



**FrieslandCampina**

FrieslandCampina WAMCO Nigeria PLC

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FrieslandCampina WAMCO Nigeria PLC Annual Report 2012



**FrieslandCampina**

FrieslandCampina WAMCO Nigeria PLC

## Annual Report 2012







FrieslandCampina 

FrieslandCampina WAMCO Nigeria PLC

40<sup>th</sup>

1973-2013

*Anniversary*

Forty years  
of growing stronger  
and healthier consumers through  
**natures most complete food: MILK**



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# Financial Highlights

for the year ended 31 December 2012

	2012 ₦'000	2011 ₦'000	% Increase/ (Decrease)
Turnover	111,120,828	104,984,277	5.85
Profit before taxation	20,390,268	13,991,803	45.73
Taxation	(6,662,286)	(4,077,337)	63.40
Profit after taxation	13,727,982	9,914,466	38.46
Share capital	488,168	488,168	0.00
Shareholders' funds	14,348,327	11,540,662	24.33
Per share data			
Number of ₦1.00 ordinary shares	488,167,968	488,167,968	0.00
Basic earnings	28.12	20.31	38.45
Interim dividend paid	5.08	3.02	68.21
Final dividend proposed	23.04	17.29	33.26
Net assets	29.39	23.64	24.32
Number of employees	791	806	(1.86)



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC will be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos on Tuesday, 30 April, 2013 at 11.00 a.m. to transact the following business: -

## Ordinary business

- (1) To receive the Report of the Directors and the Audited Financial Statements for the year ended December 31, 2012 together with the reports of the Auditors and Audit Committee thereon.
- (2) To declare a final dividend.
- (3) To elect/re-elect Directors.
- (4) To authorize the Directors to fix the remuneration of the Auditors.
- (5) To elect members of the Audit Committee.

## Special business

- (6) To approve the remuneration of the Directors.
- (7) To consider and if thought fit, pass the following resolution as a Special Resolution:

"That pursuant to Article 44 of the Articles of Association of the Company, all the existing ordinary shares of the Company as at 30 April 2013, be subdivided in the ratio of 2:1, where each existing ordinary share will be subdivided into two fully paid ordinary shares of ₦0.50K each and that 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 resolution as a Special Resolution:

"That consequent upon the passing of the Special Resolution for sub-division of the existing ordinary shares of the Company, Clause 6 of the Company's Memorandum of Association be amended by deleting current Clause 6 and substituting the following as the new Clause 6:

That the Share Capital of the Company is ₦500,000,000.00 divided into 1,000,000,000 ordinary shares of ₦0.50k each"

BY ORDER OF THE BOARD



**Bolade Obat-Olowu (Mrs.)**  
Company Secretary  
Lagos, Nigeria

Dated this 5th day of March, 2013

## Notes

### 1. Proxy

A member of the Company, who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form is enclosed in the Annual wReport. To be valid, the instrument of proxy must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu not later than 48 hours before the time of the meeting.

### 2. Dividend warrants

If the dividend recommended by the Directors is approved, dividend warrants will become payable on Tuesday, 30 April 2013 to members whose names appear in the Company's Register of Members at the close of business on Friday, 19 April 2013.

### 3. Closure of register

The Register of Members and Transfer Books of the Company will be closed from Monday, 22 April 2013 to Wednesday, 24 April 2013, both dates inclusive, to enable the Registrars prepare for the payment of dividend.

### 4. Audit committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee by giving notice of such nomination, in writing, to the Company Secretary, at least 21 days before the Annual General Meeting.

### 5. Unclaimed dividend warrants and share certificates

Shareholders are informed that a number of share certificates and dividend warrants have been returned to the Registrars as "unclaimed". A list of unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice are advised to write to or call at the office of the Company's Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, during normal working hours.

### 6. E-dividend

Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend. Detachable application forms for e-dividend and e-share notifier are attached to the Annual Report to enable all shareholders furnish the particulars of their accounts to the Registrars as soon as possible.



## Chairman's Statement



Distinguished fellow shareholders, my colleagues on the Board, invited guests, ladies and gentlemen. I am delighted to welcome you all to the 40th Annual General Meeting of our Company. Forty years is a significant milestone in the annals of history and I commend the past and present stakeholders of our Company for their invaluable contributions to the continuous growth of the Company. 2012, though rather eventful, was another successful year and it is now my pleasure to present the Annual Report and Financial Statements for the year ended 31 December 2012.

**J. M. Ajekigbe, OFR**  
Chairman



# Chairman's Statement

## The economic environment

The global economy was yet to fully recover from the crisis of 2008-2009 as the growth rate slowed down to almost 3 per cent in 2012. In Nigeria, the removal of fuel subsidy by the Federal Government, on 1 January 2012, triggered a national strike, which caused a slow start in economic activities. Though the removal was partially reversed two weeks later, the negative effects of the decision were not lost on the economy as inflation rate increased from about 10.30 per cent in 2011 to above 12 per cent in the year under review.

The on-going reforms in the banking industry showed some positive results in 2012 as reflected in the significant increases in profits posted by most of the larger players. The exchange rate was stable, however, the cost of borrowing remained high at between 14 -16 per cent.

While capacity utilisation in the manufacturing sector showed consistent gains in the first three quarters of the year, its contribution to Gross Domestic Product (GDP) remained modest. The efforts of the Federal Government at developing stronger public-private partnerships for roads, agriculture and power were yet to achieve the desired result as infrastructural support continued to be a major challenge for business operations. In the course of the year, several states in the country were severely flooded, slowing down growth in the agricultural sector in the third quarter.

Despite the short-term ups and downs, the Nigerian economy continued to grow at a relatively fast rate, with GDP fluctuating between 6.5 per cent and 7.5 per cent. However, the pervading security challenges in some states constituted a major risk to the nation's economic growth.

## The global dairy market

The prices of dairy raw materials decreased by an average of about 15 per cent in 2012 as a result of increased supply. In the last quarter of 2012, dairy prices stabilised, after having risen from mid-year lows, reflecting better supply conditions in Oceania. Overall, the dairy market remains well-balanced; though it is increasingly susceptible to supply changes (which are largely influenced by weather conditions, feed availability and affordability) especially as the southern- hemisphere producers assume an increasing role in supplying the world market.

## The Nigerian milk market

The year 2012 presented a challenging business environment. Infrastructural decay, heightened insecurity, especially in Northern Nigeria, and double digit inflation (which led to a decline in the disposable income of consumers) were some of the major factors that our Company, like most other businesses, had to contend with.

Ready to drink dairy products with a 20 per cent market share remained significantly active as it continued to drive growth. Due to the decline in consumers' purchasing power, milk powder in smaller packaging units of between 7g to 25g became more appealing to consumers, resulting in 19 per cent growth in the product category.

Overall, despite the challenging business environment, your Company maintained its leadership position in the dairy market with a market share of 46 per cent.

### Operating results and performance

The commercial and financial performance of the Company remained satisfactory in spite of the harsh business environment. Turnover increased by 5.9 per cent from ₦104.9 billion in 2011 to ₦111.12 billion in 2012. Profit before Tax (PBT) however increased by 46 per cent from ₦13.99 billion to ₦20.39 billion as a result of significant decrease in raw material prices and efficient cost management.

### Dividend and share split

The Company's policy is to pay 75 per cent of its Profit After Tax (PAT) as dividend to its shareholders. The dividend paid in any particular year however depends on the financial performance of the Company and the level of its cash and bank balances. Based on the good financial performance of the Company during the year, the Board of Directors is proposing a total dividend payout of 100 per cent of the Company's PAT for the year under review, which is equivalent to ₦28.12 per ₦1.00 share. An interim dividend of ₦5.08 per ₦1.00 share was paid in November 2012, and a final dividend of ₦23.04 per ₦1.00 share is therefore being proposed for your approval. The final dividend less deduction of withholding tax at the appropriate rate will become payable on 30 April 2013.

The Board of Directors is also recommending for your approval, a two for one share split of the Company's shares. If approved, this will bring the nominal value of the Company's share to ₦0.50, and allows for effective peer comparison.

### Operations

Following the flood experienced by the Company in July 2011, considerable investments in flood preventive measures had been undertaken to mitigate the risk of future occurrence. The Company continued with its culture of continuous improvement backed by a World Class Operations Management (WCOM) system. This has resulted in higher production efficiencies and reduced costs. New sets of equipment were acquired during the year to ensure further improvement in production efficiencies.

To further increase your Company's capacity for future growth and value creation, we intend to embark on modernizing and expanding the capacity of our factories and laboratories in the coming years. Investments in 100 per cent gas generators aimed at enhancing our competitive edge in terms of energy cost reduction will also be explored.

The Company places a high premium on safety and strives to continuously improve its production processes to minimise the impact on the environment and ensure the safety of its workers. The priority which the Company places on safety was further re-emphasized in the course of the year with the formal launching of the Company's Safety, Health and Environment Guidelines, which require strict compliance with best safety standards.

As a world -class Company, we continuously strive to ensure that our products and production methods are safe and meet standard specifications and regulatory requirements. Risk analysis, protocols and quality control in the production chain keep the risk of error to the barest minimum. To realise our ambition of helping people to move forward in life with all the natural goodness of milk, we take the utmost care to ensure responsible production and high quality products with the use of our well integrated "Fokus" policy. "Fokus" is the Company's approach at ensuring Quality and Safety from grass to glass. The objective of "Fokus" is to guarantee quality and food safety based on international rules and standards, which include comprehensive risk analysis.

Despite the congestion at the sea ports and poor road conditions, there was considerable improvement in lead times for deliveries of materials and goods from the sea ports, resulting in decrease in the level of Working Capital. The severe flooding, which occurred in twenty-one states of the Federation however resulted in increased lead times for the deliveries of finished goods and this impacted adversely on the Company's operations.

In spite of the challenging operating environment, the overall operational efficiency of the Company remained satisfactory due to the efforts and dedication of our workforce.

### Dairy development programme (DDP)

In 2012, the Company continued with its development of local milk production capacity in Nigeria with the integration of the Company's DDP into the Federal Government's Agriculture Transformation Agenda (ATA).

A meeting for Dairy Stakeholders was organised by the Company in April 2012. The meeting which took place in Ibadan, Oyo state brought together stakeholders, including policy makers and experts, to fashion out ways to develop and sustain raw milk production in the country.

A total of six Milk Collection Centres (MCCs) have been built in Oyo State. The Centres are located in Fashola, Alaga, Budo Musa, Ijio, Samo and Ayegun. Additional solar-powered bore-wells were provided in four locations, within and around the Alaga Centre, to provide fresh water for the Fulani herders' communities and their cattle. In addition to Fashola, milk cooling tanks and equipment were also installed in Alaga and Budo Musa with a combined fresh milk capacity of 14,000 litres. Unfortunately, the installation of cooling tanks and equipment in the remaining centres was hampered by the poor condition of access roads. For example, the MCC in Budo Musa was not operational during the rainy season due to inaccessibility of the roads to the Centre.

Raw milk collection from Shonga in Kwara State and the MCCs in Oyo State is increasing, and as we consolidate our experience in the two states, we intend to extend the programme to other states in the Federation. The milk reception facility at our Ikeja factory was upgraded during the year, to improve its capacity for future growth.

Your Company in collaboration with International Fertilizer Development Centre and Agriculture Development (IFDC/AD) carried out training programmes for dairy farmers during the year. The training was aimed at improving the quality and safety of dairy farming as well as ensuring its long term sustainability. Training on Animal Health Management was organized for selected staff of the Oyo state Agricultural Development Programme (OYSADP). The trained ADP staff have been commissioned to provide extension services to over two hundred raw milk suppliers in Oyo State. The Company also engaged in mobilizing and training potential milk suppliers in the Federal Capital Territory as part of its strategy to roll out the DDP to other parts of the country.

As the prevalence of tsetse flies/trypanosomiasis constitutes a major threat to the development of sustainable raw milk production in Nigeria, the Company, in collaboration with IFDC/AD continued to work with the Nigeria Institute of Trypanosomiasis Research, Kaduna, to control the prevalence of tsetse flies/ trypanosomiasis in the DDP operational areas.

In furtherance of our Public-Private- Partnership (PPP) with the Federal Ministry of Agriculture and Rural Development, we intend to focus more on breed improvement and pasture development initiatives in the coming years. This will significantly improve milk yield per cow, increase local capacity in raw milk production and overall availability of raw milk for the Company.

