Professionals, the out-of-home business unit of Nestlé commenced operations in Nigeria.
- 2007:** - The following products were introduced:
  - Nestlé LACTOGEN 1 and 2, infant formula
  - Nestlé NAN 2, infant formula
  - Bigger format of Nestlé NAN 1, infant formula
  - Launch of Nestlé MILO with branded active ingredient, Actigen–E
  - Nestlé MILO soft refill pack was introduced to make the brand more economical and easy to handle.
- 2008:** - MAGGI Golden Beef, a premium seasoning with superior and beefy taste and aroma was launched.
- 2009:** - MAGGI Mix'py, a powder seasoning in two variants (MAGGI Mix'py Classic and MAGGI Mix'py Ginger and Garlic) was launched.
  - Nestlé Waters increased Nestlé PURE LIFE 50cl bottle to 60cl
  - Construction work began at the new manufacturing complex in Flowergate Mixed Development Scheme.
- 2010:** - Flowergate Factory near Sagamu commenced production of MAGGI cubes in December 2010 preparatory to formal inauguration in 2011.
  - NESCAFE Breakfast 32g was launched into the market
  - NESCAFE Doypack 60g was launched into the market.

## Directors, Officers & Professional Advisers

### Board of Directors:

Chief Olusegun Osunkeye	Chairman
Mr. Martin Woolnough (Australian)	Managing Director/Chief Executive
Mr. Martin Kruegel (German)	
Mr. John Reed (British)	Resigned 19/02/2010
Mrs. Iquo Ukoh	Appointed 19/02/2010
Mr. Etienne Benet (French)	
Mr. Frederic Duranton (French)	
Mr. David Ifezulike	
Dr. Fiama Mshelia	

### Company Secretary/Legal Manager:

Mr. Bode Ayeku

### Registered Office:

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

### Registrars:

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

### Auditors:

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

### Members of the Audit Committee:

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



## 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 Central & West Africa (CWA) Limited, is the major shareholder of the Company. As at December 2010, the number of Nigerian shareholders was more than 30, 000.

MIXPY; and table water - Nestlé PURE LIFE. Nestlé Nigeria also markets coffee - NESCAFÉ CLASSIC, NESCAFÉ 3-in-1 and NESCAFÉ Breakfast, and full cream milk product - Nestlé NIDO.

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

To stimulate industrial growth, the Company has a policy of long-term sustainable business practices. 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



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.

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 2010 was ₦82.7billion out of which more than ₦5.6billion was charged as tax for the year. In year 2010, the Company's profit before tax was ₦18.2billion and profit after tax was ₦12.6billion.

Nestlé Nigeria Plc manufactures and markets a range of high quality brands: Infant cereals - Nestlé NUTREND, Nestlé CERELAC; family cereals - Nestlé GOLDEN MORN; Beverage drink - Nestlé MILO; Confectionery- Nestlé CHOCOMILO; Bouillon - MAGGI CUBE, MAGGI CHICKEN, MAGGI CRAYFISH, MAGGI



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

## Company Profile (continued)

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

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

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 our sustainable agriculture initiative, Nestlé Nigeria Plc is involved in collaborative research with the University of Agriculture, Abeokuta (UNAAB) on popularization of soybean over 16 years ago. 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 2010, Nestlé Nigeria donated two million Naira (₦2,000,000) to the Nigerwives Braille Book Production Centre. The mission of the centre is "to prepare visually impaired pupils and young adults for independent living..." The centre in its 15 years of service has provided Braille books for many visually impaired pupils and students. In making the donation to the centre, Nestlé hopes that more books will be produced to reach more visually impaired pupils and students to help them live more independent lives as well as prepare them for future job opportunities.

In support of the community policing initiative of the government, Nestlé Nigeria in 2010 donated one refurbished vehicle each to Ota, Agbara and Sagamu Police Commands. In addition, one million naira was donated to Ilupeju Police Command to procure closed circuit television (CCTV) cameras to improve security within the Ilupeju metropolis. Nestlé continues to work with Idea Builders Initiative, a non-profit organization 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. Our Agbara factory is listed among the Global Nestlé factories considered as 'High Performing' in relation to reduced water consumption and increased output.

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.



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 42nd Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9, Onikan, Lagos, on Tuesday, 26 April 2011 at 11 o'clock in the forenoon, for the following purposes:

## ORDINARY BUSINESS

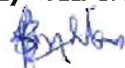
1. To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 December 2010 and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a Final Dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect the members of the Audit Committee.

## SPECIAL BUSINESS

6. To fix the remuneration of Directors.
7. To consider and if thought fit, pass the following resolutions as Ordinary Resolutions:
  - (a) "That the Nominal Share Capital of the Company be and is hereby increased from ₦330,273,438 to ₦396,328,126 by the creation of 132,109,376 new ordinary shares of 50 kobo each ranking in all respects *pari passu* with the existing shares of the Company."
  - (b) "That pursuant to Article 122 of the Articles of Association of the Company, the Directors having so recommended, it is desirable to capitalise the sum of ₦66,054,688 from the Retained Earnings of the Company and accordingly that such sum be set free for distribution amongst the members on the Register of Members at the close of business on Friday, 15 April 2011 on condition that the same be not paid in cash but be applied in paying up in full at par 132,109,376 new ordinary shares of 50 kobo each to be allotted and credited as fully paid to and amongst such members in the proportion of one (1) new ordinary share for five (5) ordinary shares held by them at that date, the shares so distributed being treated for all purposes as capital and not as income, and on further condition that the shares so distributed shall not rank for dividend recommended by the Directors for the year ended 31 December 2010, and the Directors shall give effect to this resolution on receipt of the necessary permission from the authorities."
8. To consider and if thought fit, pass the following as Special Resolutions:
  - "That consequent upon the passing of the Ordinary Resolution for the increase of the Company's share capital above,
  - (i) Clause 5 of the Company's Memorandum of Association be amended by deleting the first sentence therein and substituting in lieu, the following:  
"The Capital of the Company is ₦396,328,126 divided into 792,656,252 shares of 50 kobo each."
  - (ii) The Company's Articles of Association be amended by deleting Article 5 and substituting in lieu, the following:  
"The authorised Share Capital of the Company is ₦396,328,126 divided into 792,656,252 Ordinary Shares of 50 kobo each."

Dated 16 February 2011

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, 27 April 2011 to the shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 15 April 2011. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 18 April 2011 to Friday, 22 April 2011 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



Chief Olusegun Osunkeye, OON - Chairman

We achieved a strong growth despite the tough economic environment and daunting challenges of 2010. The improving growth trend evident earlier in the year across all our brands continued in the final quarter. The foundation for this performance is a direct relationship to capacity investments as well as continued restructuring of our route to market and sales approach.

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

I have great pleasure to welcome you heartily to the 42nd 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 2010.

#### **Business Environment**

Despite macroeconomic and growth improvements in 2010, poor business environment has remained the principal drag on employment creation, poverty reduction and the accelerated achievement of the Millennium Development Goals (MDGs). The harsh business environment in Nigeria in 2010 adversely affected everyone – people, businesses, investors (domestic and foreign).

Growth in Nigeria's infrastructure sector in 2010 continued to dramatically lag that of the economy as a whole. Government appeared determined to address the infrastructure deficit with the comprehensive Power Reforms Package launched in August 2010. It seeks to revive the energy sector reforms, whereby the state utility, Power Holding Company of Nigeria (PHCN) will be unbundled and the use of Independent Power Project (IPPs) will proliferate. We are pleased to observe that unlocking capital by allowing a greater breadth of institutional investors to participate in the sector is a crucial part of this venture. While Nigeria's overall project finance environment remains poor, recent developments provide optimism. The most notable of these has been the Cross River State government's signing of a Public Private Partnership (PPP) bill into law in August 2010.

I will like to enjoin government (both States and Federal) across the country to take concerted steps to improve security in Nigeria because security lapse is a threat to investment as well as business and where business and investment are threatened employment will suffer and poverty will increase. There is an organic link between the business environment, what happens to poverty and what happens to employment.

A good business environment entails well-functioning, efficient

and effective public infrastructure, institutional systems and regulatory services. The direct impact of bad business is three fold: high cost of doing business, great difficulty of doing business and high unpredictability of business prospects. And lastly, but most importantly, for a Food and Beverage company like Nestlé, we are always concerned about the high costs of products to the consumers.

#### **Operating Results and Performance**

We achieved a strong growth despite the tough economic environment and daunting challenges of 2010. The improving growth trend evident earlier in the year across all our brands continued in the final quarter.

The foundation for this performance is a direct relationship to capacity investments as well as continued restructuring of our route to market and sales approach. In addition to this, efficiency gains in our operations as well as a constant focus on reduction of waste, meaning cost elimination, contributed to the good performance of 2010.

The quality of our performance in 2010 met the demands of our total performance framework, in that the operating cash flow and the return of invested capital also improved. This performance also demonstrated the significant benefit of combining a high level of discipline in timely execution with a focus on acceleration in operational performance.

#### **Dividend and Bonus**

As a result of the good performance recorded in 2010 and in line with our dividend policy – which underlines your Board's commitment to sustainably enhance the Company's value creation for its shareholders – the Board recommends for your approval a final dividend of ₦ 7,001,796,875 or ₦ 10.60k per ordinary share of fifty kobo each. This represents a payout ratio of 66% and reflects a dividend policy of sharing the underlying earnings of the Company with shareholders every year. Also, this year, the Board is recommending a bonus issue of one share for every five shares held to be appropriated from general reserves. Shareholders will be asked to approve this recommendation at the meeting.

#### **E-Dividend/ E-Bonus**

Your board is deeply concerned about the huge list of unclaimed dividend and share certificates. Consequently, we

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**Your Company has the privilege of being deeply integrated into households across Nigeria, with many consumers buying our products on a daily basis. This gives us a great opportunity to contribute meaningfully to the quality of their lives through our mission of “Good Food, Good Life.”**



## Chairman's Statement (continued)

wish to request, once again, every shareholder to complete the detachable application form for e-Dividend and e-Bonus attached to this 2010 Annual Report and Accounts and deliver it to our Registrars either at the venue of the Annual General Meeting or to their office immediately after this meeting. Shareholders are also required to open bank accounts, stock broking accounts and Central Securities Clearing System (CSCS) accounts for the e-Dividend and e-Bonus. Your compliance with this request will undoubtedly reduce the magnitude of unclaimed dividends and share certificates; eliminate the delay or loss of dividend warrants and share certificates and the attendant sundry inconveniences associated with revalidation of dividend warrants.

