

Cadbury

ANNUAL REPORT & ACCOUNTS 2012

CADBURY NIGERIA PLC
RC4151

NON-STOP VITALITY

VITALITY BAR



Yummy Cadbury Bournvita is made with the essential nutrients, vitamins and minerals for non-stop achievers that need non-stop goodness.

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MISSION STATEMENT

OUR MISSION IN CADBURY NIGERIA PLC IS TO SERVE THE CONSUMER WITH PRODUCTS OF CONSISTENTLY HIGH QUALITY, MADE READILY AVAILABLE AT PRICES WHICH OFFER REAL VALUE FOR THE MONEY SPENT.

IN ITS RELATIONS WITH STAKEHOLDERS AND BUSINESS ASSOCIATES, THE COMPANY IS GUIDED BY AN UNWAVERING COMMITMENT TO THE PURSUIT OF EXCELLENCE AS THE BASIS FOR CURRENT SUCCESS AND FUTURE GROWTH.





**BREATHE DEEP.
GO FOR IT.**

Board of Directors

CHAIRMAN	Mr. Atedo Peterside, CON
MANAGING DIRECTOR	Mr. Emil Moskofian (British) (Appointed 30 June 2012) Mr. Alan Palmer (British) (Resigned 30 June 2012)
FINANCE AND STRATEGY DIRECTOR	Mrs. Oyeyimika Adeboye
NON EXECUTIVE DIRECTORS	Mr. Adedotun Sulaiman, MFR Mrs. Ibukun Awosika Mr. Charles Nelson (American) Mr. Lawrence MacDougall (South African) (Resigned 20 March 2013) Mr. Ruslan Kinebas (Russian) (Appointed 20 March 2013)
COMPANY SECRETARY/CHIEF COUNSEL MRS. FOLA AKANDE Cadbury Nigeria Plc Lateef Jakande Road Agidingbi, Ikeja Lagos Tel: +234-1-2717777	INDEPENDENT AUDITORS KPMG PROFESSIONAL SERVICES KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos
REGISTERED OFFICE Cadbury Nigeria Plc RC4151 Lateef Jakande Road Agidingbi, Ikeja Lagos Tel: +234-1-2717777 Fax: +234-1-5450058, +234-1-5803367	REGISTRAR & TRANSFER OFFICE Union Registrars Ltd 2, Burma Road Apapa, Lagos. Email : registrar@unionregistrars.com Tel: +234-1-5871318, +234-1-5877305



COMPANY PROFILE



The origins of Cadbury Nigeria Plc stretch back to the 1950s when the business was founded as an operation to source cocoa beans from Nigeria and as a precursor to enable the Company's founders to prospect for opportunities to serve the local consumer market with world famous Cadbury branded products.

In the early 1960s, an initial packing operation was established to re-pack imported bulk products. This packing operation grew rapidly into a fully-fledged manufacturing operation and resulted in the incorporation of Cadbury Nigeria Limited in January 1965. In 1976, the Company became a publicly listed company with shares traded locally on the Nigerian Stock Exchange.

Introduced in 1960, Cadbury BOURNVITA, (the Company's flagship brand, was initially imported and re-packed on the current 42-hectare site located in Agidingbi, Ikeja. Cadbury BOURNVITA consolidated the Food Drinks market in Nigeria and was the first Food Drink to be locally manufactured in the country. Full local manufacture of BOURNVITA commenced in 1965. BOURNVITA was re-launched in a world class, environmentally-friendly polypropylene jar in 2011 and remains a market leader in the Food Drinks category today.

Following incorporation, the Company developed other product categories most notable of which was Candy. Introduced in 1970, TOMTOM – the

big black and white sweet for soothing relief which has sustained market leadership for over 40 years – remains the most iconic brand in the Nigerian candy market and now comes in three variants: Classic, HoneyLemon and Strawberry. The other brands in the Company's candy portfolio are TREBOR BUTTERMINT, the delicious sweet with the double pleasure of butter and mint, and HALLS AHOMKA GINGER. In 2012, the Company expanded its product categories when it launched TANG, the global leader in powdered beverages, into the Nigerian market.

Cadbury Nigeria Plc has a 99.66% owned subsidiary located in Ondo State that provides all the cocoa powder required for the manufacturing of Cadbury BOURNVITA. Stanmark Cocoa Processing Company Limited processes cocoa beans into several high quality cocoa by-products (such as cocoa butter, cocoa powder, cocoa cake and cocoa liquor) for local and export markets.

From its initial staff strength of 200 people in 1965, Cadbury Nigeria Plc currently employs more than 1,000 colleagues who have chosen to build their careers with the Company.

Cadbury Nigeria Plc is owned 74.99% by Cadbury Schweppes Overseas Limited, which is itself a wholly owned subsidiary of Mondelez International. The remaining 24.01% equity ownership of the Company is held by a diverse group of indigenous individual and institutional shareholders.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Members of Cadbury Nigeria Plc will be held in the Banquet Hall of the Civic Centre, Ozumba Mbadiwe, Victoria Island, Lagos, on Wednesday 8 May 2013 at 10:00am to transact the following business:

ORDINARY BUSINESS

- 1) To lay before the meeting, the financial statements of the Company for the year ended 31 December 2012, and the Report of the Directors, together with the reports of the Auditors and the Audit Committee thereon;
- 2) To declare a Dividend;
- 3) To elect/re-elect Directors;
- 4) To authorise the Directors to fix the remuneration of the Auditor;
- 5) To elect members of the Audit Committee;

SPECIAL BUSINESS

- 6) To approve the remuneration of the Directors.

NOTES

Proxies

A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. Such a proxy need not be a member of the Company. All instruments of proxy should be completed and deposited at the office of the Company's Registrar, Union Registrars Limited, 2 Burma Road, Apapa, Lagos, NOT LATER than forty-eight (48) hours prior to the meeting.

Closure of Register

The Register of Members and Transfer book will be closed from 15 April 2013 to 17th April 2013 (all days inclusive) for the purpose of updating the Register of Members.

Dividend Warrants

If the payment of the Dividend is approved, it is intended that warrants and e-Dividends respectively will be posted on Thursday, 9 May 2013 to holders of shares whose names appear in the Register of Members on 12th April 2013.

Election of the Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004, "any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting."

Dated this 20th day of March 2013

By Order of the Board.



Fola Akande

Company Secretary/Chief Counsel

Registered Office

Cadbury Nigeria Plc,
Lateef Jakande Road,
Agidingbi, Ikeja, Lagos.



About Mondelez International

Mondelez International, Inc. is one of the world's largest snacks companies, with global net revenues of \$35.0 billion in 2012. Launched on Oct. 1, 2012, following the spin-off of its North American grocery operations to shareholders, Mondelez International is a new company in name and strategy, but carries forward the values of its legacy organization and the rich heritage of its iconic brands.

Creating Delicious Moments of Joy

The dream of Mondelez International is to create delicious moments of joy always. 110,000 employees in 165 countries support this dream by manufacturing and marketing delicious food and beverage products for consumers around the world. The company is the world's pre-eminent maker of snacks, with leading market shares in every category and every region of the world in which they compete.

Mondelez International holds the No. 1 position globally in Biscuits, Chocolate, Candy and Powdered Beverages as well as the No. 2 position in Gum and Coffee. About three-quarters of its annual revenue is generated in the fast-growing Biscuits, Chocolate and Gum & Candy categories, and more than 40 percent of sales come from high-growth developing markets.

A Portfolio of the World's Favourite Brands

Mondelez International portfolio features nine billion-dollar brands: Cadbury, Cadbury Dairy Milk and Milka chocolate, Jacobs coffee, LU, Nabisco and Oreo biscuits, Tang powdered beverages and Trident gum. In addition, the company's portfolio includes another 52 brands which each generate annual revenues of more than \$100 million. In 2012, its Power Brands, which represent almost 60 percent of total revenue, continued to drive top line performance. These brands grew 8 percent, or nearly twice the growth rate of the total company.



Unique Competitive Advantages

At Mondelez International, all the ingredients are in place to deliver sustainable, profitable growth: an advantaged geographic footprint with a significant presence in developing markets; large, fast-growing snacks categories; an unrivalled portfolio of beloved Power Brands and proven global innovation platforms; strong routes to market with significant barriers to entry; and world-class talent and capabilities.

Community Involvement

Mondelez International community involvement includes contributions of more than \$1 billion in cash and food for over 25 years. Through the Mondelez International Foundation, the company is ramping up active play and nutrition education, while ensuring families have access to fresh foods through local agriculture. Other community-based programs that span the globe and drive change are;

- Investing in community programs that encourage kids to get active, learn nutrition basics, prepare healthy snacks and grow fresh foods.
- Focusing efforts in countries to provide the most impact.
- Partnering with local on-the-ground experts with strong knowledge of community needs.
- Inspiring employees to volunteer their time and talents.

For more information, visit www.mondelezinternational.com and www.facebook.com/mondelezinternational.



FINANCIAL HIGHLIGHTS

	<u>Consolidated*</u>		<u>Change</u>	<u>Separate</u>		<u>Change</u>
	2012	2011	%	2012	2011	%
	N'000	N'000		N'000	N'000	
Revenue	33,550,501	34,110,547	(2)	31,231,751	31,018,546	1
Gross profit	11,097,299	11,159,197	(1)	11,476,476	10,857,120	6
Results from operating activities	4,008,386	4,578,174	(12)	4,594,742	4,494,127	2
Profit before income tax	5,511,518	5,053,022	9	6,438,262	5,309,043	21
Profit for the year	3,454,991	3,670,555	(6)	4,401,907	3,783,211	16
Share capital	1,564,594	1,564,594	-	1,564,594	1,564,594	-
Shareholders' funds	20,039,356	16,589,171	20	21,773,887	17,376,786	25
Data per 50k share						
Basic earnings per share (kobo)	110	117	6	141	121	17
Net assets per share (kobo)	641	533	20	696	555	25
Stock exchange quotation				29	11.8	146
Market Capitalization at 31 December (N'millions)				90,746	36,924	146

* Consolidated figures include the financial results of Stanmark Cocoa Processing Company Limited.



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Introduction

Fellow shareholders, distinguished ladies and gentlemen, on behalf of the Board of Directors, I would like to heartily welcome you all to the forty-eighth Annual General Meeting of Cadbury Nigeria Plc and present to you the financial statements and reports of our Company for the financial year ended 31 December 2012, while also reviewing the Company's performance.

Ending Well, Closing Strong

For Cadbury Nigeria Plc, like the rest of the Nigerian economy, 2012 could easily be seen from two distinct prisms: the beginning and the end. We navigated a slow and tough beginning, occasioned by disruptions of economic activity that marked the commencement of the first quarter and we experienced a concerted powerful effort to end the year strong.

However, at all times in the year, we kept faith with the strategic decisions we had taken to ensure that the Company's transformation agenda remained on course.

In 2012, the Company delivered higher operating profits despite posting slightly lower topline revenue caused by disruptions across the country from the first quarter of the year. Despite the slow start to the year, our core brands, Bournvita and TomTom, maintained their leadership of their market segments, being firm national consumer favourites.

In July 2012, Mr. Alan Palmer, our Managing Director retired from the services of our Company after 38 years of service to Cadbury and he was succeeded by Mr. Emil Moskofian, an experienced executive with over 20 years managerial experience spread across a dozen countries. I am happy to note that the smooth transition in Executive Management enabled us to simultaneously strengthen our focus on driving sales and sustaining efficiencies, while ensuring policy compliance at all times as we tried to close out the year with a strong performance.

I am glad to inform shareholders that the Company's investments in factory and site infrastructure at the Agidingbi plant has continued at pace and several of the completed projects have yielded multiple benefits and commendations to the Company.

Through A Challenging Year

Several external factors combined to exert significant pressure on our overall business revenue and profitability in 2012. In the forefront among these, were the upheavals and strikes arising from the fuel price increase and oil subsidy issues in the first quarter, sustained security challenges throughout the year, the prevalent high costs of power supply, persistent price fluctuations in the commodities markets with its attendant impact on pricing predictability for our raw material supplies.

The challenges from fluctuations in commodity prices culminated in unabated increases of input costs, especially from raw materials such as cocoa, dairy and sugar. These huge cost challenges, while driven mainly by the international commodity market, were also exacerbated by a few Government policies and actions.

The year also witnessed our comprehensive route-to-market optimisation program, implementation of which has commenced in selected regions in the



country. Combined with continuous credit facilitation for our distributors, this ensured our ability to drive our sales and strengthen the position for our brands.

In spite of the general concerns on capacity utilisation in the manufacturing sector, Cadbury Nigeria Plc has continued to drive operational efficiencies and add capacity for our immediate growth requirements. The most immediate impact of these efficiencies is the sustained profitability in 2012 which was the enabler of the Board's recommendation in respect of the declaration of a dividend to shareholders this year.



Sustaining the Momentum of Investments

Following the completion of several landmark projects in the prior year, we raised the ante on the spate of significant capital investments in our business in 2012. Primary among this was the breaking of ground and commencement of construction to achieve our Food Drinks factory extension. The new factory extension when completed will expand our capacity and also



increase our operational efficiency, thereby enabling us to fulfil the strong consumer demand for our Food Drink offerings. The factory extension will complete our sequence of Food Drink factory investments which commenced in 2010 with the brand new packing hall and packing line which resulted in the launch of the new enriched Cadbury Bournvita in a world class polypropylene jar.

In 2010, I informed you of the full installation of the state-of-the art 3.6 Megawatt gas powered generator which has since ensured a highly efficient and yet functional and environmentally cleaner in-house power generation capability for us. I am pleased to inform shareholders that the Company is going even further to install a new Multi-Energy Vapour Absorption Chiller which will utilise the exhaust flue gas (which was hitherto wasted) from the new gas engine to generate chilled water/ cooling to our various factories. This investment, which is the first of its kind within the Mondelez International group, will not only create additional savings for the Company but will also minimise the quantity of flue gas that is wasted and emitted to the atmosphere.

In 2012, the Company stepped up its efforts in employee engagement as part of our determined effort to affirm that Cadbury Nigeria Plc is an exciting place to work. The Company's management and staff have been fully involved in this energising process which has brought renewed momentum to our sites and further engaged all parts of the business.

The Company resolves to continue with this plan of aggressive reinvestment in capacity and efficiency upgrades. This is also a reflection of our commitment to the long term viability of the Nigerian economy and to position us to take advantage of the opportunities in West African markets to grow our business in future.



Expanding Portfolio, Sustained Leadership

Following the successful restaging of our two flagship brands (Bournvita and TomTom), I had announced last year our intention to explore opportunities for new product introductions from the global parent company portfolio. I am happy to report that Tang, the first of these global brands in focus, was launched in Nigeria in the fourth quarter of 2012. Tang is a globally successful fruit-flavored powdered beverage made from a 100% natural flavor base and formulated to include many vitamins and minerals, making it a beverage that is both delicious and nutritious. I am happy to note that the initial market response to Tang has been positive and the confidence that comes from this successful entry will serve as a boom to the other innovations which are planned.



Despite increasing competition in their segments, consumer demand for Bournvita and TomTom remained strong and resilient due to creative marketing activities in the course of the year. Bournvita held a landmark biggest-ever consumer promotion, the Yummy Life Promo. On the other hand, TomTom introduced the Honey & Lemon variant which has been well received across the country.

Dividends of Efficiency

I earlier mentioned the difficulties witnessed at the start of 2012 and the varied challenges which the Company faced during the course of the first half of the year. Resultantly, our gross earnings declined marginally from N34.1 billion recorded in the previous year to N33.5 billion. However, the operational efficiencies and cost control programs of the Company provided a strong platform to ensure that this topline flat performance was not translated into the Company profitability for the year. Thus, profit before tax for the year grew from N5 billion in 2011 to N5.5 billion in 2012. The Company recorded a profit after tax of N3.4 billion.

In view of this strong profitability and the concomitant boost to the Company's shareholders' funds, the Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of N1,564,594,083 (2011: Nil), that is 50k per ordinary share of 50k (fifty kobo) each. If the proposed dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate at the time of payment. I sincerely appreciate the support and patience of all our shareholders throughout the years of rebuilding the Company when profits were ploughed back to sustain the business and dividends could not be paid.

Part of the Mondelez International Family of Companies

Last year, I informed you of the plan to split Kraft Foods Inc. into two independent public companies - a high-growth global snacks business and a high-margin North American grocery business. The transaction was completed in October 2012 and our new parent company was born: Mondelez International. Mondelez International, Inc. (NASDAQ: MDLZ) is a global snacking powerhouse, with 2012 revenue of \$35 billion. Creating delicious moments of joy in 165 countries, Mondelez International is a world leader in chocolate, biscuits, gum, candy, coffee and powdered beverages, with billion-dollar brands such as Cadbury, Cadbury Dairy Milk and Milka chocolate, Jacobs coffee, LU, Nabisco and Oreo biscuits, Tang powdered beverages and Trident gum. Mondelez International is a proud member of the Standard and Poor's 500, NASDAQ 100 and Dow Jones Sustainability Index.

We have benefited already from the integration of Cadbury Nigeria Plc into the wider global organisation over the past two years through the sharpening of our internal processes and practices and we expect this to continue. There will be no immediate change to the name of the Company as a result of this transaction. Our Company's name will therefore remain as Cadbury Nigeria Plc into the immediate future, but we will continue with our programme of fully aligning our policies, processes and practices to the Mondelez International ways of working.

Meanwhile, I want to inform all shareholders that we have now completed the process of merging Cadbury Nigeria Plc and Stanmark Cocoa Processing Company Limited. I thank all our shareholders for their overwhelming support and approval for our merger proposal at the recent Court Ordered Meeting. I also thank the minority shareholders in Stanmark for accepting shares of Cadbury Nigeria Plc in lieu of their equity in Stanmark and welcome them to the Cadbury family.



Unclaimed Dividend

Last year, I spoke about the significant unclaimed dividends due to our shareholders. Regrettably, this situation still subsists in our 2012 financial statements. I would like to repeat my earlier call on our shareholders to complete the e-dividend/e-bonus data update form that is attached to the back of the Annual Report to provide further data on themselves. Once completed, please detach the form and submit it to the Registrar either at the venue of the Annual General Meeting (AGM) or to their offices. This will assist the Registrar to facilitate the effective distribution of the unclaimed dividend fund and reduce this huge outstanding.

I hope that most of you have heeded my earlier calls to open bank accounts, stock broking accounts and Central Securities Clearing Systems accounts, all of which are required for any e-dividend and e-bonus which may be declared in future. As usual, the Registrars are available after the AGM or at their offices to offer appropriate advice to shareholders on any of these issues.

Governance, Ethics & Compliance

The Company remains committed to the principles of good governance and to high standards of business integrity, ethics and professionalism in every aspect of its operations. We have placed an enormous emphasis on Governance at the Board level and consistently embedded processes and policies to ensure full awareness by all our employees in this respect such that our employees become ambassadors for the high standards of ethics we require in our business.

Our employees are regularly exposed to classroom and online training on core and general policies (whether the policies are local or global) including weekly pep talks facilitated by randomly selected colleagues.

It is my pleasure to inform shareholders that in October 2012, Cadbury Nigeria Plc got its first ever GOOD rating in a multi-scope audit of our controls and compliance processes for the one year period between July 2011 and June 2012. The audit review was undertaken by international auditors from our parent company, Mondelez International.

Strategic Priorities for 2013

The Company ended the year under review on a very strong footing and remains committed to sustaining the current transformation of our business. Our focus on delivering sustainable growth, efficiency and capability will remain the platforms through which we deliver increasing shareholder value in 2013. Our new route-to-market infrastructure, an expanded portfolio of strong brands and our passionate engaged workforce will be our vehicles for creating delicious moments of joy for our consumers and diverse stakeholder publics. The following constitute the Company's strategic priorities in 2013:

- To invest in the equity of our brands especially Bournvita, TomTom and Tang.
- To speed up our innovation pipeline and bring fresh new and exciting consumer brands to Nigerian consumers.
- To scale up our Route-To-Market transformation program.
- To sustain our focus on quality, drive improvements in productivity and reinforce our operational efficiencies to maximise our competitive advantage.
- To build a strong sustainable business and develop an organisation of high potential talent.

Conclusion

Let me conclude by congratulating the Executive Leadership team led by Mr. Emil Moskofian for their hard work and commitment in delivering a credible bottom-line performance for the Company despite the tough start to the year. I also extend similar congratulations to our employees for their continued dedication and commitment.

Our special thanks go to the regional and global leadership teams of Mondelez International, Cadbury Nigeria Plc's ultimate parent company, for their continued support for the resurgence and transformation of Cadbury Nigeria Plc.

