



FrieslandCampina am

FrieslandCampina WAMCO is a household name with its brands – Peak, Three Crowns and Friso.

Our company is guided by an inspiring mission – nourishing Nigerians with quality dairy nutrition. At the heart of this mission is the passion to make quality dairy nutrition accessible to Nigerians through affordable portion packs. This mission is also strongly linked to a successful commercial scale dairy farming in Oyo State, Nigeria, where the company works with over 2500 local dairy farmers under its Dairy Development Programme.

FrieslandCampina WAMCO aims to be an inspiring and dependable employer that offers its employees opportunities, relevant training and education, and a good and safe working environment.

The company will maintain its No. 1 position as the nation's leading milk manufacturing company by investing in its people, capacity expansion projects and being an excellent corporate citizen through our corporate responsibility initiatives and continuous compliance to regulations.

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FrieslandCampina am

Annual Report 2015

FrieslandCampina WAMCO Nigeria PLC

Annual Report 2015 | FrieslandCampina WAMCO Nigeria PLC



Nourishing Nigerians with quality dairy nutrition



To visualize and to further emphasize our endeavours, FrieslandCampina WAMCO is guided by an inspiring mission statement – Nourishing Nigerians with Quality Dairy Nutrition. This tagline expresses our ultimate promise to our stakeholders in a concise and compelling way.

This mission is hinged on 3 pillars which seeks to address issues of national importance including: better nutrition, sustainable operations in the society and good living for dairy farmers.

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Financial highlights

	2015 ₦'000	2014 ₦'000	% Increase/ (Decrease)
Revenue	120,716,682	126,436,219	-5%
Profit before income tax	18,615,978	16,499,920	13%
Profit for the year	13,346,803	10,731,278	24%
Share capital	488,168	488,168	0%
Total equity	14,844,649	9,559,249	55%
Per share data			
Number of 50k ordinary shares	976,335,936	976,335,936	0%
Basic earnings	13.67	10.99	24%
Interim dividend paid	3.96	3.91	1%
Final dividend proposed	9.77	4.33	126%
Number of employees	734	844	-13%

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

Lagos sales office

FrieslandCampina WAMCO Nigeria PLC
Plot 7b Acme Road
Ikeja Industrial Estate
Ogba - Ikeja
Lagos State

Ogun sales office

2nd Floor, 167 Idiroko Road
(Rainbow Towers Complex)
Opp. Ansarul-Deen Jnr. Sec. Sch
Ota, Ogun 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 634, Durumi District Area 1
By Gwagwalada Motor Park
Abuja
Federal Capital Territory

Kano regional office

c/o CFAO (Nig.) PLC
12 Muritala Mohammed Way
Kano
Kano State

Jos regional office

No. 3, Old Airport Road
Nasco Fibre Compound
Opposite Rochas Foundation
Jos
Plateau State



Nourishing lives empowering growth

Our highly professional and passionate employees drive our mission of "nourishing Nigerians with quality dairy nutrition." Every day, our employees ensure that only the best products get through to the shelves and stores, ready for consumption.

FrieslandCampina WAMCO offers an inspiring work place for these talents to pursue their dreams; since Talent development and Employee engagement are a critical part of the company's success. Employees are encouraged to be decisive, energetic, take on challenges, develop and take responsibility.

Several initiatives such as employee coaching, FC WAMCO soccer tournament, increased maternity leave, team away days, capability building programs and awards for a wide variety of team achievements make working in FrieslandCampina WAMCO a fun and rewarding experience.

By doing these, our company proves to be a dependable employer that offers its employees opportunities, and a good and safe working environment.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-third Annual General Meeting of FrieslandCampina WAMCO Nigeria PLC will be held at the Grand Banquet Hall, The Civic Centre, Ozumba Mbadiwe Street, Victoria Island Lagos on Thursday, 12 May, 2016 at 11.00 a.m. to transact the following business:

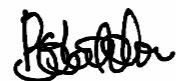
ORDINARY BUSINESS

- (1) To receive the Report of the Directors and the Audited Financial Statements for the year ended December 31, 2015 together with the reports of the Auditors and Audit Committee thereon.
- (2) To declare a final dividend.
- (3) To re-elect Directors.
- (4) To appoint Messrs. PricewaterhouseCoopers to replace Messrs. KPMG Professional Services who are retiring as the Company's external auditors.
- (5) To authorize the Directors to fix the remuneration of the Auditors.
- (6) To elect members of the Audit Committee.

SPECIAL BUSINESS

- (7) To fix the remuneration of the Directors.

BY ORDER OF THE BOARD



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

Dated this 1st day of March, 2016

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 & Investor Services 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 Thursday, 12 May 2016 to members whose names appear in the Company's Register of Members at the close of business on Wednesday, 4 May 2016.

3. Closure of register

The Register of Members and Transfer Books of the Company will be closed from Thursday, 5 May 2016 to Monday, 9 May 2016, both dates inclusive, to enable the Registrars to prepare for the payment of dividend.

4. Audit committee

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

5. Unclaimed dividend warrants and share certificates

Shareholders are informed that a number of share certificates and dividend warrants have been returned to the Registrars as "unclaimed". A list of unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice are advised to write to or call at the office of the Company's Registrars, First Registrars & Investor Services 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.



Chairman's statement



Mr. Jacobs Moyo Ajekigbe, OFR
Chairman

Distinguished shareholders, my colleagues on the Board, invited guests, ladies and gentlemen. It is with great pleasure that I welcome you all to the 43rd Annual General Meeting of our Company. I am also delighted to present the Annual Report and Financial Statements for the year ended 31 December 2015.

The macroeconomic environment

In 2015, the global economy grew at a slower pace than previously envisaged, with modest recovery in advanced economies and slower growth in developing countries. Growth in emerging markets and developing economies, while still accounting for over 70 per cent of global growth, declined for the fifth consecutive year. Three key developments continued to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, (2) lower prices of energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as central banks of other major advanced economies continued to ease monetary policy.

The Nigerian economy experienced slow growth in 2015 relative to 2014. Although, the successful democratic process that ushered in a new administration presented a wave of optimism, business activities were largely slow for the better part of the year.

Crude oil prices hovered at low levels not experienced in over a decade, leading to various fiscal and economic challenges such as the drop in foreign earnings, strained fiscal budget, declining private and public expenditure, particularly non-payment of salaries at the state and local government levels with its significant impact on

consumer demand. The Central Bank of Nigeria (CBN), in response to dwindling foreign earnings, adopted several measures such as closure of the Retail Dutch Auction System (RDAS) window, restriction of cash payment into domiciliary accounts and prohibition of 41 items from accessing the interbank foreign exchange market. These measures impacted significantly on the ability of the manufacturing sector to access foreign exchange for raw materials, leading to decline in production.

The global dairy market

In the global market, milk prices were low in 2015 as supply outweighed demand. The European Union milk quota system which was introduced in 1984 to address oversupply of milk to the market was abolished in 2015, contributing significantly to a rise in the production and supply of milk.

The global dairy products market is estimated to grow at a Compound Annual Growth Rate (CAGR) of 5.3 percent between 2014 and 2022. The drivers of the market include growth in application sectors, improvement in operational efficiency and increasing concern towards health. Furthermore, emerging economies, due to changing consumer dietary pattern and increasing consumer awareness provide massive market opportunities for existing players and new entrants.

Though, it is expected that milk prices will remain low in 2016 due to milk production growing at a faster rate than the demand for milk, the accruable savings from low prices are significantly threatened by exchange rate dynamics.

The Nigerian dairy market

The Nigerian dairy market in 2015, like those of other fast moving consumer goods (FMCG) categories, reported a decline of 14 percent due to economic slowdown and reduced purchasing power. The economic slowdown in 2015 was evident in the decrease in category volumes during the year. However, despite the unfavourable market conditions, your company

Chairman's statement cont'd

retained its leadership position in the Dairy Market through aggressive investments in its capabilities, brand and people.

Operating results and performance

The Company's commercial and financial performance remained satisfactory in spite of the harsh business environment. Turnover decreased by 5 percent from ₦126.44 billion in 2014 to ₦120.72 billion in 2015. Profit Before Tax (PBT) however increased by 13 percent from ₦16.50 billion to ₦18.60 billion as a result of the significant reduction in the cost of sales despite increased operating and finance costs.

Dividend

The Company's policy is to pay 75 percent of its Profit After Tax (PAT) as dividend to its shareholders. The dividend paid in any particular year however depends on the financial performance of the Company and the level of its cash and bank balances. The Board of Directors is proposing a total dividend payout of 100 percent of the Company's PAT for the year under review, which is equivalent to ₦13.73 per ₦0.50 share. An interim dividend of ₦3.96 per ₦0.50 share was paid in November 2015; and a final dividend of ₦9.77 per ₦0.50 share is therefore being proposed for your approval. If the proposed final dividend is accepted, the final dividend less withholding tax at the appropriate rate will become payable on 12 May 2016.

Operations

The Company improved its operational efficiency in production by upgrading all of its manufacturing equipment in order to produce better and higher quality products and optimize cost of production. Its key focus on several investments generated cost savings and reduced our use of energy and our carbon footprint.

In its effort at ensuring excellence in Safety standards, the Company achieved 1,113 days without a Lost Time Accident at the end of year 2015. The effort of the Company in its pursuit for excellence was recognized and rewarded by various regulatory bodies. Nigeria Employers' Consultative Association/ National Social

Insurance Trust Fund (NECA/NSITF) donated an ambulance to the Company for its outstanding safety records. The award for high compliance in safety standards was presented to the Company by the Lagos Chamber of Commerce and Industry (LCCI); and the Company also achieved the world recognized international certification of ISO 14001 and OHSAS 18001.

During the year, the Company's pedigree in maintaining excellence was further advanced as it took the initiative to train its Key Business Partners on Best-in-Class quality assurance standards to safeguard the high quality of the Company's products throughout the value chain, from grass to glass, which in turn led to waste reduction.

In 2015, the Company also reviewed and restructured its continuous improvement programme in line with the World Class Operational Management initiative of its parent company, Royal FrieslandCampina N.V and was privileged to send ten of its employees to the Netherlands and other parts of Europe for several weeks of training. We expect this exercise will start to yield results as from 2016 once the skills learnt have been fully deployed.

In the course of the year, a new warehouse and distribution centre was completed to facilitate distribution efficiency. All offsite warehouses were closed, and all warehousing activities were consolidated, resulting in improved efficiency and savings. Furthermore, new work spaces, a staff canteen and a clinic were constructed to improve work efficiency and employee well-being.

Sales and marketing

In spite of the daunting economic environment in 2015, your Company continued to take steps aimed at strengthening its leadership position in the dairy market by investing in brands and capabilities. The Company repositioned its Three Crowns brand in the dairy market and also launched the brand into the milk powder segment, thus extending the brand footprint beyond the evaporated milk segment.

Chairman's statement cont'd

In the year under review, the Company celebrated 60 years of the Peak brand, one of the Iconic brands in Nigeria. In marking the historical year of the Peak brand, the Company rolled out several initiatives to the delight of customers and consumers. This was done with great passion aimed at giving value to our customers and consumers. The Peak evaporated milk can with lid cover (Peak Titanium) was introduced into the market. A grand consumer promo, with the theme "60 millionaires in 60 days", was organized by the Company in celebration of the Peak brand.

In keeping with our creed of providing quality dairy nutrition and bearing in mind the pressure on consumers' wallet, the Company launched a series of 'Low Unit Price Packs (LUPP)' priced at pocket friendly price points of ₦20 (Three Crowns Powder); ₦50 (Peak Wazobia Evap sachet) and ₦40 (Three Crowns Evap Sachet). The Company also launched Peak Baby infant formula into the dairy market.

As a strong and robust distribution network is indispensable and essential for the success of the above initiatives, the Company restructured its sales and distribution network in the course of the year leading to increased active coverage of outlets by our Key Business Partners, thereby bringing our products closer to the reach of the consumers. With the new Route to Market (RTM), the Company's ability to win in the market place was better strengthened.

Dairy development programme (DDP)

In 2015 the Company made significant progress in its development of local milk production capacity in Nigeria with the engagement and training of over one thousand Fulani milk producers and potential small holder dairy farmers in Oyo state. Working in collaboration with International Fertilizer Development Centre- Towards Sustainable Clusters in Agribusiness through Learning in Entrepreneurship (IFDC-2SCALE), the milk producers were supported to improve their

milk supply in terms of quantity and quality, through consistent training and demonstrations. Improved pasture cultivation demonstrations, crop residues fortification, feed preservation through silage and hay making and crossbreeding through artificial insemination were all carried out to support the raw milk producers and farmers. FrieslandCampina also started an instructive and continuous Quality Improvement Programme (QIP) to improve the quality of raw milk. The Company continued its joint effort with the Nigerian Institute of Trypanosomosis Research (NITRE) at controlling the prevalence of tsetse flies and thus reduced trypanosomosis disease infections in the locations where DDP is operating.