### Marketing, Sales and Product Performance

Your Company has the privilege of being deeply integrated into households across Nigeria, with many consumers buying our products on a daily basis. This gives us a great opportunity to contribute meaningfully to the quality of their lives through our mission of "Good Food, Good Life." That mission is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night, and thereby to help them to live enjoyable and healthy lives.

MAGGI, our flagship brand continued to strengthen family ties and promote the transfer of culinary skills from mother to child through the "MAGGI Cook for Mama" and "Tell-the-recipe the MAGGI Way" competitions. Our MAGGI Women Forum, aimed at assisting Nigerian women to fight the scourge of malnutrition and create variety in the family food menu, continued to wax stronger. The programme which is organized in collaboration with the Ministry of Women Affairs in selected States has impacted over 67,000 women across 7 States: Sokoto, Borno, Bauchi, Gombe, Cross River, Ekiti and Ondo states. In 2010, a seed planting initiative was incorporated to encourage the women to develop a "back-of-the house" vegetable garden which provides food for their families and encourage small scale businesses.

Nestlé MILO continued to deliver outstanding top line growth to maintain the brand as the largest in the Beverage Category by value.

The year 2010 witnessed a renewed aggressive campaign to drive penetration of small packs/sachets to emerging consumers, supported with a massive distribution drive in the primary traditional

trade. The brand also witnessed continuous strong investment behind sampling and sports. Nestlé MILO strategically leveraged the grassroots football programme to drive consumer affinity and maximize sales opportunities leading to the 2010 FIFA World Cup event. Nigeria's representative, Asegun Comprehensive High School, Ibadan, won the maiden edition of MILO Under-13 Africa Football Championship in Johannesburg, South Africa in 2010. Nestlé MILO also sponsored a football clinic which exposed Nigerian youths to scientific training in football in collaboration with our own ex-Super Eagles captain, Peter Rufai also known as Dodo Mayana.

NESCAFÉ introduced a new product, NESCAFÉ Breakfast, a hot beverage blend with a perfect balance of coffee, sugar and creamer. The new product was launched on university campuses in Nigeria.

### Employees

The economic environment made 2010 a tough year for everyone. On behalf of the board, I would like, therefore, more than ever, to thank our people for their commitment day after day to doing their best to make us continually better in everything we do. I said last year that we would strive to improve our results in 2010, despite the environment. The fact that we were able to do so is due to the efforts of our people, and we thank them for their great contributions. As at 31 December 2010, 3,300 people benefitted from direct employment (including third party and fixed contract staff). If we were to add people depending on Nestlé Nigeria Plc for their full time income, we calculate that the number would be 11,800 people in 2010. Also in 2010, our staff participated in 53 overseas courses, 156 external (local) trainings and different in-house training programmes to sharpen their skills and improve their productivity.

Our overriding principle is that employees should have the opportunities and support they need to fulfill their potential in a safe and fair workplace where they are listened to and valued, and where diversity and equality are respected. This is well evidenced by the fact that, as at end of February 2011, our Agbara factory has achieved 436 days without a single accident and our Distribution Centre at Ota 397 days likewise.



## Chairman's Statement (continued)

### Expansion of Manufacturing Operations in Nigeria

To further enhance our competitive edge, increase our market share and broaden our Nutrition, Health and Wellness platform in Nigeria, our new Flowergate Factory started production in December 2010. Spread over an area of 36.6 hectares, the new facility specializes in the production of MAGGI products and more specifically in Popularly Positioned Products (PPP) varieties of this popular brand. Nestlé's PPPs are products adapted to meet the specific requirements of emerging consumers in terms of price, accessibility, format and nutritional benefits and they are a key driver for the future growth of our operations in Nigeria.

The new factory will further strengthen Nestlé Nigeria's role as the largest culinary manufacturing operation in Africa. To underline our commitment to Nigeria, since 2009, Nestlé has invested 30 billion Naira (almost CHF 190 million) on productive investment in our manufacturing operations in Nigeria.

### Creating Shared Value

Nestlé believes that a company can only create long-term value for its shareholders if it is also creating value for society as a whole. As such, our objective to create value for society at large is integral to our way of doing business and is encapsulated in what we call "Creating Shared Value."

One of the focus areas of our CSV strategy is Rural Development. The well-being of the communities from which we draw our agricultural raw materials and local labour is vital to our shareholder value. Through rural development, providing sustainable production practices, we not only seek to protect the supply and quality of our raw materials, but also to have a positive, long-term impact on the local economy and standard of living of rural people. We are pleased to report that 63% of all our raw and packaging materials are sourced locally from Nigeria.

By linking farmers to markets and supporting them to improve quality and ensure supply, farmers are able to attain higher margins at farm level. This triggers cash flow to the rural areas – an important contribution to rural development – and provides direct employment opportunities in rural areas.

In 2010, Nestlé reached out to local farmers in Nigeria through three key programmes: Grains Quality Improvement Initiative, Nestlé/UNAAB Soybean Popularization Project and Nestlé/UNAAB

Farm Family Health Initiative. In the Grains Quality Improvement Initiative, Nestlé has also trained 4,000 farmers (including agricultural extension agents, farm village heads, grain suppliers and transporters).

In 2010, Nestlé facilitated series of field events for soybean farmers in the south west region. Field events are a critical part of agricultural extension services. Agricultural extension services provide avenue for best agricultural practices to be cascaded to farmers for increased yield and ultimately improved income. Field events were held in Aiyetoro in Yewa division of Ogun State.

I am pleased to inform you that to date, over 500 farmers are benefitting from the Soybean Popularization Project and over 780 metric tonnes have been produced from high quality seeds. Besides generating employment, farmers' income has increased by approximately 50%.

### Outlook for the year 2011

Based on the capacity increases of the last few years as well as our permanent improvements in our Route-to-Market, we are confident that our turnover growth will also continue in the year 2011. These capacity increases will come with increased structural and financial costs. In the year 2011, we will intensify our marketing efforts to strengthen the awareness and off-take for all our brands.

I thank you for your attention.

**Chief Olusegun Osunkeye, OON**

Chairman

# Corporate Governance

## Report 2010

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### 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. The Board put in place mechanisms that assist it to review on a regular basis the operations of the Company so as to ensure that our business is conducted in accordance with good Corporate Governance and global best practices.

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**The priority of Nestlé Nigeria Plc is to ethically manage the Company for profitable long-term growth.**

## 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.

### 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 Plc has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

### The Principles

They cover four areas:

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

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

### Information Policy

#### Shareholder Relations- Guiding Principles

Nestlé is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of Nestlé is in line with management's understanding of the actual situation at Nestlé. The guiding principles of this policy, as it relates to shareholders, are that Nestlé gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format



## Nestlé Nigeria Plc. Corporate Governance Report 2010 (continued)

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. The Board is made up of reputable persons of diverse skills and experience in various areas of human endeavour. It is responsible for the overall supervision of the Company and takes appropriate action to protect the interest of the shareholders and other stakeholders.

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, 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.

**Nestlé Nigeria Plc.**  
**Corporate Governance Report 2010 (continued)**

**Date of last election and when due for re-election**

Name	Last election	Due for re-election
Olusegun Osunkeye	27/04/2010	2013
Martin Woolnough	01/04/2008	N/A (not subject to re-election)
David Ifezulike	28/04/2009	26/04/2011
Fiana Mshelia	27/04/2010	2013
Etienne Benet	27/04/2010	2012
Martin Kruegel	28/04/2009	26/04/2011
John Reed	28/04/2009	N/A (resigned on 19/02/2010)
Frederic Duranton	27/04/2010	2012
Iquo Ukoh	27/04/2010	2012

**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 2010:

Etienne Benet  
 Frederic Duranton  
 Martin Kruegel

**Audit Committee**

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

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

The following Directors served on the committee in 2010:

Fiana Mshelia  
 Martin Kruegel  
 Frederic Duranton

**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:**

Martin Woolnough  
 David Ifezulike  
 Fiana 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 2010:

- Board of Directors	4 times
- Audit Committee	3 times
- Remuneration Committee	2 times
- Safety, Health and Environment Committee	2 times

**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.

## Board of Directors

### 1 Chief Olusegun Osunkeye Chairman

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



### 2 Mr. Martin Woolnough (Australian) Managing Director

is the Managing Director / Chief Executive of Nestlé Nigeria Plc. He has an extensive career in Nestlé which started in Australia in 1983. He has worked in different locations including Australia, most of Asia, Uzbekistan and Middle East. Prior to his present appointment, Martin was appointed Country Manager of Uzbekistan in 2004. Thereafter, he served as the Business Manager, Nestlé Waters, Levant, a position he held until 31 March 2008. He attended senior executive programmes organised by the Curtin University, Australia, International Institute for Management Development, Lausanne, Switzerland and London Business School. He was appointed Managing Director of Nestlé Nigeria Plc on 1 April 2008.



### 3 Mr. Etienne Benet (French)

is the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds an MBA in Agronomy and Food Science. He started his working career in Nestlé Group in 1989 as an internal auditor in France. He has held various positions within the Nestlé Group including Country Manager of Gabon in 1997, Country Business Manager, Nestlé Waters in Egypt and Indonesia in 1999 and 2004 respectively until his present appointment as the Head of the CWA Region on 1 March 2008. He was appointed as a non-executive director of Nestlé Nigeria Plc on 14 February 2008.