Finally, on behalf of your Board, let me express my appreciation to you, fellow shareholders, for your resolute support, sustained patience and continued confidence in the Company.



Atedo N.A. Peterside, CON



BOARD OF DIRECTORS AND COMPANY SECRETARY

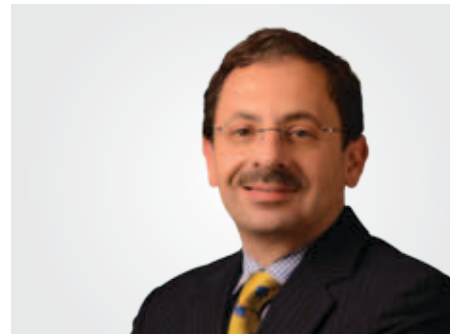
BOARD OF DIRECTORS AND COMPANY SECRETARY



Atedo N A Peterside, CON
Chairman

Atedo N A Peterside, CON joined the Board of Cadbury Nigeria Plc as a Non-Executive Director on 5 August 2009. He was appointed Chairman of the Board with effect from 21 April 2010. He is the Founder and a Non-Executive Chairman of Stanbic IBTC Bank Plc and also the President and Founder of ANAP Foundation, which is a non-profit organisation that is committed to promoting good governance.

Mr Peterside is a Member of the National Council on Privatisation (NCP) and is the Chairman of the NCP's Technical Committee. He is a member of the National Economic Management Team which is headed by the President of the Federal Republic of Nigeria. Mr. Peterside also sits on the Boards of the following publicly quoted companies - Flour Mills of Nigeria PLC, Nigerian Breweries Plc, Presco Plc and Unilever Nigeria Plc.



Emil Moskofian
Managing Director

Emil Moskofian was appointed to the Board of Cadbury Nigeria Plc as the Managing Director on 1 July 2012. He also serves as Managing Director for Cadbury West Africa and Chairman of Cadbury Ghana Limited. He has over 20 years of international experience leading businesses with British American Tobacco. Prior to becoming Managing Director for Cadbury Nigeria Plc, he served as the Regional Managing Director Africa and Turkey IFFCO, UAE from 2010 to 2011.



BOARD OF DIRECTORS AND COMPANY SECRETARY (CONTINUED)



Ibukun Awosika
Non-Executive Director

Ibukun Awosika was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 22 October 2009. Mrs. Awosika is the founder and CEO of The Chair Centre Group. The companies in the group include The Chair Centre Limited, Sokoa Chair Centre Limited, Furniture Manufacturers Mart Limited, and TCC Systems and Services Limited and are involved in furniture manufacturing, retail and bank-way security systems services.

Mrs Awosika also serves on a number of corporate and not for profit boards amongst which are: First Bank of Nigeria Plc, Convention on Business Integrity (CBI), Nigerian Sovereign Investment Authority; she also chairs the boards of FBN Life Assurance Plc, and After School Graduate Development Centre (AGDC), a facility which she promoted to help address youth employability and enterprise issues in Nigeria.

Mrs Awosika is a graduate of Chemistry from University of Ife-Nigeria, an alumnae of the Chief Executive Programme of Lagos Business School, and the Global Executive MBA of IESE Business School, Barcelona-Spain.



Charles Nelson
Non-Executive Director

Charles Nelson was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 15 September 2010. Mr. Nelson, an American with over 20 years experience in Corporate Finance, joined Kraft Foods Inc. in 1988 and has held a succession of senior finance roles across the Kraft Group including Finance Director, Kraft Foods South East Asia and Financial Planning & Analysis Manager, Kraft Jacobs Suchard Iberia. Mr. Nelson is currently the Director of Financial Planning & Analysis, Controlling & Treasury, Kraft Foods Middle East & Africa (MEA) and is based in Vienna, Austria.



Oyeyimika Adebayo
Finance and Strategy Director

Oyeyimika Adebayo joined the Board of Cadbury Nigeria Plc. as Finance and Strategy Director on 30 November 2008. Prior to joining the Board, Mrs. Adebayo was the Chief Financial Officer and Director of Finance at another publicly quoted Food and Beverage Company in Nigeria. She had previously worked for two firms of Chartered Accountants and has an impressive track record in finance, strategy and administration both in Nigeria and the UK.

Mrs. Adebayo is also a member of the Boards of Stanmark Cocoa Processing Company Limited and Cadbury Ghana Limited. She also sits on the Boards of two charities in Nigeria.



BOARD OF DIRECTORS AND COMPANY SECRETARY (CONTINUED)



Adedotun Sulaiman, MFR
Non-Executive Director

Adedotun Sulaiman, MFR was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 5 August 2009. Mr. Sulaiman, a renowned management & strategy consultant, has over 30 years of experience in transformational engagements in Strategic Plan Development, Organization Design/Review, Human Resource Management, Technology Planning and Process Re-engineering. Mr. Sulaiman, a past Country Managing Director and Chairman of Accenture Nigeria, is currently Chairman of several companies and not-for-profit organisations including Cornerstone Insurance Plc, Mouka Ltd, SecureID Ltd, Interswitch Ltd, Arian Capital Management Ltd, Helios Towers Nigeria Limited, Corona Schools Trust Council and Youth Business Initiative.



Lawrence MacDougall
Non-Executive Director

Lawrence MacDougall was appointed a Non-Executive Director on 15 September 2007. Mr. MacDougall was the former President of the Middle East and Africa Business Unit of Cadbury Plc. and former Managing Director of Cadbury South Africa. Presently, he is the Regional President of Mondelez International EEMEA (Eastern Europe Middle East and Africa) region. He served as Chairman of the Board of Directors of Cadbury Nigeria Plc. until his resignation from the position on 20 April 2010 but remained on the Board as a Non-Executive Director of the Company. Lawrence resigned from the Board of Cadbury Nigeria Plc. effective 20 March 2013.



Ruslan Kinebas
Non-Executive Director

Ruslan Kinebas was appointed as a Non-Executive Director on 20 March 2013. Mr. Kinebas joined Kraft Foods Inc. in 2010 with acquisition of Cadbury Plc. He was appointed Area VP for North Africa, West Africa and Turkey in February 2013, taking responsibility for this newly created geographic growth cluster within EEMEA region of Mondelez International. Mr. Kinebas spent the previous year and a half in Zurich, leading the Cheese and Grocery Business Unit in Mondelez Europe as Category President. Prior to that, he was VP Sales, Snacking, supporting the work of the Snacking Venture Team. In 2010-11, as VP and Area Director for South Eastern Europe, based in Vienna, Mr. Kinebas led iconic Kraft businesses in the nine countries of the Area through a tough economic environment, back to growth.



BOARD OF DIRECTORS AND COMPANY SECRETARY (CONTINUED)



Alan Palmer

Alan Palmer was appointed Managing Director of Cadbury Nigeria Plc on 30 November 2008. He also served as Managing Director for Cadbury West Africa. Prior to becoming Managing Director for Cadbury Nigeria Plc, he served as Managing Director of Cadbury South East Asia from 2003 to 2008. A highly experienced marketing professional with over 30 years experience working in various roles in Cadbury Plc, Mr. Palmer was formerly the Global Marketing Director for Cadbury Plc and Marketing Director for Cadbury's confectionery business in the UK. Mr. Palmer is a member of the Board of Stanmark Cocoa Processing Company Limited and Cadbury Ghana Limited. Mr. Palmer resigned from the Board of Cadbury Nigeria Plc. on 30 June 2012.



Fola Akande
Company Secretary/Chief Counsel

Fola Akande joined Cadbury Nigeria Plc. as Company Secretary/Chief Counsel on 2nd July 2012. Mrs. Fola Akande comes into the role with an impressive background in Compliance, Corporate Governance, Commercial and Finance Law. She has over 25 years of working experience and prior to joining Cadbury worked for Standard Chartered Bank Nigeria Limited as Company Secretary/Legal Adviser/Chief Compliance Officer. Mrs. Akande is also a special member of the Chartered Institute of Arbitrators UK.



2012 at a glance



2012 ANNUAL GENERAL MEETING

(L-R) Adedotun Sulaiman (Non-Exec Director), Lawrence MacDougall (Non-Exec Director), Yimika Adeboye (Finance & Strategy Director), Abiola Laseinde (Ag. Company Secretary & Legal Manager), Atedo Peterside, CON (Chairman), Alan Palmer (Managing Director), Ibukun Awosika (Non-Exec Director) and Charles Nelson (Non-Exec Director) at the 2011 Annual General Meeting of Cadbury Nigeria Plc in May 2012.

(L-R) Cadbury Nigeria Customer Business Partner, Alhaja Bola Jimoh (of Maybat Integrated Network), Dimeji Osingunwa (Cadbury Nigeria Divisional Sales Manager – North), Mrs. Adedayo F. Hannah, (winner of One Million Naira), Ladi Alabi (Cadbury Nigeria Customer Business Manager - Ilorin), Mr. Tunde Adeoye (of Batoram Enterprises) and Alhaja Idowu Hassan (of Faith Store) at the presentation of cash prize to winners in the Cadbury Bournvita Yummy Life Promotion.



BOURNVITA YUMMY LIFE CONSUMER PROMOTION



EMPLOYEE LAUNCH OF MONDELEZ INTERNATIONAL IN WEST AFRICA

(L-R) Shade Fagbola, Omoye Adeniyi-Ajiboye and Yemisi Makinde, all of Cadbury Nigeria Plc, at the Connected Through Joy thumb mural marking the launch of Mondelez International in West Africa on October 3, 2012.

(L-R) Olufemi Fifo of the Engineering Team, and Company Chapter Chairman of the National Union of Food Beverage and Tobacco Employees (NUFBTE), Emmanuel Imoagene, Human Resources Director, and Roland Akinbogun, of the Electrical Team and Lagos State Chairman of NUFBTE, during the 2012 Cadbury Nigeria Long Service Awards in December 2012.



2012 CADBURY NIGERIA LONG SERVICE AWARDS



RUN FOR A CURE AFRICA MARATHON, CO-SPONSORED BY CADBURY BOURNVITA

Team Cadbury Nigeria at the Run For a Cure Africa, an annual non-profit organization initiative aimed at zero death caused by Breast cancer. From left, Dariusz Lawecki (Customer Service and Logistics Director), Solomon Omoru, Akomen Omijeh, Adejare Oduwole, Adebola Williams and Abu Egwakhide. Cadbury Bournvita was Official Beverage for the run.



2012 at a glance

Nasir Malik, Integrated Supply Chain Director, takes the first dig during the ground breaking ceremony for the new Food Drinks Factory extension in Cadbury Nigeria Plc.



CONSTRUCTION OF NEW FOOD DRINKS FACTORY EXTENSION



CELEBRATING THE "GOOD" AUDIT RATING FROM MONDELEZ INTERNATIONAL

Employees of manufacturing and commercial teams of Cadbury Nigeria gather together to cut a cake in celebration of the "Good" rating received by Cadbury Nigeria Plc from the Mondelez International Multi-scope Audit.

Muslim faithfuls receive nourishing cups of Cadbury Bournvita at the end of a day's fast during the 2012 Ramadan period.



BOURNVITA RAMADAN ACTIVATION



MANAGING DIRECTOR'S SPECIAL RECOGNITION AWARDS

Olabisi Oyekunle of the Candy Team (r), first winner of the new Managing Director's Special Recognition Award receives his certificate from Emil Moskofian, Managing Director Cadbury Nigeria Plc.

Emil Moskofian, Managing Director Cadbury Nigeria Plc addresses staff at his first all-colleague town hall meeting.



ALL-COLLEAGUE TOWN HALL MEETING



2012 at a glance



A group photograph of all marketing agencies and members of the marketing team, during the 2012 Marketing partners conference in Cadbury Nigeria Plc

ALL-MARKETING AGENCY MARKETING CONFERENCE

Kufre Ekanem, Corporate Affairs Manager, (r) welcomes Dr. Joseph Odumodu, Director General of the Standards Organization of Nigeria (SON) during the courtesy visit/factory tour of Cadbury Nigeria Plc.



DIRECTOR GENERAL, STANDARD ORGANISATION OF NIGERIA VISITS CADBURY NIGERIA



(L-R) Abiola Laseinde, Legal Counsel, Adedotun Sulaiman (Non-Exec Director), Yimika Adeboye (Finance & Strategy Director), Atedo Peterside, CON (Chairman), Alan Palmer, former Managing Director, Ibukun Awosika (Non-Exec Director), High Chief (Dr.) Bayo Akinnola, MFR, the Lisa of Ondo Kingdom and Emil Moskofian, Managing Director, during the send forth for Alan Palmer.

SAYING FAREWELL TO ALAN PALMER

(L-R) Paul Udochi, Sales Director, Cadbury Nigeria Plc., Mrs. C. O. Bashiru, Managing Director, Tinuola Stores Ltd. and Alan Palmer, former Managing Director, Cadbury Nigeria Plc, during the trade launch of TomTom HoneyLemon.



TOMTOM HONEYLEMON TRADE LAUNCH



DIRECTORS' REPORT

DIRECTORS' REPORT

For the year ended 31 December 2012

The Directors are pleased to present to the members their Annual Report together with the audited consolidated and separate financial statements for the year ended 31 December 2012.

Directors' Responsibilities

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements set out on pages 38 to 115 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 for at least twelve months from the date of this statement.

Principal Activities

Cadbury Nigeria Plc was incorporated in Nigeria on 9 January 1965 as a Company limited by shares. It became a publicly listed Company with its shares traded locally on the Nigerian Stock Exchange in 1976. The Company's registered address is Lateef Jakande Road Agidingbi Ikeja. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but increasingly for exports in West Africa.

The Product Range

The Company's brands fall into two principal categories, namely Food Drinks and Confectionery. CADBURY

BOURNVITA and TANG are the main Food Drinks brand while TOMTOM, TOMTOM HONEY LEMON, AHOMKA GINGER and BUTTERMINT are the main brands in the Confectionery stable. The relative contribution to Group results of the Company's brands in 2012 was 93% (2011: 91%) in terms of sales value.

During the year the Company launched two new products, TANG and Tom Tom Honey Lemon. These new products fall under the Food Drinks and Confectionery categories respectively.

Stanmark Cocoa Processing Company Limited ("SCPCL") a subsidiary located in Ondo State, produces a range of intermediate products such as cocoa butter, liquor and powder. The cocoa butter and liquor are exported to a wide range of international customers; the cocoa powder is consumed locally. Cadbury Nigeria Plc's entire cocoa powder requirement is sourced from SCPCL. SCPCL accounted for 7% (2011: 9%) of the Group revenue.

Subsequent to the year end, the Board of Directors of Cadbury Nigeria Plc and Stanmark Cocoa Processing Company Limited proposed and agreed to the merger of both companies. The shareholders of the two companies unanimously agreed to the merger at court ordered meetings held simultaneously on 30 January 2013.

Shareholding

Cadbury Nigeria Plc is owned 74.99% (2011: 74.99%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International (formerly Kraft Foods Inc.) and 25.01% (2011: 25.01%) by a highly diversified spread of Nigerian individuals and institutional shareholders. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2012 (2011: Nil).

The Registrars have advised that the range of shareholding as at 31 December 2012 was as follows:

THE EXECUTIVE MANAGEMENT TEAM



Emil Moskofian
Managing Director



Oyeyimika Adebayo
Finance and Strategy Director



Paul Udochi
Sales Director



Dariusz Lawecki
Customer Service & Logistics Director



Nasir Malik
Integrated Supply Chain Director



Dele Anifowoshe
Marketing Director



Emmanuel Imoagene
Human Resources Director



Fola Akande
Company Secretary / Chief Counsel



Amir Shamsi
Head, New Categories



Analysis of Shareholding

RANGE	NO. OF SHAREHOLDERS		HOLDERS %	NO. OF SHARES	% OF SHARE HOLDING
	WITHIN RANGE				
1 - 100	4,998		6.65%	322,239	0.01%
101 - 1,000	29,160		38.80%	14,130,422	0.45%
1,001 - 5,000	24,301		32.33%	61,021,071	1.95%
5,001 - 10,000	7,301		9.71%	52,991,957	1.69%
10,001 - 50,000	7,898		10.51%	153,959,678	4.92%
50,001 - 100,000	778		1.04%	54,755,790	1.75%
100,001 - 700,000	632		0.84%	136,466,113	4.36%
700,001 - 1,000,000	28		0.03%	23,721,111	0.76%
1,000,001 - 10,000,000	60		0.08%	157,991,825	5.05%
10,000,001 - 50,000,000	6		0.01%	126,957,372	4.07%
50,000,001 - and above	1		0.00%	2,346,870,582	74.99%
Total	75,163		100.00%	3,129,188,160	100.00%

Operating Results

The following is a summary of the Company's operating results as at 31 December 2012

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Revenue	33,550,501	34,110,547	31,231,751	31,018,546
Results from operating activities	4,008,386	4,578,174	4,594,742	4,494,127
Profit before income tax	5,511,518	5,053,022	6,438,262	5,309,043
Tax expense	(2,056,527)	(1,382,467)	(2,036,355)	(1,525,832)
Profit for the year	3,454,991	3,670,555	4,401,907	3,783,211



Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of N1,564,594,083 (2011: Nil), that is, N0.50 per ordinary share of 50kobo each. If the proposed dividend is approved, it will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

Board of Directors

The Board is currently made up of seven (7) Directors, two (2) of whom are Executive Directors (the Managing Director and Finance & Strategy Director) and 5 are Non-Executive Directors (including the Chairman). The Board has a formal schedule of meetings each year and met five (5) times during the year under review. Typically, Board meetings include consideration of a broad range of matters, including but not limited to financial performance, risk management assessment, corporate governance, compliance & internal control, and matters relating to the oversight and management of the business as a whole. In line with its responsibilities for the performance and affairs of the company, the Board also holds an annual Strategy session to consider the strategic goals of the business and ensure that the company's human and financial resources are effectively deployed towards attaining those goals.

Record of Directors' Attendance at Meetings

Pursuant to and in accordance with section 258(2) of CAMA, the record of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting (AGM).

The table below shows the number of meetings attended by the Directors during the period 1 January 2012 to 31 December 2012 as against the number of meetings held during their Board/Committee membership.

Names of Directors	Board Meetings	Nomination & Governance Committee	Compensation Committee	Management committee	Risk Assessment Meeting
Atedo Peterside, CON	5/5	1/1	-	-	-
Emil Moskofian	3/5*	-	-	31/47	4/4
Oyeyimika Adebayo	5/5	-	-	40/47	4/4
Ibukun Awosika	5/5	-	-	-	-
Lawrence MacDougall	4/5	1/1	-	-	-
Adedotun Sulaiman, MFR	4/5	0/1	-	-	-
Charles Nelson	4/5	-	-	-	-
Alan Palmer	2/5**	-	-	12/47	1/4

* Emil Moskofian's attendance after appointment to the Board on June 30th, 2012

**Alan Palmer resigned from the Board on 30 June 2012

Election of Directors

Since the last AGM, Mr. Alan Palmer has resigned from the Board with effect from 30 June 2012. On your behalf we wish to thank Mr. Palmer for his invaluable contribution to the Company. Mr. Emil Moskofian was appointed to the Board to succeed Mr. Palmer as the Managing Director and Chief Executive with effect from 1 July 2012. Pursuant to Section 249 (2) of CAMA, the shareholders' approval of his appointment to the Board will be sought at the AGM.

Subsequent to the end of the year under review but before the approval of the financial statements, Mr. Lawrence MacDougall resigned from the Board effective 20 March 2013 to assume another position in the Mondelēz International Group. The Board thanks Mr. MacDougall for his contributions to the growth of the Company during his tenure. Mr.



Ruslan Kinebas was subsequently appointed, effective 20 March 2013 to fill the vacancy as a result of Mr. MacDougall's resignation.

The Directors to retire by rotation at the forthcoming AGM in conformity with the Articles of Association of the Company and section 259(1) of CAMA and who, being eligible, have offered themselves for re-election at the meeting are: Mr. Atedo N.A. Peterside CON and Mrs. Oyeyimika Adebayo

Interests of Directors

The interests of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by them for the purpose of Section 275 of CAMA and in compliance with the listing requirements of the Nigeria Stock Exchange are as follows:

Names	As at: 20/3/2013	As at: 31/12/2012	As at: 31/12/2011
Atedo Peterside, CON	15,650,000	15,650,000	15,650,000
Emil Moskofian	Nil	Nil	Nil
Alan Palmer	350,000	350,000	350,000
Oyeyimika Adebayo	90,000	90,000	90,000
Lawrence MacDougall	Nil	Nil	Nil
Ibukun Awosika	Nil	Nil	Nil
Adedotun Sulaiman, MFR	990,000	990,000	990,000
Charles Nelson	Nil	Nil	Nil
Ruslan Kinebas	Nil	Nil	Nil

Directors' Interest in Contracts

Mr. Atedo Peterside, CON is the Non-Executive Chairman of Stanbic IBTC Bank Plc, one of the Company's bankers. In accordance with the requirements of section 277 of CAMA, Mr. Peterside has declared his position with Stanbic IBTC Bank Plc to the Board of Directors.