Corporate social responsibility (CSR)

Employee volunteering and giving assumed greater prominence in the Company's CSR programmes in 2015. Many employees gave their time and resource; and expressed their commitment to the Company's CSR programmes in many other ways.

In August, employees reached out to the Internally Displaced Persons (IDP) in the North-East by donating non-cash gift items to the displaced persons living in the camp in Yola, Adamawa state. This was done in line with the #payitforward campaign launched by the Peak brand to inspire the act of kindness amongst Nigerians through giving. The gifts were personally delivered to the camp by the Corporate Affairs Director and her team.

The Company also partnered with the Nigerian Red Cross Society on a Nutrition Intervention programme for the internally displaced children at the IDP camp in Yola. Through this intervention programme, the Company donated 20,000 cartons of milk to support the programme which held from August to October. This initiative was extended to nursing mothers to support their nutritional well-being as they are the most vulnerable group affected by the crisis.

Chairman's statement cont'd

Likewise, the Company recognized the need to increase its non-cash support to the charity homes on its list. Hence in December 2015, some employees visited Our Lady of Lourdes Maternity Hospital, Ipetumodu, Osun state, where they met with over 500 women and children. They donated hospital equipment to the centre, and held an interactive forum on nutrition and well-being for participants. These were followed by entertainment of those who attended the forum by the visiting employees.

Through its School Adoption Programme, the Company carried out a nutrition campaign in the 18 public schools on its adoption list. This initiative also had a lot of employee support and involvement. The employees who took part in the campaign delivered nutrition talks on the Goodness of Milk to the students; and also had a fun-filled karaoke time with the students to draw their attention to the importance of physical activity. Each campaign was ended with donation of educational support materials to the school.

The Company also donated a 50KVA power generating plant to Madonna School for the Handicapped in Okpanam, Delta state, for the school's boarding facility and other energy requirements.

The Company's CSR programme has also facilitated inter-departmental relationship across board as employees form stronger bonds and a sense of camaraderie amongst co-workers develops. FrieslandCampina WAMCO embraces the enthusiasm of its employees to help and give, while promoting its mission of nourishing Nigerians.

In recognition of the Company's commitment to CSR, it was adjudged the 2015 winner of the award for the best CSR programmes in West Africa by Capital Finance International (CFI.co), a London-based, global print journal and online resource reporting on business, economics and finance.

Human resources (HR)

In 2015, the Company's Management continued to focus on its people strategy with the key objectives of Talent Development, Engagement and Agility. We embarked on a couple of employee development initiatives to up-skill the workforce in readiness for expected changes in the business through a combination of local and international on-the-job and classroom training programs. We continued to raise the tempo on employee engagement by having regular engagement sessions with employees across cadres and through increased involvement of the commercial employees in the field.

During the year under review, the Company started the transitional journey from industrial relations to employee engagement and did maintain a harmonious working relationship with the different categories of employees 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 Management communicated more frequently with the generality of our staff.

Board of directors

Mr. Louis Mbanefo, having attained the age of 70 years, retired as a Director of the Company on 19 May 2015, after the Annual General Meeting. Mr. Cees 't Hart and Mr. Rasheed Olaoluwa also resigned from the Board on 19 May 2015 and 1 March 2016, respectively.

Engineer Mustafa Bello was appointed to the Board with effect from 1 March 2016.

On your behalf, I wish to place on record our gratitude to Mr. Louis Mbanefo, Mr. Cees 't Hart and Mr. Rasheed Olaoluwa for their valuable contributions to the growth of the Company.

Chairman's statement cont'd

Outlook 2016

The country's GDP growth is expected to rebound in 2016, though rather slowly, to about 3.4 percent if the right mix of fiscal and monetary policies is put in place to stimulate the economy and attract domestic and foreign investments. Though the recovery is expected to be driven by increased government expenditure, low crude oil prices, falling reserves and exchange rate volatility are some of the factors that will weigh on economic performance.

Due to significant foreign exchange constraints, combined with weak consumer sentiment, the sales and profitability of the Company will be significantly impacted in 2016. We will seek to manage volumes and margins judiciously to ensure a long term sustainable position.

Thank you.



J.M. Ajekigbe, OFR

Board of directors



Mr. Jacobs Moyo Ajekigbe, OFR
Chairman

Mr. Jacob Moyo 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; an MBA degree from the University of Lagos and an 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. 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.



Rev. Isaac Adefemi Agoye
Non-Executive Director

Rev. Isaac Ade 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 last 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.

Engineer Mustafa Bello is a Non-Executive Director of FrieslandCampina WAMCO Nigeria Plc. He joined the Board of the Company as a Non- Executive Director on 1 March 2016.



Engineer Mustafa Bello
Non-Executive Director

Engineer Bello has extensive experience in both the public and private sector having served in various capacities in both sectors. He served as the Minister of Commerce of the Federal Republic of Nigeria from 1999 - 2003, a Member of the National Council for Revitalization of the Nigerian economy, 1999 - 2003, Member of the Economic Management Team (EMT) of President Olusegun Obasanjo, 2003 - 2007, the Chief Executive Officer of the Nigeria Investments Promotion Commission (NIPC) from 2003 - 2014. He also served on the board of ESKOM, the Electricity Corporation of South Africa from 2004 - 2008. He holds a Bachelor of Civil Engineering degree from Ahmadu Bello University, Zaria (1978). He is also a member of the Nigerian Society of Engineers and the Council of Registered Engineers of Nigeria. He was a Member of the Board of Directors of FrieslandCampina WAMCO Nigeria Plc. from November 2007 to April 2008.

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. Peter Eshikena
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.



Mr. Gregory Sklikas
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 2000, he became the Director Strategic Business Development (Corporate, HQ) and in 2005, 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 twenty-one years. He holds a degree in Commercial Economics from HES Amsterdam (Academy for Economics Studies).



Mr. Robert Steetskamp
Non-Executive Director



FrieslandCampina ^{nl}

FrieslandCampina WAMCO Nigeria PLC

Nourishing
Nigeria with
quality dairy
nutrition

Nourishing with quality dairy nutrition

FrieslandCampina WAMCO is excited to be able to make a difference in the lives of Nigerians. For this reason, our CSR programs are integral to our mission and business strategy. This is led by a clear strategy of providing affordable nutrition through a range of low unit portion packs (LUPP) of its fortified premium brands – Peak and Three Crowns evaporated and powdered milk.

This is with the knowledge that through the daily consumption of

milk enabled by increased accessibility of quality dairy nutrition, consumers have the opportunity of getting up to 50% of the nutrients that they require daily for healthy living, which the body cannot make on its own.

Importantly, with this range of products, FrieslandCampina WAMCO is also able to contribute to the nutrient security of Nigeria, thereby helping in resolving incidences of malnutrition.

CORRECT MILK NO WAHALA

2015 Reports & financial statements

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Directors, professional advisers and registered office

Board of Directors: Mr. Jacobs Moyo Ajekigbe, OFR - Chairman
Mr. Rahul Colaco (Indian) - Managing Director
Mrs. Oyinkan Ade-Ajayi
Rev. Isaac Adefemi Agoye
Engr. Mustafa Bello
Mr. Peter Eshikena
Mr. Gregory Sklikas (Greek)
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 & Investor Services 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 Limited
First City Monument Bank PLC
Guaranty Trust Bank PLC
Stanbic IBTC Bank PLC
United Bank of Africa PLC
Wema Bank PLC
Zenith Bank PLC

Reports of the directors

for the year ended 31 December 2015

The directors have pleasure in presenting to members their report and the audited financial statements for the year ended 31 December 2015.

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 reporting date, which would affect the financial statements as presented.

3 Operating Results

The summary of the operating results is as follows:

<i>In thousands of naira</i>	2015	2014
Revenue	120,716,682	126,436,219
Profit before taxation	18,615,978	16,499,920
Taxation	(5,269,175)	(5,768,642)
Profit for the year	13,346,803	10,731,278
Other comprehensive income	32,421	(452,250)
Total comprehensive income for the year	13,379,224	10,279,028

4 Dividend

The Company paid an interim dividend of ₦3.96 per share in November 2015 and the Board of Directors has recommended a final dividend of ₦9.77 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 2015 operations will be ₦13.73 per share, amounting to 100% 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 2015

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 from 1 January 2015)
Mrs. Oyinkan Ade-Ajayi		
Rev. Isaac Adefemi Agoye		
Engr. Mustafa Bello		Appointed with effect from 1 March 2016
Mr. Peter Eshikena		(Resigned as Managing Director and appointed as Non-executive director with effect from 1 January 2015)
Mr. Cees 't Hart (Dutch)		Resigned with effect from 19 May 2015
Mr. Louis Nnamdi Mbanefo, SAN		Retired with effect from 19 May 2015
Mr. Rasheed Olaoluwa		Resigned with effect from 01 March 2016
Mr. Gregory Sklikas (Greek)		
Mr. Robert Steetskamp (Dutch)		

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

Engr. Mustafa Bello, who was appointed a director after the last Annual General Meeting, will retire at the forthcoming Annual General Meeting in accordance with Article 91 of the Company's Articles of Association and being eligible, offers himself for re-election.

Mr. Louis Mbanefo retired from the Board while Mr. Cees 't Hart and Mr Rasheed Olaoluwa resigned from the Board effective from 19 May 2015 and 01 March 2016 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, of any disclosable interest in contracts with which the Company was involved as at 31 December 2015.

Report of the directors cont'd

for the year ended 31 December 2015

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 December	
	2015 ₦0.50 nominal value	2014 ₦0.50 nominal value
Mr. Jacobs Moyo Ajekigbe, OFR	1,250,000	1,250,000
Rev. Isaac Adefemi Agoye	1,335,418	1,400,002
Mrs. Oyinkan Ade-Ajayi	1,136,794	1,136,794
Mr. Peter Eshikena	106,306	47,306
Mr. Rahul Colaco	Nil	Nil
Mr. Cees 't Hart	Nil	Nil
Mr. Rasheed Olaoluwa	Nil	Nil
Mr. Gregory Sklikas	Nil	Nil
Mr. Robert Steetskamp	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 1 March 2016, the Board comprised of eight (8) 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 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, the Company's Articles of Association and other applicable laws and regulations.

Report of the directors cont'd

for the year ended 31 December 2015

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 Attended
Mr. Jacobs Moyo Ajekigbe, OFR	3
Mr. Rahul Colaco	3
Mrs. Oyinkan Ade-Ajayi	3
Rev. Isaac Adefemi Agoye	3
Mr. Peter Eshikena	2
Mr. Cees 't Hart	1
Mr. Louis Nnamdi Mbanefo, SAN	2
Mr. Rasheed Olaoluwa	3
Mr. Gregory Sklikas	2
Mr. Robert Steetskamp	3

Board Meetings were held on 5 March 2015, 19 May 2015 and 25 November 2015.

e. Audit committee

The Audit Committee met five times during the year under review for meetings and also visited the sites of the Company's Dairy Development Programme. The meetings were held on 26 February 2015, 6 March 2015, 9 May 2015, 15 September 2015 and 24 November 2015.

i. Membership

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

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

Name	Number of Meetings Attended
Mr. Samuel S. Adebayo	5
Sir. Sunday N. Nwosu	5
Chief Okwudili G. Emodi	5
Mr. Peter Eshikena*	1
Rev. Isaac A. Agoye	5
Mr. Robert J. Steetskamp	4

*Mr. Peter Eshikena was appointed on 19 May 2015.

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.

Report of the directors cont'd

for the year ended 31 December 2015

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. Only the Managing Director is a member of the Board. The other Management team members are not Board members.

The members of the Management Team are:

1) Mr. Rahul Colaco	Managing Director
2) Mr. Adewale Arikawe	Sales Director
3) Mr. Doyin Ashiru	Operations Director
4) Mrs. Ore Famurewa	Corporate Affairs Director
5) Mrs. Ilona Fulop	Finance Director
6) Mr. Tarang Gupta	Marketing Director
7) Mr. Tominiyi Oni	Human Resources Director

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

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.

11 Employment of disabled 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 2015.

12 Safety, Health and Environment

The Company is committed to safety, health and environment as core values of conducting business. Safety, health and environment 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 provides healthcare benefits to employees and operates an on-site clinic in the factory premises. The on-site clinic is managed by a reputable hospital 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.

