

---

You are advised to read and understand the contents of this Rights Circular. If you are in any doubt about the actions to be taken, you should consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.

---

For information concerning certain risk factors which should be considered by prospective investors, see Risk Factors on page 37



Rights Issue of

**2,568,628,106**

Ordinary Shares of 50 kobo each

at **₦8.65** per Share

on the basis of **7** new Ordinary Shares  
for every **3** Ordinary Shares held as at 26 June 2009

The rights being offered in this Rights Circular are tradeable on the floors of  
The Nigerian Stock Exchange for the duration of the Issue

Payable in full on Acceptance

ACCEPTANCE LIST OPENS: WEDNESDAY, 16 SEPTEMBER 2009  
ACCEPTANCE LIST CLOSES: FRIDAY, 23 OCTOBER 2009

---

This Rights Circular and the securities which it offers have been cleared and registered by the Securities & Exchange Commission. It is a civil wrong and a criminal offence under the Investments and Securities Act No 29 2007 to issue a Rights Circular which contains false or misleading information. Clearance and registration of this Rights Circular and the securities which it offers do not relieve the parties from any liability arising under the Act for false and untrue statements contained therein or for any omission of a material fact.

---

Issuing House:



A member of Standard Bank Group

RC125097

This Rights Circular is dated 03 September 2009

## CONTENTS

<b>DEFINITIONS</b> .....	<b>3</b>
<b>ABRIDGED TIMETABLE</b> .....	<b>4</b>
<b>SUMMARY OF THE ISSUE</b> .....	<b>5</b>
<b>THE RIGHTS ISSUE</b> .....	<b>9</b>
<b>DIRECTORS, SECRETARY AND PARTIES TO THE ISSUE</b> .....	<b>10</b>
<b>THE CHAIRMAN'S LETTER</b> .....	<b>11</b>
<b>BRIEF OVERVIEW OF CADBURY NIGERIA PLC</b> .....	<b>13</b>
1.    HISTORICAL OVERVIEW .....	13
2.    BUSINESS OVERVIEW.....	13
3.    FUTURE PLANS .....	13
<b>FINANCIAL INFORMATION</b> .....	<b>14</b>
1.    LETTER FROM THE DIRECTORS ON THE GOING CONCERN STATUS .....	14
2.    LETTER FROM THE AUDITORS ON THE GOING CONCERN STATUS .....	15
3.    PRESENTATION OF FINANCIAL INFORMATION.....	16
4.    STATEMENT OF ACCOUNTING POLICIES .....	16
5.    PROFIT AND LOSS ACCOUNTS .....	20
6.    BALANCE SHEETS.....	21
7.    CASH FLOW STATEMENTS .....	22
8.    NOTES TO THE ACCOUNTS.....	23
9.    UNAUDITED MANAGEMENT ACCOUNTS AS AT 30 JUNE 2009.....	29
10.   LETTER FROM THE DIRECTORS ON THE PROFIT FORECAST .....	31
11.   FINANCIAL FORECASTS .....	32
12.   BASES AND ASSUMPTIONS.....	32
<b>STATUTORY AND GENERAL INFORMATION</b> .....	<b>34</b>
1.    INCORPORATION AND SHARE CAPITAL HISTORY .....	34
2.    SHAREHOLDING STRUCTURE .....	34
3.    DIRECTORS' BENEFICIAL INTERESTS.....	35
4.    INDEBTEDNESS.....	35
5.    UTILISATION OF PREVIOUS ISSUE PROCEEDS .....	35
6.    OFF BALANCE SHEET ITEMS .....	35
7.    SUBSIDIARIES AND ASSOCIATED COMPANIES.....	36
8.    CLAIMS AND LITIGATION .....	36
9.    COSTS AND EXPENSES .....	36
10.   MATERIAL CONTRACTS .....	36
11.   RISK AND MITIGATING FACTORS.....	37
12.   UNCLAIMED DIVIDENDS .....	39
13.   CORPORATE GOVERNANCE .....	39
14.   RESEARCH AND DEVELOPMENT.....	40
15.   MERGERS AND TAKEOVERS .....	40
16.   RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS .....	40
17.   RELATED PARTY TRANSACTIONS.....	41
18.   DECLARATIONS .....	41
19.   CONSENTS.....	42
20.   DOCUMENTS AVAILABLE FOR INSPECTION .....	42
<b>PROVISIONAL ALLOTMENT LETTER</b> .....	<b>43</b>
<b>RECEIVING AGENTS</b> .....	<b>45</b>
<b>ACCEPTANCE/RENUNCIATION FORM</b> .....	<b>46</b>

## DEFINITIONS

---

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

<b>“Cadbury Nigeria” or “the Company”</b>	Cadbury Nigeria Plc.
<b>“CSCS”</b>	Central Securities Clearing System Limited.
<b>“CSOL”</b>	Cadbury Schweppes Overseas Limited.
<b>“Directors”</b>	The members of the Board of Directors of Cadbury Nigeria who at the date of this document are those persons whose names are set out on page 10 of this Rights Circular.
<b>“FMCG”</b>	Fast moving consumer goods.
<b>“LASEPA”</b>	Lagos State Environmental Protection Agency.
<b>“LAWMA”</b>	Lagos State Waste Management Authority.
<b>“NAFDAC”</b>	National Agency for Food and Drug Administration and Control.
<b>“Receiving Agents”</b>	Any of the institutions listed on Page 45 of this Rights Circular to whom shareholders may return their completed Acceptance/Renunciation Forms together with payment.
<b>“Registrars”</b>	Union Registrars Limited.
<b>“Rights Circular”</b>	This document, which is issued in accordance with the Rules and Regulations of the Commission.
<b>“SCPCL”</b>	Stanmark Cocoa Processing Company Limited.
<b>“SEC” or “the Commission”</b>	Securities & Exchange Commission.
<b>“SON”</b>	Standard Organisation of Nigeria.
<b>“Stanbic IBTC” or “the Issuing House”</b>	Stanbic IBTC Bank PLC.
<b>“The Group”</b>	Cadbury Nigeria and its subsidiary.
<b>“The Issue”</b>	The Rights Issue of 2,568,628,106 ordinary shares of 50 kobo each in the Company being offered by way of rights to shareholders on the Company’s register of members as at the close of business on 26 June 2009, on the basis of 7 new ordinary shares for every 3 ordinary shares held by them on that date.
<b>“The NSE” or “The Exchange”</b>	The Nigerian Stock Exchange.
<b>“Working Day”</b>	Any day other than a Saturday, Sunday or official public holiday declared by the Federal Government of Nigeria from time to time.

## ABRIDGED TIMETABLE

---

The dates below, which reflect principal events, are subject to change without notice:

DATE	ACTIVITY	RESPONSIBILITY
16/09/2009	Acceptance List opens	Stanbic IBTC
23/10/2009	Acceptance List closes	Stanbic IBTC
06/11/2009	Receiving Agents make returns	Stanbic IBTC/Registrars
02/12/2009	File allotment proposal and draft newspaper announcement with SEC	Stanbic IBTC
18/12/2009	Receive SEC approval of allotment	Stanbic IBTC
21/12/2009	Pay net proceeds of the Issue to Cadbury Nigeria	Stanbic IBTC
24/12/2009	Publish Allotment announcement	Stanbic IBTC
24/12/2009	Return surplus/rejected application monies	Stanbic IBTC/Registrars
08/01/2010	Distribute share certificates/credit CSCS accounts	Registrars
12/01/2010	Forward Declaration of Compliance to The Exchange	Stanbic IBTC/Stockbroker
15/01/2010	Listing of new Cadbury Nigeria shares/trading commences	Stanbic IBTC/Stockbroker
15/01/2010	Forward Summary report of Issue to SEC	Stanbic IBTC

## SUMMARY OF THE ISSUE

---

- 1. Issuer:** Cadbury Nigeria Plc.
- 2. Issuing House:** Stanbic IBTC Bank PLC.
- 3. Share Capital:**
- Authorised: ₦2,000,000,000.00 divided into 4,000,000,000 Ordinary Shares of 50 kobo each.
- Issued and fully paid: ₦550,420,308.50 divided into 1,100,840,617 Ordinary Shares of 50 kobo each.
- Now being issued: 2,568,628,106 Ordinary Shares of 50 kobo each at ₦8.65 per share.
- Gross Issue Proceeds: ₦22,218,633,116.90.
- 4. Purpose:** The Issue is being undertaken to enable the Company repay its bank borrowings. The remaining funds after the settlement of bank borrowings will be applied to fund the improvement of capacity supporting infrastructure, efficiency initiatives and upgrade of utilities.
- 5. Use of Proceeds:** After the deduction of the estimated Issue costs and expenses of ₦528.6 million (representing 2.38% of the Issue proceeds), the net Issue proceeds of ₦21.69 billion will be applied as follows (in order of priority):
- |   | ₦'b          | %          |
|---|--------------|------------|
| 1. Repayment of bank borrowings   | 15.55        | 72         |
| 2. Improvement of capacity supporting infrastructure, efficiency initiatives and upgrade of utilities | 6.14         | 28         |
|   | <u>21.69</u> | <u>100</u> |
- 6. Utilisation of Previous Issue Proceeds:** The Company raised net issue proceeds of ₦4.75 billion when it undertook a Rights Issue of Irredeemable Convertible Loan Stock with a Rights Circular dated 05 August 2005. The unutilised balance of ₦818.80 million from the proceeds of that Issue and the corresponding accrued interest of ₦271.50 million as at 30 June 2009 will be applied, with part of the proceeds of this Issue (as indicated above), to repay the Company's bank borrowings of ₦16.64 billion. Shareholders' ratification of the use of these funds for this purpose will be sought at the Annual General Meeting to be held in respect of the 2009 financial year end.
- 7. Capacity Utilisation:** As at 31 December 2008, the average capacity utilisation of the Company's factory was as set out as follows:
- Food Drinks – 91%  
Confectionery – 55%
- 8. Method of Issue:** By way of rights to existing shareholders.
- 9. Issue Price per share:** ₦8.65.

## SUMMARY OF THE ISSUE

- 10. Payment:** In full on acceptance.
- 11. Opening Date:** 16 September 2009.
- 12. Closing Date:** 23 October 2009.
- 13. Provisional Allotment:** 7 new Ordinary Shares for every 3 Ordinary Shares held at the close of business on 26 June 2009.
- 14. Underwriting:** At the instance of the Issuer, this Issue will not be underwritten.
- 15. Market capitalisation at Rights Issue Price (Pre-Issue):** ₦9,522,271,337.05.
- 16. Market capitalisation at Rights Issue Price (Post-Issue):** ₦31,740,904,453.95

**17. Financial Summary\*:**

For the year ended 31 December	N'000				
	2008	2007	2006	2005	2004
Turnover	24,298,496	19,937,000	19,215,152	29,454,185	22,152,651
(Loss)/profit before taxation	(2,847,703)	(4,197,948)	(5,762,809)	3,853,094	3,849,273
(Loss)/profit after taxation	(2,752,268)	(726,978)	(4,665,459)	2,710,921	2,812,623
Minority interests	62,526	5,674	292	(6,434)	(3,934)
(Loss)/profit attributable to members	(2,689,742)	(721,304)	(4,665,167)	2,704,487	2,808,689
Proposed dividend	-	-	-	1,303,154	1,601,345
Share capital	550,420	550,420	550,420	500,420	500,420
Net (liabilities)/assets	(3,012,770)	34,822	2,186,795	10,868,170	9,459,727
Total assets	23,901,206	24,282,617	29,664,228	32,065,142	20,872,012
(Loss)/earnings per share (kobo)	(244)	(66)	(428)	270	281
Dividend per share (kobo)	-	-	-	130	160

\* The financial information for 2004 and 2005 included in the summary above have not been adjusted for the effect of the accounting misstatement discovered in 2006 and may not therefore be a reliable basis of comparison with the 2006 to 2008 figures.

**18. Forecast Issue Statistics:**

Year Ending 31 December	2009	2010	2011
Forecast earnings per share (kobo)*	(58)	(16)	30
Forecast earnings yield at the Issue price	(6.7)%	(1.9)%	3.4%
Forecast price/earnings ratio at the Issue price	-	-	29

\* Calculations of forecast earnings per share are based on the 3,669,468,723 ordinary shares of 50 kobo each expected to be in issue as at 31 December 2009, 2010 and 2011.

