FrieslandCampina

nourishing by nature

Annual Report 2013

FrieslandCampina WAMCO Nigeria PLC

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nourishing by nature

To visualize and to further emphasize
our endeavors for the future, FrieslandCampina
introduced a new tagline – nourishing by nature.

This tagline expresses our ultimate promise to our
stakeholders in a concise, compelling
and inspiring way.

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Reports and financial statements

Financial highlights

for the year ended 31 December 2013

	2013 **₦'000**	2012 ₦'000	% Increase/ (Decrease)
Revenue	**120,256,164**	111,120,828	8.22
Profit before income tax	**19,312,554**	20,374,154	(5.21)
Profit for the year	**13,069,521**	13,716,702	(4.72)
Total comprehensive income for the year	**13,133,357**	13,727,982	(4.33)
Share capital	**488,168**	488,168	0.00
Total equity	**8,643,282**	14,348,327	(39.76)
Per share data			
Number of 50 kobo ordinary shares	**976,335,936**	976,335,936	0.00
Basic earnings	**13.39**	14.05	(4.70)
1st interim dividend paid	**5.20**	2.54	104.72
2nd interim dividend paid	**2.57**	0	100.00
Final dividend proposed	**5.68**	11.52	(50.69)
Number of employees	**829**	791	4.80

Corporate profile

FrieslandCampina WAMCO Nigeria PLC has been a necessary part of most Nigerian homes since 1954 through its flagship brand Peak Milk. The company was incorporated in April 1973 as West Africa Milk Company Nigeria PLC (WAMCO) and commenced operations in 1975.

FrieslandCampina WAMCO Nigeria is a multinational manufacturing company; it is an affiliate of Royal FrieslandCampina in the Netherlands. Its headquarters is in the Ikeja industrial area of Lagos State and operates an extensive distribution network across Nigeria's 36 states and the Federal Capital Territory.

Our company has continued to play a leading role in the production, processing, packaging, marketing and distribution of various milk products in Nigeria through her key brands, Peak, Three Crowns and Friso. It pioneered the manufacture of evaporated milk and is the market leader in the introduction of fortified based milk products in Nigeria. It is currently ISO 9001:2008 certified and it is the first dairy company in Nigeria to be HACCP certified.

FrieslandCampina WAMCO Nigeria PLC is also deeply committed to improving the lives and welfare of its consumers and communities across the country. Over the years, our company has proven itself an excellent corporate citizen by supporting schools, charities and communities across Nigeria.

In its effort to meet identified social needs and contribute to the welfare and development of Nigeria, FrieslandCampina WAMCO Nigeria PLC, launched its Corporate Citizenship projects in 2004. The projects were; Water Project, School Adoption and Tertiary Endowments.

In addition to our Corporate Citizenship Projects, WAMCO supports 30 charities spread out across Nigeria. By donating cash and product gifts to these charities, WAMCO has contributed in ameliorating the difficulties of the less privileged in Nigeria.

Similarly, through its Olu Akinkugbe WAMCO Nutrition Centre, FrieslandCampina WAMCO provides credible information on child and maternal nutrition. The Centre partners with key stakeholders including, Health Care Practitioners (HCPs), Government Agencies, to respond to national issues, particularly in the nutritional development of the Nigerian Child and in the implementation of key initiatives like the Annual Nutrition Seminar, Enlightenment Advocacy, etc.

To further increase its local content and support Federal Government's initiative to grow the Agriculture sector, FrieslandCampina WAMCO Nigeria PLC in partnership with the Federal Ministry of Agriculture, commenced the Dairy Development Program in August 2010. This is gradually developing into a full national program as the company is dedicated to making the Dairy Development Program a success by ensuring the transfer of Technology Know-how on milk production to Nigerian farmers.

FrieslandCampina WAMCO Nigeria PLC will maintain its No. 1 position as the nation's leading dairy company by investing in its people, capacity expansion projects and by being an excellent corporate citizen.

Mission

Provide quality dairy nutrition everyday to consumers

Our AAA Mindset

In order to accelerate development of the company, FrieslandCampina defined a mindset and behavior that will help us realize our ambition to become the most successful, professional and attractive dairy company in the world – The AAA mindset, this stands for: Alignment, Accountability, Action.

- Embrace Interdependency
- Seek connection
- Create clarity

- Take personal ownership
- Determine who does what
- Give trust

- Decide and execute
- Unleash energy
- Look outside-in

Corporate directory

Head office
FrieslandCampina WAMCO Nigeria PLC
Plot 7b Acme Road
Ikeja Industrial Estate
Ogba -Ikeja
Lagos State
Tel: + 234 (01) 271 5100
info.wamco@frieslandcampina.com
www.frieslandcampina.com.ng

Lagos/Ogun sales office
Plot 3b Acme Road
Ikeja Industrial Estate
Ogba – Ikeja
Lagos State

Ibadan regional office
C/o CFAO (Nig.) PLC
59 Onireke Street, Dugbe
Alawo
Dugbe – Alawo
Ibadan
Oyo State

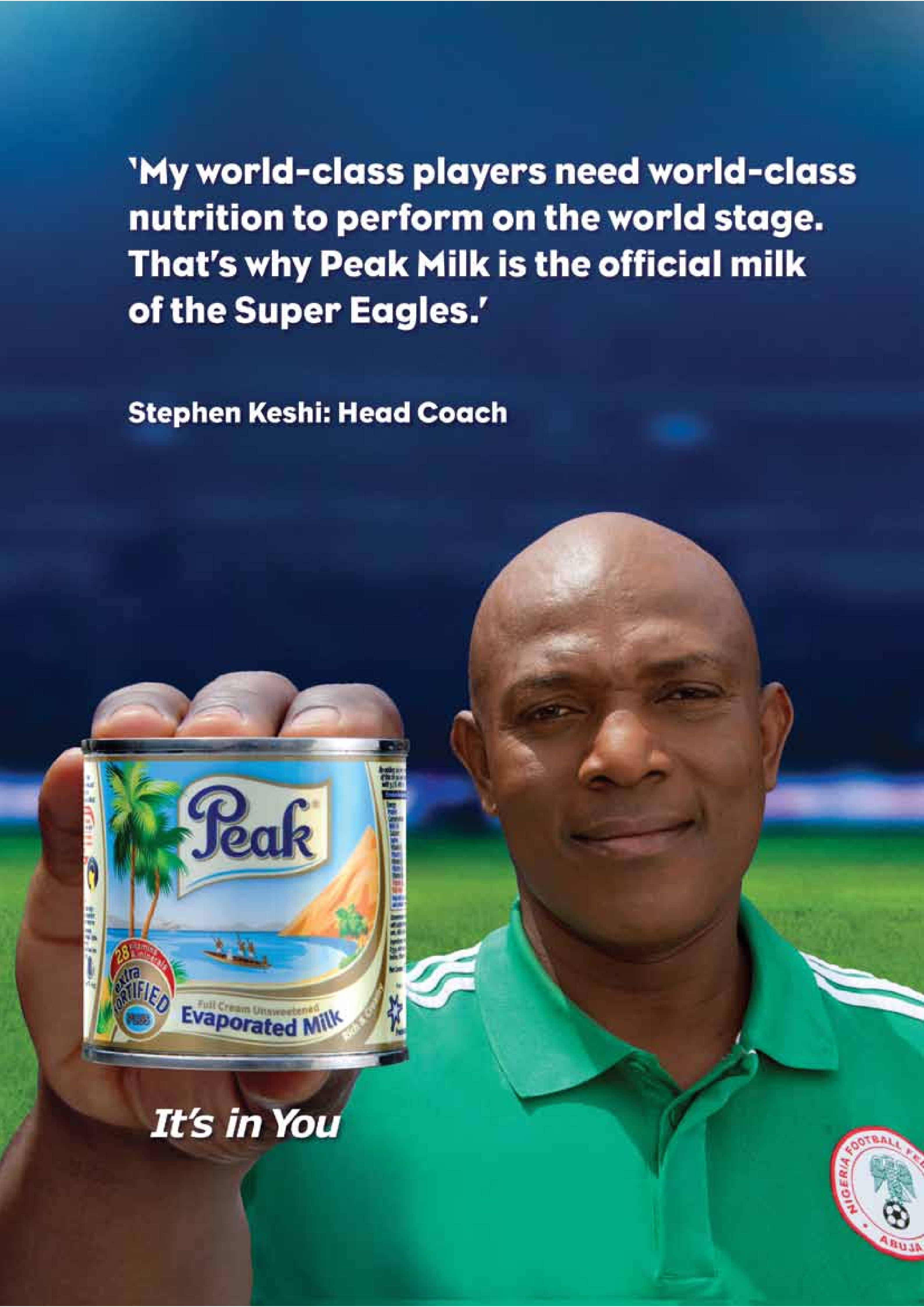
Aba regional office
C/o CFAO (Nig.) PLC
4 Factory Road
Aba
Abia State

Asaba regional office
Km 5 Benin / Asaba Expressway
Behinde Oblinks Filling Station
Asaba
Delta State

Abuja regional office
Plot 1077, Durumi by Area 3 Junction
Garki
Abuja

Kano regional office
C/o CFAO (Nig.) PLC
12 Muritala Mohammed Way
Kano
Kano state

Gombe regional office
Commercial Area
Plot BA/4358
Gombe, Gombe State


'My world-class players need world-class nutrition to perform on the world stage. That's why Peak Milk is the official milk of the Super Eagles.'
Stephen Keshi: Head Coach
Peak
extra FORTIFIED
Full Cream Unsweetened
Evaporated Milk
It's in You

Milk is nutritious by nature

Milk is a product of nature starting with green grass, clear water and healthy cows. If you're looking for the ideal food, you can't look past milk. We have always marveled at the wholesome goodness and simple nutrition provided by milk. Whether we seek stronger bones, stronger immunity, healthier hearts or lower body weight, milk has all the building blocks for a vital and healthy life.

Naturally, milk is a nutrient dense food. It contains essential nutrients that people need every day, such as: proteins, vitamin B2, vitamin B12 and minerals such as calcium. These nutrients feed, fuel and foster the body. They contribute to the growth, development, maintenance and protection of our bodies.

Milk and milk products have a place in dietary recommendations around the world. As a result of their high content of indispensible and bio-available nutrients, most health authorities recommend consuming two to three servings of milk or milk products a day.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-first Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC will be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan,Lagos on Tuesday, 20 May, 2014 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 31 December, 2013 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.

BY ORDER OF THE BOARD

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

Dated this 5th day of March, 2014

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 Report. 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, 20 May 2014 to members whose names appear in the Company's Register of Members at the close of business on Friday, 9 May 2014.

3. **Closure of register**
The Register of Members and Transfer Books of the Company will be closed from Monday, 12 May 2014 to Wednesday, 14 May 2014, both dates inclusive, to enable the Registrars to 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 to furnish the particulars of their accounts to the Registrars as soon as possible.

Bolade Obat-Olowu (Mrs.)
Company Secretary

Mr. Jacobs Moyo Ajekigbe, OFR
Chairman

Chairman's statement

Distinguished shareholders, my colleagues on the Board, invited guests, ladies and gentlemen. It is with great pleasure that I welcome you all to the 41st Annual General Meeting of our Company. I am also delighted to present the Annual Report and Financial Statements for the year ended 31 December 2013.

The macroeconomic environment

The global economy continued to recover, albeit at a lower rate, from the financial crisis that hit the world in 2008. In 2013, the global economy grew by about 2.9 per cent, which was below the 3.2 percent recorded in 2009. Overall, the global economy is yet to fully recover, but the developed economies, unlike in the previous years, gained some speed. The emerging economies experienced some slowdown, but they continued to account for a substantial proportion of the global output.

In Nigeria, reforms were on-going in the key sectors of the economy, notably agriculture, power and transport. The country continued to rank among the fastest growing economies in the world. Gross Domestic Product (GDP) growth rate was estimated to be 6.8 per cent in 2013, up from 6.6 per cent in 2012. The growth was attributable to the non-oil sector, which indeed was a positive development in the light of the negative growth in the oil sector. Monetary policy helped to moderate inflationary pressures, as headline inflation fell consistently from 12 per cent in December 2012 to 8.0 per cent at the end of 2013. A five-year low of 7.8 per cent was recorded in October. Exchange Rate also remained stable until the end of the third quarter. The strong macroeconomic fundamentals did not, however, translate into higher purchasing power for the average consumer as income distribution, evidenced by a rising Gini coefficient, became even more unequal and unemployment remained pervasive. The economy remained vulnerable to the growing level of insecurity, especially in the north eastern parts of the country where sectarian violence is on the increase; and in some parts of the south south region where oil exploration and production facilities continue to come under attack.

Infrastructural support continued to be a major challenge in 2013 as the on-going reforms, targeted at lowering the cost of doing business, had yet to yield the desired results.

The global dairy market

Supply of milk to the global dairy market dropped significantly in 2013 due to severe drought in New Zealand, cold spring weather in the European Union and high cost of feeds. This situation sent prices soaring to record highs. Milk powder prices were up by more than 50 per cent from the beginning of March, and prices of butter fat and whey recorded double digit increases. Global prices of dairy products have remained high due to vigorous buying by China to supplement its local supply of milk. It is expected that prices of dairy products will remain high in 2014.

The Nigerian dairy market

As in the previous years, the business environment continued to be challenging in 2013. Poor infrastructural facilities, heightened insecurity (especially in Northern Nigeria), and low consumer purchasing power, were some of the major factors that the Company, like most other businesses, had to contend with.

The milk powder market saw growth, with a number of companies playing in a broadly undifferentiated category. Due to the decline in consumer purchasing power, milk powder in smaller packaging units and at

Chairman's statement cont'd

low prices became more appealing to consumers, with almost all the players competing in that segment of the market.

Operating results and performance

The commercial and financial performance of the Company remained satisfactory in spite of the harsh business environment. Turnover increased by 8.2 per cent from ₦111.12 billion in 2012 to ₦120.26 billion in 2013. Profit before Tax (PBT) however decreased by 5.2 per cent from ₦20.37 billion to ₦19.31 billion as a result of significant investment in future growth and the impact of the launch of Peak School Smart, a new product introduced into the market in August 2013.

Dividend

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. 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 ₦13.45 per ₦0.50 share. An interim dividend of ₦10.41 per ₦1.00 share was paid in August 2013; a second interim dividend of ₦2.57 per ₦0.50 was paid in November 2013; and a final dividend of ₦5.68 per ₦0.50 share is therefore being proposed for your approval. The final dividend less withholding tax at the appropriate rate will become payable on 20 May 2014.

Operations

During the year under review, congestion at the Lagos seaports continued unabated with its negative effect on the efficiency of supply chain. Despite this challenge, there was considerable improvement in lead times for deliveries of goods from the ports compared with the previous year.

The Company continued to focus on the future without losing sight of the present in the implementation of its growth and value creation strategy. In 2013, your Company made substantial investments aimed at ensuring that its manufacturing facilities continue to meet world-class standards. These included the construction of a quality control laboratory and hygiene junctions. As part of our on-going efforts to improve our production processes through efficient and sustainable methods, a heat recovery boiler and two gas generators were installed during the year. These resulted in 25 per cent reduction in energy cost. Two additional sachet lines were installed for the production of 20 gram PIMP (Peak Instant Milk Powder) and 22 gram Peak Choco, resulting in improved productivity and increased output to meet sales demand. Implementation of the planned modernization and capacity expansion of the factories was on course. The Company in the course of the year won awards and received commendations from the Lagos State Environmental Protection Agency, and the Federal Fire Service respectively in recognition of its safety and quality standards.

Dairy development programme (DDP)

In 2013 your Company continued with its development of local milk production capacity in Nigeria by improving raw milk collection process. In collaboration with the Federal Government under its Agriculture Transformation Agenda (ATA), the Company also assisted the Fulani cattle rearers in Oyo State to upgrade the milk production potential of the local breed of cattle through cross breeding. The milk production capacity of the cross breed will be about 8-10 litres per day, which is a considerable improvement on the milk production capacity of about 1-2 litres per day of the local breed.