Report of the directors cont'd

for the year ended 31 December 2015

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	1,580	62.95	4,727,486	0.48
10,001 - 20,000	252	10.04	3,714,209	0.38
20,001 - 50,000	267	10.64	8,995,790	0.92
50,001 - 100,000	135	5.38	9,706,477	0.99
100,001 - 500,000	178	7.09	41,120,542	4.21
500,001 - 1,000,000	28	1.12	21,080,603	2.16
1,000,001 - 5,000,000	62	2.47	123,288,107	12.63
Above 5,000,000	8	0.32	763,702,722	78.22
	2,510	100	976,335,930	100
Nigerian public	2,509	99.96	314,258,004	32.19
FrieslandCampina Nigeria Holding B.V	1	0.04	662,077,932	67.81
	2,510	100	976,335,936	100

Bank of Industry ceased being a shareholder of the Company during the year due to the sale of the total shares of 127,184,030 units to FrieslandCampina Nigeria Holding B.V on 12 June 2015.

15 Suppliers

a The Company's significant overseas suppliers are:

- Cargill Deutschland GMBH, Germany
- DSM Nutritional Products Europe Ltd, The Netherlands
- FrieslandCampina Dairy Sourcing & Trading, The Netherlands
- FrieslandCampina Export B.V, The Netherlands
- FrieslandCampina Kievit B.V, The Netherlands
- FrieslandCampina Supply point, The Netherlands
- Syral, France

b The Company's significant local suppliers are:

- Arvee Industries Limited
- Avons Crowns Cap Nigeria Plc
- Eskade Ventures Limited
- Fouani Nig Limited
- GMT Nigeria Limited
- MSTORES Investment Limited
- Nampak Plc
- OK PLAST Limited
- Orkila Chemicals Ltd
- Positive Packaging Nig Limited
- Presco Nigeria Limited
- Rigid Pak Container Limited
- Shonga Dairy Farms Limited
- SPN Nig Limited
- Stallion Plastics Industries Limited
- Veepee Paper Products Limited
- Yellowview Global Services Limited

Report of the directors cont'd

for the year ended 31 December 2015

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 2015, the Company made donations amounting to ₦302,397,128 (2014: ₦18,432,215) as follows:

Charity donations	Amount in Naira
Adonai Orphanage Home & Widow Centre, Kaduna State	213,400
Bert Torey Home for Mentally Handicapped Children, Zaria, Kaduna State	213,400
Besthsida Orphanage, Ikachi, Benue State	213,400
Child Care Trust Abuja	213,400
Chims Motherless Babies Home, Aba, Abia State	271,900
Compassionate Orphanage, Igando, Lagos State	213,400
Dominican Sisters' College Abatete, Anambra State	213,400
Franciscan Sisters of Immaculate, Lekki, Lagos State	213,400
Heart of Gold Orphanage, Surulere, Lagos State	213,400
Hope Worldwide Ikorodu Road, Lagos State	213,400
Jesus Children Mission Outreach, Ibadan, Oyo State	213,400
Little Saints Orphanage, Ikorodu, Lagos State	271,900
Little Sisters of the Poor, Enugu State	208,928
Madonna School for the Handicapped, Okpanam, Delta State	213,400
Marble House of Sarah Charity Home, Ibusa, Delta State	213,400
Marian Monastery, Enugu State	213,400
Mother's Welfare Group, Asokoro, Abuja	213,400
Motherless Babies Home, Uzuakoli, Abia State	271,900
Old Peoples Home, Yaba, Lagos State	213,400
Oluyole Cheshire Home, Ibadan, Oyo State	213,400
Our Lady of Lourdes Maternity & Clinic, Ipetunmodu, Osun State	213,400
Our Lady's Hospital & Orphanage, Zawan, Plateau State	213,400
Ovie Brume Foundation, Victoria Island, Lagos State	213,400
Red Cross Yaba, Lagos State	213,400
Samaritan Project, Ebute-Metta, Lagos State	213,400
SDA Motherless Home, Aba, Abia State	271,900
SOS Children's Village, Isolo, Lagos State	213,400
St. Monica's Orphanage, Lagos State	271,900
Ufon Abasi Orphanage, Akwa- Ibom State	271,900
Winnie's Castle of Love Orphanage Home, Ibadan, Oyo State	213,400
	6,748,528

Report of the directors cont'd

for the year ended 31 December 2015

Water project	
Drilling of hand pumps in three DDP communities (Oyo State)	2,700,000
Rehabilitation of Damson road (Ogba, Lagos state)	12,000,000
Education	
School nutrition programme	17,800,000
Tertiary Endowment	
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
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
	6,600,000
Nutrition advocacy in IDP camp, Yola	3,288,600
Donation of Company products to IDP	253,260,000
Total	302,397,128

In accordance with Section 38(2) of the Companies and Allied Matters Act, 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

Messrs. KPMG Professional Services served as Independent Auditors during the year under review and have indicated their intention to resign as the Company's Auditors after the conclusion of the year's Annual General Meeting in line with the policy of the Company and good corporate governance on audit firm rotation.

The Board of Directors has recommended the appointment of Messrs. PricewaterhouseCoopers as the Company's Independent Auditors commencing with the 2016 financial year. A resolution will be proposed at the Annual General Meeting to approve their appointment and to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Bolade Obat-Olowu (Mrs.)
Company Secretary
FRC/2013/NBA/00000002242

Lagos, Nigeria

1 March 2016

Statement of directors' responsibilities in relation to the financial statements

for the year ended 31 December 2015

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Jacobs Moyo Ajekigbe, OFR
FRC/2013/IODN/000000002472

1 March 2016

Rahul Colaco
FRC/2015/MANUN/00000011260

1 March 2016

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, 2015 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 through a robust internal control framework.
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: 29 February 2016

MEMBERS OF THE COMMITTEE

Mr. Samuel Adebayo - Chairman
Rev. Isaac Agoye
Chief Godwin Emodi
Mr. Peter Eshikena
Sir. Sunday Nwosu, KSS GCOA MloD
Mr. Robert Steetskamp



KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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

Independent auditor's report

To the members of FrieslandCampina WAMCO Nigeria PLC

Report on the financial statements

We have audited the accompanying financial statements of **FrieslandCampina WAMCO Nigeria PLC** ("the Company") which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 72.

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 the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

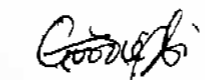
In our opinion, these financial statements give a true and fair view of the financial position of **FrieslandCampina WAMCO Nigeria PLC** ("the Company") as at 31 December 2015, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act 2011.

Report on other legal and regulatory requirements

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

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the 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
25 April 2016
Lagos, Nigeria



Statement of financial position

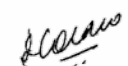
as at 31 December
In thousands of naira

	Note	2015	2014
Assets			
Property, plant and equipment	12	18,078,368	16,459,377
Intangible assets	13	44,293	77,163
Prepayments	14	63,920	148,451
Total non-current assets		18,186,581	16,684,991
Inventories	16	20,301,876	19,993,070
Trade and other receivables	17	8,620,941	4,388,620
Prepayments	14	3,719,153	305,839
Cash and cash equivalents	18	16,134,998	8,595,687
Total current assets		48,776,968	33,283,216
Total assets		66,963,549	49,968,207
Equity			
Share capital	19(a)	488,168	488,168
Share premium	19(a)	350,211	350,211
Retained earnings		14,006,270	8,720,870
Total equity attributable to owners of the company		14,844,649	9,559,249
Liabilities			
Employee benefit liabilities	20	3,011,058	3,965,520
Deferred tax liabilities	15	1,790,505	1,658,048
Total non-current liabilities		4,801,563	5,623,568
Current tax liabilities	10(c)	3,362,616	5,166,154
Bank overdraft	18	1,984,722	51,980
Trade and other payables	21	23,351,899	19,838,045
Loans and borrowings	22	18,618,100	9,729,211
Total current liabilities		47,317,337	34,785,390
Total liabilities		52,118,900	40,408,958
Total equity and liabilities		66,963,549	49,968,207

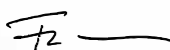
The financial statements were approved by the Board of Directors on 1 March 2016 and signed on its behalf by:



Chairman - Jacobs Moyo Ajekigbe, OFR
FRC/2013/IODN/0000000002472



Managing Director - Rahul Colaco
FRC/2015/MANUN/0000001126



Additionally certified by:

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

The accompanying notes and significant accounting policies on pages 38 to 72 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

for the year ended 31 December
In thousands of naira

	Note	2015	2014
Continuing operations			
Revenue	5	120,716,682	126,436,219
Cost of sales	7	(84,360,103)	(97,505,943)
Gross profit		36,356,579	28,930,276
Selling and distribution expenses	7	(10,267,505)	(7,571,620)
Administrative expenses	7	(4,418,148)	(4,063,728)
Results from operating activities		21,670,926	17,294,928
Finance income	6(a)	748,150	917,369
Finance costs	6(a)	(3,803,098)	(1,712,377)
Net finance costs	6(a)	(3,054,948)	(795,008)
Profit before income tax	8	18,615,978	16,499,920
Income tax expense	10(a)	(5,269,175)	(5,768,642)
Profit for the year		13,346,803	10,731,278
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain/(loss)	20(b)	46,316	(646,071)
Income tax on other comprehensive income	10(b)	(13,895)	193,821
Other comprehensive income for the year, net of income tax		32,421	(452,250)
Total comprehensive income for the year		13,379,224	10,279,028
Profit for the year is attributable to:			
Owners of the company		13,346,803	10,731,278
Total comprehensive income for the year is attributable to:			
Owners of the company		13,379,224	10,279,028
Earnings and declared dividend per share			
Basic and diluted earnings per share (naira)	11	13.67	10.99

The accompanying notes and significant accounting policies on pages 38 to 72 form an integral part of these financial statements.

Statement of changes in equity

Attributable to equity holders of the company
In thousands of naira

Note	Attributable to owners of the Company			Total equity	
	Share capital	Share premium	Retained earnings		
Balance at 1 January 2014	488,168	350,211	7,804,903	8,643,282	
Profit for the year					
Profit for the year	-	-	10,731,278	10,731,278	
Other Comprehensive income					
Defined benefit plan actuarial gain, net of tax	-	-	(452,250)	(452,250)	
Total comprehensive income for the year	-	-	10,279,028	10,279,028	
Transactions with owners, recorded directly in equity					
Dividends	19 (b)	-	(9,363,061)	(9,363,061)	
Balance as at 31 December 2014					
		488,168	350,211	8,720,870	9,559,249
Balance at 1 January 2015		488,168	350,211	8,720,870	9,559,249
Profit for the year					
Profit for the year		-	-	13,346,803	13,346,803
Other Comprehensive income					
Defined benefit plan actuarial gain, net of tax		-	-	32,421	32,421
Total comprehensive income for the year		-	-	13,379,224	13,379,224
Transactions with owners, recorded directly in equity					
Dividends	19 (b)	-	-	(8,093,824)	(8,093,824)
Balance as at 31 December 2015					
		488,168	350,211	14,006,270	14,844,649

The accompanying notes and significant accounting policies on pages 38 to 72 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2015
In thousands of naira

Note	2015	2014
Cash flows from operating activities		
Profit before tax	18,615,978	16,499,920
Adjustments for:		
Depreciation	12 1,341,758	988,117
Amortisation of intangible assets	13 32,870	24,652
Impairment of export grant	-	884,163
Impairment loss of property, plant & machinery	-	86,000
Long service award expense	20(a) (68,496)	82,041
Gratuity benefits expense	20(b) 604,725	750,649
Other post employment benefit expense	20(c) 119,234	-
Net finance costs	6(a) 3,054,948	795,008
Loss on disposal of property, plant and equipment	140,497	16,469
	23,841,514	20,127,019
Change in inventories	(308,806)	(5,552,622)
Change in trade and other receivables*	(4,307,971)	(1,666,386)
Change in prepayments	(3,328,784)	53,214
Change in trade and other payables**	979,928	1,057,868
Cash generated from operating activities	16,875,881	14,019,093
Income tax paid	10(c) (6,756,616)	(5,927,874)
Long service award benefits paid	20 (24,879)	-
Gratuity benefits paid	20 (1,538,730)	(34,122)
Net cash flow from operating activities	8,555,656	8,057,097
Cash flow from investing activities		
Interest received	6(a) 600,248	917,369
Acquisition of property, plant and equipment	12 (3,128,364)	(3,719,121)
Proceeds from sale of property, plant and equipment	27,118	19,592
Net cash used in investing activities	(2,500,998)	(2,782,160)
Cash flow from financing activities		
Interest paid***	6(a) (3,716,260)	(1,384,430)
Dividends paid	19(b) (5,511,351)	(9,307,128)
Repayment of borrowings	(9,729,211)	(12,269,615)
Proceeds from loans and borrowings	18,531,262	9,729,211
Net cash used in financing activities	(425,560)	(13,231,962)
Net increase/(decrease) in cash and cash equivalents	5,629,098	(7,957,025)
Cash and cash equivalent at 1 January	18 8,543,707	16,500,732
Effect of exchange rate fluctuations on cash held	6(b) (22,529)	-
Cash and cash equivalent at 31 December	18 14,150,276	8,543,707

*Change in trade and other receivables has been adjusted for the effect of the write off of WHT credit notes utilised and the effect of foreign exchange gain or loss (Note 6(b)).