Other than the above, no other Director has any declarable interest in contracts with which the Company was involved as at 31 December 2012.

Distributors

The Company's products are distributed nationally through an extensive network of 38 distributors, key accounts and institutional customers and the products reach their ultimate consumers through a chain of wholesalers and retailers across the nation. The names of the distributors by sales regions are listed as an appendix to the Annual Report.

Employment and Employees

a. Our People

In Cadbury Nigeria Plc, our people are our number one asset. The collective commitment of our work force has been instrumental to the sustained improvement of our corporate performance. These dedicated, diversified and cross-functional talents in Cadbury Nigeria Plc are equally spread through our Executive Leadership team, our Management level and our Non-Management cadre.

To enable this talent pool to deliver on our current challenges and position our business for the future, we constantly



endeavour to align our policies, processes and practices to the very best international standards in employment practices. To this end, we continue to receive support from the global Mondelez International group to ensure that our employees are empowered to achieve their best both for the Company and for themselves. In the year under review, we elevated several middle level managers into senior management positions and our Management Traineeship Program was also in place to ensure a reliable talent pipeline at the entry level. We were also able to infuse additional talents into our business by recruiting tested managers (locally and internationally) who have added extra impetus to our performance-driven, values led culture.

b. Learning and Development

We realize that our Company's ability to sustain a competitive advantage in the long term is largely dependent on the continuous development, training and empowerment of a team of knowledgeable, experienced and motivated employees. Thus, we sustain a consistent policy of training our people, both locally and abroad, to enhance their skills and competence as a key plank of our operational strategy.

We firmly believe that the individual employee must therefore also take the responsibility to drive his or her own learning and development. To ensure this beneficial shared ownership of learning, we insist that every staff must possess the drive, initiative and motivation to take advantage of the available learning and development opportunities.

c. Employee Involvement

The Company's on-going success in achieving its commercial objectives depends on the contributions of employees throughout the business. Through our colleague engagement platforms, we deliberately solicit employee involvement and all our staff actively participate in the Company's affairs on a regular basis irrespective of where they work.

Several formal channels and consultative committees exist for participation in the Company's affairs. As part of the Company's commitment to transparent communication with its employees, Town Hall meetings are held periodically to provide a platform for our employees to communicate in a face-to-face manner with the Company's executive management team and directly obtain clarifications and/or rationales behind the Company's performance, activities and future plans.

d. Equal Opportunity Statement

The Company is committed to providing equal opportunities to individuals within its business in all areas of employment. In support of this, policies, procedures and practices focus on capability and do not discriminate on any basis beyond merit and performance.

e. Employment of Physically Challenged Persons

It is the Company's policy to promote diversity and offer everyone equal opportunities for employment. We welcome applications for employment by physically challenged persons, bearing in mind the respective aptitude and abilities of the applicants concerned. In the event that a member of staff becomes physically challenged whilst in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them. It is the Company's policy that, as far as possible, all employees are treated alike in the areas of training, career development and promotion.

The Company has two (2) physically challenged persons in its employment as at 31 December 2012 (2011:2).

Report on Quality, Environment, Health and Safety

As a leading player in the food and beverages industry, the Company gives the greatest priority to the implementation, maintenance and continuous improvement of high standards of quality, environment, health and safety. All food production areas are clearly marked and employees are required to follow clear procedures relating to hygiene and safety before they are permitted access to food production areas of the site. Staff members and visitors to the site are required to use appropriate protective equipment when involved in production or potentially hazardous tasks.



The Company adopts Good Manufacturing Practice ("GMP"), which are a series of internationally accepted guidelines covering the manufacturing and testing of products in all of its factory operations. Both our factories and suppliers' facilities are subject to frequent GMP audits.

The Company is committed to the environment and seeks to continuously improve on our systems and processes to prevent pollution and minimize the environmental impact of our operations.

Overall safety performance for the year 2012 was an improvement over the previous year. There was no major accident within the manufacturing operations on site and Lost Time accidents reduced from 2 to 1. Each employee is encouraged to conduct their activities with the highest concern for employee safety, health and the environment.

The Company is also committed to reducing the environmental impact of its activities, preventing pollution and promoting the sustainability of the natural resources upon which it depends, while providing quality products that meets the needs of its consumers. We are committed to continuous improvement of our environmental performance and meeting or exceeding the requirements of all applicable environmental laws and regulations. In 2012, we reduced our water and energy consumption per ton of product produced by 24.8% and 5.2% respectively from 2011.

Good health services are provided through the Company's operation of its own Clinic managed by a full-time medical doctor, working with a team of competent nurses and other staff along with the use of other hospitals and clinics on a retained basis. The medical team conducts annual medical checks for all employees, as well as health seminars and counseling for various groups. Nutritious meals are also provided free at the staff canteen for all employees.

We have a policy which ensures that all employees are fully informed about HIV/AIDS, including causes and prevention. All affected employees have access to a full range of medical treatment, paid for by the Company. Our documented policy, which is widely circulated among all employees, prohibits any form of discrimination against colleagues with HIV/AIDS. Staff living with this condition are assured of confidentiality and hotlines are provided for those who desire more counseling in complete anonymity. The Company does not require HIV screening as part of its pre-employment medical examinations. World AIDS Day is marked annually by our employees and awareness of the condition is raised through seminars, pamphlets, distribution of newsletters, the wearing of the red ribbon lapel pin and voluntary HIV counseling and testing.

Bribery and Corruption

We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

As a member of Mondelez International, the Company observes and applies requirements of the United States Foreign Corrupt Practices Act (FCPA) and United Kingdom Anti-bribery Act in performing its business activities.



Cadbury Nigeria Plc in the Community

As part of its corporate social responsibility, the Company made contributions amounting to ₦2.7 million (2011: ₦21.3 million) to the following institutions and organisations during the year:

RECIPIENTS	Amount (N)
Widowhood Helpline Project	57,808
Agidingbi Community Development Association	32,063
Federal Road Safety Corps (Children's Day Safety Programme)	22,839
Chartered Institute of Personnel Management (CIPM)	35,395
Commerce & Industry Correspondents' Association of Nigeria	44,858
Little Saints Orphanage	180,614
Cadbury Bournvita Breast Cancer Awareness Initiative	2,357,700
TOTAL	2,731,277

These figures exclude the value of employee time committed to volunteering in community programmes as well as cause related marketing activities or brand communications which are related to the sports terrain (such as TOMTOM's official sponsorship of the National football teams). In several cases, donations were in the form of product donations where these were perceived to be necessary and the cash value of such contributions have been embedded in the above summary at the ex-factory price of the products.

In compliance with section 38(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in 2012.

Know-How and Trademark License Agreements

The Company has Know-How and Trademark License Agreements with Cadbury UK, Cadbury UK Limited and Trebor Bassett Limited. Under the agreements, Cadbury Nigeria Plc receives technical, scientific and commercial support for its products and its operations.

Property Plant and Equipment

Information relating to changes in fixed assets is given in Note 12 to the financial statements.

Corporate Governance

The Company recognises the importance of adhering to best corporate governance principles and practices and the valuable contribution made by such adherence to its long term business profitability and accountability to its shareholders.

A strong focus on corporate governance is at the forefront of the Company's operations and in line with the Code of Best Practices on Corporate Governance in Nigeria. Examples of the Company's compliance with these corporate governance requirements during the year under review are as follows:

i. Board of Directors – Composition and Independence

The Board has a total of seven Directors, five of whom are Non-Executive Directors. The Company recognizes the importance of the role of the Non-Executive Directors, all of whom increase the diversity of experience as well as bring objectivity and independence of thought to Board deliberations and decision making.

The position of the Chairman is held by Mr. Atedo Peterside, CON, a Non-Executive Director appointed with effect



from 21 April 2010. This is separate and distinct from the position of Managing Director which is held by Mr. Emil Moskofian.

ii. Board – Training and Access to Advisers

The Company has a structured and robust induction programme for new Directors in which the Company's business structure and operations are covered in depth and requisite information provided to assist new Directors in discharging their duties effectively.

All the Directors have access to the advice and services of the Company Secretary and, if required, to the advice and services of other professionals where such advice will improve the quality of their contribution to Board decision making.

iii. Committees

In conformity with the Code of Best Practice in Corporate Governance, the Company has in place the following Committees:

(a) Nominations & Governance Committee

The Nominations & Governance Committee is guided by a written Terms of Reference and is authorized to establish and review recommendations, qualifications and mitigating any potential conflict of interest regarding the appointment of any proposed Executive or Non-Executive Director. Thus ensuring that a review of Board candidates is undertaken in a disciplined and objective manner. The Committee is also tasked with reviewing existing governance procedures and practices in light of current domestic and global developments in corporate governance. The members of the Nominations & Governance Committee are Mr. Lawrence MacDougall (Chair), Mr. Atedo Peterside, CON and Mr. Adedotun Sulaiman, MFR.

(b) Compensation Committee

The Compensation Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives of the Company. The members of the Compensation Committee are Mrs. Ibukun Awosika (Chair), Mr. Lawrence MacDougall and Mr. Adedotun Sulaiman, MFR.

(c) Management Committee

The Management Committee comprises the functional directors who head up the core business units of the Company. It meets on a weekly basis and is responsible for setting overall corporate targets, reviewing the Company's performance and operational issues and overseeing the affairs of the Company on a day-to-day basis. As at 31 December 2012, the Management Committee was comprised of the following members: Mr. Emil Moskofian (Managing Director), Mrs. Oyeyimika Adebayo (Finance & Strategy Director), Mr. Emmanuel Imoagene (Human Resources Director), Mr. Paul Udochi (Sales Director), Mr. Nasir Malik (Site Transformation Director), Mr. Dele Anifowoshe (Marketing Director), Mr. Dariusz Lawecki (Customer Services and Logistics Director) and Mrs. Fola Akande (Company Secretary/Chief Counsel).

(d) Risk Assessment Committee

The Risk Committee comprises the functional directors and designated senior managers of the Company. It meets on a quarterly basis and its report is forwarded to the Board of Directors for further guidance. It is responsible for the oversight, review and management of the entire business risk of the Company and for proposing steps to mitigate the effects of such business risks. As at 31 December 2012, the Risk Assessment Committee was comprised of the following members: Mr. Emil Moskofian (Managing Director), Mrs. Oyeyimika Adebayo (Finance & Strategy Director), Mr. Emmanuel Imoagene (Human Resources Director), Mr. Paul Udochi (Sales Director), Mr. Nasir Malik (Site Transformation Director), Mr. Dele Anifowoshe (Marketing Director), Mr. Dariusz Lawecki (Customer Services



and Logistics Director), Mrs. Fola Akande (Company Secretary/Legal Counsel) and Mrs. Mosunmola Oloyede (Head, Internal Audit).

Code of Conduct

Being part of the wider Mondelez International, all employees subscribe to the Mondelez International Code of Conduct which describes the values that should guide all employees as they do business. The Company maintains a steady awareness of these values by continuous training and publicity of the contents of the Code to its employees throughout the course of the year. Strict adherence to the Code is mandated in the Company's day to day operations.

Share Trading Policy

Cadbury Nigeria Plc maintains a share trading policy that guides Directors, Audit Committee members and all employees as to their dealing in the Company's shares. The Policy was updated and revised by the Board with effect from 14 October 2010. 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 "blackout" periods. Notification of individual share trading activity is required to be made to the appropriate regulatory bodies as well as the Company Secretary.

Audit Committee

In accordance with section 359(5) of CAMA, members of the Audit Committee of the Company were elected at the last Annual General Meeting held on 9 May 2012. Members that served on the Audit Committee comprise three representatives of the shareholders (namely, Mr. Olaniran Jinadu, Mr. Chike Okorie and Mrs. Mary Joke Shofolahan) and three members of the Board of Directors (Mr. Adedotun Sulaiman, MFR, Mrs. Oyeyimika Adebayo and Mr. Charles Nelson).

Independent Auditors

Messrs KPMG Professional Services served as the Independent Auditors during the year under review. The Independent Auditor's Report was signed by Oluwafemi Awotoye (Mr.), ACA, a Partner in the Firm.

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

By order of the Board.



Fola Akande

Company Secretary/Chief Counsel

FRC/2013/NBA/00000001060

20 March 2013

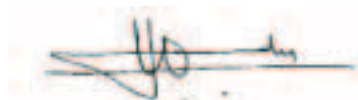


REPORT OF THE AUDIT COMMITTEE

In compliance with section 359 (6) of the Companies and Allied Matters Act of Nigeria, we have;

- i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with applicable legal requirements and agreed ethical practices.
- ii) Reviewed the scope and planning of audit requirements and found them satisfactory.
- iii) Appraised the Financial Statements for the year ended 31 December 2012 and are satisfied with the explanations provided.
- iv) Reviewed the Company's systems of accounting and internal control and found them effective.
- v) Reviewed the External Auditor's Management Report for the year ended 31 December 2012 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.

The Independent Auditors confirmed management's full cooperation in the course of the performance of their duties and that they were not limited in any way by the Company and its management.



Mr. Olaniran Jinadu

Chairman, Audit Committee

FRC/2013/ANAN/00000002331

20 March 2013

Members of the Audit Committee are:

- | | | |
|----|--------------------------------|------------------------------|
| 1) | Mr. Olaniran Jinadu (Chairman) | Shareholders' Representative |
| 2) | Mrs. Mary Joke Shofolahan | Shareholders' Representative |
| 3) | Mr. Chike I. Okorie | Shareholders' Representative |
| 4) | Mr. Adedotun Sulaiman, MFR | Directors' Representative |
| 5) | Mrs. Oyeyimika Adeboye | Directors' Representative |
| 6) | Mr. Charles Nelson | Directors' Representative |

Attendance at the Committee's meetings for year, 2012 was as follows:

Names of Members	Audit Committee Meetings
Olaniran Jinadu	3/3
Mary Joke Shofolahan	3/3
Chike I. Okorie	3/3
Oyeyimika Adeboye	3/3
Adedotun Sulaiman, MFR	3/3
Charles Nelson	3/3





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 Cadbury Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of Cadbury Nigeria Plc ('the Company') and its subsidiary company (together "the Group") which comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 115.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as management determines 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 and fair presentation of the 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 management, 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 Cadbury Nigeria Plc ("the Company") and its subsidiary company (together "the Group") as at December 31, 2012, 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 statements of comprehensive income are in agreement with the books of account.

KPMG

20 March, 2013
Lagos, Nigeria

FRC NO: FRC/2013/ICAN/0000001182



TOM TOM

Honey Lemon



BREATHE DEEP.

GO FOR IT.

2012 FINANCIALS

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

In thousands of naira

	Notes	Consolidated			Separate		
		2012	2011	1 January 2011	2012	2011	1 January 2011
ASSETS							
Property, plant and equipment	12	13,937,517	12,175,982	11,336,785	12,964,243	11,249,111	10,466,101
Intangible assets	13	54,636	56,703	69,290	54,636	56,703	69,290
Investment in subsidiary	14	-	-	-	1,007,291	1,007,291	1,006,780
Trade and other receivables	17	-	-	-	513,552	513,552	513,552
Deferred asset	15	-	1,191,745	2,572,824	-	1,191,745	2,572,824
NON-CURRENT ASSETS		13,992,153	13,424,430	13,978,899	14,539,722	14,018,402	14,628,547
Inventories	16	2,043,855	2,678,729	3,426,007	1,810,778	1,962,508	2,976,090
Trade and other receivables	17	6,266,805	5,280,522	4,314,689	5,742,579	4,586,266	4,789,019
Prepayments		611,565	235,267	96,920	611,406	232,164	93,662
Cash and cash equivalents	18	17,242,130	12,002,706	6,548,080	17,106,930	11,808,574	6,118,050
Assets held for sale	19	-	34,698	68,604	-	34,698	68,604
CURRENT ASSETS		26,164,355	20,231,922	14,454,300	25,271,693	18,624,210	14,045,425
TOTAL ASSETS		40,156,508	33,656,352	28,433,199	39,811,415	32,642,612	28,673,972
EQUITY							
Share capital	20	1,564,594	1,564,594	1,564,594	1,564,594	1,564,594	1,564,594
Share premium		11,517,941	11,517,941	11,517,941	11,517,941	11,517,941	11,517,941
Other reserve		3,435,975	3,432,591	3,436,348	3,380,688	3,380,688	3,380,688
Share based payment reserve		13,884	18,690	-	13,884	18,690	-
Retained earnings/ Accumulated loss)		3,514,579	129,941	(3,547,154)	5,296,780	894,873	(2,888,338)
Equity attributable to owners of the Company		20,046,973	16,663,757	12,971,729	21,773,887	17,376,786	13,574,885
Non-controlling interest		(7,617)	(74,586)	(71,292)	-	-	-
TOTAL EQUITY		20,039,356	16,589,171	12,900,437	21,773,887	17,376,786	13,574,885
LIABILITIES							
Deferred tax liability		113,989	-	151,199	113,989	-	-
Employee benefits	21	3,097,739	3,192,000	3,096,000	3,004,343	3,083,000	3,002,000
NON CURRENT LIABILITIES		3,211,728	3,192,000	3,247,199	3,118,332	3,083,000	3,002,000



CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

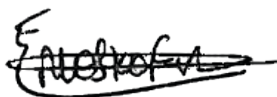
	Notes	Consolidated			Separate		
		2012	2011	1 January 2011	2012	2011	1 January 2011
Bank overdraft		1,500,000	1,500,000	-	-	-	-
Current tax liabilities	10	662,989	179,165	86,741	629,356	153,238	68,648
Trade and other payables	23	14,742,435	12,196,016	12,198,822	14,289,840	12,029,588	12,028,439
CURRENT LIABILITIES		16,905,424	13,875,181	12,285,563	14,919,196	12,182,826	12,097,087
TOTAL LIABILITIES		20,117,152	17,067,181	15,532,762	18,037,528	15,265,826	15,099,087
TOTAL EQUITY AND LIABILITIES		40,156,508	33,656,352	28,433,199	39,811,415	32,642,612	28,673,972

Approved by the Board of Directors on 20th March, 2013 and signed on its behalf by:



_____) Atedo Peterside, CON (Chairman)

FRC/2013/CIBN/00000001069



_____) Emil Moskofian (Managing Director)

FRC/2013/IODN/00000002051



_____) Oyeyimika Adebayo (Finance and Strategy Director)

FRC/2013/ICAN/00000001089

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.



CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2012
In thousands of naira

	Notes	Consolidated		Separate	
		2012	2011	2012	2011
Revenue	5	33,550,501	34,110,547	31,231,751	31,018,546
Cost of sales		(22,453,202)	(22,951,350)	(19,755,275)	(20,161,426)
GROSS PROFIT		11,097,299	11,159,197	11,476,476	10,857,120
Other income	6	116,398	495,646	116,398	491,509
Sales, marketing and distribution expenses		(5,030,985)	(3,932,696)	(5,030,985)	(3,932,696)
Administrative expenses		(2,174,326)	(3,143,973)	(1,967,147)	(2,921,806)
RESULTS FROM OPERATING ACTIVITIES		4,008,386	4,578,174	4,594,742	4,494,127
Finance income	7	1,646,298	527,300	1,843,520	814,916
Finance expense	7	(143,166)	(52,452)	-	-
NET FINANCE INCOME		1,503,132	474,848	1,843,520	814,916
PROFIT BEFORE TAX	8	5,511,518	5,053,022	6,438,262	5,309,043
Tax expense	10	(2,056,527)	(1,382,467)	(2,036,355)	(1,525,832)
PROFIT FOR THE YEAR		3,454,991	3,670,555	4,401,907	3,783,211
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,454,991	3,670,555	4,401,907	3,783,211
Profit/(Loss) attributable to:					
Owners of the Company		3,461,335	3,677,095	4,401,907	3,783,211
Non-controlling interests		(6,344)	(6,540)	-	-
PROFIT FOR THE YEAR		3,454,991	3,670,555	4,401,907	3,783,211
Total comprehensive income attributable to:					
Owners of the Company		3,461,335	3,677,095	4,401,907	3,783,211
Non-controlling interests		(6,344)	(6,540)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,454,991	3,670,555	4,401,907	3,783,211
Basic earnings per share (kobo)	11	<u>110</u>	<u>117</u>	<u>141</u>	<u>121</u>

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

In thousands of naira

Attributable to owners of the Company

	Share Capital	Share premium	Retained earnings	other reserve	Share Based payment reserve	Total	Non-Controlling Interest	Total equity
Balance as at 1 January 2011	1,564,594	11,517,941	(3,547,154)	3,436,348	-	12,971,729	(71,292)	12,900,437
Comprehensive income for the year	-	-	3,677,095	-	-	3,677,095	(6,540)	3,670,555
Profit or loss	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	3,677,095	-	-	3,677,095	(6,540)	3,670,555
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Contribution by and distribution to owners	-	-	-	-	-	-	(511)	(511)
Acquisition of non-controlling interest	-	-	-	-	-	(3,757)	3,757	-
Transfer of minority interest	-	-	-	-	-	-	-	-
Share based payment charge	-	-	-	-	18,690	18,690	-	18,690
Total contribution by and distribution to owners	-	-	-	(3,757)	18,690	14,933	3,246	18,179
Restated balance at 31 December 2011	1,564,594	11,517,941	129,941	3,432,591	18,690	16,663,757	(74,586)	16,589,171

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 December 2012
In thousands of naira

	Attributable to owners of the Company							
	Share Capital	Share premium	Retained earnings	other reserve	Share Based payment reserve	Total	Non-Controlling Interest	Total equity
Restated balance as at 31 December 2011	<u>1,564,594</u>	<u>11,517,941</u>	<u>129,941</u>	<u>3,432,591</u>	<u>18,690</u>	<u>16,663,757</u>	<u>(74,586)</u>	<u>16,589,171</u>
Comprehensive income for the year	-	-	3,461,335	-	-	3,461,335	(6,344)	3,454,991
Profit for the year	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	<u>3,461,335</u>	-	-	<u>3,461,335</u>	<u>(6,344)</u>	<u>3,454,991</u>
Transactions with owners of the company recorded directly in equity	-	-	(76,697)	3,384	-	(73,313)	73,313	-
Acquisition of non-controlling interests	-	-	-	-	(4,806)	-	-	(4,806)
Share based payment recharge	-	-	-	-	(4,806)	-	-	(4,806)
Total transactions with owners	-	-	<u>(76,697)</u>	<u>3,384</u>	<u>(4,806)</u>	<u>(78,119)</u>	<u>73,313</u>	<u>(4,806)</u>
Balance at 31 December 2012	<u>1,564,594</u>	<u>11,517,941</u>	<u>3,514,579</u>	<u>3,435,975</u>	<u>13,884</u>	<u>20,046,973</u>	<u>(7,617)</u>	<u>20,039,356</u>

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.



SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012
In thousands of Naira

	Attributable to owners of the company					
	Share Capital	Share premium	Retained earnings	other reserve	Share Based payment reserve	Total equity
Balance as at 1 January 2011	<u>1,564,594</u>	<u>11,517,941</u>	<u>(2,888,338)</u>	<u>3,380,688</u>	<u>-</u>	<u>13,574,885</u>
Comprehensive income for the year						
Profit for the year	-	-	<u>3,783,211</u>	-	-	<u>3,783,211</u>
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	<u>3,783,211</u>	-	-	<u>3,783,211</u>
Transactions with owners of the company recorded directly in equity						
Dividends to equity holders						
Share based payment charge	-	-	-	-	<u>18,960</u>	<u>18,960</u>
Total distribution to owners	-	-	-	-	<u>18,690</u>	<u>18,690</u>
Restated balance at 31 December 2011	<u>1,564,594</u>	<u>11,517,941</u>	<u>894,873</u>	<u>3,380,688</u>	<u>18,690</u>	<u>17,376,786</u>

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.





SEPARATE STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 December 2012

In thousands of naira

	Share Capital	Share premium	Retained earnings	other reserve	Share Based payment reserve	Total equity
Restated balance as at 31 December 2011	<u>1,564,594</u>	<u>11,517,941</u>	<u>894,873</u>	<u>3,380,688</u>	<u>18,690</u>	<u>17,376,786</u>
Comprehensive income for the year	-	-	4,401,907	-	-	4,401,907
Profit for the year	-	-	-	-	-	-
Total other comprehensive income	-	-	4,401,907	-	-	4,401,907
Total comprehensive income for the year	-	-	-	-	-	-
Transactions with owners of the company recorded directly in equity	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(4,806)	(4,806)
Share based payment recharge	-	-	-	-	-	-
Total contribution by and distribution to owners	-	-	-	-	-	-
Balance at 31 December 2012	<u>1,564,594</u>	<u>11,517,941</u>	<u>5,296,780</u>	<u>3,380,688</u>	<u>13,884</u>	<u>21,773,887</u>

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

In thousands of naira

	Notes	Consolidated		Separate	
		2012	2011	2012	2011
Cash flows from operating activities					
Profit for the year		3,454,991	3,670,555	4,401,907	3,783,211
Adjustments for:					
Depreciation	12	1,527,165	1,420,009	1,427,587	1,288,628
Provision for share based payment	22	(4,806)	18,690	(4,806)	18,690
Amortisation of intangible assets	13	18,385	13,181	18,385	13,181
Finance income	7	(1,646,298)	(527,300)	(1,843,520)	(814,916)
Finance cost	7	143,166	52,452	-	-
Export expansion grant income		(525,603)	(519,664)	(132,115)	(130,407)
Loss/(Gain) on sale of property, plant and equipment		169,729	(134,494)	149,024	(134,494)
Loss on disposal of asset held for sale	19	17,097	33,906	17,097	33,906
Income tax expense	10	2,056,527	1,382,467	2,036,355	1,525,832
Employee benefit charge	21(a)	<u>341,961</u>	<u>566,504</u>	<u>311,528</u>	<u>549,558</u>
		5,552,314	5,976,306	6,381,442	6,133,189
Change in:					
Inventories		634,874	747,278	151,730	1,013,582
Trade and other receivables		(460,680)	(446,169)	(1,024,198)	333,160
Prepayments		(376,298)	(138,347)	(379,242)	(138,502)
Trade and other payables (excluding dividend)		<u>3,657,551</u>	<u>1,116,887</u>	<u>3,273,350</u>	<u>1,006,878</u>
		9,007,761	7,255,955	8,403,082	8,348,307
Employee benefit paid		(436,222)	(470,504)	(390,185)	(468,558)
VAT paid		(1,102,093)	(1,105,731)	(1,004,059)	(991,767)
Income tax paid	10(b)	<u>(266,969)</u>	<u>(60,163)</u>	<u>(254,503)</u>	<u>(60,163)</u>
Net cash from operating activities		7,202,477	5,619,557	6,754,335	6,827,819
Cash flows from investing activities					
Interest received	7	1,646,298	527,300	1,843,520	814,916
Proceeds from sale of property, plant and equipment		3,155	157,503	3,155	157,503
Acquisition of property, plant and equipment	12	(3,443,983)	(2,282,215)	(3,277,297)	(2,094,647)
Increase in investment in subsidiary	14	-	(511)	-	(511)
Acquisition of intangible assets	13	<u>(16,318)</u>	<u>(594)</u>	<u>(16,318)</u>	<u>(594)</u>
Net cash used in investing activities		<u>(1,810,848)</u>	<u>(1,598,517)</u>	<u>(1,446,940)</u>	<u>(1,123,333)</u>



CONSOLIDATED STATEMENT OF CASH FLOWS – CONT'D

For the year ended 31 December 2012

In thousands of naira

	Notes	Consolidated		Separate	
		2012	2011	2012	2011
Cash flows from financing activities					
Interest paid	7	(143,166)	(52,452)	-	-
Dividends paid	23(a)	(9,039)	(13,962)	(9,039)	(13,962)
Net cash used in financing activities		(152,205)	(66,414)	(9,039)	(13,962)
Net increase in cash and cash equivalents		5,239,424	3,954,626	5,298,356	5,690,524
Cash and cash equivalents at 1 January		10,502,706	6,548,080	11,808,574	6,118,050
Cash and cash equivalents at 31 December		15,742,130	10,502,706	17,106,930	11,808,574
Cash and cash equivalents are analysed below:					
Cash and bank balances		17,242,130	12,002,706	17,106,930	11,808,574
Bank overdraft		(1,500,000)	(1,500,000)	-	-
Cash and cash equivalents at 31 December		15,742,130	10,502,706	17,106,930	11,808,574

The accompanying notes on pages 47 to 115 form an integral part of these consolidated and separate financial statements.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Reporting entity

Cadbury Nigeria Plc is a company domiciled in Nigeria. The address of the Company's registered office is Lateef Jakande Road Ikeja. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but increasingly for exports in West Africa

The Company's brands fall into two principal categories, namely Food Drinks and Confectionery. CADBURY BOURNVITA is our main Food Drinks brand while TOMTOM and BUTTERMINT are the main brands in the Confectionery stable. The relative contribution to the Group results of the Company's brands in 2012 was 93% (2011: 91%) in terms of sales value.

Stanmark Cocoa Processing Company Limited ("SCPCL") the only subsidiary of the Company, domiciled in Nigeria, produces a range of intermediate products such as cocoa butter, liquor and powder. The cocoa butter and liquor are exported to a wide range of international customers while the cocoa powder is consumed locally. Cadbury Nigeria Plc's entire cocoa powder requirement is sourced from SCPCL. SCPCL accounted for 7% (2011: 9%) of the Group's revenue.

Cadbury Nigeria Plc is owned 74.99% (2011: 74.99%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International (formerly Kraft Foods Inc), and 25.01% (2011: 25.01%) by a highly diversified spread of Nigerian individual and institutional shareholders. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2012 (2011: Nil).

As at 31 December 2012, Cadbury Nigeria Plc is primarily involved in the manufacturing, marketing and selling of BOURNVITA, TANG, TOMTOM, TOMTOM HONEY LEMON, AHOMKA GINGER and TREBOR BUTTERMINT.

The separate financial statements as at and for the year ended 31 December 2012 comprises the financial statements of Cadbury Nigeria Plc ("the Company"). The consolidated financial statements as at and for the year ended 31 December 2012 comprise the Company and its subsidiary, Stanmark Cocoa Processing Company Limited (together referred to as the "Group" and individually as "Group entities").

2. Basis of preparation

a. Statement of compliance

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

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group and the Company is provided in note 32.

The consolidated and separate financial statements were authorized for issue by the Board of Directors on 20 March 2013.

b. Basis of measurement

The consolidated and separate financial statements have been prepared under the historical cost basis and the use of actuarial methods for estimating certain employee benefits.

c. Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

d. Use of estimates and judgments

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



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 21 – Employee benefit.

Note 22 – Share-based payment plan

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 15 – Deferred taxation

Note 21 – Employee benefit

Note 28 – Contingent liabilities and commitments

Note 23 – Trade and other payables

e. Change in accounting estimate

In previous years, Intangible assets (software) are amortized on a straight-line basis in the statement of comprehensive income over a period of seven (7) years. Effective 1 January 2012, software are amortized on a straight-line basis in the statement of comprehensive income over a period of five (5) years. The change in the useful life of software from seven years in previous years to five years in current year decreased profit in current year by ₱5.06 million.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated and separate financial statements and in preparing the opening IFRS statements of financial position at January 1, 2011 for the purposes of the transition to IFRS, unless otherwise indicated.

The accounting policies have been applied consistently by the Group entity.

(a) Basis of consolidation

(i) Business combinations

Acquisitions prior to 1 January 2011

As part of its transition to IFRS, the Group elected not to restate business combinations that occurred prior to the date of transition. The only acquisition made by the Group prior to the date of transition was the acquisition of Stanmark Cocoa Processing Company Limited.

Acquisitions subsequent to 1 January 2011

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed



When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Non-controlling interests

For each business combination, the group elects to measure any non-controlling interests in the acquiree either:

- At fair value, or
- At their proportionate share of the acquiree's identifiable net asset, which are generally fair values.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustment are made to goodwill and no gain or loss is recognized in profit or loss

(iii) Subsidiaries

A subsidiary is an entity controlled by the group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary have been modified where necessary to align them with the policies adopted by the Group.

(iv) Loss of control

On the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised as a profit or loss in the statement of other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the



exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) 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.

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.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

ii. Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) 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 liability when its contractual obligations are discharged or cancelled or expire.

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.

The Company has the following non-derivative financial liabilities: bank overdrafts, trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

iii. Share capital

The Company has only one class of shares, ordinary shares. 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 are recognized as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. For the purposes of application of IFRS 1, the cost of certain items of property, plant and equipment, namely land and buildings and plant and machinery was determined by reference to previous valuation prior to the date of transition to IFRS. The Group elected to apply the optional exemption to use this previous valuation as deemed cost as 1 January 2011, the date of transition to IFRS.

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 labor, 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 capitalized 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.

Gains or 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 recognized as profit or loss in the statement of comprehensive income.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation



Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group 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 years of significant items of property, plant and equipment are as follows:

- Leasehold land – Over the lease term period
- Buildings – 40 years
- Plant and Machinery
 - » Power Generating Equipment – 10 years
 - » Packaging Equipment – 10 years
 - » Food and Candy Processing Equipment – 10 years
 - » Ovens 2 years
- Motor Vehicles – 5 years
- Furniture and Equipment – 6.67 years
- Software – 5 years

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

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

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

(e) Intangible assets

(i) Research and Expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated



impairment losses.

(ii) **Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) **Other intangible assets**

Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(iv) **Amortization of intangible assets other than goodwill**

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.. The estimated useful life of computer software for the current and comparative years is 5 years (formerly 7 years). Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) **Leases**

i. **Leased assets**

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On 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 classified as operating leases and are not recognised in the Group's statement of financial position.

ii. **Lease Payments**

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

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

iii. **Determining whether an arrangement contains a lease**

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group 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



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recognised using the Group's incremental borrowing rate.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

The basis of costing is as follows:

- Engineering spares and consumable stock - purchase cost on a weighted average basis including transportation and clearing costs;
- Raw, sundry and non-returnable packaging materials, finished products and products in process measured on the basis of standard cost adjusted for variances. The cost of finished goods and products in progress comprises raw materials, direct labour, other direct costs and related production overheads;
- Stock-in-transit - purchase cost incurred to date;

Weighted average cost and standard cost are reviewed periodically to ensure they consistently approximate historical cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock values are adjusted 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.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group 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 Group 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 Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment 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 amortized 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, where applicable, 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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, 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. Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years 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 recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(i) Employee benefits

(i) Defined benefit gratuity scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted 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 Group's experience with staff



turnover.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in profit or loss. The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(ii) **Defined contribution scheme**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. In line with the provisions of the Pension Reform Act 2004, the Group entities have 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 employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 7.5% each of their Basic salary, Transport & Housing Allowances to the Fund on a monthly basis. The Group entities contribution is 10.3% of each employee's Basic salary, Transport & Housing Allowances.

(iii) **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 recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the group 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.

(iv) **Share-based payment transactions**

The Company participates in a Group share-based payment arrangement instituted by its ultimate parent, Mondelez International (formerly Kraft Foods Inc). Certain employees of the Company participate in this arrangement which is based on the shares of Mondelez International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in accrued liability, over the period that the employees become unconditionally entitled to payment. The liability is premeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit in the administrative expenses in profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment



transactions, regardless of the equity instrument awarded.

(j) Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees. The Company's obligation in respect of the Long Service Awards scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Any actuarial gains and losses are recognized fully in profit or loss.

(k) Termination benefits

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

(l) Provisions

A provision is recognized 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 pre-tax cash flows at a 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 recognized as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(m) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, 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 discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(n) Government Grants

An unconditional government grant related to export sales is recognized in profit or loss as cost of sales when the grant becomes receivable.

(o) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss where the Group holds such financial assets. Interest income is



recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Group holds such financial assets and impairment losses recognized on financial assets (other than trade receivables).

Borrowing cost that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

Foreign currency gains and losses are reported on a net basis.

(p) Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized 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. Deferred tax is not recognised for:

- 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 jointly controlled entities 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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.



A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized

(iii) **Tax exposures**

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(q) **Earnings per share**

The Group 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 year, adjusted for own shares held (if any). 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 (if any), for the effects of all dilutive potential ordinary shares.

(r) **Assets held for sale**

Non-current assets held for sale, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill (if it exists), and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(s) **Segment reporting**

An operating segment is a distinguishable component of the Group that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

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

All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate



assets, head office expenses and tax assets and liabilities.

(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 1 January 2013 and beyond, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

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

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

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2010) is expected to have an impact on the Group's financial assets, but not any impact on the Group's financial liabilities.

(ii) **IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities (2011)**

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

Although, these standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted, the entity would not apply this standard in its annual period beginning on 1 January 2013. This is because the business combination that occurred between the entity and its subsidiary (Stanmark) was done subsequent to year end. Therefore, this standard would not be required.

(iii) **IFRS 13 Fair Value Measurement (2011)**

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies in determining fair values. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iv) **IAS 19 Employee Benefits (2011)**

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have a significant impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The amendments to IAS 1 improved the consistency and clarity of the presentation of items of other comprehensive income (OCI). The main change resulting from the amendments was a requirement for entities to group items in



OCI on the basis of whether they are potentially re-classifiable to profit or loss subsequently. It did not change the existing option to present total comprehensive income in one or two statements. It changes the title of the statement of comprehensive income to the 'Statement of profit or loss and other comprehensive income'. However, other titles are allowed.

(v) **Presentation of items of Other Comprehensive Income (Amendment to IAS 1)**

Presentation of items of Other Comprehensive Income (Amendment to IAS 1) is effective 1 July 2012 but the Group intends to adopt it for its annual periods beginning on 1 January 2013.

(vi) **IAS 27 Separate Financial Statements (2011)**

IAS 27 Separate Financial Statement contains accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares a separate financial statement. The Standard requires an entity preparing separate financial statement to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

Although, IAS 27 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted, the entity would not apply this standard in its annual period beginning on 1 January 2013. This is because of the business combination that occurred between the entity and its subsidiary (Stanmark) subsequent to year end (see Note 31). Therefore, this standard would not be required.

4 **Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The impact of the application of these standards on the entity's financial information has not been determined.

(i) **Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is based on the quoted market prices for similar items when available and replacement cost based on independent valuation when appropriate.

(ii) **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 reporting date. This fair value is determined for disclosure purposes. Short term trade 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.

(iii) **Share-based payment transactions**

The fair value of the share based payment plan is measured at the grant date using the Monte Carlo model taking into account the terms and conditions of the plan.