- 19. Quotation:** Cadbury Nigeria's entire issued and paid-up share capital is listed on The Exchange. An application has been made to The Council of The Exchange for the admission to its Daily Official List of the 2,568,628,106 ordinary shares being offered by way of rights.
- 20. Status:** The shares being issued will rank pari passu in all respects with the existing issued ordinary shares of the Company. They will qualify for any distribution (dividend or bonus issue) made by the Company, once it is legally and financially in a position to do so.

## SUMMARY OF THE ISSUE

---

### 21. Indebtedness:

As at 31 December 2008, the date of the latest audited financial statements, the Company had bank overdrafts and short term borrowings amounting to ₦15.2 billion in the ordinary course of business. However, as at 31 May 2009, the bank overdrafts and short term borrowings amounted to ₦16.64 billion. Apart from the foregoing, the Company had no outstanding debentures, mortgages, charges or other similar indebtedness other than in the ordinary course of business. The Company also had contingent liabilities in respect of pending litigation and other possible claims of ₦607 million as at 31 December 2008. However as at 31 May 2009, these liabilities had been reduced by ₦150 million.

### 22. Claims and Litigations:

In the ordinary course of its business, the Company has outstanding claims and litigations against it. As regards the claims by the Company, the Company has six (6) proceedings outstanding with total value of claims amounting to ₦6,034,998,972.92. To the extent that monies may be recoverable in the proceedings by the Company net of litigation costs, we consider such recoveries to be contingent assets which are immaterial for the purpose of the Rights Issue.

As regards the claims against the Company, as at 14 May 2009, the Company is aware of fifteen (15) claims against it pending in various courts in Nigeria with total value of claims amounting to ₦1,802,248,849.32. Cadbury also has outstanding judgement debt of ₦240,701,726.00 against it which is on appeal. Having considered the information provided by the solicitors defending the claims on behalf of the Company and made such other enquires as they consider necessary and appropriate, the Solicitors to the Issue are of the opinion that none of the claims is material in the context of the Rights Issue.

Save as stated above, the Solicitors to the Issue and the Directors of the Company are not aware of any other pending or threatened claims involving the Company which is material to the Rights Issue.

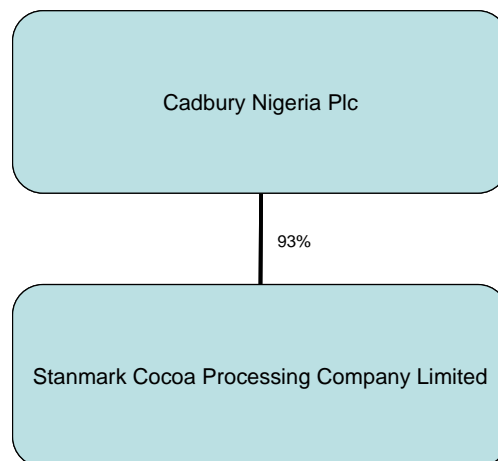
## SUMMARY OF THE ISSUE

---

### 23. Group Structure

The Company has one subsidiary, Stanmark Cocoa Processing Company Limited, a private company engaged in the processing of cocoa beans to butter, powder, liquor and cake and which supplies all the cocoa powder needs of the Company. SCPCL is 93% owned by Cadbury Nigeria as at the date of this Rights Circular.

Cadbury Nigeria is 50.02% owned by CSOL, a subsidiary of Cadbury Plc, the United Kingdom based global confectionery company. The balance of 49.98% is held by a highly diversified spread of Nigerian individual and institutional shareholders.



### 24. Corporate Directory:

Head Office:  
Lateef Jakande Road  
Agidingbi  
Ikeja  
Lagos  
Tel: 234 1 271 7777  
Fax: 234 1 271 7790  
Email: [cadburynigeria@cadbury.com](mailto:cadburynigeria@cadbury.com)

### 25. Settlement:

Shares allotted pursuant to the Issue will be credited to the CSCS accounts of shareholders not later than 15 working days from the date of allotment. Shareholders are hereby advised to state the name of their stockbroker and their Clearing House number in the relevant spaces on the Acceptance Form. Shareholders without CSCS numbers will have their physical share certificates sent by registered post not later than 15 working days from the date of allotment.

## THE RIGHTS ISSUE

---

A copy of this Rights Circular and the documents specified herein have been delivered to the Securities and Exchange Commission for clearance and registration.

This Rights Circular is being issued in compliance with the provisions of the Investments and Securities Act No 29 2007, the Rules and Regulations of the Commission and the listing requirements of The Nigerian Stock Exchange and contains particulars in compliance with the requirements of the Commission and The Exchange, for the purpose of giving information to the public with regard to the Rights Issue of 2,568,628,106 Ordinary Shares of Cadbury Nigeria Plc by Stanbic IBTC Bank PLC. An application has been made to The Council of The Exchange for the admission to its Daily Official List of the 2,568,628,106 ordinary shares being offered via a Rights Issue.

The Directors of Cadbury Nigeria individually and collectively accept full responsibility for the accuracy of the information contained in this Rights Circular. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement herein misleading or untrue.

### STANBIC IBTC BANK PLC

RC125097

on behalf of

### CADBURY NIGERIA PLC

RC4151

is authorised to receive applications for

### A RIGHTS ISSUE OF

**2,568,628,106 ORDINARY SHARES OF 50 KOBO EACH**

**AT ₦8.65 PER SHARE**

on the basis of 7 new ordinary shares for every 3 Ordinary Shares held as at 26 June 2009

Payable in full on Application

---

The Acceptance List for the shares now being issued will open on Wednesday, 16 September 2009 and close on Friday, 23 October 2009.

#### SHARE CAPITAL AND RESERVES OF THE COMPANY AS AT 31 DECEMBER 2008

(Extracted from the 2008 Audited Accounts)

		₦'000
<b>AUTHORISED*</b>	1,500,000,000 Ordinary Shares of 50 kobo each	<u>750,000</u>
<b>ISSUED AND FULLY PAID</b>	1,100,840,617 Ordinary Shares of 50 kobo each	<u>550,420</u>
<b>EQUITY</b>	Called-up Share Capital	550,420
	Share Premium	7,230,891
	Fixed Asset Revaluation Reserve	4,308,448
	General Reserve	<u>(15,040,003)</u>
		<b><u>(2,950,244)</u></b>

\* At an Annual General Meeting held on 04 June 2009, it was resolved that the authorised share capital of the Company be increased from ₦750 million to ₦2 billion comprising 4 billion ordinary shares of 50 kobo each.

**INDEBTEDNESS:** As at 31 December 2008, the date of the latest audited financial statements, the Company had bank overdrafts and short term borrowings amounting to ₦15.2 billion in the ordinary course of business. However, as at 31 May 2009, the bank overdrafts and short term borrowings amounted to ₦16.64 billion. Apart from the foregoing, the Company had no outstanding debentures, mortgages, charges or other similar indebtedness other than in the ordinary course of business. The Company also had contingent liabilities in respect of pending litigation and other possible claims of ₦607million as at 31 December 2008. However as at 31 May 2009, these liabilities had been reduced by ₦150 million.

## **DIRECTORS, SECRETARY AND PARTIES TO THE ISSUE**

---

### **Directors:**

Mr Lawrence MacDougall (South African) **(Chairman)**  
18 Harrowdene Office Park  
Kelvin Drive  
Woodmead  
Johannesburg  
Republic of South Africa

Mr Alan Francis Palmer (British) **(Managing)**  
Lateef Jakande Road  
Agidingbi  
Ikeja  
Lagos

Mrs Oyeyimika Adeboye **(Executive)**  
Lateef Jakande Road  
Agidingbi  
Ikeja  
Lagos

Mr Atedo Peterside O O N **(non-Executive)**  
*(appointed 05 August 2009)*  
1 Walter Carrington Crescent  
Victoria Island  
Lagos

Mr Adedotun Sulaiman M F R **(non-Executive)**  
*(appointed 05 August 2009)*  
22b Udi Street  
Osbourne Foreshore Estate  
Ikoyi  
Lagos

### **Company Secretary:**

Mr Moudou A. Ugbodaga  
Lateef Jakande Road  
Agidingbi  
Ikeja  
Lagos

### **Registered Office:**

Lateef Jakande Road  
Agidingbi  
Ikeja  
Lagos

### **Issuing House and Receiving Bank:**

Stanbic IBTC Bank PLC  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

### **Stockbroker to the Issue:**

Stanbic IBTC Stockbrokers Limited  
The Wealth House  
Plot 1678 Olakunle Bakare Close  
Victoria Island  
Lagos

### **Registrars to the Issue:**

Union Registrars Limited  
2 Burma Road  
Apapa  
Lagos

### **Auditors:**

KPMG Professional Services  
22a Gerrard Road  
Ikoyi  
Lagos

### **Solicitors to the Issue:**

Fidelis Oditah & Co.  
9a Festival Road  
Victoria Island  
Lagos



Cadbury Nigeria Plc  
Lateef Jakande Road, Ajigidingbi  
P.O. Box 164, Ikeja, Lagos.  
t +234(0)2177777  
f +234(0)2177750  
www.cadburynigeria.com

03 September 2009

To: All Shareholders

Dear Shareholders

### **RIGHTS ISSUE OF 2,568,628,106 ORDINARY SHARES OF 50 Kobo EACH AT ₦8.65 PER SHARE**

It was a pleasure to see shareholders represented at the Annual General Meeting of our Company on 04 June 2009. You will recall that at the meeting, the shareholders authorised the Directors of this Company to raise sufficient funds by way of rights to existing shareholders principally to settle or reduce the Company's current indebtedness. At a subsequent meeting of the Directors held on 26 June 2009, the Board authorised this Rights Issue of 2,568,628,106 shares at ₦8.65 per share.

I wish to inform you that arrangements have now been concluded for the Rights Issue which will be offered to shareholders whose names appeared in the Company's register of members as at 26 June 2009, in the proportion of 7 new ordinary shares for every 3 ordinary shares held by them on that date. Regulatory approvals for the registration and listing of the Issue have already been received from the Securities & Exchange Commission and The Nigerian Stock Exchange respectively. The new shares will rank pari passu in all respects with the existing issued shares of the Company.

The net proceeds of the Rights Issue will first be used to repay our Company's bank borrowings, thus reducing our interest burden. As at 31 December 2008, such indebtedness stood at ₦15.2 billion. However, the indebtedness had increased to ₦16.64 billion as at 31 May 2009, ₦15.55 billion of this will be repaid from the Issue proceeds. The balance of the Issue proceeds amounting to ₦6.14 billion will be applied to fund the improvement of capacity supporting infrastructure, efficiency initiatives and the upgrade of utilities.

As you will recall, an investigation and review of our Company's accounting practices and operating systems in 2006 revealed accounting misstatements of prior years' financial statements. Following the review, the Board decided to make one time exceptional charges to properly adjust for these misstatements in our 2006 audited financial statements.

You may also recall that our Company undertook a Rights Issue of Irredeemable Convertible Loan Stock with a Rights Circular dated 05 August 2005. The Issue was undertaken to fund the installation of new factory lines to increase the Company's production capacity and to develop a functional site to serve West African markets. However, following the issues uncovered in 2006, some of the proceeds of that Issue have not been utilised. Of the net proceeds of ₦4.75 billion received then, an unutilised balance of ₦818.80 million is still being held by our Company. This amount and corresponding accrued interest of ₦271.50 million as at 30 June 2009, a total of ₦1.09 billion will be applied, with part of the proceeds of this Issue (as indicated above), to repay the Company's bank borrowings of ₦16.64 billion. Shareholders' ratification of the use of the unutilised balance for this purpose, will be sought at the Annual General to be held in respect of the 2009 financial year end.

The Administrative Proceedings Committee of the Securities & Exchange Commission issued its decision in April 2008 in respect of misstatements and issued directives which our Company has fully complied with. Our Company is committed to maintaining very high standards of business integrity, ethics and professionalism across all its activities. We will continue to ensure that this commitment is demonstrated across all levels of the Company.