**Change in trade and other payables has been adjusted for the effect of movements in dividend payable and the effect of foreign exchange gain or loss (Note 6(b)).

***Interest paid has been adjusted for accrued interest amounting to ₦83.84 million (2014:Nil) on short term finance.

The accompanying notes and significant accounting policies on pages 38 to 72 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2015

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Notes to the financial statements cont'd

for the year ended 31 December 2015

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 1978.

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

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011. They were authorised for issue by the Company's Board of Directors on 1 March 2016.

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 as explained in Note 3(i).

(c) Functional and presentation currency

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

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 determined. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

b) Financial instruments

1. Non-derivative financial assets

The Company's non-derivative financial assets are classified as loans and receivables. 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 2015

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

Cash and cash equivalents

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

II. Non-derivative financial liabilities

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

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.

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.

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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

Notes to the financial statements cont'd

for the year ended 31 December 2015

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
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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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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. Non-derivative financial assets

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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 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 reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, 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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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 2014 (as amended), 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 8% each of the relevant emoluments to the fund on a monthly basis while the Company also contributes 13%.

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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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. **Termination 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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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 in the statement of profit or loss and other comprehensive income.

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.

Significant risks and rewards of ownership are 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 foreign exchange gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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.

The Securities and Exchange Commission (SEC) published a circular directing Capital Market Registrars to return all unclaimed dividend which has been in their custody for fifteen (15) months and above to the paying companies. These unclaimed dividends are included as a liability to the shareholders.

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 is 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.

IFRS 15 Revenue from contracts with customers (2014)

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Group (or Company) will adopt the standard for the year ending 31 December 2018.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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 2015

5 Revenue

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

<i>In thousands of naira</i>	2015	2014
Local	119,731,176	124,710,604
Export (Note 26 (d) (ii))	985,506	1,725,615
	120,716,682	126,436,219

6 Finance Income and Finance Cost

(a) Net finance cost

<i>In thousands of naira</i>	2015	2014
Interest income on short term deposit	600,248	917,369
Foreign exchange gain, net	147,902	-
Finance income	748,150	917,369
Financial liabilities measured at amortised cost - interest expense	(3,803,098)	(1,384,430)
Foreign exchange loss, net	0	(327,947)
Finance costs	(3,803,098)	(1,712,377)
Net finance costs	(3,054,948)	(795,008)

(b) Reconciliation of foreign exchange gain or loss included in statement of cash flows

<i>In thousands of naira</i>	2015	2014
Included in trade and other receivables	121,885	-
Included in trade and other payables	48,546	-
Included in cash and cash equivalents	(22,529)	-
Foreign exchange gain, net	147,902	-

7 Analysis of expenses by nature

<i>In thousands of naira</i>	2015	2014
Changes in inventories of finished goods	(9,240,487)	(4,433,211)
Finished goods, raw materials and consumables	81,221,701	90,456,438
Transportation cost	1,909,583	2,095,546
Technical service and royalty expenses	3,186,110	3,307,946
Advertisement and promotion costs	4,942,362	2,220,097
Market research expenses	264,521	186,126
Agency personnel cost	722,274	591,786
Employee benefit expense	9,412,619	7,528,925
Non-executive Directors' remuneration	38,210	36,799
Depreciation	1,341,758	988,117
Amortisation	32,870	24,652
Impairment of property, plant & equipment	-	86,000
Equipment and machinery rental	69,099	220,143
Operating lease rentals	446,405	590,895
Audit fees	15,792	12,613
Professional fees	289,644	217,247
Maintenance	1,159,661	1,090,575
Fuel and gas expenses	754,165	728,674
Meeting and conference expenses	36,783	153,215
Travel and hotel expenses	285,595	242,767
Impairment of export expansion grant/ receivables	97,563	884,163
Information and Communications Technology (ICT) expenses	762,488	722,168
Insurance expenses	270,291	270,275
Gain or loss on the sale of property, plant and equipment	140,497	16,469
Security and cleaning expenses	270,052	300,584
Bank charges	153,883	34,417
Office administration & supplies	159,920	549,433
Donations	302,397	18,432
Total cost of sales, selling, distribution and administrative expenses	99,045,756	109,141,291
Summarised as follows:		
Cost of sales	84,360,103	97,505,943
Selling and distribution expenses	10,267,505	7,571,620
Administrative expenses	4,418,148	4,063,728
	99,045,756	109,141,291

Notes to the financial statements cont'd

for the year ended 31 December 2015

- (i) The Company participates in a fee paying Consumer Market Remuneration Survey done by KPMG Professional Services amounting to N945,000 (2014: N945,000). The balance of the professional fees represent expenses for services provided by companies and firms other than the external audit firm.

8 Profit before taxation

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

<i>In thousands of naira</i>	Note	2015	2014
Amortisation of intangible assets	13	32,870	24,652
Auditor's remuneration		15,792	12,613
Depreciation of property, plant and equipment	12	1,341,758	988,117
Impairment of property plant and equipment	12	-	86,000
Non-executive directors' fees	9(c)	1,675	1,675
Impairment of Export expansion grant receivable		-	844,163
Loss on disposal of property, plant and equipment		140,497	16,469
Operating lease payments			
- Business premises		273,489	399,726
- Employee accommodation		172,916	191,169
Employee benefit expenses	9(a)	9,412,619	7,528,925
Technical service and royalty expenses	26(d)(i)	3,186,110	3,307,946

9 Personnel expenses

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

<i>In thousands of naira</i>	2015	2014
Salaries, wages and allowances	8,374,451	6,428,321
Contributions to compulsory pension fund scheme	382,705	267,914
Employee benefit expenses	655,463	832,690
	9,412,619	7,528,925

(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:

₦	₦	2015 Number	2014 Number
790,001 -	1,290,000	70	160
1,290,001 -	1,790,000	394	459
1,790,001 -	2,290,000	115	64
2,290,001 and above		155	161
		734	844

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

	2015 Number	2014 Number
Production	411	478
Supply chain	44	63
Sales and Marketing	137	139
General Administration	142	164
	734	844

Notes to the financial statements cont'd

for the year ended 31 December 2015

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

<i>In thousands of naira</i>	2015	2014
Executive director	26,022	29,869
Directors fees - Non executive	1,675	1,675
Other emoluments (Non-executive directors)	36,535	35,124
	64,232	66,668

The directors' remuneration shown above includes:

<i>In thousands of naira</i>	2015	2014
Chairman's fees	275	275
Highest paid director	26,022	29,869

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

₦	₦	Number	2015 Number	2014
-	- 3,000,000		1	-
3,000,001	- 4,000,000		2	8
4,000,001	- 6,000,000		6	-

10 Income taxes

- (a) Amounts recognised in profit or loss

<i>In thousands of naira</i>	2015	2014
Current tax expense		
Current year tax	4,770,909	4,920,517
Current year tertiary education tax	379,704	388,239
	5,150,613	5,308,756
Deferred tax expense		
Origination and reversal of temporary differences Note 15	118,562	459,886
Total income tax expense recognised in profit or loss	5,269,175	5,768,642

Notes to the financial statements cont'd

for the year ended 31 December 2015

- (b) Amounts recognised directly in other comprehensive income

<i>In thousands of naira</i>	2015	2014
Remeasurement of defined benefit liability (Note 20(b))	(46,316)	646,071
Tax (expense)/benefit	13,895	(193,821)
	(32,421)	452,250

- (c) Current tax liabilities

<i>In thousands of naira</i>	2015	2014
Movement in current tax liabilities during the year was as follows		
At 1 January	5,166,154	6,053,200
Current tax expense Note 10 (a)	5,150,613	5,308,756
Payments in the year	(6,756,616)	(5,927,874)
WHT credit notes utilised	(197,535)	(267,928)
At 31 December	3,362,616	5,166,154

- (d) Reconciliation of effective tax rate

<i>In thousands of naira</i>	%	2015	%	2014
Profit before tax		18,615,978		16,499,920
		18,615,978		16,499,920
Income tax using the Company's domestic tax rate	30.00%	5,584,794	30.00%	4,949,976
Tertiary education tax	2.04%	379,704	2.35%	388,239
Tax effect of:				
Non deductible expenses	0.96%	179,542	2.29%	378,631
Exempt income	-0.14%	(26,922)	0.00%	-
Prior year under provision	0.70%	130,781	0.70%	115,410
Change in recognised deductible temporary differences	0.54%	99,692	0.00%	210
Tax incentive	-5.79%	(1,078,416)	-0.39%	(63,824)
	28.31%	5,269,175	34.96%	5,768,642

Notes to the financial statements cont'd

for the year ended 31 December 2015

11 Earnings per share

The calculation of basic and diluted earnings per share has been based on the profit attributable to ordinary shareholders of ₦13,346,803,000 (2014: ₦10,731,278,000) and the weighted average number of ordinary shares outstanding of 976,335,938 (2014: 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.

	2015	2014
Profit attributable to shareholders	13,346,803	10,731,278
Number of ordinary shares in issue (thousands)	976,336	976,336
Basic and diluted earnings per share (Naira)	13.67	10.99

Notes to the financial statements cont'd

for the year ended 31 December 2015

12 Property, plant and equipment

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

In thousands of naira

	Notes	Land	Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Tools	Assets under construction	Total
Cost								
Balance at 1 January 2014		1,413,462	2,624,455	10,158,993	960,744	675,703	4,150,524	19,983,881
Additions		194,505	655,762	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		1,607,967	4,934,371	12,313,170	1,306,936	974,539	2,356,680	23,493,663
Balance at 1 January 2015		1,607,967	4,934,371	12,313,170	1,306,936	974,539	2,356,680	23,493,663
Additions		-	84,499	723,396	861,969	242,924	1,215,576	3,128,364
Transfers		-	19,689	431,345	-	70,272	(521,306)	-
Disposals		-	(32,242)	(403,250)	(312,691)	(171,264)	-	(919,447)
Balance at 31 December 2015		1,607,967	5,006,317	13,064,661	1,856,214	1,116,471	3,050,950	25,702,580
Depreciation								
Balance at 1 January 2014		144,911	710,734	4,436,314	484,242	357,246	-	6,133,447
Depreciation for the year		58,610	142,292	555,070	126,715	105,430	-	988,117
Disposals		-	-	(1,955)	(43,982)	(41,341)	-	(87,278)
Balance at 31 December 2014		203,521	853,026	4,989,429	566,975	421,335	-	7,034,286
Balance at 1 January 2015		203,521	853,026	4,989,429	566,975	421,335	-	7,034,286
Depreciation for the year		64,319	256,581	659,631	205,928	155,299	-	1,341,758
Disposals		-	(22,053)	(344,313)	(224,097)	(161,369)	-	(751,832)
Balance at 31 December 2015		267,840	1,087,554	5,304,747	548,806	415,265	-	7,624,212
Carrying amounts								
At 31 December 2014		1,404,446	4,081,345	7,323,741	739,961	553,204	2,356,680	16,459,377
At 31 December 2015		1,340,127	3,918,763	7,759,914	1,307,408	701,206	3,050,950	18,078,368

Notes to the financial statements cont'd

for the year ended 31 December 2015

(b) Property, plant and equipment under construction

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

<i>In thousands of naira</i>	2015	2014
Buildings	1,118,114	1,115,219
Plant and machinery	97,462	994,649
	1,215,576	2,109,868

At year end, the Company had various ongoing capital projects which included plant upgrades, replacement of ageing machinery and expansion of warehouse and factory capacity. The projects are expected to be completed in 2016.

No borrowing costs were capitalised in the current year (2014: Nil) as the assets were not funded through interest bearing borrowings.

(c) Capital commitments

The approved capital expenditure already committed as at reporting date was ₦238 million (2014: ₦1.54 billion). There was no capital expenditure approved but not contracted (2014: Nil). Capital expenditure will be funded from the Company's internal resources.