### Sales and marketing

Sales activities started on a challenging note due to the fuel subsidy removal strike in January 2012. The Company lost about ₦3 billion sales revenue due to the strike action. The 49 per cent increase in the cost of fuel heightened the pressure on consumers' disposable income, resulting in low purchasing power.

The pervading insecurity in the northern part of the country, characterised by incessant bombing, continued unabated, leading to the displacement of persons, frequent market closures and shorter banking hours. Sadly, the Company lost one of its major distributors as a result of this unfortunate development. The Company's re-distribution activities also experienced some disruptions as many of our distributors relocated their businesses to safer abodes.

Re- distribution activities were also hindered by severe flooding in many parts of the country as some communities became inaccessible. The flood impacted on product delivery to the Northern parts of the country as haulage trucks spent longer days getting to their destinations. Furthermore, poor road infrastructure and the rising incidents of kidnapping in the Eastern part of the country posed a challenge to the Company's drive for more aggressive rural penetration. Despite the challenging operating environment, the Company's leadership in the dairy market remained strengthened with 5 per cent value growth, thanks to the creativity and unrelenting effort of Management and the Sales and Marketing teams.

Brand advertising and promotions were principally aimed at increasing the awareness of the populace on the nutritional benefit of milk. As usage of milk in Nigeria remains low, the Company intends to focus on strategies to bring dairy products to every household. In furtherance of our strategic course and commitment to bring the goodness of milk to Nigerian population in all seasons, the "Goodness of Milk" campaign was launched in April 2012. The campaign aims to educate the populace on the nutritional benefits and relevance of milk to all age groups. Special gift packs were introduced for the Ramadan and Christmas seasons and were well received. A series of other engaging consumer activations, which included the "Drink Milk Everyday" advertising, were also launched to share the milk story.

The business environment in Nigeria is fast changing with the advent of Modern Retail Trade, with its enormous growth potentials. FrieslandCampina WAMCO is poised to seize these growth opportunities for the advancement of its growth and value creation strategy.



### Corporate social responsibility (CSR)

As a responsible corporate citizen, FrieslandCampina WAMCO stepped up the implementation of its CSR initiatives during the year. We continued to engage students within the 18 adopted public schools. The Goodness of Milk campaign was integrated through the Back to School Competition with the theme, "My Unique Milk Experience". Prizes which included scholarships, mini laptops and educational materials were awarded to students with the best essays from each school. In addition to the competition, the Company provided another batch of double seater combined desks to these schools.

The Tertiary Education Endowment Fund got a boost as the fund was increased by 100 per cent to ₦600,000 (Six Hundred Thousand Naira Only) per Institution. Departments of Food Science and Technology in six institutions received an endowment fund of Five Hundred and Fifty Thousand Naira (₦550,000.00) each while Fifty Thousand Naira (₦50,000.00) Award was given to the Best Graduating Student from the department, in each of the institutions.

Communities across Nigeria have continued to enjoy uninterrupted access to portable water through the solar bore-wells constructed by the Company. The communities in our DDP locations in Oyo State were provided with additional five bore-wells, bringing the total number of community solar water projects to thirty-eight.

The World Milk Day was celebrated on June 1. The importance of Milk and its benefits were stressed through high-impact awareness activities. All employees across the sales regions and Nigerians joined in the celebration by participating in the "Biggest Milk Moustache" competition, which involved uploading pictures of friends or colleagues with milk moustaches to the Company's page on facebook. The competition attracted lots of entries and each picture posted was converted to Peak Evap sachet and donated to charities across Nigeria.

The Olu Akinkugbe WAMCO Nutrition Centre (OAWNC) hosted Health Care Practitioners (HCPs) in Lagos, Abuja, Enugu, Ibadan and Port Harcourt to its 7th annual nutrition seminar tagged "Helping Infants Achieve their Full Growth Potentials: The Role of Nutrition." The seminar provided an opportunity for active interaction amongst HCPs to discuss key issues like the provision of adequate nutrition for infants, digestibility of infant formulae and the need for proper education on infant feeding practices for mothers.

The Company was responsive to the immediate needs of the society as it donated relief materials to the victims of the devastating flood that ravaged certain parts of the country. The relief materials were deployed to nineteen states across the six geo-political zones of the Federation.

Charity homes and organizations have continued to receive milk donations from the Company. These products were delivered on a quarterly basis and helped to nourish the inmates of the respective homes. The Company also contributed to the maintenance and smooth running of the homes. A total number twenty-five homes were maintained in 2012.

### Human resources (HR)

The emphasis on employees as a valued organizational resource has been the driving force in the realization of our corporate objectives. To this end, employees' capability development formed the central focus of our HR strategy. The critical challenges facing continuous performance improvement remain the capabilities of the workforce and speed of response to changes in the business environment. These capabilities are identified through an effective performance management system and developed towards the achievement of our strategic organizational objectives. We also ensure that performance is equitably rewarded to motivate employees towards increased productivity. In the year under review, a new performance management system was introduced for Managers as a strategic measure for ensuring effective employee performance. The new system aims to check against subjectivity and ensure ownership of the processes.

The need to ensure that our talent base is not depleted remains a major concern in our HR practice. In view of this, the Company's Talent Management Programme focuses on the development of our employees' potential by ensuring that they are given opportunities to develop their skills through training and increased responsibilities. The process of development is reflected in the series of management, leadership, technical and supervisory trainings that our employees attended within and outside the country during the year. In the year under review, four hundred and sixty-eight members of staff attended various training programmes to develop relevant competencies and skills. This has greatly assisted in the transfer of knowledge and international best practices. Continuous training and upgrading of skills at all levels of the Company is the key to achieving meaningful competitive advantage and long-term business success.

One of our cardinal objectives in the talent management process is to guarantee leadership continuity through Succession and Planning. This is carried out on the premise that some jobs are the livewire of the organization and are too critical to be left vacant or filled by any but the best qualified persons. Thus Succession Planning is linked to our strategic plan and future investment. In the year under review, we have diligently identified successors to fill all key positions.

Employees' health, safety and welfare were enhanced with the establishment of a department to specifically cater for the wellbeing of our employees. This has raised employees' awareness to health and safety issues, drastically reduced, accident and illness rates with overall increase in the level of productivity.

### Board of directors

Mr. Robert Jan Steetskamp resigned as the Managing Director of the Company, with effect from 1 September 2012, to assume another position in the FrieslandCampina Group. He was subsequently appointed as a Non-Executive Director of FrieslandCampina WAMCO with effect from the same date.

Following the resignation of Mr. Steetskamp, Mr. Peter Eshikena was appointed the Managing Director of the Company, with effect from 1 September 2012. The board was particularly pleased to have been able to appoint the first Nigerian Managing Director who had also risen up through the ranks of the Company and had been an extremely successful Sales Director prior to this appointment.

Mr. Kapil Garg resigned from the Board, with effect from 1 January 2013, following his change of responsibilities within the FrieslandCampina Group. Mr. Freek Rijna was subsequently appointed to fill the vacancy that resulted from the resignation of Mr. Garg. We wish to place on record the contributions Mr. Garg made to the growth of the Company during his tenure as Managing Director, and following that as Non-Executive Director. Mr Garg built on the work of his predecessors and left a solid Company with impressive results. It is therefore with immense sadness that we announce the passing of Mr Kapil Garg, who died on January 16, 2013. He will be greatly missed by all the members of the Company, for his work in building the business and forging great relationships. He was a great motivator and an inspirational leader. On behalf of the board and the entire FrieslandCampina WAMCO family, we extend our sympathies to his wife and other members of his family.

We also remember with fond memories the immeasurable contributions of one of the past chairmen of the Board of Directors, Chief Hope Harriman, who passed away on 7 November 2012. May the souls of the departed rest in perfect peace.

### Outlook 2013

Though the global economy is expected to make a hesitant and uneven recovery over the coming years, the sub-Saharan African economy is expected to continue to grow strongly. It is expected that the government will continue its drive to diversify the economy by reinvigorating established sectors such as manufacturing and encouraging growth in newer areas such as tourism.

The price of dairy raw materials, especially milk powder, is expected to increase in the first half of 2013, as pipeline holdings are exhausted and milk supply continues to lag.

While the outlook of the nation's economic growth remains positive, the growing insecurity in the country and weak consumer demand are major risks to businesses. In this challenging operating business environment, the Company will continue to invest in efficiency improvement initiatives in the pursuit of its goals of sustainable growth and value creation. I am confident that with our continued commitment and effort at bringing the "goodness of milk" to the Nigerian populace, FrieslandCampina WAMCO is well positioned for sustainable growth in the coming years.

Thank you.

**J. M. Ajekigbe, OFR**  
Chairman

# Board of



From Left to Right

- Ms. Evelyn Oputu OON
- Mr. Freek Rijna
- Mr. Cees 't Hart
- Mallam Ahmed Dasuki
- Mr. Jacobs Moyo Ajekigbe OFR  
Chairman
- Mr. Louis Nnamdi Mbanefo SAN
- Mr. Peter Eshikena  
Managing Director
- Rev. Isaac Adefemi Agoye
- Mrs. Oyinkan Ade-Ajayi
- Mr. Robert Steetskamp



# Directors

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**Mr. Jacobs Moyo Ajekigbe, CFR**  
Chairman

Mr. Ajekigbe is the Chairman of the Board of Directors of FrieslandCampina WAMCO Nigeria PLC. He joined the Board of the Company as a Non-Executive Director on 23 November 2009, and was appointed Chairman of the Board on 29 April 2012. He holds a Bachelor of Science degree in Agricultural Economics from the University of Ibadan, Certificate in Investment Planning and Appraisal from the University of Bradford, UK, a MBA degree from the University of Lagos and a MA Degree in Global Affairs from the University of Buckingham, UK.

Mr. Ajekigbe, formerly the Managing Director/Chief Executive of First Bank of Nigeria Plc, had an extensive experience in banking spanning 32 years. He has also served as a Director and Chairman on the boards of FBN (Merchant Bankers) Ltd and Kawawa Discount House Ltd. He was a Director on the boards of First Peoples, Coconuts Limited, FBN Bank (UK) Ltd, V Petroleum Nigeria Ltd (now Aker) and Transocean Corporation of Nigeria Plc.

Mr. Ajekigbe currently serves on the boards of several not-for-profit organisations, and he is the Chairman of Keystone Bank Ltd. He is a Fellow of the Institute of Directors, and a Fellow of the Nigeria Leadership Initiative.



**Mr. Peter Eshikena**  
Managing Director

Mr. Peter Eshikena is the Managing Director of FrieslandCampina WAMCO Nigeria PLC. He joined the services of the Company in 1985 as Shift Production Manager and rose through the ranks to become the Sales Manager in 2007. He was appointed to the Board of the Company as Sales Director / Deputy Managing Director on 1 January 2011 and appointed as the Managing Director on 1 September 2012.

Mr. Eshikena holds a Higher National Diploma in Mechanical Engineering from Yaba College of Technology, MBA degree from University of Navarra Spain and also attended High Performance Leadership training at IMD, Lausanne Switzerland, among several other developmental courses.



**Mr. Coes Hart**  
Non-Executive Director

Mr. Coes Hart is a Non-Executive Director of FrieslandCampina WAMCO Nigeria Plc. He joined the Board of the Company as a Non-Executive Director on 18 February 2010.

Mr. Hart is the Chief Executive Officer of Royal FrieslandCampina N.V., the Chairman of NZO (Netherlands Dairy Organization), Zuivelzichting, a member of the Executive Board of Productchap Zuivel and Executive Committee VNO-NCW. He is a graduate of MA Social Science from Leiden University and holds a General Management Diploma from Harvard Business School.



**Mr. Freek Rijna**  
Non-Executive Director

Mr. Freek Rijna is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. He joined the Board of the Company as a Non-Executive Director on 1 January 2013.