In the course of the year, a Milk Collection Centre (MCC) was built in Maya in Oyo State bringing the total number of MCCs in the state to seven. A Milk Bulking Centre with capacity to collect and hold about 50,000 litres of raw milk per day was also built in Iseyin, Oyo State.

The Company, in collaboration with the International Fertilizer Development Centre and Agriculture Development (IFDC/AD) and the Federal Ministry of Agriculture under its ATA, organized training for potential suppliers of raw milk in some parts of the country. Interested potential milk suppliers were trained on small holder dairy farming practices while

Chairman's statement cont'd

the existing Fulani milk suppliers were given basic training in financial management and use of banking facilities. The training programme included visits to some dairy farms in the country. The Company, in collaboration with IFDC/AD, is also developing three demonstration farms near the MCCs in Oyo State, and continued to work with the Nigeria Institute of Trypanosomiasis Research, Kaduna, to control the prevalence of tsetse flies/ trypanosomiasis in the DDP operational areas.

The Company, during the year, acquired 20 hectares of land in Maya near Eruwa in Oyo State for the development of a cattle breeding centre under its Public-Private- Partnership programme with the Federal Ministry of Agriculture and Rural Development.

Sales and marketing

For most part of 2013, Sales came under intense pressure due to a combination of factors, prominent among which were low consumer purchasing power and trade stagnation. In the wake of these realities, there was also an increase in the prices of dairy raw materials, which necessitated increase in products prices by 5 per cent in May and 10 per cent in October. This further put pressure on sales volumes.
Competition was also stiffer and unrelenting as new entrants, in their bid to gain market share, introduced measures aimed at altering the dynamics of the market. Insecurity in the north east of the country, poor road infrastructure and the rising incidents of kidnapping in the eastern parts of the country continued unabated, severely limiting trade and the market reach of distributors.

In furtherance of the Company's determination to strengthen its competitive edge in the fast changing retail landscape, a separate department, Shopper Marketing, was set up to manage the Modern Retail Trade. New products, such as UHT Milk, have been introduced to cater for the unique need of this market. Frisomum (a product specially formulated to provide essential nutrients for pregnant and lactating mothers) was launched during the year under review.

The Company also launched its entry into the Ready To Drink (RTD) market in August 2013 with the introduction of Peak School Smart flavoured milk.

In spite of the challenging business environment, your Company remained resilient and maintained its leadership position in the dairy market with a value growth of 9 per cent.

Corporate social responsibility (CSR)

As the sustainability of the Company as a business entity is closely intertwined with the health and prosperity of the communities where it operates, the Company continued in its drive to make impact in the communities through concerted CSR efforts in 2013.

Endowment Fund to tertiary institutions was increased by over 80 per cent to facilitate meaningful investment in research in Food Science. The Company also supported key events in adopted schools and made donation of school materials to the schools. In this regard, the Company donated Peak School Smart branded note books to the schools to promote the product while supporting the schools. Water supply projects were executed at Eruwa, Lanlate and Ipapo communities under the Company's DDP. The water supply facilities at Fabon Kaura (Bauchi) and Poro-Abaje (Lagos), which were damaged by rainstorm, were reconstructed.

A significant development in our 2013 CSR activities was employee involvement. The Company actively encouraged its staff to volunteer their time and other resources for charity -related activities. Employees of FCWAMCO Nigeria joined the Start Helping Now campaign under FrieslandCampina and the Netherlands Red Cross Disaster Relief Partnership. Under this partnership, FCWAMCO Nigeria's staff helped to raise support for victims of the super typhoon Haiyan in the Philippines, where Alaska Milk Company, an affiliate of Royal FrieslandCampina, is located.

In furtherance of its commitment to sharing the goodness of milk, the Company gave out its newly launched Peak School Smart to schools and

Chairman's statement cont'd

organizations in various states during the Christmas period in support of their year-end activities.

Some members of our staff also went on a Show of Love visits to St. Monica's Orphanage in Lagos and Mothers Welfare Group in Abuja. The Company's staff joined the orphanage home in Abuja for their year end celebration, putting smiles on the faces of the children. In Lagos, the Company held a week- long programme, which included, helping the orphanages to beautify their homes and making gift donations to the homes. World Milk Day 2013 also presented opportunities for FCWAMCO to raise awareness on the usage of milk.

Human resources (HR)

Our people continued to be the driving force behind the success of our business and, therefore, our HR strategies and plans were directly linked to our business strategies and aspirations in 2013. Leadership and organizational development, talent management, performance management, employee engagement and competitive reward system remained the key components of our HR strategy in 2013. In the course of the year, Management held a retreat to develop strategies to move our organisation from Good to Great. It was a fruitful retreat where the leadership and technical principles needed to facilitate the achievement of the organization's objectives were carefully crafted. The development of relevant competencies and talents remained one of the top priorities of Management. In this regard, over 75 per cent of the employees attended several learning and development courses to upgrade their skills for excellent performance. These were in addition to learning on the job and learning from in-house coaches. In response to on- going global "War for Talent", which has changed the dynamics of the skilled labour market, our attraction and recruitment strategies and processes have been redesigned to retain current employees and attract and recruit the best and brightest talents into the Company. In 2013, we designed and deployed one of the best- in- class assessment centre models, and it has helped us to attract and recruit the much needed relevant talents.

Our remuneration policy is constantly reviewed to ensure that it is externally competitive and internally equitable; and that it encourages, motivates and rewards the efforts and performance of our people. Our commitment to staff motivation and competitive reward system has enabled us to keep our best talents over the years, more so in 2013. This has in turn enabled the success of our workforce and succession planning initiatives.

The Company continued to raise the bar with regard to the safety and security of its people by remapping safety processes and procedures and by ensuring compliance with rules and regulations.

The management team was strengthened during the year with the arrival of Mrs. Ilona Fulop, Mr. Wilco van Dijken and Mr. Tominiyi Oni who joined the team in the last quarter of 2013 as Finance Director, Customer Development & Shopper Marketing Director, and Human Resource Director respectively. A new department, Public and Regulatory Affairs, was created during the year, but with an effective date of January 1st 2014, and with Mrs. Ore Famurewa as Head of Department. We now have a very diverse and robust top management team to drive the Company's business.

The Company has consistently maintained a harmonious and healthy working relationship with its employees and other stakeholders despite the increasing global economic challenges. During the year under review, we maintained a peaceful industrial relations environment borne out of proactive employee engagement initiatives. Our aspiration for the future is huge and this will require us to continue to change the way we work, upscale the skills and competencies of our people, become more granular in our planning and implement our strategies flawlessly in order to win in the market place.

Board of directors

As a result of Business Group re-alignment in FrieslandCampina, Mr. Freek Rijna resigned from the board with effect from 5 March, 2014; and Mr. Gregory

Chairman's statement cont'd

Sklikas was appointed to fill the vacancy that resulted from the resignation.

Outlook 2014

The Nigerian economy is expected to grow by 7 per cent in 2014, with the non-oil sectors (notably agriculture, trade and services) driving the expansion. However, the lingering challenges of insecurity, infrastructure deficit as well threats to oil production such as pipeline vandalisation and crude oil theft, remain major downside risks to the economic outlook.

Two key elements that will impact the dairy market in 2014 will be the double digit increase in raw material prices and the likely devaluation of the naira, which will mean further increases in prices of our products and further stress in the market.

Though, increasingly, the business environment is rapidly changing due to factors such as globalisation and new entrants into the market place; changing buyer behaviour; changing nature of competition and price volatility in the global dairy market, rest assured that your Company is poised to sustain its leadership position in the ever changing business environment.

Thank you.

J. M. Ajekigbe, OFR
Chairman

Board of directors

From left to right

Mr. Jacobs Moyo Ajekigbe, OFR
Chairman

Mr. Peter Eshikena
Managing Director

Mr. Cees 't Hart

Mrs. Oyinkan Ade-Ajayi

Rev. Isaac Adefemi Agoye

Mr. Gregory Sklikas

Ms. Evelyn Oputu, OON

Mr. Robert Steetskamp

Mr. Louis Nnamdi Mbanefo, SAN

Mallam Ahmed Dasuki

Directors' profile

Mr. Jacobs Moyo Ajekigbe, OFR
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 25 November 2009, and was appointed Chairman of the Board on 29 April, 2010. 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 Kakawa Discount House Ltd. He was a Director on the boards of First Pensions Custodian Limited, FBN Bank (UK) Ltd, V-Networks Nigeria Ltd (now Airtel) and Transnational Corporation of Nigeria Plc.

Mr. Ajekigbe currently serves on the boards of some 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. Cees 't Hart
Non-Executive Director

Mr. Cees 't 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), Zuivelstichting, a member of the Executive Board of Productschap Zuivel and Executive Committee VNO-NCW. He a graduate of MA Social Science from Leiden University and holds a General Management Diploma from Harvard Business School.

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 Unwin Hyman Publishers, SmithKline Beecham in London and the Red Cross Children's Hospital in Cape Town, South Africa, among other organizations.

Rev. Isaac Adefemi 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, Ikeja Branch and the General Overseer of The New Life Miracle Church.

Mr. Gregory Sklikas
Non-Executive Director

Mr. Gregory Sklikas is a Non-Executive Director of FrieslandCampina WAMCO
Nigeria Plc. He joined the Board of the Company as a Non-Executive Director on
5 March 2014.

Mr. Sklikas is the Chief Operating Officer of FrieslandCampina Consumer Products Europe, Middle East and Africa and a member of the Executive Board of Royal FrieslandCampina N.V. Prior to this appointment, he held the position of Executive Director, Consumer Products Europe. Mr. Sklikas joined FrieslandCampina in 2006 as Managing Director of FrieslandCampina Hellas in Greece. Before joining FrieslandCampina, he had held a number of different positions at Unilever in Greece, Saudi Arabia and the United Arab Emirates.

Mr. Sklikas studied Economics at the University of Athens and obtained a Masters degree in Computer Science in the United Kingdom.

Ms. Evelyn Ndali 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.

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 Economics Studies) and currently serves as the Program Director, Topsector Agric and Food, Utrecht Area, Netherlands.

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) in1987, appointed a visiting professor at IMO International Maritime Law Institute, University of Malta by Secretary General of IMO in1988 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) from1995 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.

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 Quaditect 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.

Milk is food for all stages of life

From cradle, milk serves as a source of good nutrition for all. In babies, milk is the only source of nutrition for the first six months of life. Growing children need protein and calcium in milk for growth, zinc for a healthy immune system and for mental development. They need milk to build strong bones and teeth, to help in cell division and general growth and development. It provides the vital nourishment for young adults with active lifestyles.

In pregnant women, it nourishes the body, helping it stay strong and healthy for the forming baby. The need for protein, calcium and energy increases during pregnancy and these needs can be met by drinking milk. Frisomum Gold, Nigeria's first maternal milk, contains Prebiotics and Probiotics which supports gut health & immune defence for mother and child and covers 90 per cent Folic acid recommendation for pregnant women. Frisomum Gold also contains DHA & AA for child's early brain development. It supports improved composition of breast milk.

For adults managing their weight, low-fat dairy is full of nutrition that can help in healthy weight management. With protein to fill you up, extra calcium to protect your bones, and 44 per cent less calories than standard milk, Peak low fat is the perfect addition to a healthy eating plan.

As we age, our bones begin to break down, losing density and strength. Milk and other dairy products are good natural source of essential bone nutrients - calcium, magnesium, zinc and protein. Milk is fortified with vitamin D and additional minerals to help strengthen our bones and teeth during our old age. Milk helps in maintaining good eyesight, a strong immune system and strong muscle tissue.


Now in
Nigeria
Frisomum
Growing up together
Make a strong start to
the incredible journey
Frisomum
GOLD
Friso shield
PREBIOTIC
PROBIOTICS
DHA
The Start
0

2013 Reports
& Financial statements

Reports

Financial statements

Other information

Directors, professional advisers and registered office

Chairman:	Mr. Jacobs Moyo Ajekigbe, OFR
Managing Director:	Mr. Peter Eshikena
Directors:	Rev. Isaac Adefemi Agoye Mrs. Oyinkan Ade - Ajayi Mallam Ahmed Dasuki Mr. Cees't Hart (Dutch) Mr. Louis Nnamdi Mbanefo, SAN Ms. Evelyn Ndali Oputu, OON Mr. Freek Rijna (Dutch) (Resigned wef 5 March 2014) Mr. Gregory Sklikas (Greek) (Appointed wef 5 March 2014) Mr. Robert Steetskamp (Dutch)
Company Secretary/Legal Adviser:	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 Street, 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 2013

The Directors have pleasure in submitting to members, their report and the audited financial statements for the year ended 31 December 2013.

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 reporting 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	120,256,164
Profit before taxation	19,312,554
Taxation	(6,243,033)
Profit for the year	13,069,521
Other comprehensive income	63,836
Total comprehensive income for the year	13,133,357

4. Share split and dividend

At the Annual General Meeting held on 30 April 2013, it was agreed through a special resolution that the 500,000,000 ordinary shares of the Company be split into 1,000,000,000 ordinary shares of ₦0.50 each.

The Company paid an interim dividend of ₦10.41 per ₦1.00 share (which is ₦5.20 per ₦0.50 share) in August 2013; a second interim dividend of ₦2.57 per ₦0.50 share in November 2013 and the Board of Directors has recommended a final dividend of ₦5.68 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 (PAT) 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. If the proposed final dividend is accepted, the total dividend in respect of year 2013 operations will be ₦13.45 per share, amounting to 100% of the Company's total comprehensive income for the year.

5. Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 12 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 cont'd

for the year ended 31 December 2013

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
Rev. Isaac Adefemi Agoye	
Mrs. Oyinkan Ade - Ajayi	
Mallam Ahmed Dasuki	
Mr. Cees't Hart	(Dutch)
Mr. Louis Nnamdi Mbanefo SAN	
Ms. Evelyn Ndali Oputu, OON	
Mr. Freek Rijna	(Dutch) (Resigned wef 5 March 2014)
Mr. Gregory Sklikas	(Greek) (Appointed wef 5 March 2014)
Mr. Robert Steetskamp	(Dutch)

Mr Freek Rijna resigned from the Board effective from 5 March 2014 to assume another position within the FrieslandCampina Group and Mr. Gregory Sklikas was appointed to fill the vacancy that resulted from the resignation of Mr. Freek Rijna. The Board thanks Mr. Freek Rijna for his contributions to the growth of the Company during the period he was on the Board. Mr. Sklikas will retire at the forthcoming Annual General meeting and being eligible, will offer himself for re-election.

Mallam Ahmed Dasuki, Ms. Evelyn Oputu and Mr. Louis Mbanefo, 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 set out in item 10(4) of this report and available for inspection at the Annual General Meeting.

8. Director's 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 2013.

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 2013 are as follows:

	Number of ordinary shares held as at 31 December	
	2013 ₦0.50 nominal value	2012 ₦1.00 nominal value
Mr. Jacobs Moyo Ajekigbe	1,250,000	625,000
Rev. Isaac Adefemi Agoye	1,400,002	700,001
Mrs. Oyinkan Ade - Ajayi	1,136,794	568,397
Mallam Ahmed Dasuki (Representing XEX Limited)	2,673,514	1,336,757
Mr. Peter Eshikena	47,306	23,653
Mr. Louis Nnamdi Mbanefo	1,626,562	813,281
Ms. Evelyn Oputu	85,000	42,500

The change in directors' shareholding is due to the share split during the year. None of the other directors have interest in the issued share capital of the Company as at the end of the year.

Report of the directors cont'd

for the year ended 31 December 2013

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 5 March 2014, 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 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 5 March 2013, 30 April 2013, and 25 November 2013.