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5. Revenue

Revenue comprises:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Domestic sales	30,687,076	30,578,303	30,554,392	30,369,754
Export sales	<u>2,863,425</u>	<u>3,532,244</u>	<u>677,359</u>	<u>648,792</u>
	<u>33,550,501</u>	<u>34,110,547</u>	<u>31,231,751</u>	<u>31,018,546</u>

6. Other income

Other income comprises:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Sale of by-products	116,398	54,820	116,398	58,955
Net gain on sale of property, plant and equipment	-	108,860	-	100,588
Sundry income	<u>-</u>	<u>331,966</u>	<u>-</u>	<u>331,966</u>
	<u>116,398</u>	<u>495,646</u>	<u>116,398</u>	<u>491,509</u>

7. Finance income and Finance cost

Recognized in profit or loss:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Interest income on subsidiary loan	-	-	197,222	287,616
Interest income on bank deposits	<u>1,646,298</u>	<u>527,300</u>	<u>1,646,298</u>	<u>527,300</u>
Finance income	<u>1,646,298</u>	<u>527,300</u>	<u>1,843,520</u>	<u>814,916</u>
Interest expense	<u>(143,166)</u>	<u>(52,452)</u>	<u>-</u>	<u>-</u>
Net finance income recognised in profit or loss	<u>1,503,132</u>	<u>474,848</u>	<u>1,843,520</u>	<u>814,916</u>



8. Profit before tax

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

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Depreciation (Note 12)	1,527,165	1,420,009	1,427,587	1,288,628
Amortisation (Note 13)	18,358	13,181	18,358	13,181
Employee benefit expenses (Note 9)	4,885,827	5,212,359	4,630,030	4,989,251
Auditor's remuneration	28,553	24,200	24,896	20,900
Loss/(gain) on disposal of property, plant and equipment	169,729	(134,494)	149,024	(134,494)
Loss on disposal of assets held for sale	17,097	33,906	17,097	33,906
Know-How and trademark license Agreements	773,776	759,926	773,776	759,929
Operating lease cost (note 27)	189,997	203,884	189,997	203,884
Plant hire cost	52,180	57,730	52,180	57,730
Research and development cost	55,713	7,727	55,713	7,727
Foreign currency exchange (Gain)/loss, net	<u>(16,728)</u>	<u>10,193</u>	<u>(16,728)</u>	<u>10,193</u>

9. Employee benefit expenses

(i) Employee benefit expenses during the year comprises:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Salaries and wages	4,277,334	4,379,448	4,055,806	4,179,730
Pension contribution	252,648	247,717	248,812	241,273
Gratuity and Long service awards	341,961	566,504	311,528	549,558
Share-based transactions - (Note 22)	<u>13,884</u>	<u>18,690</u>	<u>13,884</u>	<u>18,690</u>
	<u>4,885,827</u>	<u>5,212,359</u>	<u>4,630,030</u>	<u>4,989,251</u>



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

	Consolidated		Separate	
	2012	2011	2012	2011
	Number	Number	Number	Number
₦ 200,001 – ₦ 400,000	1	44	1	-
₦ 400,001 – ₦ 600,000	24	13	3	6
₦ 600,001 – ₦ 800,000	55	241	32	228
₦ 800,001 – ₦ 1,000,000	283	204	274	193
₦ 1,000,001 – ₦ 1,200,000	139	100	134	100
₦ 1,200,001 – ₦ 1,400,000	133	119	129	117
₦ 1,400,001 – ₦ 1,600,000	75	71	68	69
₦ 1,600,001 – ₦ 1,800,000	66	56	65	55
₦ 1,800,001 – ₦ 2,000,000	47	12	45	12
₦ 2,000,001 – ₦ 2,500,000	38	16	37	15
₦ 2,500,001 – ₦ 3,000,000	14	13	12	12
₦ 3,000,001 – ₦ 3,500,000	14	12	13	11
₦ 3,500,001 – ₦ 4,000,000	9	9	9	9
₦ 4,000,001 – ₦ 4,500,000	14	15	14	15
₦ 4,500,001 – ₦ 5,000,000	13	11	13	11
₦ 5,000,000 – and above	<u>86</u>	<u>85</u>	<u>85</u>	<u>83</u>
	<u>1,011</u>	<u>1,021</u>	<u>934</u>	<u>936</u>



(iii) The average number of full-time persons employed during the year (other than Executive Directors) was as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Production	648	767	608	731
Supply chain	167	75	137	36
Sales and marketing	108	107	106	105
Administration	88	72	83	64
	<u>1,011</u>	<u>1,021</u>	<u>934</u>	<u>936</u>

(iv) Remuneration (excluding pension contributions) for Directors of the Company charged to the profit or loss are as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Fees	1,750	1,750	1,750	1,750
Salaries	<u>155,696</u>	<u>56,933</u>	<u>155,696</u>	<u>56,933</u>
	<u>157,446</u>	<u>58,683</u>	<u>157,446</u>	<u>58,683</u>

The Directors' remuneration shown above includes:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Chairman	750	750	750	750
Highest paid director	<u>89,950</u>	<u>56,933</u>	<u>89,950</u>	<u>56,933</u>



Other Directors received emoluments in the following ranges:

	Consolidated		Separate	
	2012	2011	2012	2011
	Number	Number	Number	Number
Nil – ₦100,000	2	3	2	3
₦ 100,001 – ₦1,000,000	1	2	1	2
₦ 60,000,000 – ₦65,000,000	2	-	2	-
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

10. Tax Expense

Tax recognised in profit or loss:

	Consolidated		Separate	
	2012	2011	2012	2011
	₦'000	₦'000	₦'000	₦'000
Minimum tax	7,708	7,834	-	-
Current tax expense:				
Company income tax	469,378	-	469,378	-
Tertiary education tax	159,978	152,578	159,978	152,578
Prior year under/(over) provision	<u>113,729</u>	<u>(7,825)</u>	<u>101,265</u>	<u>(7,825)</u>
	<u>750,793</u>	<u>152,587</u>	<u>730,621</u>	<u>144,753</u>
Deferred tax (credit)/expense:				
Deferred tax charge (Note 15)	1,305,734	1,381,079	1,305,734	1,381,079
Deferred tax credit (Note 15)	<u>-</u>	<u>(151,199)</u>	<u>-</u>	<u>-</u>
	<u>1,305,734</u>	<u>1,229,880</u>	<u>1,305,734</u>	<u>1,381,079</u>
Tax expense	<u>2,056,527</u>	<u>1,382,467</u>	<u>2,036,355</u>	<u>1,525,832</u>

The Group and Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.



(a) Reconciliation of effective tax rate:

	Consolidated				Separate			
	2012		2011		2012		2011	
	%	N'000	%	N'000	%	N'000	%	N'000
Profit for the year		3,454,991		3,670,555		4,401,907		3,783,211
Taxation		<u>2,056,527</u>		<u>1,382,467</u>		<u>2,036,355</u>		<u>1,525,832</u>
Profit before Income tax		<u>5,511,518</u>		<u>5,053,022</u>		<u>6,438,262</u>		<u>5,309,043</u>
Income tax using the Group's domestic rate of 30%	30.0	1,653,455	30.1	1,520,065	30.0	1,931,479	30.0	1,592,713
Impact of minimum and tertiary education tax	3.1	167,686	3.2	160,412	2.5	159,978	2.9	152,578
Under/(over) provision in Prior years	2.1	113,729	(0.2)	(7,825)	1.6	101,265	(0.1)	(7,825)
Non-deductible expenses	(1.3)	(70,272)	(1.3)	(63,768)	(1.1)	(70,272)	(2.0)	(104,491)
Effect of tax incentives and exempted income	(1.6)	(86,095)	(4.5)	(226,417)	(1.3)	(86,095)		(107,143)
Current year losses for which no deferred tax asset was recognized	5.0	278,024	-	-	-	-	-	-
Tax expense	<u>37.3</u>	<u>2,056,527</u>	<u>27.3</u>	<u>1,382,467</u>	<u>31.7</u>	<u>2,036,355</u>	<u>32.7</u>	<u>1,525,832</u>



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

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Balance, beginning of the year	179,165	86,741	153,238	68,648
Current year charge	750,793	152,587	730,621	144,753
Payments during the year	<u>(266,969)</u>	<u>(60,163)</u>	<u>(254,503)</u>	<u>(60,163)</u>
Balance, end of the year	<u>662,989</u>	<u>179,165</u>	<u>629,356</u>	<u>153,238</u>

11. Basic earnings per Share

Basic earnings per share for the Group of 110 kobo (2011: 117 kobo) is based on the profit attributable to ordinary shareholders of ₦3,461,335,000 (2011: ₦3,677,095,000), and on the 3,129,188,160 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and preceding year.

Basic earnings per share for the Company of 141 kobo (2011: 121 kobo) is based on the profit attributable to ordinary shareholders of ₦4,401,907,000 (2011: ₦3,783,211,000), and on the 3,129,188,160 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and preceding year.





12. Property, Plant and Equipment

(a) Consolidated

(i) The movement on these accounts as at 31 December 2011 was as follows:

	Leasehold Land N'000	Buildings N'000	Plant and Machinery N'000	Motor vehicles N'000	Furniture and equipment N'000	Capital work in progress N'000	Total N'000
Cost or deemed cost							
Balance at January 1, 2011	652,800	2,277,034	9,679,442	389,441	1,083,264	2,620,739	16,702,720
Additions	-	43,208	2,469	8,556	-	2,227,982	2,282,215
Disposals	-	(1,665)	(242,227)	(65,439)	(11,354)	-	(320,685)
Transfers	-	1,794,210	1,512,771	67,685	304,823	(3,679,489)	-
Balance at 31st December 2011	<u>652,800</u>	<u>4,112,787</u>	<u>10,952,455</u>	<u>400,243</u>	<u>1,376,733</u>	<u>1,169,232</u>	<u>18,664,250</u>
Accumulated depreciation and impairment losses							
Balance at January 1, 2011	43,844	269,163	4,762,208	116,322	174,398	-	5,365,935
Depreciation for the year	10,925	80,829	1,102,898	73,136	152,221	-	1,420,009
Disposals	-	(134)	(241,107)	(51,751)	(4,684)	-	(297,676)
Balance at 31st December 2011	<u>54,769</u>	<u>349,858</u>	<u>5,623,999</u>	<u>137,707</u>	<u>321,935</u>	<u>-</u>	<u>6,488,268</u>
Carrying amounts							
At January 1, 2011	<u>608,956</u>	<u>2,007,871</u>	<u>4,917,234</u>	<u>273,119</u>	<u>908,866</u>	<u>2,620,739</u>	<u>11,336,785</u>
At December 31, 2011	<u>598,031</u>	<u>3,762,929</u>	<u>5,328,456</u>	<u>262,536</u>	<u>1,054,798</u>	<u>1,169,232</u>	<u>12,175,982</u>

(ii) The movement on these accounts as at 31 December 2012 was as follows:

	Leasehold Land N'000	Buildings N'000	Plant and Machinery N'000	Motor vehicles N'000	Furniture and equipment N'000	Capital work in progress N'000	Total N'000
Cost or deemed cost							
At January 1, 2012	652,800	4,112,787	10,952,455	400,243	1,376,733	1,169,232	18,664,250
Transfer from asset held for sale		17,601					17,601
Additions	-	4,742	18,452	-	16,698	3,404,091	3,443,983
Disposals	-	(144,221)	(161,045)	(48,186)	(107,053)	-	(460,505)
Transfers	-	461,270	1,048,621	143,602	107,257	(1,760,750)	-
At 31 December 31, 2012	652,800	4,434,578	11,876,084	495,659	1,393,635	2,812,573	21,665,329
Accumulated depreciation and impairment losses							
Balance at January 1, 2012	54,769	349,858	5,623,999	137,707	321,935	-	6,488,268
Depreciation for the year	10,925	105,113	1,138,975	129,875	142,277	-	1,527,165
Disposals	-	(22,638)	(130,429)	(48,186)	(86,368)	-	(287,621)
At December 31, 2012	65,694	432,333	6,632,545	219,396	377,844	-	7,727,812
Carrying amounts							
At January 1, 2012	598,031	3,762,929	5,328,456	262,536	1,054,798	1,169,232	12,175,982
At December 31, 2012	587,106	4,002,245	5,243,539	276,263	1,015,791	2,812,573	13,937,517



(b) Separate**Cost or deemed cost**

	Leasehold Land N'000	Buildings N'000	Plant and Machinery N'000	Motor vehicles N'000	Furniture and equipment N'000	Capital Work in progress N'000	Total N'000
At January 2011	652,800	2,189,898	8,114,754	353,963	999,717	2,591,516	14,902,648
Additions	-	-	7,827	-	-	2,086,820	2,094,647
Disposals	-	(1,665)	(242,227)	(11,354)	(65,439)	-	(320,685)
Transfers	-	1,794,210	1,512,771	304,823	67,685	(3,679,489)	-
At 31st December 2011	652,800	3,982,443	9,393,125	647,432	1,001,963	998,847	16,676,610
Accumulated depreciation and impairment losses							
Balance at January 1, 2011	43,844	238,824	3,956,088	90,294	107,497	-	4,436,547
Depreciation for the year	10,925	78,405	986,149	69,720	143,429	-	1,288,628
Disposals	-	(134)	(241,107)	(4,684)	(51,751)	-	(297,676)
At December 31, 2011	54,769	317,095	4,701,130	155,330	199,175	-	5,427,499
Carrying amounts							
At January 1, 2011	608,956	1,951,074	4,158,666	263,669	892,220	2,591,516	10,466,101
At December 31, 2011	598,031	3,665,348	4,691,995	492,102	802,788	998,847	11,249,111



(ii) The movement on these accounts as at 31 December 2012 was as follows:

	Leasehold Land N'000	Buildings N'000	Plant and Machinery N'000	Motor vehicles N'000	Furniture and equipment N'000	Capital work in progress N'000	Total N'000
Cost or deemed cost							
At January 1, 2012	652,800	3,982,443	9,393,125	647,432	1,001,963	998,847	16,676,610
Transfer from asset held for sale	-	-	17,601	-	-	-	17,601
Additions	-	-	-	-	-	3,277,297	3,277,297
Disposals	-	(144,221)	(90,056)	(28,507)	(107,053)	-	(369,837)
Transfers	-	403,086	886,964	143,602	107,257	(1,540,909)	-
At 31 December 2012	652,800	4,241,308	10,207,634	762,527	1,002,167	2,735,235	19,601,671
Accumulated depreciation and impairment losses							
Balance at January 1, 2012	54,769	317,095	4,701,130	155,330	199,175	-	5,427,499
Depreciation for the year	10,925	101,825	1,054,404	126,533	133,900	-	1,427,587
Disposals	-	(22,638)	(80,145)	(28,507)	(86,368)	-	(217,658)
At 31 December 2012	65,694	396,282	5,675,389	253,356	246,707	-	6,637,428
Carrying Amounts							
At January 1, 2012	598,031	3,665,348	4,691,995	492,102	802,788	998,847	11,249,111
At 31 December 2012	587,106	3,845,026	4,532,245	509,171	755,460	2,735,235	12,964,243



(c) Capital Commitments

Capital expenditure commitments at the year-end authorized by the Board comprise:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Contracted	8,881,225	87,646	8,881,225	70,361
Not contracted	<u>69,065</u>	<u>3,634,625</u>	<u>69,065</u>	<u>3,634,625</u>
	<u>8,950,290</u>	<u>3,722,271</u>	<u>8,950,290</u>	<u>3,704,986</u>

13. Intangible assets

Intangible asset represents the purchase costs and installation of software licences. The movement on this account during the year was as follows:

	Consolidated			Separate		
	2012	2011	I January 2011	2012	2011	I January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance at 1 January	88,652	88,058	80,169	88,652	88,058	80,169
Addition	<u>16,318</u>	<u>594</u>	<u>7,889</u>	<u>16,318</u>	<u>594</u>	<u>7,889</u>
	<u>104,970</u>	<u>88,652</u>	<u>88,058</u>	<u>104,970</u>	<u>88,652</u>	<u>88,058</u>
Accumulated amortization						
Balance at 1 January						
	31,949	18,768	6,224	31,949	18,768	6,224
Addition	<u>18,385</u>	<u>13,181</u>	<u>12,544</u>	<u>18,385</u>	<u>13,181</u>	<u>12,544</u>
	50,334	31,949	18,768	50,334	31,949	18,768
Carrying amounts						
At 1 January	<u>56,703</u>	<u>69,290</u>	<u>73,945</u>	<u>56,703</u>	<u>69,290</u>	<u>73,945</u>
At 31 December	<u>54,636</u>	<u>56,703</u>	<u>69,290</u>	<u>54,636</u>	<u>56,703</u>	<u>69,290</u>



14. Investment in Subsidiary

	Separate		
	2012	2011	2010
	N'000	N'000	N'000
(a) Equity	<u>1,007,291</u>	<u>1,007,291</u>	<u>1,006,780</u>

Equity represents the Company's investment in the share capital of Stanmark Cocoa Processing Company Limited, a company incorporated in Nigeria (Note 25).

(b) Acquisition of non-controlling interest.

In January 2012, the Group acquired an additional 5.54 percent interest in Stanmark Cocoa Processing Company Limited by converting its initial deposit for shares amounting to N905 million to share capital, increasing its ownership from 93.8 to 99.34 percent. There was no additional cost incurred in the acquisition of the shares. The Group recognized a decrease in non-controlling interests of N74 million, a decrease in retained earnings of N77 million, and an increase in the other reserve of N3 million.

However, subsequent to the year end, at a court ordered meeting on 30 January 2013, the shareholders of Stanmark Cocoa Processing Company Limited and the shareholders Cadbury Nigeria Plc approved the merger of the two companies. See note 31 on subsequent events for information on the merger.



15. Deferred Taxation

Deferred tax assets and liabilities are attributable to the following:

Assets:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Property, plant and equipment and Intangible assets	-	106,522	-	106,522
Trade and other receivables	153,243	158,215	153,243	158,215
Unrealised exchange difference	2,540	2,539	2,540	2,539
Employee benefits	901,303	924,834	901,303	924,834
Tax assets	1,057,086	1,192,110	1,057,086	1,192,110
Set off of tax	(1,057,086)	(365)	(1,057,086)	(365)
Net deferred tax assets	-	1,191,745	-	1,191,745

Liabilities:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Property, plant and equipment and Intangible assets	(1,165,692)	-	(1,165,692)	-
Unrealised exchange difference	(5,383)	(365)	(5,383)	(365)
Tax liabilities	(1,171,075)	(365)	(1,171,075)	(365)
Set off of tax	1,057,086	365	1,057,086	365
	(113,989)	-	(113,989)	-



Net position

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Property, plant and equipment and Intangible assets	(1,165,692)	106,522	(1,165,692)	106,522
Trade and other receivables	153,243	158,215	153,243	158,215
Unrealised exchange difference	(2,843)	2,174	(2,843)	2,174
Employee benefits	<u>901,303</u>	<u>924,834</u>	<u>901,303</u>	<u>924,834</u>
Net tax (liability)/asset	<u>(113,989)</u>	<u>1,191,745</u>	<u>(113,989)</u>	<u>1,191,745</u>

(a) Movement in temporary differences during the year- Consolidated

	Balance 1 January 2011	Recognised in profit and loss	Balance 31 December 2011	Recognised in profit and loss	Balance 31 December 2012
Property, plant and equipment and Intangible assets	(20,117)	126,639	106,522	(1,272,214)	(1,165,692)
Trade and other receivables	169,408	(11,193)	158,215	(4,972)	153,243
Unrealised exchange difference	(366)	2,540	2,174	(5,017)	(2,843)
Employee benefits	907,500	17,334	924,834	(23,531)	901,303
Tax loss carry-forwards	<u>1,365,199</u>	<u>(1,365,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,421,624</u>	<u>(1,229,879)</u>	<u>1,191,745</u>	<u>(1,305,734)</u>	<u>(113,989)</u>

(b) Movement in temporary differences during the year- Separate

	Balance 1 January 2011	Recognised in profit and loss	Balance 31 December 2011	Recognised in profit and loss	Balance 31 December 2012
Property, plant and equipment	183,081	(76,559)	106,522	(1,272,214)	(1,165,692)
Trade and other receivables	158,215	-	158,215	(4,972)	153,243
Unrealised exchange difference	(365)	2,539	2,174	(5,017)	(2,843)
Employee benefits	900,600	24,234	924,834	(23,531)	901,303
Tax loss carry-forwards	<u>1,331,293</u>	<u>(1,331,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,572,824</u>	<u>(1,381,079)</u>	<u>1,191,745</u>	<u>(1,305,734)</u>	<u>(113,989)</u>



(c) Unrecognised deferred tax assets

The group has a net deferred tax asset arising mainly from unutilised capital allowances and tax losses for its subsidiary that may be available for offset against future taxable income. The group did not recognize the deferred tax asset in the subsidiary due to uncertainties relating to the timing of the amount and the reversal of these differences.

16. Inventories

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Raw materials	866,085	1,609,025	2,064,767	812,008	1,114,275	1,856,837
Products in process	78,786	39,156	80,962	-	37,878	67,432
Finished products	750,614	833,519	797,328	715,329	698,421	690,280
Spare parts	119,055	137,729	264,548	54,126	52,634	143,139
Goods in transit	<u>229,315</u>	<u>59,300</u>	<u>218,402</u>	<u>229,315</u>	<u>59,300</u>	<u>218,402</u>
	<u>2,043,855</u>	<u>2,678,729</u>	<u>3,426,007</u>	<u>1,810,778</u>	<u>1,962,508</u>	<u>2,976,090</u>

In 2012 raw materials, consumables and changes in finished goods and products in process included in cost of sales amounted to ₦19,273 million (2011: ₦19,138 million) in the consolidated accounts and ₦17,678 million (2011: ₦17,092 million) in the separate accounts.

17. Trade and other Receivables

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	3,857,151	2,979,639	2,665,481	3,546,526	2,611,421	2,450,876
Export expansion grant receivable	1,752,312	1,332,993	1,028,066	598,804	271,957	206,268
Other receivables	412,733	477,064	312,734	411,666	436,522	267,469
Due from related parties	<u>244,609</u>	<u>490,826</u>	<u>308,408</u>	<u>1,699,135</u>	<u>1,779,918</u>	<u>2,377,958</u>
	<u>6,266,805</u>	<u>5,280,522</u>	<u>4,314,689</u>	<u>6,256,131</u>	<u>5,099,818</u>	<u>5,302,571</u>
Current	6,266,805	5,280,522	4,314,689	5,742,579	4,586,266	4,789,019
Non current	-	-	-	513,552	513,552	513,552
	<u>6,266,805</u>	<u>5,280,522</u>	<u>4,314,689</u>	<u>6,256,131</u>	<u>5,099,818</u>	<u>5,302,571</u>



- (a) The non-current assets represents long term loan due from the Company's subsidiary. The loan is unsecured and attracts interest at an average market rate ranging between 13% - 15% per annum (2011: 13% - 15% per annum).
- (b) The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in Note 26.