## THE CHAIRMAN'S LETTER

---

This Rights Circular contains a summary of our Company's audited financial information for the last five years figures financial forecasts for the three years ending 31 December 2009, 2010 and 2011, a brief overview of our Company's history, business strategy, future plans and some general information relating to our Company. **However, please note that the financial information for 2004 to 2006 included in the summary have not been adjusted for the effect of the accounting misstatement discovered in 2006 and may not therefore be a reliable basis of comparison with the 2007 to 2008.**

The Rights Circular also contains a provisional allotment letter from the Company Secretary, which provides full instructions for the acceptance, payment and renunciation of your rights to the provisional allotment. Shareholders who wish to renounce their rights partially or in full may trade such rights on the floors of The Exchange. I advise such shareholders to contact their stockbrokers for guidance.

Full subscription to the Rights Issue is critical to the Company's growth strategy and its planned return to profitability. I, therefore, encourage you to consider carefully the opportunity to exercise your rights in full, to reaffirm your support for our Company and as a declaration of your continued confidence in its growth potential.

Yours faithfully

Mr Lawrence MacDougall  
**Chairman**

## **BRIEF OVERVIEW OF CADBURY NIGERIA PLC**

---

### **1. HISTORICAL OVERVIEW**

Cadbury Nigeria commenced operations in the 1950's as an enterprise established to source cocoa beans whilst simultaneously prospecting for opportunities to serve local consumer markets with their famous Cadbury products. An initial packing operation established in the early 1960's grew rapidly into a full-fledged manufacturing operation. The Company was incorporated as a limited liability company in January 1965, when the Company's current 42-hectare factory was also opened. Its shares were listed on The Exchange on 26 November 1976.

### **2. BUSINESS OVERVIEW**

The core business of the Company is in two categories, namely confectionery and food drinks, which are manufactured in a dedicated facility within the factory site in Lagos.

The Company has grown to become one of the leaders in the confectionery and food drinks markets within Nigeria, with a portfolio of branded offers that are targeted to meet real needs of consumers. The Company's quality brands are enjoyed throughout Nigeria as well as in the Company's export markets in West Africa. This rich heritage has been carefully nurtured over the years.

The Company's lead brand in the food drinks business is BOURNVITA, which holds a strong market share in the Nigerian market. In addition, the brand offers nutritional benefits that help to supplement the dietary intake of consumers. The main brands in the Company's confectionery business include TOM TOM and BUTTERMINT, for sale in Nigeria, and HACKS and AHOMKA GINGER, which are exported to neighbouring countries. Each brand has grown to become a household name and each holds a strong market share in their respective segments.

Cadbury Nigeria has a 93% shareholding in SCPCL, a company located in Ondo State which processes cocoa beans into cocoa butter and liquor aimed at international markets, as well as cocoa powder for domestic consumption. The Company's entire cocoa powder requirement is sourced from SCPCL.

### **3. FUTURE PLANS**

Following a major strategic review in 2008, the Company has commenced an extensive restructuring exercise to restore its path to profitable growth. The Company has also identified significant growth potentials from its core brands, BOURNVITA and TOMTOM, as they appeal to a very wide spectrum of Nigerian consumers having been available in the market place for almost 40 years. A review of the Company's route to market commenced in 2008, with a thorough re-appraisal of its existing distributor partnerships and operational procedures. This has resulted in a strong and rejuvenated distribution channel with additional partners, a new key account structure and a growing retail sales team building distribution and display.

Research on Nigerian consumers consistently endorses the popularity of the Company's famous brands. In this regard, the Company is committed to a programme of continuous improvement and modernisation that has already seen a number of popular innovations over the last year. This commitment to innovation and renovation will also be maintained in the future.

The strategy review also focused on opportunities to improve efficiency and quality of products through a disciplined approach to international benchmarking and investing in infrastructure projects. This approach is expected to yield both productivity benefits as well as provide opportunities to streamline production processes and align the factory for future growth.

## FINANCIAL INFORMATION

---

### 1. LETTER FROM THE DIRECTORS ON THE GOING CONCERN STATUS



Cadbury Nigeria Plc  
Lateef Jakande Road, Ajidadingbi  
P.O. Box 164, Ikeja, Lagos.  
t: +234(0)2717777  
f: +234(0)2717790  
w: www.cadburynigeria.com

03 September 2009

The Directors  
Stanbic IBTC Bank PLC  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

Dear Sirs

#### CONFIRMATION OF THE GOING CONCERN STATUS OF CADBURY NIGERIA PLC

The Directors of Cadbury Nigeria are required to prepare financial statements at the end of each financial period, which give a true and fair view of the state of affairs, and of the profit or loss of the Company. They are also responsible for maintaining proper accounting records, for taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable.

The applicable Nigerian accounting standards have been followed and Cadbury Nigeria's financial statements are prepared using accounting policies, which comply with generally accepted accounting standards in Nigeria and the Companies and Allied Matters Act, 2004.

**You will however recall that Cadbury Nigeria incurred a net loss of ₦2.7 billion for the year ended 31 December 2008 and as of that date, total liabilities exceeded total assets by ₦3.0 billion. The financial statements and in particular, Note 26 to the financial statements contained in our 2008 Annual Report indicates that our Company is significantly undercapitalised and its current dependence on bank financing is not sustainable. This note further indicates that without the injection of new capital and the continued support of Cadbury Plc there exists a material uncertainty which may cast significant doubt on our Company's ability to continue as a going concern, realise its assets and discharge its liabilities in the normal course of business.**

This Rights Issue is being undertaken to recapitalise our Company and the Directors' expectation is that the Rights Issue will be successful.

The Directors of Cadbury Nigeria, having made appropriate enquiries, reviewed budgets, projected cashflows and other relevant information, and subject to the success of the Rights Issue, consider that adequate resources will exist for the business to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Yours faithfully

Director

Company Secretary

## FINANCIAL INFORMATION

---

### 2. LETTER FROM THE AUDITORS ON THE GOING CONCERN STATUS



**KPMG Professional Services**

22a Gerrard Road, Ikoyi  
PMB 40014, Falomo  
Lagos, Nigeria

Telephone 234 (1) 463 2090-3  
234 (1) 269 4660-4  
234 (1) 269 6040-4  
Fax 234 (1) 462 0704  
234 (1) 269 1248  
234 (1) 269 1908

Internet [www.ng.kpmg.com](http://www.ng.kpmg.com)

The Directors  
Cadbury Nigeria Plc  
Lateef Jakande Road  
Ajidingbi  
Ikeja  
Lagos

and

The Directors  
Stanbic IBTC Bank PLC  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

25 June 2009

Dear Sirs

**CONFIRMATION OF GOING CONCERN STATUS OF CADBURY NIGERIA PLC ("THE COMPANY")**

We refer you to the audited group financial statements of the Company for the year ended 31 December 2008 which reflect that the Company and its subsidiary incurred a net loss of ₦2,754 million and as of that date, their total liabilities exceeded their total assets by ₦3,013 million.

**The financial statements, and in particular Note 26 of the 2008 financial statements, indicates that the Company is significantly undercapitalised and its current dependence on bank financing is not sustainable. This note further indicates that without the injection of new capital and the continued support of the ultimate holding company there exists a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern, realise its assets and discharge its liabilities in the normal course of business.**

It is our understanding that the proposed rights issue is being undertaken to enable the Company to recapitalise itself.

Based on our audit of the Company's financial position as at 31 December, 2008, our discussions with the Directors of the Company and subject to the success of the rights issue on the basis identified in the Rights Circular, we have no reason to believe that the Company will not be able to continue in operation for the foreseeable future.

Yours faithfully

KPMG Professional Services  
Lagos, Nigeria

## FINANCIAL INFORMATION

---

### 3. PRESENTATION OF FINANCIAL INFORMATION

The financial information set out on pages 16 to 28 is based on the audited financial statements of the Group and has been prepared by the Directors in accordance with the accounting policies set out on pages 16 to 19.

The financial statements for the years ended 31 December 2004 and 31 December 2005 were audited by Messrs Akintola Williams Deloitte whose report thereon was unqualified.

**The financial statements for the year ended 31 December 2006 were audited by Messrs PricewaterhouseCoopers whose report thereon disclaimed an opinion with respect to the results of the Group's operations, its cashflows and all corresponding figures in the financial statements to correct previously misstated figures and the auditors inability to obtain sufficient audit evidence to determine whether the opening balances were properly stated. The report did however express an unqualified opinion on the Group's balance sheet as at 31 December 2006.**

**The financial statements for the year ended 31 December 2007 and 31 December 2008 were audited by Messrs KPMG Professional Services. The 2007 audit report was unqualified while the 2008 audit report included an emphasis of matter with respect to the financial position of the Group and Company and other conditions which indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. The 2008 financial statements explain the basis upon which the Directors believe the Group and the Company have the ability to continue as a going concern.**

### 4. STATEMENT OF ACCOUNTING POLICIES

The following are the principal accounting policies used for 2008 and 2007 financial years:

#### (a) Basis of Accounting

The financial statements for the Group are prepared under the historical cost convention, modified by the revaluation of land and buildings and plant and machinery and the use of actuarial methods for estimating certain employee benefits.

#### (b) Basis of Consolidation

A subsidiary is an entity controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases. Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing consolidated financial statements.

#### (c) Turnover

Turnover comprises the invoice value of sales to external customers. Turnover is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, net of Value Added Tax, trade discounts, returns and volume rebates.

#### (d) Fixed Assets

Fixed assets are stated at cost or revaluation less accumulated depreciation.

Depreciation is calculated to write-off the cost/valuation of fixed assets on a straight-line basis over the expected useful lives of the assets. In the case of revalued assets, depreciation is calculated by reference to the enhanced value of the assets. The principal annual rates used for this purpose which are consistent with those of previous years are:

Buildings	-	2.5% per annum
Plant and machinery	-	10% per annum
Furniture and equipment	-	15% per annum
Motor vehicles	-	20% per annum

Freehold land is not depreciated while leasehold land is depreciated over the period of the lease.

## FINANCIAL INFORMATION

---

Costs relating to fixed assets under construction or in the process of installation are disclosed as capital work in progress. The attributable cost of each asset is transferred to the relevant category immediately the asset is available for use.

Depreciation is not calculated on fixed assets until they are available for use.

Gains or losses on the disposal of fixed assets are determined by reference to their carrying amounts and are included in operating results. Fixed assets are revalued periodically as dictated by prevailing economic conditions. When an asset that was previously revalued is disposed of, the associated revaluation surplus in the revaluation reserve is transferred to the general reserve.

### **(e) Long Term Investments**

The Company's investment in its subsidiary is carried at cost. Provisions are made for permanent diminution in the value of the investment. Provisions previously made for diminution are written back to the extent no longer required.

### **(f) Stocks**

Stocks are stated at the lower of cost and net realisable value.

Cost of engineering spares and consumable stock is determined on a weighted average basis. Cost of other stock (raw materials, packaging materials, work in progress and finished goods) is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs of completion and selling expenses. Stock values are adjusted for obsolete, slow-moving or defective items where appropriate.

### **(g) Debtors**

Debtors are stated net of allowances for debts considered bad or doubtful of recovery.

### **(h) Income tax**

Income tax expenses/credits are recognised in the profit and loss account.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act using statutory tax rates at the balance sheet date. Educational tax is assessed at 2% of the assessable profits.

### **(i) Deferred Taxation**

Deferred taxation, which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities, is calculated using the liability method. Deferred tax is provided on all timing differences at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the accumulated tax losses will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is charged to the profit and loss account except to the extent that it relates to a transaction that is recognised directly in equity.

### **(j) Foreign Currencies**

Transactions denominated in foreign currencies are recorded in Naira at the exchange rates ruling at the dates of the transactions. Balances denominated in foreign currencies at the balance sheet date are retranslated into Naira at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### **(k) Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of an unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## FINANCIAL INFORMATION

---

Minimum lease payments made under the 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other leases are classified as operating leases and are not recognised on the Group's balance sheet. 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.

### **(l) Provisions**

A provision is recognised only if, as a result of past event, the Group 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.

### **(m) Impairment**

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognized in the profit and loss account.

### **(n) Government Grants**

Export expansion grants which compensate the Group for expenses incurred in making exports are recognised when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. The grants are recognised in the profit and loss accounts in the same period in which the related expenses are recognised.

### **(o) Employee Retirement Benefits**

#### **(i) Gratuity Scheme**

The Group operates an unfunded defined benefit gratuity scheme for its permanent staff, the benefits under which are related to employees' length of service and remuneration. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non management staff of the Group. The liability recognised in the balance sheet in respect of the unfunded gratuity scheme is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains or losses and the effects of curtailment arising during the year are charged in full to the profit and loss account for the year.