A summary of the record of attendance at the meetings is presented below:

NAME	NUMBER OF MEETINGS ATTENDED
Mr. Jacobs Moyo Ajekigbe, OFR	3
Mr. Peter Eshikena	3
Rev. Isaac Agoye	3
Mrs. Oyinkan Ade-Ajayi	3
Mallam Ahmed Dasuki	2
Mr. Cees 't Hart	2
Mr. Louis Nnamdi Mbanefo, SAN	3
Ms. Evelyn Ndali Oputu, OON	3
Mr. Freek Rijna	3
Mr. Robert Steetskamp	3

Report of the directors cont'd

for the year ended 31 December 2013

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. Robert Steetskamp	(Director)	Member

A summary of the record of attendance at the meetings is presented below:

NAME	NUMBER OF MEETINGS ATTENDED
Mr. Samuel S. Adebayo	4
Sir. Sunday N. Nwosu	4
Mr. Okwudili G. Emodi	4
Ms. Evelyn N. Oputu	2
Rev. Isaac A. Agoye	4
Mr. Robert Steetskamp	2

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 the team includes the following:

1)	Managing Director	Mr. Peter Eshikena
2)	Sales Director (Customer Development and Shopper Marketing)	Mr. Wilco van Dijken
3)	Head of Public and Regulatory Affairs Department	Mrs. Ore Famurewa
4)	Finance Director	Mrs. Ilona Fulop
5)	Human Resources Director	Mr. Tominiyi Oni
6)	Sales Director (General Trade)	Mr. Alex Unuadjefe
7)	Operations Director	Mr. Vemuri Vedavyas
8)	Business Development Director	Mrs. Ellen Vermeersch

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.

Report of the directors cont'd

for the year ended 31 December 2013

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 2013.

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 is given adequate attention.

14. Analysis of shareholdings

Range	Number of shareholders	%	Number of shares held	%
Nigerian Public:				
1 - 10,000	1,179	56.33	4,172,582	0.43
10,001 - 20,000	238	11.37	3,497,324	0.36
20,001 - 50,000	259	12.37	8,591,450	0.88
50,001 - 100,000	138	6.59	10,045,088	1.03
100,001 - 500,000	182	8.70	41,757,978	4.28
500,001 - 1,000,000	25	1.19	16,824,724	1.72
1,000,001 - 5,000,000	64	3.06	135,950,240	13.92
Above 5,000,000	6	0.29	95,418,618	9.77
	2,091	99.90	316,258,004	32.39
Bank of Industry	1	0.05	127,184,030	13.03
Friesland Int'l Beheer B.V	1	0.05	532,893,902	54.58
Total	**2,093**	**100.00**	**976,335,936**	**100.00**

Report of the directors cont'd
for the year ended 31 December 2013

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
   Synlait Milk 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 Royalty charges as stipulated in the respective agreements are as follows:

- Know-How Licence and Trade mark Licence Agreement – 1% of the turnover of the products produced and sold by FrieslandCampina WAMCO Nigeria Plc and 2% of the Company's annual profit before tax.

- Research and Development Know-How Licence Agreement – 1% of the turnover of the products produced and sold by FrieslandCampina WAMCO Nigeria Plc.

- Dairy Development Agreement – 0.75% of the turnover of the products produced and sold by the FrieslandCampina WAMCO Nigeria Plc.

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

Report of the directors cont'd
for the year ended 31 December 2013

17. Donations
In 2013, the Company made donations amounting to ₦104.25 million (2012: ₦83.39 million) as follows:

Beneficiary/Project	Amount in Naira
St. Monica's Orphanage, Iju-Ishaga, Lagos State	262,240
Motherless Babies Home, Uzuakoli, Abia State	262,240
SDA Motherless Home, Aba, Abia State	262,240
Chims Motherless Babies Home, Aba, Abia State	262,240
Ufon Abasi Orphanage, Uyo, Akwa-Ibom State	262,240
Bethsaida Orphanage, Ikachi, Benue State	190,000
Bert Torey Home for Mentally Handicapped Children, Zaria, Kaduna State	190,000
Child Care Trust Abuja	190,000
Hope Worldwide Ikorodu Road, Lagos State	190,000
Little Saints of the Poor, Enugu, Enugu State	190,000
Madonna School for the Handicapped, Okpanam, Delta State	190,000
Franciscan Sisters of Immaculate, Lekki, Lagos State	190,000
Marble House of Sarah Charity Home, Ibusa, Delta State	190,000
Old Peoples' Home, Yaba, Lagos State	190,000
Oluyole Cheshire Home, Ibadan, Oyo State	190,000
Our Lady of Lourdes Maternity & Clinic, Ipetunmodu, Osun State	190,000
Our Lady's Hospital & Orphanage, Zawan, Plateau State	190,000
Samaritan Project, Ebute-Metta, Lagos State	190,000
Nigerian Red Cross Society, Yaba, Lagos State	190,000
Ovie Brume Foundation, Victoria Island, Lagos State	190,000
Heart of Gold Orphanage, Surulere, Lagos State	190,000
SOS Children's Village, Isolo, Lagos State	190,000
Little Saints Orphanage, Ikorodu Road, Lagos State	190,000
Marian Monastery, Enugu State	190,000
Dominican Sisters' College, Abatete, Anambra State	190,000
Mother's Welfare Group, Asokoro, Abuja	190,000
Adonai Orphanage Home & Widow Centre, Kaduna Kaduna State	190,000
Jesus Children Mission Outreach,Ibadan, Oyo State	190,000
Winnie's Castle of Love Orphanage Home, Ibadan, Oyo State	190,000
Compassionate Orphanage, Igando, Lagos State	45,000
	5,916,200
Water Project	
Community Borehole - Eruwa in Oyo State	3,676,000
Community Solar Borehole - Lanlate in Oyo State	5,076,000
Community Solar Borehole – Ipapo in Oyo State	5,237,000
Reconstruction of Fabon-Kaura Community Borehole in Bauchi State	3,724,995
Complete rehabilitation of Poro-Agbaje Borehole in Lagos State	4,535,495
	22,249,490
Education	
Tertiary Endowment	
University of Ibadan – Food Technology Department	1,100,000
University of Maiduguri – Food Science & Technology Department	1,100,000
University of Nigeria Nsukka – Food Science & Technology Department	1,100,000
University of Uyo- Food Science & Technology Department	1,100,000
Federal University of Tech. Minna- Dept. of Animal Production	1,100,000
Modibo Adama University of Technology (formerly FUT Yola) – Dept. of Food Science and Technology	1,100,000
	6,600,000

Report of the directors cont'd

for the year ended 31 December 2013

School Adoption Project Donation of branded Peak School Smart note books	7,000,000
	7,000,000
Sponsorship Donation of Peak School Smart to key year end events	61,481,700
Others Orphanage fix-up at St. Monica's Orphanage, Lagos State	1,000,000
Total	**104,247,390**

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
FRC/2013/NBA/00000002242

Lagos, Nigeria

05 March 2014

Statement of directors' responsibilities in relation to the financial statements

for the year ended 31 December 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 38 to 84 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) 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
FRC/2013/IODN/00000000002472
05 March 2014

Peter Eshikena
FRC/2013/MANUN/00000002286
05 March 2014

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 Auditor's Report for the accounting year ended 31 December 2013 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 Auditor's management letter received satisfactory response from management.

5. The External Auditor 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 2014

MEMBERS OF THE COMMITTEE
Mr. S.S. Adebayo - Chairman
Sir. S.N. Nwosu
Mr. O.G. Emodi
Mr. R. Steetskamp
Ms. E. N. Oputu, OON
Rev. I.A. Agoye

KPMG

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Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

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 statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 84.

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 International Financial Reporting Standards, 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 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 statement of financial position and the statement of comprehensive income is in agreement with the books of account.

Signed:
Oluwatoyin A. Gbagi, ACA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
05 March 2014
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 642228

Statement of financial position

as at 31 December

In thousands of naira

	Note	**31 December 2013**	31 December 2012	1 January 2012
Assets				
Property, plant and equipment	12	13,850,434	10,508,317	9,216,054
Intangible assets	13	101,815	133,142	101,726
Long-term prepayments	14	147,125	46,777	81,094
Long term receivables	17	58,485	103,178	97,985
Total non-current assets		14,157,859	10,791,414	9,496,859
Inventories	16	14,440,448	14,126,211	18,242,238
Trade and other receivables	17	4,143,787	2,486,020	4,737,617
Prepayments	14	360,379	347,156	209,915
Cash and cash equivalents	18	16,500,732	20,934,293	8,572,018
Total current assets		35,445,346	37,893,680	31,761,788
Total assets		49,603,205	48,685,094	41,258,647
Equity				
Share capital	19 (a)	488,168	488,168	488,168
Share premium	19(a)	350,211	350,211	350,211
Retained earnings		7,804,903	13,509,948	10,702,283
Total equity attributable to owners of the Company		8,643,282	14,348,327	11,540,662
Liabilities				
Employee benefits	20	2,520,881	2,214,939	1,860,435
Deferred tax liabilities	15	1,391,983	1,762,065	1,160,042
Total non-current liabilities		3,912,864	3,977,004	3,020,477
Current tax liabilities	10(c)	6,053,200	6,060,263	3,637,847
Trade and other payables	21	30,993,859	24,299,500	23,059,661
Total current liabilities		37,047,059	30,359,763	26,697,508
Total liabilities		40,959,923	34,336,767	29,717,985
Total equity and liabilities		49,603,205	48,685,094	41,258,647

The financial statements were approved by the Board of Directors on 5 March 2014 and signed on its behalf by:

Chairman - Jacobs Moyo Ajekigbe, OFR
FRC/2013/IODN/00000000002472

Managing Director - Peter Eshikena
FRC/2013/MANUN/00000002286

Additionally certified by:

Finance Director - Ilona Fulop
FRC/2014/MANUN/00000006590

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 December 2013

In thousands of naira

	Note	31 December 2013	31 December 2012
Continuing operations			
Revenue	6	120,256,164	111,120,828
Cost of sales		(92,868,072)	(82,741,503)
Gross profit		27,388,092	28,379,325
Other income	17	373,490	-
Sales, marketing and distribution expenses		(6,226,312)	(5,910,039)
Administrative expenses		(3,481,949)	(2,950,087)
Results from operating activities		18,053,321	19,519,199
Finance income	7	1,259,604	915,824
Finance costs	7	(371)	(60,869)
Net finance income	7	1,259,233	854,955
Profit before income tax	8	19,312,554	20,374,154
Income tax expense	10(a)	(6,243,033)	(6,657,452)
Profit for the year		13,069,521	13,716,702
Other comprehensive income			
Defined benefit plan actuarial gain	20	91,194	16,114
Income tax on other comprehensive income	10(b)	(27,358)	(4,834)
Other comprehensive income for the year, net of income tax		63,836	11,280
Total comprehensive income for the year		13,133,357	13,727,982
Profit for the year is attributable to:			
Owners of the company		13,069,521	13,716,702
Total comprehensive income for the year is attributable to:			
Owners of the company		13,133,357	13,727,982
Earnings and declared dividend per share			
Basic and diluted earnings per share (naira)	11	13.39	14.05
Declared dividends per share (naira)	11	19.30	11.18

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of changes in equity

Attributable to equity holders of the company

In thousands of naira

	Note	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2012		488,168	350,211	10,702,283	11,540,662
Profit for the year					
Profit or loss		-	-	13,716,702	13,716,702
Other Comprehensive income					
Defined benefit plan actuarial gain, net of tax		-	-	11,280	11,280
Total comprehensive income for the year		-	-	13,727,982	13,727,982
Transactions with owners, recorded directly in equity					
Dividends	19 (b)	-	-	(10,920,317)	(10,920,317)
Balance as at 31 December 2012		488,168	350,211	13,509,948	14,348,327
Balance at 1 January 2013		488,168	350,211	13,509,948	14,348,327
Profit for the year					
Profit or loss		-	-	13,069,521	13,069,521
Other Comprehensive income					
Defined benefit plan actuarial gain, net of tax		-	-	63,836	63,836
Total comprehensive income for the year		-	-	13,133,357	13,133,357
Transactions with owners, recorded directly in equity					
Dividends	19 (b)	-	-	(18,838,402)	(18,838,402)
Balance as at 31 December 2013		488,168	350,211	7,804,903	8,643,282

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2013

In thousands of naira

	Note	**31 December 2013**	31 December 2012
Cash flows from operating activities			
Profit for the year		13,069,521	13,716,702
Adjustments for:			
Tax expense	10(a)	6,243,033	6,657,452
Depreciation	12	863,958	775,074
Amortisation of intangible assets	13	31,327	23,495
Gratuity and long term employee benefits expense	20 (c)	556,392	477,248
Interest income on short term deposit	7	(1,211,766)	(915,824)
Interest expense on overdraft	7	371	1,004
Loss on disposal of property, plant and equipment		89,537	124,652
		19,642,373	20,859,803
Change in inventories		(314,237)	4,116,027
Change in trade and other receivables		(1,657,767)	2,251,597
Change in prepayments		(13,223)	(137,241)
Change in trade and other payables *		8,591,201	3,197,815
Change in long term prepayments		(100,348)	34,317
Change in long term receivables		44,693	(5,193)
Cash generated from operating activities		26,192,692	30,317,125
Value Added Tax (VAT) paid		(1,926,282)	(1,971,815)
Income tax paid	10 (c)	(6,647,536)	(3,637,847)
Gratuity and long service award benefits paid	20	(159,256)	(106,630)
Net cash flow from operating activities		17,459,618	24,600,833
Cash flow from investing activities			
Finance income	7	1,211,766	915,824
Proceeds from sale of property, plant and equipment		205,727	8,066
Purchase of intangible assets	13	-	(54,911)
Acquisition of property, plant and equipment	12	(4,501,339)	(2,200,055)
Net cash used in investing activities		(3,083,846)	(1,331,076)
Cash flow from financing activities			
Finance costs	7	(371)	(1,004)
Dividends paid	19(b)	(18,808,962)	(10,906,478)
Net cash used in financing activities		(18,809,333)	(10,907,482)
Net decrease in cash and cash equivalents		(4,433,561)	12,362,275
Cash and cash equivalent at 1 January	18	20,934,293	8,572,018
Cash and cash equivalent at 31 December	18	16,500,732	20,934,293

*Change in trade and other payables has been adjusted for the effect of movement in dividends payable and Value added tax (VAT) paid shown separately on the statement of cash flows.

The accompanying notes and significant accounting policies form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2013

Notes to the financial statements cont'd
for the year ended 31 December 2013

1 Reporting entity

FrieslandCampina WAMCO Nigeria Plc ("the Company") is a company domiciled in Nigeria. The address of the Company's registered office is Plot 7b Acme road, Ikeja Industrial Estate, Ogba, Lagos. The Company was incorporated in Nigeria as a private limited liability company on 17 April 1973, commenced operations on 13 September 1975 and became public limited liability company in 1978.

The Company is principally engaged in the manufacturing and marketing of evaporated milk, instant milk powder, ready to drink beverages and other dairy based products.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 27.

The financial statements were authorised for issue by the Board of Directors on 5 March 2014.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the defined benefit obligations which are recognised at present value as explained in Note 3(i).

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgement

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 20	Measurement of defined benefit obligations
Note 24	Contingencies

Notes to the financial statements cont'd
for the year ended 31 December 2013

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2012 for the purposes of the transition to IFRSs unless otherwise indicated.

a) Foreign currency transactions

Transactions denominated in foreign currencies are recognized in the entity's functional currency at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are re- translated at the end of each reporting period using the closing rate. Translation adjustments arising from the translation or the settlement of these items are recognized in profit or loss.