### 4 Mr. Frederic Duranton (French)

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



### 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. David Ifezulike

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



### 7 Dr. Fiama Mshelia

is a medical practitioner of more than 34 years standing, a seasoned administrator and non-executive director of the Company. Dr. Mshelia has previously served as chairman, National Eye Centre, Director, Banque Internationale du Benin, Cotonou, Benin Republic, CentrePoint Merchant Bank. He is a director of Acacia Management & Consultancy Limited and the Chairman of Triple Gee Plc. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 23 March 2001 as a non-executive director.



### 8 Mrs. Iquo Ukoh

is the Consumer Maximisation Manager in charge of management of Creating Shared Value projects; Creative / Media / Research Agency Coordination; Media Buying and Experiential Marketing / Event Management and Buying. Until her current appointment in March 2009, she was the Category Business Manager – Culinary. She was appointed a director of the Company on 19 February 2010. She holds a Bachelor of Science degree in Nutrition and Dietetics. She joined Nestlé Nigeria Plc in 1981 as a Medical Delegate and has held several key positions in the Company, such as Senior Product Manager, Group Product Manager, Marketing Manager in the Marketing Division of Nestlé Nigeria Plc.



### 9 Mr. Bode Ayeku

is the Company Secretary / Legal Manager of the Company with effect from 1 January 2008. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria and was called to the Bar in 1992. He holds a Master of Laws degree and has over 18 years post qualification experience. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of the Institute of Chartered Secretaries and Administrators, Nigeria and United Kingdom. He is a member of Council of the Institute of Chartered Secretaries and Administrators of Nigeria.







Nestlé Nigeria Plc Annual Report & Accounts 2010

Nestlé Nigeria Plc.

# Financial Statements-

For the year ended 31 December 2010 and

# Directors' and Auditor's Reports



## Contents

16	Results at a glance
19	Directors' Report
26	Statement of Directors Responsibilities
27	Independent Auditor's Report
28	Audit Committee Report
30	Statement of Accounting Policies
33	Profit and Loss Account
34	Balance Sheet
35	Statement of Cash Flows
36	Notes to the Financial Statements
47	Value Added Statement
48	Five-Year Financial Summary

**Turnover**    **+21%**    |    **Profit before tax**    **+32%**    |    **Profit after tax**    **+29%**

## Results at a Glance

	2010 N'000	2009 N'000	% Increase/ (Decrease)
<b>Results in millions of Naira</b>			
Turnover	82,726	68,317	21
Profit before taxation	18,244	13,783	32
Profit after taxation	12,602	9,784	29
Declared dividend*	8,290	8,290	0
Share capital	330	330	0
Shareholders' funds	14,865	10,544	41
<b>Data per 50k share</b>			
Earnings per share	N 19.08	N 14.81	29
Declared dividend*	N 12.55	N 12.55	0
Net assets	N 22.50	N 15.96	41
<b>Dividend per 50k share in respect of current year results only</b>			
- Interim dividend	N 1.95	N 1.95	0
- Final dividend proposed**	N 10.60	N 10.60	0
<b>Stock Exchange Information</b>			
Stock exchange quotation at 31 December			
in Naira per share	N368.55	N 239.50	54
Number of shares issued ('000)	660,547	660,547	0
Market capitalisation at 31 December (N: million)	243,445	158,201	54

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

\*\* The directors propose a final dividend payment of N10.60 (2009: N10.60) per share on the issued share capital of 660,546,875 (2009: 660,546,875) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.



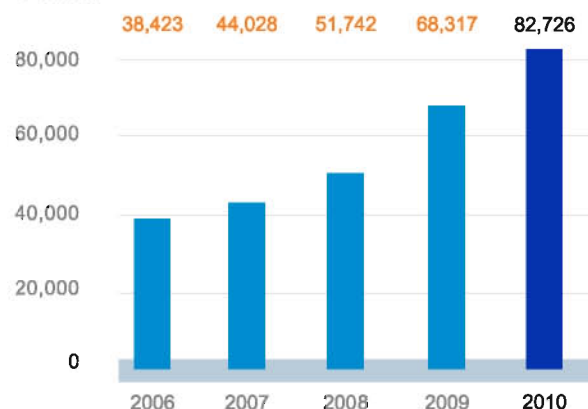
## Performance Indicators

### Turnover Development

- Turnover growth 21% from 2009 to 2010
- Turnover growth 115% over the last four years
- On the back of heavy capacity increases in all the product categories
- Continued optimization of our 'Route to Market' enabling us to reach more and more consumers for our products

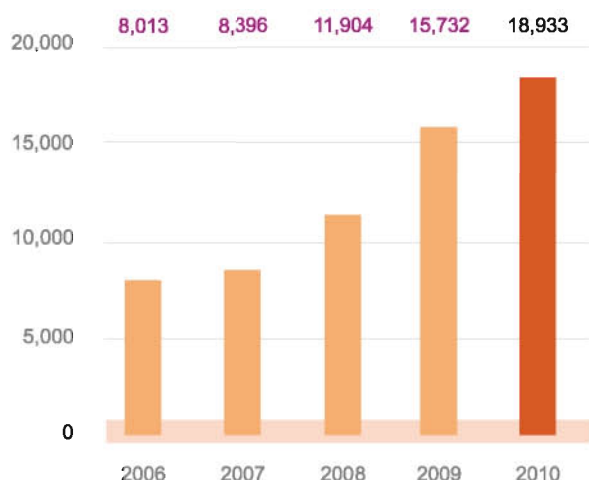
### Turnover

₦ Million



### Operating Profit

₦ Million



### Operating Profit Development

- Growth of Operating Profit 20% from 2009 to 2010
- Growth of Operating Profit 136% over the last four years
- High Capacity utilization and continued efficiency improvements in our factory were the main drivers for the increase
- Increases of commodities prices were successfully compensated by savings in purchasing and strict cost control
- Higher investments in Marketing including brand equity building in the year 2010 is the basis for future turnover growth

### Profit After Tax Development

- PAT growth with 29% from 2009 to 2010
- Growth of PAT 123% over the last four years  
PAT Margin increased from 14.3% in 2009 to 15.2% in 2010
- Improvement of Operational Profit combined with strong reduction of Financing costs as main drivers for PAT increase.
- Decrease in Financing costs due to lower Naira devaluation in 2010

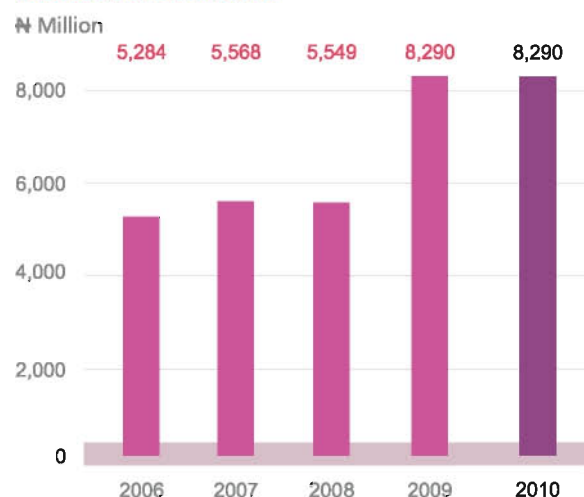
### Profit After Tax

₦ Million



## Performance Indicators (continued)

### Declared Dividend



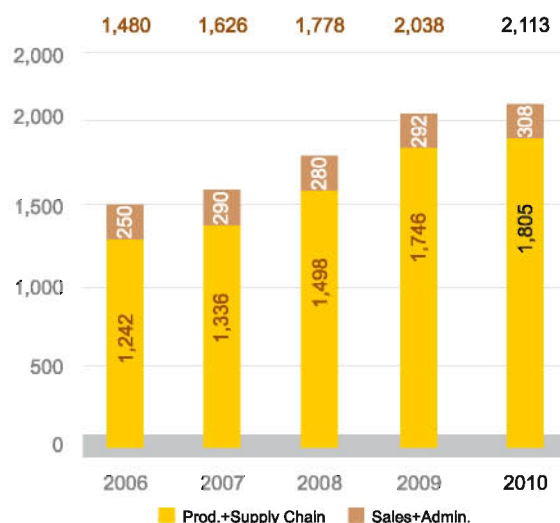
### Declared Dividend Development

- Distribution of 8.3 Bio NGN to the shareholders as 2010 Dividend
- 2010 Dividend on the same level like 2009 Dividend
- In addition to the Cash Dividend, in 2010 also Issue of Bonus shares in ratio 1:5
- Part of 2010 Profit retained in the company for funding of heavy investments in the years 2009 and 2010

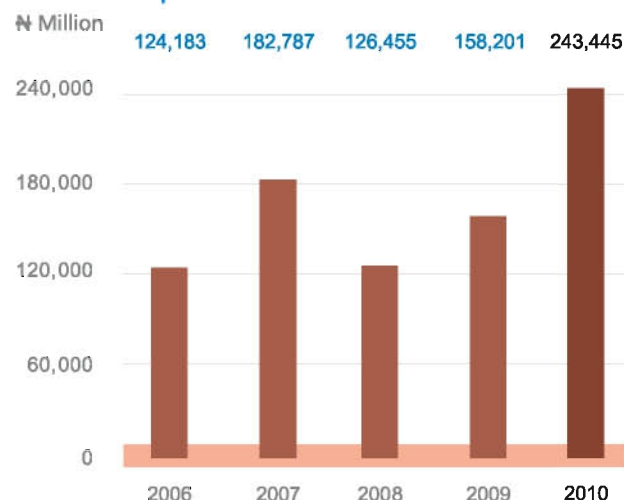
### Staff Development

- Consistent growth of employment over the last five years
- End of 2010, we employed 2,113 own staff and 1,280 Contract staff
- All in all more than 10,000 people rely on Nestlé Nigeria PLC for their income
- Growth of employment especially in the Production- and Supply Chain areas
- Strong cost control in the Administrative areas

### Employment (own staff)



### Market Capitalization



### Market Capitalization Development

- Increase of the share price from 239.50 NGN to 368.55 NGN during the year 2010
- Growth of Market Capitalization with 54% from 2009 to 2010
- Growth of Market Capitalization with 93% from 2008 to 2010
- Very positive development of the share price has continued also in the first months of 2011

# Directors' Report

For the year ended 31 December 2010

## 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 2010.

## 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:

	2010	2009
	N'000	N'000
Turnover	82,726,229	68,317,303
Operating profit	18,933,379	15,732,203
Profit before tax	18,244,454	13,783,244
Profit after tax	12,602,109	9,783,578
Retained earnings, end of year	14,316,327	9,994,909

## 4. Dividend and Bonus Shares

The directors recommend the payment of a final dividend of ₦10.60 (2009: ₦10.60) per share, having earlier declared an interim dividend of ₦1.95 (2009: ₦1.95) per share, on the issued share capital of 660,546,875 (2009: 660,546,875) ordinary shares of 50k each totalling ₦12.55 (2009: ₦12.55). If the proposed final dividend of ₦7,001,796,875 is approved by the shareholders, it will be subject to deduction of withholding tax at the applicable rate at the time of payment.