#### **(ii) Pension Scheme**

In line with the provisions of the Pension Reform Act 2004, the Group has instituted a funded defined contribution pension scheme for its staff. Staff contributions to the scheme are funded through payroll deductions while the Group's contributions are charged to the Profit and loss account in the year to which they relate.

### **(p) Other Long Term Employee Benefits**

Other long term employee benefits are accrued over the service life of the employees. The charge to the profit and loss account is based on independent actuarial valuation performed using the projected unit credit method.

### **(q) Fixed Assets Revaluation Reserve**

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

## FINANCIAL INFORMATION

---

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

**(r) Cash and Cash Equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, cash balances with banks and investments in money market instruments.

**(s) Segment Reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## FINANCIAL INFORMATION

The following is a summary of the audited financial statements of the Group for the last five years.

### 5. PROFIT AND LOSS ACCOUNTS

Income statement related numbers for 2004 and 2005 included in the summary below have not been adjusted for the effect of the accounting misstatement discovered in 2006 and may not therefore be a reliable basis of comparison with the 2006 to 2008 figures.

Year Ended		31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	Note	N'000	N'000	N'000	N'000	N'000
Turnover	8.1	24,298,496	19,937,000	19,215,152	29,454,185	22,152,651
Cost of sales		(17,173,213)	(15,111,816)	(12,165,075)	(18,235,111)	(13,448,206)
Gross profit		7,125,283	4,825,184	7,050,077	11,219,074	8,704,445
Interest Receivable		-	-	-	179,960	354,916
Marketing and distribution expenses		(1,804,572)	(1,480,494)	(1,396,182)	(890,847)	(755,246)
Administrative expenses		(6,236,487)	(6,018,828)	(7,358,076)	(5,563,238)	(3,772,741)
Other income	8.2	62,989	137,607	0	0	0
Operating (loss)/profit		(852,787)	(2,536,531)	(1,704,181)	4,944,949	4,531,374
Exceptional items		0	0	(2,539,286)	0	0
Interest income		151,992	205,069	294,209	-	-
Interest expense and similar charges		(2,146,908)	(1,866,486)	(1,813,551)	(1,091,855)	(682,101)
(Loss)/profit on ordinary activities before taxation	8.3	(2,847,703)	(4,197,948)	(5,762,809)	3,853,094	3,849,273
Tax on profit on ordinary activities	8.4(a)	95,435	3,470,970	1,097,350	(1,142,173)	(1,036,650)
(Loss)/profit on ordinary activities after taxation		(2,752,268)	(726,978)	(4,665,459)	2,710,921	2,812,623
Minority interests		62,526	5,674	292	(6,434)	(3,934)
(Loss)/profit attributable to members		(2,689,742)	(721,304)	(4,665,167)	2,704,487	2,808,689
Proposed dividend		0	0	0	(1,303,154)	(1,601,345)
Transfer to general reserve	8.12	(2,689,742)	(721,304)	(4,665,167)	1,401,333	1,207,344
(Loss)/earnings per share (kobo)		(244)	(66)	(428)	270	281
Dividend per share (kobo)		-	-	-	130	160

## FINANCIAL INFORMATION

### 6. BALANCE SHEETS

Balance sheet related numbers for 2004 and 2005 included in the summary below have not been adjusted for the effect of the accounting misstatement discovered in 2006 and may not therefore be a reliable basis of comparison with the 2006 to 2008 figures.

As at		31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	Note	N'000	N'000	N'000	N'000	N'000
<b>ASSETS</b>						
Fixed assets	8.5	12,613,194	14,195,893	14,949,699	7,964,695	6,230,817
Deferred tax assets	8.13	1,974,751	1,788,010	-	-	-
Total non-current assets		14,587,945	15,983,903	14,949,699	7,964,695	6,230,817
Stocks	8.6	3,587,784	3,073,242	6,879,018	5,367,437	5,494,652
Debtors and prepayments	8.7	3,876,702	2,587,166	4,796,714	-	-
Due from related companies	8.8	200,059	92,626	1,295	-	-
Deposits for imports		-	186,533	43,574	-	-
Cash and cash equivalents	8.9	1,648,716	2,359,147	2,993,928	7,732,276	2,665,215
Trade Debtors		-	-	-	9,025,132	5,153,826
Other debtors		-	-	-	1,784,942	1,292,845
Prepayments		-	-	-	190,660	34,657
Total current assets		9,313,261	8,298,714	14,714,529	24,100,447	14,641,195
<b>TOTAL ASSETS</b>		<b>23,901,206</b>	<b>24,282,617</b>	<b>29,664,228</b>	<b>32,065,142</b>	<b>20,872,012</b>
<b>EQUITY AND LIABILITIES</b>						
Share capital	8.10	550,420	550,420	550,420	500,420	500,420
Share premium		7,230,891	7,230,891	7,230,891	2,534,669	2,534,669
Fixed assets revaluation reserve	8.11	4,308,448	4,522,234	5,947,229	-	-
General reserve	8.12	(15,040,003)	(12,268,723)	(11,547,419)	7,813,679	6,411,470
Equity attributable to members of the Company		(2,950,244)	34,822	2,181,121	10,848,768	9,446,559
Minority interest		(62,526)	-	5,674	19,402	13,168
<b>TOTAL EQUITY</b>		<b>(3,012,770)</b>	<b>34,822</b>	<b>2,186,795</b>	<b>10,868,170</b>	<b>9,459,727</b>
Deferred tax liabilities	8.13	-	-	323,698	1,334,585	1,086,759
Provision for gratuity and other long term employee benefits	8.14	3,733,526	3,046,624	2,799,000	597,477	-
Finance lease		-	-	258,344	-	-
Irredeemable convertible loan		-	-	-	5,000,000	-
Total non-current liabilities		3,733,526	3,046,624	3,381,042	6,932,062	1,086,759
Bank overdrafts and short term borrowings	8.15	15,150,127	15,076,578	16,570,589	5,464,350	2,032,431
Creditors and other current liabilities	8.16	5,471,999	4,071,613	6,893,119	-	-
Tax payable	8.4(b)	98,096	50,346	67,725	894,347	-
Dividend payable	8.19	464,683	502,445	564,958	-	-
Due to related companies	8.18	1,995,545	1,500,189	-	-	-
Trade creditors		-	-	-	3,750,565	2,737,750
Other creditors and accruals	8.17	-	-	-	4,155,648	5,555,345
Total current liabilities		23,180,450	21,201,171	24,096,391	14,264,910	10,325,526
<b>TOTAL LIABILITIES</b>		<b>26,913,976</b>	<b>24,247,795</b>	<b>27,477,433</b>	<b>21,196,972</b>	<b>11,412,285</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,901,206</b>	<b>24,282,617</b>	<b>29,664,228</b>	<b>32,065,142</b>	<b>20,872,012</b>

## FINANCIAL INFORMATION

### 7. CASH FLOW STATEMENTS

Cashflow statement related numbers for 2004 and 2005 included in the summary below have not been adjusted for the effect of the accounting misstatement discovered in 2006 and may not therefore be a reliable basis of comparison with the 2006 to 2008 figures.

For the year ended		31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	Note	N'000	N'000	N'000	N'000	N'000
<b>Cash flows from operating activities:</b>						
Operating profit/(loss) before working capital changes	8.20	1,433,212	(490,488)	(14,379,186)	-	-
Working capital changes	8.21	747,683	4,732,447	5,526,799	-	-
Gratuity paid		(329,703)	(728,000)	(1,308,550)	-	-
Long service award paid		(22,950)	-	-	-	-
Income tax paid		(43,556)	(83,112)	(740,159)	(545,480)	(1,017,545)
Cash Receipt from customers		-	-	-	24,934,780	20,711,509
Cash paid to suppliers and employees		-	-	-	(23,266,798)	(17,349,339)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,784,686</b>	<b>3,430,847</b>	<b>(10,901,096)</b>	<b>1,122,502</b>	<b>2,344,625</b>
<b>Cash flows from investing activities:</b>						
Interest received/proceeds from treasury activities		151,992	205,069	294,209	179,960	354,916
Proceeds from sale of fixed assets		22,199	90,285	203,999	6,863	49,795
Purchase of fixed assets		(610,679)	(721,128)	(2,371,429)	(2,163,393)	(2,859,634)
<b>Net cash outflow from investing activities</b>		<b>(436,488)</b>	<b>(425,774)</b>	<b>(1,873,221)</b>	<b>(1,976,570)</b>	<b>(2,454,923)</b>
<b>Cash flows from financing activities:</b>						
Increase/(decrease) in bank overdrafts and short term borrowings		73,549	(1,494,011)	11,106,239	-	-
Interest paid		(2,094,416)	(1,824,986)	(1,813,551)	(1,091,855)	(682,101)
Dividend paid		(37,762)	(62,513)	(1,261,283)	(1,418,936)	(1,258,985)
Share issue expenses - ICLS		0	0	(253,780)	0	0
Loan received		0	0	0	5,000,000	0
(Decrease)/Increase in finance lease		0	(258,344)	258,344	0	0
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(2,058,629)</b>	<b>(3,639,854)</b>	<b>8,035,969</b>	<b>2,489,209</b>	<b>(1,941,086)</b>
Net decrease in cash and cash equivalents		(710,431)	(634,781)	(4,738,348)	1,635,141	(2,051,384)
Cash and cash equivalents, beginning of year		2,359,147	2,993,928	*7,732,276	632,784	2,684,168
Cash and cash equivalents, end of year		1,648,716	2,359,147	2,993,928	2,267,925	632,784

\* Reason for difference between 2005 closing cash balance and 2006 opening cash balance is as a result of the inclusion of overdraft balance of ₦5,464,351 in the cash and cash equivalent balance in 2005 year end figure.

## FINANCIAL INFORMATION

### 8. NOTES TO THE ACCOUNTS

Year Ended	31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	N'000	N'000	N'000	N'000	N'000
<b>8.1 Turnover</b>					
Domestic sales	21,300,447	17,794,198	16,994,497	27,153,699	19,983,810
Export sales	2,998,049	2,142,802	2,220,655	2,300,486	2,168,841
	<u>24,298,496</u>	<u>19,937,000</u>	<u>19,215,152</u>	<u>29,454,185</u>	<u>22,152,651</u>
<b>8.2 Other income</b>					
Other income represents income from sale of by-products and other sundry items.					
<b>8.3 (Loss)/profit before taxation</b>					
(a) Loss before taxation is stated after charging/ (crediting):					
Depreciation	1,448,878	1,386,249	974,341	425,480	322,270
Staff costs (Note 8.3b)	5,355,929	4,691,471	7,082,548	3,429,654	3,008,209
Auditors' remuneration	20,700	19,100	15,600	14,391	11,675
Loss/(gain) on disposal of fixed assets	25,193	(1,600)	75,799	(2,828)	(13,887)
Royalties and technical service fees	652,431	553,239	504,556	-	-
Foreign currency exchange (gain)/loss, net	(36,714)	9,003	(119,346)	(23,882)	-
Actuarial loss/(gains)	369,000	(496,000)	-	-	-
Operating lease costs	314,231	296,042	-	-	-
Plant hire costs	51,215	28,910	-	-	-
	<u>1,448,878</u>	<u>1,386,249</u>	<u>974,341</u>	<u>425,480</u>	<u>322,270</u>
(b) Staff costs and directors' remuneration					
(i) Employee costs during the year comprise:					
Salaries and wages	4,062,425	3,489,146	3,330,021	3,224,099	2,868,788
Provident fund Contribution	-	-	-	205,555	139,421
Welfare and end of service benefit	-	-	3,752,527	-	-
Pension contribution	253,949	226,701	-	-	-
Gratuity and other long term employee benefits (Note 8.14a)	1,039,555	975,624	-	-	-
	<u>5,355,929</u>	<u>4,691,471</u>	<u>7,082,548</u>	<u>3,429,654</u>	<u>3,008,209</u>
(ii) Directors' remuneration (including pension contributions) for directors of the Company charged to the profit and loss account is as follows:					
Fees	0	1,560	1,560	2,100	2,958
Salaries and allowances	10,274	22,697	169,456	98,328	60,736
Compensation for loss of office	0	328,109	0	-	-
	<u>10,274</u>	<u>352,366</u>	<u>171,016</u>	<u>100,428</u>	<u>63,694</u>

