FrieslandCampina

Annual Report 2014

FrieslandCampina WAMCO Nigeria PLC

Peak 60th Anniversary

THE FUTURE IS BRIGHT REACH FOR YOUR PEAK

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Financial highlights

for the year ended 31 December 2014

	2014 ₦'000	2013 ₦'000	% Increase/ (Decrease)
Revenue	126,436,219	120,256,164	5.14
Profit before income tax	16,499,920	19,312,554	-14.56
Profit for the year	10,731,278	13,069,521	-17.89
Share Capital	488,168	488,168	0.00
Total equity	9,559,249	8,643,282	10.60
Per Share Data			
Number of 50k Ordinary Shares	976,335,936	976,335,936	0.00
Basic earnings	10.99	13.39	-17.92
1st interim dividend paid	3.91	5.20	-24.81
2nd interim dividend paid	0.00	2.57	-100.00
Final dividend proposed	4.33	5.68	-23.77
Number of employees	844	829	1.81

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

THE JOURNEY OF ASPIRATION

Since 1954, FrieslandCampina WAMCO, the number one nutrition Company in Nigeria, has always been dedicated to the wellbeing of Nigerians.

For over 60 years, we have been providing Nigerians with high quality dairy based products to help them perform at their best in every stage of life.

It is the drive and dedication that we have shown along the journey that makes us the market leader and No.1 in the introduction of innovative dairy products in Nigeria including the evaporated milk in sachet, the first of its kind in Africa.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-second Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC will be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan,Lagos on Tuesday, 19 May, 2015 at 11.00 a.m. to transact the following business: -

ORDINARY BUSINESS

(1) To receive the Report of the Directors and the Audited Financial Statements for the year ended December 31, 2014 together with the reports of the Auditors and Audit Committee thereon.

(2) To declare a final dividend.

(3) To 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 16th day of March, 2015

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, Lagos 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, 19 May 2015 to members whose names appear in the Company's Register of Members at the close of business on Friday, 8 May 2015.

3. Closure of Register

The Register of Members and Transfer Books of the Company will be closed from Monday, 11 May 2015 to Wednesday, 13 May 2015, 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 is advised to write to or call at the office of the Company's Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos 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.

Mr. Jacobs Moyo Ajekigbe, OFR
Chairman

Chairman's statement

"The Company's pedigree in maintaining excellent Safety, Hygiene and Quality standards was re-affirmed in the course of the year as the Company won the Manufacturers Association of Nigeria (Ikeja Branch) Gold award for the 2014 Best Kept Industrial Premises in the Food, Beverage & Tobacco sector."

Distinguished shareholders, my colleagues on the Board, invited guests, ladies and gentlemen. It is with great pleasure that I welcome you all to the 42nd Annual General Meeting of our Company. I am also delighted to present the Annual Report and Financial Statements for the year ended 31 December 2014.

The Macroeconomic Environment

Global growth in 2014, according to the World Bank was slower than initially anticipated. The global economy grew by 2.6 per cent in 2014, up on the 2013 growth rate by 0.1 per cent. Growth was however uneven in major economies. The United States and the United Kingdom recorded a decline in unemployment, indicating that economic activities had picked up, but the Euro zone and Japan recorded a sputtering growth. In the meantime, China was experiencing a slowdown .

In 2014, Nigeria achieved a growth of 5.9 per cent in GDP, which was driven primarily by the non-oil sector. In the first half of 2014, the country rebased its GDP, resulting in 79 per cent increase in the estimated size of the economy. The rebasing saw Nigeria's GDP for 2013 reassessed as USD509.9billion, up from the USD285.5billion under the old measure, propelling the country to the top of the continent's charts and moving past South Africa, whose GDP is about USD350billion.

The second half of the year was characterized by a drop in oil revenue and devaluation of the Naira due to the fall in global oil prices. The drop in oil revenue has had a significant impact on the economy, pushing up inflation rate from 8 per cent in December 2014 to 8.2 per cent in January 2015. This has meant additional pressures on production and operating costs across sectors with high cost of imports being a major factor. The increased security challenges in the northern parts of the country also impacted on economic growth in 2014, and the economy is now expected to grow by 4.8 per cent in 2015, rather than the 6.4 per cent previously forecast.

The Global Dairy Market

In the early months of 2014 dairy prices remained high, but later plummeted towards the end of the year due to increased production, lower external demand, the Russian ban on imports of dairy products from major producing countries, and a stronger Dollar. This sharp drop was particularly evident in the price of Whole Milk Powder (WMP). A key contributing factor that affected the WMP market had been the sudden drop in the pace of Chinese imports of WMP in the latter half of 2014.

Barring any adverse weather, it is expected that international dairy prices would remain low until the supply-demand imbalance is corrected. However, the advantages accruable from low prices are likely to be more than offset by the recent devaluation of the Naira.

Chairman's statement cont'd

The Nigerian Dairy Market

The dairy market grew in 2014 by more than 12 per cent in value and 8 per cent in volume over the previous year's levels, albeit with a marked slowdown in the second half of the year as a result of increasing prices and a decline in purchasing power of consumers. The Evaporated Milk segment declined while the Infant and Powdered Milk segments experienced growth. Competition for market share intensified as local and international players struggled to increase their share of the market. This was evident in increased investments in the dairy market and introduction of new products into the market, especially in the lower price segments. The market in the Northern part of the country was also constricted due to the spate of violent attacks, making competition fiercer. Despite the challenges, the Company maintained its leadership position in the market.

Operating Results and Performance

The Company's commercial and financial performance remained satisfactory in spite of the harsh business environment. Turnover increased by 5.14 per cent from ₦120.26 billion in 2013 to ₦126.44 billion in 2014. Profit Before Tax (PBT) however decreased by 14.55 per cent from ₦19.31 billion to ₦16.50 billion as a result of significant increase in the cost of dairy raw materials, which was not fully passed on to consumers; increased staff benefit expenses; and write-off of export credit grant already taken into profit in the previous year.

Dividend

The Company's policy is to pay 75 per cent of its Profit After Tax 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 75 per cent of the Company's PAT for the year under review, which is equivalent to ₦8.24 per ₦0.50 share. An interim dividend of ₦3.91 per ₦0.50 share was paid in November 2014; and a final dividend of ₦4.33 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 19 May 2015.

Operations

The Company continued with its culture of continuous improvement in building capability, developing and expanding its facilities and upgrading its maintenance systems. Production capacity was increased with the addition of four Sachet lines and one Pouch line in the Powder factory. The Waste Water Treatment Plant was upgraded for greater efficiency. A new waste heat boiler was installed to ensure energy savings in the Evaporated Milk factory. Currently, a new warehouse is being constructed to replace outsourced storage facilities. In the course of the year, the third Generator set was installed for the factory making it possible for the factory to run entirely on Natural Gas for both Electricity and Steam, with Diesel being used as backup. Overall, the initiatives resulted in the reduction of material losses and production costs.

To further improve operational efficiency, maximize cost savings and prepare for the future, the Company's Supply Chain is being transformed for optimal performance in operational and logistic planning, depot functioning and haulage services in support of Sales.

The Company's pedigree in maintaining excellent Safety, Hygiene and Quality standards was re-affirmed in the course of the year as the Company won the Manufacturers Association of Nigeria (Ikeja Branch) Gold award for the 2014 Best Kept Industrial Premises in the Food, Beverage & Tobacco sector.

Dairy Development Programme (DDP)

In 2014 your Company made significant progress in its development of local milk production capacity in Nigeria with the engagement and training of small holder dairy farmers in milk production. The Company continued to invest in facilities for the programme. During the year, the Company commissioned and opened for operation in Iseyin, Oyo State, a new Milk Bulking Centre, which has the capacity to collect and hold about 50,000 litres of raw milk per day. This will further improve the capacity for raw milk collection.

Working in collaboration with the Federal Government under its Agriculture Transformation Agenda (ATA), the Company continued to assist the Fulani cattle rearers in Oyo State to upgrade the milk production potential of the local breed of cattle through cross breeding. Also, in collaboration with the International Fertilizer Development Centre and Agriculture Development (IFDC/AD) and the Federal Ministry of Agriculture under its ATA, the Company organized training for potential suppliers of raw milk in Oyo State.

In order to ensure improved capacity for raw milk collection in terms of quantity and quality, the Company initiated the development of a cattle breeding centre in Maya, Oyo State under its Public-Private-Partnership programme with the Federal Ministry of Agriculture and Rural Development, while it continued to work with the Nigeria Institute of Trypanosomiasis Research, Kaduna, to control the prevalence of tsetse flies/ trypanosomiasis in the DDP operational areas.

Sales and Marketing

In 2014 a number of initiatives were implemented to enhance the Company's visibility as a leading brand and sustain its leadership position in a rapidly changing environment. In July, during the World Cup Competition, the Company created an avenue for deeper connection between its consumers and the Super Eagles via the Peak 'Super Eagles' campaign. Thousands of consumers were activated and an inspiring commercial was broadcast to the nation. The Company, in furtherance of its commitment to share the goodness of milk, launched a value pack of Peak 850 grams sachet into the Nigerian market.

The rapid growth of Modern Trade has continued and your company is very well positioned to lead dairy in this growing segment. In 2014 sales in Modern Trade grew at a faster rate than the market.

To further strengthen the Company's marketing function and win in the stores, a Shopper Marketing Department was established to cater for the need of retailers and shoppers. In the course of the year, a project was initiated with the aim of strengthening the Route-to-Market (RTM) in General Trade. General Trade constitutes 90 per cent of the Nigerian Retail landscape. The RTM revolves around a new partnership model that will deliver significant benefits to distributors and enable FCWAMCO to win with shoppers and grow the business.

Due to the declining purchasing power of consumers, insecurity in the North and aggressive activities of competitors, the pressure on volumes persisted throughout the year. The price increase that was taken early in the year resulted in a value growth of 4 per cent, but volume was down by 4 per cent.

The Peak brand will be celebrating its 60th anniversary this year and the Company will take this opportunity to launch various initiatives geared towards improving the satisfaction of its consumers and thereby strengthening brand loyalty.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a vital part of FrieslandCampina WAMCO Nigeria's strategy. Creating shared value is a focal point in the Company's CSR agenda and, as such, the Company in 2014 partnered with the Nigerian Red Cross Society (NRCS) to help solve the challenges of hygiene and sanitation in the dairy farming communities under the Dairy Development Programme.

There are three overarching goals to this partnership:

- To improve sanitary and hygiene behavior of dairy farming communities in DDP area through education;
- To ensure that facilities provided are used and that community members take action to mitigate water and sanitation related diseases;
- To contribute to national efforts to reduce water-related morbidity and mortality

The Nigerian Red Cross Society is preferred for this partnership as they are the largest volunteer based NGO in the country. This alliance has already delivered trained community-based volunteers who have an interest in providing information and effecting a change in the attitude, practices and behavior of people in their communities. FCWAMCO Nigeria will continue to monitor the progress of this initiative and build on it.

Chairman's statement cont'd

Another key development has been the work we have done to provide reliable sources of water. As a result of the challenging situation with sourcing of clean water in the DDP area, hand pumps have been proffered as a reliable alternative where deep boreholes were not successful. A total of four hand pumps have been constructed for Ipapo, Owode, Adoawaye and Abogba communities in Oyo state to support the Dairy Development Programme.

Furthermore, your Company continued to donate milk and cash to the thirty charity homes and orphanages on its donation list. This support has been greatly welcomed. For example, the Company received a Heart of Gold Special Humanitarian Award for its immense and longstanding contribution to the Heart of Gold Hospices in Lagos during their 10th anniversary celebrations.