Non-monetary items in foreign currencies valued at historical cost are translated at the rate prevailing on the transaction date.

b) Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's non-derivative financial assets are classified as loans and receivables and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes or available for sale. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount. Loans and receivables comprise intercompany receivables and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Notes to the financial statements cont'd
for the year ended 31 December 2013

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loan and borrowings, bank overdrafts, trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

iii. Share capital

Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

c) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated accordinlgy.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the financial statements cont'd

for the year ended 31 December 2013

iii. *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

• 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%
• Motor vehicles	20%
• Furniture, fittings and tools	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

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

d) Intangible assets

i. *Software*

Purchased software with finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

ii. *Subsequent expenditure*

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 profit or loss as incurred.

iii. *Amortisation*

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods is as follows:

Computer software	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Related parties

Related parties include the holding company and other group entities. Directors, their close family

Notes to the financial statements cont'd
for the year ended 31 December 2013

members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

f) Leases

i. Leased assets

Assets held by the Company under leases for which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

ii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.The basis of costing is as follows:

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Engineering spares that are generic in nature are classified as inventory and are recognised in the profit or loss as consumed.

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

Notes to the financial statements cont'd
for the year ended 31 December 2013

h) Impairment

i. *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss but only to the extent of what the instrument would have been if no impairment took place.

ii. *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

Notes to the financial statements cont'd
for the year ended 31 December 2013

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets (excluding Goodwill for which impairment loss is not reversed), impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

i) Employee benefits

i. *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods.

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for their permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 7.5% each of the relevant emoluments to the fund on a monthly basis while the Company also contributes 10.5%.

ii. *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years. Benefits to employees are accrued for under an annualised defined benefit plan which approximates the present value of benefits using a discount rate for Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the company's obligation. Where appropriate, consultions are made with the Company's actuaries to ensure that the obligation recognised is appropriate. Acturial gains and losses arising from this scheme are recognised in other comprehensive income.

iii. *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The company's other long-term employee benefits comprise of a long service award scheme that it has for its employees. The Company's liability with respect to this scheme is determined by an independent actuarial valuation every year using the projected unit credit method. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized in profit or loss in the period they arise. The effect of any curtailment is also charged in full in profit or loss immediately when the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the company's obligation. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Notes to the financial statements cont'd

for the year ended 31 December 2013

iv. *Terminational benefits*

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

v. *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

l) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Notes to the financial statements cont'd
for the year ended 31 December 2013

Transfer of significant risk and rewards of ownership is determined to be transferred to the buyer at the point of delivery to the buyer.

m) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

n) Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax is recognised in profit or loss except for items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:

- Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date.
- Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements cont'd
for the year ended 31 December 2013

o) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All of the Company's products have similar risks and returns thus management does not use operating segments' operating results to make decisions about resources to be allocated to the segment and assess its performance.

q) Dividends

Dividends are recognised as liability in the period they are declared.

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

r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December, 2013 and beyond, and have not been applied in preparing these financial statements. The one which may be relevant to the Company is set out below.

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Management does not plan to adopt these standards early; the impact of which has not been reasonably estimated.

Notes to the financial statements cont'd
for the year ended 31 December 2013

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement or reporting date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Operating segments

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.

6 Revenue

Analysis of revenue from sale of goods by geographical area is as follows:

In thousands of naira	**2013**	2012
Local	118,817,017	109,579,886
Export (Note 25 (d) (iii)	1,439,147	1,540,942
	120,256,164	111,120,828

7 Net finance income

In thousands of naira	**2013**	2012
Interest income on short term deposits	1,211,766	915,824
Net foreign exchange gain	47,838	-
Finance income	1,259,604	915,824
Interest expense on overdraft	(371)	(1,004)
Net foreign exchange loss	-	(59,865)
Finance costs	(371)	(60,869)
Net finance income	1,259,233	854,955

Notes to the financial statements cont'd

for the year ended 31 December 2013

8 Profit before income tax

Profit before income tax is stated after charging/(crediting):

In thousands of naira		Note	**2013**	2012
Amortisation of intangible assets		13	31,327	23,495
Auditor's remuneration			12,783	11,000
Depreciation of property, plant and equipment		12	863,958	775,074
Directors' remuneration		9 (c)	60,197	47,374
Export expansion grant income		17	(373,490)	-
Loss on disposal of property, plant and equipment			89,537	124,652
Operating lease payments	- Business premises		143,462	176,261
	- Employee accommodation		70,299	114,749
Personnel expenses		9 (a)	5,902,498	5,375,800
Royalty expenses		25(d)(i)	3,186,432	2,958,764

9 Personnel expenses

(a) Personnel expenses for the year comprise of the following:

In thousands of naira		**2013**	2012
Salaries, wages and allowances		5,122,908	4,723,652
Contributions to compulsory pension fund scheme		223,198	174,900
Gratuity and long term employee benefits expense	20(c)	556,392	477,248
	8	5,902,498	5,375,800

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

N		N	**2013 Number**	2012 Number
760,001	-	810,000	16	-
810,001	-	890,000	-	41
890,001	-	990,000	20	44
990,001	-	1,090,000	57	63
1,090,001	-	1,190,000	31	96
1,190,001	-	1,290,000	73	152
1,290,001	-	1,390,000	143	168
1,390,001	-	1,490,000	164	29
1,490,001	-	1,590,000	96	23
1,590,001 and above			229	175
			829	791

Notes to the financial statements cont'd
for the year ended 31 December 2013

The number of full-time persons employed per function as at 31 December was as follows:

	2013 Number	2012 Number
Production	485	465
Supply chain	44	35
Sales and Marketing	134	129
General Administration	166	162
	829	791

(c) Chairman and directors remuneration
Remuneration paid to directors of the Company was as follows:

In thousands of naira	**2013**	2012
Non-executive directors	33,835	30,734
Executive director	26,362	16,640
	60,197	47,374

The directors' remuneration shown above includes:

In thousands of naira		
Chairman	3,915	3,400
Highest paid director	26,362	16,640

(d) The number of directors excluding the Chairman and the highest paid director with gross emoluments within the bands stated below were;

₦		₦	**2013 Number**	2012 Number
3,000,000	-	4,000,000	8	8

Notes to the financial statements cont'd
for the year ended 31 December 2013

10 Taxation

(a) Income tax expense

In thousands of naira		**2013**	2012
Current tax expense			
Current period income tax		5,636,145	5,642,046
Current period tertiary education tax		417,055	418,217
Prior year under provision		587,273	-
	Note 10 (c)	6,640,473	6,060,263
Deferred tax expense			
Origination and reversal of temporary differences	Note 15	(397,440)	597,189
Total income tax expense recognised in profit or loss		6,243,033	6,657,452

(b) Income tax recognised directly in other comprehensive income

In thousands of naira		2013	2012
Defined benefit plan actuarial gain	Note 20 (b)	(91,194)	(16,114)
Tax expense		27,358	4,834
		(63,836)	(11,280)

(c) Tax payable

In thousands of naira		**2013**	2012
Movement in tax payable during the year was as follows			
At 1 January		6,060,263	3,637,847
Charge for the year	Note 10 (a)	6,640,473	6,060,263
Payments in the year		(6,647,536)	(3,637,847)
At 31 December		6,053,200	6,060,263

Notes to the financial statements cont'd
for the year ended 31 December 2013

(d) Reconciliation of effective tax rate

In thousands of naira	**2013**	**2013**	2012	2012
Profit for the period		13,069,521		13,716,702
Total income tax expense		6,243,033		6,657,452
Profit before income tax		19,312,554		20,374,154
Income tax using the Company's domestic tax rate	30.00%	5,793,766	30.00%	6,112,246
Disallowed expenses	0.51%	99,045	1.60%	325,841
Exempt income	(0.47)%	(91,621)	(0.84)%	(171,966)
Prior year under provision	3.04%	587,273	0.00%	-
Change in recognised deductable temporary differences	(2.68)%	(518,302)	0.00%	-
Tertiary education tax	2.16%	417,055	2.05%	418,217
Investment allowance	(0.23)%	(44,183)	(0.13)%	(26,886)
	32.33%	6,243,033	32.68%	6,657,452

11 Earnings and declared dividend per share

Basic and diluted earnings per share and declared dividend per share are based on profit for the year of ₦13,069,521,000 (2012: ₦13,716,702,000) and total dividends declared of ₦18,838,402,000 (2012: ₦10,920,317,000) respectively, and a weighted average number of ordinary shares outstanding of 976,335,938 (2012: 976,335,938). The company split its ordinary shares from 488,167,969 shares of ₦1 each to 976,335,938 shares of ₦0.50 each during the year without any corresponding change in resources. (See note 19 (a). Therefore, the current and prior period earnings and dividends per share figures have been adjusted for the transaction.

The Company did not have any instruments with a dilutive effect during the year thus basic and diluted earnings per share are equal.

Notes to the financial statements cont'd
for the year ended 31 December 2013

12 Property, plant and equipment (PPE)

(a) The movement for the year is as follows:

In thousands of naira	Notes	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fitting and Tools	Assets under construction	Total
Cost							
Balance at 1 January 2012		3,160,480	8,260,578	1,077,150	336,876	1,106,399	13,941,483
Additions		110,513	189,306	66,076	38,293	1,795,867	2,200,055
Disposals		(5,402)	(184,082)	-	(387)	-	(189,871)
Transfers		357,300	519,674	21,545	140,662	(1,039,181)	-
Balance at 31 December 2012		3,622,891	8,785,476	1,164,771	515,444	1,863,085	15,951,667
Balance at 1 January 2013		3,622,891	8,785,476	1,164,771	515,444	1,863,085	15,951,667
Additions		246,618	1,268,524	177,416	79,876	2,728,905	4,501,339
Disposals		-	(87,682)	(381,443)	-	-	(469,125)
Transfers		168,408	192,675	-	80,383	(441,466)	-
Balance at 31 December 2013		4,037,917	10,158,993	960,744	675,703	4,150,524	19,983,881
Depreciation							
Balance at 1 January 2012		546,717	3,489,836	499,318	189,558	-	4,725,429
Depreciation for the year		136,926	454,276	123,468	60,404	-	775,074
Disposals		-	(4,104)	(52,891)	(158)	-	(57,153)
Balance at 31 December 2012		683,643	3,940,008	569,895	249,804	-	5,443,350
Balance at 1 January 2013		683,643	3,940,008	569,895	249,804	-	5,443,350
Depreciation for the year		172,002	496,306	88,208	107,442	-	863,958
Disposals		-	-	(173,861)	-	-	(173,861)
At 31 December 2013		855,645	4,436,314	484,242	357,246	-	6,133,447
Carrying amounts							
At 1 January 2012		2,613,763	4,770,742	577,832	147,318	1,106,399	9,216,054
At 31 December 2012		2,939,248	4,845,468	594,876	265,640	1,863,085	10,508,317
At 1 January 2013		2,939,248	4,845,468	594,876	265,640	1,863,085	10,508,317
At 31 December 2013		3,182,272	5,722,679	476,502	318,457	4,150,524	13,850,434

(b) Property, plant and equipment under construction

Expenditure on property, plant and equipment under construction during the year is analysed as follows:

In thousands of naira	**2013**	2012
Buildings	349,603	167,956
Plant and machinery	2,084,331	1,545,128
Others	294,972	82,783
	2,728,906	1,795,867

At year end, the Company had various ongoing capital projects which included plant upgrades, replacement of ageing machinery and expansion of warehouse and factory capacity. The projects are expected to be completed between 2014 and 2015.

No borrowing costs were capitalised in the current year (2012: Nil) as the assets were not funded through interest bearing borrowings.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(c) Capital commitments
The approved capital expenditure already committed as at reporting date was ₦3.27 billion (2012: ₦520 million). Capital expenditure approved not contracted amounted to Nil (2012: Nil). Capital expenditure will be funded from the company's internal resources.

(d) There was no property, plant and equipment that was pledged as security for borrowings at year-end (2012: Nil; 1 January 2012: Nil).

(e) Assets held on finance lease
Included as part of property, plant and equipment is land held under finance lease arrangements for a minimum lease term of 99 years. The lease amounts were fully paid at the inception of the lease. The carrying amount of the leasehold land at the end of the year is presented below:

The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards of ownership incidental to ownership of the land to the Company.

In thousands of naira	**2013**	2012
Cost	1,550,450	1,550,450
Accumulated depreciation	(281,900)	(266,239)
Carrying amount	1,268,550	1,284,211

13 Intangible assets
The movement for the year was as follows:

In thousands of naira	**Note**	**Software**
Cost		
Balance at 1 January 2012		101,726
Additions		54,911
Balance at 31 December 2012		156,637
Balance at 1 January 2013		156,637
Additions		-
Balance at 31 December 2013		156,637
Amortisation and impairment losses		
Balance at 1 January 2012		-
Amortisation for the year	8	23,495
Balance at 31 December 2012		23,495
Balance at 1 January 2013		23,495
Amortisation for the year	8	31,327
Balance at 31 December 2013		54,822
Carrying amounts		
At 1 January 2012		101,726
At 31 December 2012		133,142
Balance at 1 January 2013		133,142
Balance at 31 December 2013		101,815

Notes to the financial statements cont'd
for the year ended 31 December 2013

14 Prepayments

In thousands of naira	**2013**	2012	1 January 2012
Employee accommodation	194,751	89,543	89,796
Business premises	312,753	304,390	201,213
	507,504	393,933	291,009
Short term prepayments	(360,379)	(347,156)	(209,915)
Long-term prepayments	147,125	46,777	81,094
Short-term prepayments			
Employee accommodation	125,830	54,000	69,554
Business premises	234,549	293,156	140,361
	360,379	347,156	209,915

15 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of naira	Liabilities 31-Dec 2013	Liabilities 31-Dec 2012	Liabilities 1-Jan 2012	Assets 31-Dec 2013	Assets 31-Dec 2012	Assets 1-Jan 2012	Net liability/(asset) 31-Dec 2013	Net liability/(asset) 31-Dec 2012	Net liability/(asset) 1-Jan 2012
Property, plant and equipment	2,148,247	2,426,547	1,718,172	-	-	-	2,148,247	2,426,547	1,718,172
Employee benefits				(756,264)	(664,482)	(558,130)	(756,264)	(664,482)	(558,130)
Tax (asset)/liabilities	2,148,247	2,426,547	1,718,172	(756,264)	(664,482)	(558,130)	1,391,983	1,762,065	1,160,042

Movement in temporary differences during the year

In thousands of naira	Balance 1 January 2012	Recognised in profit or loss	Recognised other in compre hensive-income	Balance 31 December 2012	Recognised in profit or loss	Recognised in other compre-hensive income	Balance 31 December 2013
Property, plant and equipment	1,718,172	708,375	-	2,426,547	(278,300)	-	2,148,247
Employee benefits	(558,130)	(111,186)	4,834	(664,482)	(119,140)	27,358	(756,264)
	1,160,042	597,189	4,834	1,762,065	(397,440)	27,358	1,391,983

At 31 December 2013, there is no unrecognised deferred tax asset or liability (2012; Nil).

Notes to the financial statements cont'd

for the year ended 31 December 2013

16 Inventories

In thousands of naira	**2013**	2012	1 January 2012
Raw and packaging material	3,508,322	4,080,691	5,825,159
Finished goods	4,094,449	3,937,744	4,496,496
Goods in transit	5,772,706	5,216,985	7,501,133
Spare parts and tools	1,064,971	890,791	419,450
	14,440,448	14,126,211	18,242,238
Inventories are stated after deducting an allowance for obsolescence amounting to:	1,863,304	114,026	79,183

The value of raw and packaging materials, changes in finished products and product in process consumed during the year and recognised in cost of sales amounted to ₦82.6 billion (2012: ₦73.8 billion). In 2013, the write-down of inventories to net realisable value amounted to ₦1.9 billion (2012: ₦367 million) and is included in cost of sales. ₦1.8 billion of the write-down was due to the impairment of Ready to Drink products that were close to expiry. However, the supplier, FrieslandCampina BV, a related party, will be compensating the company for ₦1.2 billion of the loss in line with the distribution agreement for unrecoverable inventory items. The compensation has been netted off with the corresponding loss in cost of sales resulting in a net impairment loss of ₦600 million as this reflect the substance of the transaction. Refer to note 25 (d) (ii) for amounts receivable from FrieslandCampina BV.