## FINANCIAL INFORMATION

Year Ended	31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	N'000	N'000	N'000	N'000	N'000

### 8.4 Taxation

(a) The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

Income tax	90,885	39,744	38,524	811,867	468,716
Education tax	6,481	3,812	13,585	82,480	76,453
Prior year under/(over) provision	(6,060)	22,177	(138,572)	0	0
Charge for the year (Note 8.4b)	91,306	65,733	(86,463)	894,347	545,169
Deferred taxation (Note 8.13)	(186,741)	(3,536,703)	(1,010,887)	247,826	491,481
	(95,435)	(3,470,970)	(1,097,350)	1,142,173	1,036,650

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

Balance, beginning of the year	50,346	67,725	894,347	545,480	-
Current year charge (Note 8.4a)	91,306	65,733	(86,463)	894,347	-
Payments during the year	(43,556)	(83,112)	(740,159)	(545,480)	-
Balance, end of the year	98,096	50,346	67,725	894,347	-

### 8.5 Fixed assets

(a) Analysis of fixed assets is as follows:

#### COST/VALUATION

Land and buildings	2,701,429	2,628,545	2,398,658	543,654	361,366
Plant and machinery	11,075,517	11,596,299	10,188,627	-	-
Furniture and equipment	1,430,601	1,208,432	1,137,025	-	-
Plant, machinery, furniture & equipment	-	-	-	6,992,839	4,768,593
Motor vehicles	136,052	151,796	226,101	172,223	191,015
Capital-work in-progress	609,084	1,197,172	2,330,746	2,838,310	3,117,243
End of year	15,952,683	16,782,244	16,281,157	10,547,026	8,438,217

#### ACCUMULATED DEPRECIATION

Land and buildings	157,648	107,351	57,902	93,948	83,544
Plant and machinery	2,707,623	2,122,055	1,001,149	-	-
Furniture and equipment	399,952	274,921	166,482	-	-
Plant, machinery, furniture & equipment	-	-	-	2,363,849	1,978,897
Motor vehicles	74,266	82,024	105,925	124,534	144,959
Capital-work in-progress	0	0	0	0	0
End of year	3,339,489	2,586,351	1,331,458	2,582,331	2,207,400

#### NET BOOK VALUE

Land and buildings	2,543,781	2,521,194	2,340,756	449,706	277,822
Plant and machinery	8,367,894	9,474,244	9,187,478	-	-
Furniture and equipment	1,030,649	933,511	970,543	-	-
Plant, machinery, furniture & equipment	-	-	-	4,628,990	2,789,696
Motor vehicles	61,786	69,772	120,176	47,689	46,056
Capital-work in-progress	609,084	1,197,172	2,330,746	2,838,310	3,117,243
End of year	12,613,194	14,195,893	14,949,699	7,964,695	6,230,817

## FINANCIAL INFORMATION

Year Ended	31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	N'000	N'000	N'000	N'000	N'000
(b) Capital commitments					
Capital expenditure commitment at the year end authorised by the Board comprise:					
Contracted	43,740	447,487	821,773	-	-
Not contracted	499,452	376,285	320,765	-	-
Bournvita new process	-	-	-	-	24,000
Sugar confectionery expansion phase 1	-	-	-	-	443,000
Office refurbishment	-	-	-	91,000	198,000
	<u>543,192</u>	<u>823,772</u>	<u>1,142,538</u>	<u>91,000</u>	<u>665,000</u>
(c) Land, Buildings, Plant and Machinery were last revalued on 31 December 2006 by external valuers, Messrs J. A. Oluwatudinu & Co and Tola Owolabi & Co, both Chartered Quantity Surveyors and Valuers, on a depreciated replacement cost basis. The new values were incorporated in the books on 31 December 2006. The surplus arising on the revaluation was credited to the fixed assets revaluation account. Subsequent additions to fixed assets have been stated at cost.					
(d) The net book value of the revalued assets included in the above are as follows:					
Land and buildings	2,209,477	2,236,728	2,264,045	-	-
Plant and Machinery	6,833,616	7,578,044	8,027,149	-	-
	<u>9,043,093</u>	<u>9,814,772</u>	<u>10,291,194</u>	<u>-</u>	<u>-</u>
<b>8.6 Stocks</b>					
Raw and packaging materials	2,481,360	1,932,220	2,940,093	-	-
Work in progress	115,208	73,319	125,332	234,748	201,755
Finished goods	374,108	516,796	2,990,221	419,778	397,337
Engineering spares	610,629	495,099	798,043	-	-
Goods in transit	6,479	55,808	25,329	162,916	368,354
Raw materials	-	-	-	1,383,210	1,162,231
Packaging Materials	-	-	-	1,188,690	1,446,701
Other stocks	-	-	-	1,978,095	1,918,274
	<u>3,587,784</u>	<u>3,073,242</u>	<u>6,879,018</u>	<u>5,367,437</u>	<u>5,494,652</u>
<b>8.7 Debtors and Prepayments</b>					
Trade debtors	2,183,939	1,399,268	3,548,268	-	-
Export expansion grant receivable	1,362,088	799,529	-	-	-
Other debtors	266,107	297,787	1,230,287	-	-
Prepayments	64,568	90,582	18,159	-	-
	<u>3,876,702</u>	<u>2,587,166</u>	<u>4,796,714</u>	<u>-</u>	<u>-</u>
<b>8.8 Due from related companies</b>					
Due from other related companies	200,059	92,626	1,295	-	-
	<u>200,059</u>	<u>92,626</u>	<u>1,295</u>	<u>-</u>	<u>-</u>
<b>8.9 Cash and cash equivalents</b>					
Cash and bank balances	634,685	1,484,616	2,013,928	7,732,276	2,665,215
Short term deposits	1,014,031	874,531	980,000	-	-
	<u>1,648,716</u>	<u>2,359,147</u>	<u>2,993,928</u>	<u>7,732,276</u>	<u>2,665,215</u>

## FINANCIAL INFORMATION

Year Ended	31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	N'000	N'000	N'000	N'000	N'000
<b>8.10 Share capital</b>					
(a) Authorised:					
1,500,000,000 ordinary shares of 50k each	750,000	750,000	750,000	750,000	750,000
(b) Issued and fully paid:					
1,100,840,617 ordinary shares of 50k each	550,420	550,420	550,420	500,420	500,420
<b>8.11 Fixed asset revaluation reserve</b>					
Balance, beginning of year	4,522,234	5,947,229	-	-	-
Revaluation during the year	-	-	5,947,229	-	-
Transfer of general reserve in respect of assets disposed (Note 8.12)	81,538	-	-	-	-
Reversal in respect of assets written off	(295,324)	-	-	-	-
Deferred tax effect of revaluation (Note 8.13)	-	(1,424,995)	-	-	-
Balance, end of the year	4,308,448	4,522,234	5,947,229	-	-
<b>8.12 General reserve</b>					
Balance, beginning of year	(12,268,723)	(11,547,419)	7,813,680	6,411,470	5,198,766
Prior year adjustment	-	-	(14,695,932)	-	-
Goodwill on consolidation	-	-	-	876	5,360
Transfer from fixed assets revaluation reserve (Note 8.11)	(81,538)	-	-	-	-
Transfer from profit and loss account	(2,689,742)	(721,304)	(4,665,167)	1,401,333	1,207,344
Dividend proposed	-	-	-	-	-
	(15,040,003)	(12,268,723)	(11,547,419)	7,813,679	6,411,470
<b>8.13 Deferred taxation</b>					
Balance, beginning of year	1,788,010	(323,698)	(1,334,585)	(1,086,759)	(595,278)
Charge/(credit) for the year					
- recognised in the profit and loss account (Note 8.4a)	186,741	3,536,703	1,010,887	(247,826)	(491,481)
- recognised directly in equity (Note 8.11)	-	(1,424,995)	-	-	-
	1,974,751	1,788,010	(323,698)	(1,334,585)	(1,086,759)
The deferred tax asset arose principally from accumulated tax losses claimed as tax reliefs by the Company. These tax losses will be subject to a tax audit. The amount provided above represents the directors' best estimate of the associated realisable tax benefit available to the Company.					
<b>8.14 Provision for gratuity and other long term employee benefits</b>					
Provision for gratuity	3,385,526	2,765,624	2,799,000	597,477	-
Provision for long service awards	348,000	281,000	-	-	-
	3,733,526	3,046,624	2,799,000	597,477	-

## FINANCIAL INFORMATION

Year Ended	31/12/08	31/12/07	31/12/06	31/12/05	31/12/04
	N'000	N'000	N'000	N'000	N'000
(a) The movement on the gratuity and other long-term employee benefit provision account was as follows:					
Balance, beginning of year	3,046,624	2,799,000	597,477	-	-
Current year charge (Note 8.3b)	1,039,555	975,624	3,510,073	742,893	-
Payment during the year	(352,653)	(728,000)	(1,308,550)	(145,416)	-
Balance, end of year	3,733,526	3,046,624	2,799,000	597,477	-
<b>8.15 Bank overdrafts and short term borrowings</b>					
Bank overdrafts and short term borrowings comprise various short-term facilities obtained to finance imports and to meet working capital requirements. Total available lines of credit amount to ₦38.2 billion (2007: ₦30.0 billion; 2006: ₦29.5 billion; 2005: N/D*; and 2004: N/D*). There are no pledges or guarantees securing the funds borrowed, which are all on call.					
Bank overdraft	10,150,127	9,076,578	6,600,589	-	-
Other short term borrowings	5,000,000	6,000,000	9,970,000	-	-
Bank overdraft and other short term borrowings	-	-	-	5,464,350	2,032,431
	15,150,127	15,076,578	16,570,589	5,464,350	2,032,431
<b>8.16 Creditors and accruals/other current liabilities</b>					
Trade creditors	1,830,748	1,447,095	2,624,932	-	-
Other creditors and accruals	3,641,251	2,624,518	3,469,754	-	-
Due to related companies	-	-	798,433	-	-
	5,471,999	4,071,613	6,893,119	-	-
<b>8.17 Other Creditors and accruals</b>					
Taxation	-	-	-	-	545,481
Accruals	-	-	-	492,746	652,557
Dividends	-	-	-	1,826,241	1,942,023
Overseas affiliates	-	-	-	1,227,777	951,957
Others	-	-	-	608,884	1,463,327
	-	-	-	4,155,648	5,555,345
<b>8.18 Due to related companies</b>					
Technical service fees	1,139,284	704,352	-	-	-
Royalties	570,942	353,443	-	-	-
Other charges	285,319	442,394	-	-	-
	1,995,545	1,500,189	-	-	-
<b>8.19 Dividend Payable</b>					
Balance, beginning of year	502,445	564,958	1,826,241	-	-
Payments made during the year	(37,762)	(62,513)	(1,261,283)	-	-
Proposed dividend	-	-	-	-	-
Balance, end of year	464,683	502,445	564,958	-	-

\* N/D = not disclosed in the financial statements.