Six universities, namely: the University of Ibadan, Oyo State; University of Uyo, Akwa-Ibom State; Modibo Adama University of Technology Yola, Adamawa State; University of Maiduguri, Borno State; University of Nigeria Nsukka, Enugu State; Federal University of Technology, Minna, Niger State; received support for research in Food Science and Technology under the Company's Endowment Fund.

The 2014 World Milk Day presented yet another opportunity to share and create awareness with stakeholders on the goodness of milk. The Company, through the theme, "World Class Nutrition", encouraged school pupils to not only use milk as an addition to other foods, but to drink at least a cup of milk every day. About eight thousand (8,000) pupils were reached with the message. This educational campaign had a great impact and would be taken further in 2015.

Human Resources (HR)

In 2014, Management continued to focus on the Company's people strategy with the three key objectives of aligning employees around the Company's unique purpose; ensuring that pivotal positions and vacancies are filled by top performers and supporting the Company's change and transformation initiatives. In this regard, several rounds of employee engagement sessions, which provided opportunities for all staff groups and individuals to discuss Company-related issues with the Managing Director, Management Team (MT) and the HR team, were organized. Furthermore, HR was moved closer to our people by rolling out the HR Business Partnership Model (HRBP) and this allowed Management to focus on Culture, Organization, People and System (COPS) issues across the business. In addition, the Company's HR policies, procedures and transactional forms were posted on the intranet so that staff members could easily access them. Fifteen HR "klinik" sessions were held with MT members to discuss COPS topics related to each function. The HR leadership team also led some engagement sessions with different functional teams.

During the year under review, the Company maintained a harmonious industrial relations environment borne out of proactive employee engagement founded on mutual understanding, cooperation and mutual respect. To ensure closer alignment of staff to the Company's strategic direction, the Company's performance results and market challenges were shared with the staff association / unions and communicated more frequently with the generality of our staff.

In 2014, in addition to attracting required talent from outside, the Company continued with the development of its existing employees by ensuring that they attended relevant learning and development programs to upgrade their skills for higher performance. We also deployed best- in- class development assessment centers to identify competency gaps, the result of which gave us useful insights into possible interventions to cover identified gaps and accelerate the development of our employees.

The Management Team was also strengthened during the year with the arrival of Mr. Adewale Arikawe and Mr. Tarang Gupta, as Sales Director and Marketing Director respectively. We also increased the number of female staff in the Company by 18.2 per cent, compared to the previous years.

It is our expectation that 2015 would be a challenging year with new entrants into the local dairy market.

Chairman's statement cont'd

The Company will however remain alive to its responsibilities by continuing to support and co-lead the change and transformation work,and by developing and unleashing talents and motivating them towards the attainment of our desired objectives.

Board of Directors

Ms. Evelyn Oputu resigned from the Board with effect from 20 May 2014, following her retirement from the employment of the Bank of Industry as Managing Director. Mr. Rasheed Olaoluwa, the new Managing Director of the Bank of Industry was appointed to fill the vacancy that resulted from the resignation. Mallam Ahmed Dasuki also resigned from the Board on 21 May 2014.

Mr. Peter Eshikena resigned as the Managing Director of the Company with effect from 1 January 2015, to assume another position in the FrieslandCampina Group. He was subsequently appointed a Non-Executive Director of FrieslandCampina WAMCO Nigeria PLC. with effect from the same date. Following the resignation of Mr. Peter Eshikena as the Managing Director of the Company, Mr. Rahul Colaco was appointed the Managing Director of the Company with effect from 1 January 2015.

Please join me in appreciating Mr Eshikena's valuable contributions to the growth of the Company during his tenure as Managing Director; and in welcoming Mr. Rasheed Olaoluwa and Mr. Rahul Colaco to the Board of Directors.

Mr. Louis Mbanefo has indicated his intention to retire as a Director of the Company after this meeting, having attained the age of 70 years.

On your behalf, I wish to place on record our gratitude to Mallam Ahmed Dasuki, Ms. Oputu and Mr. Louis Mbanefo for their valuable contributions to the growth of the Company.

Shareholders' visit

Some shareholders visited the Company's factory premises in Ogba, Ikeja, in April 2014 at the invitation of the Company's Management. The visit provided an opportunity for closer and more relaxed interaction between shareholders and Management. It also provided the desired opportunity for shareholders to see first-hand the progress being made by the Company in terms of capacity expansion.

Outlook 2015

The year 2015 promises to be a tough one. Headwinds are expected from falling oil prices with its impact on Government earnings and consumer spending; austerity measures; tighter monetary and fiscal policies which aim to boost revenue through higher receipts from income tax and a stronger performance from private sector; the devaluation of naira and the rising inflation rate. It is therefore expected that the Nigerian business environment in 2015 will be challenging.

Furthermore, 2015 being an election year, it is anticipated that the lull in economic activities which started in the last months of 2014 will continue in the first half of 2015.

The Company will however continue to invest in its brands, capabilities and people to ensure that it maintains its leadership position in the market.

Thank you.

J.M. Ajekigbe, OFR
Chairman

Board of directors

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 Officer 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. 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 in 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.

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, Lagos Business School and International Graduate School of Management (IESE), Barcelona.

He is also an associate member of the Institute of Directors, the current Vice President, Manufacturers' Association of Nigeria (Lagos zone), Honorary National Treasurer, Manufacturers' Association of Nigeria, a member of Lagos Research and Development Council, a member of the Governing Board of the National Bureau of Statistics (NBS) and the General Overseer of The New Life Miracle Church.

Mrs. Oyinkan Ade-Ajayi
Non-Executive Director

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

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

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, Vice Chairman of MUSON, President of the Nigerian Maritime Law Association and a member of the Executive Council of the International Maritime Law Association representing Africa.

Mr. Rahul Colaco
Managing Director

Mr. Rahul Colaco is the Managing Director of FrieslandCampina WAMCO Nigeria Plc. He joined the Board as Managing Director on 1 January 2015. Prior to this appointment, he held the position of Managing Director, Dutch Lady Milk Industries, Kuala Lumpur, Malaysia, an operating company within the FrieslandCampina Group, which he joined in 2010 as Marketing Director. Before joining FrieslandCampina, he had held a number of different positions in Unilever in India, Italy and the Netherlands. He also worked in KPMG, Mumbai, India, where he started his career as Audit Senior.

Mr. Colaco holds a Bachelor of Commerce degree from Mumbai University, India, Chartered Accountancy professional qualification and a MBA degree from IMD, Lausanne Switzerland with distinction in leadership.

Mr. Peter Eshikena
Non-Executive Director

Mr. Peter Eshikena is the Managing Director of FrieslandCampina, Africa and the immediate past Managing Director of FrieslandCampina WAMCO Nigeria Plc. He joined the services of FrieslandCampina WAMCO Nigeria Plc 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, appointed as Managing Director on 1 September 2012 and appointed as a Non-Executive Director on 1 January 2015.

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 Lagos Business School and High Performance Leadership training at IMD, Lausanne Switzerland, among several other developmental courses.

Mr. Robert Steetskamp
Non-Executive Director

Mr. Robert Steetskamp is a Non-Executive 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 and in 2009 became the Managing Director of FrieslandCampina WAMCO Nigeria Plc.

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. 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. 't 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 is a graduate of MA Social Science from Leiden University and holds a General Management Diploma from Harvard Business School.

Mr. Rasheed Olaoluwa
Non-Executive Director

Mr. Rasheed Olaoluwa is a Non-Executive Director of FrieslandCampina WAMCO Nigeria Plc. He joined the Board of the Company as a Non-Executive Director on 25 November 2014.

Mr. Olaoluwa has over 27 years' experience in banking and financial services sector, playing senior and executive level roles in commercial and investment banking, Treasury Management, Financial Control and Strategic Management gained at reputable institutions such as KPMG, GTBank, Ecobank and UBA.

He was the pioneer Group CEO of UBA Capital Plc, a leading financial and investment services company. Prior to this, he was an Executive Director at the United Bank for Africa Plc (UBA), where he led the largest strategic business Directorate in the Banking Group. Rasheed was also the pioneer CEO of UBA Africa from 2007 to 2011, during which time he extended UBA's operations into 18 countries in Sub-Saharan Africa.

He holds a first class honours degree in Civil Engineering, an Associate Membership of the Institute of Chartered Accountants of Nigeria (ICAN) and an Executive MBA from International Graduate School of Management (IESE), Spain.

FEEDING FUTURE ASPIRATIONS

With a passion for nutritional development, we are a forerunner of numerous initiatives that help give life to our ambition of feeding future aspirations.

We started by adopting schools and giving endowments to tertiary institutions. The establishment of a sustainable Dairy Development Programme (DDP) followed afterwards.

The Olu Akinkugbe Nutrition Centre is another such initiative. This is a centre dedicated to providing nutrition information to mothers and the general public, through events such as the annual Nutrition Seminar and enlightenment advocacy (the Vitamin A Campaign in Nigeria).

Peak®

60th Anniversary

2014 Reports
& financial statements

Reports

Financial statements

Other information

Directors, professional advisers and registered office

Board of Directors:	Mr. Jacobs Moyo Ajekigbe, OFR	- Chairman
	Mr. Rahul Colaco (Indian)	- Managing Director
	Mr. Cees 't Hart (Dutch)	
	Mr. Gregory Sklikas (Greek)	
	Rev. Isaac Adefemi Agoye	
	Mr. Louis Nnamdi Mbanefo, SAN	
	Mrs. Oyinkan Ade-Ajayi	
	Mr. Peter Eshikena	
	Mr. Rasheed Olaoluwa	
	Mr. Robert Steetskamp (Dutch)	
Company Secretary:	Mrs. Bolade Obat-Olowu	
Registered Office:	Plot 7b Acme Road Ikeja Industrial Estate Ogba Ikeja Lagos +234 (01) 271 5100	
Registrars:	First Registrars Nigeria Limited Plot 2 Abebe Village Road Iganmu Lagos	
Solicitors:	T C Mbanefo & Co (Barristers & Solicitors) 5th Floor, Bankers House PC19, Adeola Hopewell Street Victoria Island, Lagos	
Independent Auditors:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos	
Principal Bankers:	Access Bank PLC Citibank Nigeria Limited Diamond Bank PLC First Bank of Nigeria PLC First City Monument Bank 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 2014

The directors have pleasure in presenting to members their report and the audited financial statements for the year ended 31 December 2014.

1 Legal form and principal activities

FrieslandCampina WAMCO Nigeria PLC was incorporated as a private limited liability company on 17 April 1973 and became a public limited liability company in 1990. The Company is principally engaged in the manufacturing and marketing of evaporated milk, instant milk powder and other dairy products. There was no change in the activities of the Company during the year.

2 State of affairs/subsequent events

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

3 Operating Results

The summary of the operating results is as follows:

in thousands of naira	2014	2013
Revenue	126,436,219	120,256,164
Profit before tax	16,499,920	19,312,554
Income tax	(5,768,642)	(6,243,033)
Profit after tax	10,731,278	13,069,521
Other comprehensive income, net	(452,250)	63,836
Total comprehensive income	10,279,028	13,133,357

4 Dividend

The Company paid an interim dividend of ₦3.91 per share in November 2014 and the Board of Directors has recommended a final dividend of ₦4.33 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 cash equivalents. If the proposed final dividend is accepted, the total dividend in respect of year 2014 operations will be ₦8.24 per share, amounting to 75% of the Company's PAT.

5 Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 12 to the financial statements.