A bonus issue of one new share for every five existing shares is being recommended for the approval of shareholders at the next Annual General Meeting.



## Directors' Report

For the year ended 31 December 2010

### 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	
		2010	2009
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. Frederic Duranton (French)		Nil	Nil
Mrs. Iquo Ukoh		31,250	31,250
Mr. David Ifezulike		63,546	63,546
Dr. Fama Mshelia		3,125	3,125

- (b) In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.
- (c) 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. Chief Olusegun Osunkeye has notified the Company that he attained the age of seventy years after the last Annual General Meeting.
- (d) Mr. Martin Kruegel and Mr. David Ifezulike will retire by rotation, and being eligible offer themselves for re-election.

### 6. Records of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' Attendance at Board Meetings held in 2010 is available at the Annual General Meeting for inspection.

## Directors' Report

For the year ended 31 December 2010

### 7. (a) Analysis of Shareholdings

Shareholding Between	Number of shareholders	%	Number of shares	%
1 - 100	3,535	11.58	184,860	0.03
101 - 500	9,498	31.13	2,519,828	0.38
501 - 1,000	4,555	14.93	3,394,156	0.51
1,001 - 2,500	5,715	18.73	9,418,946	1.42
2,501 - 5,000	3,055	10.01	11,168,292	1.69
5,001 - 7,500	1,208	3.96	7,438,877	1.13
7,501 - 10,000	758	2.48	6,559,865	0.99
10,001 - 100,000	1,945	6.37	50,775,910	7.69
100,001 - 1,000,000	219	0.72	61,367,605	9.29
1,000,001 and above	25	0.08	93,189,226	14.11
	<b>30,513</b>	<b>99.99</b>	<b>246,017,565</b>	<b>37.24</b>
Nestlé CWA Limited, Ghana	1	0.005	393,590,269	59.59
Nestlé S.A. Switzerland	1	0.005	20,939,041	3.17
	<b>30,515</b>	<b>100.00</b>	<b>660,546,875</b>	<b>100.00</b>

#### (b) Substantial Interest in Shares

Apart from Nestlé CWA Limited, Ghana, with 393,590,269 ordinary shares (representing 59.59%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2010.

### 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 ₦3,000,000 (2009: ₦18,436,555) to the following institutions and organisations during the year:

	2010 N'000
Nigerwives Braille Book Production Centre	2,000
Ilupeju Police Station CCTV Project	1,000
	<b>3,000</b>

In addition, the Company donated 3 used vehicles to compliment the Nigerian Police Force efforts in combating crime.

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.

## Directors' Report

For the year ended 31 December 2010

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

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

### 11. **Local Sourcing of Raw Materials**

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

### 12. **Major Distributors**

The Company's products are distributed through various distributors that are spread across the whole country. The distributors are listed on page 71 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 Licence Agreement**

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

### 15. **Acquisition of Own Shares**

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

### 16. **New Factory (Flowergate)**

The Company completed the first phase of the state of the art manufacturing complex at Flowergate Industrial Estate, along Abeokuta-Sagamu Expressway, Ogun state. The factory which was officially commissioned on 3 February 2011 will increase production capacities and create employment for the youths.



## Directors' Report

For the year ended 31 December 2010

### 17. Employment and Employees

#### (a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 17 (2009: 16) physically challenged persons in its employment as at 31 December 2010.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

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

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

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

In addition, the company renovated the head office clinic at Ilupeju in order to continue to deliver excellent medical services to the employees.

The modernization of the medical facilities by the Company is in line with Nestlé Corporate Business principles of promoting safe and healthy work environment for the employees. In addition, the Company retains a number of registered private hospitals run by qualified medical doctors to whom serious cases of illness are referred for treatment.

The Company caters for the recreational needs of its employees by providing them with games facilities such as Table Tennis, Draughts etc. Lunch is provided free to staff in the Company's canteen.

## Directors' Report

For the year ended 31 December 2010

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

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

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

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

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

### 18. **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.

### 19. **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 27 April 2010. Members that served on the audit committee during the year comprise:

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

### 20. **Effectiveness of Internal Control System**

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities.

## Directors' Report

For the year ended 31 December 2010

There is an effective internal control function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalisation and improvement of the Company's business processes.

### 21. Auditors

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

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

### BY ORDER OF THE BOARD

**Bode Ayeku**

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

Date: 16 February 2011





## Statement of Directors' Responsibilities

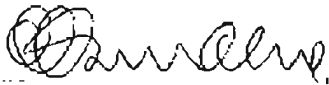
For the year ended 31 December 2010

The directors accept responsibility for the preparation of the annual financial statements set out on pages 30 to 48 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

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

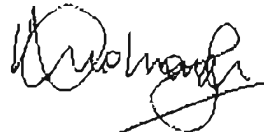
The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



**Chief Olusegun Osunkeye**

16 February 2011



**Martin Woolnough**

16 February 2011

# Independent Auditor's Report

To the Members of Nestlé Nigeria Plc



KPMG Professional Services  
22A Gerrard Road, Ikoyi  
P.M.B 40014, Falomo  
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 2010, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 30 to 49.

## Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 2010 and of its 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 the Company's balance sheet and profit and loss account are in agreement with the books of account.

KPMG

16 February 2011  
Lagos, Nigeria



Abayomi D. Sanfil  
Adetola P. Adeyemi  
Ajodele H. Othman  
Joseph O. Tigbe  
Oluwalanle I. Salawudeen  
Oluseyi T. Bickersteth

Adebiyi D. Lamikanra  
Adewale K. Ajayi  
Chibuzor N. Anyanachi  
Kehinde O. Oluwalanle  
Oluwalanle O. Oluwalanle  
Tayo I. Ogunbunmi

Adekunle A. Elebute  
Ajibola O. Oluwalanle  
Goodluck C. Odi  
Oluwalanle R. Oluwalanle  
Oluwalanle A. Gbogi  
Victor U. Oluwalanle

## Audit Committee Report

For the year ended 31 December 2010

22-24, Industrial Avenue, Ilupeju  
P.M.B. 21164, Ikeja, Nigeria  
Telephone: 01-2798184, 2798188,  
2790707. Fax: 01-496 3033.

### REPORT TO THE MEMBERS OF NESTLÉ NIGERIA PLC

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act, (CAP: C20), Laws of the Federation of Nigeria, 2004, we have obtained the Auditors' Report for the year ended 31 December 2010. 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 16th day of February, 2011.  
Lagos, Nigeria.



**Otunba T. B. Adebayo**  
Chairman, Audit Committee.

#### **Members:**

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



## Audit Committee Members



1 Olumba Thomas Adabayo - Chairman 2 Mr. Frederic Duranton (French) 3 Alhaji Karsoruadeen Danjuma 4 Dr. Pans. Mihaila 5 Mr. Christopher Nwaguru 6 Mr. Martin Kruegel (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.

- i. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing costs continues up to the date that the assets are capable of producing.
- ii. Fixed assets under construction or in process of installation are disclosed as capital work-in-progress.

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

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

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

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

(d) **Stocks**

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

Cost incurred in bringing each product to its present location and condition is based on:

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

## Statement of Accounting Policies (continued)

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

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

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

(e) **Debtors**

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

(f) **Provisions**

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

(g) **Segment Reporting**

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

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

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

(h) **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded in Naira at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the 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 recognised in the profit and loss account. Current income tax is the expected tax payable on taxable income, using statutory tax rates at the balance sheet date.

(j) **Deferred Taxation**

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

## Statement of Accounting Policies (continued)

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

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

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

#### i. Defined Contribution Gratuity Scheme:

The Company has a defined contribution gratuity scheme for its Nigerian employees, which is funded. Under this scheme, a specified amount is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employee entitlements are calculated based on their actual salaries and paid over to NNTL each month.

#### ii. Pension Fund Scheme:

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

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

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

### (m) Unclaimed Dividends

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

### (n) Revaluation Reserve

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

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

### (o) Cash and Cash Equivalents

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

### (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 2010

	Notes	2010 N'000	2009 N'000
<b>TURNOVER</b>	1	82,726,229	68,317,303
Cost of sales		(46,495,387)	(39,956,777)
<b>GROSS PROFIT</b>		36,230,842	28,360,526
Marketing and distribution expenses		(12,993,513)	(9,389,285)
Administrative expenses		(4,303,950)	(3,239,038)
<b>OPERATING PROFIT</b>		18,933,379	15,732,203
Finance income		64,378	96,598
Finance costs		(753,303)	(2,045,557)
<b>PROFIT BEFORE TAXATION</b>	2	18,244,454	13,783,244
Taxation	3	(5,642,345)	(3,999,666)
<b>PROFIT AFTER TAXATION</b>		12,602,109	9,783,578
<b>APPROPRIATIONS</b>			
Interim dividend declared		1,288,066	1,288,066
Transfer to retained earnings	6	11,314,043	8,495,512
		12,602,109	9,783,578
 Earnings per share	5	 N19.08	 N14.81
 Declared dividend per share	5	 N12.55	 N12.55

The accounting policies on pages 30 to 32 and notes on pages 36 to 46 form an integral part of these financial statements.