(d) There was no property, plant and equipment that was pledged as security for borrowings at year-end (2014: 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 25 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:

	2015	2014
Cost	1,607,967	1,607,967
Accumulated depreciation	(267,839)	(203,512)
Carrying amount	1,340,128	1,404,455

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

13 Intangible assets

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

<i>In thousands of naira</i>	2015	2014
Cost		
Balance at 1 January	156,637	156,637
Balance at 31 December	156,637	156,637
Amortisation and impairment losses		
Balance at 1 January	79,474	54,822
Amortisation for the year	32,870	24,652
Balance at 31 December	112,344	79,474
Carrying amounts		
At 1 January	77,163	101,815
At 31 December	44,293	77,163

14 Prepayments

<i>In thousands of naira</i>	2015	2014
Deposit for imports (Note 14 (a))	3,527,770	-
Employee accommodation	251,840	295,325
Business premises	-	158,965
Others	3,463	-
	3,783,073	454,290
Non current prepayments (Note 14 (b))	63,920	148,451
Current prepayments	3,719,153	305,839
	3,783,073	454,290

a. Deposit for imports represents prepayments made to the bank by the Company and GMT Limited; the Company's logistics provider to purchase inventory. As at year end, this amount is held by the bank for settlement of the foreign supplier.

b. Non-current prepayments represent long-term portion of prepaid rent.

Notes to the financial statements cont'd

for the year ended 31 December 2015

15 Deferred tax liabilities

Deferred tax liability/(asset)

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of naira</i>	2015	2014
Property, plant & equipment	2,596,944	2,796,013
Employee benefit	(895,657)	(1,137,965)
Foreign exchange gain	(18,460)	-
Foreign exchange loss	107,678	-
Net deferred tax liability	1,790,505	1,658,048

Movement in temporary differences during the year

	Property, plant & equipment	Employee benefit	Foreign exchange gain	Foreign exchange loss	Total
Balance 1 January 2014	2,148,247	(756,264)	-	-	1,391,983
Recognised in profit or loss	647,766	(187,880)	-	-	459,886
Recognised in other comprehensive income	-	(193,821)	-	-	(193,821)
Balance 31 December 2014	2,796,013	(1,137,965)	-	-	1,658,048
Recognised in profit or loss	(199,069)	228,413	(18,460)	107,677	118,562
Recognised in other comprehensive income	-	13,895	-	-	13,895
Balance 31 December 2015	2,596,944	(895,657)	(18,460)	107,677	1,790,505

At 31 December 2015, there is no unrecognised deferred tax asset or liability (2014: Nil).

16 Inventories

<i>In thousands of naira</i>	2015	2014
Raw and packaging material	4,394,875	5,297,417
Finished goods	1,755,856	5,835,489
Goods in transit	12,744,640	7,616,042
Spare parts and tools	1,406,505	1,244,122
	20,301,876	19,993,070
Inventories are stated after deducting an allowance for obsolescence amounting to:	197,831	92,189

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 ₦69.7 billion (2014: ₦87.74 billion).

Notes to the financial statements cont'd

for the year ended 31 December 2015

17 Trade and other receivables

<i>In thousands of naira</i>	2015	2014
Trade receivables	6,624,790	1,851,254
Insurance claim receivable	261	-
Loans to key management personnel	-	31,043
Deposit with registrars for dividends	273,824	151,305
Due from related parties	686,978	854,782
Other receivables	1,035,088	1,500,236
	8,620,941	4,388,620

(i) During the year, cash amounting to ₦34.76 million (2014: Nil) was received from First Registrars & Investor Services Limited - the company's registrar - representing unclaimed dividends that have been in their custody for up to fifteen (15) months.

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

<i>In thousands of naira</i>	2015	2014
Cash and bank balances	8,200,064	2,494,014
Short term deposits	7,934,934	6,101,673
Cash and cash equivalents in the statement of financial positions	16,134,998	8,595,687
Bank overdraft	(1,984,722)	(51,980)
Cash and cash equivalents in the statement of cash flows	14,150,276	8,543,707

a. Bank overdraft represents the amount drawn down by the Company as at year end from the overdraft line amounting to ₦2 billion received from Diamond bank PLC with an interest rate of 15%.

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 2015

19 Capital and reserves

(a) Ordinary shares

(i) Authorised ordinary shares of N0.50 each

In thousands of shares	2015	2014
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	2015	2014
At 1 January	976,336	976,336
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
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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

(b) Dividend payable

Movement in dividend payable

In thousands of naira	2015	2014
At 1 January	151,305	95,372
Declared dividend	8,093,824	9,363,061
Payments	(5,511,351)	(9,307,128)
At 31 December	2,733,778	151,305

Note 21

20 Employee benefit liabilities

In thousands of naira	2015	2014
Long service award benefits obligation	422,682	516,057
Gratuity obligations	2,469,142	3,449,463
Other post employment benefits	119,234	-
	3,011,058	3,965,520

(Note 20(i))

Notes to the financial statements cont'd

for the year ended 31 December 2015

- i. Other employee benefits represents the 'terminal milk benefit' which is a post employment benefit that accrues to the employees and is due at the point of exiting the Company. The benefit was valued as at year end by H.R. Nigeria Limited.

The Company has post employment benefit schemes and other long term employee benefit scheme for its employees. The liabilities are all based on independent actuarial valuations by HR Nigeria Limited with FRC registration number of FRC/NAS/00000000738.

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

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

In thousands of naira	Note	2015	2014
At 1 January		516,057	457,313
Included in profit or loss			
Current service costs		54,289	55,232
Interest cost		72,018	61,796
Curtailment gain		(128,401)	-
Actuarial gain		(66,402)	(34,987)
		(68,496)	82,041
Other			
Benefit paid during the year		(24,879)	(23,297)
At 31 December		422,682	516,057

(b) Movement in present value of the gratuity obligations

In thousands of naira	Note	2015	2014
At 1 January		3,449,463	2,063,568
Included in profit or loss			
Current service costs		261,607	346,982
Interest costs on obligation		477,994	403,667
Past service cost		(134,876)	-
		604,725	750,649
Included in other comprehensive income (OCI)			
Actuarial (gain)/loss		(46,316)	646,071
Other			
Payments during the year		(1,538,730)	(10,825)
At 31 December		2,469,142	3,449,463

Notes to the financial statements cont'd

for the year ended 31 December 2015

(c) Movement in other post employment benefits

<i>In thousands of Naira</i>	Note	2015	2014
At 1 January		-	-
Included in profit or loss			
Past service cost (plan amendment)		119,234	-
At 31 December		119,234	-

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

Cumulative amount at 1 January	435,620	(210,451)
(Gain)/Loss recognised during the year	(46,316)	646,071
Cumulative amount at 31 December	389,304	435,620

(e) Actuarial assumptions

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

Financial Assumptions

	2015	2014
Long-term Average Discount rate (p.a.)	12%	15%
Long-term Average Future Pay Increase (p.a.)	11%	12%
Long-term Average Future Rate of Inflation (p.a.)	9%	9%

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	2015	2014
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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

Age Band	2015	Rate	2014
Less than or equal to 30	4.0%		2.5%
31 - 39	3.0%		1.5%
40 - 44	2.0%		1.0%
45 - 50	2.0%		0.0%
51 - 55	5.0%		0.0%
56 - 60	5.0%		0.0%

(f) Sensitivity Analysis for long service award benefits obligation

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities showing what the obligation value would be if key inputs changed:

	Rate	Defined benefit liability		Liability for long service awards	
		2015	2014	2015	2014
Discount rate	-1%	2,723,676	3,320,609	458,179	481,696
	1%	2,469,678	3,158,785	391,376	555,458
Salary increase rate	-1%	2,469,906	3,235,484	399,944	545,278
	1%	2,720,412	3,233,912	447,951	490,281
Inflation rate	-1%	-	-	411,627	530,126
	1%	-	-	435,209	504,123
Mortality	Age rated up by 1 year	2,586,469	3,234,745	421,093	514,268
	Age rated down by 1 year	2,590,076	3,158,785	424,109	518,206

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

21 Trade and other payables

<i>In thousands of naira</i>	Note	2015	2014
Trade payables		6,016,995	7,715,176
Other payables and accruals		3,950,903	2,165,770
Amount due to related parties	Note 26 (d)	10,650,222	9,805,794
Dividend payable		2,733,779	151,305
		23,351,899	19,838,045

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

22 Loans and borrowings

<i>In thousands of naira</i>	Note	2015	2014
Short Term Finance	Note 22 (a)	2,886,838	-
GMT Nigeria Limited	Note 22 (b)	15,731,262	9,729,211
		18,618,100	9,729,211

- This represents short term finance obtained from Guaranty Trust Bank Plc and First Bank Plc (2014: Nil). The interest rate for both short term facilities was 14.5% with a maturity period of ninety (90) days.
- Borrowings amounting to ₦15.73 billion (2014: ₦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 term ranged from thirty (30) to eighty-five (85) days from the invoice date. Interest rate is charged at 16.5% 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 Management Team reports regularly to the Board of Directors on its activities.

Notes to the financial statements cont'd

for the year ended 31 December 2015

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 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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

ii. Impairment losses

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

<i>In thousands of naira</i>	Carrying amount	
	2015	2014
Less than 0-30 days (Not due)	8,620,941	4,388,620

The Company has made an allowance for impairment in respect of loans and receivables as the Company has identified doubtful debts at 31 December 2015 of ₦97.56 million (2014: Nil).

The movement in the allowance for impairment in respect of trade receivable during the year are as follows:

<i>In thousands of naira</i>	2015	2014
Balance at 1 January	-	-
Impairment recognised	97,563	-
Balance at 31 December	97,563	-

The impairment loss as at 31 December 2015 relates to some customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts are collectible based on historical payment behaviour and extensive analysis of the underlying customers' credit rating. 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 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 ₦9.9 billion for the overdraft facility and ₦8.3 billion and USD25.2 million for import facility (2014: ₦12.3 billion for overdraft and USD 30.2 million for import facility). Total facility utilized as at year end amounted to ₦1.98 billion for overdraft and ₦2.8 billion for import facility (2014: ₦51.98 million overdraft).

Notes to the financial statements cont'd

for the year ended 31 December 2015

Liquidity analysis

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

2015 <i>In thousands of naira</i>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years
Non-derivative financial liabilities						
Bank overdraft	1,984,722	1,984,722	1,984,722	-	-	-
Trade and other payables	23,351,899	23,351,899	23,351,899	-	-	-
Loans and borrowings	18,618,100	18,692,152	18,692,152	-	-	-
	43,954,721	44,028,773	44,028,773	-	-	-
2014						
2014 <i>In thousands of naira</i>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years
Non-derivative financial liabilities						
Bank overdraft	51,980	51,980	51,980	-	-	-
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	-	-	-
	29,619,236	29,619,236	29,619,236	-	-	-

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

Notes to the financial statements cont'd

for the year ended 31 December 2015

(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:

Amounts in thousands	2015		2014	
	Euro	USD	Euro	USD
Cash and cash equivalents	1	24,814	1	16,634
Trade and other receivables	-	3,443	2,094	2,137
Trade and other payables	-	(47,431)	(4,187)	(37,047)
Net exposure	1	(19,174)	(2,092)	(18,276)

The following significant exchange rates applied during the year;

	Average rate		Year end spot rate	
	2015	2014	2015	2014
Euro	214.21	219.18	214.00	221.40
United states dollar (USD)	195.52	164.97	196.99	186.00

iii. Sensitivity analysis

A 10 percent (2014:10 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	2015		2014	
	Equity	Profit or (loss)	Equity	Profit or (loss)
Euro	-	28	-	(46,317)
USD	-	(377,716)	-	(334,934)

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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

(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

	2015	2014
Short term deposits - financial assets	7,934,934	6,101,673

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 2014. The change would not affect equity.

	2015		2014	
	100 BP decrease	100 BP increase	100 BP decrease	100 BP increase
Variable rate instruments	55,545	(55,545)	42,712	(42,712)
Cash flow sensitivity (net)	55,545	(55,545)	42,712	(42,712)

(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

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortised cost				
Loans and receivables	8,620,941	8,620,941	4,388,620	4,388,620
Cash and cash equivalents	16,134,998	16,134,998	8,595,687	8,595,687
	24,755,939	24,755,939	12,984,307	12,984,307
Liabilities carried at amortised cost				
Trade and other payables	23,351,899	23,351,899	19,838,045	19,838,045
Loans and borrowings	18,618,100	18,618,100	9,729,211	9,729,211
	41,969,999	41,969,999	29,567,256	29,567,256

The basis for determining fair values is disclosed in Note 4.