Report of the directors cont'd
for the year ended 31 December 2014

6 Directors
The names of Directors at the date of this report and of those who held office during the year are as follows:

Mr. Jacobs Moyo Ajekigbe, OFR	-	Chairman
Mr. Rahul Colaco (Indian)	-	Managing Director (Appointed with effect 1 January 2015)
Rev. Isaac Adefemi Agoye		
Mrs. Oyinkan Ade-Ajayi		
Mallam Ahmed Dasuki		(Resigned with effect 21 May 2014)
Mr. Peter Eshikena		(Resigned as Managing Director and appointed as Non-executive director with effect 1 January 2015)
Mr. Cees 't Hart (Dutch)		
Mr. Louis Nnamdi Mbanefo, SAN		
Mr. Rasheed Olaoluwa		(Appointed with effect 25 November 2014)
Ms. Evelyn Ndali Oputu		(Resigned with effect 20 May 2014)
Mr. Freek Rijna (Dutch)		(Resigned with effect 5 March 2014)
Mr. Gregory Sklikas (Greek)		(Appointed with effect 5 March 2014)
Mr. Robert Steetskamp (Dutch)		

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

Mr. Jacobs Moyo Ajekigbe and Rev. Isaac Agoye, retire by rotation in accordance with Article 85 of the Company's Articles of Association and being eligible, offer themselves for re-election, Mr. Cees 't Hart also retires by rotation, but shall not be offering himself for re-election.

Mr. Rasheed Olaoluwa and Mr. Peter Eshikena who were appointed as Non- Executive Directors after the last Annual General Meeting retire in accordance with Article 91 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Ms. Evelyn Oputu and Mallam Ahmed Dasuki resigned from the Board effective from 20 May 2014 and 21 May 2014 respectively. We thank them for their immense contributions to the growth of the Company.

7 Directors' responsibilities
In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that period. The responsibilities include ensuring that:

- adequate accounting records are maintained;
- suitable accounting policies are consistently applied and that applicable accounting standards are followed;
- appropriate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

8 Directors interest in contracts

None of the Directors has notified the Company for the Purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004 of any disclosable interest in contracts with which the Company was involved as at 31 December 2014.

9 Interest of directors

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members is as follows:

	Number of ordinary shares held as at 31 Decmber	
	2014 ₦0.50 nominal value	2013 ₦0.50 nominal value
Mr. Jacobs Moyo Ajekigbe, OFR	1,250,000	1,250,000
Rev. Isaac Adefemi Agoye	1,400,002	1,400,002
Mrs. Oyinkan Ade-Ajayi	1,136,794	1,136,794
Mr. Peter Eshikena	47,306	47,306
Mr. Louis Nnamdi Mbanefo, SAN	1,581,150	1,626,562
Mr. Rahul Colaco	Nil	Nil
Mr. Robert Steetskamp	Nil	Nil
Mr. Rasheed Olaoluwa	Nil	Nil
Mr. Cees 't Hart	Nil	Nil
Mr. Gregory Sklikas	Nil	Nil

10 Corporate governance

a. Commitment

The Corporate Governance principles of the Company provides 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.

b. Board composition

As at 5 March 2015, the Board comprised of ten (10) Directors. The guiding principles of the Company's Corporate Governance are as follows:

- That delegation of authority by the owners to the Board and subsequently to Committees and Management 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.

c. Role of the board

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

d. Frequency and attendance of board 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 three times in the course of the year under review.

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

Name	No of Meetings Held	No of Meetings Attended
Mr. Jacobs Moyo Ajekigbe, OFR	3	3
Mr. Peter Eshikena	3	3
Rev. Isaac Adefemi Agoye	3	3
Mrs. Oyinkan Ade-Ajayi	3	3
Mallam Ahmed Dasuki (Resigned with effect 21 May 2014)	3	0
Mr. Cees 't Hart	3	1
Mr. Louis Nnamdi Mbanefo, SAN	3	3
Mr. Rasheed Olaoluwa (Appointed with effect 25 November 2014)	3	1
Ms. Evelyn Ndali Oputu (Resigned with effect 20 May 2014)	3	2
Mr. Gregory Sklikas (Appointed with effect 5 March 2014)	3	1
Mr. Robert Steetskamp	3	3

Board Meetings were held on 5 March 2014, 20 May 2014 and 25 November 2014.

e. Audit committee

The Audit Committee met four times during the year under review for meetings and four times for depot inspections. The meetings were held on 26 February 2014, 7 March 2014, 30 September 2014 and 26 November 2014.

i. Membership

Mr. Samuel S. Adebayo	(Shareholder)	Chairman
Sir. Sunday N. Nwosu	(Shareholder)	Member
Mr. Okwudili G. Emodi	(Shareholder)	Member
Mr. Louis Mbanefo	(Director)	Member
Rev. Isaac A. Agoye	(Director)	Member
Mr. Robert Steetskamp	(Director)	Member

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

Name	Number of Meetings Held	Number of Meetings Attended
Mr. Samuel S. Adebayo	4	4
Sir. Sunday N. Nwosu	4	3
Mr. Okwudili G. Emodi	4	4
Mr. Louis Mbanefo *	4	2
Rev. Isaac A. Agoye	4	4
Mr. Robert Steetskamp	4	3

* Appointed on 20 May 2014

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.

f. 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.

The members of the Management Team are:

1)	Mr. Rahul Colaco	Managing Director
2)	Mr. Adewale Arikawe	Sales Director (General Trade)
3)	Mr. Wilco van Dijken	Sales Director (Customer Development & Shopper Marketing)
4)	Mrs. Ore Famurewa	Corporate Affairs Director
5)	Mrs. Ilona Fulop	Finance Director
6)	Mr. Tominiyi Oni	Human Resources Director
7)	Mr. Tarang Gupta	Marketing Director
8)	Mr. Doyin Ashiru	Operations Director

g. Shareholders' participation

The Company is conscious of and promotes shareholders' rights. It continues to take necessary steps in ensuring same. The Board and the management significantly benefit from the contributions and advice of the shareholder members of the Audit Committee and the contributions of shareholders during the Company's organized shareholders' visits to its factory and at Annual General Meetings.

h. 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.

i. 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.

Report of the directors cont'd

for the year ended 31 December 2014

11 Employment of physically challenged persons

It is the policy of the Company to consider physically challenged persons for employment if academically and medically qualified. The Company had one physically challenged person in its employment as at 31 December 2014.

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 may be treated. There is an on-site clinic in our factory premises, manned by qualified medical personnel providing primary health care round the clock for employees at work. The Company complies with relevant statutory provisions and regulations on health, safety and welfare matters as well as providing the education required to enable compliance by employees. A week-long safety programme is organized every year, to get employees involved with matters of safety.

13 Consultation and training

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

	Number of shareholders	%	Number of shares	%
1 - 10,000	1,377	59.82	4,415,643	0.45
10,001 - 20,000	250	10.86	3,683,476	0.38
20,001 - 50,000	259	11.25	8,752,031	0.90
50,001 - 100,000	138	5.99	10,091,879	1.03
100,001 - 500,000	179	7.78	41,207,105	4.22
500,001 - 1,000,000	30	1.30	21,282,710	2.18
1,000,001 - 5,000,000	60	2.61	125,200,370	12.82
Above 5,000,000	9	0.39	761,702,722	78.02
	2,302	100	976,335,936	100.00
Nigerian public	2,300	99.92	316,258,004	32.39
Bank of Industry	1	0.04	127,184,030	13.03
FrieslandCampina Nigeria Holding B.V	1	0.04	532,893,902	54.58
	2,302	100	976,335,936	100

15 Suppliers

a 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

b 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 Know-how and licence agreements

The Company has a Know-How Licence and Trade mark Licence Agreement; a Research and Development Know-How Licence Agreement and a Dairy Development Agreement with Friesland Brands B.V., in the Netherlands.

Under the agreements, 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.

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 FrieslandCampina WAMCO Nigeria PLC.

The agreements are approved by the National Office for Technology Acquisition & Promotion (NOTAP).

17 Donations

In 2014, the Company made donations amounting to N18.43 million (2013: N104.25 million) as follows:

Charity donations	**Amount in Naira**
Motherless Babies Home, Uzuakoli, Abia State	299,524
SDA Motherless Home, Aba, Abia State	299,524
Chims Motherless Babies Home, Aba, Abia State	299,524
Ufon Abasi Orphanage, Akwa- Ibom State	299,524
St. Monica's Orphange, Lagos State	299,524
Little Saints Orphanage, Ikorodu, Lagos State	283,060
Besthsida Orphange, Ikachi, Benue State	283,060
Bert Torey Home for Mentally Handicapped Children, Zaria, Kaduna State	207,325
Child Care Trust Abuja	207,325
Hope Worldwide Ikorodu Road, Lagos State	207,325
Little Saints of the Poor, Enugu, Enugu State	207,325
Madonna School for the Handicapped, Okpanam, Delta State	207,325
Franciscan Sisters of Immaculate, Lekki, Lagos State	207,325
Marble House of Sarah Charity Home, Ibusa, Delta State	207,325
Old Peoples Home, Yaba, Lagos State	207,325
Oluyole Cheshire Home, Ibadan, Oyo State	207,325
Our Lady of Lourdes Maternity & Clinic, Ipetunmodu, Osun State	207,325

Our Lady's Hospital & Orphanage, Zawan, Plateau State	207,325
Samaritan Project, Ebute-Metta, Lagos State	207,325
Red Cross Yaba, Lagos State	207,325
Ovie Brume Foundation, Victoria Island, Lagos State	207,325
Heart of Gold Orphanage, Surulere, Lagos State	207,325
SOS Children's Village, Isolo, Lagos State	207,325
Marian Monastery, Enugu State	207,325
Dominican Sisters' College Abatete, Anambra State	207,325
Mother's Welfare Group, Asokoro, Abuja	207,325
Adonai Orphanage Home & Widow Centre, Kaduna State	207,325
Jesus Children Mission Outreach,Ibadan, Oyo State	207,325
Winnie's Castle of Love Orphanage Home, Ibadan, Oyo State	207,325
Compassionate Orphanage, Igando, Lagos State	207,325
	6,832,215
Water project	
Drilling of hand pumps in four DDP communities	1,000,000
Education Tertiary endowment	
University of Ibadan – Food Science & 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
Federal University of Tech. Yola – Dept of Food Science and Technology	1,100,000
	6,600,000
Sanitation and Hygiene Project in Partnership with Nigeria Red Cross Society	4,000,000
Total	18,432,215

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, Messrs. 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
16 March 2015

Statement of directors' responsibilities in relation to the financial statements

for the year ended 31 December 2014

The directors accept responsibility for the preparation of the annual financial statements set out on pages 34 to 74 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.

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
16 March 2015

Mr. Rahul Colaco
FRC/2015/MANUN/00000011260
16 March 2015

Report of the audit committee

to the members of FrieslandCampina WAMCO Nigeria PLC

In accordance with Section 359 (4) and (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we confirm that we have examined the Auditors' Report for the accounting year ended December 31, 2014 and hereby declare as follows:

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

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

Mr. S. S. Adebayo
Chairman, Audit Committee
FRC/2013/MANUN/00000002354

LAGOS, NIGERIA

Dated: 05 March 2015

MEMBERS OF THE COMMITTEE
Mr. S. S. Adebayo - Chairman
Sir. S. N. Nwosu, KSS GCOA MIoD
Mr. O. G. Emodi
Mr. R. J. Steetskamp
Mr. L. N. Mbanefo, SAN
Rev. I. A. Agoye

KPMG

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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 2014, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 74.

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 and in the manner 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.