18. Cash and cash equivalent

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Bank balances	3,062,837	2,635,256	3,688,078	2,927,637	2,441,124	3,258,048
Call deposit	14,179,293	9,367,450	2,860,002	14,179,293	9,367,450	2,860,002
Cash and cash equivalents	17,242,130	12,002,706	6,548,080	17,106,930	11,808,574	6,118,050
Bank overdrafts used for cash management purposes	(1,500,000)	(1,500,000)	-	-	-	-
Cash and cash equivalents in the statement of cash flows	<u>15,742,130</u>	<u>10,502,706</u>	<u>6,548,080</u>	<u>17,106,930</u>	<u>11,808,574</u>	<u>6,118,050</u>

19. Assets held for sale

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 Januay	34,698	68,604	68,604	34,698	68,604	68,604
Transfer to PPE	(17,601)	-	-	(17,601)	-	-
Disposal	(17,097)	(33,906)	-	(17,097)	(33,906)	-
Balance as at 31 Dec	<u>-</u>	<u>34,698</u>	<u>68,604</u>	<u>-</u>	<u>34,698</u>	<u>68,604</u>

In previous years, certain items of manufacturing equipment within the confectionary segment was presented as a disposal group held for sale following the commitment of the Group's management on December 2010 to a plan to sell the equipment due to the fact that the equipment were no longer in use. In 2011, a portion of the assets held for sale amounting to N33.9 million were assessed to no longer have a value in use and hence disposed.



In 2012, an amount of ₦17.1 million was also disposed and the balance of ₦17.6 million assessed to have value still in use by the Company was reclassified to Property, Plant and Equipment. The impact of this decision was an additional depreciation charge of ₦4 million to the profit and loss account.

No impairment loss was recognized in the financial statements as the carrying values of these assets were less than the fair value less costs to sell.

20. Capital and reserves

(i) Ordinary shares at 31 December

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Authorised 4,000,000,000 ordinary shares of 50k each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid 3,129,188,166 ordinary shares of 50k each	<u>1,564,594</u>	<u>1,564,594</u>	<u>1,564,594</u>	<u>1,564,594</u>	<u>1,564,594</u>	<u>1,564,594</u>

Nature and purpose of reserves

(ii) Other reserve

The other reserve relates to non-distributable reserve that existed prior to the IFRS conversion which the Company did not transfer to retained earnings.

(iii) Share based payment reserve

The share based payment reserves relates to group ordinary shares that would be issued to employees when the options granted are being excised. As at year end, share based payment reserves amounted to ₦13.88 million.

21. Employee Benefits;

Provision for gratuity and other long term employee benefits comprises:

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Present value of unfunded gratuity obligation	2,785,765	2,860,650	2,810,999	2,702,579	2,764,640	2,727,999
Other long-term employee benefits	<u>311,974</u>	<u>331,350</u>	<u>285,001</u>	<u>301,764</u>	<u>318,360</u>	<u>274,001</u>
Total employee benefit liabilities	<u>3,097,739</u>	<u>3,192,000</u>	<u>3,096,000</u>	<u>3,004,343</u>	<u>3,083,000</u>	<u>3,002,000</u>



The Group and Company operates an unfunded annualised defined benefit gratuity scheme for its employees. Under the annualised defined benefit plan, gratuity is calculated on an annual basis using the salaries for each year to determine the benefits using projected unit credit method. The gratuity and other long term employee benefit provisions are based upon independent actuarial valuation by Alexander Forbes Consulting Actuaries Nigeria Limited.

(a) The following analyse the movement in the present value of employee benefit obligations, expense recognized in the profit or loss, actuarial assumptions and other information relating to the benefit plans:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Balance, beginning of year	3,192,000	3,096,000	3,083,000	3,002,000
Benefits paid by the plan	(436,222)	(470,504)	(390,185)	(468,558)
Current service costs and interest	527,101	620,504	503,121	590,558
Actuarial gains	(185,140)	(54,000)	(191,593)	(41,000)
Defined benefits obligations as at 31 December	<u>3,097,739</u>	<u>3,192,000</u>	<u>3,004,343</u>	<u>3,083,000</u>

(b) Actuarial Assumptions

Principal financial actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated			Separate		
	2012	2011	2010	2012	2011	2010
Discount rate as December 31	12%	14%	14%	12%	14%	14%
Future salary increases	12%	12%	12%	12%	12%	12%
Inflation rate	11%	10%	10%	11%	10%	10%

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK as follows:

Mortality in service

Sample age	2012 Number of deaths in year out of 10,000 lives	2011 Number of deaths in year out of 10,000 lives
25	7	11
30	7	12
35	9	13
40	14	19
45	26	33



Mortality in Retirement

Sample age	Number of deaths in year out of 10,000 lives			
	Male		Female	
	2012	2011	2012	2011
65	210	210	96	96
70	325	325	165	165
75	499	499	281	281
80	760	760	474	474

Assumptions regarding future mortality rates are based on published statistics and mortality tables by Institute and Faculty of Actuaries in the UK.

Withdrawals/Turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2011: age 60).

(c) Sensitivity analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

		Gratuity N'000	Long service awards N'000
Discount rate	-1%	2,721,708	409,516
	+1%	2,208,951	366,076
Salary increase rate	-1%	2,315,570	367,864
	+1%	2,592,918	407,315
Mortality rate	+1 year	2,441,503	376,610
	-1 year	2,479,316	389,511

22. Share-based payment plan

The Group's ultimate holding company, Mondelez International operates an Equity Incentive Scheme for its key management employees around the world known as the DEFERRED STOCK UNIT AGREEMENT (DSU) and NON-QUALIFIED NON-U.S. STOCK OPTION AWARD AGREEMENT (NSOA). Under the DSU agreement, Mondelez International awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Mondelez International equity instruments or an equivalent amount in cash at the end of a three-year restriction period. Under the NSOA agreement, participating employees receive the share appreciation in value i.e., the difference between the fair value of the options on exercise date and the price on grant date at the end of the three year vesting period. None of these shares were forfeited, exercised, and expired during the year.

At 31 December 2012, Cadbury Nigeria Plc. has nine (9) (2011: eight (8)) deserving management employees in its employment.

The Share based payment are equity settled. The terms and conditions relating to the grants of the DSU and NSOA agreements are as follows;



Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of rights
Shares awarded to senior management on 30 April 2010	8,540	3 years' service	10 years
Shares awarded to senior management on 23 February 2011	18,590	3 years' service	10 years

Movement in share based payment account was as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Cumulative amount at January 1	18,690	-	18,690	-
Reversal due to impact of corporate spin off	(18,690)	-	(18,690)	-
Recognized during the year	<u>13,884</u>	<u>18,690</u>	<u>13,884</u>	<u>18,690</u>
Cumulative amount at December 31	<u>13,884</u>	<u>18,690</u>	<u>13,884</u>	<u>18,690</u>

On October 1, 2012, Kraft Foods Inc, the ultimate parent company, completed the spin-off of by the formation of two companies, Kraft Foods Inc and Mondelez International. Cadbury Nigeria Plc, as a consequence of this spin-off, is now a subsidiary of Mondelez International.

23. Trade and other payables

	Consolidated			Separate		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	3,430,647	2,111,395	2,680,397	3,172,862	2,111,296	2,665,515
Dividend payable(note (a))	373,867	382,906	396,868	373,867	382,906	396,868
Accrued expenses*	8,099,830	6,782,700	5,514,234	7,905,020	6,616,371	5,358,733
Due to related parties(note (b))	<u>2,838,091</u>	<u>2,919,015</u>	<u>3,607,323</u>	<u>2,838,091</u>	<u>2,919,015</u>	<u>3,607,323</u>
	<u>14,742,435</u>	<u>12,196,016</u>	<u>12,198,822</u>	<u>14,289,840</u>	<u>12,029,588</u>	<u>12,028,439</u>



The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

*Included in accrued expenses are provisions with respect to certain litigations and disputes with regulatory authorities on certain matters. The Company have assessed that the disclosure of such information may prejudice the position of the Company in the dispute; hence the disclosure requirement of IAS 37.84 and 85 have not been made.

(a). Dividend Payable

Dividend payable represents unclaimed dividend from prior years. The movement on this account was as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Balance, beginning of year	382,906	396,868	382,906	396,868
Payments made during the year	<u>(9,039)</u>	<u>(13,962)</u>	<u>(9,039)</u>	<u>(13,962)</u>
Balance, end of year	<u>373,867</u>	<u>382,906</u>	<u>373,867</u>	<u>382,906</u>

(b). Due to Related Companies

Due to related companies represents technical service fees, royalty and other charges due to Cadbury UK and related companies. The amount comprises:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Technical service fees	1,708,166	1,451,261	1,708,166	1,451,261
Royalties	701,310	1,042,182	701,310	1,042,182
Other charges (Note 25 (a))	<u>428,615</u>	<u>425,572</u>	<u>428,615</u>	<u>425,572</u>
	<u>2,838,091</u>	<u>2,919,015</u>	<u>2,838,091</u>	<u>2,919,015</u>

24. Ultimate Holding Company

The Company and its subsidiary- Stanmark Cocoa Processing Company Limited are subsidiaries of Mondelez International (formerly Kraft Foods Incorporated), incorporated in the United States of America. Mondelez International, through Cadbury Schweppes Overseas Limited held 74.99% of the issued and fully paid share capital of the Company at 31 December 2012.

25. Related Party Transactions

The Company entered into the following transactions with the under-listed related parties during the year:

(a) Cadbury UK, Cadbury UK Plc and Trebor Bassett Limited

The Company has exclusive rights to know-how, manufacture, distribution and marketing of Cadbury's international brands in Nigeria. In consideration of this, technical service fees, royalties and other support



charges are paid to Cadbury UK, Cadbury UK Plc and Trebor Bassett Limited.

The trade mark license and know – how agreements are made with the approval of the National Office for Technology Acquisition and Promotion. At the year end, the total amount due to Cadbury UK was ₦2,838 million (2011: ₦2,919 million) (Note 23).

Other charges as disclosed in Note 23 mainly represent IT and other charges paid by Cadbury UK on behalf of the Company in respect of IT hardware and software acquisition, licensing, software maintenance charges, and other sundry costs.

(b) Stanmark Cocoa Processing Company Limited (SCPCL)

- (i) The Company has a majority shareholding of 99.3% (2011: 93.38%) in SCPCL, which is engaged in processing of cocoa to butter, powder, liquor and cake. On 24 February 2012 the deposit for shares in Stanmark Cocoa beans Processing Company Limited was approved by the Corporate Affairs Commission for conversion to 905 million Ordinary Shares at a price of ₦1 per share.
- (ii) SCPCL supplies all the cocoa powder used by the Company in its manufacturing process. Total value of purchases from SCPCL was ₦ 1,836 million (2011: ₦ 1,923 million)
- (iii) SCPCL's management team during the year included four personnel seconded from the Company.
- (iv) The Company provided working capital facilities to SCPCL for the purchase of cocoa beans due to the seasonal nature of the product and to enable SCPCL meet the Company's cocoa powder requirement.

Interest on the loan is linked to ruling commercial rates and averaged 13% p.a. (2011: 13% - 15% p.a.) and is subject to review in line with market conditions. Under the loan arrangement, SCPCL is to repay the loan balance through the invoiced amount of cocoa powder supplied, proceeds from the export of other cocoa related by-products not required by the Company and government grants received on export sales.

The Company also made some other payments on behalf of SCPCL. The total amount due from SCPCL to the Company at year end was ₦939 million (2011: ₦812 million) (Note 17).

- (v) The Company provided SCPCL with a long term loan (See Note 12(b)).

(c) Cadbury Ghana Limited (CGL)

The Company sells some of its products to CGL. Sales in the current year amounted to ₦682 million (2011: ₦649 million). The net amount due to the Company from CGL was ₦ 245 million (2011: ₦ 302 million) at year end.

(d) Kraft Food South Africa (Pty) Limited (KFSAL)

The Group sells cocoa butter to KFSAL. Sales in the current year amounted to ₦77 million (2011: ₦247 million). There were no outstanding due from KFSAL to the group at year end (2011: ₦12 million).

(e) Dirol Cadbury LLC (DCL)

The Group sells cocoa butter to DCL. Sales in the current year amounted to ₦127 million (2011: ₦199 million). There were no outstanding due from DCL to the group at year end (2011: ₦25 million).

(f) Kraft Foods Thailand (KFT)

The Company buys TANG products from KFT which it sells and markets to its consumers.

Purchases in the current year amounted to ₦353 million (2011: Nil). The amount due to KFT by the Company



at year end was ₦6 million (2011: Nil).

(g) StanbicBTC Bank Plc

The Company maintained banking relationship with Stanbic IBTC Bank Plc during the year. The Chairman of the Company Atedo Peterside is also the Chairman of Stanbic IBTC Bank Plc. During the year, the Company held term deposits with StanbicBTC Bank Plc as investments. These deposits are included as part of the call deposits shown in note 18.

(h) Transactions with key management personnel

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to Executive Directors and key heads of function, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, Executive Directors and key heads of function retire at age 60 and if qualified, are entitled to receive gratuity lump sum amount from the Cadbury Nigeria Plc.

Executive Directors, if qualified also participate in the Company's long service awards 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>	2012	2011
Short-term employee benefits	320,981	196,338
Contribution to compulsory pension fund scheme	11,996	10,958
Defined contribution gratuity scheme	-	-
Other long-term benefits	-	-
Share based payments	4,536	9,466
	<u>337,513</u>	<u>216,762</u>

26. Financial Instruments

Financial Risk Management

Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Operational risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.



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 Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group Audit Committee oversees how management monitors compliance with the Group'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 Group Audit Committee is assisted in its oversight role by the Internal Audit Function. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Exposure to credit risk

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

	Consolidated			Separate		
	Carrying amount			Carrying amount		
	2012	2011	1 January 2011	2012	2011	1 January 2011
Cash and cash equivalents	17,242,130	12,002,706	6,548,080	17,106,930	11,808,574	6,118,050
Trade receivables	3,857,151	2,979,639	2,665,481	3,546,526	2,611,421	2,450,876
Export expansion grant receivable	1,752,312	1,332,993	1,028,066	598,804	271,957	206,268
Other receivables	412,733	477,064	312,734	411,666	436,522	267,469
Due from related parties	244,609	490,826	308,408	1,699,135	1,779,918	2,377,958
	<u>23,508,935</u>	<u>17,283,228</u>	<u>10,862,769</u>	<u>23,363,061</u>	<u>16,908,392</u>	<u>11,420,621</u>

Trade and other receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.



More than 86% of the Group's customers have been transacting with the Group for over four (4) years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Group 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, 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 for similar financial assets.

The Group does not have any significant concentration of credit risk.

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

	Consolidated			Separate		
	Gross Amount			Gross Amount		
	2012	2011	I January 2011	2012	2011	I January 2011
Not past due 0-30 days	3,354,838	2,597,028	2,166,545	3,051,461	2,412,919	2,059,242
Past due 31- 180 days	502,032	290,556	445,232	494,784	198,502	391,581
Past due 181- 365 days	-	92,055	53,704	-	-	53
More than one year	519,290	520,560	520,550	519,290	520,560	520,550
	<u>4,376,160</u>	<u>3,500,199</u>	<u>3,186,031</u>	<u>4,065,535</u>	<u>3,131,981</u>	<u>2,971,426</u>
	Consolidated			Separate		
	Impairment			Impairment		
	2012	2011	I January 2011	2012	2011	I January 2011
Not past due 0-30 days	-	-	-	-	-	-
Past due 31- 180 days	-	-	-	-	-	-
Past due 181- 365 days	-	-	-	-	-	-
More than one year	(519,009)	(520,560)	(520,560)	(519,009)	(520,560)	(520,550)
	<u>(519,009)</u>	<u>(520,560)</u>	<u>(520,560)</u>	<u>(519,009)</u>	<u>(520,560)</u>	<u>(520,550)</u>



	Consolidated			Separate		
	Carrying Amount			Carrying Amount		
	2012	2011	1 January 2011	2012	2011	1 January 2011
Not past due 0-30 days	3,354,838	2,597,028	2,166,545	3,051,461	2,412,919	2,059,242
Past due 31- 180 days	502,313	290,556	445,232	495,065	198,502	391,581
Past due 181- 365 days	-	92,055	53,704	-	-	53
More than one year	-	-	-	-	-	-
	<u>3,857,151</u>	<u>2,979,639</u>	<u>2,665,481</u>	<u>3,546,526</u>	<u>2,611,421</u>	<u>2,450,876</u>

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customer credit ratings, when available.

The credit quality of trade and other receivables is assessed based on a credit policy established by the Risk Management Committee. The Group has monitored customer credit risk, by grouping trade and other receivables based on their characteristics. An analysis of the credit quality of trade and other receivables not impaired is as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Four or more years trading history with the Group	2,867,053	2,214,791	2,556,428	1,932,451
Less than four years trading history with the Group	<u>990,098</u>	<u>764,848</u>	<u>990,098</u>	<u>678,970</u>
Higher risk	-	-	-	-
	<u>3,857,151</u>	<u>2,979,639</u>	<u>3,546,526</u>	<u>2,611,421</u>

Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.



Export Expansion Grant Receivable

Export Expansion Grant (EEG) receivables represent incentives granted by the Nigerian Export Promotion Council (NEPC) to promote non-oil exports in the country. These grants are credits given at a percentage of each year's export sales as approved by the Council upon satisfaction of the agreed requirements. This is granted in the form of negotiable duty credit certificates (NDCCs) which can be used for the payment of import and excise duties.

As at year end, the Group had EEG receivable balance of N2.8 billion and an allowance for impairment that represents its estimate of incurred losses in respect of Export Expansion Grant (EEG) of N1.1 billion.

The collective loss allowance is determined based on historical data of certificates received.

The aging of Export Expansion Grant at the reporting date was:

	Consolidated			Separate		
	Gross Amount			Gross Amount		
	2012	2011	1 January 2011	2012	2011	1 January 2011
Not past due 0-30 days	49,086	50,764	27,100	9,651	20,047	1,971
Past due 31- 180 days	232,273	337,512	136,984	74,964	214,984	36,742
Past due 181- 365 days	249,392	267,221	171,776	52,648	113,977	46,406
More than one year	<u>2,363,913</u>	<u>1,664,696</u>	<u>1,355,168</u>	<u>779,958</u>	<u>430,950</u>	<u>345,831</u>
	<u>2,894,664</u>	<u>2,320,193</u>	<u>1,691,028</u>	<u>917,221</u>	<u>779,958</u>	<u>430,950</u>



	Consolidated			Separate		
	Impairment			Impairment		
	2012	2011	1 January 2011	2012	2011	1 January 2011
Not past due 0-30 days	-	-	-	-	-	-
Past due 31- 180 days	-	-	-	-	-	-
Past due 181- 365 days	(383,480)	(230,289)	(225,836)	(29,017)	(55,775)	(94,573)
More than one year	<u>(758,872)</u>	<u>(756,911)</u>	<u>(437,126)</u>	<u>(289,400)</u>	<u>(452,226)</u>	<u>(130,109)</u>
	<u>(1,142,352)</u>	<u>(987,200)</u>	<u>(662,962)</u>	<u>(318,417)</u>	<u>(508,001)</u>	<u>(224,682)</u>

Cash and cash equivalents:

The Group held cash and cash equivalents of ₦17,242 million at 31 December 2012 (2011: ₦12,002 million), which represents its maximum credit exposure on these assets.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Group 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 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2012, the expected cash flows from trade and other receivables maturing within two months were ₦3,857 million (2011: ₦2,980 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- ₦1,500 million (2011: ₦1,500 million) overdraft facility that is unsecured. Interest would be payable at the rate of 8% per annum (2011: 8% per annum) and repayment of after 365 days.
- ₦200 million overdraft facility that can be drawn down to meet short-term financing needs (2011: ₦200 million). The facility has a tenure of 365 days that renews automatically at the option of the Group. This facility is priced at an interest rate of 15% per annum. As at year end, this facility was yet to be drawn down as at year end.



- US\$8.5 million import finance facility to meet the importation needs of the Group. (2011: US\$8.5 million). The facility has a tenure of 365 days that renews automatically at the option of the Group. This facility is priced at an interest rate of LIBOR + 2.75% per annum. As at year end, this facility was yet to be drawn down as at year end.