Mr. Rijna is the Chief Operating Officer of FrieslandCampina Consumer Products International and a member of the Executive Board of Royal FrieslandCampina N.V. Prior to his appointment as the Chief Operating Officer of FrieslandCampina Consumer Products International, he held the position of Chief Operating Officer of the Consumer Products Europe Group. He was also the Managing Director of Friesland Foods Western Europe, Friesland Asia Pacific Group and Riedel Drinkindustrie. He attended Gymnasium -B, Amsterdam and was a MBA Assistant Professor with Professor J. Brunt at Erasmus University Rotterdam. Mr. Rijna in the course of his career also attended several developmental courses including Strategic Marketing Management Breakthrough Program for senior executives at IMD, Lausanne Switzerland.



**Rev. Isaac Ademola Agoye**  
Non-Executive Director

Rev. Isaac Agoye is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. He joined the Board of the Company as Finance Director in 1996. He later served as the Corporate Affairs Director/Deputy Managing Director of the Company from 2005 -2010. Rev. Agoye was appointed as a Non-Executive Director on 1 January 2011.

Rev. Agoye is a fellow of the Institute of Chartered Accountants of Nigeria and did attend various management training institutions including, IMD Lausanne Switzerland and Lagos Business School. He is also an associate member of the Institute of Directors, a member of Lagos State Research and Development Grant Council, the current chairman of the Manufacturers' Association of Nigeria, Ibeju Branch and the General Overseer of The New Life Miracle Church.



**Mrs. Oyinkan Ade-Ajayi**  
Non-Executive Director

Mrs. Oyinkan Ade-Ajayi is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. She joined the Board of the Company as a Non-Executive Director on 23 November 2006.

Mrs. Ade-Ajayi's work experience straddles both the world of education, publishing and marketing. A graduate of Homerton College Cambridge and London Business School with extensive experience in Strategy and Global Marketing as well as Consumer Brands marketing, which she acquired whilst working with international organisations including Urwin Hyman Publishers, SmithKline Beecham in London and the Red Cross Children's Hospital in Cape Town, South Africa, among other organizations.



**Mallam Ahmed Dasuki**  
Non-Executive Director

Mallam Ahmed Dasuki is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. He joined the Board of the Company as a Non-Executive Director on 23 April 2008.

Mallam Ahmed Dasuki, a bright and talented architect and businessman is a 1981 graduate of M.Sc. Architecture from Ahmadu Bello University Zaria. His outstanding achievements in the field of Architecture, at a relatively young age, includes the design of political parties' offices and the head quarters of the Federal Ministry of Defense building in Abuja. A highly shrewd and consummate businessman and strategist, Ahmed Dasuki, was a founding director of Investment Banking and Trust Company (IBTC, Now Stanbic IBTC Bank Plc), as well as the telecommunication giant, MTN Nigeria, where he still serves as director. Aside from being on the board of numerous companies within and outside Nigeria, he is the Chairman of XEX limited, InterGlobal Limited and Quadfect Consultants. In order to further benefit from his integrity and wealth of experience, the Federal Government of Nigeria, at the infancy stage of the third republic in 1999, appointed him as a member of the Commission for the Assessment of Failed or non-performing Contracts on Construction, Supplies and Services.



**Mr. Louis Nnamdi Mbanefo, SAN**  
Non-Executive Director

Mr. Louis Mbanefo is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. He joined the Board of the Company as a Non-Executive Director on 23 November 2006.

Mr. Mbanefo is a Senior Advocate of Nigeria and the Principal Partner in the law firm of Louis Mbanefo and Co, a leading law firm in maritime and commercial law. He studied law at Queens' College, Cambridge University from 1964 to 1968. He obtained a Bachelor of Arts in 1967, Master of Laws in 1968 and Master of Arts in 1970. He was called to the English Bar - Middle Temple - in November 1968 and the Nigerian Bar in June 1973. He was appointed a Senior Advocate of Nigeria in May 1988.

He was appointed as a consultant to the International Maritime Organisation of the U.N. (IMO) in 1987, appointed a visiting professor at IMO International Maritime Law Institute, University of Malta by Secretary General of IMO in 1988 and appointed to the Governing Council in April 2012.

Mr. Mbanefo was the Chairman of Board of Trustees and Board of Governors of the Musical Society of Nigeria (MUSON) from 1995 to 2001. He was also the Chairman of Ministerial Committee set up in July 2000 by the Federal Minister of Transport to review and update Nigerian shipping legislation.

He is currently the Chairman of the Board of Trustees of St. Saviour's Schools, Lagos, President of the Nigerian Maritime Law Association and a member of the Executive Council of the International Maritime Law Association representing Africa.



**Mr. Robert Steetskamp**  
Non-Executive Director

Mr. Robert Steetskamp is the immediate past Managing Director of FrieslandCampina WAMCO Nigeria PLC. He was appointed as a Non-Executive Director of the Company on 1 September 2012. He began his career working in various capacities within key multinationals as Procter & Gamble, Beecham, Warner Lambert and later Henkel Benelux in Europe.

He later joined FrieslandCampina as General Director between 1994 - 2000. In 2005, he became the Director Strategic Business Development (Corporate, HQ) and in January 2006, he became the Managing Director of FrieslandCampina, Russia/CIS.

Mr. Steetskamp is an astute leader who has continued to raise the bars and standards of FrieslandCampina in the various capacities he has worked in the last fifteen years. He holds a degree in Commercial Economics from HES Amsterdam (Academy for Economic Studies) and currently serves as the Program Director, Topsector Agric and Food, Utrecht Area, Netherlands.



**Ms. Evelyn Nodji Oputu, OON**  
Non-Executive Director

Ms. Evelyn Oputu is a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. She joined the Board of the Company as a Non-Executive Director on 23 November 2006.

Ms. Oputu is the Managing Director/Chief Executive Officer of Bank of Industry (BOI). She commenced her banking career in Nigeria in 1976 at ICON Limited (Merchant Bankers). Between 1982 and 1990 she worked in International Merchant Bank Ltd (IMB) where she was General Manager and Chief Operating Officer of IMB Securities Ltd. She rose to the position of Executive Director in 1990. Between 1990 and 1997, she was an Executive Director of First Bank Nigeria Plc. Until her appointment as BOI's Managing Director, she ran a medium sized manufacturing outfit which she founded in 1997. Ms. Oputu holds a Bachelor degree in Business Administration from University of Lagos and a General Management Diploma from Harvard Business School.





Providing quality dairy  
nutrition everyday for  
160 million consumers





# 2012 Reports & Financial statements

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# Directors, Professional Advisers and Registered Office

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Chairman:	Mr. Jacobs Moyo Ajekigbe, OFR
Managing Director:	Mr. Peter Eshikena (Appointed wef 1 September 2012)
Directors:	
Rev. Isaac Adefemi Agoye	
Mrs. Oyinkan Ade - Ajayi	
Mallam Ahmed Dasuki	
Mr. Kapil Garg	(Resigned wef 1 January 2013)
Mr. Cees't Hart	(Dutch)
Mr. Louis Nnamdi Mbanefo SAN	
Ms. Evelyn Ndali Oputu, OON	
Mr. Freek Rijna	(Dutch) (Appointed wef 1 January 2013)
Mr. Robert Steetskamp	(Dutch) (Resigned as Managing Director and appointed as a Non-Executive Director wef 1 September 2012)
Company Secretary:	Mrs. Bolade Obat-Olowu
Registered Office:	Plot 7B Acme Road Ikeja Industrial Estate, Ogba, Ikeja, Lagos, Nigeria.
Auditors:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole, Victoria Island, Lagos
Solicitors:	T.C. Mbanefo & Co. (Barristers & Solicitors) 5th Floor, Bankers' House PC 19, Adeola Hopewell Street Victoria Island, Lagos
Registrars:	First Registrars Nigeria Limited Plot 2 Abebe Village Road, Iganmu, Lagos
Principal Bankers:	Citibank Nigeria Limited Diamond Bank Plc First Bank of Nigeria Plc Guaranty Trust Bank Plc Stanbic IBTC Bank Plc United Bank of Africa Plc Zenith Bank Plc

# Report of the Directors

for the year ended 31 December 2012

The Directors have pleasure in submitting to members, their report and the audited financial statements for the year ended 31 December 2012.

## 1. Legal form and principal activities

FrieslandCampina WAMCO Nigeria Plc was incorporated as a private limited liability company on 17 April 1973, commenced operations on 13 September 1975 and became a public limited liability company in 1978. The Company is principally engaged in the manufacturing and marketing of evaporated milk, instant milk powder and other dairy products.

There was no change in the activities of the Company during the year.

## 2. State of affairs/subsequent events

In the opinion of the Directors, the state of the Company's affairs was satisfactory and no event has occurred since the balance sheet date, which would affect the financial statements as presented.

## 3. Result for the year

The summary of the operating results is as follows:

	₦'000
Turnover	111,120,828
Profit before taxation	20,390,268
Taxation	(6,662,286)
<b>Profit after taxation</b>	<b>13,727,982</b>

## 4. Dividend and share split

The Company paid an interim dividend of ₦5.08 per share in November 2012 and the Board of Directors has recommended a final dividend of ₦23.04 per share subject to the deduction of appropriate withholding tax at the time of payment.

As a policy, the Company endeavors to pay out 75% of its profit after tax as dividend to its shareholders. The final dividend payout depends on the financial performance of the Company and the state of its cash and bank balances. Considering the strong cash and bank balances and the result for the year, the Directors have decided to pay 100% of current year's profit as dividend.

If this proposed final dividend is accepted, the total dividend in respect of year 2012 operations will be ₦28.12 per share.

The Board of Directors is also recommending a two for one share split. If approved, the nominal value of the Company's share will be ₦0.50 per share as against the current nominal value of ₦1.00 per share. This will allow for effective peer comparison.

## 5. Fixed assets

Information relating to changes in fixed assets is given in Note 6 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in these financial statements.

## Report of the Directors

for the year ended 31 December 2012 (Cont'd)

### 6. Directors

The names of Directors who held office during the year are as follows:

Mr. Jacobs Moyo Ajekigbe, OFR	Chairman
Mr. Peter Eshikena	Managing Director (Appointed wef 1 September 2012)
Rev. Isaac Adefemi Agoye	
Mrs. Oyinkan Ade - Ajayi	
Mallam Ahmed Dasuki	
Mr. Kapil Garg	(Indian) (Resigned wef 1 January 2013)
Mr. Cees't Hart	(Dutch)
Mr. Louis Nnamdi Mbanefo SAN	
Ms. Evelyn Ndali Oputu, OON	
Mr. Freek Rijna	(Dutch) Appointed wef 1 January 2013)
Mr. Robert Steetskamp	(Dutch) (Resigned as Managing Director and appointed as a Non-Executive Director wef 1 September 2012)

Mr. Peter Eshikena was appointed as Managing Director after the last Annual General Meeting in place of the former Managing Director who resigned his appointment.

Mr. Kapil Garg resigned from the Board effective from 1 January 2013 to assume another position within the FrieslandCampina Group and Mr. Freek Rijna was appointed to fill the vacancy that resulted from the resignation of Mr. Kapil Garg. The Board thanks Mr. Kapil Garg for his immense contributions to the growth of the Company during the periods he was on the Board as Managing Director and subsequently as Non-Executive Director. Mr. Rijna will retire at the forthcoming Annual General Meeting and being eligible, will offer himself for re-election.

Rev. Isaac Agoye, Mrs. Oyinkan Ade- Ajayi and Mr. Robert Steetskamp, retire by rotation in accordance with Article 85 of the Company's Articles of Association and being eligible, offer themselves for re-election.

### 7. Records of directors' attendance

Pursuant to and in accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, the Record of Directors' Attendance at Board Meetings held during the year under review is available for inspection at the Annual General Meeting.

### 8. Directors interest in contracts

None of the Directors has notified the Company for the Purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004 of any disclosable interest in contracts with which the Company was involved as at 31 December 2012.

### 9. Interest of directors

The interest of Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding as at 31 December 2012 are as follows:

	Number of ₦1.00 ordinary shares held as at 31 December	
	2012	2011
Mr. Jacobs Moyo Ajekigbe	625,000	625,000
Rev. Isaac Adefemi Agoye	700,001	700,001
Mrs. Oyinkan Ade - Ajayi	568,397	568,397
Mallam Ahmed Dasuki (Indirect)	1,336,757	1,336,757
Mr. Peter Eshikena	23,653	23,653
Mr. Louis Nnamdi Mbanefo	813,281	813,281
Ms. Evelyn Oputu	42,500	42,500



None of the other directors have interest in the issued share capital of the Company as at the end of the year.