## Balance Sheet

As at 31 December 2010

	Notes	2010 N'000	2009 N'000
<b>FIXED ASSETS</b>	7	40,241,739	25,404,616
<b>CURRENT ASSETS:</b>			
Stocks	8	8,494,039	10,697,567
Debtors and prepayments	9	7,498,883	4,503,141
Advance payments to contractors		911,286	2,127,409
Amounts due from related companies		30,608	27,536
Foreign currencies purchased for imports		77,805	826,792
Bank balances and cash in hand		3,092,702	3,664,741
<b>TOTAL ASSETS</b>		<b>60,347,062</b>	<b>47,251,802</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	14,316,327	9,994,909
<b>SHAREHOLDERS' FUNDS</b>		<b>14,865,353</b>	<b>10,543,935</b>
<b>CURRENT LIABILITIES:</b>			
Bank overdraft and term loans	12	3,398,377	4,900,799
Trade creditors		4,085,379	4,114,153
Other creditors and accruals		1,935,038	1,294,558
Taxation	3	4,817,090	4,661,984
Dividend	4	2,479,489	1,200,595
Amounts due to related companies	13	2,739,926	5,840,309
<b>NON-CURRENT LIABILITIES:</b>			
Bank term loans	14	7,904,762	-
Inter-company loan	15	14,423,134	11,921,190
Deferred taxation	16	2,985,848	2,103,233
Provision for other long term employee benefits	17	712,666	671,046
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>60,347,062</b>	<b>47,251,802</b>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

  
 \_\_\_\_\_ )  
 Chairman ) Directors  
  
 \_\_\_\_\_ )  
 Managing Director )

These financial statements were approved by the Board of Directors on 16 February 2011.

The accounting policies on pages 30 to 32 and notes on pages 36 to 46 form an integral part of these financial statements.

## Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 N'000	2009 N'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating profit before working capital changes	19	21,363,667	17,577,981
Working capital changes	20	1,471,466	(1,426,784)
Income tax paid	3	(4,604,624)	(1,823,104)
VAT paid		(2,790,319)	(2,335,200)
Long service award paid	17	(91,875)	(72,804)
Net cash inflow from operating activities		15,348,315	11,920,089
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of fixed assets		(17,167,307)	(13,182,037)
Proceeds from sale of fixed assets		33,391	45,172
Finance income		64,378	96,598
Net cash outflow from investing activities		(17,069,538)	(13,040,267)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividend paid	4	(7,001,797)	(7,654,208)
Finance costs		(753,303)	(2,045,557)
(Decrease)/increase in bank overdraft and term loans	12	(1,502,422)	3,285,522
Increase in intercompany loan	15	2,501,944	5,940,752
Increase in long term bank loan		7,904,762	-
Net cash inflow/(outflow) from financing activities		1,149,184	(473,491)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(572,039)	(1,593,669)
CASH AND CASH EQUIVALENTS, beginning of year		3,664,741	5,258,410
CASH AND CASH EQUIVALENTS, end of year		3,092,702	3,664,741

The accounting policies on pages 30 to 32 and notes on pages 36 to 46 form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2010

## 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):

	2010	2009
	N'000	N'000
Depreciation	2,242,594	1,565,267
Staff costs (Note (b))	9,326,692	8,272,085
Auditors' remuneration	24,612	23,000
Directors' remuneration	88,127	83,747
Loss on foreign exchange transactions	256,680	1,564,357
General license fees	3,040,189	2,514,077
Loss/(gain) on disposal of fixed assets	54,199	(15,670)

(b) Staff costs and directors' remuneration

i. Employees' costs during the year amounted to:

	2010	2009
	N'000	N'000
Salaries and wages	4,901,143	4,375,195
Welfare and end of service benefits	4,425,549	3,896,890
	9,326,692	8,272,085

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:

N	N	2010	2009
		Number	Number
0 - 400,000	-	-	1
400,001 - 800,000	-	-	181
800,001 - 1,000,000	-	168	706
1,000,001 - 1,200,000	-	666	234
1,200,001 - 1,400,000	-	276	174
1,400,001 - 1,600,000	-	138	213
1,600,001 - 1,800,000	-	187	162
1,800,001 - 2,000,000	-	144	72
2,000,001 - 2,500,000	-	241	93
2,500,001 - 3,000,000	-	69	36
3,000,001 - 3,500,000	-	50	30
3,500,001 - 4,000,000	-	32	35
4,000,001 - 4,500,000	-	29	17
4,500,001 - 5,000,000	-	17	8
5,000,001 and above	-	96	76
		2,113	2,038



## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

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

	2010	2009
	Number	Number
Production	1,696	1,640
Supply Chain	109	106
Sales and Marketing	189	172
Administration	119	120
	<b>2,113</b>	<b>2,038</b>

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

	2010	2009
	N'000	N'000
Fees:		
– Non executive directors	1,400	1,160
– Executive directors	86,727	82,587
	<b>88,127</b>	<b>83,747</b>

The directors' remuneration shown above includes:

	2010	2009
	N'000	N'000
Chairman	830	700
Highest paid director	<b>37,735</b>	<b>30,611</b>

Other directors received emoluments in the following ranges:

	2010	2009
	Number	Number
Nil	2	3
10,001 - 4,000,000	3	2
15,000,001 - 25,000,000	1	1
25,000,001 - 32,000,000	1	1
	<b>7</b>	<b>7</b>

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

### 3. Taxation

(a) The tax charge for the year comprises:

	2010	2009
	N'000	N'000
Income tax	4,345,437	4,158,050
Education tax	414,293	344,971
	4,759,730	4,503,021
Deferred taxation charge/(credit) (Note 16)	882,615	(503,355)
	5,642,345	3,999,666

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

	2010	2009
	N'000	N'000
Balance, beginning of year	4,661,984	1,982,067
Current year charge (Note (a))	4,759,730	4,503,021
Payments during the year	(4,604,624)	(1,823,104)
Balance, end of year	4,817,090	4,661,984

### 4. Dividend

(a) Dividend declared:

	2010	2009
	N'000	N'000
Final dividend proposed for the preceding year but declared and paid in current year	7,001,797	7,001,797
Interim dividend declared in current year	1,288,066	1,288,066
Declared dividend	8,289,863	8,289,863

The directors propose a final dividend payment of ₦10.60 (2009: ₦10.60) per share on the issued share capital of 660,546,875 (2009: 660,546,875) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

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

	2010 N'000	2009 N'000
Balance, beginning of year	1,200,595	583,920
Final dividend declared (Note (a))	7,001,797	7,001,797
Interim dividend declared (Note (a))	1,288,066	1,288,066
Unclaimed dividends returned	-	635,655
Unclaimed dividends written back	(9,172)	(18,980)
Payments during the year	(7,001,797)	(8,289,863)
<b>Balance, end of year</b>	<b>2,479,489</b>	<b>1,200,595</b>

- (c) The dividend payable above represents the interim dividend declared in December 2010 and paid subsequent to the balance sheet date and unclaimed dividend which is held in a separate bank account as directed by the Securities and Exchange Commission. Additional unclaimed dividends amounting to N289,402,714 (2009: N436,887,687) were held by the Registrars at the year end.
- (d) Unclaimed dividends written back represents dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with section 385 of the Companies and Allied Matters Act. These are written back to retained earnings.

### 5. Earnings and declared dividend per share

Earnings and declared dividend per share are based on profit after taxation for the year of N12,602,109,000 (2009: N9,783,578,000) and declared dividends of N8,289,863,000 (2009: N8,289,863,000) respectively and on the 660,546,875 (2009: 660,546,875) ordinary shares of 50 kobo each in issue.

### 6. Retained earnings

The movement in retained earnings was as follows

	2010 N'000	2009 N'000
Balance, beginning of year	9,994,909	8,482,214
Transfer from profit and loss account	11,314,043	8,495,512
Final dividend declared (Note 4 (a))	(7,001,797)	(7,001,797)
Unclaimed dividend written back (Note 4 (b))	9,172	18,980
<b>Balance, end of year</b>	<b>14,316,327</b>	<b>9,994,909</b>

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

### 7. Fixed assets

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

	Leasehold Land & Buildings N'000	Plant & Machinery N'000	Motor Vehicles N'000	Furniture & Fittings N'000	IT Equipment & Software N'000	Capital Work-in- Progress N'000	Total N'000
<b>COST/VALUATION:</b>							
At 1 Jan., 2010	3,235,374	13,723,037	659,727	1,623,176	1,049,345	12,397,277	32,687,936
Additions	130,753	983,416	173,834	229,060	71,606	15,578,638	17,167,307
Transfers	208,115	4,924,868	-	348,193	9,323	(5,490,499)	-
Disposals	-	(338,824)	(124,138)	(138,257)	(3,827)	-	(605,046)
At 31 Dec., 2010	3,574,242	19,292,497	709,423	2,062,172	1,126,447	22,485,416	49,250,197
<b>ACCUMULATED DEPRECIATION:</b>							
At 1 Jan., 2010	758,439	4,534,711	369,528	997,556	623,086	-	7,283,320
Charge for the year	120,731	1,562,462	118,530	270,112	170,759	-	2,242,594
Disposals	-	(287,482)	(101,148)	(125,087)	(3,739)	-	(517,456)
At 31 Dec., 2010	879,170	5,809,691	386,910	1,142,581	790,106	-	9,008,458
<b>NET BOOK VALUE:</b>							
At 31 Dec., 2010	2,695,072	13,482,806	322,513	919,591	336,341	22,485,416	40,241,739
At 31 Dec., 2009	2,476,935	9,188,326	290,199	625,620	426,259	12,397,277	25,404,616

(b) Included in capital work in progress are capitalised finance costs of ₦610 million (2009: ₦314 million).

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

(d) Included in depreciation charge for the year is an amount of ₦342,900,788 which relates to write-down of the net book value of certain plant and machinery no longer in use and are considered impaired.



## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

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

	2010	2009
	N'000	N'000
Buildings	11,387	11,387
Plant and machinery	1	1
	<u>11,388</u>	<u>11,388</u>

(f) Capital commitments comprise:

	2010	2009
	N'000	N'000
Contracted	5,601,131	6,311,059
Authorised but not contracted	7,944,510	12,935,215
	<u>13,545,641</u>	<u>19,246,274</u>

### 8. Stocks

	2010	2009
	N'000	N'000
Raw and packaging materials	4,061,007	4,954,112
Products-in-process	393,036	313,928
Finished goods	2,224,034	2,815,066
Goods-in-transit	1,074,625	2,002,451
Engineering spares	741,337	612,010
	<u>8,494,039</u>	<u>10,697,567</u>

### 9. Debtors and prepayments

	2010	2009
	N'000	N'000
Trade receivables	4,970,206	1,951,039
Staff loans and advances	883,026	702,631
Advance payments to suppliers	990,666	1,100,631
Other receivables	263,895	110,135
Prepayments	391,090	638,705
	<u>7,498,883</u>	<u>4,503,141</u>

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

### 10. Share capital

The movement in the share capital account was as follows:

	2010	2009
	N'000	N'000
(a) Authorised: 660,546,875 (2009: 660,546,875) Ordinary shares of 50k each	330,273	330,273
(b) Allotted, called-up and fully paid: 660,546,875 (2009: 660,546,875) ordinary shares of 50k each	330,273	330,273

A bonus issue of one new share for every five existing shares is being recommended for the approval of shareholders at the next Annual General Meeting.

### 11. Revaluation reserve

	2010	2009
	N'000	N'000
Balance, end of year	186,491	186,491

### 12. Bank overdraft and term loans

	2010	2009
	N'000	N'000
Bank overdraft (Note (a))	3,303,139	1,900,799
Short term portion of bank loans (Note 14)	95,238	-
Short term loan (Note (b))	-	3,000,000
	3,398,377	4,900,799

(a) Bank overdraft comprises various facilities obtained by the Company for investment, financing and working capital requirements. Total available facility at the year end amounted to ₦5 billion (2009: ₦3 billion) at market related interest rates. The overdrafts are secured by a negative pledge on the Company's assets.

(b) The short term loan of ₦3 billion outstanding in prior year was fully paid in current year.

### 13. Amounts due to related companies

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

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

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

	2010	2009
	N'000	N'000
Nestlé Cote D'Ivoire Plc	346,539	693,828
Nestlé Ghana Limited	178,372	145,401
Nestlé World Trade Corporation Limited	115,268	3,855,393
Nestlé Globe Centre AOA	10,661	262,243
Nestlé Nederland	235,503	306,742
Nestlé France Limited	210,774	132,153
Nestlé Cameroun	83,254	-
Nestlé Malaysia	57,190	133,562
Nestlé Deutschland	18,869	6,516
Nestec S.A	2,747	31,417
Societe Des Produits Nestlé S.A	223,950	194,265
Nestlé Central and West Africa Limited	1,098,027	-
Nestlé Senegal	157,189	-
Others	1,583	78,789
	<b>2,739,926</b>	<b>5,840,309</b>

### 14. Bank term loans

The Company secured three credit facilities from two local banks during the year. The details of the bank loans are summarised below:

	N'000
<b>Facility I</b> A ₦5 billion facility with a tenor of 4 years and priced at 9% for the first 12 months; and subsequently at 180 day NIBOR plus 200 basis points. The total facility has been fully drawn down.	5,000,000
<b>Facility II</b> A facility with a tenor of 4 years and priced at 9% for the first 12 months; and subsequently at 180 day NIBOR plus 200 basis points.	1,000,000
<b>Facility III</b> A ₦2 billion facility with a tenor of 7 years and priced at 7% per annum. The total facility has been fully drawn down.	2,000,000
Amounts falling due within one year (Note 12)	(95,238)
<b>Balance, end of year</b>	<b>7,904,762</b>

The afore-said facilities are secured by negative pledges on the assets of the Company in line with their relative exposures. The principal repayment obligations mainly fall due after the next 12 months from the balance sheet date.

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

### 15. Inter-company loan

Two loan facilities of US \$54million and US \$40million were made available to the Company in 2008 by Nestlé Treasury Centre – Middle East & Africa Limited, a Nestlé Group Company based in Dubai for general corporate purposes. The Company made the final drawdown of US\$17 million on the first facility in April 2010.

Both loans have tenor of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from March 2008 and December 2008 respectively. These facilities, which are unsecured, attract interest at 6 months USD LIBOR plus a margin of 150 basis points and 300 basis points respectively. The principal repayments become payable at the end of the seven year tenor for both loans. At the year end, the total balance outstanding on these loans amounted to ₦14.4 billion (2009: ₦11.9 billion).

### 16. Deferred taxation

The movement on the deferred tax account was as follows:

	2010	2009
	₦'000	₦'000
Balance, beginning of year	2,103,233	2,606,588
Charged/(credited) to profit and loss account (Note 3 (a))	882,615	(503,355)
Balance, end of year	2,985,848	2,103,233

### 17. Provision for other long term employee benefits

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

	2010	2009
	₦ 000	₦ 000
Balance, beginning of year	671,046	447,669
Charged to profit and loss	133,495	296,181
Payments during the year	(91,875)	(72,804)
Balance, end of year	712,666	671,046

### 18. Nestlé Nigeria Trust (CPFA) Limited

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

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



# Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

## 19. Profit before working capital changes

	2010	2009
	N'000	N'000
Profit after tax	12,602,109	9,783,578
Add back:		
- Taxation	5,642,345	3,999,666
- Finance costs, net	688,925	1,948,959
	18,933,379	15,732,203
Adjustment for items not involving the movement of cash:		
- depreciation	2,242,594	1,565,267
- loss/(gain) on disposal of fixed assets	54,199	(15,670)
- provision for other long term employee benefits	133,495	296,181
	21,363,667	17,577,981

## 20. Working capital changes

	2010	2009
	N'000	N'000
Decrease/(Increase) in stocks	2,203,528	(4,282,402)
Increase in debtors, prepayments and advance payments	(1,779,619)	(1,224,991)
(Increase)/decrease in amounts due from related companies	(3,072)	95,091
Decrease in foreign currencies purchased for imports	748,987	29,559
(Decrease)/increase in trade creditors	(28,774)	121,697
Increase in other creditors and accruals*	3,430,799	1,689,084
(Decrease)/increase in amounts due to related companies	(3,100,383)	2,145,178
	1,471,466	(1,426,784)

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

## 21. 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) Financial commitments

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

## Notes to the Financial Statements

For the year ended 31 December 2010 (continued)

### 22. 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 2010 that have not adequately been provided for or disclosed in these financial statements.

### 23. Comparative figures

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

### 24. 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 2010, Nestlé Nigeria Plc's operations comprised two business segments namely: Food and Beverages. The segments are made up of the following:

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

#### (a) Segment profit and loss accounts

	Food		Beverages		Unallocated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Turnover	50,960,809	42,275,943	31,765,420	26,041,360	-	-	82,726,229	68,317,303
Depreciation	1,688,673	1,025,384	553,921	539,883	-	-	2,242,594	1,565,267
Interest and other income	-	-	-	-	(688,925)	(1,948,959)	(688,925)	(1,948,959)
Profit before Tax	12,561,849	11,440,792	6,371,530	4,291,411	(688,925)	(1,948,959)	18,244,454	13,783,244

#### (b) Segment balance sheet

	Food		Beverages		Unallocated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Fixed Assets	24,683,739	15,508,426	15,320,872	9,553,672	237,128	342,518	40,241,739	25,404,616
Current Assets	10,412,992	10,726,104	6,491,216	6,602,013	3,201,115	4,519,069	20,105,323	21,847,186
Current Liabilities	(3,708,577)	(3,347,992)	(2,311,840)	(2,060,719)	(13,434,882)	(16,603,687)	(19,455,299)	(22,012,398)
Long Term Liabilities	-	-	-	-	(26,026,410)	(14,695,469)	(26,026,410)	(14,695,469)
Net Assets/ (Liabilities)	31,388,154	22,886,538	19,500,248	14,094,966	(36,023,049)	(26,437,569)	14,865,353	10,543,935

## Value Added Statement

For the year ended 31 December 2010

	2010		2009	
	N'000	%	N'000	%
Turnover	82,726,229		68,317,303	
Bought in goods and services:				
- Local	(32,835,603)		(27,045,122)	
- Imported	(19,387,961)		(15,702,626)	
	30,502,665		25,569,555	
Finance income	64,378		96,598	
<b>Value added</b>	<b>30,567,043</b>	<b>100.0</b>	<b>25,666,153</b>	<b>100.0</b>
Distribution of value added:				
To employees as salaries, wages, welfare and end of service benefits	9,326,692	30.5	8,272,085	32.2
To providers of finance:				
Shareholders as dividends - interim	1,288,066	4.2	1,288,066	5.0
Finance costs	753,303	2.5	2,045,557	8.0
To government as taxes	5,642,345	18.5	3,999,666	15.6
Retained in the business:				
- depreciation	2,242,594	7.3	1,565,267	6.1
- Proposed final dividend	7,001,797	22.9	7,001,797	27.3
- to augment reserves	4,312,246	14.1	1,493,715	5.8
	30,567,043	100	25,666,153	100.0

## Five-Year Financial Summary

	2010	2009	2008	2007	2006
	N'000	N'000	N'000	N'000	N'000
<b>FUNDS EMPLOYED</b>					
Share capital	330,273	330,273	330,273	330,273	264,219
Share premium	32,262	32,262	32,262	32,262	32,262
Fixed assets revaluation reserve	186,491	186,491	186,491	186,491	189,261
Retained earnings	14,316,327	9,994,909	8,482,214	5,687,495	5,874,750
Shareholders' funds	14,865,353	10,543,935	9,031,240	6,236,521	6,360,492
Current liabilities	19,455,299	22,012,398	11,093,617	8,236,796	7,325,189
Non current liabilities	26,026,410	14,695,469	9,034,695	6,779,003	5,222,534
	60,347,062	47,251,802	29,159,552	21,252,320	18,908,215
<b>ASSETS EMPLOYED</b>					
Fixed assets	40,241,739	25,404,616	13,817,348	10,435,952	7,336,015
Current assets	20,105,323	21,847,186	15,342,204	10,816,368	11,572,200
	60,347,062	47,251,802	29,159,552	21,252,320	18,908,215
<b>TURNOVER</b>	82,726,229	68,317,303	51,742,302	44,027,525	38,422,782
Profit before taxation	18,244,454	13,783,244	11,862,213	8,463,788	8,197,897
Profit after taxation	12,602,109	9,783,578	8,331,599	5,441,899	5,660,329
Declared dividend*	8,289,863	8,289,863	5,548,594	5,568,410	5,284,375
Per 50k share data:					
Earnings per share	N19.08	N14.81	N12.61	N 8.79	N10.71
Declared dividend*	N12.55	N12.55	N 8.40	N 8.99	N10.00
Net assets per share	N22.50	N15.96	N13.67	N10.07	N12.04

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



## Our Food Product Category



### **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.

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



### **MAGGI Mix'py**

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

**MAGGI Mix'py Classic:** A rich blend of seasoning with a mild onion flavour to enhance the aroma and taste of soups, 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.