Analysis of Non-Derivative Financial Liabilities

	Consolidated			Separate		
	2012 N'000	2011 N'000	1 January 2011 N'000	2012 N'000	2011 N'000	1 January 2011 N'000
Trade payables	3,430,647	2,111,395	2,680,397	3,172,862	2,111,296	2,665,515
Dividend payable	373,867	382,906	396,868	373,867	382,906	396,868
Accrued expenses	7,104,830	5,962,700	5,514,234	6,910,020	5,796,371	5,358,733
Due to related parties	<u>2,838,091</u>	<u>2,919,015</u>	<u>3,607,323</u>	<u>2,838,091</u>	<u>2,919,015</u>	<u>3,607,323</u>
	<u>13,747,435</u>	<u>11,376,016</u>	<u>12,198,822</u>	<u>13,294,840</u>	<u>11,209,588</u>	<u>12,028,439</u>



The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
31 December 2012							
Trade and other payables	13,747,435	(13,747,435)	(5,245,560)	(8,501,875)	-	-	-
Bank overdraft	<u>1,500,000</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>				
	15,247,435	(15,247,435)	(6,745,560)	(8,501,875)	-	-	-
31 December 2011							
Trade and other payables	11,376,016	(11,376,016)	(5,363,051)	(6,012,965)	-	-	-
Bank overdraft	<u>1,500,000</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>				
	12,876,016	(12,876,016)	(6,863,051)	(6,012,965)	-	-	-

Separate

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
31 December 2012							
Trade and other payables	13,294,840	(13,294,840)	(5,698,155)	(7,596,685)	-	-	-
	<u>13,294,840</u>	<u>(13,294,840)</u>	<u>(5,698,155)</u>	<u>(7,596,685)</u>			
31 December 2012							
Trade and other Payables	11,209,588	(11,209,588)	(5,196,624)	(6,012,964)	-	-	-
	<u>11,209,588</u>	<u>(11,209,588)</u>	<u>(5,196,624)</u>	<u>(6,012,964)</u>			



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

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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 optimizing return.

(i) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group, primarily the USD but also GBP. The Group'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.

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

	GBP	GBP	GBP	USD	USD	USD
	31-Dec-12	31-Dec-11	1-Jan-11	31-Dec-12	31-Dec-11	1-Jan-11
Consolidated						
Trade receivables*	-	115,715	-	1,551,354	2,867,041	326,714
Trade payables**	(2,051,250)	(1,475,528)	(1,461,400)	170	-	-
Net statement of financial position exposure	(2,051,250)	(1,359,813)	(1,461,400)	1,551,424	2,867,041	326,714
Separate						
Trade receivables	-	65,556	-	1,551,354	2,707,704	62,377
Trade payables	(2,051,250)	(1,475,528)	(1,461,400)	170	-	-
Net statement of financial position exposure	(2,051,250)	(1,409,972)	(1,461,400)	1,551,424	2,707,704	62,377

*This amount relates to receivables from Cadbury Ghana for the sales of finished goods sold by the Company and also sales Cocoa cake to South Africa and Russia by Stanmark

** This amount from Cadbury UK recharges and invoices for other services rendered to Cadbury Nigeria by Cadbury UK

The following significant exchange rates applied during the year:

	Average rate			Reporting date spot rate		
	2012	2011	1 Jan 2011	2012	2011	1 Jan 2011
Naira						
GBP 1	255	252	250	257.5	252.30	249.5
USD 1	159	161	155	157.4	161.50	153.5



(ii) Sensitivity Analysis

A weakening of the naira, as indicated below, against the GBP would have decreased equity and profit or loss by the amounts shown below while a weakening of the naira against the USD would have increased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

The analysis is performed on the same basis for 2011, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	<u>Equity</u> N'000	<u>Profit or loss</u> N'000
31 December 2011		
GBP (10 percent weakening)	(34,308)	(34,308)
USD (10 percent weakening)	46,302	46,302
31 December 2012		
GBP (10 percent weakening)	(52,820)	(52,820)
USD (10 percent weakening)	24,418	46,302

A strengthening of the naira against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(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/equity ratio on the other hand.

	<u>Carrying Amount</u>	
	<u>2012</u> N'000	<u>2011</u> N'000
Fixed rate instruments		
Financial liabilities	8%	8%
Variable rate instruments		
Financial liabilities	-	-

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value sensitivity analysis for fixed rate instruments

The Group and Company does not account for any fixed financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Group does not have any variable rate financial assets and liabilities as at the end of the year (2011: Nil).



(e) **Operational risk**

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management and the executive committee. This responsibility is supported by the development of overall Group and Company's standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorization of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

Compliance with the Group and Company's standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate, with summaries submitted to the Audit Committee and senior management of the Company at management meetings.

(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. Management monitors the return on capital, which the Company defines as the result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.



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

	Consolidated			Separate		
	2012 N'000	2011 N'000	1 January 2011 N'000	2012 N'000	2011 N'000	1 January 2011 N'000
Total liabilities	20,117,152	17,067,181	15,532,762	18,037,528	15,265,826	15,099,087
Less: Cash and Cash equivalents	(17,242,130)	(12,002,706)	(6,548,080)	(17,106,930)	(11,808,574)	(6,118,050)
Net debt	<u>2,875,022</u>	<u>5,064,475</u>	<u>8,984,682</u>	<u>930,598</u>	<u>3,457,252</u>	<u>8,981,037</u>
Total Equity	<u>20,039,356</u>	<u>16,589,171</u>	<u>12,900,437</u>	<u>21,773,887</u>	<u>17,376,786</u>	<u>13,574,885</u>
Net debt to equity ratio	0.14	0.31	0.70	0.04	0.20	0.66

There were no changes in the Company's approach to capital management during the year.

(g) Fair values

Fair values versus carrying amounts

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

Financial Assets

Consolidated

	31 December 2012		31 December 2011		1 January 2011	
	Carrying		Carrying		Carrying	
	Amount N'000	Fair value N'000	Amount N'000	Fair value N'000	Amount N'000	Fair Value N'000
Assets carried at amortized cost						
Trade receivables	3,857,151	3,857,151	2,976,639	2,976,639	2,665,480	2,665,480
Export expansion grant receivables	1,752,312	1,752,312	1,332,993	1,332,993	1,028,066	1,028,066
Other receivables	412,733	412,733	477,064	477,064	312,735	312,735
Due from related parties	244,609	244,609	490,826	490,826	308,408	308,408
Cash and cash equivalent	<u>17,242,130</u>	<u>17,242,130</u>	<u>12,002,706</u>	<u>12,002,706</u>	<u>6,548,080</u>	<u>6,548,080</u>
	<u>23,508,935</u>	<u>23,508,935</u>	<u>17,280,228</u>	<u>17,280,228</u>	<u>10,862,769</u>	<u>10,862,769</u>



Financial Liabilities

	31 December 2012		31 December 2011		1 January 2011	
	Carrying		Carrying		Carrying	
	Amount	Fair value	Amount	Fair value	Amount	Fair Value
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	3,430,647	3,430,647	2,111,395	2,111,395	2,680,397	2,680,397
Dividend payable	373,867	373,867	382,906	382,906	396,868	396,868
Accrued expenses	7,104,830	7,104,830	5,962,700	5,962,700	5,514,234	5,514,234
Due to related parties	2,838,091	2,838,091	2,919,015	2,919,015	3,607,323	3,607,323
Bank overdraft	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	-	-
	<u>15,247,435</u>	<u>15,247,435</u>	<u>12,876,016</u>	<u>12,876,016</u>	<u>12,198,822</u>	<u>12,198,822</u>

Separate

Financial Asset

	31 December 2012		31 December 2011		1 January 2011	
	Carrying		Carrying		Carrying	
	Amount	Fair value	Amount	Fair value	Amount	Fair Value
	N'000	N'000	N'000	N'000	N'000	N'000
Assets carried at amortized cost						
Trade receivables	3,546,526	3,546,526	2,611,421	2,611,421	2,450,876	2,450,876
Export expansion						
Grant receivables	598,804	598,804	271,957	271,957	206,268	206,268
Other receivables	411,666	411,666	436,522	436,522	267,469	267,469
Due from related parties	1,699,135	1,699,135	1,779,918	1,779,918	2,377,958	2,377,958
Cash and cash equivalent	<u>17,106,930</u>	<u>17,106,930</u>	<u>11,808,574</u>	<u>11,808,574</u>	<u>6,118,050</u>	<u>6,118,050</u>
	<u>23,363,061</u>	<u>23,363,061</u>	<u>16,908,392</u>	<u>16,908,392</u>	<u>11,420,621</u>	<u>11,420,621</u>



Financial Liabilities

	31 December 2012		31 December 2011		1 January 2011	
	Carrying		Carrying		Carrying	
	Amount	Fair value	Amount	Fair value	Amount	Fair Value
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	3,172,862	3,172,862	2,111,296	2,111,296	2,665,515	2,665,515
Dividend payable	373,867	373,867	382,906	382,906	396,868	396,868
Accrued expenses	6,910,020	6,910,020	5,796,371	5,796,371	5,358,733	5,358,733
Due to related parties	<u>2,838,091</u>	<u>2,838,091</u>	<u>2,919,015</u>	<u>2,919,015</u>	<u>3,607,323</u>	<u>3,607,323</u>
	<u>13,294,840</u>	<u>13,294,840</u>	<u>11,209,588</u>	<u>11,209,588</u>	<u>12,028,439</u>	<u>12,028,439</u>

27. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Less than one year	90,761	11,558	90,761	11,558
Between one and five years	<u>8,160</u>	<u>157,522</u>	<u>8,160</u>	<u>157,522</u>
	<u>98,921</u>	<u>169,080</u>	<u>98,921</u>	<u>169,080</u>

The Group leases a number of warehouse, office and accommodation facilities under operating leases. In addition, the Group also has motor vehicles currently under operating leases. The leases typically run between one and five years with an option to renew the lease after that date. Lease payments are increased every two years to reflect market rentals. As at year end, un paid lease rental for subsequent periods, amounted to ₦50.76million (2011: ₦84.51 million) and paid lease rental for subsequent periods amounted to ₦48.16 million (2011: ₦84.57 million).

During the year ended 31 December 2012, ₦189.9 million was recognized as an expense in the income statement in respect of operating leases (2011: ₦203.88 million).

28. Contingent Liabilities and Commitments

- The Group is subject to various claims and litigation and other contingent liabilities arising in the normal course of the business. Contingent liabilities in respect of pending litigation and other possible claims amounted to ₦17.6 million (2011: ₦49 million). Based on independent legal advice and investigations conducted to date, no material loss is expected to arise from these claims.
- The Group is subject to ongoing investigation by a regulatory body. The investigation is yet to be completed as at balance sheet date. The Group is not in a position to evaluate what, if any, penalties or losses may arise on completion of the investigation. The Directors are of the opinion that all known liabilities, which are relevant in assessing the financial position of the Company, have been taken into consideration in the preparation of these financial statements.



29. Segment Reporting

(i) Business Segments

The Group has two reportable business segments summarized as follows:

Segment	Description
Confectionery and Food Drinks	This includes the production and sale of Bournvita, Tang, Tom Tom, Ahomka ginger, Hacks and Buttermint.
Intermediate Cocoa Products	This includes the production and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Information regarding each reportable business segment is shown below:

	Consolidated	
	2012 N'000	2011 N'000
Revenue		
Confectionery and food drinks	31,231,751	31,018,546
Intermediate cocoa products	4,155,193	5,014,661
Less: Intersegment revenue	<u>(1,836,443)</u>	<u>(1,922,660)</u>
	<u>33,550,501</u>	<u>34,110,547</u>
Depreciation and Amortisation		
Confectionery and food drinks	1,445,972	1,301,809
Intermediate cocoa products	<u>99,578</u>	<u>131,381</u>
	<u>1,545,550</u>	<u>1,433,190</u>

	Consolidated	
	2012 N'000	2011 N'000
Finance Income		
Confectionery and food drinks	1,843,520	814,916
Intermediate cocoa products	-	-
Less: Intersegment interest income	<u>(197,222)</u>	<u>(287,616)</u>
	<u>1,646,298</u>	<u>527,300</u>



	Consolidated	
	2012	2011
	N'000	N'000
Finance Cost		
Confectionery and food drinks	-	-
Intermediate cocoa products	340,388	340,068
Less: Intersegment interest expense	<u>(197,222)</u>	<u>(287,616)</u>
Total per profit and loss account	<u>143,166</u>	<u>52,452</u>
Profit before taxation		
Confectionery and food drinks	6,438,262	5,309,043
Intermediate cocoa products	(926,744)	(242,159)
Eliminations	<u>-</u>	<u>(13,862)</u>
Total per profit and loss account	<u>5,511,518</u>	<u>5,053,022</u>
Property, Plant and Equipment (NBV)		
Confectionery and food drinks	12,964,243	11,249,111
Intermediate cocoa products	979,503	933,100
Less: Intersegment assets	<u>(6,229)</u>	<u>(6,229)</u>
Total NBV of PPE (Note 12 (a))	<u>13,937,517</u>	<u>12,175,982</u>
Net assets		
Confectionery and food drinks	21,773,887	17,376,786
Intermediate cocoa products	(1,136,871)	(189,955)
Eliminations	<u>(597,660)</u>	<u>(597,660)</u>
Total net assets	<u>20,039,356</u>	<u>16,589,171</u>



(ii) Geographical segments

The Group has two reportable geographical segments summarised as follows:

Segment	Description
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries in Africa and Europe.

Information regarding the operations of each reportable geographical segment is shown below:

	Consolidated		Separate	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Domestic sales	30,687,076	30,578,303	30,554,392	30,369,754
Export sales	<u>2,863,425</u>	<u>3,532,244</u>	<u>677,359</u>	<u>648,792</u>
	<u>33,550,501</u>	<u>34,110,547</u>	<u>31,231,751</u>	<u>31,018,546</u>

30. Subsidiary information

(i) Name	Country of Incorporation	Principal activity	Percentage of equity capital held %
Stanmark Cocoa Processing Company	Nigeria	Processing of Cocoa Beans	99.34

(ii) The condensed financial data of the consolidated entity is as follows:

	Total Assets	Total liabilities	Net assets/(liabilities)	Gross profit	Profit/(Loss) before taxation	Cash and cash equivalents
	N'000	N'000	N'000	N'000	N'000	N'000
CN Plc	39,811,415	18,037,528	21,773,887	11,476,476	6,438,262	17,106,930
Stanmark	2,785,963	3,922,835	(1,136,872)	(379,177)	(926,744)	135,200
Eliminations	<u>(2,440,870)</u>	<u>(1,843,211)</u>	<u>(597,659)</u>	-	-	-
Consolidated total	<u>40,156,508</u>	<u>20,117,152</u>	<u>20,039,356</u>	<u>11,097,299</u>	<u>5,511,518</u>	<u>17,242,130</u>



31. Subsequent events

On 6 December 2012, Cadbury Nigeria Plc obtained the Security and Exchange Commission (SEC) approval in principle to merge with Stanmark Cocoa Processing Company. The merger was approved by the shareholders of both Companies in court ordered meetings held simultaneously on 30 January 2013. There are no other post balance sheet events which could have a material effect on the financial position of the Group and Company respectively, as at 31 December 2012 and the results for the year then ended, which have not been adequately provided for.

32. Explanation of transition to IFRSs

As stated in note (3a), these are the Group's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Group's date of transition). In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the Statements of Accounting Standards of Nigeria (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.





	31 December 2011		1 January 2011	
	Nigeria GAAP (SAS)	Effect of transition to IFRSs	IFRSs	Nigeria GAAP (SAS)
EQUITY				
Share capital	1,564,594	-	1,564,594	1,564,594
Share premium	11,517,941	-	11,517,941	11,517,941
Other reserves	3,415,679	16,912	3,432,591	3,436,348
Share based payment	-	18,690	18,690	-
Retained earnings	220,312	(90,371)	129,941	(3,503,310)
				(43,844)
Equity attributable to equity holders of the Company	16,718,526	(54,769)	16,663,757	13,015,573
Non-controlling interest	(74,586)		(74,586)	(71,292)
TOTAL EQUITY	16,643,940	(54,769)	16,589,171	12,944,281
				(43,844)
				12,900,437
LIABILITIES				
Employee benefits	3,192,000	-	3,192,000	3,096,000
Deferred tax liabilities	-	-	-	151,199
Non-current liabilities	3,192,000	-	3,192,000	3,247,199
Bank overdraft	1,500,000	-	1,500,000	-
Current tax liabilities	179,165	-	179,165	86,741
Trade and other payables	8,894,095	3,301,921	12,196,016	8,194,631
Dividend payable	382,906	(382,906)	-	396,868
Due to related companies	2,919,015	(2,919,015)	-	3,607,323
CURRENT LIABILITIES	13,875,181	-	13,875,181	12,285,563
TOTAL LIABILITIES	17,067,181	-	17,067,181	15,532,762
Total equity and liabilities	33,711,121	(54,769)	33,656,352	28,477,043
				(43,844)
				28,433,199

E(iii)
E(i)
E(ii)

	31 December 2011		31 December 2011	
	Nigeria GAAP (SAS)	Effect of transition to IFRSs	Nigeria GAAP (SAS)	Effect of transition to IFRSs
Share based payment reserve	-	18,690	-	-
Equity				
Share capital	1,564,594	-	1,564,594	1,564,594
Share premium	11,517,941	-	11,517,941	11,517,941
Other Reserves	3,363,776	16,912	3,380,688	3,380,688
Share based payment reserve	-	18,690	-	-
Retained earnings	985,244	(90,371)	(2,844,494)	(2,888,338)
Equity attributable to equity holders of the Company	17,431,555	(54,769)	13,618,729	13,574,885
Total equity	17,431,555	(54,769)	13,618,729	13,574,885
Liabilities				
Employee benefits	3,083,000	-	3,002,000	3,002,000
Non-current liabilities	3,083,000	-	3,002,000	3,002,000
Trade and other payables	8,727,667	3,301,921	8,024,248	12,028,439
Current tax liabilities	153,238	-	68,648	68,648
Dividend payables	382,906	(382,906)	396,868	-
Due to related companies	2,919,015	(2,919,015)	3,607,323	-
Current liabilities	12,182,826	-	12,097,087	12,097,087
Total liabilities	15,265,826	-	15,099,087	15,099,087
Total equity and liabilities	32,697,381	(54,769)	28,717,816	28,673,972



Reconciliation of Nigerian GAAP statements to IFRS as at 31st December 2011

	Consolidated		Separate	
	Nigeria GAAP (SAS)	Effect of transition to IFRSs	Nigeria GAAP (SAS)	Effect of transition to IFRSs
	31 December 2011		31 December 2011	
Continuing operations				
Revenue	34,110,547	-	31,018,546	-
Cost of sales	(22,951,350)	-	(20,161,426)	-
Gross profit	11,159,197	-	10,857,120	-
Other income	163,680	331,966	159,543	331,966
Other expenses	331,966	(331,966)	331,966	(331,966)
Marketing and Distribution expenses	(3,932,696)	-	(3,932,696)	-
Administrative expenses	(3,114,358)	(29,615)	(2,892,191)	(29,615)
Results from operating activities	4,607,789	(29,615)	4,523,742	(29,615)
Interest income	527,300	-	814,916	-
Interest expense	(2,452)	-	-	-
Net finance costs	474,848	-	814,916	-
Profit before income tax	5,082,637	(29,615)	5,338,658	(29,615)
Income tax expense	(1,382,467)	-	(1,525,832)	-
Profit for the year	3,700,170	(29,615)	3,812,826	(29,615)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	3,700,170	(29,615)	3,812,826	(29,615)
Other comprehensive income:				
Owners of the Company	3,706,710	(29,615)	3,812,826	(29,615)
Non-controlling interest	6,540	-	-	-
Total comprehensive income for the year	3,700,710	(29,615)	3,812,826	(29,615)



Explanation of transition to IFRSs

Notes to the reconciliations (continued)

A. Deemed cost

Under the previous GAAP certain items of property, plant and equipment were carried at their revalued amounts less accumulated depreciation. On transition to IFRSs the Group and Company elected to apply the optional exemption to use the previous valuation as deemed cost under the previous Nigerian GAAP for all items of property plant and equipment. The Group 'fixed asset' revaluation reserve of ₦3.44 billion and ₦3.42 billion at 1 January 2011 and 31 December 2011 respectively was reclassified to other reserves. Except for the reclassification summarized below, this had no other impact on the financial statement.