## 10. Corporate governance

### 1. Commitment

The Corporate Governance principles for the Company provide for best practices to be followed by the Company in every area of its activities and the Board takes responsibility for ensuring that the Company maintains the highest standards. The Board of Directors is dedicated to ensuring that the Company's objectives are achieved. The Company recognizes the importance of high standard corporate governance and is committed to same by institutionalizing corporate governance principles as part of its corporate structure. It will continue to pursue strict adherence to the implementation of Corporate Governance rules of the Manufacturers Association of Nigeria and the Securities & Exchange Commission.

The Board continues to operate within the confines of Regulatory Code of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act CAP C20 LFN 2004. The operations and activities of the Company are carried out transparently, without undue influence.

### 2. Board composition

As at 05 March 2013, the Board comprised ten (10) Directors. Nine (9) Non-Executives and one (1) Executive.

The guiding principles of the Company's Corporate Governance guidelines are as follows:

- That delegation of authority by the owners to the Board and subsequently to the Executives are clearly defined and agreed.
- That there is effective communication and information sharing outside of meetings.
- That actions are taken on fully informed basis, in good faith with due diligence and care and in the best interest of the Company and all stakeholders.
- That compliance with applicable laws and regulations and the interest of stakeholders be enhanced. Where there is any conflict between the Company's rules and legislation, legislation supersedes.
- That there is conformity with the Company's overall strategy and direction.

### 3. Role of the board

The functions or the role of the Board of Directors of the Company are guided by the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Company's Articles of Association and other applicable laws and regulations.

### 4. Frequency of meetings

Meetings of the Board are held on regular basis. However, meetings may be convened at any time, whenever the need arises. The Board met during the year on 1 March 2012, 26 April 2012, 2 August 2012 and 29 November 2012.

### 5. Audit committee

The Audit Committee met four times during the year under review for meetings and four times for depot inspections.

i) Membership		
Mr. Samuel S. Adebayo	(Shareholder)	Chairman
Sir. Sunday N. Nwosu	(Shareholder)	Member
Mr. Okwudili G. Emodi	(Shareholder)	Member
Ms. Evelyn N. Oputu	(Director)	Member
Rev. Isaac A. Agoye	(Director)	Member
Mr. Kapil Garg (Deceased)	(Director)	Member

ii) Responsibilities

The Committee is established in compliance with section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004.

The Committee oversees the accounting and reporting policies of the Company to ensure they are in accordance with legal requirements and agreed ethical practices.

## 6. Management team

The Board has a Management Team that is charged with the responsibility of implementing policies and the day-to-day management of the affairs of the Company.

Membership of management team are:

1) Managing Director	Peter Eshikena
2) Finance Manager	Jelle Kleefstra
3) Operations Manager	Vemuri Vedavyas
4) Human Resources Manager	Robert Maduekwe
5) Marketing Manager	Shraman Jha
6) Sales Manager	Alex Unuadjefe

The Management Team has as part of its terms of reference, ensuring constant monitoring of operations, implementation of Board decisions and recommendations to the Board on all issues and areas of operations.

## 7. Shareholders' participation

The Company is conscious of and promotes shareholders' rights. It continues to take necessary steps in ensuring the same. The Board and the management have significantly benefited from the contributions and advice of the shareholder members of the Audit Committee and the contributions of shareholders at Annual General Meetings.

## 8. Code of conduct

The Company has a Code of Conduct which sets out the values and principles that should guide all employees in the way and manner they conduct themselves in relation to all its stakeholders. The Company ensures a steady awareness of these values and principles by continuous training, adequate publication of the contents of the Code to its employees and the development of a whistle-blowing procedure to deal with any contravention of the Code of Conduct.

## 9. Share trading policy

The Company maintains a share trading policy that guides Directors, Audit Committee members and employees as to their dealing in the Company's shares. Relevant persons are prohibited from dealing in the Company's shares both when they are in possession of material non-public information about the Company's activities as well as during prescribed "black-out" periods.

## 11. Employment of disabled persons

It is the policy of the Company to consider disabled persons for employment if academically and medically qualified. The Company had no disabled person in its employment as at 31 December 2012.

## 12. Health, safety and welfare of employees at work

Health and safety regulations are in force within the company's premises and employees are aware of existing regulations. Protective clothing and firefighting equipment are provided in the production areas, warehouses and offices. The Company has retainership arrangement with some hospitals where employees can be treated. There is an on-site clinic in our factory, manned by qualified medical personnel providing primary health care round the clock for employees at work. We comply with relevant statutory provisions and regulations on health, safety and welfare matters as well as providing the education required to enable compliance by employees. We organize a week - long safety programme each year, to get employees involved with matters of safety

### 13. Employees' interest

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. Management, professional and technical expertise are the Company's major assets, and investment in developing such skills continues.

### 14. Analysis of shareholdings

Range	Number of shareholders	%	Number of shares held	%
Nigerian Public:				
1 - 50,000	1,685	85.88	12,751,179	2.67
50,001 - 100,000	89	4.54	6,306,893	1.29
100,001 - 500,000	116	5.91	23,244,283	4.76
500,001 - 1,000,000	36	1.84	24,717,427	5.06
1,000,001 - 5,000,000	31	1.58	53,653,105	10.99
Above 5,000,000	3	0.15	37,956,116	7.78
	1,960	99.90	158,629,003	32.50
Bank of Industry				
	1	0.05	63,092,015	12.92
Friesland Int'l Beheer B.V				
	1	0.05	266,446,951	54.58
<b>Total</b>	<b>1,962</b>	<b>100.00</b>	<b>488,167,969</b>	<b>100.00</b>

### 15. Suppliers

#### 1. The company's significant overseas suppliers are:

FrieslandCampina B.V, The Netherlands  
Hoogwegt International BV, The Netherlands  
Irish Dairy Board, Ireland  
Kerry Ingredients Charleville Co, Ireland  
Lakeland Dairies Bailie Foods Limited, Ireland  
Murray Goulburn Cooperative Company Limited, Australia  
Fonterra Limited, New Zealand

#### 2. The company's significant local suppliers are:

GMT Nigeria Limited  
Presco Nigeria Limited  
SPN Nigeria Limited  
Positive Packaging Nigeria Limited  
Veepee Paper Products Limited  
Arvee Industries Limited  
Eskade Ventures Limited  
Yellowview Global Services Limited  
Fouani Nigeria Limited  
EMEL Enterprises Nigeria Limited  
Avons Crowns Cap Nigeria Plc  
Nampak Plc  
Rigid Pak Container Limited  
Shonga Dairy Farms Limited

## 16. Royalty agreements

The Company has a Know-How and Trade mark agreement and a Research & Development Technical Know-How agreement with Friesland Brands B.V., in The Netherlands.

Under the agreement, technological, scientific and professional assistance are provided for the manufacture, quality control and packaging of the Company's products, new products development and training of personnel; and development of dairy farming in Nigeria.

The agreements specify a royalty charge of a percentage of the turnover of the products produced and sold by FrieslandCampina WAMCO Nigeria PLC as follows - Trademark; and research and development Know-How license (1% each); Dairy development - 0.75%; and 2% of annual profit before tax in respect of Technical Know-How agreement.

The agreement is made with the approval of the National Office for Technology Acquisition & Promotion (NOTAP).

## 17. Donations

In 2012, the Company made donations amounting to ₦83.39 million (2011: ₦53.56 million) as follows:

Beneficiary/project	Amount (₦)
<b>Charity donations</b>	
Besthsida Orphange, Ikachi, Benue State	211,000
Bert Torey Home for Mentally Handicapped Children, Zaria, Kaduna State	211,000
Child Care Trust Abuja	211,000
Hope Worldwide Ikorodu Road, Lagos State	211,000
Little Saints of the Poor, Enugu, Enugu State	211,000
Madonna School for the Handicapped, Okpanam, Delta State	211,000
Franciscan Sisters of Immaculate, Lekki, Lagos State	211,000
Marble House of Sarah Charity Home, Ibusa, Delta State	211,000
Old Peoples Home, Yaba, Lagos State	211,000
Oluyole Cheshire Home, Ibadan, Oyo State	211,000
Our Lady of Lourdes Maternity & Clinic, Ipetunmodu, Osun State	211,000
Our Lady's Hospital & Orphanage, Zawan, Plateau State	211,000
Samaritan Project, Ebute-Metta, Lagos State	211,000
Red Cross Yaba, Lagos State	211,000
Ovie Brume Foundation, Victoria Island, Lagos State	211,000
Motherless Babies Home, Uzuakoli, Abia State	258,950
SDA Motherless Home, Aba, Abia State	258,950
St. Monica's Orphanage, Lagos State	258,950
Chims Motherless Babies Home, Aba, Abia State	158,950
Ufon Abasi Orphanage, Akwa-Ibom State	158,950
Heart of Gold Orphanage, Surulere, Lagos State	111,000
SOS Children's Village, Isolo, Lagos State	111,000
Little Saints Orphanage, Ikorodu, Lagos State	111,000
Marian Monastery, Enugu State	111,000
Dominican Sisters' College Abatete, Anambra State	111,000
Mother's Welfare Group, Asokoro, Abuja	111,000
Adonai Orphanage Home & Widow Centre, Kaduna State	111,000
	<b>5,036,750</b>



#### Water project

Community Solar Borehole - Alaga in Oyo State	5,566,625
Community Solar Borehole - Okaka in Oyo State	6,232,654
Community Solar Borehole - Ootu in Oyo State	6,232,654
Community Solar Borehole - Afowa in Oyo State	6,232,654
Community Solar Borehole - Kososi in Oyo State	6,232,654
Community Solar Borehole - Compassionate Orphanage Home, Igando, Lagos State	5,847,275
Conversion of 5 existing Water project to Solar (namely: Wurno, Ipetumodu, Agbaro, Moniya and Okere)	6,395,160
Borehole Maintenance (rehabilitation and civil works)	3,399,150
Renovation of Neighboring Community Borehole at Sogunro in Ogba, Lagos State	462,000
	<b>46,600,826</b>

#### Education

##### Tertiary endowment

University of Ibadan - Food Technology Department	600,000
University of Maiduguri - Food Science & Technology Department	600,000
University of Nigeria Nsukka - Food Science & Technology Department	600,000
University of Uyo- Food Science & Technology Department	600,000
Federal University of Tech. Minna - Dept of Animal Production	600,000
Modibo Adama University of Technology (Formerly FUT Yola) - Dept of Food Science and Technology	600,000
	<b>3,600,000</b>

##### School adoption project

Donation of Double Seater Combine School Desk and Chair to 18 Schools	13,500,000
Back to School Essay Competition for 18 Adopted Schools	8,291,737
	<b>21,791,737</b>

##### Others

Donation of Products as Support for Victims of Flood Disaster in 19 States of Nigeria	6,365,000
<b>Total</b>	<b>83,394,313</b>

In accordance with Section 38(2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year.

## 18. Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, the Auditors, KPMG Professional Services, have indicated their willingness to continue in office as Auditors of the Company.

BY ORDER OF THE BOARD



Bolade Obat-Olowu (Mrs.)  
Company Secretary

Lagos, Nigeria  
05 March 2013

# Statement of Directors' Responsibilities in Relation to the Financial Statements

for the year ended 31 December 2012

The directors accept responsibility for the preparation of the annual financial statements set out on pages 29 to 47 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 the Financial Reporting Council of Nigeria Act, 2011.

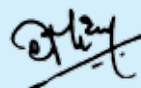
The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement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



Jacobs Moyo Ajekigbe, OFR  
05 March 2013



Peter Eshikena  
05 March 2013

# Report of the Audit Committee

to the members of FrieslandCampina WAMCO Nigeria Plc

In accordance with Section 359 (4) and (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we confirm that we have examined the Auditors' Report for the accounting year ended December 31, 2012 and hereby declare as follows:

1. The Scope and Planning of the audit were adequate in our opinion.
2. The Accounting and Reporting policies of the Company conformed to legal requirements and agreed ethical practices.
3. The Internal Control was being constantly and effectively monitored.
4. The External Auditors' management letter received satisfactory response from management.
5. The External Auditors confirmed receiving full co-operation from the Company's management and that the scope of their work was not restricted in any way.

We acknowledge the co-operation of management in the conduct of our responsibilities.