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 about 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 of financial statements that give a true and fair view 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

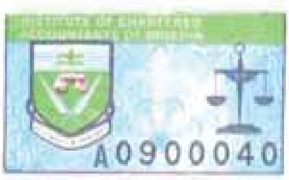
In our opinion, these financial statements give a true and fair view of the financial position of FrieslandCampina WAMCO Nigeria PLC ("the Company") as at 31 December 2014, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria.

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 statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:



Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
16 March 2015
Lagos, Nigeria

Statement of financial position

as at 31 December

In thousands of naira

	Note	2014	2013
Assets			
Property, plant and equipment	12	16,459,377	13,850,434
Intangible assets	13	77,163	101,815
Prepayments	14	148,451	147,125
Trade and other receivables	17	-	58,485
Total non-current assets		16,684,991	14,157,859
Inventories	16	19,993,070	14,440,448
Trade and other receivables	17	4,388,620	4,143,787
Prepayments	14	305,839	360,379
Cash and cash equivalents	18	8,543,707	16,500,732
Total current assets		33,231,236	35,445,346
Total assets		49,916,227	49,603,205
Equity			
Share capital	19(a)	488,168	488,168
Share premium	19(a)	350,211	350,211
Retained earnings		8,720,870	7,804,903
Total equity		9,559,249	8,643,282
Liabilities			
Employee benefit liabilities	20	3,965,520	2,520,881
Deferred tax liabilities	15	1,658,048	1,391,983
Total non-current liabilities		5,623,568	3,912,864
Current tax liabilities	10(c)	5,166,154	6,053,200
Trade and other payables	21	19,838,045	18,724,244
Loans and borrowings	22	9,729,211	12,269,615
Total current liabilities		34,733,410	37,047,059
Total liabilities		40,356,978	40,959,923
Total equity and liabilities		49,916,227	49,603,205

The financial statements were approved by the Board of Directors on 5 March 2015 and signed on its behalf by:

Jacobs Moyo Ajekigbe, OFR - Chairman
FRC/2013/IODN/00000002472

Mr. Rahul Colaco - Managing Director
FRC/2015/MANUN/00000011260

Additionally certified by:

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

The notes on pages 38 to 74 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2014

In thousands of naira

	Note	2014	2013
Revenue		126,436,219	120,256,164
Cost of sales	7	(97,505,943)	(92,364,739)
Gross profit		28,930,276	27,891,425
Other income		-	373,490
Selling and distribution expenses	7	(7,571,620)	(6,226,312)
Administrative expenses	7	(4,063,728)	(3,481,949)
Results from operating activities		17,294,928	18,556,654
Finance income		917,369	1,259,604
Finance costs		(1,712,377)	(503,704)
Net finance costs	6	(795,008)	755,900
Profit before tax	8	16,499,920	19,312,554
Income tax expense	10(a)	(5,768,642)	(6,243,033)
Profit for the year		10,731,278	13,069,521
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	20(b)	(646,071)	91,194
Related tax	10(b)	193,821	(27,358)
Other comprehensive income, net of tax		(452,250)	63,836
Total comprehensive income		10,279,028	13,133,357
Profit attributable to:			
Owners of the Company		10,731,278	13,069,521
Total comprehensive income attributable to:			
Owners of the Company		10,279,028	13,133,357
Earnings per share			
Basic and diluted earnings per share (Naira)	11	10.99	13.39

The notes on pages 38 to 74 are an integral part of these financial statements.

Statement of changes in equity

In thousands of naira

	Note	Attributable to owners of the Company Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2013		488,168	350,211	13,509,948	14,348,327
Total comprehensive income					
Profit		-	-	13,069,521	13,069,521
Other comprehensive income		-	-	63,836	63,836
Total comprehensive income		-	-	13,133,357	13,133,357
Transactions with owners of the Company					
Dividends	19 (b)	-	-	(18,838,402)	(18,838,402)
Total transactions with owners of the Company		-	-	(18,838,402)	(18,838,402)
Balance at 31 December 2013		488,168	350,211	7,804,903	8,643,282
Balance at 1 January 2014		488,168	350,211	7,804,903	8,643,282
Total comprehensive income					
Profit		-	-	10,731,278	10,731,278
Other comprehensive income		-	-	(452,250)	(452,250)
Total comprehensive income		-	-	10,279,028	10,279,028
Transactions with owners of the Company					
Dividends	19 (b)	-	-	(9,363,061)	(9,363,061)
Total transactions with owners of the Company		-	-	(9,363,061)	(9,363,061)
Balance at 31 December 2014		488,168	350,211	8,720,870	9,559,249

The notes on pages 38 to 74 are an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2014

In thousands of naira

	Note	2014	2013
Cash flows from operating activities			
Profit		10,731,278	13,069,521
Adjustments for:			
Tax expense	10(a)	5,768,642	6,243,033
Depreciation	12	988,117	863,958
Amortisation	13	24,652	31,327
Impairment loss on property, plant and equipment	12	86,000	-
Impairment of export expansion grant		884,163	-
Long service award expense	20(a)	82,041	12,086
Gratuity expense	20(b)	750,649	529,913
Net (loss)/gain on foreign exchange transactions	6	(327,947)	47,838
Net finance costs	6	795,008	(755,900)
Loss on disposal of property, plant and equipment		16,469	89,537
		19,799,072	20,131,313
Changes in:			
Inventories		(5,552,622)	(314,237)
Trade and other receivables*		(1,396,924)	(1,657,767)
Prepayments		54,540	(13,223)
Trade and other payables **		2,845,217	(3,678,414)
Non current prepayments		(1,326)	(100,348)
Non current receivables		58,485	44,693
Cash generated from operating activities		15,806,442	14,412,017
Income tax paid	10(c)	(5,927,874)	(6,647,536)
VAT paid		(1,787,349)	(1,926,282)
Long service award paid	20(a)	(23,297)	(35,286)
Defined benefits paid	20(b)	(10,825)	(109,577)
Net cash from operating activities		8,057,097	5,693,336
Cash flows from investing activities			
Interest received	6	917,369	1,211,766
Proceeds from sale of property, plant and equipment		19,592	205,727
Acquisition of property, plant and equipment	12	(3,719,121)	(4,501,339)
Net cash used in investing activities		(2,782,160)	(3,083,846)
Cash flows from financing activities			
Interest paid	6	(1,384,430)	(503,704)
Dividends paid	19(b)	(9,307,128)	(18,808,962)
Borrowings obtained		9,729,211	12,269,615
Repayments of borrowings		(12,269,615)	-
Net cash used in financing activities		(13,231,962)	(7,043,051)
Net decrease in cash and cash equivalents		(7,957,025)	(4,433,561)
Cash and cash equivalents at 1 January	18	16,500,732	20,934,293
Cash and cash equivalents at 31 December	18	8,543,707	16,500,732

*Change in trade and other receivables has been adjusted for the effect of the write off of Export Expansion Grant and WHT credit notes utilised.
**Change in trade and other payables has been adjusted for the effect of movements in dividend and VAT payable.

The notes on pages 38 to 74 are an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2014

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 a public limited liability company in 1990.

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 accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's Board of Directors on 5 March 2015.

Details of the Company's accounting policies, including changes during the year, are included in Note 3.

(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 of the obligation (refer to 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.

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

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 translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on the settlement of monetary assets and liabilities are recognised in profit or loss in the period which they arise.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was measured. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

b) Financial instruments

I. Non-derivative financial assets

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

Notes to the financial statements cont'd

for the year ended 31 December 2014

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 realize the asset and settle the liability simultaneously.

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. 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.

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 and 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.

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 accordingly.

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.

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	25 years
• Buildings	25 years
• Plant and machinery	
- Workshop machinery	20 years
- Filling and packaging machinery/lines	10 years
- Labelling,box packers and palletizers	15 years
- Utilities and other plant and machinery	13 years
• Motor vehicles	5 years
• Furniture, fittings and tools	5 years

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 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. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

II 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.

III. 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 are classified as inventory and are recognised in the profit and loss account as consumed.

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

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").

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 a minimum of 8% each of the relevant emoluments to the fund on a monthly basis while the Company also contributes 10.5%.

II. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately 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 by discounting to determine its present value. 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.

IV. Terminational benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

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

i. Sale of goods

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, the associated costs and possible return of goods can be estimated reliably, 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.

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 Company 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.

Deferred tax is not recognized for the following temporary differences:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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) Government grants
Government grants relating to export sales are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

q) 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.

r) 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.

s) Statement of cash flows
The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

t) 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, 2014 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)
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

IFRS 9 are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of these standards is expected to have an impact on the Company's financial assets and liabilities.

4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the 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 estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 5 - Revenue: 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, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

b) Assumptions and estimations uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 is included in the following notes:

- Note 20 - Measurement of defined benefits obligation: key actuarial assumptions;

- Note 25 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

i. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 23 - financial instruments

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.

Notes to the financial statements cont'd
for the year ended 31 December 2014

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

In thousands of naira	2014	2013
Local	124,710,604	118,817,017
Export (Note 26 (d) (ii)	1,725,615	1,439,147
	126,436,219	120,256,164

6 Finance Income and Finance Cost

In thousands of naira	2014	2013
Interest income on short term deposit	917,369	1,211,766
Foreign exchange gain, net	-	47,838
Finance Income	917,369	1,259,604
Financial liabilities measured at amortised cost - interest expense	(1,384,430)	(503,704)
Foreign exchange loss, net	(327,947)	-
Finance costs	(1,712,377)	(503,704)
Net finance costs	(795,008)	755,900

7 Income and expenses
a) Analysis of expenses by nature

In thousands of naira		2014	2013
Changes in inventories of finished goods		(4,433,211)	(6,428,957)
Finished goods, raw materials and consumables		90,456,438	88,807,742
Transportation cost		2,095,546	2,161,807
Technical service and royalty expenses		3,307,946	3,228,247
Advertisement and promotion costs		2,220,097	2,285,821
Market research expenses		186,126	129,346
Agency personnel cost		591,786	509,194
Employee benefit expenses		7,528,925	5,902,498
Directors' fees		36,799	33,835
Depreciation		988,117	863,958
Amortisation	13	24,652	31,327
Impairment of Property Plant and Equipment		86,000	-
Equipment and machinery rental		220,143	112,218
Operating lease rentals		590,895	213,761
Professional fees		229,860	165,883
Maintenance		1,090,575	1,376,927
Fuel and gas expenses		728,674	737,949
Meetings and conference expenses		153,215	158,260
Travels and hotel expenses		242,767	251,220
Impairment of Export expansion grant		884,163	-
Information and Communications Technology (ICT) expenses		491,015	287,916
Insurance expenses		270,275	267,508
Security expenses		121,375	114,256
Bank charges		15,111	20,763
Others (i)		1,014,002	841,521
Total cost of sales, selling, distribution and administrative expenses		109,141,291	102,073,000
Summarised as follows:			
Cost of sales		97,505,943	92,364,739
Selling and distribution expenses		7,571,620	6,226,312
Administrative expenses		4,063,728	3,481,949
		109,141,291	102,073,000

(i) Others represent other miscellaneous expenses incurred during the year.