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	₦'000	₦'000	₦'000	₦'000
Fixed assets revaluation reserve	<u>(3,436,348)</u>	<u>(3,415,679)</u>	<u>(3,380,688)</u>	<u>(3,380,688)</u>
Other reserves	<u>3,436,348</u>	<u>3,415,679</u>	<u>3,380,688</u>	<u>3,380,688</u>

B. Property Plant and Equipment (PPE), Administrative expenses and Assets held for sale

The effect of transition to IFRS on PPE can be summarized as follows;

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	₦'000	₦'000	₦'000	₦'000
(i) Administrative expense	43,844	54,769	43,844	54,769
Assets held for sale	<u>68,604</u>	<u>34,698</u>	<u>68,604</u>	<u>34,698</u>
Net Impact on the NBV of PPE	<u>(112,448)</u>	<u>(89,467)</u>	<u>(112,448)</u>	<u>(89,467)</u>

- (i). Under the previous GAAP the Group and Company's leasehold land were not depreciated. Under IFRS, leasehold land have been classified as leasehold and depreciated over the remaining period of the lease. In substance, the Company only has right of occupancy with a tenure of 99 years from the government. The impact of arising from the change is summarised as follows:



	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Statement of financial position				
(a) Property plant and equipment	<u>(43,844)</u>	<u>(54,769)</u>	<u>(43,844)</u>	<u>(54,769)</u>
Adjustment to retained earnings	<u>43,844</u>	<u>54,769</u>	<u>43,844</u>	<u>54,769</u>

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Statement of comprehensive income				
(a) Administrative expenses	<u>43,844</u>	<u>54,769</u>	<u>43,844</u>	<u>54,769</u>
Adjustment to profit before income tax	<u>(43,844)</u>	<u>(54,769)</u>	<u>(43,844)</u>	<u>(54,769)</u>

- (ii). The previous GAAP did not require separate identification and presentation of non-current assets held for sale on the statement of financial position. Under IFRS, non-current assets have been measured at the lower of their carrying amounts and fair value less cost to sell and separately presented in the statement of financial position. The impact arising from this treatment is summarised as follows:

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Statement of financial position				
Property plant and equipment	<u>(68,604)</u>	<u>(34,698)</u>	<u>(68,604)</u>	<u>(34,698)</u>
Net impact on Asset held for sale	<u>68,604</u>	<u>34,698</u>	<u>68,604</u>	<u>34,698</u>

C. Trade and other receivables

The effect of transition to IFRS on Trade and other receivables can be summarized as follows;

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
(i) Reclassification to Prepayments	<u>(96,920)</u>	<u>(235,267)</u>	<u>(96,920)</u>	<u>(235,267)</u>
Reclassification from related parties	<u>308,408</u>	<u>490,826</u>	<u>308,408</u>	<u>490,826</u>
Net Impact on Trade receivables	<u>211,488</u>	<u>255,559</u>	<u>211,488</u>	<u>255,559</u>



- (i). Under previous GAAP, prepayment was classified under the heading "trade and other receivables and prepayment"; however, in order to align the financials with expected IFRS reporting format, management decided to reclassify the portion of prepaid expenses under a separate heading "prepayment".

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Prepayment	<u>96,920</u>	<u>235,267</u>	<u>93,662</u>	<u>232,164</u>
Trade and other receivables	<u>(96,920)</u>	<u>(235,267)</u>	<u>(93,662)</u>	<u>(232,164)</u>

- (ii) Under previous GAAP, amount due from related companies was classified as a separate heading in the financial statements; however, in order to align the financials with expected IFRS reporting format, management decided to reclassify amount due from related companies as part of trade and other receivables as they are all financial assets.

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Amount due from related parties	<u>(308,408)</u>	<u>(490,826)</u>	<u>(1,266,366)</u>	<u>(1,864,406)</u>
Trade and other receivables	<u>308,408</u>	<u>490,826</u>	<u>1,266,366</u>	<u>1,864,406</u>

D. Retained Earnings

The above changes resulted in a decrease in retained earnings (each net of related tax) as follows:

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
(i) Other reserves	-	16,912	-	16,912
(ii) Share based payment reserve	-	18,690	-	18,690
Property, plant and Equipment	<u>43,844</u>	<u>54,769</u>	<u>43,844</u>	<u>54,769</u>
Net Impact on Retained earnings	<u>43,844</u>	<u>90,371</u>	<u>43,844</u>	<u>90,371</u>

- (i) Under the previous GAAP certain items of property, plant and equipment were carried at their revalued amounts less accumulated depreciation. On transition to IFRSs the Group and Company elected to use the cost model in accounting for all items of property plant and equipment. The impact arising from the change is summarised as follows:



	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Retained earnings	-	(16,912)	-	(16,912)
Other reserves	-	16,912	-	16,912

(ii) Reclassification to share based payments

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Statement of financial position				
Share based payment reserves	-	(18,690)	-	(18,690)
Retained earnings	-	18,690	-	18,690
Adjustment to general reserves	-	-	-	-

E. Trade and other Payables

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
(i) Dividend payable	(396,868)	(382,906)	(396,868)	(382,906)
Due to related Companies	(3,607,323)	(2,919,015)	(3,607,323)	(2,919,015)
Trade and other payables	(4,004,191)	(3,301,921)	(4,004,191)	(3,301,921)

(i) Under previous GAAP, amount due to related companies was classified as a separate heading in the financial



statements; however, in order to align the financials with expected IFRS reporting format, management decided to reclassify amount due to related companies as part of trade and other payables as they are all financial liabilities.

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Amount due to related parties	<u>3,607,323</u>	<u>2,919,015</u>	<u>3,607,323</u>	<u>2,919,015</u>
Trade and other payables	<u>(3,607,323)</u>	<u>(2,919,015)</u>	<u>(3,607,323)</u>	<u>(2,919,015)</u>

- (ii) Under previous GAAP, dividend payable was classified as a separate heading in the financial statements; however, in order to align the financials with expected IFRS reporting format, management decided to reclassify amount dividend payable as part of trade and other payables as they are all financial liabilities.

	Consolidated		Separate	
	1 January 2011	31 Dec 2011	1 January 2011	31 Dec 2011
	N'000	N'000	N'000	N'000
Dividend payable	<u>(396,868)</u>	<u>(382,906)</u>	<u>(396,868)</u>	<u>(382,906)</u>
Trade and other Payable	<u>396,868</u>	<u>382,906</u>	<u>396,868</u>	<u>382,906</u>

- (iv). **Material adjustments to the statement of cash flows for 31 December 2011**

There are no material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under previous GAAP.



Other Financial Information

Value Added Statement

For the year ended 31 December 2012

	Group				Company			
	2012	%	2011	%	2012	%	2011	%
	N'000		N'000		N'000		N'000	
Revenue	33,550,501		34,110,547		31,231,751		31,018,546	
Interest income	1,646,298		527,300		1,843,520		814,916	
Bought in materials and								
Services								
- Local	(21,237,542)		(20,999,074)		(18,917,001)		(18,377,343)	
- Imported	(1,866,852)		(1,881,210)		(1,644,006)		(1,856,016)	
Value added	<u>12,092,405</u>	<u>100</u>	<u>11,757,563</u>	<u>100</u>	<u>12,514,264</u>	<u>100</u>	<u>11,600,103</u>	<u>100</u>
Applied as follows:								
Employees as salaries,								
wages and other staff costs	4,885,827	40	5,212,359	44	4,630,030	37	4,989,251	43
Providers of capital as								
interest on borrowings	143,166	1	52,452	-	-	-	-	-
Government as taxes	2,056,527	17	1,382,467	12	2,036,355	16	1,525,832	13
Retained in the business as:								
- Depreciation	1,527,165	13	1,420,009	12	1,427,587	12	1,288,628	11
- Amortisation	18,385	-	13,181	-	18,385	-	13,181	-
- To augment reserves	<u>3,461,335</u>	<u>29</u>	<u>3,677,095</u>	<u>32</u>	<u>4,401,907</u>	<u>35</u>	<u>3,783,211</u>	<u>33</u>
	<u>12,092,405</u>	<u>100</u>	<u>11,757,563</u>	<u>100</u>	<u>12,514,264</u>	<u>100</u>	<u>11,600,103</u>	<u>100</u>

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.



Group Financial Summary

	<u>2012</u> N'000	<u>2011</u> N'000	<u>2010</u> N'000
Statement of comprehensive income:			
Revenue	33,550,501	34,110,547	
Profit on ordinary before taxation	5,511,518	5,053,022	
Tax on ordinary activities	(2,056,527)	(1,382,467)	
Profit on ordinary after taxation	3,454,991	3,670,555	
Minority interest	(6,344)	(6,540)	
Retained profit/(loss)for the year	<u>3,461,335</u>	<u>3,677,095</u>	
Statement of financial position:			
Non-current assets	13,992,153	13,424,430	13,978,899
Current assets	<u>26,164,355</u>	<u>20,231,922</u>	<u>14,454,300</u>
	<u>40,156,508</u>	<u>33,656,352</u>	<u>28,433,199</u>
Funds employed:			
Share capital	1,564,594	1,564,594	1,564,594
Share premium	11,517,941	11,517,941	11,517,941
Other reserves	3,435,975	3,432,591	3,436,348
Share based payment reserve	13,884	18,690	-
Retained earnings/ (Accumulated losses)	3,514,579	129,941	(3,547,154)
Non-controlling Interest	<u>(7,617)</u>	<u>(74,586)</u>	<u>(71,292)</u>
Shareholders' fund	20,039,356	16,589,171	12,900,437
Current liabilities	16,905,424	13,875,181	12,285,563
Non-current liabilities	<u>3,211,728</u>	<u>3,192,000</u>	<u>3,247,199</u>
	<u>40,156,508</u>	<u>33,656,352</u>	<u>28,433,199</u>
Per-share data:			
Basic earnings/ (loss) per share	<u>110k</u>	<u>117k</u>	<u>38k</u>

Earnings and Dividend per share are based on issued and fully paid share capital at 31 December 2012.



Company Financial Summary

	2012 N'000	2011 N'000	2010 N'000
Statement of comprehensive income:			
Revenue	31,231,751	31,018,546	
Profit on ordinary activities before taxation	6,438,262	5,309,043	
Tax on ordinary activities	(2,036,355)	(1,525,832)	
Profit on ordinary activities after taxation	4,401,907	3,783,211	
Retained profit for the year	<u>4,401,907</u>	<u>3,783,211</u>	
Statement of financial position:			
Non-current assets	14,539,722	14,018,402	14,628,547
Current assets	<u>25,271,693</u>	<u>18,624,210</u>	<u>14,045,425</u>
	<u>39,811,415</u>	<u>32,642,612</u>	<u>28,673,972</u>
Funds employed:			
Share capital	1,564,594	1,564,594	1,564,594
Share premium	11,517,941	11,517,941	11,517,941
Other reserves	3,380,688	3,380,688	3,380,688
Share based payment reserve	13,884	18,690	-
Retained earnings/ (Accumulated losses)	<u>5,296,780</u>	<u>894,873</u>	<u>(2,888,338)</u>
Shareholders' fund	21,773,887	17,376,786	13,574,885
Current liabilities	14,919,196	12,182,826	12,097,087
Non-current liabilities	<u>3,118,332</u>	<u>3,083,000</u>	<u>3,002,000</u>
	<u>39,811,415</u>	<u>32,642,612</u>	<u>28,673,972</u>
Per-share data:			
Basic earnings/ (loss) per share	<u>141k</u>	<u>121k</u>	<u>43k</u>

Basic Earnings per share and Dividend per share are based on issued and fully paid share capital at 31 December 2012.

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



Distributors' List

- Ajoke Stores Ltd.
- AL-AZAF Trading Company Ltd.
- Alh Garba Dankane Jega Nig Ltd.
- Al-Yuhadhash Nig. Ltd
- Anambaco Limited
- Basrose Stores Ltd.
- Bukos Ventures Ltd.
- CFAO General Imports.
- Chazek Company Nigeria Ltd.
- Ernus Ventures Ltd.
- Fabeto Nig. Ltd.
- Faseyitan Trading Nig. Ltd.
- Fausat Olawepo Enterprises.
- Fishmonger Nig. Enterprises.
- F.M.lge.
- Fresh Business Limited
- Hammalat Business Ventures.
- J.O. Adebisi & Sons Nig. Ltd.
- MOFAD Ltd.
- Lawzion Merchandise Ent.
- Mafagots Industries Ltd.
- M.A. Onigbinde & Sons Ltd.
- Maybat Intergrated Network Nig. Ltd.
- M. Elejire & Sons Nig. Ltd.
- M.O. Okoro & Sons. Ltd.
- Mosadosu Nigeria Ltd.
- Nasiru Tukur Faru Enterprises Nig. Ltd.
- Nna-Nna & Sons Nig. Ltd.
- Nze Sam and Associates Trading Company Nigeria Ltd.
- Olufunmilayo Nig. Ltd.
- Reachout Network Enterprises.
- S.C. Okafor Nigeria Limited.
- Sunky Supermarket Ventures.
- Taiken Ventures Ltd.
- Tijenny Global Resources Ltd.
- Tinuola Stores Ltd.
- UBAMACO Ventures Ltd.
- Usman Achida Abdullahi.



Shareholders Information

Year Ended 31 December 2012

Since 1976 when Cadbury Nigeria Plc went public, the Company has declared dividends as follows:

Dividend No	Date Declared
01	11th July, 1977
02	7th July, 1978
03	14th Sept, 1979
04	18th July, 1980
05	3rd July, 1981
06	2nd July, 1982
07	15th July, 1983
08	13th July, 1984
09	3rd July, 1985
10	25th June, 1986
11	2nd June, 1987
12	14th June, 1988
13	7th June, 1989
14	6th June, 1990
15	5th June, 1991
16	17th June, 1992
17	9th June, 1993
18	8th June, 1994
19	14th June, 1995
20	5th June, 1996
21	11th June, 1997
22	10th June, 1998
23	9th June, 1999
24	14th June, 2000
25	5th June, 2001
26	3rd June, 2002
27	4th July, 2003
28	21st June, 2004
29	20th June, 2005
30	9th June, 2006
31*	9th May 2013

* Dividend has not been approved by Shareholders



Shareholders Information (Cont'd)

Year Ended 31 December 2012

Share Capital History

Year	Authorised (N)		Issued & Fully Paid-up(N)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1976	2,000,000	6,000,000	1,112,500.00	4,450,000.00	Scrip Issue (1 for 3)
1978	4,000,000	10,000,000	1,780,000.00	6,230,000.00	Scrip Issue (2 for 5)
1980	-	10,000,000	2,076,666.50	8,306,666.50	Scrip Issue (1 for 3)
1982	10,000,000	20,000,000	2,768,889.00	11,075,555.50	Scrip Issue (1 for 3)
1984	-	20,000,000	3,012,047.50	14,087,603.00	Cash
1987	-	20,000,000	2,817,520.50	16,905,123.50	Scrip Issue (1 for 5)
1989	10,000,000	30,000,000	4,226,281.00	21,131,404.50	Scrip Issue (1 for 4)
1990	-	30,000,000	7,043,801.50	28,175,206.00	Scrip Issue (1 for 3)
1991	20,000,000	50,000,000	7,043,801.50	35,219,007.50	Scrip Issue (1 for 4)
1992	-	50,000,000	8,804,751.50	44,023,759.00	Scrip Issue (1 for 4)
1993	50,000,000	100,000,000	14,674,586.00	58,698,345.00	Cash
1995	50,000,000	150,000,000	58,698,345.00	117,396,690.00	Scrip Issue (1 for 1)
1996	100,000,000	250,000,000	58,698,345.00	176,095,035.00	Scrip Issue (1 for 2)
1999	-	250,000,000	88,047,517.50	264,142,552.50	Scrip Issue (1 for 2)
2001	125,000,000	375,000,000	66,035,638.00	330,178,190.50	Scrip Issue (1 for 4)
2002	125,000,000	500,000,000	45,137,041.00	375,315,231.50	Conversion of ICLS
2004	250,000,000	750,000,000	125,105,077.00	500,420,308.50	Scrip Issue (1 for 3)
2006	-	750,000,000	50,000,000.00	550,420,308.50	Conversion of ICLS
2009	1,250,000,000	2,000,000,000	1,014,173,771.50	1,014,173,771.50	Rights Issue (7 for 3)



Great fruit taste kids love



Cadbury





Application Form

For e-Bonus and e-Dividend

CADBURY NIGERIA PLC

RC4151

Dear Shareholder(s),

SHAREHOLDERS' DATA UPDATE

In order to update shareholders' data on the Company's Register of Members, we require your GSM number (for individuals), landline (for corporate holders), your CSCS account number and bank details to enable us effect payment of any future dividend and bonuses which may be declared by the Company electronically via e-Bonus and e-Dividend. This will enhance safe and timely receipt of your entitlements as they fall due.

Tel: CSCS A/C No:

STOCK BROKING FIRM: Stock Brokers' Signature/Stamp:

E-mail Address: Name of Bank:

Branch of Bank: Bank A/C No: Branch Code:

Authorised Bank Officials' Signature/Stamp: No. of Units Held:

REGISTRARS' USE	
NAME	
SIGN	
DATE	

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER

.....

.....



Second Fold here and Insert

**UNION REGISTRARS LIMITED
2 BURMA ROAD
APAPA, LAGOS
NIGERIA**

**Please affix
Postage Stamp**

Second Fold here

First Fold

PRESENT ADDRESS:

.....

.....

NAME OF COMPANY IN WHICH YOU HAVE SHARES

CADBURY NIGERIA PLC

Please notify our Registrars, Union Registrars Limited, of any changes in telephone, address and bank whenever it occurs.

Yours' sincerely,

FOR: CADBURY NIGERIA PLC

M. Alcarde
Fo

Company Secretary/Chief Counsel

Note: please be informed that by filling and sending this form to our Registrars, Union Registrars Limited for processing, you have applied to have any future dividend and bonuses paid to you by e-Dividend and e-Bonus, thereby authorizing CADBURY NIGERIA PLC to credit your account (in respect of dividends and bonuses) electronically.

PLEASE COMPLETE AND RETURN TO

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

UNION REGISTRARS LIMITED

In case of Corporate Shareholder, use Company Seal

2 BURMA ROAD, APAPA, LAGOS



Second Fold here and Insert

**UNION REGISTRARS LIMITED
2 BURMA ROAD
APAPA, LAGOS
NIGERIA**

**Please affix
Postage Stamp**

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CADBURY NIGERIA PLC
48TH ANNUAL GENERAL MEETING TO BE HELD
AT 10.00AM ON WEDNESDAY 8 MAY 2013
THE CIVIC CENTRE, VICTORIA ISLAND LAGOS

RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINES		
To declare a dividend		
To approve the appointment of the following as Directors:		
Mr. Emil Moskofian		
Mr. Ruslan Kinebas		
To re-elect the following Directors retiring by rotation:		
Mr. Atedo Peterside, CON		
Mrs. Oyeyimika adeboye		
To authorise the Directors to fix the remuneration of the Auditors		
To elect members of the Audit Committee		
SPECIAL BUSINESS		
To authorise the remuneration of the Directors		
Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

PROXY FORM

I/We

being a member/members of Cadbury Nigeria Plc

hereby appoint **

..... Or failing him/her the

Chairman of the meeting as my/our proxy to act

and vote for me/us and on my/our behalf at the

Annual General Meeting of the Company to be held

on Wednesday 8 May 2013 and at any adjournment

thereof.

Dated this Day of 2013

Shareholder's Signature



Second Fold here and Insert

**UNION REGISTRARS LIMITED
2 BURMA ROAD
APAPA, LAGOS
NIGERIA**

**Please affix
Postage Stamp**

Second Fold here

First Fold

Notes:

Please sign the above proxy form and post it, so as to reach the address overleaf not later than 48 hours before the time for holding the Meeting. If executed by a corporation, the proxy form should be sealed with the Corporation's common seal.

The name of the Shareholder must be written in BLOCK CAPITALS on the proxy form where marked. Following the normal practice, the Chairman of the Meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked **) the name of the person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman.

A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote on a poll by proxy. The above form has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the Meeting.

.....

CADBURY NIGERIA PLC

48TH ANNUAL GENERAL MEETING

Shareholder's Admission Form

BEFORE POSTING THE ABOVE FORM, PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at

The Civic Centre, Victoria Island, Lagos at 10.00AM on Wednesday 8 May 2013.

Name of Shareholder:

Number of Shares Held: Signature of person attending:

This admission form must be produced by the Shareholder or his/her proxy, who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.



Second Fold here and Insert

**UNION REGISTRARS LIMITED
2 BURMA ROAD
APAPA, LAGOS
NIGERIA**

**Please affix
Postage Stamp**

Second Fold here

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VITALITY BAR



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