Mr. S.S. Adebayo  
Chairman, Audit Committee  
LAGOS, NIGERIA

Dated: 05 March 2013

## MEMBERS OF THE COMMITTEE

Mr. S.S. Adebayo - Chairman  
Sir. S.N. Nwosu  
Mr. O.G. Emodi  
Mr. K. Garg  
Ms. E. N. Oputu, OON  
Rev. I.A. Agoye





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# Independent Auditor's Report

To the members of FrieslandCampina WAMCO Nigeria Plc

## Report on the financial statements

We have audited the accompanying financial statements of FrieslandCampina WAMCO Nigeria Plc ("the Company") which comprise the balance sheet as at 31 December 2012, and the profit and loss account, statement of cash flows and value added statement 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 29 to 47.

## 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 the Financial Reporting Council of Nigeria Act, 2011, 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.

## 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 FrieslandCampina WAMCO Nigeria Plc as at 31 December 2012 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 and the Financial Reporting Council of Nigeria Act, 2011.

## 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

5 March 2013  
Lagos, Nigeria  
FRC Number: 00000000565





# Statement of Accounting Policies

for the year ended 31 December 2012

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

## a. Basis of accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of land, buildings and plant and machinery.

## b. Turnover

Turnover represents the invoiced value of goods delivered to third parties during the year, net of Value Added Tax (VAT) and trade discounts.

## c. Fixed assets

Leasehold land and building and plant and machinery are stated at valuation less accumulated depreciation and impairment losses. All additions to these asset categories after the date of the latest valuation are stated at cost less accumulated depreciation and impairment losses. Other fixed assets are stated at cost less accumulated depreciation and impairment losses. Costs relating to fixed assets under construction or in process of installation are disclosed as capital work-in-progress and are not depreciated. The cost attributable to each asset is transferred to the relevant category immediately the asset is ready for use and depreciated accordingly.

## d. Depreciation

Depreciation is provided on a straight line basis to write off the cost/valuation of fixed assets less estimated residual value over their expected useful lives at the following annual rates:

Leasehold land	-	Over the life of the lease
Buildings	-	4%
Plant and machinery		
- Workshop machinery	-	5%
- Filling and packaging machinery/lines	-	10%
- Labelling, box packers and palletizers	-	6.67%
- Utilities and other plant and machinery	-	7.5%
Furniture, fittings and tools	-	20%
Motor vehicles	-	20%

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

## e. Intangible assets

Intangible assets are recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. Expenditure that forms part of the cost of an intangible asset that meets the recognition criteria are capitalised as part of the intangible asset. Intangible assets are accounted for using the cost model. After initial recognition, the intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit and loss as incurred.

Amortisation is calculated over the cost of the asset, less its residual value. Amortisation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The Computer Software, SAP has a finite useful life which is estimated as five (5) years.

Intangible assets not available for use are tested for impairment annually and are not amortised.

## Statement of Accounting Policies for the year ended 31 December 2012

### f. Debtors

Debtors are stated after the deduction of specific allowances for debts considered to be doubtful of collection.

### g. Taxation

Income and education taxes payable are provided on taxable profits at the current statutory rate as at the balance sheet date. Income tax expenses/credits are recognised in the profit and loss account.

### h. Deferred taxation

Deferred taxation is provided by the liability method at the ruling tax rate on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the amount will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### i. Stocks

Stocks are valued at the lower of cost and net realizable value after making allowance for obsolete or slow moving or defective items. Net realizable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal.

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

Raw and packaging materials, engineering spares and purchased finished goods	-	purchase cost on a first-in, first-out basis, including transportation and clearing costs
Manufactured finished goods manufacturing	-	cost of direct materials and labor plus proportion of overheads based on normal levels of activity.
Goods-in-transit	-	purchase cost incurred to date

### j. Foreign currencies

Transactions arising in foreign currencies are recorded in Naira at the approximate rates of exchange ruling at the time they arise. Monetary assets and liabilities existing in foreign currencies are converted to Naira at the exchange rate applicable at the balance sheet date. Gains and losses arising therefrom are included in the profit and loss account.

### k. Retirement benefit and gratuity scheme

#### i. Pension Fund Scheme:

The Company operates a defined contribution pension scheme for all its Nigerian staff in accordance with the Pension Reform Act 2004. Contribution to the scheme is based on 7.5% of the relevant emoluments by employee, while employer contributes 10.5%. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account.

#### ii. Gratuity Scheme:

The Company also operates a staff gratuity scheme, which is accrued over the service lives of the employees and fully recorded as a liability in the financial statements. Benefits payable to employees on retirement or resignation are computed annually on a defined basis and contributions to fund these benefits are kept in a designated bank account by the company. Annual contributions and interest earned on fund contributions are credited to the liability and debited to the corresponding bank account.

#### iii. Other Long term Employee Benefits:

These are Long Service Awards payable upon completion of certain years in service and accrued over the service lives of the employees.

The provision is based on independent actuarial valuation performed on the projected unit credit basis.

**l. Provisions**

A provision is recognized when the Company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**m. 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 recognized whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognized in the income statement except where they relate to previously revalued assets, in which case, they are recognized 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 recognized in the income statement.

**n. Unclaimed dividend**

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

**o. Segment reporting**

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

The Company's primary format for segment reporting is based on geographical segments. The geographical 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.

**p. Revaluation reserve**

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

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

**q. Government grants**

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

**r. Cash and cash equivalents**

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

**s. Interest income**

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

**t. Interest expense**

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

# Profit and Loss Account

for the year ended 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
Turnover	1	111,120,828	104,984,277
Cost of sales		(82,741,503)	(84,907,230)
		<u>28,379,325</u>	<u>20,077,047</u>
Exceptional item	4	-	1,070,000
Gross profit		28,379,325	21,147,047
Sales, marketing and distribution expenses		(5,910,039)	(5,321,124)
Administrative expenses		(2,993,838)	(2,562,327)
Exceptional item	4	-	(458,586)
Other income	2	-	516,141
Operating profit		<u>19,475,448</u>	<u>13,321,151</u>
Interest income		915,824	679,113
Interest payable and similar charges		(1,004)	(8,461)
Profit before taxation	3	<u>20,390,268</u>	<u>13,991,803</u>
Taxation	5(i)	(6,662,286)	(4,077,337)
Profit after taxation		<u>13,727,982</u>	<u>9,914,466</u>
<b>Appropriations</b>			
Interim dividend paid	17	2,479,893	1,474,267
Transfer to revenue reserves	17	11,248,089	8,440,199
		<u>13,727,982</u>	<u>9,914,466</u>
Basic earnings per share (Naira)	22	28.12	20.31
Declared dividend per share (Naira)	22	22.37	22.32



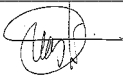
The accounting policies on pages 29 to 31 and the explanatory notes on pages 35 to 45 form part of these financial statements.

# Balance Sheet

as at 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
<b>Non – current assets</b>			
Fixed assets	6	10,301,017	8,929,593
Intangible assets	7	133,142	101,726
Long-term receivables	8	149,955	179,079
		<b>10,584,114</b>	<b>9,210,398</b>
<b>Current assets</b>			
Stocks	9	14,333,511	18,528,699
Debtors and prepayments	10	2,590,750	4,714,684
Amounts due from associated companies	13(i)	242,426	232,848
Short-term deposits	11	20,553,323	8,194,222
Bank and cash balances		380,970	377,796
		<b>38,100,980</b>	<b>32,048,249</b>
<b>Current liabilities</b>			
Trade creditors		19,179,066	18,141,390
Other creditors and accrued expenses	12	2,647,449	3,316,463
Amounts due to associated companies	13(ii)	2,407,053	1,549,715
Dividend payable	21	65,932	52,093
Tax payable	5(ii)	6,060,263	3,637,847
		<b>30,359,763</b>	<b>26,697,508</b>
<b>Net current assets</b>		<b>7,741,217</b>	<b>5,350,741</b>
<b>Total assets less current liabilities</b>		<b>18,325,331</b>	<b>14,561,139</b>
<b>Long-term liabilities</b>			
Deferred tax liability	14	1,762,065	1,160,042
Gratuity and other long term employee benefits	15	2,214,939	1,860,435
<b>Net assets</b>		<b>14,348,327</b>	<b>11,540,662</b>
<b>Capital and reserves</b>			
Share capital	16(ii)	488,168	488,168
Share premium		350,211	350,211
Fixed assets revaluation reserve		147,615	147,615
Revenue reserve	17	13,362,333	10,554,668
		<b>14,348,327</b>	<b>11,540,662</b>

The financial statements on pages 32 to 47 were approved by the Board of Directors on 5 March 2013 and signed on its behalf by:

  
 \_\_\_\_\_ } Chairman  
  
 \_\_\_\_\_ }  
 \_\_\_\_\_ } Managing Director  
 Additionally certified by:   
 \_\_\_\_\_ } Finance Manager

The accounting policies on pages 29 to 31 and the explanatory notes on pages 35 to 45 form part of these financial statements.



# Statement of Cash Flows

for the year ended 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		111,153,700	106,265,815
Cash payments to suppliers and employees		(80,976,272)	(94,151,838)
Cash generated from operations		30,177,428	12,113,977
Taxes paid	5(ii)	(3,637,847)	(5,142,114)
VAT paid		(1,971,815)	(1,212,898)
Net cash generated from operating activities	18	24,567,766	5,758,965
<b>Cash flows from investing activities</b>			
Interest received		915,824	679,113
Purchase of fixed assets	6	(2,166,988)	(3,415,122)
Purchase of intangible assets	7	(54,911)	(101,726)
Proceeds from sale of fixed assets		8,066	19,768
Net cash provided for investing activities		(1,298,009)	(2,817,967)
<b>Cash flows from financing activities</b>			
Interest paid		(1,004)	(8,461)
Dividend	21	(10,906,478)	(10,953,696)
Net cash provided for financing activities		(10,907,482)	(10,962,157)
Net increase/(decrease) in cash and cash equivalents		12,362,275	(8,021,159)
Cash and cash equivalents at 1 January		8,572,018	16,593,177
Cash and cash equivalents at 31 December	19	20,934,293	8,572,018

# Notes to the Financial Statements

for the year ended 31 December 2012

	2012 ₦'000	2011 ₦'000
<b>1 Turnover</b>		
Analysis of Turnover by geographical area is as follows:		
Local	109,579,886	103,401,678
Export to other West African countries (Note 13(v))	1,540,942	1,582,599
	111,120,828	104,984,277

## 2 Other income

Export expansion grant	-	516,141

Export expansion grant income generated in the current year, amounting to ₦504.9 million, was not recognised in the profit and loss due to uncertainty regarding the timing of its receipt. Amounts considered recoverable with certainty at year-end have been disclosed in note 10.

	2012 ₦'000	2011 ₦'000
<b>3 Profit before taxation</b>		
This is arrived at after charging:		
Depreciation of fixed assets	775,074	580,466
Amortisation of intangible assets	23,495	-
Directors' emoluments (Note 20 a(i))	61,016	52,276
Auditors' remuneration	11,000	11,000
Technical assistance royalty fees (Note 13(iii))	2,958,764	2,962,622
Staff cost (Note 20 b(ii))	5,375,800	5,521,777
Loss on foreign exchange	59,865	330,293
Loss on disposal of fixed assets	12,424	4,885

## 4 Exceptional items

a) Insurance claims for loss of profits arising from business interruption due to flood (i)	-	1,070,000
b) Insurance claims for damage to stock and engineering spares engineering (i)	-	2,505,555
Damage to stock and engineering spares due to flood (i)	-	(2,682,164)
c) Employee restructuring costs (ii)	-	(176,609)

Notes to the Financial Statements  
year ended 31 December 2012 (Cont'd)

- i In the prior year, severe Lagos flood of 10 July 2011 swept into the Company's premises resulting in significant damage to various categories of stock items and the production facility which caused the facility to shut down for some time. The Company incurred a loss of ₦2.68 billion arising from damage to stock and engineering spare parts. The incident was covered by insurance.

Consequently, in December 2011, compensation of ₦2.51 billion and N1.07 billion was awarded by the Company's insurers in respect of the damage to stock and engineering spares; and the business interruption, respectively.

An advance payment of ₦1 billion was paid in August 2011 by the insurance companies in respect of the total benefit. As at 2011 year end, an amount of ₦2.58 billion (Note 10) was due from the insurance companies and this amount was all received in 2012.