8 Profit before tax

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

In thousands of naira	Note	2014	2013
Amortisation of intangible assets	13	24,652	31,327
Auditor's remuneration		12,613	12,783
Depreciation of property, plant and equipment	12	988,117	863,958
Impairment of PPE	12	86,000	-
Non-executive directors' remuneration	9(c)	36,799	33,835
Impairment of Export expansion grant receivable		884,163	-
Export expansion grant income		-	(373,490)
Loss on disposal of property, plant and equipment		16,469	89,537
Operating lease rentals - Business premises		399,726	143,462
- Employee accommodation		191,169	70,299
Employee benefit expenses	9(a)	7,528,925	5,902,498
Technical service and royalty expenses	26(d)(i)	3,307,946	3,186,432

9 Employee benefit expenses

(a) Employee benefit expenses for the year comprise of the following:

In thousands of naira		2014	2013
Salaries, wages and allowances		6,428,321	5,122,908
Contributions to compulsory pension fund scheme		267,914	223,198
Defined benefit plan and long term employee benefits expenses	20(c)	832,690	556,392
		7,528,925	5,902,498

(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:

₦		₦	2014 Number	2013 Number
760,001	-	810,000	-	16
810,001	-	890,000	6	-
890,001	-	990,000	23	20
990,001	-	1,090,000	50	57
1,090,001	-	1,190,000	19	31
1,190,001	-	1,290,000	62	73
1,290,001	-	1,390,000	61	143
1,390,001	-	1,490,000	116	164
1,490,001	-	1,590,000	174	96
1,590,001 and above			333	229
			844	829

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

	2014 Number	2013 Number
Production	478	485
Supply Chain	63	44
Sales and Marketing	139	134
General Administration	164	166
	844	829

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

In thousands of naira	2014	2013
Directors' fees	36,799	33,835
Remuneration to executive director	29,869	26,362
	66,668	60,197

The directors' remuneration shown above includes:

In thousands of naira		
Chairman	3,588	3,915
Highest paid director	29,869	26,362

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

₦		₦	2014 Number	2013 Number
3,000,000	-	4,000,000	8	8

10 Income taxes

(a) Amounts recognised in profit or loss

In thousands of naira	2014	2013
Current tax expense		
Current year tax	4,920,517	5,636,145
Current year tertiary education tax	388,239	417,055
Prior year under provision	-	587,273
	5,308,756	6,640,473
Deferred tax expense		
Origination and reversal of temporary differences (Note 15)	459,886	(397,440)
Total income tax expense recognised in profit or loss	5,768,642	6,243,033

(b) Amounts recognised directly in other comprehensive income

In thousands of naira	2014	2013
Remeasurement of defined benefit liability (Note 20(b))	646,071	(91,194)
Tax (expense)/benefit	(193,821)	27,358
	452,250	(63,836)

(c) Current tax liabilities

In thousands of naira	2014	2013
Movement in current tax liabilities during the year was as follows		
At 1 January	6,053,200	6,060,263
Current tax expense (Note 10(a))	5,308,756	6,640,473
Payments in the year	(5,927,874)	(6,647,536)
WHT credit notes utilised	(267,928)	-
At 31 December	5,166,154	6,053,200

Notes to the financial statements cont'd

for the year ended 31 December 2014

(d) Reconciliation of effective tax rate

In thousands of naira	2014	2014	2013	2013
Profit before tax		16,499,920		19,312,554
Tax using the Company's domestic tax rate	30.00%	4,949,976	30.00%	5,793,766
Tertiary education tax	2.35%	388,239	2.16%	417,055
Tax effect of:				
Non deductible expenses	2.29%	378,631	0.51%	99,045
Exempt income	0.00%		-0.47%	(91,621)
Prior year under provision	0.70%	115,410	3.04%	587,273
Change in recognised deductable temporary differences	0.00%	210	-2.68%	(518,302)
Tax incentive	-0.39%	(63,824)	-0.23%	(44,183)
	34.95%	5,768,642	32.33%	6,243,033

11 Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the profit attributable to ordinary shareholders of ₦10,731,278,000 (2013: ₦13,069,521,000) and the weighted average number of ordinary shares outstanding of 976,335,938 (2013: 976,335,938).

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

12 Property, plant and equipment

(a) Reconciliation of carrying amount:

In thousands of naira	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Tools	Assets under construction	Total
Cost						
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
Balance at 1 January 2014	4,037,917	10,158,993	960,744	675,703	4,150,524	19,983,881
Additions	850,267	220,294	415,924	122,768	2,109,868	3,719,121
Disposals	-	(8,020)	(69,732)	(45,587)	-	(123,339)
Impairment loss	-	(86,000)	-	-	-	(86,000)
Transfers	1,654,154	2,027,903	-	221,655	(3,903,712)	-
Balance at 31 December 2014	6,542,338	12,313,170	1,306,936	974,539	2,356,680	23,493,663
Depreciation						
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)
Balance at 31 December 2013	855,645	4,436,314	484,242	357,246	-	6,133,447
Balance at 1 January 2014	855,645	4,436,314	484,242	357,246	-	6,133,447
Depreciation for the year	200,902	555,070	126,715	105,430	-	988,117
Disposals	-	(1,955)	(43,982)	(41,341)	-	(87,278)
At 31 December 2014	1,056,547	4,989,429	566,975	421,335	-	7,034,286
Carrying amounts						
At 31 December 2013	3,182,272	5,722,679	476,502	318,457	4,150,524	13,850,434
At 31 December 2014	5,485,791	7,323,741	739,961	553,204	2,356,680	16,459,377

(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	2014	2013
Buildings	1,115,219	349,603
Plant and machinery	994,649	2,379,303
	2,109,868	2,728,906

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

No borrowing costs were capitalised in the current year (2013: Nil) as the assets were not funded through borrowings.

(c) Capital commitments
The approved capital expenditure already committed as at reporting date was ₦1.54 billion (2013: ₦3.27 billion). 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 (2013: 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	2014	2013
Cost	1,607,967	1,550,450
Accumulated depreciation	(203,512)	(281,900)
Carrying amount	1,404,455	1,268,550

(f) Impairment loss
During the year, a negative contribution was noted due to the idle capacity in the Low Unit Product Pack (LUPP) line. Accordingly, management estimated the recoverable amount of the product line which was estimated based on its value in use. The estimate of value in use was determined using a pre tax average discount rate of 18% (2013:Nil) and a terminal value growth rate of 7% from 2018 (2013: Nil).

Notes to the financial statements cont'd

for the year ended 31 December 2014

13 Intangible assets

The movement in intangible assets (software) for the year was as follows:

In thousands of naira	2014	2013
Cost		
Balance at 1 January	156,637	156,637
Additions	-	-
Balance at 31 December	156,637	156,637
Amortisation and impairment losses		
Balance at 1 January	54,822	23,495
Amortisation for the year	24,652	31,327
Balance at 31 December	79,474	54,822
Carrying amounts		
At 1 January	101,815	133,142
At 31 December	77,163	101,815

14 Prepayments

In thousands of naira	2014	2013
Employee accommodation	295,325	194,751
Business premises	158,965	312,753
	454,290	507,504
Non current prepayments	148,451	147,125
Current prepayments	305,839	360,379
	454,290	507,504

15 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities		**Assets**		**Net liability/(asset)**	
In thousands of naira	**31-Dec-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Property, plant and equipment	2,796,013	2,148,247	-	-	2,796,013	2,148,247
Employee benefits			(1,137,965)	(756,264)	(1,137,965)	(756,264)
Tax (asset)/liabilities	2,796,013	2,148,247	(1,137,965)	(756,264)	1,658,048	1,391,983

Movement in temporary differences during the year

In thousands of naira	**Balance 1 January 2013**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance 31 December 2013**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance 31 December 2014**
Property, plant and equipment	2,426,547	(278,300)	-	2,148,247	647,766	-	2,796,013
Employee benefits	(664,482)	(119,140)	27,358	(756,264)	(187,880)	(193,821)	(1,137,965)
	1,762,065	(397,440)	27,358	1,391,983	459,886	(193,821)	1,658,048

16 Inventories

In thousands of naira	2014	2013
Raw and packaging materials	5,297,417	3,508,322
Finished goods	5,835,489	4,094,449
Goods in transit	7,616,042	5,772,706
Spare parts and tools	1,244,122	1,064,971
	19,993,070	14,440,448
Inventories are stated after deducting an allowance for obsolescence amounting to:	92,189	1,863,304

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 ₦87.74 billion (2013: ₦82.6 billion).

17 Trade and other receivables

In thousands of naira	2014	2013
Trade receivables	1,851,254	826,175
Insurance claim receivable	-	2,351
Loans to key management personnel	31,043	39,504
Deposit with registrars for dividends	151,305	95,372
Due from related parties (Note 26(d)(ii))	854,782	1,381,610
Other receivables	1,500,236	1,013,097
Loans and receivables	4,388,620	3,358,109
Export expansion grant receivable (Note i)	-	844,163
	4,388,620	4,202,272
Non current receivables	-	58,485
Trade and other receivables	4,388,261	4,143,787
	4,388,621	4,202,272

i. Export expansion grants receivable have not been recognised at year-end due to uncertainty regarding the timing and amount of receipts. In the same vein, management has written off the full receivable amount of ₦844 million due to the uncertainty of utilisation of the certificates to offset import and export duties as there is no reasonable assurance that the grant will be received.

The Company's exposure to credit and currency risks, and impairment losses related to loans and receivables are disclosed in Note 23.

18 Cash and cash equivalents

In thousands of naira	2014	2013
Bank balances	2,442,034	822,811
Short term deposits held with banks	6,101,673	15,677,921
	8,543,707	16,500,732

The Company's exposure to credit and currency risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

Notes to the financial statements cont'd

for the year ended 31 December 2014

19 Capital and reserves

(a) Ordinary shares and share premium

(i) Authorised ordinary shares of N0.50 each

In thousands of shares	2014	2013
At 1 January	1,000,000	1,000,000
At 31 December	1,000,000	1,000,000

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

In thousands of shares	2014	2013
In issue at 1 January	976,336	976,336
In issue at 31 December	976,336	976,336
Nominal value (in thousands of naira)	488,168	488,168
The premium on the issued ordinary shares is as follows: Share premium (in thousands of naira)	350,211	350,211

Holders of these 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.

(b) Dividend payable

The movement in dividend payable is as follows:

In thousands of naira		2014	2013
At 1 January		95,372	65,932
Prior year declared dividend		5,545,588	11,248,089
Interim dividend		3,817,473	7,590,313
Payments		(9,307,128)	(18,808,962)
At 31 December	Note 21	151,305	95,372

20 Employee benefit liabilities

In thousands of naira	*Note*	2014	2013
Liability for long service awards		516,057	457,313
Defined benefit liability		3,449,463	2,063,568
		3,965,520	2,520,881

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 gratuity and long service award benefits obligations are based on independent actuarial valuations by HR Nigeria Limited.

These liabilities expose the Company to actuarial risks, such as longevity risk and interest rate risk.