## FINANCIAL INFORMATION

### 8.20 Operating Profit/(Loss) before working capital changes

<b>(Loss)/profit after taxation</b>	(2,752,268)	(726,978)	(4,665,459)	-	-
Add back: Interest charges	2,146,908	1,866,486	1,813,551	-	-
Exceptional item	-	-	2,539,286	-	-
Less: Interest income	(151,992)	(205,069)	(294,209)	-	-
Taxation credit	(95,435)	(3,470,970)	(1,097,350)	-	-
<b>Operating loss</b>	<b>(852,787)</b>	<b>(2,536,531)</b>	<b>(1,704,181)</b>	-	-
Adjusting for non-cash items:				-	-
Exceptional item	-	-	(2,539,286)	-	-
Depreciation of fixed assets	1,448,878	1,386,249	974,341	-	-
Loss/(gain) on disposal of fixed assets	25,193	(1,600)	75,799	-	-
Gratuity charge and provision for long service awards	1,039,555	975,624	3,510,073	-	-
Prior year adjustments	-	-	(14,695,932)	-	-
Asset write off charge	401,785	-	-	-	-
Export expansion grant income	(629,412)	(314,230)	-	-	-
	<b>1,433,212</b>	<b>(490,488)</b>	<b>(14,379,186)</b>	-	-

### 8.21 Working capital changes

(Increase)/Decrease in stocks	(514,542)	3,805,776	(1,511,581)	-	-
(Increase)/Decrease in debtors and prepayments	(660,124)	2,523,778	6,204,020	-	-
Decrease/(Increase) in deposits for imports	186,533	(142,959)	(43,574)	-	-
(Increase) due from related companies	(107,433)	(91,331)	(1,295)	-	-
Increase/(Decrease) in creditors and accruals	1,347,893	(2,064,572)	-	-	-
Increase in due to related companies	495,356	701,755	-	-	-
Increase in other current liabilities	-	-	879,229	-	-
	<b>747,683</b>	<b>4,732,447</b>	<b>5,526,799</b>	-	-

### 8.22 Operating leases

Less than one year	356,045	413,316	-	-	-
Between one and five years	190,330	449,793	-	-	-
	<b>546,375</b>	<b>863,109</b>	-	-	-

## FINANCIAL INFORMATION

---

### 9. UNAUDITED MANAGEMENT ACCOUNTS AS AT 30 JUNE 2009

(Prepared using the Accounting Policies on pages 16-19)

(i) *Profit And Loss Account*

	<b>N'000</b>
Turnover	11,921,056
Cost of Sales	(8,736,157)
<b>Gross Profit</b>	<b>3,184,899</b>
Marketing and Distribution expenses	(1,175,127)
Administrative expenses	(1,583,503)
Other income	(49,912)
<b>Operating profit/(loss)</b>	<b>376,357</b>
Exceptional items	(196,436)
Interest income	60,206
Interest expense and similar charges	(1,461,932)
<b>Loss before taxation</b>	<b>(1,221,805)</b>
Taxation	0
<b>Loss after taxation</b>	<b>(1,221,805)</b>
Minority interest	3,270
<b>Loss attributable to members of the company</b>	<b>(1,218,535)</b>
Loss per share (kobo)	(111)

(ii) *Balance Sheet*

	<b>N'000</b>
<b>Assets</b>	
Fixed asset	12,147,507
Deferred tax asset	1,974,751
<b>Total non-current assets</b>	<b>14,122,258</b>
Stocks	3,701,999
Debtors and prepayments	4,489,574
Due from related companies	54,583
Cash and equivalents	2,023,420
<b>Total Assets</b>	<b>24,391,834</b>
<b>Equity</b>	
Share Capital	550,420
Share premium	7,230,891
Revaluation reserve	4,308,448
General reserve	(16,258,537)
<b>Equity attributable to members of the company</b>	<b>(4,168,778)</b>
Minority interest	(65,796)
<b>Total Equity</b>	<b>(4,234,574)</b>
<b>Liabilities</b>	
Due to related companies	2,304,091
Provision for gratuity and other long term employee benefits	3,236,271
<b>Total non-current liabilities</b>	<b>5,540,362</b>
Bank overdraft and short term borrowings	17,041,742
Other current liabilities	5,465,222
Taxation	123,711
Dividend payable	455,370
<b>Total Liabilities</b>	<b>28,626,408</b>
<b>Total Equity and Liabilities</b>	<b>24,391,834</b>

## FINANCIAL INFORMATION

---

(iii) *Cashflow Statement*

	<b>₦'000</b>
<b>Cashflow from operating activities</b>	
Operating profit before working capital changes	1,546,716
Working capital changes	(282,069)
Gratuity Paid	(959,534)
Exceptional item	(196,436)
Net cash inflow from operating activities	<u><b>108,677</b></u>
<b>Cashflows from investing activities</b>	
Interest received	60,206
Proceeds from sales of fixed assets	0
Purchase of fixed assets	(214,550)
Net cash outflow from investing activities	<u><b>(154,344)</b></u>
<b>Cashflows from financing activities</b>	
Increase in bank overdraft and short term borrowings	1,891,615
Interest paid	(1,461,932)
Dividend paid	(9,313)
Net cash outflow from financing activities	<u><b>420,370</b></u>
Net increase in cash and cash equivalents	<b>374,704</b>
Cash and cash equivalents, beginning of period	<u>1,648,716</u>
Cash and cash equivalents, end of period	<u><b>2,023,420</b></u>

## FINANCIAL INFORMATION

---

### 10. LETTER FROM THE DIRECTORS ON THE PROFIT FORECAST



**Cadbury Nigeria Plc**  
Lateef Jakande Road, Ajidingbi  
P.O. Box 164, Ikeja, Lagos.  
t: +234(1)2717777  
f: +234(1)2717790  
w: www.cadburynigeria.com

03 September 2009

The Directors  
Stanbic IBTC Bank PLC  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

Dear Sirs

#### **REPORT ON PROFIT FORECAST**

The Directors of Cadbury Nigeria hereby present the Profit Forecasts of Cadbury Nigeria for the years ending 31 December 2009, 2010 and 2011. The Directors are of the opinion that barring unforeseen circumstances and based on the assumptions stated on page 33 of the Rights Circular, the Company's profit before tax will be as presented on page 32.

The Directors confirm that the Company's Financial Forecasts have been properly compiled based on the assumptions made by the Board and are presented on a basis consistent with the accounting policies normally adopted by the Company.

We accept responsibility accordingly.

Yours faithfully

Director

Company Secretary

## FINANCIAL INFORMATION

### 11. FINANCIAL FORECASTS

The loss before taxation for the year ended 31 December 2008 was ₦2.85 billion and the Directors estimate that, in the absence of unforeseen circumstances, the loss before taxation for the years ending 31 December 2009 and 2010 will be ₦2.16 billion and ₦612 million respectively, while the profit before taxation for the year ending 31 December 2011 will be ₦1.83 billion. The financial forecasts for the next three years are as detailed below:

Year Ending 31 December	₦'000		
	2009	2010	2011
Turnover	24,970,701	28,100,747	32,724,975
Cost of Sales	(17,383,705)	(18,103,670)	(20,645,065)
Gross profit	7,586,996	9,997,077	12,079,910
Marketing and distribution expenses	(2,423,896)	(3,273,924)	(3,869,538)
Administrative expenses	(4,816,147)	(5,327,139)	(5,961,421)
Operating (loss)/profit	346,953	1,396,014	2,248,951
Exceptional item*	(236,546)	(1,715,538)	(218,381)
Interest income	155,000	47,400	169,600
Interest expense and similar charges	(2,423,760)	(339,567)	(373,524)
(Loss)/Profit before taxation	(2,158,353)	(611,691)	1,826,646
Taxation	0	0	(755,849)
(Loss)/Profit after taxation	(2,158,353)	(611,691)	1,070,797
Minority interest	26,101	17,999	14,210
(Loss)/Profit attributable to members	(2,132,252)	(593,692)	1,085,007

\* As part of its strategic initiative, the Company plans to rationalise some of its manufacturing processes and carry out a major site reconfiguration exercise; the implementation cost of this is presented as an exceptional item in the Company's forecast.

### 12. BASES AND ASSUMPTIONS

The following underlying bases and assumptions have been used for preparing the Company's financial forecasts:

#### Bases

- During 2008, Cadbury Nigeria embarked on a five-year strategic plan that included a review of its manufacturing, commercial and financial strategy with the objective of repositioning Cadbury Nigeria as a Company that will serve its consumers with products of consistently high quality that are readily available at prices which offer real value for money spent. In doing this, emphasis was placed on improvement in operational efficiencies that will ensure Cadbury Nigeria delivers value that translates to improved returns on shareholder investment, and in pursuit of continuous growth.
- In preparing the financial forecast, the Group's actual performance in 2008 has been reviewed against its budget for that period in order to establish the reasonableness of the forecasts for 2009, 2010 and 2011.
- The forecast for the year ended 2009 includes actual results for the first six months ended 30 June 2009.
- The Management Accounts for the six months ended 30 June 2009 as well as the forecast for the years ended 31 December 2009, 2010 and 2011 have been prepared in line with Nigerian Generally Accepted Accounting Principles ("GAAP") as normally adopted by the Group.

## FINANCIAL INFORMATION

---

### Assumptions

- (a) General inflation has been assumed to remain constant at 12%.
- (b) The Group's current accounting policies have been applied throughout the forecast period.
- (c) Government policies and regulations have been assumed to remain the same as exist as at the date of preparing this forecast. No consideration has been given to any potential or speculated changes in Government policies and regulations.
- (d) In preparing this forecast, no consideration has been given to any potential changes in the political or economic environment.
- (e) The operating results of the Group will not be affected by any industrial disputes within the group or in the country.
- (f) There will be no new litigation that will have a material impact on the Group's operating performance.
- (g) A combination of volume growth, innovation and price impact will result in a turnover growth of 3% in 2009 over 2008. Subject to achieving this projected turnover in 2009, subsequent growth in turnover is estimated at 13% in 2010 and 16% in 2011.
- (h) With in-built efficiencies both the manufacturing and procurement processes, the growth margin contribution will increase from 30% in 2009 to 36% and 37% respectively in 2010 and 2011.
- (i) Spending on marketing is expected to be aggressive in order to address the gaps that currently exist in growing and establishing the Cadbury Group brands as iconic brands that Nigerians love. In addition the Group intends to enhance its warehousing, logistics and distribution, such that it is positioned to be able to handle the growth that is projected by the Group. Marketing and distribution spend as a percentage of turnover will be 10% in 2009, 12% in 2010 and 12% in 2011.
- (j) Indirect expenses are expected to be kept in control. Administrative expenses as a percentage of turnover is estimated at 19% in 2009 and 19% and 18% in 2010 and 2011 respectively. Year-on-year growth is 11%, and 12% in 2010 and 2011 respectively.
- (k) As part of its strategic initiatives, the Group will address capacity issues, site reconfiguration, infrastructure investment and introduction of modern manufacturing processes. This will involve investment in new equipment to address capacity and innovation initiatives. It will also most likely result in the rationalisation of some equipment.
- (l) We have assumed Corporate tax at 30% of taxable profit and education tax at 2% of assessable profit.
- (m) The Group will pay a dividend once it is legally and financially in a position to do so.

## STATUTORY AND GENERAL INFORMATION

### 1. INCORPORATION AND SHARE CAPITAL HISTORY

Cadbury Nigeria Plc was incorporated on 09 January 1965. The Company became a public limited liability company on 11 August 1976 and its shares were listed on The Exchange on 26 November 1976. The authorised share capital of the Company is currently ₦2 billion comprising 4 billion Ordinary Shares of 50 kobo each, of which ₦550,420,308.50 comprising 1,100,840,617 ordinary shares of 50 kobo each have been issued and fully paid up.

The changes to the Company's authorised and issued share capital since its listing in 1976 are summarised below

Year	Authorised (₦)		Issued & Fully Paid-up (₦)		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	-	550,420,308.50	

### 2. SHAREHOLDING STRUCTURE

#### Pre-Issue

As at 31 December 2008, the issued ordinary share capital of the Company was ₦550,420,308.50 comprising 1,100,840,617 ordinary shares of 50k each, which were beneficially held as follows:-

Shareholder	Ordinary Shares held	%
Cadbury Schweppes Overseas Limited	550,662,268	50.02
Other individual and institutional shareholders	550,178,349	49.98
	<u>1,100,840,617</u>	<u>100.00</u>

Except as stated above, no other shareholder held more than 5% of the issued share capital of the Company.

## STATUTORY AND GENERAL INFORMATION

### Post-Issue

It is expected that on completion of the Issue, if all shareholders take up their rights in full, the Company's paid-up share capital should increase to ₦1,834,734,361.50 comprising 3,669,468,723 ordinary shares of 50 kobo each, to be beneficially held as follows:

Shareholder	Ordinary Shares held	%
Cadbury Schweppes Overseas Limited	1,835,540,893	50.02
Other individual and institutional Shareholders	1,833,927,830	49.98
	<u>3,669,468,723</u>	<u>100.00</u>

### 3. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Members as at 31 December 2008 are as follows:

Directors	Direct	Indirect	%
	Shareholding	Shareholding	
Mr Lawrence MacDougall	Nil	Nil	Nil
Mr Alan Francis Palmer	Nil	Nil	Nil
Mrs Oyeyimika Adeboye	Nil	Nil	Nil
Mr Atedo Peterside O O N*	701,576	0	0.064
Mr Adedotun Sulaiman M F R*	7,175	0	0.001

\* These are their shareholdings as at 05 August 2009, the date these Directors were appointed to the Board of Cadbury Nigeria.