17 Trade and other receivables

In thousands of naira	Notes	**2013**	2012	1 January 2012
Trade receivables		826,175	83,215	209,530
Insurance claim receivable		2,351	-	2,575,555
Loans to key management personnel		39,504	39,272	39,261
Deposit with registrars for dividends		95,372	65,932	52,093
Due from related parties	25(d)(ii)	1,381,610	242,426	232,848
Other receivables		954,612	1,211,012	784,167
Loans and receivables*		3,299,624	1,641,857	3,893,454
Export expansion grant receivable**		844,163	844,163	844,163
		4,143,787	2,486,020	4,737,617

* Loans and receivables increased due to the increase in trade receivables which was due to the increase in credit limits granted by the Company to its customers. Amounts due from related parties also increased from the prior year. See note 25 for additional details. The Company's exposure to credit and currency risks, and impairment losses related to loans and receivables are disclosed in note 22.

** Export expansion grants amounting to ₦565 million (2012: ₦504 million) have not been recognised at year-end due to uncertainty regarding the timing and amount of receipts. However, grants amounting to ₦373 million (2012: Nil) for which certificates were received were recognised in other income in the profit or loss and utilised against customs duties in the current year. (note 8).

Long term receivables disclosed in the statement of financial position comprise of non-current loans given to key distributors for the purchase of delivery vehicles. ₦58 million (2012: ₦103 million).

Notes to the financial statements cont'd
for the year ended 31 December 2013

18 Cash and cash equivalents

In thousands of naira		**2013**	2012	1 January 2012
Cash and bank balances		822,811	380,970	377,796
Short term deposits		15,677,921	20,553,323	8,194,222
Cash and cash equivalents in the statement of cash flows	(Note 22(a)(i)	16,500,732	20,934,293	8,572,018

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 22.

Included in short term deposits is an amount of ₦2.06 billion (2012: ₦1.73 billion) that has been designated to fund the staff gratuity liability. (Note 20 (b)).

19 Capital and reserves

(a) Ordinary shares

(i) Authorised ordinary shares of N0.50 each 2012: N1 each)

In number of shares	**2013**	2012	1 January 2012
At 1 January	1,000,000	500,000	500,000
At 31 December	1,000,000	500,000	500,000

At the Annual General Meeting held on 30 April 2013, it was agreed through a special resolution that the 500,000,000 ordinary shares of the Company be split into 1,000,000,000 ordinary shares of N0.50 each.

(ii) Issued and fully paid ordinary shares of N0.50 each (2012: N1 each)

In number of shares	**2013**	2012	1 January 2012
At 1 January	976,336	488,168	488,168
At 31 December	976,336	488,168	488,168
Nominal value (in thousands of naira)	488,168	488,168	488,168
The premium on the issued ordinary shares is as follows:			
Share premium (in thousands of naira)	350,211	350,211	350,211

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

All the unissued shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(b) Dividend payable

Movement in dividend payable

In thousands of naira		**2013**	2012	1 January 2012
At 1 January		65,932	52,093	107,928
Declared dividend		18,838,402	10,920,317	10,897,861
Payments		(18,808,962)	(10,906,478)	(10,953,696)
At 31 December	Note 21	95,372	65,932	52,093

20 Employee benefits

In thousands of naira	Note	**2013**	2012	1 January 2012
Long service award benefits obligation		457,313	480,513	418,000
Gratuity obligations		2,063,568	1,734,426	1,442,435
		2,520,881	2,214,939	1,860,435

The Company operates defined benefit schemes for gratuity and long service award benefits that accrue to employees. The benefits under these schemes are related to the employees' length of service and remuneration. The long service award benefits obligations are based on independent actuarial valuations by HR Nigeria Limited.

(a) Movement in present value of long service award benefits obligation

In thousands of Naira	Note	**2013**	2012
At 1 January		480,513	418,000
Charged to profit and loss		26,479	94,677
Current service costs and acturial gains		(33,396)	38,254
Interest costs on obligation		59,875	56,423
Payments during the year		(49,679)	(32,164)
At 31 December		457,313	480,513

(b) Movement in present value of the gratuity obligations

In thousands of Naira		**2013**	2012
At 1 January		1,734,426	1,442,435
Charged to profit and loss		529,913	382,571
Current service costs		277,897	159,377
Interest costs on obligation		252,016	223,194
Actuarial gain	10 (b)	(91,194)	(16,114)
Payments during the year		(109,577)	(74,466)
At 31 December		2,063,568	1,734,426

Notes to the financial statements cont'd
for the year ended 31 December 2013

(c) The expense is recognised in the following line items in the statement of comprehensive income:

In thousands of Naira	Note	**2013**	2012
Cost of sales		267,068	229,079
Administrative expenses		289,324	248,169
	9	556,392	477,248

Actuarial (gains) and losses recognised in other comprehensive income for gratuity obligations

In thousands of Naira	**2013**	2012
Cumulative amount at 1 January	(119,257)	(103,143)
Gain recognised during the period	(91,194)	(16,114)
Cumulative amount at 31 December	(210,451)	(119,257)

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) fall under two broad categories. These assumptions depict management's estimate of the likely future experience of the Company.

Financial Assumptions

	2013	2012
Discount rate (p.a.)	14%	13%
Average salary increase (p.a.)	12%	12%
Average rate of inflation (p.a.)	9%	11%

Demographic assumptions

Assumptions regarding future mortality are based on published statistics and mortality tables.

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This is due to unavailability of published reliable demographic data in Nigeria.

Sample age	**2013**	2012
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Notes to the financial statements cont'd
for the year ended 31 December 2013

Withdrawal from Service
Withdrawal from service means retirement; voluntary or compulsory disengagement from service.

Age Band	**Rate**	
	2013	2012
Less than or equal to 30	2.5%	2.5%
31 - 39	1.5%	1.5%
40 - 44	1.0%	1.0%
45 - 50	0.0%	0.0%
51 - 55	0.0%	0.0%
56 - 60	0.0%	0.0%

(e) Sensitivity Analysis for long service award benefits obligation
Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities showing what the obligation value would be if key inputs changed:

	Rate	Long service awards benefit
Discount rate	-1%	496,405
	1%	422,959
Salary increase rate	-1%	432,070
	1%	485,552
Inflation rate	-1%	445,138
	1%	471,143
Mortality experience	Worsens by 10%	455,681
	Improved by 10%	458,955

(f) Historical information

In thousands of Naira	**2013**	2012	2011	2010	2009
Present value of gratuity obligation	2,063,568	1,734,426	1,442,435	1,798,856	1,620,906
Present value of long service award obligation	457,313	480,513	418,000	401,291	383,537
Total	2,520,881	2,214,939	1,860,435	2,200,147	2,004,443

21 Trade and other payables

In thousands of naira	Note	**2013**	2012	1 January 2012
Trade payables		26,016,904	19,179,066	18,141,390
Other payables and accruals		2,202,728	2,647,449	3,316,463
Amount due to related parties	25(d)(i)	2,678,855	2,407,053	1,549,715
Dividend payable	19 (b)	95,372	65,932	52,093
		30,993,859	24,299,500	23,059,661

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

Notes to the financial statements cont'd
for the year ended 31 December 2013

22 Financial risk management and financial instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Management Team, which is responsible for developing and monitoring the Company's risk management policies. The Leadership Team reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company also has an Internal Audit department that undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported on a regular basis.

(a) Credit risk
Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from customers, other receivables and short-term investments.

i. Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Carrying amount		
In thousands of naira	Note	**2013**	2012	1 January 2012
Long term receivables		58,485	103,178	97,985
Loans and receivables		3,299,624	1,641,857	3,893,454
Cash and cash equivalents	18	16,500,732	20,934,293	8,572,018
		19,858,841	22,679,328	12,563,457

Notes to the financial statements cont'd

for the year ended 31 December 2013

Loans and receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers are analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process may include specified cash deposits by new customers. Credit limits are established for qualifying customers and these limits are reviewed regularly by the credit control unit. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The credit control unit is charged with the review of each customer's credit limit in line with the customers' performance in the preceding period and perceived risk factor assigned to the customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a key distributor or retail distributor, geographic location, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale and retail customers. For most customers, sales are made on a prepayment basis.

Amount due from related parties at year end represents balance outstanding on sales made to related parties. Other receivables represent unclaimed dividends with the registrars, staff advances and receivables.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, customers with outstanding amounts but have not placed orders or traded for a prolonged period of time (usually one year) and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

The maximum exposure to credit risk for Loans and receivables at the reporting date was:

			Gross amount	
In thousands of naira	Note	**2013**	2012	1 January 2012
Trade receivables		826,175	83,215	209,530
Due from related parties		1,381,610	242,426	232,848
Insurance claim receivables		2,351	-	2,575,555
Advances to key management personnel		39,504	39,272	39,261
Deposit with registrars for dividend		95,372	65,932	52,093
Other receivables		954,612	1,211,012	784,167
Long term receivables		58,485	103,178	97,985
		3,358,109	1,745,035	3,991,439

Notes to the financial statements cont'd
for the year ended 31 December 2013

ii. *Impairment losses*
The ageing of loans and receivables at the reporting date was:

	Carrying amount		
In thousands of naira	**2013**	2012	1 January 2012
Less than 0-30 days (Not due)	3,358,109	1,745,035	3,991,666
	3,358,109	1,745,035	3,991,666

The Company has not made an allowance for impairment in respect of loans and receivables as the Company has not identified doubtful debts at 31 December 2013 (2012: Nnil; 1 January 2012: Nnil). Based on historic default rates and extensive analysis of underlying customer credit ratings, the Company believes that no impairment allowance is necessary in respect of trade receivables that have not been provided for. In addition, no loans and receivables were written-off during the year as uncollectable.

Refer to note 17 for details on in the increase in loans and receivables from the prior year.

Cash and cash equivalents
The Company's cash and cash equivalents represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are reputable and have a sound financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company sales to most of its customers on a prepayment basis, which assists it in managing cash flow requirements and optimising its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 30 days. The Company also monitors the level of expected cash inflows on cash customers and trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Where required, the company may utilise related party funding facilities to manage liquidity risk.

The Company also has bank overdraft and import finance facilities with its bankers and at year-end, the facilities amounted to ₦5.5 billion and USD84 million respectively. No facilities had been used by the Company at year-end.

Liquidity analysis
The following are the contractual maturities of financial liabilities including, where relevant, estimated interest payments and excluding the impact of netting agreements.

31 December 2013

In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years
Non-derivative financial liabilities						
Trade and other payables	(30,993,859)	(30,993,859)	(30,993,859)	-	-	-
31 December 2012						
Non-derivative financial liabilities						
Trade and other payables	(24,299,500)	(24,299,500)	(24,299,500)	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. Currency risk

The Company is exposed to currency risk on purchases and payables that are denominated in a currency other than the functional currency of the Company, primarily the Naira. The currencies in which these transactions primarily are denominated are Euro and United States Dollar (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

		31-Dec-13		31-Dec-2012		1-Jan-2012
Amounts in thousands	Euro	USD	Euro	USD	Euro	USD
Cash and cash equivalents	1,504	103	7	775	296	16,805
Trade and other payables	2,755	134,698	4,353	104,711	4,110	94,680
Net exposure	4,259	134,801	4,360	105,486	4,406	111,485

The following significant exchange rates applied during the year;

	Average rate			Year end spot rate		
	2013	2012	1-Jan 2012	2013	2012	1-Jan 2012
Euro	211.58	208.05	206.70	219.81	206.06	210.04
United states dollar (USD)	159.35	159.20	157.10	159.94	156.15	162.24

ii. Sensitivity analysis

A 5 percent strengthening of the Naira, as indicated below, against the Euro and the USD would have affected the measurement of financial instruments denominated in foreign currency and increased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 2012 as indicated below:

Effect in thousands of Naira	31 December 2013		31 December2012	
	Equity	Profit or (loss)	Equity	Profit or (loss)
Euro	-	32,766	-	31,445
USD	-	754,603	-	576,507

A 5 percent weakening of the Naira against the above currencies at the reporting date would have had the equal but opposite effect to the amounts shown above.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(d) Interest rate risk

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt to equity ratio on the other hand.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments

The company has no fixed rate instruments.

Variable rate instruments

In thousands of Naira	**2013**	2012
Short term deposits - financial assets	15,677,921	20,553,323

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012. The change would not affect equity.

	2013 Profit or loss		2012 Profit or loss	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2013				
Variable rate instruments	109,745	(109,745)	143,873	(143,873)
Cash flow sensitivity (net)	109,745	(109,745)	143,873	(143,873)

(e) Fair values

Fair values versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

In thousands of Naira	31 December 2013		31 December 2012		1 January 2012	
	Carrying amount	Fair value	Carrying amount	Fair value value	Carrying amount	Fair value
Assets carried at amortised cost						
Long term receivables	58,485	52,219	103,178	92,123	97,985	87,487
Loans and receivables	3,299,624	3,299,624	1,641,857	1,641,857	3,893,454	3,893,454
Cash and cash equivalents	16,500,732	16,500,732	20,934,293	20,934,293	8,572,018	8,572,018
	19,858,841	19,852,575	22,679,328	22,668,273	12,563,457	12,552,959
Liabilities carried at amortised cost						
Trade and other payables	(30,993,859)	(30,993,859)	(24,299,500)	(24,299,500)	(23,059,661)	(23,059,661)
	(30,993,859)	(30,993,859)	(24,299,500)	(24,299,500)	(23,059,661)	(23,059,661)

The basis for determining fair values is disclosed in Note 4

For financial instruments that are short-term, management believes that their fair values are not expected to be materially different from their carrying values.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

In thousands of naira	**2013**	2012
Total liabilities	40,959,923	34,336,767
Cash and cash equivalents	(16,500,732)	(20,934,293)
Net debt	24,459,191	13,402,474
Total equity	8,643,282	14,348,327
Debt to capital ratio at December 31	2.83	0.93

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Notes to the financial statements cont'd
for the year ended 31 December 2013

23 Operating leases

The company has operating leases for business premises and accommodation for certain employees. The leases typically run for a period of one to two years and are renewable at the end of the contract. The full lease rental is paid in advance at the commencement of lease. Refer to note 8 for amounts expensed in respect of the these leases and note 14 for prepayments at year-end.

24 Contingencies

i Guarantees

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

In thousands of naira	**2013**	2012
a) Staff car loans	77,013	64,644
b) Staff housing loans	229,891	234,676

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 lawsuit 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 (2012: ₦202 million). 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 these financial statements.

25 Related parties

Parent and ultimate controlling party

(a) The parent and ultimate controlling party of the Company is Friesland International Beheer B.V, incorporated in Netherlands, with a 54.58 % shareholding.

(b) Transactions with key management personnel

Loan to key management personnel

Loans to key management personnel issued during the year ended 31 December 2013 amounted to ₦6.59 million (2012: ₦3 million). Repayment periods vary and some of the loans are interest free. At 31 December 2013, the balance outstanding was ₦39.50 million (2012: ₦39.27 million; 1 January 2012: ₦39.26 million) and is included in trade and other receivables, (See note 17).

(c) Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, key management personnel are entitled to access the fund when they retire.

Key management personnel also participate in the Company's long service award and gratuity programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

Key management personnel compensation comprised:

In thousands of naira	**2013**	2012
Short-term employee benefits	245,375	251,135
Contribution to compulsory pension fund scheme	5,315	5,307
Long-term employee benefits	17,125	12,067
	267,815	268,509

The directors of the company have also been identified as related parties and their remuneration has been disclosed in note 9 (c). At year-end, the directors held 0.84 percent (2012: 0.84 percent of the company's issued share capital.