(a) Movement in the liability for long service awards

In thousands of naira	Note	2014	2013
Balance at 1 January		457,313	480,513
Included in profit or loss			
Current service cost		55,232	57,798
Interest cost		61,796	59,875
Actuarial loss/(gain)		(34,987)	(105,587)
		82,041	12,086
Other			
Benefit paid		(23,297)	(35,286)
Balance at 31 December	7	516,057	457,313

(b) Movement in defined benefit liability

In thousands of naira		2014	2013
Balance at 1 January		2,063,568	1,734,426
Included in profit or loss			
Current service cost		346,982	277,897
Interest cost		403,667	252,016
		750,649	529,913
Included in other comprehensive income (OCI)			
Actuarial loss/(gain)	10 (b)	646,071	(91,194)
Other			
Benefits paid		(10,825)	(109,577)
Balance at 31 December		3,449,463	2,063,568

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

In thousands of Naira	2014	2013
Cumulative amount at 1 January	(210,451)	(119,257)
Loss/(Gain) recognised during the year	646,071	91,194
Cumulative amount at 31 December	435,620	(210,451)

(d) Actuarial assumptions

The following were the actuarial assumptions at the reporting date (expressed as weighted averages)

	2014	2013
Long-term Average Discount rate (p.a.)	15%	14%
Long-term Average Future Pay Increase (p.a.)	12%	12%
Long-term Average Future Rate of Inflation (p.a.)	9%	9%
Long-term Average Future Rate of Interest Credit (p.a.)	15%	10%

Assumptions regarding future mortality and withdrawal rates are shown below:

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	2014	2013
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from Service

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

Age Band	Rate	
	2014	2013
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

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:

		Defined benefit liability		Liability for long service awards	
	Rate	2014	2013	2014	2013
Discount rate	-1%	3,320,609	2,392,253	481,696	496,405
	1%	3,158,785	1,944,002	555,458	422,959
Salary increase rate	-1%	3,235,484	2,075,468	545,278	432,070
	1%	3,233,912	2,235,869	490,281	485,552
Inflation rate	-1%	-	-	530,126	445,138
	1%	-	-	504,123	471,143
Mortality	Age rated up by 1 year	3,234,745	2,136,016	514,268	455,681
	Age rated down by 1 year	3,158,785	2,168,878	518,206	458,955

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21 Trade and other payables

In thousands of naira	Note	2014	2013
Trade payables		7,715,176	13,747,289
Other payables and accrued expenses		2,165,770	2,202,728
Trade payables due to related parties	26(d)(i)	9,805,794	2,678,855
Dividend payable	19(b)	151,305	95,372
		19,838,045	18,724,244

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

22 Loans and borrowings

Borrowings amounting to ₦9.73 billion represents the invoice amount paid on behalf of the Company by GMT Nigeria Limited for the purchase of finished goods and raw materials. The Company engaged GMT, a logistics provider to assist with the importation and clearing of certain raw materials and finished goods. Payment is to be made within seven (7) days from the invoice date. Interest rate is charged at 16% for the Naira line and 4.75% for the US dollar facility line.

23 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

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 Company has no significant concentration of credit risk, with exposure spread over a large number of parties. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The carrying amount of financial assets represents the maximum credit exposure.

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 carrying amount of loans and receivables at the reporting date represents the maximum credit exposure.

One of the Company's most significant customers accounted for ₦524 million of the trade receivables carrying amount at 31 December, 2014 (2013: ₦559 million).

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

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

	Carrying amount	
In thousands of naira	2014	2013
Less than 0-30 days (Not due)	4,388,620	3,358,109
	4,388,620	3,358,109

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 2014 (2013: nil). 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.

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 sells 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 ₦12.3 billion and USD30.2 million respectively. Total facility utilized as at year end amounted to ₦51.98 million (2013:nil).

Liquidity analysis

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

2014

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	(19,838,045)	(19,838,045)	(19,838,045)	-	-	-
Loans and borrowings	(9,729,211)	(9,729,211)	(9,729,211)	-	-	-
	(29,567,256)	(29,567,256)	(29,567,256)	-	-	-

2013

In thousands of naira	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12**	**1-2 years**	**2-5years months**
Non-derivative financial liabilities						
Trade and other payables	(18,724,244)	(18,724,244)	(18,724,244)	-	-	-
Loans and borrowings	(12,269,615)	(12,269,615)	(12,269,615)	-	-	-
	(30,993,859)	(30,993,859)	(30,993,859)	-	-	-

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

(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.

ii. 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:

	2014		2013	
Amounts in thousands	Euro	USD	Euro	USD
Cash and cash equivalents	1	16,634	1,504	103
Trade and other receivables	2,094	2,137	-	-
Trade and other payables	(4,187)	(37,047)	(2,755)	(134,698)
Net exposure	(2,092)	(18,276)	(1,251)	(134,595)

The following significant exchange rates applied during the year;

	Average rate		Year end spot rate	
	2014	2013	2014	2013
Euro	219.18	211.58	221.40	219.81
United states dollar (USD)	164.97	159.35	186.00	159.94

iii. Sensitivity analysis

A 10 percent (2013:5 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/(decreased) 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.

Effect in thousands of Naira	2014		2013	
	Equity	Profit or (loss)	Equity	Profit or (loss)
Euro	-	(46,317)	-	(16,094)
USD	-	(334,934)	-	(102,307)

A 10 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.

(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	2014	2013
Short term deposits - financial assets	6,101,673	15,677,921

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 2013. The change would not affect equity.

	2014		2013 Profit or loss	
	100 BP decrease	100 BP decrease	100 BP increase	100 BP decrease
Variable rate instruments	42,712	(42,712)	109,745	(109,745)
Cash flow sensitivity (net)	42,712	(42,712)	109,745	(109,745)

(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 2014 Carrying amount	Fair value	31 December 2013 Carrying amount	Fair value
Assets carried at amortised cost				
Long term receivables	-	-	58,485	52,219
Loans and receivables	4,388,620	4,388,620	3,299,624	3,299,624
Cash and cash equivalents	8,543,707	8,543,707	16,500,732	16,500,732
	12,932,327	12,932,327	19,858,841	19,852,575
Liabilities carried at amortised cost				
Trade and other payables	(19,838,045)	(19,838,045)	(18,724,244)	(18,724,244)
Loans and payables	(9,729,211)	(9,729,211)	(12,269,615)	(12,269,615)
	(29,567,256)	(29,567,256)	(30,993,859)	(30,993,859)

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.

(f) 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	2014	2013
Total liabilities	40,356,619	40,959,923
Cash and cash equivalents	(8,543,707)	(16,500,732)
Net debt	31,813,271	24,459,191
Total equity	9,559,249	8,643,282
Debt to capital ratio at December 31	3.33	2.83

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.

24 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.

25 Contingencies

(a) Guarantees

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

In thousands of naira	2014	2013
Staff car loans	86,591	77,013
Staff housing loans	283,029	229,891

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.

(b) 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 (2013:₦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.

26 Related parties

(a) Parent and ultimate controlling party

The parent and ultimate controlling party of the Company is FrieslandCampina Nigeria Holding 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 2014 amounted to nil (2013: ₦6.59 million). Repayment periods vary and some of the loans are interest free. At 31 December 2014, the balance outstanding was ₦31.04 million (2013: ₦39.50 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	2014	2013
Short-term employee benefits	99,822	60,172
Contribution to compulsory pension fund scheme	9,734	5,315
Long-term employee benefits	11,743	7,401
	121,300	72,888

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 0.85 percent (2013: 0.84 percent of the Company's issued share capital.

(d) Other related party transactions

(i) Payables, purchases and royalty expense

In thousands of naira	Nature of transaction	Transaction value for the year		Balance outstanding at year-end	
Related Party		2014	2013	2014	2013
Friesland Brands B.V., Netherlands	Royalty expense (Note (e)(i),7)	3,307,946	3,186,432	789,710	1,782,709
FrieslandCampina B.V., Netherlands	Purchases (Note (e)(ii))	19,314,154	11,354,824	9,014,616	858,351
FrieslandCampina Support Centre Asia and Pacific, Malaysia	Technical support (Note (e)(iv))	436,871	123,532	1,468	37,795
		23,058,971	14,664,788	9,805,794	2,678,855

(ii) Receivables and sales

In thousands of naira	Nature of transaction	Transaction value		Balance outstanding at for the year year-end (Note 17)	
		2014	2013	2014	2013
Friesland Export West Africa, Netherlands	Sales (Note (e) (iii), 5)	1,725,615	1,439,147	1,526	200,772
FrieslandCampina B.V, Netherlands	Limited risk distribution transaction (Note (e) (ii), 16)	1,834,478	1,180,838	853,256	1,180,838
		3,560,093	2,619,985	854,782	1,381,610

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 ₦3.31 billion (2013: ₦3.19 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.

(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.

(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.

27 Changes in presentation

To enhance the inter-period comparability of information, changes were made to the presentation of certain items in the financial statements.Accordingly, comparative figures were reclassified. Find below the nature of the changes;

(a) Statement of profit or loss and other comprehensive income

	Prior presentation (31 December 2013)	Reclassification	Current presentation (31 December 2013)
In thousands of naira			
Finance costs	(371)	(505,333)	(505,704)
Cost of sales	(92,868,072)	505,333	(92,362,739)
	(92,868,443)	-	(92,868,443)

In thousands of naira	Prior presentation (1 January 2013)	Reclassification	Current presentation (1 January 2013)
Finance costs	(60,869)	(455,078)	(515,947)
Cost of sales	(82,741,503)	455,078	(82,286,425)
	(82,802,372)	-	(82,802,372)

(b) Statement of financial position

In thousands of naira	Prior presentation (31 December 2013)	Reclassification	Current presentation (2013)
Trade and other payables	30,993,859	(34,733,410)	(3,739,551)
Loans and borrowings	-	34,733,410	34,733,410
	30,993,859	-	30,993,859

In thousands of naira	Prior presentation (1 January 2013)	Reclassification	Current presentation (1 January 2013)
Trade and other payables	24,299,500	(8,540,115)	15,759,385
Loans and borrowings	-	8,540,115	8,540,115
	24,299,500	-	24,299,500

28 Subsequent events

Subsequent to the reporting date, the Board of Directors recommended a dividend of ₦4.33 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 2014 that have not adequately been provided for or disclosed in the financial statements.

Other information

Value added statement

for the year ended 31 December 2014

In thousands of naira	2014	%	2013	%
Revenue	126,436,219		120,256,164	
Brought in materials and services				
- Local	(29,272,605)		(23,279,635)	
- Imported	(71,375,119)		(70,743,300)	
	25,788,495		26,233,229	
Finance Income	917,369		-	
Value Added	26,705,864	100	28,281,324	100
Distribution of Value Added:				
To Government:				
- Government as taxes	5,768,642	22	6,270,391	22
To Employees:				
- Employees as wages and salaries and end of service benefits	7,528,925	28	5,902,498	21
To Providers of finance:				
- Finance costs	1,384,430	5	371	-
- Interim Dividends	3,817,473	14	7,590,313	27
Retained in the business:				
- Depreciation of tangible assets	988,117	4	895,285	3
- Amortisation of intangible assets	24,652	-	31,327	-
- Impairment loss on tangible assets	86,000	-	-	-
- Proposed final dividend	7,078,436	27	5,545,588	20
- To augment reserves	29,189	-	2,045,551	7
	26,705,864	100	28,281,324	100

Financial summary

In thousands of naira	2014	2013	2012	2011
Statement of Financial Position				
Share Capital	488,168	488,168	488,168	488,168
Share Premium	350,211	350,211	350,211	350,211
Retained Earnings	8,720,870	7,804,903	13,509,948	10,702,283
Total equity	9,559,249	8,643,282	14,348,327	11,540,662
Current liabilities	34,733,410	37,047,059	30,359,763	26,697,508
Non-current liabilities	5,623,568	3,912,864	3,977,004	3,020,477
	49,916,227	49,603,205	48,685,094	41,258,647
Asset Employed				
Non-current assets	16,684,991	14,157,859	10,791,414	9,496,859
Current assets	33,231,236	35,445,346	37,893,680	31,761,788
	49,916,227	49,603,205	48,685,094	41,258,647

	2014	2013	2012
Statement of Profit or Loss and other comprehensive income			
In thousands of naira			
Revenue	126,436,219	120,256,164	111,120,828
Profit before tax	16,499,920	19,312,554	20,374,154
Profit for the year	10,731,278	13,069,521	13,716,702
Other comprehensive income, net of tax	(452,250)	63,836	11,280
Per N1 share data:			
Basic earnings per share	10.99	13.39	14.05

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information relating to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

THE FUTURE IS BRIGHT

Armed with a solid mission and dedication, we believe that our consumers are fortified with the right products and initiatives for a brighter future.