- ii Prior year employee related restructuring costs relate to termination benefits paid as a consequence of reorganisation carried out in order to improve on the Company's operational efficiency.

	2012 ₦'000	2011 ₦'000
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## 5 Taxation

### i Profit and loss account

Income tax charge at 30% based on the taxable profit for the year	5,642,046	3,365,766
Tertiary education tax at 2% of assessable profit	418,217	272,081
Over provision in prior years	-	(117,540)
Current tax charge	6,060,263	3,520,307
Deferred tax charge (Note 14)	602,023	557,030
	<u>6,662,286</u>	<u>4,077,337</u>

### ii Balance sheet

Tax payable		
At 1 January	3,637,847	5,259,654
Charge for the year	6,060,263	3,520,307
Payments during the year	(3,637,847)	(5,142,114)
At 31 December	<u>6,060,263</u>	<u>3,637,847</u>

## 6 Fixed assets

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

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and tools	Capital work in progress	Total
<b>Cost or valuation</b>						
At 1 January 2012	3,160,480	7,974,117	1,077,150	336,876	1,106,399	13,655,022
Transfers	357,300	519,674	21,545	140,662	(1,039,181)	-
Additions	110,513	156,239	66,076	38,293	1,795,867	2,166,988
Disposals	(5,402)	(71,854)	-	(387)	-	(77,643)
At 31 December 2012	3,622,891	8,578,176	1,164,771	515,444	1,863,085	15,744,367
<b>Depreciation</b>						
At 1 January 2012	546,717	3,489,836	499,318	189,558	-	4,725,429
Charge for the year	136,926	454,276	123,468	60,404	-	775,074
Disposals	-	(4,104)	(52,891)	(158)	-	(57,153)
At 31 December 2012	683,643	3,940,008	569,895	249,804	-	5,443,350
<b>Net book value</b>						
At 31 December 2012	2,939,248	4,638,168	594,876	265,640	1,863,085	10,301,017
At 31 December 2011	2,613,763	4,484,281	577,832	147,318	1,106,399	8,929,593

(b) Leasehold land and buildings and plant and machinery were revalued by Messrs. Okolo and Okolo Associates, Chartered Surveyors and Valuers, at 30 September 1992 based on market values. The values were incorporated in the books at that date. Subsequently, the assets are stated at that valuation plus subsequent additions at cost. Plant and machinery at valuation have been fully depreciated while the net book value of land and buildings carried at valuation amounted to NIL (2011: ₦442,388).

(c) Capital commitments

The approved capital expenditure already committed as at balance sheet date was ₦520 million (2011: ₦537 million).

	Computer Software	
	2012 ₦'000	2011 ₦'000
<b>7 Intangible asstes</b>		
The movement on this account was as follows:		
<b>Cost</b>		
At 1 January	101,726	-
Additions	54,911	101,726
	156,637	101,726
<b>Amortisation</b>		
At 1 January	-	-
Charge for the year	23,495	-
	23,495	-
<b>Net book value</b>		
Net book value 31 December	133,142	101,726
<b>8 Long-term receivables</b>		
i Employee car loans (Note 8(ii))	103,178	97,985
Long-term prepayment (Note 8(iii))	46,777	81,094
	149,955	179,079
ii Employee car loans represents loans granted to the company's employees which are backed by employee retirement benefits. They are analysed as follows:		
Employee car loans	193,550	141,230
Less: Current portion included in current debtors and prepayments (Note 10)	(90,372)	(43,245)
	103,178	97,985
iii Long-term prepayment represents advance rental payments to third parties and is analysed as follows:		
Rent prepayment	393,933	291,009
Less: Current portion included in current debtors and prepayment (Note 10)	(347,156)	(209,915)
	46,777	81,094
<b>9 Stocks</b>		
Raw materials	4,080,691	5,825,159
Finished goods	3,937,744	4,496,496
Goods in transit	5,216,985	7,501,133
Spare parts and tools	1,098,091	705,911
	14,333,511	18,528,699



	2012 ₦'000	2011 ₦'000
<b>10 Debtors and prepayments</b>		
Trade debtors	83,215	209,530
Insurance claims receivable	-	2,575,555
Other debtors	1,134,186	731,124
Export expansion grant receivable	844,163	844,163
Deposit with Registrars for dividend (Note 21)	65,932	52,093
Retail driven distribution vehicles loan	25,726	49,059
Current portion of long-term prepayments (Note 8 (iii))	347,156	209,915
Current portion of employee car loan (Note 8 (ii))	90,372	43,245
	2,590,750	4,714,684
	2,590,750	4,714,684

### 11 Short-term deposits

Short-term deposits with banks	20,553,323	8,194,222
	20,553,323	8,194,222

An amount of ₦1.73 billion (2011: ₦1.44 billion) out of this balance has been designated to fund the staff gratuity liability. (Note 15(i)).

	2012 ₦'000	2011 ₦'000
<b>12 Other creditors and accrued expenses</b>		
Sundry creditors	423,493	182,190
Distributors' payment in advance	1,189,836	1,283,279
Accrued expenses	1,034,120	1,850,994
	2,647,449	3,316,463
	2,647,449	3,316,463

### 13 Amount due from / to associated companies

The amount due from / to associated companies are analysed below:

#### i Amount due from associated companies

FrieslandCampina West Africa, Ghana (Note 13 (v))	242,426	66,957
FrieslandCampina BV (Note 13(iv))	-	165,891
	242,426	232,848
	242,426	232,848

#### ii Amount due to associated companies

FrieslandCampina West Africa, Ghana (Note 13 (v))	-	2,782
Friesland Brands B.V. (Note 13 (iii))	1,508,516	768,972
FrieslandCampina B.V.(Note 13 (iv))	898,537	777,961
	2,407,053	1,549,715
	2,407,053	1,549,715

iii Friesland Brands BV

The Company has a Know-How and Trade mark agreement; and Research & Development Technical Know-How agreement with Friesland Brands B.V., in the Netherlands, for which it pays royalties. Technical Know-How agreement royalty fees are computed as a percentage of profit before tax while royalty fees on trade mark and research and development agreement are computed as a percentage of net sales of the related products. An amount of N2,959 Million (2011: N2,963 Million) has been charged to the profit and loss account in respect of these fees (Note 3).

The agreements are made with the approval of the National Office for Technology Acquisition and Promotion (NOTAP) and payments are made to Friesland Brands B.V.

iv FrieslandCampina BV

The Company also entered into transactions with FrieslandCampina B.V., for the purchase of finished products, raw materials, spare-parts among others from some foreign suppliers. FrieslandCampina BV maintains a current account with the Company in respect of these transactions.

v FrieslandCampina West Africa, Ghana

The Company exports milk products to FrieslandCampina West Africa, Ghana (Note 1).

	2012 ₦'000	2011 ₦'000
<b>14 Deferred tax liability</b>		
At 1 January	1,160,042	603,012
Movement in the year (Note 5(i))	602,023	557,030
At 31 December	1,762,065	1,160,042

**15 Gratuity and other long term employee benefits**

i Employees' gratuity obligation

At 1 January	1,442,435	1,798,856
Provisions made during the year	366,457	295,022
Payments during the year	(74,466)	(651,443)
At 31 December	1,734,426	1,442,435

ii Defined benefit long service award obligation

At 1 January	418,000	401,291
Provisions made during the year	94,677	60,553
Payments during the year	(32,164)	(43,844)
At 31 December	480,513	418,000
	2,214,939	1,860,435

	2012 ₦'000	2011 ₦'000
<b>16 Share capital</b>		
i Authorised 500,000,000 Ordinary shares of ₦1.00 each	500,000	500,000
ii Issued and fully paid		
At 1 January	488,168	390,535
Transfer from revenue reserve	-	97,633
488,167,969 Ordinary shares of ₦1.00 each	488,168	488,168
<b>17 Revenue reserve</b>		
At 1 January	10,554,668	11,635,696
Prior year final dividend paid	(8,440,424)	(9,423,594)
	2,114,244	2,212,102
Transfer to bonus issue	-	(97,633)
Transfer from profit and loss account	11,248,089	8,440,199
At 31 December	13,362,333	10,554,668

At the Annual General Meeting on 26 April 2012, the shareholders approved a final dividend of ₦17.29 per share amounting to ₦8,440,424,184. This amount was paid on to the shareholders whose names appeared on the company's register of members at close of business on 13 April 2012.

In respect of current year, interim dividend of ₦2,479,893,283 (2011 - ₦1,474,267,263) translating to ₦5.08 (2011 - ₦3.02) per ordinary share was paid. In addition, the Directors are proposing that final dividend of ₦23.04 (2011: ₦17.29) per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is subject to deduction of withholding tax at the appropriate rate. The total estimated final dividend to be paid if approved is ₦11,247,390,006 (2011- ₦8,440,424,184).

The interim and final dividends will amount to ₦13,727,283,289 (2011 - ₦9,914,691,447) and this will translate to ₦28.12 (2011 - ₦20.31) per share.

	2012 ₦'000	2011 ₦'000
<b>18 Reconciliation of net income to net cash provided by operating activities:</b>		
Profit after taxation	13,727,982	9,914,466
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation	775,074	580,466
Amortisation of intangible asset	23,495	-
Interest income	(915,824)	(679,113)
Interest expense	1,004	8,461
Loss on sale of fixed assets	12,424	4,885
<b>Changes in assets and liabilities</b>		
Decrease in long term receivables	29,124	95,945
Decrease/(increase) in stocks	4,195,188	(1,920,252)
Decrease/(increase) in debtors and prepayments	2,123,934	(2,781,975)
Increase in trade creditors	1,037,676	1,628,295
(Decrease)/increase in other creditors and accrued expenses	(669,014)	58,394
Increase in amounts due from associated companies	(9,578)	(180,150)
Increase in amount due to associated companies	857,338	434,032
Increase/(decrease) in tax payable	2,422,416	(1,621,807)
Increase in deferred taxation	602,023	557,030
Increase/(decrease) in employees' gratuities and long service award	354,504	(339,712)
Total adjustments	10,839,784	(4,155,501)
Net cash provided by operating activities	24,567,766	5,758,965
<b>19 Cash and cash equivalents</b>		
Bank and cash balances	380,970	377,796
Short-term deposits	20,553,323	8,194,222
	20,934,293	8,572,018

## 20 Information regarding directors and employees

### a Chairman's and directors' remuneration

	2012 ₦'000	2011 ₦'000
i Fees	1,675	1,500
Other emoluments (excluding pension contributions and certain other benefits)	59,341	50,776
	<u>61,016</u>	<u>52,276</u>
ii The Directors' remuneration shown above includes:		
Chairman	3,400	2,814
Highest paid director	16,640	17,407

### iii The number of directors excluding the Chairman and the highest paid director with gross emoluments within the bands stated below were:

₦	₦	Number	Number
3,000,001 -	4,000,000	7	7
13,000,001 -	14,000,000	-	1
15,000,001 -	17,000,000	1	-

### b Employees

i The number of persons in the Company's employment at year-end:		
Production	465	489
Supply chain	35	34
Sales and marketing	129	123
General administration	162	160
	<u>791</u>	<u>806</u>

	2012 ₦'000	2011 ₦'000
ii Aggregate payroll costs (excluding certain benefits):		
Wages and salaries	3,020,371	3,155,108
Agency staff cost	455,341	439,445
Pension and gratuity costs	652,148	473,568
Training, recruitment and other personnel expenses	1,247,940	1,453,656
	<u>5,375,800</u>	<u>5,521,777</u>



- iii The number of employees of the Company as at 31 December whose duties were wholly and mainly discharged in Nigeria received annual remuneration (excluding pension contribution and certain benefits) in the following ranges:

₦	₦	Number	Number
560,001 -	610,000	-	1
610,001 -	660,000	-	1
710,001 -	760,000	-	39
760,001 -	810,000	-	15
810,001 -	890,000	41	71
890,001 -	990,000	44	52
990,001 -	1,090,000	63	154
1,090,001 -	1,190,000	96	213
1,190,001 -	1,290,000	152	25
1,290,001 -	1,390,000	168	48
1,390,001 -	1,490,000	29	30
1,490,001 -	1,590,000	23	23
1,590,001 and above		175	134
		791	806
		2012 ₦'000	2011 ₦'000

## 21 Dividend payable

At 1 January	52,093	107,928
Declared dividend	10,920,317	10,897,861
Payment during the year	(10,906,478)	(10,953,696)
At 31 December (Note 10)	65,932	52,093

Amount above represents total unclaimed dividends as at year end for which cash has been transferred to the Registrars.