Notes to the financial statements cont'd
for the year ended 31 December 2013

(d) Other related party transactions

(i) Payables, purchases and royalty expense

In thousands of naira	Nature of transaction	Transaction value for the year 2013	2012	Balance outstanding at year-end (Note 21) 2013	2012	1 Jan. 2012
Related Party						
Friesland Brands B.V., Netherlands	Royalty expense (Note (e)(i),8)	3,186,432	2,958,764	1,782,709	1,508,516	768,972
FrieslandCampina B.V., Netherlands	Purchases (Note (e)(ii))	11,354,824	9,286,350	858,351	882,253	780,743
FrieslandCampina Support Centre Asia and Pacific, Malaysia	Technical support (Note (e)(iv))	123,532	110,313	37,795	16,284	-
		14,664,788	12,355,427	2,678,855	2,407,053	1,549,715

(ii) Receivables and sales

In thousands of naira	Nature of transaction	Transaction value for the year 2013	2012	Balance outstanding as at year-end (Note 17) 2013	2012	1 Jan. 2012
Related Party						
Friesland Export West Africa, Netherlands	Sales (Note (e) (iii), 6)	1,439,147	1,540,942	200,772	242,426	66,957
FrieslandCampina B.V., Netherlands	Compensation for inventory losses (Note (e) (ii), 16)	1,180,838	-	1,180,838	-	165,891
		2,619,985	1,540,942	1,381,610	242,426	232,848

All outstanding balances with these related parties are to be settled in cash within six months of the reporting date.

(e) Transactions with related parties

(i) The Company has a Know-How and Trade mark agreement; and Research and 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 ₦3.19 billion (2012: ₦2.96 billion) has been charged to the profit or loss account in respect of these fees (Note 8).

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.

Notes to the financial statements cont'd

for the year ended 31 December 2013

(ii) The Company also entered into transactions with FrieslandCampina B.V., Netherlands, for the purchase of finished products, raw materials and spare-parts. FrieslandCampina BV maintains a current account with the Company in respect of these transactions.

The receivable in current year relates to compensation for the impairment losses on inventory. Refer to note 16 for additional details.

(iii) The Company exports milk products to Ghana through Friesland Export West Africa, Netherlands.

(iv) The Company received SAP accounting software technical support from FrieslandCampina Support Centre Asia and Pacific, Malaysia, in the current year.

26 Subsequent events

Subsequent to the reporting date, the Board of Directors recommended a dividend of N5.68 per share subject to the deduction of appropriate withholding tax at the time of payment. 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. There are no other significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2013 that have not adequately been provided for or disclosed in the financial statements.

27 Explanation of transition to IFRSs

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with IFRSs

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2013, the comparative information presented in these financial statements for the year ended 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 1 January 2012 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian Statements of Accounting Standards (Nigerian GAAP). An explanation of how the transition from the Nigerian Statements of Accounting Standards to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes to the financial statements cont'd
for the year ended 31 December 2013

Reconciliation of Nigerian GAAP statements to IFRSs

(i) Reconciliation of statement of financial position

In thousands of naira	Note	1 January 2012 Nigerian GAAP	1 January 2012 Effect of Transition to IFRSs	1 January 2012 IFRSs	31 December 2012 Nigerian GAAP	31 December 2012 Effect of Transition to IFRSs	31 December 2012 IFRSs
Assets							
Property, plant and equipment	a	8,929,593	286,461	9,216,054	10,301,017	207,300	10,508,317
Intangible assets		101,726	-	101,726	133,142		133,142
Long term prepayments	b	-	81,094	81,094	-	46,777	46,777
Long term receivables	b	179,079	(81,094)	97,985	149,955	(46,777)	103,178
Total non-current assets		9,210,398	286,461	9,496,859	10,584,114	207,300	10,791,414
Inventories	a	18,528,699	(286,461)	18,242,238	14,333,511	(207,300)	14,126,211
Debtors and prepayments	c	4,714,684	(4,714,684)	-	2,590,750	(2,590,750)	-
Amounts due from related companies	c	232,848	(232,848)	-	242,426	(242,426)	-
Trade and other receivables	c	-	4,737,617	4,737,617	-	2,486,020	2,486,020
Prepayments	c	-	209,915	209,915	-	347,156	347,156
Short term deposits	d	8,194,222	(8,194,222)	-	20,553,323	(20,553,323)	-
Bank and cash balances	d	377,796	(377,796)	-	380,970	(380,970)	-
Cash and cash equivalents	d	-	8,572,018	8,572,018	-	20,934,293	20,934,293
Total current assets		32,048,249	(286,461)	31,761,788	38,100,980	(207,300)	37,893,680
Total assets		41,258,647	-	41,258,647	48,685,094	-	48,685,094

Notes to the financial statements cont'd

for the year ended 31 December 2013

(i) Reconciliation of statement of financial position (continued)

In thousands of naira	Note	1 January 2012			31 December 2012		
		Nigerian GAAP	Effect of Transition to IFRSs	IFRSs	Nigerian GAAP	Effect of Transition to IFRSs	IFRSs
Equity							
Share capital		488,168	-	488,168	488,168	-	488,168
Share premium		350,211	-	350,211	350,211	-	350,211
Revaluation reserve	e	147,615	(147,615)	-	147,615	(147,615)	-
Retained earnings	e	10,554,668	147,615	10,702,283	13,362,333	147,615	13,509,948
Total equity		11,540,662	-	11,540,662	14,348,327	-	14,348,327
Liabilities							
Employee benefits		1,860,435	-	1,860,435	2,214,939	-	2,214,939
Deferred tax liabilities		1,160,042	-	1,160,042	1,762,065	-	1,762,065
Total non- current liabilities		3,020,477	-	3,020,477	3,977,004	-	3,977,004
Current tax liabililties		3,637,847	-	3,637,847	6,060,263	-	6,060,263
Amount due to related companies	f	1,549,715	(1,549,715)	-	2,407,053	(2,407,053)	-
Trade creditors	f	18,141,390	(18,141,390)	-	19,179,066	(19,179,066)	-
Other creditors and accurals	f	3,316,463	(3,316,463)	-	2,647,449	(2,647,449)	-
Trade and other payables	f	-	23,059,661	23,059,661	-	24,299,500	24,299,500
Dividends payable	f	52,093	(52,093)	-	65,932	(65,932)	-
Total current liabilities		26,697,508	-	26,697,508	30,359,763	-	30,359,763
Total liabilities		29,717,985	-	29,717,985	34,336,767	-	34,336,767
Total equity and liabilities		41,258,647	-	41,258,647	48,685,094	-	48,685,094

Notes to the financial statements cont'd
for the year ended 31 December 2013

(ii) Reconciliation of statement of comprehensive income for the year ended 31 December 2012

In thousands of naira	Note	Nigerian GAAP	Effect of Transition to IFRSs	IFRSs
Continuing operations				
Revenue		111,120,828	-	111,120,828
Cost of sales		(82,741,503)	-	(82,741,503)
Gross Profit		28,379,325	-	28,379,325
Sales, marketing and distribution expenses		(5,910,039)	-	(5,910,039)
Administrative expenses	i	(2,993,838)	43,751	(2,950,087)
Results from operating activities		19,475,448	43,751	19,519,199
Finance income		915,824	-	915,824
Finance costs	h	(1,004)	(59,865)	(60,869)
Net finance income		914,820	(59,865)	854,955
Profit before income tax		20,390,268	(16,114)	20,374,154
Income tax expense	j	(6,662,286)	4,834	(6,657,452)
Profit for the year		13,727,982	(11,280)	13,716,702
Statement of other Comprehensive income				
Defined benefit plan actuarial gains	g	-	16,114	16,114
Income tax on other comprehensive income	g,j	-	(4,834)	(4,834)
Other comprehensive income for the year, net of income tax		-	11,280	11,280
Total comprehensive income for the year		13,727,982	-	13,727,982
Profit for the year attributable to:				
Owners of the company		13,727,982	(11,280)	13,716,702
Total comprehensive income for the year is attributable to:				
Owners of the company		13,727,982	-	13,727,982
Earnings per share				
Basic and diluted earnings per share (naira)		14.05		14.05
Declared dividends per share (naira)		11.18		11.18

Notes to the financial statements cont'd

for the year ended 31 December 2013

(iii) Reconciliation of statement of cash flows for the year ended 31 December 2012 (note l)

In thousands of naira	Note	Nigerian GAAP	Effect of Transition to IFRSs	IFRSs
Cash flows from operating activities				
Profit for the year	g	13,727,982	(11,280)	13,716,702
Adjustments for:				
Tax expense		-	6,657,452	6,657,452
Depreciation		775,074.00	-	775,074
Amortisation of intangible assets		23,495	-	23,495
Change in employees' gratuity and long service award obligations		354,504	122,744	477,248
Interest income on short term deposits		(914,820)	(1,004)	(915,824)
Interest expense on overdraft		-	1,004	1,004
Loss on sale of property, plant and equipment		12,424	112,228	124,652
		13,978,659	6,881,144	20,859,803
Change in long term receivables	b	29,124	(34,317)	(5,193)
Change in inventories	a	4,195,188	(79,161)	4,116,027
Decrease in amounts due from related companies	c	(9,578)	9,578	-
Change in debtors and prepayments	c	2,123,934	(2,123,934)	-
Change in trade and other receivables	c	-	2,251,597	2,251,597
Change in prepayments	c	-	(137,241)	(137,241)
Change in trade creditors	f	1,037,676	(1,037,676)	-
Change in creditors and accruals	f	(669,014)	669,014	-
Change in amount due to associated companies	f	857,338	(857,338)	-
Change in tax payable		2,422,416	(2,422,416)	-
Change in deferred taxation		602,023	(602,023)	-
Change in long term prepayment	b	-	34,317	34,317
Change in trade and other payables	f	-	3,197,815	3,197,815
		24,567,766	5,749,359	30,317,125
Value Added Tax paid		-	(1,971,815)	(1,971,815)
Income Tax paid		-	(3,637,847)	(3,637,847)
Gratuity and long service award benefits paid		-	(106,630)	(106,630)
		-	(5,716,292)	(5,716,292)
Net cash flow from operating activities		24,567,766	33,067	24,600,833
Cash flow from investing activities				
Purchase of intangible assets		(54,911)	-	(54,911)
Finance income		915,824	-	915,824
Proceeds from sale of property, plant and equipment		8,066	-	8,066
Acqusition of property, plant and equipment		(2,166,988)	(33,067)	(2,200,055)
Net cash used in investing activities		(1,298,009)	(33,067)	(1,331,076)
Cash flow from financing activities				
Finance cost	h	(1,004)	-	(1,004)
Dividend		(10,906,478)	-	(10,906,478)
Net cash used in financing activities		(10,907,482)	-	(10,907,482)
Net decrease in cash and cash equivalents		12,362,275	-	12,361,271
Cash and cash equivalent at January 1		8,572,018	-	8,572,018
Cash and cash equivalent at December 31		20,934,293	-	20,934,293

Notes to the financial statements cont'd

for the year ended 31 December 2013

(iv) Notes to the reconciliations

Index to the notes to the reconciliations

Notes to the financial statements cont'd
for the year ended 31 December 2013

(a) Treatment of strategic engineering spares

Under the previous Nigerian GAAP, the Company's strategic engineering spares were classified as inventories and stated at the lower of cost and net realisable value. Under IFRS, strategic spares and servicing equipment that the company expects to use for more than one year are included in property, plant and equipment as they can be used only in connection with an item of property, plant and equipment. On transition to IFRS, engineering spares were reclassified from inventories to property, plant and equipment. There is no profit impact as spares were not impaired under inventory as their recoverable amount was higher than the cost. The strategic spares were not depreciated under IFRS as the effect of depreciation, N10.4 million, is not material to the financial statements.

The impact arising from the changes are summarize below

Statement of Financial Position:

In thousands of naira	1 January 2012	31 December 2012
Increase in property, plant and equipment	286,461	207,300
Decrease in inventories	(286,461)	(207,300)
	-	-

Statement of Comprehensive Income:

Increase in depreciation expense	-
Decrease in inventory obsolescence expense	-
Change in cost of sales	-

(b) Reclassification of long-term prepayments and receivables

The Company had previously presented long-term prepayments as part of long term receivables in line with the presentation format under the Nigerian GAAP. In accordance with IFRSs, long-term prepayments and their corresponding comparative figures have been presented seperately in the statement of financial position in line with the current year presentation format. The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2012	31 December 2012
Increase in long-term prepayments	81,094	46,777
Decrease in long-term receivables	(81,094)	(46,777)
	-	-

Notes to the financial statements cont'd
for the year ended 31 December 2013

(c) Trade and other receivables

Under the previous Nigerian GAAP, debtors and prepayments were presented in aggregate whilst amounts due from related companies were separately disclosed in the statement of financial position. Under IFRSs, prepayments are disclosed seperately in the statement of financial position as they are not financial assets whilst intercompany receivables are presented together with trade and other receivables as they are financial assets. The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2012	31 December 2012
Decrease in debtors and prepayments	(4,714,684)	(2,590,750)
Increase in prepayments	209,915	347,156
Decrease in amounts due from related companies	(232,848)	(242,426)
Increase in trade and other receivables	4,737,617	2,486,020
	-	-

(d) Cash and cash equivalents

Under the previous Nigerian GAAP, cash and bank balances and short term deposits were separately disclosed in the statement of financial position. Under IFRS, the short term deposits are presented together with cash and bank balances as they are financial assets under cash and cash equivalents. The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2012	31 December 2012
Decrease in short term deposits	(8,194,222)	(20,553,323)
Decrease in cash and bank balances	(377,796)	(380,970)
Increase in cash and cash equivalents	8,572,018	20,934,293
	-	-

Notes to the financial statements cont'd
for the year ended 31 December 2013

(e) Deemed cost exemption

At 31 December 2007, the Company revalued its land under previous Nigerian GAAP. On transition to IFRSs the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under IFRSs. The revaluation reserve of N147,615,000 at 1 January 2012 and 31 December 2012 was reclassified to retained earnings. The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2012	31 December 2012
Decrease revaluation reserve	(147,615)	(147,615)
Related taxation effect	-	-
Increase in retained earnings	(147,615)	(147,615)

(f) Trade and other payables

Under the previous Nigerian GAAP, dividends payable, other creditors and accrued expenses, amounts due to related companies and trade creditors were separately disclosed in the statement of financial position. Under IFRSs, these payables are similar financial liabilities and are classified as trade and other payables in the statement of financial position. The impact arising from the change is summarised as follows:

In thousands of naira	1 January 2012	31 December 2012
Decrease in trade creditors	(18,141,390)	(19,179,066)
Decrease in other creditors and accrued expenses	(3,316,463)	(2,647,449)
Decrease in amounts due to related companies	(1,549,715)	(2,407,053)
Decrease in dividends payable	(52,093)	(65,932)
Increase in trade and other payables	23,059,661	24,299,500
	-	-

Notes to the financial statements cont'd
for the year ended 31 December 2013

(g) Actuarial gains and losses

Under IFRSs, the company's accounting policy is to recognise actuarial gains and losses from post employment benefit obligations in other comprehensive income. Under previous Nigerian GAAP the company recognised all actuarial gains and losses in the profit or loss. The impact arising from the change is summarised as follows:

In thousands of naira	31 December 2012
Reclassification of actuarial gain	
Increase in administrative expenses	(16,114)
Related income tax effect	4,834
Decrease in profit for the year	(11,280)
Increase in other comprehensive income	11,280
	-

(h) Finance costs

Under the previous Nigerian GAAP, foreign currency exchange differences were classified as part of cost of sales in the statement of comprehensive income. Under IFRSs, they are classified as part of finance costs or income before arriving at the profit for the year. The impact arising from the change is summarised as follows:

In thousands of naira	31 December 2012
Increase in finance costs	(59,865)
Decrease in administrative expenses (note (i))	59,865
	-

(i) Administrative expenses

The impact of actuarial gains (note g) and finance costs (note h) above on administrative expenses is summarised below:

In thousands of naira	31 December 2012
Decrease in administrative expenses (note (h))	59,865
Increase in administrative expenses (note (g))	(16,114)
Net decrease in administrative expenses	43,751

Notes to the financial statements cont'd
for the year ended 31 December 2013

(j) Income tax

The above changes affected the income tax expense as follows:

In thousands of naira	31 December 2012
Profit or loss	
Decrease in income tax expense due to actuarial gain reclassified to other comprehensive income (note (g))	(4,834)
Increase in tax expense due to actuarial gain reclassified from profit or loss (note (g))	4,834
Change in retained earnings	-

(k) Retained earnings

Except for revaluation reserve which has been reclassified to retained earnings in accordance with note (e), no other IFRSs first-time adoption adjustments resulted in changes to retained earnings, refer to note (a) to (j) for additional information.