There is no doubt that we will continue in our commitment to quality service delivery and our focus on feeding future aspirations.

So here is to 60 years of nourishing dreams and inspiring the future. The future is bright, reach for your Peak.


NEW
Peak
850g
BIG PACK
BIG DEAL
VALUEPACK
Peak
EXTRA FORTIFIED
28
INSTANT FULL CREAM
Milk Powder
Rich & Creamy

Proxy form

FrieslandCampina WAMCO Nigeria PLC

42nd Annual General Meeting to be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos on Tuesday, 19 May 2015 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, 2015 and at any adjournment thereof.

Dated this...........day of...................2015.

Signature..
*Delete as necessary

No. of Shares			
Resolutions	**For**	**Against**	**Withheld**
To declare a final Dividend			
To re-elect as Director, Mr. Jacobs Moyo Ajekigbe			
To re-elect as Director, Rev. Isaac Agoye			
To re-elect as Director, Mr. Rasheed Olaoluwa			
To re-elect as Director, Mr. Peter Eshikena			
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.

Admission slip

FrieslandCampina WAMCO Nigeria PLC

42nd Annual General Meeting to be held at the Shell Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos on Tuesday, 19 May 2015 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.

FrieslandCampina WAMCO

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

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

FrieslandCampina WAMCO

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

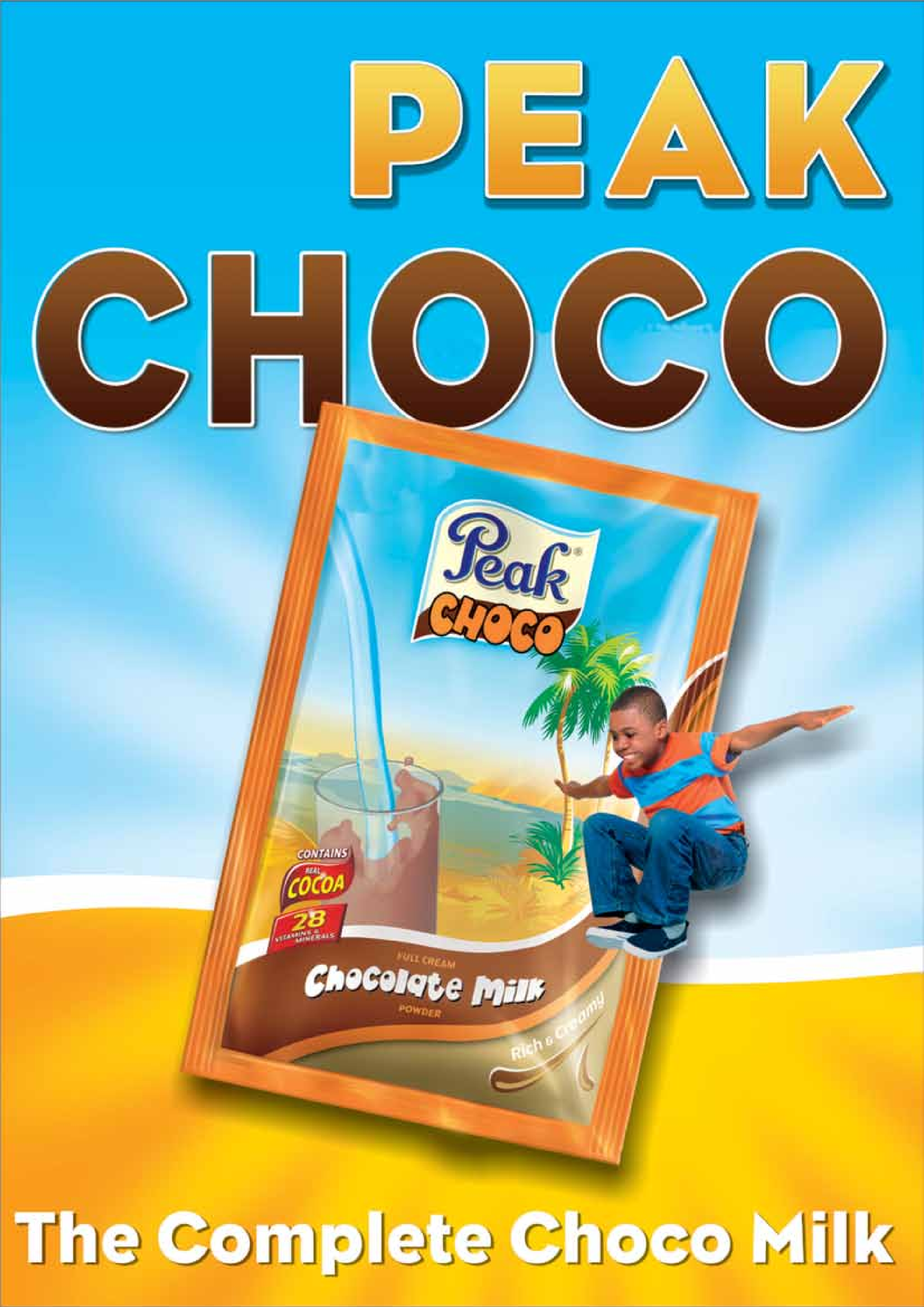
2nd Signature (for joint account or company)

(For company, please add Seal)

Charges:
Individual: N-1000/ per annum
Corporate: N-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


PEAK
CHOCO
Peak
CHOCO
CONTAINS
REAL
COCOA
28
VITAMINS & MINERALS
FULL CREAM
Chocolate Milk
POWDER
Rich & Creamy
The Complete Choco Milk

Peak Super Eagles Campaign

Peak had a thematic campaign during the 2014 World Cup to endear the brand to consumers.

Through this association between football and the brand, Peak creates an excitement around the brand and further deepens relations between Peak Milk as the provider of super nutrition needed for consumers to attain their 'peak' in whatever they do.

The Super Eagles consumer promotion was held to complement the thematic campaign on TV, radio and outdoor as well as to leverage the brand's association to football as the official milk of the Super Eagles.

2 million promotion tins with a unique promotional design were produced from mid-March to early May.

The first 11 consumers to collect 11 players plus coach Keshi won One Million naira each. Also, Hundred Naira recharge cards were given out, as stimulus for collecting all cards

To create awareness, and maximize reach across every socio economic class and in all regions, an intergrated marketing & communication campaign was deployed.

Peak 850gr Value Pack!

Peak is proud to announce a new product in the Instant Milk Powder assortment.

Now our esteem consumers can enjoy more of their rich & creamy Peak milk with the introduction of the New Peak 850gr in a pouch. This gives the brand more value to offer to all her consumers.

The refill pack will meet shopper's need of top-up pouch when they need to save money on the purchase of Peak big pack formats.

Peak 850gr Value Pack was launched in September 2014.

World Class Laboratory

FrieslandCampina WAMCO Quality Control department achieved a milestone achievement when it moved into a new state-of-art Laboratory in August, 2014.

Why the new laboratory

- FrieslandCampina new standards of Food Safety and Quality abbreviated as FoQus requirements.
- The need for an attractive and professional environment that meets world class standards of Quality and international standards that staff can be proud of.
- To ensure testing and releasing of all incoming materials, plant and in process materials, finished products and also export requirements.
- Customer handling and retention samples amongst others needed an upgraded laboratory.
- Expansion of Quality Control department into a multi-disciplinary department with distinct sections and laboratories for specialized analysis including:
    - Chemistry
    - Microbiology (including Pathogen Lab)
    - Sensory
    - Packaging
    - Physical (including Processing)

A new QC Building.

Amenities in the new Quality Control Laboratory also include spacious retention samples area, new offices, training and meeting rooms, work stations and storage areas for chemicals and microbiology media.

The laboratory also provides a higher level of automation and technology that drives:

- quick/rapid analysis
- analysis replication
- execution of multiple tasks
- First Time Right (FTR) testing

Gains to WAMCO

- It is expected that the laboratory will generate revenue as it will carry out consultancy services when the accreditation is completed.
- It will encourage local content development and drive cost savings.
- The state of art laboratory is an image booster for the organisation.

The commendation by Standard Organisation of Nigeria (SON) in their report of 15th August, 2014 for 2014 Third Quarter MANCAP Surveillance Inspection further strengthens our corporate image and reputation. In this report, the Federal Government Agency commended management's efforts at ensuring and sustaining product Quality and Safety at different stages of production processes and more pronounced – The state of art laboratory.

- This follows other commendations from Food Safety System Certification (FSSC) on 12th September, 2014 while carrying out the pre FSSC Audit.

We believe in Zero Accident

We want all our employees, contractors and visitors to return home safely and unharmed. It's our belief that all accidents can be prevented. Our set of Life-Saving Rules (LSRs) reinforces what every employee, contractor and visitor must know and do to prevent serious injuries or fatalities. Awareness campaign is on-going and 80% of the entire staff have been briefed on the new rules.

2014 SHE Performance

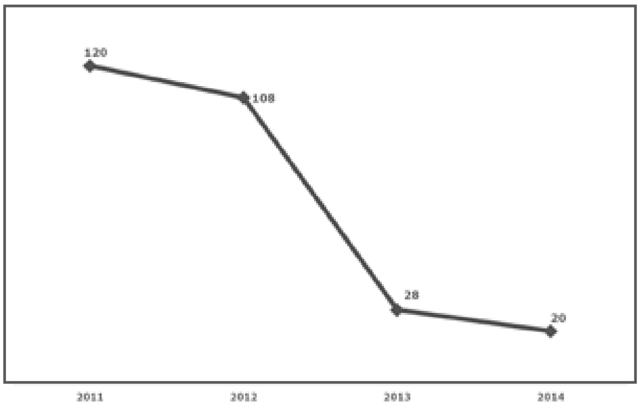
As at 31st December 2014, FrieslandCampina WAMCO recorded 748 days without a Lost Time Accident. The number of accident (MTA) has reduced by 500 percent from 120 in 2011 to 20 in 2014. This is a great milestone.

0	20	188	748
Lost Time Accidents	Medical Treatment Accident	Reported near miss and unsafe situation	Number of days without Lost Time Accident

Safety by the numbers

ISO 14001 and OHSAS 18001 Certification

FrieslandCampina has developed its SHE Management System in alignment with ISO 14001 and OHSAS 18001. All operations processes and documentations have been reviewed to achieve the certification. The company is now preparing for stage-2 audit after a successful stage-1 audit by an international accredited institute.



OHSAS 18001:2007 Safety and health at work

ISO 14001:2004 ENVIROMENT

OHSAS 18001:2007 is the internationally recognized standard that enables organizations to manage the health and safety risks of its business activities; therefore preventing injury and ill health and improve performance.

The ISO 14001:2004 addresses various aspects of environmental management. It sets a basis for how to effectively manage the environmental aspects of our business activities in FrieslandCampina WAMCO, while taking into consideration environmental protection, pollution prevention and socio-economic needs.

Machine maintenance becomes safer with LOTOTO in the Factories!

Lock out, Tag out, Try out (LOTOTO) is a procedure for eliminating the potential hazards that go with a machine or system during non-operational activities. LOTOTO makes sure that the machine/system can't be started accidentally and that no one can be hurt by hazardous energy such as electricity, compressed gas.

On 20th June, the pilot implementation of LOTOTO was kicked-off in the factories. Training was conducted and 18 other machines based on criticality as regard safety were identified for expansion phase.

In 2014, we achieved our aim of implementing LOTOTO on 20 machines, hence, machine maintenance become safer, ensuring all potential hazard are isolated.