### **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.



## Our Food Product Category



### 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.
- to be enjoyed by every member of the family.
- 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
- 500g and 1 kg for the whole family.



## Our Food Product Category

### Nestlé CERELAC

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

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

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



### NUTREND

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



## Our Beverage Product Category



### 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.

### More Delicious Nestlé MILO

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

### 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 20g (Single serve)





## Our Beverage Product Category



### Nestlé NIDO Fortified

Nestlé NIDO Fortified is a full cream powdered milk brand committed to children health and nutrition. It stands for complete nutrition for the complete growth and development of children. Leveraging on its emotional brand essence "Nurturing", it stands for the expression of a mothers' maternal love which is symbolic to giving love, care and attention to their children and also helping to develop them in a more caring way through complete nourishment. The brand demonstrates this commitment by offering a high quality full cream milk product that is rich in iron, protein, calcium, zinc and vitamins with all the essential minerals. Nestlé NIDO Fortified comes in 26g, 365g, 400g, 900g and 2500g.



NIDO 1+ Prebio is a growing up milk with PREBIO 1; a unique natural blend of fiber from Nestlé that helps maintain a healthy digestive system. NIDO 1+ with PREBIO 1 from Nestlé is the only growing-up milk with a unique body-boosting Health and Protection formulation that aids tummy protection for children. PREBIO are complex sugars that can't be digested. It stimulates the growth of friendly bacteria in the digestive system. It also contains honey to enhance the taste, and it is a product for Children 1 to 3 years old. NIDO 1+ comes in 400g Tin format.

## Our Beverage Product Category



### Need4 NESCAFÉ, Awaken Your Senses

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

- Hydration: It 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
- Coffee/Caffeine makes you feel better
- Physical performance: improved endurance and peak
- Coffee/Caffeine improves physical performance
- Antioxidants: Coffee is a major dietary source of antioxidants that can protect from free radicals which cause cellular damage.

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

- NESCAFÉ Classic 2g stick
- NESCAFÉ Classic 25g sachet
- NESCAFÉ Classic 60g Droypack
- NESCAFÉ Classic 100g sachet
- NESCAFÉ Classic 200g tin
- NESCAFÉ Cream 18g stick
- NESCAFÉ Breakfast 32g sachet



## Our Beverage Product Category



### **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 1.50cl.

## Shareholders' Information

Ten-Year Dividend History

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type
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	1,288,066	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	1060	Final
2010	51	12,602,109	1,288,067	195	Interim
	52		7,001,796	1060	Proposed Final

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

31 Dec	Turnover (N'000)	Profit Before Tax (N'000)	Taxation (N'000)	Profit After Tax (N'000)
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
2010	82,726,229	18,244,454	5,642,345	12,602,109



## 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 2010 is ₦330,273,438.

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

## Shareholders' Information (continued)

### Unclaimed Dividend Warrants, Bonus and Rights Certificates

Since becoming a public company in 1978, Nestlé Nigeria Plc has declared fifty-one 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 (₦)
28-31	16/06/99-27/11/2000	27,383,679
32	16 May 2001	12,131,003
33	07 December 2001	10,261,375
34	24 April 2002	19,786,546
35	25 November 2002	13,548,100
36	16 April 2003	24,643,647
37	24 November 2003	15,327,208
38	21 April, 2004	34,483,959
39	6 December 2004	16,605,543
40	27 April 2005	50,535,922
41	28 November 2005	25,936,167
42	26 April 2006	97,735,694
43	10 November 2006	22,808,212
44	25 April 2007	112,569,259
45	26 November 2007	36,182,259
46	23 April 2008	121,587,065
47	01 December 2008	43,912,888
48	29 April 2009	265,936,362
49	07 December 2009	58,268,036
50	27 April 2010	499,351,199
51	10 January 2011	
Scrips	Date Issued	
01	10 July 1980	1 for 2
02	01 July 1982	1 for 2
03	18 June 1986	1 for 5
04	27 June 1991	1 for 3
05	24 June 1993	1 for 4
06	23 June 1994	1 for 2
07	19 June 1997	1 for 1
08	15 April 2003	1 for 4
09	24 April 2007	1 for 4
Rights		
01	09 March 1990	1 for 2

# The Foundation Of All We Do

## Nestlé Corporate Business Principles:

Our people make Nestlé the company that it is – a company based on trust – by living up to our 10 Corporate Business Principles.



Each day our employees go about their daily work, they are putting our *10 Corporate Business Principles* into action.

Whether they are operating machines at one of our factories, driving forklifts at our distribution center, merchandising a store, developing a new product or working on a brand strategy, they have the opportunity everyday to contribute to Nestlé's long-term success by working sustainability and creating shared value.

Our *10 Corporate Business Principles* are the basis of our company's culture, which has developed throughout our 50 years of operation in Nigeria. They are the foundation of all we do and they are the basis for building trust in our brands and people, and they enable us deliver on our essential promise of Good Food, Good Life.



## Nestlé Corporate Business Principles (continued)

We are pleased to feature in this Annual Report how we put our Principles into practice.

### We make Nestlé... by delighting our consumers.

1. Nutrition Health and Wellness
2. Quality assurance and product safety
3. Consumer communication

We're constantly looking at ways to improve the nutrition profile of our products in all categories. We continue to reduce the salt, sugar, trans-fatty acid, saturated fat and artificial colourings they contain, adding more nutritious ingredients and beneficial micronutrients, providing appropriate portion guidance and making nutritious, high quality food affordable and available to low-income consumers.

Our aim is to make eating healthy foods easier while not compromising on taste. This helps our consumers achieve better nutrition, health and wellness.





## Nestlé Corporate Business Principles (continued)

### We make Nestlé... by caring about people

4. Human rights and labour practices in our business activities
5. Leadership and personal responsibility
6. Safety and health at work

The health and safety of our employees is paramount and across our factories, distribution centre, head office and branch offices, new measures are always being examined to make the workplace a safe and healthy one.

We also exercise due diligence to identify, prevent and address actual or potential human rights impacts resulting from our activities or the activities of those with which we have relationships.



## Nestlé Corporate Business Principles (continued)

### We make Nestlé... by developing responsible partnerships.

7. Supplier and customer relations
8. Agriculture and rural development

The wellbeing of the communities from which we draw our agricultural raw materials and local labour is vital to our success as a business. Through rural development, providing local employment and encouraging sustainable production practices, as well as purchasing directly from farmers and for small-scale suppliers, we not only seek to protect the supply and quality of our raw materials, but also to have a positive, long-term impact on the local economy and standards of living of rural people.

The Nestlé's /UNAAB (University of Agriculture Abeokuta) Soybean Popularization Project has created a selection of high-yielding disease resistant soybean crop for local farmers, thereby providing regular income and reducing rural poverty.

More than 500 local farmers are currently benefitting from the project and over 780 tonnes of soybeans have been produced from high quality seeds.

To foster good business practices within our supply chain, we communicate Nestlé supplier code to our suppliers on a regular basis through training on Responsible sourcing and other supplier engagement initiatives such as Grains Quality Improvement Project.

The objective of the Grains Quality Improvement Project is to ensure that our factories receive a steady supply of safe, high-quality agricultural commodities and allow rural communities to generate higher incomes as a result. About 4,000 farmers have so far been trained on how to reduce the high level of mycotoxin in cereals.



Engaging in close relationships with suppliers has proven to be an excellent way of contributing to creating shared value for Nestlé business and the society through upgrading suppliers knowledge and capacity to secure adequate local sourcing of ingredients to Nestlé.

Specifically, supplier development activities help local supplier in Nigeria to reach Nestlé's specifications and minimum requirements.



## Nestlé Corporate Business Principles (continued)

Among many social benefits, it improves cost-efficiency by sourcing locally, eliminates waste in transport, increases flexibility of supply by eliminating intermediaries.

Suppliers being developed by Nestlé development activities are also creating more local jobs and thus buying more agricultural raw materials from local farmers. This supports the development of the local economy and the improvement of living standards for the community.



## We make Nestlé... by respecting the environment

### 9. Environmental sustainability

#### 10. Water

Our ambition is to produce tasty and nutritious food and beverages that also have the lowest environmental footprint, so we strive to continuously improve our operational efficiency and environmental performance.

We rely on access to clean water to make quality products and we have adopted rigorous standards to reduce water. Most of the water withdrawn is returned back to nature, including the water treated in our waste water treatment plant. Because good water quality in the areas surrounding our plant has direct benefits for our business and the environment, all our water is treated in our waste water treatment plant.

Through the waste water treatment facility at our Agbara factory, we are able to reduce both the volume and load of the waste water from our manufacturing operations. This ensures that the physical, chemical and biological parameters of the waste water are controlled to within the limit set by the government before discharge from the factory.



# Nestlé Nigeria Plc.

# The Year in Retrospect

Nestlé continued its support for the development of sports in Nigeria in 2010 with the sponsorship of the 12th edition of the Nestlé MILO Secondary Schools Basketball Championship.