(l) Statement of cash flows

Several adjustments were made to the statement of cash flows presented under Nigerian GAAP to align it with the IFRSs statement of cash flows format.

Other information

Value added statement

for the year ended 31 December 2013

In thousands of naira	**2013 ₦'000**	**%**	2012 ₦'000	%
Revenue	120,256,164		111,120,828	
Brought in materials and services				
- Local	(23,279,635)		(8,661,911)	
- Imported	(70,743,300)		(75,833,411)	
Finance income	1,259,604		915,824	
Other income	373,490		-	
Value Added	26,233,229	100	26,625,506	100
Distribution of Value Added:				
To Government as:				
- Goverment as taxes	6,270,391	24	6,662,286	25
To Employees:				
- Employees as wages and salaries and end of service benefits	5,902,498	23	5,375,800	20
To Providers of Finance:				
- Finance costs	371	-	60,869	-
- Interim dividends	7,590,313	29	2,479,893	9
Retained in the business:				
- Depreciation of tangible assets	895,285	3	775,074	3
- Amortisation of intangible assets	31,327	-	23,495	1
- Proposed dividends	5,545,588	21	11,248,089	42
- To augment reserves	(2,544)	-	-	-
	26,233,229	100	26,625,506	100

Financial summary

Statement of financial position
As at

In thousands of naira	**31 Dec 2013**	31 Dec 2012	1 Jan 2012
Assets			
Non-current assets	14,157,859	10,791,414	9,496,859
Current assets	35,445,346	37,893,680	31,761,788
Total assets	49,603,205	48,685,094	41,258,647
Liabilities			
Non-current liabilities	3,912,864	3,977,004	3,020,477
Current liabilities	37,047,059	30,359,763	26,697,508
Total liabilities	40,959,923	34,336,767	29,717,985
Equity			
Share capital	488,168	488,168	488,168
Share premium	350,211	350,211	350,211
Accumulated loss	7,804,903	13,509,948	10,702,283
Equity attributable to owners of the Company	8,643,282	14,348,327	11,540,662
Equity and liabilities	49,603,205	48,685,094	41,258,647

Statement of comprehensive income
for the year ended 31 December

In thousands of naira	**2013**	2012
Revenue	120,256,164	111,120,828
Profit before taxation	19,312,554	20,374,154
Taxation	(6,243,033)	(6,657,452)
Profit after taxation	13,069,521	13,716,702
Other comprehensive income	63,836	11,280
Total comprehensive income	13,133,357	13,727,982
Basic and diluted earnings per share (naira)	13.39	14.05

The financial information presented above reflects historical summaries based on IFRS. Information related to certain prior periods has not been presented as it is based on a different financial reporting framework (previous Nigerian GAAP) and is thus not directly comparable to the above financial information.

Milk is affordable nutrition

At FrieslandCampina WAMCO we know the importance of proper nutrition, therefore we have specialized ways of bringing affordable quality nutrition to Nigerians.

We make this possible through our range of low unit portion packs: Peak Powder 20g, Peak Choco 22g, and the Peak Evap in 30g sachet.

With these products, our company ensures that quality and affordable Peak milk is made available to meet the nutritional needs of consumers with low income.

Further, through Project new ways, a "route to rural" model designed to reach rural dwellers in Nigeria, we ensure that communities can easily access these low unit portion packs.

Indeed, as the leading dairy nutrition company in Nigeria, it is our expectation that these business designs will help to reduce significantly, incidences of malnutrition, given that milk is one of nature's nutrient dense food.


NEW
From Fresh Milk
Peak
UHT MILK
FULL CREAM
made from Fresh Milk
1LT.
Also available in Low Fat.
Contains no added sugar or artificial flavour.

FrieslandCampina WAMCO Nigeria PLC

Proxy form

41st Annual General Meeting to be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos on Tuesday, 20 May 2014 at 11.00a.m.

I /We*..

....

being a member/members of FrieslandCampina WAMCO Nigeria Plc

hereby appoint** ....

....

of ....
or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us and act on my/our behalf at the Annual General Meeting of the Company to be held on 20 May, 2014 and at any adjournment thereof.

Dated this...........day of...................2014.

Signature..
*Delete as necessary

No. of Shares			
Resolutions	**For**	**Against**	**Withheld**
To declare a final Dividend			
To re-elect as Director, Mallam Ahmed Dasuki			
To re-elect as Director, Ms. Evelyn Oputu			
To re-elect as Director, Mr. Louis Mbanefo			
To re-elect as Director, Mr. Gregory Sklikas			
To authorise the Directors to fix the remuneration of the Auditors			
To elect members of the Audit Committee			
To approve the remuneration of the Directors			

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

NOTE:

i. This Proxy Form should be completed, duly signed and stamped by the Commissioner of Stamp Duties and should be deposited with the Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos not later than 48hours before the time for holding the meeting.
ii. This Proxy Form should NOT be completed and sent to the Registrars if the member will be attending the meeting.
iii. In the case of joint Shareholders, any of such may complete the form, but the names of all joint Shareholders must be stated.
iv. If executed by a corporation, this form must be sealed with its common seal
v. **Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish, you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman.

FrieslandCampina WAMCO Nigeria PLC

Admission slip

41st Annual General Meeting to be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos on Tuesday, 20 May 2014 at 11.00a.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

First Registrars

websate: www.firstregistrarsnigeria.com
Email: infor@firstregistrarsnigeria.com

FrieslandCampina

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.

First Registrars

websate: www.firstregistrarsnigeria.com
Email: infor@firstregistrarsnigeria.com


NEW
Peak
CHOCO
CONTAINS
COCOA
28
Chocolate Milk
Peak
CHOCO
CONTAINS
COCOA
28
VITAMINS & MINERALS
FULL CREAM
Chocolate Milk
POWDER
NOW AVAILABLE
IN FAMILY PACK
The Complete Choco drink, made from real cocoa,
nourishing milk, and sugar, now available in family pack.
The Complete Choco Milk
Peak
CHOCO

Strengthening FCWAMCO'S position in infant and toddler nutrition

FCWAMCO support at stakeholder's event.

Frisomum Gold sampling at stakeholder's event.

Lunch of Frisomum Gold in Lagos.

It is three years now since the strategic decision was made to invest in a dedicated Medical Detailing team in order to accelerate the development of FrieslandCampina Nigeria's position in the segment of Infant Food and Toddler Nutrition.

This decision was in line with the global strategy summarized in Route 2020.

The goal of the team is to partner with Healthcare Practitioners (HCPs), influencers and decision makers as our primary customers through our Unique Selling Propositions. This then translates to our secondary customers (consumers/shoppers). The core of the Medical Detailing team assignment is being trusted nutrition advisors, sharing scientific and factual brand communication and product information to HCPs through diverse scientific forums. This is achieved within medical community through one-on-one visits, group detailing and continuous medical education (CME) programs. Hospital and pharmacy channels are also constantly developed and managed through trade visits, availability/visibility drive, food demonstrations etc. The Medical Detailing team has also succeeded in strengthening the market position of other FrieslandCampina brands in health care facilities (HCFs) as their presence ushers in everything FrieslandCampina represent in Nigeria.

To foster relationships with key professional associations, we co-sponsor and participate in events organized by these bodies including: the 44th Annual General Meeting/Scientific Conference of Paediatric Association of Nigeria (PAN) in Enugu; Co-sponsorship and participation at the Nutrition Society Nigeria (NSN) 43rd Annual General Meeting/Scientific Conference in Calabar. Both events had in attendance, more than 2000 Healthcare Practitioners from across the country. The objective is to strengthen our presence in the IFT market and position FCWAMCO as partners in improving indicators of child health index in Nigeria.

A key event in 2013 was the successful annual HCP seminar held in 5 regions of the country. Each city welcomed Healthcare Practitioners of repute and they were engaged in a whole day scientific conference. The theme of the event was "Optimizing Baby's Development through Nutrition Before, During and After Pregnancy". The forum provided an opportunity for HCPs to cross-breed ideas and share recent innovations and researches.

As trusted expert and leader in Infant Food and Toddler Nutrition, FrieslandCampina WAMCO will continue to promote, engage in ethical Medical Detailing.

Nigeria's first and only maternal milk!

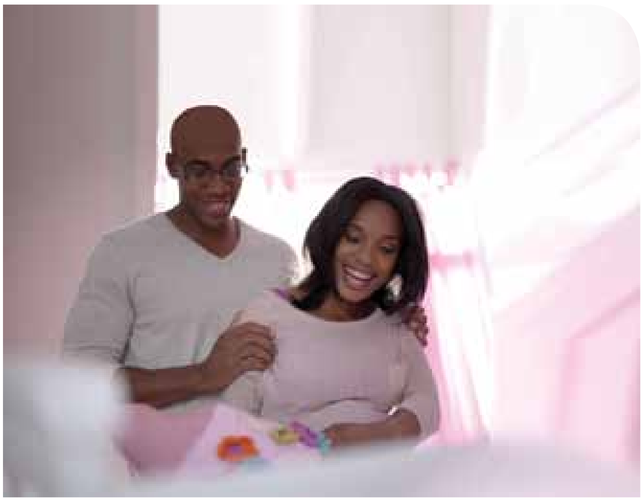
Frisomum Gold is Nigeria's first and only maternal milk for pregnant and breastfeeding mums. It is specially formulated for use before, during and after pregnancy so Mmums can 'Make a Strong Start to the Incredible Journey.' With over 25 essential nutrients, Frisomum strengthens the immunity and supplements the developmental needs of the baby during pregnancy.

Frisomum was launched in June 2013 beginning with an internal launch to staff. The Frisomum journey continued with its introduction to select Healthcare Practitioners.

Nutrition seminars were organized in 5 key cities of the country; Lagos, Ibadan, Enugu, Port-Harcourt and Abuja. The theme for the Nutrition Seminar "Optimizing Baby's Development through Nutrition Before, During and After Pregnancy" was in alignment with a key millennium goal aimed at improving maternal health and reducing infant mortality. In attendance were key Healthcare Practitioners, Government Agencies and Industry experts, who deliberated on the theme extensively and proffered solutions that will enhance the nutritional status of the Nigerian mother and child.

More so, to fully engage and conquer the consumer's heart, FrieslandCampina WAMCO rolled out a comprehensive marketing mix for Frisomum Gold. This comprises of "The Journey" TVC and Radio Campaign, Outdoor Hoarding, Shopper Activation, Consumer Engagement Plot and lots more.

With the launch of this ground breaking innovation, FrieslandCampina WAMCO aims to sustain its leadership position in the Nigerian IFT Market.



Give your baby a strong start in life

The journey of growing up is one of life's most unique experiences for both mum and child. Friso is committed to making this jornery richer.

The journey of growing up is one of life's best experiences for both mother and child. Friso is committed to making the most of this journey by providing premium nutrition for a child's healthy growth and development, making children strong from the inside so they can experience more.

This mirrors the progressive mum's belief that experience is her child's best teacher and the best experience is to do it together.

Friso range helps this journey by providing the right support at every stage. For mothers, before, during and after pregnancy with the 1st maternal milk in Nigeria: Frisomum Gold.

Frisolac Gold 1 is a premium infant formula specially formulated for infants from 0-12 months; while Friso Gold Rice and Friso Gold Wheat cereals are easily digestible complementary food that provides important nutrients to support baby's growth and development from 6 months onwards.

In 2013, the Friso range was upgraded to support better digestion and good gut health. Its new advanced formula is embodied in the FrisoShield™ system of nutrients containing Probiotics, Prebiotics, DHA, AA, Zinc and Iron. The upgrade culminated in a launch to Healthcare Practitioners who have lauded this initiative and commended the company's extensive research in understanding children's delicate digestive system.

The current upgrade also has more attractive pack designs which stand out on shelf. The aim is to be present in key premium outlets, and we are.

Indeed, the future looks bright for Friso. A baby deprived of adequate nutrition before birth is also likely to have poor development in childhood and even health problems throughout life.

Friso provides premium nutrition for a child's healthy growth and development, making children strong from the inside.

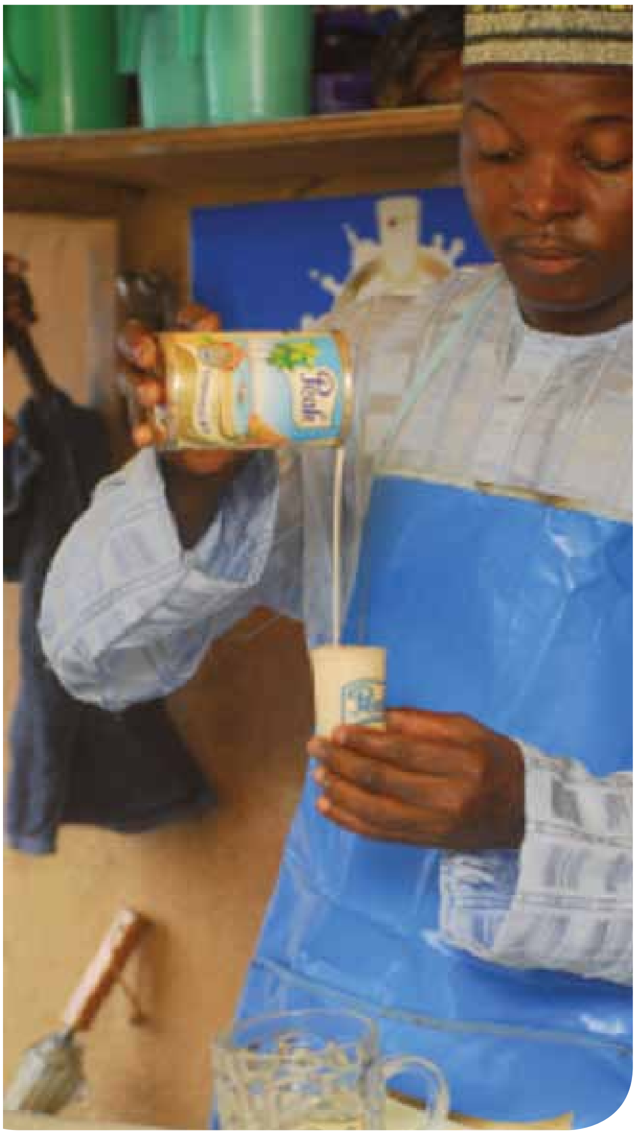
Mai-shayi growing importance for FCWAMCO Nigeria's business

Mai Shayi's are Out-of-Home 'Tea' shops which has transformed from being exclusive 'Tea' selling points to a one stop quick meal outlet, comprising instant noodles, bread and eggs.

It is estimated that Mai Shayi channel consumes approximately ₦10b worth of Milk, this account for nearly 5% of all milk consumption. Peak as market leader, contributes over 50% of milk usage in the Mai Shayi channel with one SKU, Peak 410g evaporated milk.

The choice of Peak milk in this outlet is driven by its reputation for unrivalled premium quality; most rich & creamy brand of milk in Nigeria. For the Mai Shayi, 'Tea' made with Peak commands a premium price and quality perception for patrons.