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

Notes to the financial statements cont'd

for the year ended 31 December 2015

(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:

<i>In thousands of naira</i>	2015	2014
Total liabilities	52,118,900	40,356,978
Cash and cash equivalents	(16,134,998)	(8,595,687)
Net debt	35,983,902	31,761,291
Total equity	14,844,649	9,559,249
Debt to capital ratio at December 31	2.42	3.32

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 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:

<i>In thousands of naira</i>	2015	2014
Staff car loans	121,358	86,591
Staff housing loans	287,855	283,029

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 are six lawsuits 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 ₦453 million (2014: ₦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.

Notes to the financial statements cont'd

for the year ended 31 December 2015

26 Related parties

(a) Parent and ultimate controlling party

The parent and ultimate controlling party of the Company is Friesland International Beheer B.V, incorporated in Netherlands, with a 67.81 % (2014: 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 2015 was Nil (2014: Nil). Repayment periods vary and some of the loans are interest free. At 31 December 2015, the balance outstanding was Nil (2014: ₦31.04 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:

<i>In thousands of naira</i>	2015	2014
Short-term employee benefits	105,939	99,822
Contribution to compulsory pension fund scheme	11,457	9,734
Long-term employee benefits	9,184	11,743
	126,580	121,299

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 0.39 percent (2014: 0.55 percent of the company's issued share capital.

(d) Other related party transactions

(i) Payables, purchases and royalty expense

<i>In thousands of naira</i>	Nature of transaction	Transaction value for the year		Balance outstanding at year-end (Note 21)	
		2015	2014	2015	2014
Related Party Friesland Brands B.V., Netherlands	Royalty expense (Note (e)(i), 8)	3,186,110	3,307,946	1,187,638	789,710
FrieslandCampina B.V., Netherlands	Purchases (Note (e)(ii))	43,759,286	19,314,154	9,462,584	9,014,616
FrieslandCampina Support Centre Asia and Pacific, Malaysia	Technical support (Note (e)(iv))	488,999	436,871	-	1,468
		47,434,395	23,058,971	10,650,222	9,805,794

Notes to the financial statements cont'd

for the year ended 31 December 2014

(ii) Receivables and sales

In thousands of naira	Nature of transaction	Transaction value for the year		Balance outstanding at year-end (Note 17)	
		2015	2014	2015	2014
Friesland Export West Africa, Netherlands	Sales (Note (e) (iii), 6)	985,506	1,725,615	126,774	1,526
FrieslandCampina B.V, Netherlands	Limited risk distribution transaction (Note (e) (ii), 16)	4,697,688	1,834,478	560,204	853,256
		5,683,194	3,560,093	686,978	854,782

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

(e) Transactions with related parties

- (i) The Company has a Know-How and Trade mark agreement; and Research and Development Technical Know-How agreement with Friesland Brands B.V., in the Netherlands, for which it pays royalties. Technical Know-How agreement royalty fees are computed as a percentage of profit before tax while royalty fees on trade mark and research and development agreement are computed as a percentage of net sales of the related products. An amount of ₦3.19 billion (2014: ₦3.31 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.

Details of the NOTAP certificates are listed below:

- File number AG/MN/126/15/40 with a limit not exceeding ₦3.03 billion
- File number NOTAP/AG/MN/126/16/57 with a limit not exceeding ₦4.69 billion
- File number NOTAP/AG/MN/126/17/106 with a limit not exceeding ₦4.13 billion

- (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 Subsequent events

Subsequent to the reporting date, the Board of Directors recommended a dividend of ₦9.77 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 2015 that have not adequately been provided for or disclosed in the financial statements.

Other national disclosure

Value added statement

for the year ended 31 December

Other national disclosures

<i>In thousands of naira</i>	2015	%	2014	%
Revenue	120,716,682		126,436,219	
Brought in materials and services				
- Local	(24,456,571)		(29,272,605)	
- Imported	(63,769,517)		(71,375,119)	
	32,490,594		25,788,495	
Finance Income	748,150		917,369	
Value Added	33,238,744	100	26,705,864	100
Distribution of Value Added:				
To Government as:				
- Government as taxes	5,269,175	16	5,768,642	22
To Employees:				
- Employees as wages and salaries and end of service benefits	9,412,619	28	7,528,925	28
To Providers of Finance:				
- Finance costs	3,803,098	11	1,384,430	5
- Interim dividends	3,866,290	12	3,817,473	14
Retained in the business:				
- Depreciation of tangible assets	1,341,758	4	988,117	4
- Amortisation of intangible assets	32,870	-	24,652	-
- Impairment loss on tangible assets	-	-	86,000	-
- Proposed dividends	9,538,802	29	7,078,436	27
- To (deplete)/augment reserves	(25,868)	-	29,189	-
	33,238,744	100	26,705,864	100

Financial summary

Other national disclosures

<i>In thousands of naira</i>	2015	2014	2013	2012
Funds Employed				
Share Capital	488,168	488,168	488,168	488,168
Share Premium	350,211	350,211	350,211	350,211
Retained Earnings	14,006,270	8,720,870	7,804,903	13,509,948
Shareholder's Fund	14,844,649	9,559,249	8,643,282	14,348,327
Current Liabilities	47,317,338	34,785,390	37,047,059	30,359,763
Non-current Liabilities	4,801,562	5,623,568	3,912,864	3,977,004
	66,963,549	49,968,207	49,603,205	48,685,094
Asset Employed				
Non Current assets	18,186,581	16,684,991	14,157,859	10,791,414
Current assets	48,776,968	33,283,216	35,445,346	37,893,680
	66,963,549	49,968,207	49,603,205	48,685,094

<i>In thousands of naira</i>	2015	2014	2013
Revenue			
	120,716,682	126,436,219	120,256,164
Profit before tax	18,615,978	16,499,920	19,312,554
Profit for the year	13,346,803	10,731,278	13,069,521
Other comprehensive income, net of tax	32,421	(452,250)	63,836
Per ₦0.50 share data			
Basic earnings per share	13.67	10.99	13.39



Nourishing through extensive distribution network

Milk is one of the richest natural sources of good nutrition. Milk, by nature, contains essential nutrients including proteins, vitamins B2 and B12, and minerals such as calcium. At FrieslandCampina WAMCO, ensuring that Nigerians get their daily nutrient recommendation through milk has been a major driver of our operations.

From grass to glass, we ensure that every step is quality proof so as to deliver the right nutrients and nourishment to our consumers. This quality culture is guided by diligent compliance to external

quality guidelines, including those of international bodies and FrieslandCampina quality programmes.

A key pillar of this assurance to our consumers is our extensive distribution network with clear territory demarcation managed by secondary sales force. To achieve territory coverage, FrieslandCampina WAMCO works with Key Business Partners who are long term partners on the market routes. This strategy guarantees that the products are accessible and fresh for our consumers.



Celebrate your mum with special Peak packs



Reach for your Peak



Proxy form

43rd Annual General Meeting to be held at the Grand Banquet Hall, The Civic Centre, Ozumba Mbadiwe Street, Victoria Island Lagos on Thursday, 12 May, 2016 at 11.00 a.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 12 May, 2016 and at any adjournment thereof.

Dated this.....day of.....2016.

Signature.....

*Delete as necessary

Resolutions	No. of Shares		
	For	Against	Withheld
To declare a final Dividend			
To re-elect as Director, Mrs. Oyinkan Ade-Ajayi			
To re-elect as Director, Mr. Robert Steetskamp			
To re-elect as Director, Mr. Gregory Sklikas			
To elect as Director, Engr. Mustafa Bello			
To appoint Messrs. Pricewaterhouse Coopers to replace Messrs. KPMG Professional Services as external auditors			
To authorise the Directors to fix the remuneration of the Auditors			
To elect members of the Audit Committee			
To fix 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:

- 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 & Investor Services, Plot 2, Abebe Village Road, Iganmu, Lagos not later than 48hours before the time for holding the meeting.
- This Proxy Form should NOT be completed and sent to the Registrars if the member will be attending the meeting.
- In the case of joint Shareholders, any of such may complete the form, but the names of all joint Shareholders must be stated.
- If executed by a corporation, this form must be sealed with its common seal
- **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

43rd Annual General Meeting to be held at the Grand Banquet Hall, The Civic Centre, Ozumba Mbadiwe Street, Victoria Island Lagos on Thursday, 12 May, 2016 at 11.00 a.m.

Name of shareholder _____ Number of shares held _____

Name of person attending _____ Signature _____

IMPORTANT

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

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

1. Complete, sign and date the form
2. Fill out all compulsory(*) fields
3. Fill in CAPITAL LETTER

E-PRODUCTS

E-PRODUCTS ACTIVATION FORM

You need not worry about the safety of your shares anymore, simply stay aboard with our e-Products and services.

E-SHARE NOTIFIER SMS alerts on transactions that occur on your share account (AGM & EGM, Dividend Payments, Bonuses, Debits/ Credits etc.)

ONLINE-ACCESS Online access to your share account statements. You can view and print your account statement, make change of address and access dividend info etc.

M-ACCESS Smart way to access your stock balances, dividend amount etc. via SMS on your mobile phone. Simply send your assigned PIN to 6591. The service is available only in Nigeria and attracts N20/SMS by network operator

Instruction

Please fill the form and return to the address below:

The Registrar,
First Registrars & Investor Services Ltd.
2, Abebe Village Road, Iganmu
P. M. B. 12692 Lagos, Nigeria.

Shareholder Account Information

Surname* First Name* Other Names

Address Line 1*

Address Line 2

City State* Country

GSM No (Mobile)* GSM No (Telephone)*

Email Address*

Signature(s)* Corporate stamp/Seal

Charges:

Individual: ₦1000 per annum/product

Corporate Bodies: ₦2000 per annum/product

Please tick() the product(s) you are activating

All payments should be made into each product's account number respectively.

E-Share Notifier activation Account No. 2013302579

Online access activation Account No. 2013798370

M-access activation Account No. 2011760908

in any First Bank branch nationwide and a copy of the payment slip attached to this form upon submission.

TICK	NAME OF COMPANY	ACCOUNT NO.
	ABC TRANSPORT PLC	
	ACAP CANARY GROWTH FUND	
	AFRICAN DEVELOPMENT BANK BOND	
	AFRICAN PAINTS PLC	
	ANCHOR FUND	
	ARM AGGRESSIVE GROWTH FUND	
	ARM DISCOVERY FUND	
	ARM ETHICAL FUND	
	ASO- SAVINGS AND LOANS PLC	
	AUSTIN LAZ AND COMPANY PLC	
	BANK PHB PLC (NOW KEYSTONE BANK LIMITED)	
	BAYELSA STATE BOND	
	BCN PLC-MARKETING COMPANY	
	BEDROCK FUND	
	CADBURY NIGERIA PLC	
	CHAMS PLC	
	COSTAIN WEST AFRICA PLC	
	CROSS RIVERS STATE BOND	
	DAAR COMMUNICATIONS PLC	
	DEAP CAPITAL MANAGEMENT & TRUST PLC	
	DELTA STATE GOVT BOND	
	DV BALANCED FUND	
	EDO STATE BOND	
	FAMAD NIGERIA PLC	
	FBN FIXED INCOME FUND	
	FBN HERITAGE FUND	
	FBN HOLDINGS PLC	
	FBN MONEY MARKET FUND	
	FIDELITY BANK PLC	
	FIDELITY BOND	
	FIDELTY NIGFUND (INCOME & ACCUMULATED)	
	FORTIS MICROFINANCE BANK PLC	
	FRIESLANDCAMPINA WAMCO NIGERIA PLC	
	HALDANE MCCALL REIT	
	HONEYWELL FLOUR MILLS PLC	
	JULI PLC	
	KAKAWA GUARANTEED INCOME FUND	
	LAGOS STATE BOND SERIES 2	
	LEARN AFRICA PLC	
	NIGERIA POLICE MORTGAGE BANK PLC	
	NIGERIAN BREWERIES PLC	
	OANDO PLC	
	ONDO STATE BOND	
	OYO STATE BOND	
	PARTNERSHIP INVESTMENT CO.PLC	
	PRESCO PLC	
	PRESTIGE ASSURANCE PLC	
	PZ-CUSSONS NIGERIA PLC	
	RAK UNITY PETROLEUM PLC	
	REDEEMED GLOBAL MEDIA COMPANY	
	SIM CAPITAL ALLIANCE VALUE FUND	
	STACO INSURANCE PLC	
	STANBIC IBTC BALANCED FUND	
	STANBIC IBTC BALANCED FUND	
	STANBIC IBTC BANK PLC FLOATING RATE& FIXED RATE SUBORDINATED UNSECURED NOTES	
	STANBIC IBTC BOND FUND	
	STANBIC IBTC ETF 30 FUND	
	STANBIC IBTC ETHICAL FUND	
	STANBIC IBTC GUARANTEED INCOME FUND	
	STANBIC IBTC HOLDINGS PLC	
	STANBIC IBTC MONEY MARKET FUND	
	STANBIC IBTC NIGERIAN EQUITY FUND	
	STANDARD ALLIANCE INSURANCE PLC	
	STARCOMMS PLC	
	UBA FIXED RATE SUBORDINATED UNSECURED NOTES	
	UNION DIAGNOSTIC AND CLINICAL SERVICES PLC	
	UPDC REITS	
	WEST AFRICAN ALUMINIUM PRODUCTS (WAAP)	
	ZAMFARA STATE BONDS	

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Don't you wish your milk was Complete like mine?