From left to right; Managing Director of Nestlé Nigeria Plc Mr. Martin Woolnough, captain of the winning school, St. Joseph Secondary School, Benue State and Brand Manager MILO, Nestlé Nigeria Plc, Mr. Olufemi Akintola.



## The Year in Retrospect

### Contribution to Sports Development

#### Nestlé MILO Under -13 African Championship and Secondary Schools Basketball Championship

Nestlé continued to demonstrate its support for sports development in Nigeria in 2010 with the sponsorship of Nestlé MILO under - 13 African Championship and Nestlé MILO Secondary Schools Basketball Championship.



Nigeria's representatives, Asagun Comprehensive High School won the maiden edition of the Nestlé MILO under-13 African Championship.

## The Year in Retrospect

### Improving Stakeholder Relations

#### Shareholders visit Flowergate Factory

The 2010 Annual Business Forum was held at Flowergate Factory. Shareholders used the occasion to inspect the new state-of-the-art manufacturing complex then under construction.



Shareholders on tour of the factory site.



#### Board of Directors of Nestlé Nigeria visit Cocoa Plantations

The Board of Directors of Nestlé Nigeria paid a working visit to Ghana in July 2010.

The board visited Cocoa Farms in Obretema in the eastern region of Ghana, the Cocoa Research Institute at Akim Tafo and the Nestlé Ghana Factory at Tema.

A cross section of members of board of directors at Obretema cocoa farms in Ghana



## The Year in Retrospect

### Brand Building Activities

#### Nestlé Launches Nescafé Breakfast

To increase its competitiveness and market share, Nestlé Nigeria introduced a new variant of coffee 3-in-1 blend called NESCAFÉ Breakfast in 2010. The new product is based on consumer insight for a product with the right blend of coffee, creamer and sugar.



#### Promoting transfer of culinary skills from mother to child

To further enhance family ties and promote transfer of culinary skills from mother to child, our company sponsored the 2010 edition of MAGGI COOK for Mama Competition.



## The Year in Retrospect

### Brand Building Activities

#### Strengthening Out-of-Home Consumption

The out-of-home segment is growing faster than overall food consumption in emerging markets such as Nigeria. Nestlé Professional, the largest branded manufacturer in this segment, is intent upon capitalising on the longer-term trend.

Consequently, in 2010, Nestlé Professional hosted over 200 NESCAFE Pushcart Attendants to a workshop at the Nestlé Ilupeju Head Office.

The workshop, which was aimed at rewarding best performing attendants was also designed to promote good hygiene and cleanliness for the attendant and NESCAFE Pushcarts.





## The Year in Retrospect

### Supporting Community Policing Initiative

#### Nestlé Donates Vehicle to Sagamu Police Division

In support of the community Policing Initiative of the Nigerian Police Force, Nestlé Nigeria donated a refurbished PRADO JEEP to the Nigerian Police Force in Sagamu, Ogun State in 2010.



## Promoting Infant Nutrition: NNIA Collaborates with PAN to launch Breastfeeding booklet



Picture shows Prof. Femi Mobolaji Lawal of Emel Hospital launching the Breastfeeding booklet

In pursuit of Nestlé's commitment to the promotion of exclusive breastfeeding in the first six months of life, Nestlé Nutrition Institute Africa (NNIA) collaborated with the Paediatric Association of Nigeria (PAN) to produce a booklet on breastfeeding. The collaborative effort is part of Nestlé's contribution to attainment of the Millennium Development Goal (MDG 4) in Nigeria. MDG 4 aims to reduce child mortality by 2/3 by the year 2015.

## The Year in Retrospect

### Improving Employees Health

#### New Clinic for Agbara Factory

Buoyed by the need to improve the health of the employees, Nestlé has commissioned a new state-of-the-art staff Clinic at the Agbara factory. The new facility is equipped with comfortable observation rooms, consulting rooms and ultra modern pharmacy room.



#### HIV Testing & Counselling Centre

In Collaboration With

FOR EDUCATIONAL DEVELOPMENT (AED)

SMARTWORK

and

BUSINESS COALITION AGAINST AIDS (NIBUCAA)

Nestlé Nigeria Plc. Head Office, Ilupeju, Lagos.

Day June 4, 2010 Time: 10:00.am Prompt



Presentation of ICE (Information Education and Communication) materials on HIV/AIDS Voluntary and Confidential Counselling and Testing to Nestlé

#### Nestlé Commissions VCCT Centre at Ilupeju Head Office

Nestlé in 2010 scaled up its workplace HIV/AIDS programme with the formal commissioning of a Voluntary and Confidential, Counselling and Testing Centre at Ilupeju head office.

The VCCT Centre was established with financial support of USAID, AED (Academy for Educational Development), Smartwork program and Nigerian Business Coalition Against AIDS (NIBUCAA)





## Names & Locations of Distributors



Location	Name Of Customer	Location	Name Of Customer
Aba	Julius Ogu & Sons Ltd	Lagos	Kofaj Nigeria Enterprises
Aba	Vinna Investments Ltd	Lagos	Makemx Nigeria Ltd
Aba	W.J. Ukaonu & Sons Nig Ltd	Lagos	Mobac Ventures
Aba	Zubis & Company Nig Ltd	Lagos	Retail Supermarkets Nigeria Ltd
Abakiliki	Elymay Nigeria Ltd	Lagos	Seddt Nigeria Ltd
Abuja	Innovation Era Nigeria Ltd	Lokoja	Nortex Business Link
Asaba	E V Okpalaoka & Sons Nig Ltd	Maiduguri	Alhaji Mohammed Monguno
Bauchi	Alhaji Abubakar Mohammed	Maiduguri	Modu Director & Sons Ltd
Benin City	Anambra Stores	Nnewi	Vivid & valid Ventures Nigeria Ltd
Benin City	Everest Sales & Stores	Onitsha	Franco International West Africa Ltd
Benin City	V. I. Ekuaze & Sons	Onitsha	Mazek Resources Ltd
Borno	A. Hashimu Tukur	Osun	Livingspring Bulk Purchase Ltd
Calabar	Andyson Investment & Agro Allied Nigeria Ltd	Owerri	Ugodurumba Enterprises Ltd
Eket	Bledow Int'l Ertis	Plateau	J. J. Nnoli & Sons
Enugu	A. E. Chrismerchants Ltd	Plateau	Jisons Ventures & Investment
FCT	Joc Dona Investments Ltd	Plateau	M. A. Onigbinde & Sons Ltd
Gombe	Fusaha Ventures	Port Harcourt	Igwediebube Nigeria Ltd
Gombe	Saadu Ali Mai Silifas Nigeria Ltd	Potiskurn	Amne Enterprises
Gusau	Alh Ibrahim Usman Achida & Sons Ltd	Sokoto	Alhaji Tukur Faru
Ibadan	Dolat Multi Enterprises	Sokoto	Allanka Nigeria Ltd
Ibadan	Emmako Investment Nigeria Ltd	Sokoto	Sanusi Sodangi Enterprises
Ibadan	Fabeto Nigeria Ltd	Suleja	J. O. Adebisi & Sons Nigeria
Ibadan	Fes Nigeria Ltd	Umuahia	Kinco Global Link Ltd
Ijebu-Ode	Ade Distribution & Investment	Uyo	Igbozulike Investment
Ikom	G. N Chukwu Nig Ltd	Warri	Tivo Corporate Services Intl Ltd
Ilorin	Olaniyi Badmus Nig Ltd	Yenegoa	Bemewess Intergrated Services
Jega	Alhaji Garba Dankane Jega	Yola	A. D. Basharu & Sons Nigeria
Kaduna	Bukola Oshinaike		
Kaduna	Sidi & Sons		
Kano	Bello Zubairu Bello & Company		
Kano	Mazaf Honest Concept Ltd		
Kano	Sambajo General Enterprises Ltd		
Lagos	Adebukola & Sons Ltd		
Lagos	Ajoke Stores Ltd		
Lagos	Al-Wadud Ventures Ltd		
Lagos	Basrose Stores		
Lagos	Butsun Ratboh Nigeria Ltd		
Lagos	Gazolak International Ltd		
Lagos	Kenny Commodities Merchant Nigeria		

# Corporate Directory

## HEAD OFFICE:

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

## AGBARA FACTORY:

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

## FLOWERGATE FACTORY

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



Flowergate Factory

## DISTRIBUTION CENTRE:

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

## BRANCH OFFICES

### LAGOS

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

### OWERRI

46 Wethedral Road, Owerri  
Tel: 08052797139

### JOS

NICON Building, 1st floor  
4, State Secretarial Road,  
JOS  
Tel: 08052797088

### KADUNA

5D, Kanta Road,  
Kaduna.  
Tel: 08052797423

### IBADAN

Plot I, Block D, Ring Road / Challenge  
Junction, Ibadan  
Tel: 08052797159



## 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



**42ND ANNUAL GENERAL MEETING TO BE HELD AT  
11.00 A.M. ON TUESDAY, 26 APRIL 2011 AT THE  
MUSON CENTRE, 8/9, MARINA, ONIKAN, LAGOS.**

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

.....  
of.....  
or failing him the Chairman of the Meeting as my/our  
Proxy to act and vote for me/us at the Annual General  
Meeting of the Company to be held on 26 April 2011  
and at any adjournment thereof.  
Dated this.....day of.....2011.

Signature.....

## NOTES:

Please sign this form and post it to reach the address overleaf not later than 22 April 2011. 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.

## RESOLUTIONS

Ordinary Business	For	Against
To declare a final Dividend		
To re-elect Directors retiring by rotation:		
Mr. Martin Kruegel		
Mr. David Ifezulike		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors		
To approve the bonus issue of one (1) new share for every five (5) existing shares		
To approve the increase in share capital of the company from N330,273,438 to N396,328,126		
To amend clause 5 of the Memorandum of Association on increase in share capital		
To amend Article 5 of the Articles of Association on increase in share capital		

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.

## NESTLÉ NIGERIA PLC 42ND ANNUAL GENERAL MEETING

### Shareholder's Admission Form

Please admit the shareholder whose name appears 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, 26 April 2011.

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.

Affix N50.00  
Postage Stamp  
Here

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