### 4. INDEBTEDNESS

As at 31 December 2008, the date of the latest audited financial statements, the Company had bank overdrafts and short term borrowings amounting to ₦15.2 billion in the ordinary course of business. However, as at 31 May 2009, the bank overdrafts and short term borrowings amounted to ₦16.64 billion. Apart from the foregoing, the Company had no outstanding debentures, mortgages, charges or other similar indebtedness other than in the ordinary course of business. The Company also had contingent liabilities in respect of pending litigation and other possible claims of ₦607 million as at 31 December 2008. However as at 31 May 2009, these liabilities had been reduced by ₦150 million.

### 5. UTILISATION OF PREVIOUS ISSUE PROCEEDS

The Company raised net issue proceeds of ₦4.75 billion when it undertook a Rights Issue of Irredeemable Convertible Loan Stock with a Rights Circular dated 05 August 2005. The unutilised balance of ₦818.80 million from the Proceeds of that Issue and the corresponding accrued interest of ₦271.50 million as at 30 June 2009 will be applied, with part of the proceeds of this Issue (as indicated on page 5), to repay the Company's bank borrowings of ₦16.64 billion. Shareholders' ratification of the use of the unutilised funds for this purpose will be sought at the Annual General Meeting to be held in respect of the 2009 financial year end.

### 6. OFF BALANCE SHEET ITEMS

The Group is subject to various claims and litigation and other liabilities in the normal course of business. The contingent liabilities in respect of pending litigation and other possible claims amounted to ₦607 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 investigations by a number of regulatory bodies and claims have been lodged against it. Some of the investigations and legal processes instituted by both regulatory authorities and other parties are yet to be completed. The Group is not in a position to evaluate what, if any, penalties or losses that may arise on completion of these proceedings. The directors are of the opinion that no material loss will arise from these investigations.

## STATUTORY AND GENERAL INFORMATION

---

No provision has been made in the financials statements for the contingent capital gains tax liability of ₦491 million potentially attributable to the revaluation surplus. It is not the Directors' present intention to sell these assets.

### 7. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the date of this Rights Circular, the Company had only one subsidiary and no associated company.

<b>Subsidiary</b>	<b>% Shareholding</b>
Stanmark Cocoa Processing Company Limited	93%

### 8. CLAIMS AND LITIGATION

In the ordinary course of its business, the Company has outstanding claims and litigations against it. As regards the claims by the Company, the Company has six (6) proceedings outstanding with total value of claims amounting to ₦6,034,998,972.92. To the extent that monies may be recoverable in the proceedings by the Company net of litigation costs, we consider such recoveries to be contingent assets which are immaterial for the purpose of the Rights Issue.

As regards the claims against the Company, as at 14 May 2009, the Company is aware of fifteen (15) claims against it pending in various courts in Nigeria with total value of claims amounting to ₦1,802,248,849.32. The Company also has outstanding judgement debt of ₦240,701,726.00 against it which is on appeal.

Having considered the information provided by the solicitors defending the claims on behalf of the Company and made such other enquires as they consider necessary and appropriate, the Solicitors to the Issue are of the opinion that none of the claims is material in the context of the Rights Issue.

Save as stated above, the Solicitors to the Issue and the Directors of the Company are not aware of any other pending or threatened claims involving the Company which is material to the Rights Issue.

### 9. COSTS AND EXPENSES

The costs, charges and expenses of and incidental to the Issue including fees payable to the Securities & Exchange Commission, The Nigerian Stock Exchange, Central Securities Clearing System Limited and professional parties, brokerage, and printing and distribution expenses, are estimated at about ₦528.6 million, representing 2.38% of the Issue proceeds and are payable by Cadbury Nigeria.

### 10. MATERIAL CONTRACTS

For the purposes of this Rights Circular, a transaction is "material" if its cumulative monetary effect is 5% or more of the gross Issue Proceeds or if it could have that effect on a "worst case" basis.

- (i) A Vending Agreement dated 03 September 2009 under the terms of which Stanbic IBTC has agreed to offer by way of rights 2,568,628,106 Ordinary Shares of 50 kobo each in Cadbury Nigeria on behalf of the Company.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

## STATUTORY AND GENERAL INFORMATION

### 11. RISK AND MITIGATING FACTORS

In the context of the proposed Rights Issue by Cadbury Nigeria, the following risks and mitigating factors have been identified:

#### Business Risk

These are the risks that Cadbury Nigeria faces in its operations. Some of the identified risks are as follows:

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Raw Material prices: The Naira has devalued by around 20% since the Company prepared its 2009 budget, adversely impacting imported raw materials and packaging.</i>	The effect could be mitigated either through operational efficiency or pricing.
<i>General Liquidity: increased risks of bad debts and illiquidity of both suppliers and customers raises the prospects of breakdown to the supply side and delays of payments from creditors and distributor partners.</i>	Strict credit terms are applied to our distributor partners to mitigate the risk of default.
<i>Competition: The Nigerian FMCG market is diversified and highly competitive with local and multinational companies competing with their brands and active route to market programmes</i>	The Company strives to ensure that its famous brands are well supported with advertising and marketing funds and that their reputation and quality are strongly maintained.
<i>Site Shutdown or fire.</i>	Business continuity planning which seeks to identify alternative sources of supply or mitigation in the event that availability of key brands is threatened by major events or catastrophes is an ongoing process which is refreshed on a regular basis in order to manage such risk.
<i>Site Utilities: Availability of fuel is critical to the operations of the Company and ensuring that key business activities are sustained.</i>	Major services including power generation, water, steam and effluent treatment are managed on site thus reducing risk.
<i>Imported Raw Materials: Availability of imported raw materials and packaging is determined by the free flow of goods through ports and airports.</i>	Adequate raw material stocks are maintained to cover short term fluctuation to supplies however long term port congestion is a recognized risk.
<i>Availability of local raw materials.</i>	Cocoa, Malt extract and some sugar products are supplied and/or remain available from the local market.
<i>Labour relations: The workforce of Cadbury Nigeria is unionized and might cause disruptions to operations.</i>	Good labour relations are maintained through the leadership team and HR functions.
<i>External forces: A wide range of potential threats ranging from perceived non-compliance with Federal or State Authorities through to inclement weather could impact the ability of Cadbury Nigeria to achieve manufacturing targets.</i>	Every effort is made to mitigate against these eventualities.

## STATUTORY AND GENERAL INFORMATION

### Sectoral Risk

These are the risks generally facing the food manufacturing sector. This sector is subject to close scrutiny from Federal and State authorities to ensure appropriate compliance with regulations. Some of the identified risks are:

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Product contamination.</i>	NAFDAC and SON carry out regular independent audits of quality and undertake quality control checks.
<i>Loss of market share: Consumer pricing and value for money are critical measures that determine the popularity and demand for the Company's brands.</i>	The Company ensures that consumer pricing adequately reflects product costs yet at the same time maintain competitive price points within the market.

### Political Risk

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Nigeria may face political and economic challenges that can impact the business environment.</i>	The political environment has been relatively stable under the current administration and it is hoped that this will continue. The government has instituted various reforms creating an environment for the domestic manufacturing sector to grow.

### Currency Risk

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Fluctuations in the value of the Naira have made costs (particularly imported materials) unpredictable for Cadbury Nigeria. Imported/import related raw materials, goods and equipment represent approximately 70% of Cadbury Nigeria's operating costs and are thus sensitive to fluctuations in foreign exchange rates.</i>	SCPCL offers a limited natural hedge related to the export of cocoa butter and liquors priced in US dollars and GB Pounds. Also, the Central Bank of Nigeria's policy on foreign exchange has helped to stabilise the fluctuations in the exchange rate and we believe that this trend will continue over the medium to long term.

### Regulatory Risk

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Cadbury Nigeria operates fully within the framework of Nigeria's regulatory regimes which are subject to subsequent change or modification.</i>	Cadbury Nigeria is subject to a regular programme of internal and external audit to ensure compliance with all known regulatory standards and maintains a process known as the "Top 40 Controls" in order to minimize the occurrence of activities conducive to the creation of risk. The Company also tries to work closely with regulators to ensure that their operations are always in line with regulatory standards.

## STATUTORY AND GENERAL INFORMATION

---

### Environmental Risks

<b>Risk</b>	<b>Mitigating Factor</b>
<i>Industrial operations waste products.</i>	Extensive programmes are maintained to ensure all discharge standards are appropriately maintained and met. Waste management is undertaken for the most part in conjunction with LAWMA, whilst environmental compliance is in conjunction with LASEPA.

### 12. UNCLAIMED DIVIDENDS

The total amount of unclaimed dividends as at 31 December 2008 audited accounts was ₦464.7 million. Shareholders that have unclaimed dividends periodically request for their dividend warrants from the Registrars.

### 13. CORPORATE GOVERNANCE

Cadbury Nigeria Plc recognises the importance of effective Corporate Governance in corporate and economic performance and is in compliance with the Code of Best Practices on Corporate Governance in Nigeria in the critical areas of governance and Board activities. The Board remains committed to the principles of good corporate governance and their continual development to ensure high standards of business integrity, ethics and professionalism across all our activities. The full extent of the Company's compliance with Parts A, B and C of the Code are as follows:

#### *Role of the Board*

The Board has responsibility for the overall management and performance of the Company and the approval of its long-term objectives and commercial strategy. Whilst the Board has delegated the day to day management of the Company to the Managing Director, there is a formal schedule of matters reserved for the Board by which the Board oversees control of the Company's affairs. The Managing Director is supported by other members of the Leadership team, comprising 3 functional leaders of the business and the Finance and Strategy Director. The Company Secretary of the Board serves as Secretary to the Leadership team.

#### *Board Committees*

The Board is in the process of restructuring its Committees to assist in carrying out its responsibilities. It is intended that various Board committees, including a Remuneration, Governance, Risk and Compliance, and Nomination Committees would be constituted to enhance the governance of the Company.

#### *Board Meetings*

The Board meets regularly. Sufficient clear agenda/reports are given ahead of such meetings. In addition to formal Board meetings, the Directors maintain regular contact and hold informal meetings with the functional leaders of the business to discuss issues affecting the business.

The Company Secretary is responsible for advising the Board on all corporate governance matters, ensuring that all Board procedures are followed, ensuring good information flow, facilitating induction programmes for Directors and assisting with Directors' continuing professional development. All Directors have direct access to the advice and services of the Company Secretary, who can only be appointed or removed by the Board and is also responsible to the Board.

## STATUTORY AND GENERAL INFORMATION

---

### *Board effectiveness*

The roles of the Chairman and Managing Director are separate and well defined. The role of the Chairman is to lead and manage the Board, while the Managing Director is responsible for the leadership and day to day management of the Company and execution of the strategy approved by the Board. The Chairman is not involved in the day-to-day operations of the Company. Each Director contributes significantly to Board decisions, and this ensures one individual does not dominate the Board.

### *Composition of the Board*

The Board of Cadbury is currently composed of 5 members being 2 Executive Directors and 3 non-Executive Directors. The Board members are professionals and entrepreneurs with vast experience and credible track records. It is intended to increase the composition of the Board to 7, with the appointment of 2 additional non-Executive Directors, to bring the number of non-Executive Directors to 5 with 2 Executive Directors.

### *Reporting and Control*

The Board is responsible for and ensures proper financial reporting as well as the establishment of strong internal control procedures. In recognition of that responsibility, the Directors set policies and seek regular assurance that the system of internal control is operating effectively. To further enhance the system, the Board propose to establish a Governance, Risk and Compliance committee as noted above. The Directors are aware that such a system cannot totally eliminate risks, but feel they provide a robust framework in which they can be evaluated and managed.

### *Audit Committee*

The Audit Committee comprising Executive and non-Executive Directors and representatives of shareholders meets from time to time to discharge its statutory functions as provided in the Companies and Allied Matters Act. The Committee is chaired by one of the shareholder representatives.

### *Shareholders' Rights and Privileges*

Our shareholders are very important to us. The Board ensures that shareholders' statutory and general rights are protected at all times. Notices of General Meetings are issued to shareholders at least 21 days ahead of the meeting. Shareholders/Proxies in attendance are given opportunities to ask questions as well as make comments on the Company's activities, to which the Directors respond accordingly.