## 22 Basic earnings per share and declared dividend per share

Earnings per share of ₦28.12 (2011: N20.31) and declared dividend per share of ₦22.37 (2011: ₦22.32) are based on profit after taxation of ₦13,727,981,676 (2011: N9,914,466,944) and total declared dividend of ₦10,920,314,467 (2011: ₦10,897,861,732). The number of ordinary shares of ₦1 each in issue as at 31 December 2012 was 488,167,969 (2011: 488,167,969)

## 23 Post balance sheet events

There were 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 2012 that have not adequately been provided for or disclosed in these financial statements.

## 24 Contingent liabilities

### i Guarantees

There are contingent liabilities for guarantees to a bank in respect of:

	2012 ₦'000	2011 ₦'000
a) Staff car loans	64,644	63,544
b) Staff housing loans	234,676	237,431

The Company's exposure to contingent liabilities arising from staff car and housing loans is limited as these loans are secured by employee retirement benefits.

### ii Pending Litigations

There is a law suit pending against the Company in a court of law and a claim against the Company which are being handled by external legal counsel. At year-end, the contingent liability in respect of these amounted to ₦202 million (2011: ₦29.5million). In the opinion of the Directors and based on independent legal advice, no material losses are expected to arise from these claims. Hence, no provision has been made in the financial statements.

## 25 Segment reporting

The Company's primary geographical segment is Nigeria. Over 98% of the Company's sales are made in Nigeria. Also, all of the Company's products have similar risks and returns. Therefore, no further business or geographical segments information is reported.

## 26 Comparative figures

The following prior year comparatives have been reclassified in line with the current year presentation format:

### Note 10 - Debtors and prepayments

The export expansion grant receivable at 31 December 2011 was deducted from the Other debtors balance and shown separately under debtors and prepayments for better presentation.

### Note 20 b (iii) - Information regarding employees

The prior year employee remuneration analysis was extended to the ₦1,190,001 and above bracket to ensure meaningful comparison with the current year analysis.

# Statement of Value Added

for the year ended 31 December 2012

	2012		2011	
	₦'000	%	₦'000	%
Turnover	111,120,828		104,984,277	
Less: Bought in products and services:				
- Imported	(15,782,500)		(15,782,500)	
- Local	(69,688,511)		(70,294,524)	
	25,649,817		18,907,253	
Other income	-		516,141	
Interest received	915,824		679,113	
Value Added	26,565,641	100	20,102,507	100
<b>Distribution of value added</b>				
<b>To employees</b>				
Salaries, wages, fringe and end of service benefits	5,375,800	20	5,521,777	28
<b>To providers of finance</b>				
Interim dividend to shareholders	2,479,893	9	1,474,267	7
Interest to lenders	1,004	-	8,461	-
<b>To government</b>				
Taxes	6,662,286	25	4,077,337	20
<b>Retained in the business</b>				
For replacement of fixed and intangible assets (depreciation and amortisation)	798,569	3	580,466	3
To pay proposed dividends	11,248,089	43	8,440,199	42
	26,565,641	100	20,102,507	100

## Note

"Value added" represents the additional wealth the company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth between employees, capital providers, government and that retained for future creation of more wealth.

## Five-Year Financial Summary

	2012 ₦'000	2011 ₦'000	2010 ₦'000	2009 ₦'000	2008 ₦'000
<b>Balance sheet</b>					
<b>Assets employed</b>					
Fixed assets	10,301,017	8,929,593	6,119,590	4,995,769	4,050,378
Intangible Assets	133,142	101,726	-	-	-
Long term assets	149,955	179,079	275,024	161,143	130,362
Current assets	38,100,980	32,048,249	35,187,031	25,094,672	20,578,841
Current liabilities	(30,359,763)	(26,697,508)	(26,254,429)	(15,981,115)	(15,390,966)
	18,325,331	14,561,139	15,327,216	14,270,469	9,368,615
<b>Long term liabilities and provisions</b>					
Gratuity and other long term employee benefits	(2,214,939)	(1,860,435)	(2,200,147)	(2,004,443)	(1,395,461)
Deferred tax liability	(1,762,065)	(1,160,042)	(603,012)	(382,959)	(390,032)
<b>Net assets</b>	<b>14,348,327</b>	<b>11,540,662</b>	<b>12,524,057</b>	<b>11,883,067</b>	<b>7,583,122</b>
<b>Financed by</b>					
Share capital	488,168	488,168	390,535	390,535	390,535
Share premium	350,211	350,211	350,211	350,211	350,211
Revaluation reserve	147,615	147,615	147,615	147,615	147,615
Revenue reserve	13,362,333	10,554,668	11,635,696	10,994,706	6,694,761
<b>Shareholders' funds</b>	<b>14,348,327</b>	<b>11,540,662</b>	<b>12,524,057</b>	<b>11,883,067</b>	<b>7,583,122</b>
<b>Profit and loss account</b>					
Turnover	111,120,828	104,984,277	90,399,530	76,377,850	62,173,083
Profit before taxation	20,390,268	13,991,803	16,983,557	15,353,130	6,778,156
Taxation	(6,662,286)	(4,077,337)	(5,364,646)	(4,796,824)	(2,205,940)
Profit after taxation	13,727,982	9,914,466	11,618,911	10,556,306	4,572,216
Interim dividend paid	(2,479,893)	(1,474,267)	(2,194,803)	(1,773,026)	(1,230,183)
Transfer to revenue reserve	11,248,089	8,440,199	9,424,108	8,783,280	3,342,033
<b>Per share data</b> (₦1.00 per share)					
Basic earnings	28.12	20.31	29.75	27.03	11.71
Net assets	29.39	23.64	32.07	30.43	19.42

### Note:

Earnings per share are based on the profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year.



**The more milk you drink every day the more nutrition your body gets - giving you more beauty, strength and brainpower. Drink milk every day!**





# Proxy Card



FrieslandCampina

FrieslandCampina WAMCO Nigeria PLC

40th Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC to be held at the Shell Hall, MUSON Centre , 8/9 Marina, Onikan, Lagos on Tuesday 30 April 2013 at 11:00 a.m.

\* I / We \_\_\_\_\_

being a member/members of FrieslandCampina WAMCO Nigeria PLC hereby appoint

Chief/Mr./Mrs. \_\_\_\_\_

of \_\_\_\_\_

or Chief / Mr. / Mrs. \_\_\_\_\_

of \_\_\_\_\_

Proxy to vote for me / us and act on my / our behalf at the Annual General Meeting of the company to be held on 30 April, 2013 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature \_\_\_\_\_

## NOTE:

Executive cards of the proxy duly stamped by the Commissioner of Stamp Duties should be deposited with the Registrar, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos not later than 48 hours before the time for holding the meeting. If payment of dividend is approved, the cheques will be issued at the venue of the meeting. Cheques will be given to shareholders identified by either their Driver's License or International Passport. A representative of a Corporate Shareholder will present a letter on the company's letter headed paper , signed and sealed. Under no circumstance will dividend cheques be handed over to proxies



FrieslandCampina

FrieslandCampina WAMCO Nigeria PLC

# Admission Slip

40th Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC to be held at the Shell Hall, MUSON Centre , 8/9 Marina, Onikan, Lagos on Tuesday 30 April 2013 at 11:00 a.m.

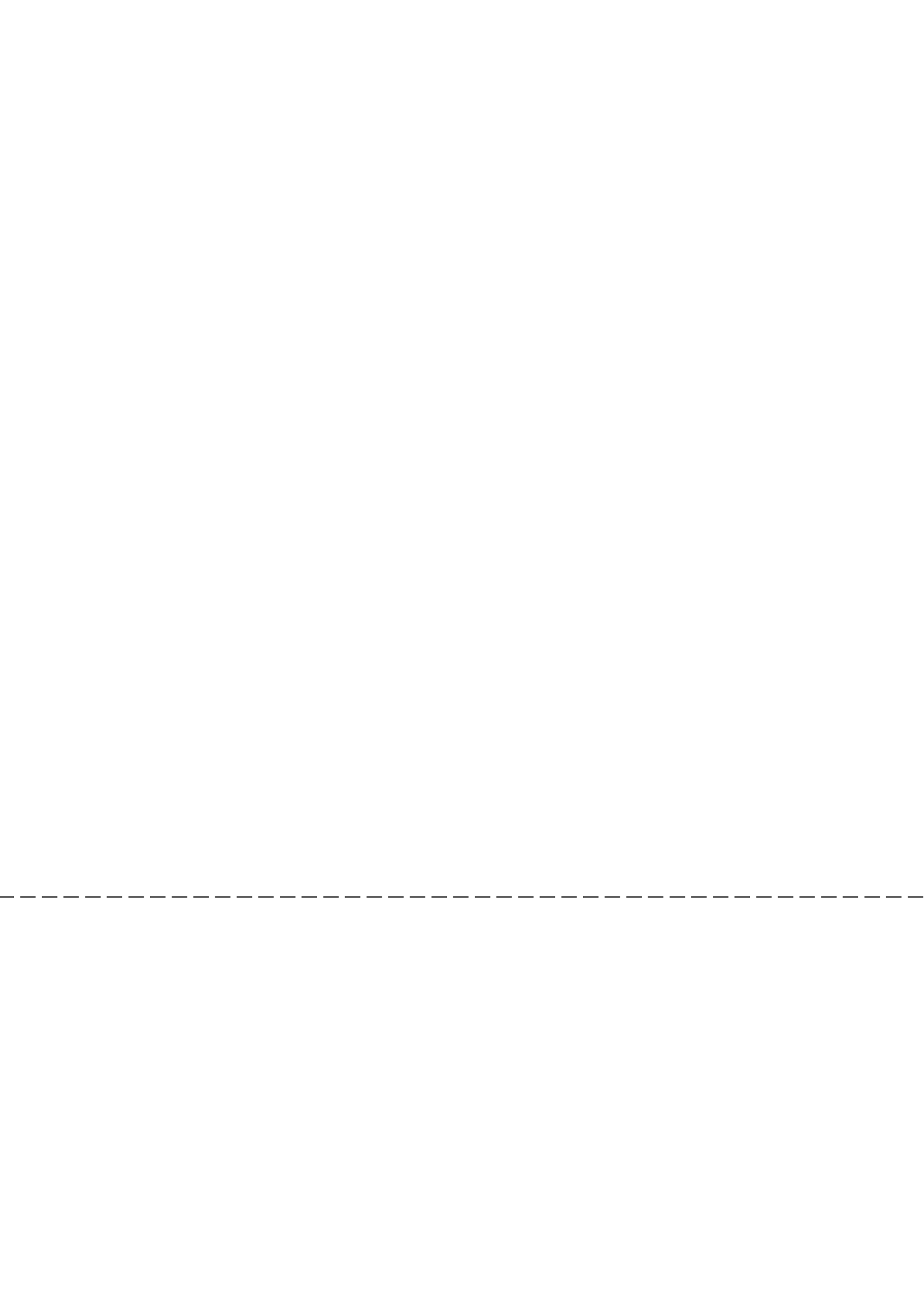
Name of shareholder \_\_\_\_\_ Number of shares held \_\_\_\_\_

Name of person attending \_\_\_\_\_ Signature \_\_\_\_\_

## IMPORTANT

This admission slip must be produced by the shareholder or his Proxy who need not be a member of the company, to gain entrance to the Annual General Meeting.

Shareholders or their Proxies are requested to sign the admission slip before attending the meeting.





# E-DIVIDEND

To:  
The MD/CEO,  
First Registrars Nigeria Limited,  
Plot 2, Abebe Village Road,  
Iganmu, P.M.B. 12692,  
Marina, Lagos,  
Nigeria.

Important: The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen.  
Characters and numbers should be similar in style to the following  
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 0 1 2 3 4 5 6 7 8 9

Please fill in the form and return to the address above.