HR Activities

Cervical screening/ vaccination for female employees
As part of Management's commitment to employees' healthcare, an enlightenment talk on Cervical Cancer/Vaccination was organised for all female employees. Cervical cancer is the second most common cancer in women; hence, it was important to address this issue with our female staff.

Employee engagement
With the introduction of the HR Business Partnering Model, Employee engagement has been amplified in the business. Apart from one on one engagement between managers and their direct reports, specific engagement platforms such as: HR did You Know series and HR Clinik have been established to facilitate dissemination of important information to the employees often, in a fun and interactive atmosphere.

Enlightenment campaign on prevention of Ebola virus
Speedy response to Ebola prevention was another commendable effort during the year. Security personnel were trained on how to use infrared thermometers to screen entrants into the premises. Factual information was consistently sent out to staff through notice boards, intranet and SMS. Hand sanitizers were shared to staff and also deployed at strategic locations within the premises. Medical personnel were invited to give staff expert information on Ebola Virus.

A new office
To further align with the AAA mind set, a new office was commissioned for the Commercial team. The new office provides a safe, conducive and inspiring atmosphere. This is necessary since employees spend more time in the office than elsewhere; hence the project team ensured the office has more space and also sought for ways to make the environment more inspiring.

Performance management
In alignment with our global ambition of unleashing talent, the Talent management process introduced new ways of engaging talents. Performance management transited from paper base to system base via the talent management system – HoRizon.

HR Business Partnering also provided the much needed focus on performance management and performance improvement; managers were challenged to have that 'difficult conversation' with their direct reports who are not performing to expected standard. A formal Performance Improvement Process was instituted with clear definition of what needs to be improved, how to make the journey through to improvement and how to know it when you get it.

Progress on DDP

Guests at the commissioning of DDP in Iseyin, Oyo State.

The Dairy Development Programme is enabling dairy farmers to run their businesses optimally and bring dairy production to a higher volume and quality. To ensure this, we train and continuously retrain farmers on topics ranging from raw milk hygiene, raw milk quality, financial education and benefits of using the banking system, animal health and tsetse control. Over 650 registered Fulani milk producers in Fasola, Alaga, Maya and Iseyin all in Oyo state benefit from this programme.

These farmers were also trained on how to manage 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).

Specifically, ten farmers were trained in conjunction with the Federal Ministry of Agriculture and Rural Development on how to carry out artificial insemination. One of the farmers went further for two months training on same topic at the National Animal Production and Research Institute (NAPRI) at Zaria, Kaduna state.

Further, ten technicians and cooling tanks operators were trained in conjunction with Mueller (Cooling tank manufacturing company) and IFDC on cooling systems maintenance and trouble shooting.

One hundred non Fulani potential milk suppliers were also selected, registered and trained on the various aspects of small holder dairy farming system and are currently being encouraged to start small holder dairy farming.

Other ways in which FrieslandCampina WAMCO enables dairy farmers include:

Demonstration plots on improved pasture development

5 demonstration plots were developed in collaboration with Advanta (a foremost forage cultivation company.

Farmers were practically trained on improved pasture cultivation and management. The improved pastures were introduced to further boost milk yield per cow.

Cross breeding programme

About 100 cows were crossbred in Oyo, Iya Ibeji, Maya and Abeokuta, in collaboration with Federal University of Agriculture Abeokuta (FUNAAB) Abeokuta Ogun state.

Physical infrastructures

Apart from two Milk Collection Centres (MCCs) that are in operation in Fasola and Alaga, two additional MCCs in Maya and Iseyin as well as Milk Bulking Centre (MBC) in Iseyin were constructed and equipped with modern dairy equipment. Milk collection activities have commenced in the new centres.

A new insulated milk truck was also procured to further enhance efficient milk transportation from the MCCs to the factory in Lagos.

Breeding/training centre

20 hectares of land was secured in Maya for the purpose of training and demonstration of good dairy farming system. The centre is also being planned for breeding activities for cows.

Other extension services

Free veterinary and other dairy technical consultation services are being provided to the farmers. We also facilitate their link to reputable input suppliers where they procure genuine drugs, dairy ration, salt licks and other needed inputs. 50% subsidized dairy ration and mineral licks were made available to the farmers through the Federal Government Growth Enhancement Scheme (GES) programme.

20 lactometers- one of the instruments to assess the quality of milk - was distributed free to representatives of Fulani milk producers and milk cans were also distributed free to farmers in the improve milk quality.

Core-partners' meeting

The DDP Nigeria core-partners (FrieslandCampina WAMCO, IFDC/2SCALE Project and FMARD) held the Core-partners meeting twice in the year (May and November) to develop and validate action plans as well as review progress of DDP Nigeria.

Commissioning of DDP in Oyo

The dairy development programme in Oyo state was formally launched in May, 2014 at the Milk Bulking Centre, Iseyin.

Ogun State DDP

Preliminary DDP activities were carried out in Ogun state together with the state Ministry of Agriculture. Ogun State Ministry of Agriculture has secured 12 hectares of land in Imala town for DDP activities.

Activating our brands in Modern Trade

Modern Trade in Nigeria is growing rapidly at almost 30% yearly. Shoppers are beginning to shop in these stores mainly for convenience and the experience.

FCWAMCO continued in 2014 to strengthen their position in Modern Trade channel and increased coverage. The dedicated focus on this channel resulted in far higher growth rates of the market and FCWAMCO is taking the leading role in the dairy category. With expertise, special activation and supply chain approach, we are able to receive very positive feedback from customers and outgrow the market in this channel.

In July, Peak introduced the Peak Soccer Challenge to support the consumer promotion around the World Cup and further build excitement and increase shoppers love for our Peak powder range. A table soccer game activation was executed in Modern Trade stores, giving Shoppers the opportunity to challenge each other to win the grand prize of TV decoders. The activation encouraged Shoppers to increase their average weight of purchase and also switch from competing brands to win exciting gifts.

Peak 850g was introduced in September to give a value proposition to consumers. There was special activation where shoppers were encouraged to buy a pack to win various branded gifts through 'Scratch and Win' (scratch cards). The activation generated awareness around the entry of the product and also triggered switching from competing brands.

We also activated target communities with specialized products to win in the market. The Diwali Indian Festival celebrated by the Indian community in Nigeria around the month of October was one of such. The Peak UHT was activated to further create awareness for the product and increase penetration in top Indian stores in Lagos. This activation improved our relationship with the community and the customers.

Ultimately, the in-store activations increased store footfalls, sales and further strengthened business relationship with our consumers.

Execution in General Trade

February 2014 saw the establishment of Shopper Marketing (General Trade) as a function within FrieslandCampina WAMCO. The function was initiated to support, advice and direct tactical plans in trade. Accordingly, the unit implemented series of activities pan Nigeria, to stimulate trade and drive volume for the brands.
Some of the activities implemented in 2014 include:

Peak soccer challenge: A 360 integrated retailer and shopper activation that drove massive engagement across 12 key markets and over 100 neighborhoods and motor packs during the FIFA 2014 World Cup. At the end of the activation, over 8,000 shoppers were engaged on the Peak Soccer Challenge.

Project footprint: A pilot retail coverage expansion, to establish the foundation for the implementation of Project Zeus in Nigeria. This project drove availability and visibility of a wider range of FrieslandCampina WAMCO brands in 13,000 retail outlets of Ikorodu, Alimosho and Agege Areas.

Retail display and win: A retailer activation to drive visibility of FrieslandCampina WAMCO brands in the open market. Over 3,200 retailers were recruited to participate in this promotion in 76 markets across Nigeria and this drove massive engagement within the retail.

Three Crowns Evap has a new look and renewed benefit

Three Crowns was Launched in 1988 to make quality and affordable dairy nutrition more accessible. The No. 2 dairy brand and second engine of FrieslandCampina WAMCO is now refreshed in look and feel in line with its proposed repositioning of encouraging Nigerian Mums to stay fit and healthy so she can take extra care of the family.

In addition to 28 vitamins and minerals, Three Crowns evaporated milk now has a low cholesterol claim on the front of pack to validate its recommendation by Health Care Practitioners as the milk brand to help stay fit and healthy.

The brand proposition thus changed from Building Strong Families to 'The Healthy Choice'

The new human imagery also reflects a lively, fit and healthy Mum and by extension her child.

This new look and feel also extends to the secondary packaging (the carton) which now comes in 4 colours, from the initial one colour design, to make Three Crowns more attractive and visible in trade.

Three Crowns evaporated milk now has a low cholesterol claim on the front of pack to validate its recommendation by Health Care Practitioners as the milk brand to help stay fit and healthy

Collaboration with Red Cross

FrieslandCampina WAMCO partnered with the Nigerian Red Cross Society to promote sanitary and hygiene education in DDP communities in Oyo State.

The programme aims at improving knowledge, attitude and behaviors towards water, sanitation and hygiene of the population in the target communities; ensure that facilities provided are used; and that men, women and children take action to mitigate water and sanitation related disease.
In this direction, three latrines were constructed in Fasola and Alaga. Bale, a neighboring LGA also benefited from this initiative.

Cross section of community members.

This alliance has already delivered trained community based volunteers who provide informed knowledge and also act as a change agent in influencing the attitude, practices and behavior of their community.

On its charity activities, the company received a Heart of Gold Special Humanitarian Award during the home's 10th Year anniversary, for its immense and longstanding contribution to Heart of Gold Children's Hospices, Lagos. Other charities on the company's list were also serviced in the year.

Six universities under the Endowment Fund received support for research into food science and technology.

Significantly, a train the trainers on Ebola prevention and management was organised for health professionals at the State House Medical Center, Aso, Abuja. This is our way of demonstrating empathy and unalloyed commitment to Health Care Professionals. Participants appreciated this training session for the knowledge it availed them, and also for the fact that we were the first group (either from the government or private sector) that cared to organise such a program for them at a challenging time.

Some nurses at the Ebola enlightement training.

Top 100 Companies Award

L-R Wilco van Dijken (Sales Director, Modern Trade), Ore Famurewa (Corporate Affairs Director), and Jacobs Moyo Ajekigbe (Chairman, Board of Directors, FrieslandCampina WAMCO Nigeria PLC) received the award on behalf of the company

FrieslandCampina WAMCO Nigeria PLC was honored on December 1, 2014 as one of the top 100 businesses in Nigeria, in an award ceremony organized by the Federal Government of Nigeria.

The "top 100 Companies Award" which is the first of its kind in Nigeria aims at celebrating major magnates, investors and companies that contribute to Nigeria's economic development. The criteria for selection which was based on international best practices took into consideration, the investment portfolio of the companies, employment creation, level of corporate governance, corporate social responsibility and contributions to the nation's Gross Domestic Product (GDP).

According to the Minister of Industry, Trade and Investment, Olusegun Aganga, "The top 100 Companies account for 20 per cent of Nigeria's $510 million Gross Domestic Product (GDP)." Aganga added that the country adopted similar criteria as Fortune 500 in the US, in selecting the top businesses, which he said, makes it very objective and verifiable, as "we want to make it absolutely clear that it has integrity."

Notes

FrieslandCampina

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 of 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.

The company has continued to play a leading role in the production, processing, packaging, marketing and distribution of various milk products in Nigeria with dominant market share driven by 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 certified and 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 through key CSR projects including: Water Project, School Adoption, Tertiary Endowment, and Dairy Development Programme.

In November 2005, the company commissioned the Olu Akinkugbe WAMCO Nutrition Centre to provide information on child nutrition to mothers in particular and the public in general. The Centre has continued to implement key initiatives like the annual Nutrition Seminar, enlightenment advocacy e.g. Vitamin A campaign in Nigeria.

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

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