Three Crowns evaporated milk is low in cholesterol, tasty, and filled with essential vitamins and minerals. And that's why every mum should take Three Crowns Milk to help stay fit and healthy, so she can take extra care of her family.

Low Cholesterol

Great Taste

Essential Vitamins

Mum's Love

Healthy mums, happy families



Nourishing development

Increasing the sustainability of dairy farming and the dairy sector is a key focus of FrieslandCampina WAMCO business strategy.

Since 2010, we have been working with local dairy farmers to scale up commercial dairy farming in Nigeria and help improve food security.

Under its dairy development programme, over 1 600 local dairy farmers, of which about 60 per cent are women, are now knowledgeable on the importance of milk hygiene and improvement procedures.

Besides training, FrieslandCampina WAMCO's dairy development team provides on-going support to

these farmers in the area of animal health management and improving pasture learning trajectories and feed supplementation trails.

These farmers have milked for subsistence for generations, but now, things are changing with FrieslandCampina WAMCO partnering with them to increase their incomes by providing a steady market for their raw milk.

The multi-billion naira dairy farming program in Oyo state, Nigeria, leverages on Royal FrieslandCampina global experience to strengthen the programme.

New projects

New finished goods warehouse



The Finished Goods Warehouse features a capacity of over 14,000 pallet positions and is executed with LED lights which avail brighter surroundings and aligns us with environmental Green Goals. It is fully automated with SAP running as backbone ERP system and an Electronic Data Enterprise (EDI) interfaced Warehouse Management System that drives efficiency in its operations. The system also cuts down logistics and avails a structured first-in-first-out process, which will significantly reduce storage-related errors.

The ultra-modern facility sits on a 3.5 acre property and contains in-built offices for warehouse managers

and storekeepers, which allows for closer contact, ensures easier control and enables effortless access among staff.



The new Finished Goods Warehouse underlines FrieslandCampina WAMCO's world class operations. The working environment in the new facility is significantly conducive for workers; this is due to the mechanical ventilation apparatus including air expellers and vents.

Employee welfare is key!

The company recently upgraded its offices in the main office building 1 and the new operations building. The open office structure with separate meeting rooms and offices for the directors, is designed to achieve better communication and flow of ideas amongst employees. Also the open concept helps teams cohesion. The new office space is beautifully branded with pictures that tell a story of each unit/department's activities.

The clinic is critical to our operations, as healthy population live longer and are more productive. Therefore, the new clinic is airy and has modern facilities and instruments that can provide quick analysis for occupational wellness and employee well-being. One important feature of the clinic is the private nursing room provided for breastfeeding mothers to reduce barriers to breastfeeding by enabling them express milk for nursing at a later time. This is to support breast milk as best for infants whilst also helping mothers balance work and life.



Finance and Accounts open office

The 120 seater canteen is spacious, colourful, well-lit and equipped with convenient kitchen equipment. The seating arrangement is such that promotes communality amongst employees. The canteen

will be a good avenue to promote togetherness and connectedness.

These investment increases our safety culture and resonates the priority placed on the physical health and well-being of employees.

Empowering growth

Talent development

FrieslandCampina WAMCO is committed to developing a capable and competent workforce prepared to meet current and future business needs. Our goal is to nourish and partner employees for growth by developing their competencies and providing them feedback, coaching and mentoring.

In 2015, we demonstrated this commitment by providing several learning and development opportunities locally and overseas. IFT team, Technicians in Engineering, WCOM reloaded team and the Sales team were trained overseas in their various functional areas. Our employees also participated in the learn to grow and fast forward leadership programmes globally.

Locally, over 100 machine operators were trained. Also the leadership team attended the Nourishing Leadership programme, the Supply Chain team and the Human Resource team also attended functional training programs.

Overall, we achieved 72% implementation of our learning and development plan in 2015 and have already seen improvement on the job.



Staff motivation/recognition

As a business, we understand the relationship between employee motivation and company performance. Talented employees amongst other things are driven by ideal working conditions, opportunities to bond and showcase their business ideas and skills.

To address this need, we created opportunities across cadres by setting up cross-functional project teams with employees across levels,

organized Away days for the different functions within the business to promote bonding, renovated offices while continually emphasizing Safety in and out of the workplace.

Well deserving employees were recognized for their achievements and contribution. Notable amongst them are: The Engineering team for repairing the Filler 2 machine, Supply Chain team for making savings for the company, Four cross functional

project teams were recognized for their contributions to the Strategic building blocks and enabling pillars to the company 2016-2018 strategy, Safety awards to the Engineering team. The triple "A" award won by the Project Zeus team in Sales and the Forex team in Finance, The reward for the Triple "A" award is packaged visits to the corporate headquarters in the Netherlands.



FC WAMCO cup

FCWAMCO is committed to developing a sustainable work life balance in order to support its employee in keeping fit and living a healthy life style through the FC WAMCO Football Cup. This promotes engagement, fosters team bonding, promotes the brands and creates a winning culture.

In 2015, we had the 10th Edition which was fun and unique from every other edition, this goes to show our commitment in improving the way we do business and investing in our people.

Special features include: Novelty Match between Management and employees. The tournament also featured a mix of cross functional teams

Overall, FC WAMCO Cup helped boost staff morale and motivated them towards achieving organization goals.

New route to market

Project zeus

- Making quality nutrition accessible
- Stronger partnership with KBPs

FrieslandCampina WAMCO has just implemented a new Route to Market model and a new partnership plan with her distributors to drive business growth and combat competition.

The steep competition witnessed especially in Lagos between 2012 and 2014 made it imperative for the company to review her operations in the market place with a view to returning the business to the path of growth.

The implementation began in April 2015 in Lagos and Ogun regions with significant improvement in direct coverage of retail outlets thereby leading to noticeable improvement in Availability, Visibility and Accessibility of her products across different channels. Lagos region continues to witness growth across all measured indicators since the roll-out commenced.

With Zeus, the efficiency of our Route to Market has significantly improved; impacting the efficiency of the field sales force on one hand and controlling the extended supply chain via the Key Business Partners (KBPs). FrieslandCampina WAMCO is now leveraging the new Route to Market to bring quality nutrition to Nigerians across regions in partnership with her highly motivated Key Business Partners.

Some key benefits Zeus has brought to all FrieslandCampina WAMCO regions are:

- Wider and deeper coverage of territories
- Better numeric and weighted distribution of FC WAMCO SKUs across all segments
- Transparency of operations
- Reliable trade data acquisition, tracking and analysis
- Better distributor and territory management including secondary sales force
- Better price control as targets are set based on territory potential.

Zeus has helped us to deepen distribution through third party to white spots thereby giving us additional geographical spread.



Project Zeus rollout in Jos



KBP Investiture in Lagos

Towards sustainable dairy development



feed to cattle, feed preservation through silage and hay making. Crossbreeding through artificial insemination was carried out as well as an instructive and continuous Quality Improvement Programme (QIP) put in place. The total volume for the year was slightly over three million litres while one of the most important quality parameters, total plate count improved to about 800,000cfu/ml. The DDP team worked in partnership with Nigerian Institute of Trypanosomosis Research (NITRE) to control the prevalence of tsetse flies and therefore reduced trypanosomosis disease infections in the locations where DDP is active.

The Fulani women in collaboration with IFDC-2SCALE were engaged in vocational trainings and were linked up with WAMCO sales team to retail Peak and Three Crowns products serving as additional sources of income to them.

In 2015, FrieslandCampina WAMCO made significant progress in the development of local milk production capacity in Nigeria with the engagement and training of over one thousand six hundred Fulani milk producers and potential small holder dairy farmers in Oyo State. Significantly, 920 of the farmers (representing about 60%) were women.

The company continued to invest in the maintenance of its facilities: the Milk bulking Centre in Iseyin and four functional Milk Collection Centres (MCCs) in Fasola, Alaga, Maya and Iseyin. The company has in its fleet, five insulated milk trucks of varying capacities for the conveyance of raw milk from the Milk Collection Centres to the Milk Bulking Centres en route the factory in Lagos. Similarly all the milk suppliers were given aluminium milk cans of 30,000L capacity to improve the quality of raw milk being supplied.

Working in collaboration with the Federal Ministry of Agriculture and Rural Development (FMARD) and International Fertilizer Development Centre- Towards Sustainable Clusters in Agribusiness through Learning in Entrepreneurship (IFDC-2SCALE), the milk producers were supported through consistent trainings and demonstrations to upgrade their milk supply in terms of quantity and more importantly, quality. Pasture cultivation demonstrations with improved pasture seeds from South Africa was carried out in four learning plots. This thrived well and we plan to roll out same in other locations in the coming years while we partner with National Animal Production Research Institute (NAPRI) to develop propagation of local pasture in Nigeria.

We also demonstrated and trained farmers in the use of crop residues and fortification as sources of good

In 2016, the dairy development programme will:

- Intensify mobilisation and accommodation of new Small Holder Dairy Farmers and Fulani Milk Producers to join DDP
- Facilitate establishment of at least 50 small holder dairy farms
- Implement Good Dairy Farm Practices (GDFPs)
- Focus on increasing milk production per cow in Oyo.
- Improve raw milk quality through effective quality control measures and training
- Implement pasture development, dry season feeding and improve access to potable water
- Kick start effective cross breeding programme
- Establish 2 pilot farms and training/breeding centres in Oyo
- Execute effective animal health programmes especially disease prevention and control.



DDP officers from Nigeria, Indonesia and Vietnam and 15 Dutch member farmers with CEO, Roelof Joosten, during their certification training as FrieslandCampina DDP trainers.

They were trained by Qlip, a Dutch organization for quality research, audits and certification in the agrofood business, on animal health, milking processes, hoof trimming, tropical feed, quality control of raw milk and many other subjects related to dairy farming under tropical circumstances.

Our employees give back



FrieslandCampina WAMCO partnered with the Nigerian Red Cross on a nutrition intervention programme for displaced children in IDP camps in Yola, Adamawa state.

The Nigerian Red Cross was chosen for this programme because of its large volunteer base, strong international support and experience in managing these kinds of social issues.

In this regard, the company gave supplies of about 20,000 cartons of its products to support the planned intervention for the period of August to October. The programme benefited over 1,700 children from ages 5 upwards, helping to reduce concerns of malnutrition in the camp.

Through this project, employees of FrieslandCampina WAMCO had the opportunity to lend a hand to the internally displaced by donating non-cash gift items to persons living in the camp. This was done in line with the #payitforward campaign launched by the Peak brand to inspire the act of kindness amongst Nigerians through giving.



Nutrition engagement in public schools



In recognition of our Tertiary Endowment Programme, The Minister of Health and erstwhile Vice Chancellor of University of Ibadan, Prof. Isaac Adewole (middle) and Professor of Food Technology Department, University of Ibadan, Prof. Ogunua Charles Aworh (right) paid a courtesy visit to FCWAMCO

Themed "Nourishing by Nature", the School Adoption Programme was a two pronged engagement involving the provision of learning materials for the adopted schools while carrying out a nutrition talk in the schools to highlight the importance of milk as an adequate source of nutrition for stronger bodies and sharper minds. This programme was delivered across Nigeria by our employees who took pride in driving the company's CSR.

The infusion of nutrition talk and dance into our school engagement served as a bonding opportunity with pupils while exemplifying our slogan - Drink, Move, Be Strong, a concept based on our belief that improving the quality of education across the country requires an all-around approach that is focused not only on school development, but ensuring that pupils are healthy and sharp and remain that way until adulthood.