Peak intends to citadel this channel with sustainable and mutually beneficial relationship with Mai Shayis that will increase frequency of usage of the brand.



Peak branded Mai shayi outlet.

Nigerian retail environment

Peak gondola shelf in a supermarket.


Growing modern trade in Nigeria.

Informal, 'traditional', trading is an important feature of Nigeria's everyday life, and given the significant infrastructure deficit as well as the limited use of electronic payment systems, is likely to remain an important aspect of commerce in most parts of the country for some time to come. Recently, alongside the traditional trade, new, more 'western' style outlets are opening. There are a several reasons that cause this change and development

Firstly, the state government has recently launched a crackdown on illegal roadside trading. They are equally cleaning up busy market areas and constructing modern trade markets.

Secondly, the movement from open markets to modern retail channel is increasingly being driven by the rise of international hypermarkets and local supermarkets. Big international retail chains are planning expansion in Nigeria. Massmart, a Wal-Mart controlled supermarket, operating under the brand name "Game" in Nigeria, has announced plans to grow its presence in the country. The Artee group leads the foray of SPAR International in the Nigerian market and Shoprite, the South African retailer, has currently 7 hypermarkets across the country and planning to open at least 3 more in 2014.

Next to the international chains, indigenous retail outlets, big and small, are emerging and are strong challengers to the international players. Increasingly, it is apparent that the local retail players have what it takes to hold their own in a foreign dominated retail market, with professionally organized stores, logistics, as well as people with strong (international) retail experience. Next to that, they have modern structures which could pass any global test. These include large expansive car parks, ultra-modern structures, and relatively competitive prices.

Thirdly, the Nigerian retail sector overall is expected to become increasingly consolidated and modernized as more shoppers migrate from informal to formal retail venues. This process is expected to be supported by three main factors. First, through a growing economy; with an average growth of 7% over the last 5 years. Secondly, the country's population is increasing by 2.5% per year. Thirdly, the growth of an emerging middle class is becoming the driving force behind this new way of shopping. This expanding middle class increasingly looking for an efficient and more convenient shopping experience.

10 years ago, the Modern Trade channel was non-existent, accounting for less than 1% of the retail business. However, from 2010 this started to change. Between 2010 and 2017, total grocery spending is expected to more than double in Nigeria. A large part of this expenditure is expected to be done through these emerging modern trade outlets, which means that the formal retail market in Africa's most populous country is gaining more importance.

Since 2012, FrieslandCampina WAMCO Nigeria took a dive into this emerging and fast growing retail sector to further consolidate on its growth ambition in the coming years. As at today, there is a functional, structural and capability set up to deal with anticipated evolution of modern retail in Nigeria. The future is waiting!

FCWAMCO merchandiser ensuring that products are well diplayed.

Building capacity for dairy development

In 2013, over three hundred and fifty farmers in Fasola, Alaga, Maya-Eruwa and Iseyin environs were registered and trained on topics ranging from; raw milk hygiene, raw milk quality, financial education and benefits of using the banking system, animal health, tsetse control, small holder dairy farming system, feeding and feed conservation/ zero grazing, calf rearing, benefits of artificial insemination and improved pasture development. The trainings were conducted together with DDP core-partners: International Fertilizer Development Centre and Agriculture Development (IFDC) and Federal Ministry of Agriculture and Rural Development (FMARD).

Ten Community Livestock Workers (CLWs) were selected and trained on Training of Trainers (ToT) module and were engaged to serve as farmer-to-farmer extension agents.

Similarly, ten selected Fulani Milk Producers (FMPs) were taken on dairy study tours to experience good dairy practices and see established dairy farms/institutes in: Kano State (Garko and L&Z dairy farms); Kaduna State (Kagarko Dairy Cooperative, Kachia, and National Animal Production Research Institute, Zaria).

Non Fulani potential milk suppliers were also nominated, registered and trained on key aspects of small holder dairy farming system and are currently being encouraged to start small holder dairy farming.

Cross breeding programme

Two cross breeding schemes have been developed: the first one, which is on-going, involves cross breeding at various farmers' location while the second (at the formative stage) entails establishment of cross breeding centre where cows would be brought for crossbreeding and retained for about two months to establish success of the cross

Artificial insemination training.

Training for FMPs on milk hygiene at Budo Musa.

Training on dairy cooperatives to FMPs.

breeding process. The schemes will upgrade the genetics of our local cows so as to produce more milk per cow. Some of the CLWs are being trained to administer artificial insemination; experts are currently engaged to achieve good success rates.

Physical infrastructures

Two Milk Collection Centres (MCCs) are in operation in Fasola and Alaga while two more MCCs in Maya-Eruwa and Iseyin as well as Milk Bulking Centre (MBC) in Iseyin are under construction.

Two new sturdy milk trucks that can withstand rough terrains were procured to support smooth lifting of milk from MCCs to the MBC. The Federal Ministry of Agriculture and Rural Development constructed an earth dam near Alaga MCC to provide water for cows around the area.

Demonstration farms

Three pilot/demonstration farms were constructed in Alaga, Fasola and Maya to demonstrate to the farmers modern dairy practices, improved pasture development, cultivation, etc.

Veterinary services

Free Veterinary consultation services are being provided to the farmers. Likewise, they are linked to reputable input companies where they procure reliable drugs, dairy ration, salt licks and other needed inputs.

Core-partners' meeting

The three core-partners in DDP (FCWAMCO, IFDC and FMARD) met twice in 2013 (May and November) to develop and validate action plans as well as review progress of DDP Nigeria.

CLW/FMPs training on crop residue Urea/Molasses treatment and conservation.

CLW/FMPs Training on crop residue Urea/Molasses treatment and conservation.

Training on feed supplementation Yabeji.

Capital projects

Three (3) new OPP labellers have been procured to replace the existing four (4) paper labellers. These OPP labels are cheaper and easier to handle than paper labels. Also, maintenance costs are greatly reduced as the older machines have been replaced.

The company has also procured a new palletizer for the Evaporated Milk Factory to replace the kettner palletizer which has become obsolete and unable to satisfy current capacity needs. This investment has led to some cost savings as wastages have reduced significantly and cost of maintaining the old has been removed.

Safety Induction room placed strategically at the entrance to the premises to ensure that all first-time visitors are conversant with the safety rules within the company premises.

Factory Security project was embarked upon to secure the entrances and exits of the premises. This is to curtail activities of pilferers which in turn checks stock shortages.

New Powder Factory Laboratory & Samples keeping area - is being constructed to ensure high level of hygiene in material & product handling and to untimately ensure that all our powder products are of hightest quality.

Newly installed weighbridge, bringing the total of weighbridges to two. This will significantly reduce delays in weighing operations. Incoming vehicles will have a dedicated weighbridge and outgoing vehicles will weigh on a different bridge.

New CIP (Cleaning in Progress) kitchen has been installed at the Evaporated Milk Factory to cater for the growing demand of Evap. This newly installed CIP kitchen will boost efficiency by cleaning multiple objects per time, thereby reducing waiting time.

Refurbishment of three (3) old seamers/fillers and the procurement of a new high speed filler will reduce wastage in the milk filling sections of the Evaporated Milk Factory.

A new car park for staff is under construction in line with the master plan of the factory.

The finished products warehouses, popularly known in FCWAMCO as NADECO (1-5) have been renovated to meet current and future storage demands.

Newly constructed hazardous chemical warehouse will ensure proper handling of chemicals used in our operations.

Six (6) additional sachet lines will be installed at the Powder Factory to meet increasing demand for our premium powder products. However, to accommodate these new sachet lines, a new building is being constructed.

A hygiene junction is under construction for the Evaporated Milk Factory; this will ensure high level of hygiene in the factory.

With the increased instability in the supply of Natural Gas in the country, a gas engine-driven generator has been procured to minimize the heavy costs of maintaining diesel-powered generators used in the Independent Power Plant (IPP).

365 days without loss time accident

Unveiling of SHE Electronic Display Board

FrieslandCampina WAMCO has made a dramatic improvement in the management of Safety, Health and Environment (SHE). Time and resource were committed to developing our policies and procedures; hence the SHE management is now more proactive in its approach to workplace safety.

Preventing injury to staff, contractors, as well as visitors is our major priority. This takes a deliberate focus and investment and we continue to make this investment willingly. Our SHE performance in 2013 is a proof of this - employee accidents went down significantly compared to 2012.


Periodic Health check for staff working in high risk areas

SHE performance

Like other FrieslandCampina Operating Companies, WAMCO has to report certain types of accidents to the Corporate Head Office. These include specified major accidents such as those resulting in admission to hospital in which the injured person could not return to work for at least a day, excluding the day of the accident, or any other injury which requires medical treatment. These are known as LTA (Lost Time Accident) and MTA (Medical Treatment Accident) respectively.

In 2013, FrieslandCampina WAMCO recorded Zero LTA and the numbers of MTA dropped drastically – from approximately 11 MTA in a month in 2012 to 2 MTA a month in 2013. In 13 December 2013, we celebrated 365 days without a Lost Time Accident. We marked this feat because we are focused on ensuring the safety of our people and the environment.

FoQus audits

In our commitment to ensuring compliance with relevant legislations and FrieslandCampina corporate standards, on 14 November 2013, FCWAMCO came out with a score of 2.1 against a target of 2.0 in the FoQus Labour Safety & Environmental Audit. By this score, it means that WAMCO is systematic in its approach to the management of Safety, Health and Environment in the workplace.

Staff awareness - SHE week

In June 2013, as a way of demonstrating management commitment to promoting a happier and healthier workplace by raising level of awareness among employees, the annual SHE Week was organised. The objective is to ensure we bring Safety, Health and Environment top of mind of our employees.

Awards were given to deserving employees and contractors to encourage good safety practices and motivate others. Safety Handbook and Electronics Display Board was launched. A Safety Induction Room was also commissioned.

Visitors and truck drivers' induction

In order to increase the consciousness of our visitors and create more safety awareness in the mind of our truck drivers, two induction videos were developed. The videos and signages reinforce major risk that visitors need to watch out for and the necessary measure to take to ensure their own safety as well as that of others while on our premises.

Fire fighting drill

First Aid Training for ERT members

Engaging employees in CSR

FCWAMCO employees go on a "show of love" to St. Monica's Orphanage, Iju Ishaga.

Employee involvement is a key achievement of our 2013 CSR activities. FCWAMCO staff joined the "starthelpingnow" project under FrieslandCampina and the Netherlands Red Cross Disaster Relief Partnership.

Through this project, we raise money for the Red Cross to enable them to give help all over the world. The fundraising this year focused on the super typhoon Haiyan in the Philippines, where also we have our colleagues in Alaska Milk Company, an affiliate of FrieslandCampina.

The fundraising for the victims of super typhoon Haiyan yielded over one million naira contributed solely by staff.

Through this platform, we actively encouraged our staff to volunteer their time and resources for a charitable cause.

Likewise, staff went on a "show of love" to St. Monica's Orphanage, Iju ishaga, Lagos and Mothers Welfare Group, Asokoro, Abuja. In Lagos, we had a week long activity, helping the orphanage beautify their home, asides making gift donations to the home; while In Abuja, we joined the orphanage home in their yearend celebration putting smiles on the faces of the children.

Furthermore, we engaged the Vice Chancellors of the six universities supported under the company's Endowment Fund to discuss how best to deploy the funds. Last year, the fund was increased by over eighty percent to ensure a more robust investigation in Food Science.

Still under education, the Ministry of Education, under the Lagos State Government, presented the Company with an award of recognition as an Educational partner in State.

The Company also supported key events in the adopted schools and made donation of school materials to the schools. In line with this, we donated Peak School Smart branded note books. Equally, during the Christmas celebration, the company gave out cartons of Peak School Smart to schools and organizations in various states, in support of their year-end activities. Through this activity, we created more PR opportunities with stakeholders.

Three water projects were constructed at Eruwa, Lanlate and Ipapo communities for dairy development program. Fabon Kaura (Bauchi) and Poro-Abaje (Lagos) water projects were reconstructed due to damage caused by rainstorm.

Again, during the 2013 World Milk Day celebration, we continued to spread the goodness of milk by creating awareness on various milk usages. The theme for the year- "Do More with Milk" - created necessary platform for consumers to share enlightened information on milk usage across regions and cultures as well as their corresponding nutritional benefits.

Presentation of Tertiary Endowment Fund to Vice Chancellor of University of Uyo, Professor (Mrs.) Comfort Ekpo.

Before (St. Monica's Orhanage).

After (St. Monica's Orhanage).

World Milk Day celebration at Abuja.

Donation of school note books to Government College, Makurdi.

Talent management

New labeller machine traning.

Cardiopulmonary Resuscitation (CPR) training for ERT members.

Staff briefing on Talent Management Cycle.

The year 2013 remains a very remarkable one since the history of talent management in WAMCO.

The introduction of horizon learning on success factors software provided the platform for e-learning and instructor led programmes giving employees access to FC Academy global learning resources. Aligning our talent management strategy with route 2020, Management has identified "Talent" as the key enabler to achieve the company's objective. Training and development administration and policies have been upgraded to provide the platform to build the needed skillsets.

Capability building investment in the year 2013 cut across different cadres and talent pools including: New labeller Machine training, Statistical Process Control, General Mechanical Skills training, Supervisory training, Variable Frequency drive and CCP & QCP training for junior staff, FoQus SHE Internal Auditors training, Basic IFT, Management Appreciation and Developing Leadership Capacity for senior staff cadre.

Some Senior staff and Leadership team members were also trained on Effective evaluation, Project portfolio management, Category Strategy and Leading People. Substantial investment in Safety capability covered Control of Hazardous Substances, Near Miss/Accident Reporting, CPR (Cardio Pulmonary Resuscitation), Basic Behavioral Safety Awareness and Near Miss/Accident Reporting. Overall, 75% of staff attended a minimum of one training intervention during the year.

Personal development being part of the global talent management cycle in horizon (development priorities) received a boost with the introduction of on line programmes. Employees who aspire for international education and certification now have the opportunity to achieve their development objectives. Locally, guidelines have been put in place to include postgraduate programmes in Lagos Business School and other government approved universities.

FrieslandCampina wants to create opportunities for its employees, investing in growth and development with relevant training courses in goal-oriented, but pleasant comradely environment. Employees are encouraged to develop together and take responsibility.

Keep WAMCO clean

Last year, the WCOM unit introduced a cleaning exercise tagged - 'Keep WAMCO Clean'. It is a monthly exercise that is meant to ensure that FCWAMCO is clean and safe at all times. It has also fosters good bonding amongst the employees.

Friday, 28 June 2013 witnessed the beginning of this success story. The overall objective is to create more awareness on the need to maintain good housekeeping. It is also meant to ensure that staff take full responsibility of the cleanliness of their environment in conformance with "5s" cleanliness and orderliness thereby making way for operating in a world class environment.

"Keep WAMCO Clean" is an exercise that excuses nobody, from the management team down to the junior staff. Contract and the agency staff are not exempted either. It is quite astonishing to see the MD and Management Team members practically engage in mopping the floor, trimming flowers, cutting the grass, cleaning the drainages, etc while leading by example. Practical cleaning is done by all and sundry to entrench good housekeeping in the company. The reality of "5s" slogan which says "clean while you work" has come to the fore.

For the purpose of this exercise, the entire premises is divided into 8 zones and each zone is headed by a member of the Leadership team to emphasise its importance. The exercise lasts for 1 hour 30 minutes; members of staff are adorned with beautiful T-shirt with the inscription "Keep WAMCO Clean." The passion with which cleaning tools are picked up by each zone leader is highly commendable. The WAMCO bonding song is handy to motivate all while the exercise lasts.

Keeping WAMCO clean and safe for work is serious business; right attention is being given to it as we echo everything has its place and everything must be kept in its place.

"5s" stands for: Sort, Store, Shine, Standardise and Sustain.

Notes

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