Surname

First Name

Other Names

Address

Mobile Phone

Email

Signature

2nd Signature (for joint account or company)

(For company, please add Seal)

### Bank Account Details

Bank Name

Bank Branch Address

Bank Account Number

Branch Sort Code

Branch Authorised Signatures & Stamp





# e-SHARE NOTIFIER

e-Share Notifier allows you to receive SMS alerts right on your mobile phone on transactions that occur on your share account (Verification of certificates, AGMs\EGMs, dividends paid, bonuses, change of address, bank mandates, bankers confirmation etc).

To:  
The MD/CEO,  
First Registrars Nigeria Limited,  
Plot 2, Abebe Village Road,  
Iganmu, P.M.B. 12692,  
Marina, Lagos,  
Nigeria.

### Instruction

Important: The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen.

Characters and numbers should be similar in style to the following

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 0 1 2 3 4 5 6 7 8 9

Please fill in the form and return to the address above.

### Shareholder Account Information

Surname

First Name

Other Names

Address

Mobile Phone

Email

Signature

2nd Signature (for joint account or company)

(For company, please add Seal)

### Charges:

Individual: ₦1000/ per annum

Corporate: ₦2000/ per annum

### NOTE:

All payments should be made into Account No. **2013302579** in any First Bank branch nationwide and a copy of the payment slip attached to this form upon submission.



website: [www.firstregistrarsnigeria.com](http://www.firstregistrarsnigeria.com)  
Email: [infor@firstregistrarsnigeria.com](mailto:infor@firstregistrarsnigeria.com)



**NEW**



**BUILDING  
STRONG  
FAMILIES**



On the photo: A Fulani woman holding out her milk can. The Fulani herder's communities have been trained to use hygienic milk cans in collecting and supplying milk to the MCCs. Picture location: Fashola in Oyo State.







## Driving Public-Private-Partnership (PPP) further

In 2012, FrieslandCampina WAMCO continued with its development of local milk production capacity in Nigeria with the integration of the Company's Dairy Development Programme into the Federal Government's Agriculture Transformation Agenda (ATA).

In April 2012, the Company organised a meeting in Ibadan, Oyo State for dairy stakeholders as well as policy makers and experts, to fashion out ways to develop and sustain raw milk production in the country.

A total of six (6) Milk Collection Centres (MCCs) have been built in Oyo State. These Centres are located in Fashola, Alaga, Budo Musa, Ijio, Samo and Ayegun. Additional solar-powered bore-wells were constructed in various locations within and around MCCs, to provide fresh water for the Fulani herders' communities and their cattle.

The total collection of raw milk from Shonga and Oyo State ranged between 9,000 and 10,000 litres per every two days. The milk reception facilities at our Ikeja factory were upgraded during the year to improve its capacity for future growth.

FrieslandCampina WAMCO in collaboration with International Fertilizer Development Centre and Agriculture Development (IFDC/AD) carried out training programmes for dairy farmers. The training was aimed at improving the quality and safety of dairy farming as well as ensuring its long term sustainability. Training on Animal Health Management was organized for selected members of staff of the Oyo state Agricultural Development Programme (OYSADP). The trained ADP staff have been commissioned to provide extension services to over 200 raw milk suppliers in Oyo State.

As the prevalence of tsetse flies/trypanosomiasis constitutes a major threat to the development of sustainable local raw milk production in Nigeria, the Company, in collaboration with IFDC/AD continued to work with Nigeria Institute of Trypanosomiasis Research, Kaduna, to control the prevalence of tsetse flies/trypanosomiasis in the Dairy Development Programme operational areas.

In addition, we intend to focus more on breed improvement and pasture development initiatives in the coming years to significantly improve the milk yield per cow, thus increasing the local capacity of raw milk production and its availability for the Company to source.



On the photo: Winner of "Drink Milk Every day" milk recipe competition in Enugu State, receiving her prize from the First Lady of Enugu State, Mrs. Clara Chime. The First Lady is assisted by the Company's Activation Manager, Mr. Steve Madewale. Picture location: Enugu in Enugu State.





# Milk for Everyone

Over the years, FrieslandCampina WAMCO has been using brand activation as a key marketing tool. This comes in various forms like: consumer promotions, town storms, road shows and reality shows.

In 2012, our activation project tagged "Goodness of Milk" (GOOM) stemmed from our global objective which is "to help individuals live healthier lives using the natural nutrition available in dairy."

As market leaders we used the GOOM message to champion our social commitment by pioneering the campaign for improved nutrition amongst Nigerians. This campaign was driven by the theme: "drink milk every day."

The project campaign kicked off with the celebration of the World Milk Day on June 1. The GOOM message "drink milk every day" was used in-house and externally. A media launch on the beauty, strength and brain power of the GOOM campaign followed in Lagos.

Subsequently was the campaign flag off in various states like Edo, Benue, Oyo, Kwara and Enugu. This was done through the Office of the First Ladies of the states, which ensured our message got to the grassroots.

The next phase of the GOOM campaign was the Campus Storm. We took the message to five tertiary institutions to get converts from the youths, who according to research findings consider milk boring and unexciting. Celebrity endorsement was used, amongst others activation means to drive the message.

Also included in the campaign was the Junior Schools Sampling. The Activation team went to 150 nursery and primary schools nationwide to sample pupils with the objective of converting them to milk ambassadors.

The final element was the Town Storm. This phase took care of mass communication and consumer engagement of the GOOM message as well as creating selling opportunities across these five states.

Also, through the GOOM project, we created unique selling opportunities using season promotions to offer our premium products to consumers.

Finally, we achieved our marketing objective of creating awareness for the brand in a unique and subtle manner that distinguished us from regular advertorials.

Everyday  
ner

ME FURU

THOUSAND

N25000:00

Date: 29-10-12





On the photo: Students of Federal Government College Calabar (FGCC) making use of the double seater combined desk donated to their school. So far a total of 100 units of the seats have been donated to each of the 18 adopted schools. Picture location: FGC Calabar in Cross River State.





## Integrating Good in the Society

Driving the Goodness of Milk campaign in schools was a key project in the 2012 School Adoption Program. The aim was to interact more closely with students and encourage them to discover the goodness of nature's most complete food: milk. Through the Back to School Competition, the Company engaged students in the 18 adopted schools in an essay competition with the theme "My Unique Milk Experience."

To ensure a fair playing ground, the competition in each school was categorized into two: Junior and Senior platforms. Prizes which include cash, mini laptops and educational materials went to the best write ups in each school, while the first and second runners-up received consolation prizes of educational materials.

Also, the company donated more double seater combined desks to these schools in continuance of our purpose to respond to their learning needs.

Still on the Goodness of Milk, the World Milk Day celebration was intensified on June 1 with the importance of Milk and its benefits stressed through high awareness activities. Nigerians and all employees across the sales regions joined in the celebration of the World Milk Day by participating in the "Biggest Milk Moustache" competition which involved uploading to the company's facebook page pictures of friends or colleagues with milk moustaches. The competition attracted lots of entries and each picture posted was converted to Peak Evap sachet and donated to charities across Nigeria.

The Company also reached out to more Nigerians through its water projects. Six solar powered boreholes were constructed at Alaga (non solar), Okaka, Ootu, Afowa, Kososi (all in Oyo environs to support the DDP) and at Compassionate Orphanage home Igando, Lagos (donated by Bob and Jolanda Steetskamp).

Similarly, the company was responsive to the immediate needs of the society as it intervened in the devastating flood that ravaged certain parts of the country third quarter of last year.

3800 cartons of its Peak and Three Crowns milk products were donated to assist emergency relief operations in camps across Nigeria. The relief materials were deployed to nineteen (19) States across the six (6) geo-political zones within the category A and category B states based on the assessment provided by the Federal Government of Nigeria.

As a company, FrieslandCampina WAMCO responded to this situation, not only because we see it as our social contribution to the progress of this great nation, but also because we share a strong connection with these families who form part of our stakeholders.

The Tertiary Endowment fund was upwardly reviewed by hundred percent with the aim of:

- Empowering the institutions to carry out meaningful and relevant research
- Encouraging local content in Food Science research and development
- Promoting academic excellence








# SAFETY RECORD

AS AT TODAY **TUESDAY** **26 FEB.** **2013**  
 WE HAVE WORKED **76** DAYS  
 WITHOUT A LOST TIME ACCIDENT  
 BEST PREVIOUS RECORD WAS **98** DAYS  
**THINK SAFETY, WORK SAFELY — AVOID ACCIDENTS**






## SAFETY FIRST

-  Use the Pedestrian walk way
-  Wear your PPE (Personal Protective Equipment)
-  Report any accident, near miss or unsafe condition
-  Detach a wild Pencil to Work when required
-  Obey all Safety Rules.
-  No Alcohol or drugs while working or driving
-  While driving, do not use your mobile phone and do not answer speed limit
-  Do not smoke outside designated smoking area

On the photo: The Company's Safety Record Display and Safety Signs placed strategically in the premises. The Safety Record Display is an indicator of how safe our work environment is while the Safety Signs guide staff and contractors operating within the premises.  
 Picture location: FrieslandCampina WAMCO Head Office, Ogba in Lagos State





## SHE

### Building a safety culture amongst staff

In order to demonstrate our commitment towards providing a safe, healthy and environmental friendly workplace, the management of FrieslandCampina WAMCO inaugurated the SHE (Safety Health Environment) Team under the Office of the Operations Manager.

Since inception on May 5, 2012, the SHE department has achieved success in creating safety awareness and consciousness amongst staff. On the 2nd of July 2012, an Awareness Kick-off campaign on Safety was organised where Safety talk was delivered and all employees were educated on relevant safety issues and measures.

Moreso, to demonstrate managements' commitment, a Safety Health and Environmental Policy Statement was developed, and signed by the Managing Director.

#### Progress so far

- Risk assessment was conducted by the SHE team with a group of selected staff from different departments for the entire plant. Hazard scenarios that could cause significant injuries were highlighted and communicated, necessary action plan were taken to prevent harm and make the locations safer.
- In order to manage emergency situations properly and in a coordinated manner, the SHE team re-activated the emergency response team and organized advanced training on emergency response and fire fighting. Emergency assembly points were earmarked throughout the premises and communicated to all staff via the SHE notice board and visible signages.
- The team also developed an online management system for Safety Health and Environment management. This has aided easy reporting of incidents including near miss and actual accidents. These incidents are collated and used by the team to monitor the trend of occurrence and take corrective actions to prevent future occurrence.
- Safety signs are strategically placed to show rules that ensure employee, visitors and contractors' safety.

With monthly audits and inspections carried out in the factories and offices, we can say that there is an increased sense of safety culture by staff and contractors.





On the photo: Colleague, Asonye Marcus, Powder Factory Department, poses with the Over2you communication material. Various communication means were used to enlighten staff on the importance and procedure of the survey. Picture location: FrieslandCampina WAMCO Head Office, Ogba in Lagos State



# Over2you

## Employee Satisfaction Survey

The opinion of staff as stakeholders in the running of the organization is very essential to the achievement of our objectives. Staff constitutes our primary channel to drive organizational goals and objectives. It is on this premise that FrieslandCampina decided to conduct its first ever employee satisfaction survey – "Over2you."

The survey commenced with series of communication to enlighten staff on the objective of the exercise and the need for them to participate actively by expressing their honestly and objectively views on key issues that cut across sustainable engagement, strategy, line management, customer relations, working together, safety & responsibility, change capability & performance, leadership and development.

The survey window was opened from September 10 to 28, 2012. The participation rate was very impressive. Employees made valid comments on areas of improvements needed to increase the level of engagement.

The primary take from the survey include acceleration of the pace of change, regular performance feedback and development of employee capabilities. The next stages are to start dialogue on how to address the issues raised, take action and sustain the progress.

It is our expectation that by the next exercise, we would have addressed all the issues raised and would have increased level of employee engagement.

### About of the survey

FrieslandCampina believes that in sharing our thoughts about our work and our involvement in the organization, it will help drive real change and give us the opportunity to implement improvement together.

The survey ensures strict confidentiality. Towers Watson, the survey research firm, is bound by European, US and global data protection laws governing the use and protection of personal information. More so, they do not store any references between client internet protocol address and respondent ID. Hence, this allowed for genuine reflection and true opinion of staff.

Ultimately, the results of this survey are important because they will provide valuable input to help realize our ambitions of being an appealing and empowered workplace, with a refreshed focus on a shared way of working.

# Notes