Charity outreach

Likewise, the company recognized the need to increase its non-cash care to the 30 charity homes it supports. Hence in December, employees travelled to Our Lady of Lourdes Maternity Hospital, Ipetumodu, Osun state, where they met with over 500 women and children. The gathering was a platform for the company to make donations of hospital equipment purchased for the clinic, discuss the nutrition with the mothers and in the spirit of the season, merry with them with entertainment provided by employees.

This was also replicated during our visit to Daughters of Charity - Madonna School for the Handicapped,

Okpanam, Delta State, an institution for special children, where the company donated a 50KVA power generating plant.

FrieslandCampina WAMCO continued its relationship with the six tertiary institutions under its Tertiary Endowment programme. The company extended an invitation for academic visit to the students and further engaged the institution to see other areas of partnership with the objective of increasing the relevance of the programme.

Ultimately, these programmes align our mission of nourishing Nigeria with quality dairy nutrition,



part of which covers our drive for better nutrition and sustainability within the communities in which we operate. More so, we understand that inadequate nutrition can endanger the proper development of children, that is why we believe that driving these nutrition initiatives will help in the mental and physical nourishment of the Nigerians.

Reach for your Peak

Peak celebrated 60th anniversary with a celebratory pack for the iconic Peak Evaporated Milk



Peak Milk celebrated its sixty years anniversary in 2015. Since its presence in the Nigerian market, Peak milk has been delivering consistent quality dairy nutrition to its teeming loyal consumers residing in Nigeria.

A new packaging for Peak Evaporated milk was unveiled based on research. Peak consumers' expectation for an easy opening and closing device for its Peak Evaporated Milk was conceived and launched.

A new 360 degree Integrated Marketing Communications campaign themed "The Future is Bright; Reach for Your Peak" was conceived to mark Peak 60 years of existence. This was celebrated by a highly emotional TV commercial. The message of Peak via her campaign was to bring back good feelings of how the brand had been part of our lives. How in our pursuit of excellence in our daily lives we have used the Peak cans to bring to life our imagination and to fuel our

dreams. It also showed the Brand's commitment to feeding the aspirations of the future consumers.

Peak Choco



To demonstrate Peak's commitment to feeding aspirations, an art and craft challenge tagged "Vision Nigeria Art Challenge" was initiated across selected schools in Lagos state. The competition focused on the children showcasing their vision of Nigeria by using Peak cans, pouches and sachets to create a vision of the Nigeria they wish to live in working together with their art teachers

The grand finale for winning schools was celebrated at this year's World Milk Day held with over sixty schools participating and 3,000 children in attendance.

Head Start Private School, Ire Akari, Isolo, won the first prize of 250,000 naira while Deby Niky Nursery/Primary School, Egbeda and Wellspring College, Omole Phase 2, were presented with 150,000 naira and 100,000 naira respectively for the grand renovation of their schools' art studio providing an enabling environment for the children and teachers to further develop their artistic and creative skills.

Surprise gifts of Samsung galaxy tablets were also given to the top 10 art teachers who have supported the children to create the different artistic inspirations.

Peak reach for millions promotion



As part of Peak's 60th anniversary celebration, an integrated communication and promotion was held to reward consumers for 60 years of patronage and loyalty. Sixty (60) millionaires emerged and were celebrated over a 60 day period.

- To participate in the promo, consumers bought any Peak milk range, sent text of the code starting with "BN found on each pack to 55331. The first 500,000 consumers were rewarded with 100 naira credited into their e-wallet courtesy of First Monie
- For redemption, winners presented used packs of Peak Milk range as proof of purchase at selected First Bank Branches with a confirmed winning code to redeem their cash prizes after a thorough verification for the codes and empty packs
- Other winning categories in the 'Peak Reach for Millions' promo were cash prizes of ₦1000, ₦5000, ₦10000, ₦15,000 in addition to the ₦1,000,000 winners everyday

Peak Wazobia

In furtherance of our mission to nourish Nigerians with quality dairy nutrition, Peak Wazobia pack was introduced to make Rich & Creamy Peak evaporated milk accessible to many more Nigerians, especially the emerging middle class (EMC). The EMC is about 65% of Nigeria's population and responsible for 55% of milk consumption. They have low disposable income and buy as per need (small packs).

- The introduction of Peak Wazobia at an affordable price complements the basket of low unit portion packs from FrieslandCampina WAMCO.
- Peak Wazobia contains MORE milk, is sold at a popular price of ₦50 and gives the same Rich and Creamy experience of Peak milk



Three Crowns Milk fueling the second engine

Three Crowns Milk was repositioned in January 2015 on the platform of "Healthy Mums, Happy Families"- a positioning that stemmed from the need for the brand to evolve into providing value experience and give consumers strong reasons to buy the brand.

The main objective was also to build a strong No.2 in Evap and Powder and be well positioned as the 2nd engine for FrieslandCampina WAMCO Nigeria.



Broader portfolio

Three Crowns Milk grew from 2 to 5 SKUs in a year, starting with the introduction of its 380g powder pack which was an instant success in the market. This growing market influence and need to drive penetration gave rise to the need to make the brand even more accessible by introducing the ₦20 Powder and ₦40 Evaporated Sachet packs.



New communication campaign

The brand was last communicated in 2010 with no clear emotional benefit, a fading functional benefit of low cholesterol and zero presence in the powder milk sector.

The 'Don't you wish' campaign was launched along with the introduction of the Powder packs in February 2015. The new communication was hinged on the positioning "Healthy mums, happy families", positioning Three Crowns milk as a healthy choice because it contains low cholesterol which helps to keep the whole family fit and healthy. It has a great taste, contains vitamins and minerals to support daily growth and body maintenance.

We were the first ever brand in Nigeria to acknowledge and care for mothers, by proving care to the caregivers, because if mothers take care of themselves, they can take extra care of their families.



Campaign reach/impact

Within 3 months of a Pan Nigeria launch, Three Crowns Milk recorded its highest ever volume shares in Evaporated category of 27.6% and maintained its shares throughout the year in a declining segment. The new powder variants also surpassed its internal sales target projection by 30% and achieved a 1% market share in plain powder. Test results for the campaign by Millward Brown Consulting showed a 98% success rate on Brand impact Metrics and 65% on persuasion.



New media exploitation

On social media, the brand moved from having zero digital presence to having over 160,000 active fans on Facebook and over 1500 Twitter followers as well as recording an average of 10,000 likes per month on Facebook. This established the platform as a strong channel for the brand to relate with its consumers one-on-one through various activities and engagements. These activities took place throughout the year and was integrated both online and offline.



Key activities were the "Mum of Year" competition to celebrate mothers on Mother's Day in May with the winning Mum, Mrs. Olumide Olaleye pampered with a grand prize of an all-expense paid trip for 2 to Dubai, free shopping voucher, honorary privileges and one year supplies of Three Crowns Milk.

The "Cook like Mine" competition featured different contestants across the country participating in a cook out using Three Crowns milk as the number 1 ingredient for their recipes. The aim of the competition was to drive additional usage occasion of milk.



In 2016

We will focus on nurturing the existing SKUs (with no new introduction planned), while consolidating on the successes of 2015 and continue to fuel this second engine to soar higher.

IFT Peak baby launch



In line with our mission of "Nourishing Nigerians with quality dairy nutrition", FrieslandCampina WAMCO launched a new Infant Formula for babies aged 0 -12 months as an alternative when breastfeeding is impossible. Prior to this, the company only had a premium product- Frisolac Gold 1 playing in this segment. Now Peak Baby is available for mums who are looking for quality nutrition at an affordable price. With these two products, the company plans to increase its market share in Infant milk. In addition, mums can now trust Peak range of Infant formula from birth till 3 years of age - with Peak Baby and Peak 123 Growing Up Milk.

Peak Baby was launched to our esteemed Healthcare Practitioners during 10th Annual Nutrition Seminar themed "Physical Growth and Brain development of the Nigerian Child: The Challenge of our time". This seminar held in five key cities in Nigeria; Ibadan, Abuja, Enugu, Port-Harcourt and Lagos.

Dr. Anne Schaafsma a senior scientist in FrieslandCampina's Global Nutrition Development department presented his research findings on "the role of early nutrition in brain development". In attendance were key Health Care Practitioners, Government Agencies and Industry experts, who deliberated on the theme extensively and submitted solutions that will enhance the cognitive ability of the Nigerian child.

Special guest of honor at the grand unveil in Lagos was the wife of the governor of Lagos State, Her Excellency Mrs. Bolanle Ambode.

Peak Baby was gallantly unveiled amid dance drama, 3D video and confetti blasts.



Zero injury, zero waste

Safety is a cornerstone of FrieslandCampina WAMCO's day-to-day operations. Our goal is to achieve an accident-free and incident-free working environment in which employees and contractors also make an active contribution. The aspects on which the safety programme focuses include process safety, culture & leadership and risk recognition.

Safety awareness and safety performance improved immensely in FrieslandCampina WAMCO's facility. The number of medical treatment accidents reduced from 120 in 2011 to 7 in 2015. This was supported by the SHE campaign theme "Safety in your hands, hearts and minds."

Going forward, the new, stricter, target is zero injury, zero waste to landfill; this will enable our safety culture to evolve from 'Rule to Habit'. With the right mindset from all employees, we believe this is possible.



Celebration of 1000 Days of Zero LTA



In FrieslandCampina WAMCO, September 9, 2015, marked 1000 days of Zero Loss Time Accident. This means it has been more than three (3) years since the last accident which involved lost time from work occurred. The best part is that our families back home are the biggest beneficiaries of this safety culture.

"This is a great outcome especially when you consider that during the last 1000 days, we have completed several massive construction projects without accident even from contractors," Rahul Colaco, Managing Director.

FC WAMCO receives prestigious Awards and Certifications

In addition, we scored a 2.5 in the recent FoQus SHE audit indicating a reasonably high level of pro-activeness in Safety & Environmental Management. We also received prestigious awards and recognitions from various regulatory bodies during the year.

Among these are:

- LCCI (Lagos Chamber of Commerce and Industries) -Award for High Compliance in Standards & Safety
- NSITF/NECA Ambulance Award for Exceptional Safety Culture



Awards

FrieslandCampina WAMCO named best CSR company in West Africa ... closes 2015 with 13 industry awards



NSITF/NECA ambulance award for exceptional safety culture

FrieslandCampina WAMCO, made a haul of 13 awards in 2015 from 'Most Improved' and 'Most Respected' to one of the 'Best Three Tax Compliant Companies in Nigeria' award recipient.

FCWAMCO emerged "Most Improved Company in CSR" at the 2015 SERAs - Social Enterprise Report and Awards - in recognition of its remarkable corporate social responsibility strides, especially with its Dairy Development Programme (DDP).

BusinessDay Media Ltd, publishers of BusinessDay daily newspapers, also awarded us as one of Nigeria's Top 100 Most Respected Companies in 2015.

For unflinching compliance in tax remittances, we received a Chartered Institute of Taxation, Nigeria (CITN) Merit Award in the Corporate - Private Sector category as one of the best three tax compliant companies in Nigeria.

Peak brand won the Iconic Brand of the Year Award from the Marketing World Magazine and has also won the highest vote from respondents of The Best Buy Award Nigeria 2015/2016 survey performed by the Swiss organization ICERTIAS (International Certification Association).

Other awards received in the year include: the LCCI Commerce and Industry Award, NECA/NSITF Ambulance Award, Nutrition Society of Nigeria Award of



Excellence, and Sales Excellence Award for Distribution by the Institute of Certified Sales Professionals.

More on the list are: University of Ibadan (Food Technology) Social Responsibility Award, NASD-OTC Securities Award of Excellence & Special Recognition, Brand Africa 100 Best Brands Award, the Manufacturers Association of Nigeria's Total Compliance Award and the Gold Winner TVC Award (Peak) by the Association of Advertising Agencies of Nigeria (AAAN).

FrieslandCampina WAMCO was also named the company with the best CSR programmes in West Africa (2015) by Capital Finance International (CFI.co), a London-based, global print journal and online resource reporting on business, economics and finance. The award was announced in the latest edition of CFI.co online, covering Africa, Asia, the United Kingdom and United States of America, the Middle East and Europe. According to the CFI.co report, "Its trail-blazing approach has not only inspired others to follow suit, but also ensured the dairy producer a place at the very top of the corporate food chain."

Within the Royal FrieslandCampina operating companies, FCWAMCO was handed the Diamond Award at the Consumer Product Europe, Middle East and Africa (CPEMEA) leadership days for outstanding performance realized with 3A behavior and mindset, under very difficult circumstances in 2015.

Notes

Notes