## **14. RESEARCH AND DEVELOPMENT**

The Company benefits from research and development through locally implemented global innovation. Over the past three years, the Company has expended the sum of ₦86,162,515.18 (2006, ₦26,975,077.6, 2007, ₦26,745,981.96; 2008, ₦32,441,455.62) on executing these global initiatives in the local market.

## **15. MERGERS AND TAKEOVERS**

As at the date of this Rights Circular, the Company is not aware of any attempt by any other investor to acquire a majority shareholding in the Company.

## **16. RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS**

As at the date of this Rights Circular, there is no relationship between the Company and its advisers except in the ordinary course of business.

## STATUTORY AND GENERAL INFORMATION

---

### 17. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with the underlisted related parties during the year ended 31 December 2008:

(a) Cadbury Schweppes Overseas Limited

The Company has exclusive rights to know-how, manufacture, distribution and marketing of global brands owned by or licensed to Cadbury Schweppes Overseas Limited in Nigeria. In consideration of this, technical service fees, royalties and other support charges are paid to Cadbury Schweppes Overseas Limited and its associated companies. The trademark license and know-how agreements are made with the approval of the National Office for Technology Acquisition and Promotion. At 31 December 2008, the total amount due to CSOL and related companies was ₦1.996 billion cumulative for 2006, 2007 and 2008 inclusive.

(b) Stanmark Cocoa Processing Company Limited

(i) The Company has a majority shareholding of 93% in SCPCL, which is engaged in processing of cocoa to butter, powder, liquor and cake.

(ii) SCPCL supplies all the cocoa powder used by the Company in its manufacturing process.

(iii) The Company provided loan 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. The balance outstanding on the loan as at 31 December 2009 was ₦613 million. The interest on the loan is linked to ruling commercial rates currently 13.5% per annum and is subject to review in line with market conditions. Under the loan arrangement, SCPCL is to repay the loan balance through the invoice amount of cocoa supplied, proceeds from the export of cocoa related by-products not required by the Company and government grants received on export sales.

(iv) The Company obtained bank guarantees totalling ₦708.7 million on behalf of SCPCL to fulfil the requirements of the Nigerian Customs Services for the payment of duties. As at 31 December 2008, SCPCL had made payments of ₦472.4 million to the Nigerian Customs Services against the bank guarantee. The guarantee expires in August 2009. The Company has undertaken to bear the exposure to the guarantor in the event that the guarantee is called up.

(c) Cadbury Ghana Limited

The Company sells some of its products to Cadbury Ghana Limited. Sales for the year ended 31 December 2008 amounted to ₦594 million. The amount receivable from Cadbury Ghana Limited as at 31 December 2008 was ₦200 million.

### 18. DECLARATIONS

Except as otherwise disclosed the Company hereby declares that none of its Directors to their direct knowledge is subject to any of the following in Nigeria or elsewhere:

(i) A petition brought under any bankruptcy or insolvency proceedings either against his person or against any partnership or company of which he is a partner, director or key personnel;

(ii) A conviction in a criminal proceeding or pending criminal proceedings relating to fraud or dishonesty; and

(iii) A judgement or a ruling by a regulatory body relating to fraud or dishonesty restraining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

## STATUTORY AND GENERAL INFORMATION

---

### 19. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Rights Circular with their names and reports (where applicable) included in the form and context in which they appear:

<b>Directors of the Company</b>	Mr Lawrence MacDougall Mr Alan Francis Palmer Mrs Oyeyimika Adeboye Mr Atedo Peterside O O N Mr Adedotun Sulaiman M F R
<b>Company Secretary</b>	Mr Moudu A. Ugbodaga
<b>Issuing House and Receiving Bank</b>	Stanbic IBTC Bank PLC
<b>Stockbroker to the Issue</b>	Stanbic IBTC Stockbrokers Limited
<b>Registrars</b>	Union Registrars Limited
<b>Auditors</b>	KPMG Professional Services
<b>Solicitors to the Issue</b>	Fidelis Oditah & Co

### 20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents can be inspected at the offices of Stanbic IBTC Bank PLC, I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos during normal business hours on any weekday (except public holidays), from Wednesday, 16 September 2009 to Friday, 23 October 2009:

- (i) The Certificate of Incorporation of the Company;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Rights Circular issued in respect of the Issue;
- (iv) The audited financial statements of the Company for each of the five years ended 31 December 2008;
- (v) The unaudited management accounts for the six months ended 30 June 2009;
- (vi) The profit forecast of the Company for the three years ending 31 December 2009, 2010 and 2011;
- (vii) The Shareholders' Resolution authorising the Issue;
- (viii) The Board Resolution authorising the Issue;
- (ix) The list of outstanding claims and litigation referred to in Section 8 on page 36;
- (x) The material contract referred to in Section 10 on page 36;
- (xi) The written consents referred to in Section 19 on page 42;
- (xii) Letter of approval from the Securities & Exchange Commission; and
- (xiii) Letter of approval from The Nigerian Stock Exchange.

## PROVISIONAL ALLOTMENT LETTER

---



Cadbury Nigeria Plc  
Lateef Jakande Road, Ajidadingbi  
P.O. Box 164, Ikeja, Lagos.  
t: +234(0)2717777  
f: +234(0)2717790  
w: www.cadburynigeria.com

03 September 2009

### **RIGHTS ISSUE OF 2,568,628,106 ORDINARY SHARES OF 50 KOBO EACH AT ₦8.65 PER SHARE**

Dear Sir/Madam

#### **1. Provisional Allotment**

The letter dated 03 September 2009 from the Chairman of your Company which is provided, on Pages 11 and 12 of this Rights Circular contain particulars of the Rights Issue now being made. The Directors have provisionally allotted to you the number of new shares set out on the first page of the enclosed Acceptance/Renunciation Form, representing **7** new Ordinary Shares for every **3** Ordinary Shares registered in your name at the close of business on 26 June 2009. The new Ordinary Shares will rank *pari passu* in all respects with the existing ordinary shares of the Company.

You may accept all or some of the shares allotted to you or renounce your rights to all or some of them. Shareholders accepting the provisional allotment in full should complete box A of the Acceptance/Renunciation Form, while those renouncing their rights partially or in full should complete box B of the form. You may also apply for additional shares over and above your provisional allotment as described in 2(b) below.

#### **2. Acceptance and Payment**

The receipt of any payment with your Acceptance/Renunciation Form will constitute an acceptance of all or part of this allotment on the terms of this letter, subject to the Memorandum and Articles of Association of the Company and to the clearance of the Securities & Exchange Commission. If payment is not received by Friday, 23 October 2009 the provisional allotment will be deemed to have been declined and will be cancelled. You may participate in the Rights Issue through any of the following methods:

##### **a) Full Acceptance**

If you wish to accept this provisional allotment in full, please complete box A of the Acceptance/Renunciation Form. The completed Acceptance/Renunciation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed on Page 45 of this document not later than Friday, 23 October 2009. **The cheque or draft must be made payable to the Receiving Agent, drawn on a bank in the same town or city in which the Receiving Agent is located** and crossed "**CADBURY RIGHTS**" with your name, address and mobile number written on the back of the cheque or draft. All cheques and drafts will be presented for payment on receipt and all Acceptance/Renunciation Forms in respect of which cheques are returned unpaid for any reason will be rejected and returned through the registered post.

##### **b) Applying for Additional Shares**

This may be done by either of the following methods:

- i) **Purchasing rights on the floor of The Exchange.** Rights can only be purchased through any of the stockbrokers listed on Page 45 of this document. The stockbroker will guide you regarding payment. Shareholders who purchase rights on the floors of The Exchange are guaranteed the number of shares purchased: they will not be subject to the allotment process in respect of shares so purchased (see item 3 below).

## PROVISIONAL ALLOTMENT LETTER

---

ii) **Completing item (ii) of box A of the Acceptance/Renunciation Form.** Payment should be made in accordance with 2(a) above. Shareholders who apply for additional shares using the Acceptance/Renunciation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (see item 4 below).

c) **Partial Acceptance**

To accept your provisional allotment partially, please completed/Renunciation Form to any of the Receiving Agents listed on Page 45 of this document together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable in respect of the number of shares you wish to accept.

If you wish to trade all or some of your renounced rights on the floor of The Exchange, please complete item (iii) of box B and submit your Acceptance/Renunciation Form to a stockbroker (**NOT A BANK**) of your choice, together with payment for any provisional allotment you are accepting partially. The stockbroker will guide you on the procedure for trading your rights.

3. **Trading in Rights**

The approval of The Exchange has been obtained for trading in the rights of the Company. The rights will be tradeable while the Acceptance List for the issue is open i.e. between Wednesday, 16 September 2009 and Friday, 23 October 2009 at the price at which the rights are quoted on The Exchange. If you wish to trade your rights partially or in full, you may trade any such rights on the floors of The Exchange between these dates. Please complete item (iii) of box B of the Acceptance/Renunciation Form and contact your stockbroker for assistance. If you wish to purchase traded rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Cadbury Nigeria rights. Any purchaser of rights may also trade such rights until Friday, 23 October 2009.

4. **Allotment of Additional Shares**

Ordinary Shares which are not taken up by Friday, 23 October 2009 will be allotted, on a basis to be determined by the Directors and cleared by the Commission, to existing shareholders who applied and paid for additional shares over and above their provisional allotment by completing item (ii) of box A. Shares not taken up by shareholders after allotment will be returned to the Company's authorised share capital as part of its un-issued shares.

5. **Subscription Monies**

Acceptance/Renunciation Forms must be accompanied by bank drafts or cheque for the full amount due on acceptance. The bank draft should be made payable to the bank or Receiving Agent at whose branch or office the Acceptance/Renunciation Form is lodged and should be crossed "**CADBURY RIGHTS**". All subscription monies will be retained in interest yielding bank accounts by Stanbic IBTC Bank Plc.

6. **Surplus Application Monies**

If any application for additional shares is not accepted or accepted for fewer shares than the number applied for, a cheque for the value of the additional shares not accepted including applicable interest will be sent by **registered post** not later than five (5) working days after the date of allotment.

7. **Settlement**

At the end of the Issue, the Ordinary Shares will be registered and transferable in units of 50 kobo. Shares allotted will be credited to the CSCS accounts of allottees not later than 15 working days from the date of allotment. Shareholders should state the name of their stockbroker as well as their Clearing House number in the space provided on the Acceptance Form. Allottees without CSCS accounts will have their physical share certificates sent by registered post not later than 15 working days from the date of allotment.

Yours faithfully

**Moudu A. Ugbodaga**  
Company Secretary

## RECEIVING AGENTS

A copy of the Rights Circular has been forwarded to each of the shareholders whose names appeared in the Company's Register of Members as at 26 June 2009. The completed Acceptance Forms may be returned to any of the following Receiving Agents to whom brokerage will be paid at the rate of 75 kobo per ₦100 worth of shares allotted in respect of Acceptance Forms bearing their official stamp.

**The Issuing Houses cannot accept responsibility for the conduct of any of the institutions listed below. Shareholders are therefore advised to conduct their own enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses cannot give rise to a liability on the part of the Issuing Houses under any circumstances.**

### BANKS

Access Bank Plc	First Inland Bank Plc	Standard Chartered Bank Nig Limited
Afribank Nigeria Plc	First Bank of Nigeria Plc	Spring Bank Plc
Bank PHB Plc	First City Monument Bank Plc	Sterling Bank Plc
Citibank Nigeria Limited	Guaranty Trust Bank Plc	Union Bank of Nigeria Plc
Diamond Bank Plc	Stanbic IBTC Bank PLC	United Bank for Africa Plc
Equitorial Trust Bank Limited	Intercontinental Bank Plc	Unity Bank Plc
Ecobank Nigeria Plc	Oceanic Bank International Plc	Wema Bank Plc
Fidelity Bank Plc	Skye Bank Plc	Zenith Bank Plc

### STOCKBROKERS AND OTHERS

ACL Capital Partners Ltd	Finmal Finance Services Ltd	Peace Capital Market Ltd
Adamawa Securities Limited	First Equity Sec. Limited	Peninsula Assets Mgmt & Invst Co. Ltd
Afrinvest (West Africa) Ltd	First Inland Capital Ltd	Phronesis Securities Ltd
AIL Securities Limited	First Inland Sec. & Asset Mgt. Ltd	Pilot Securities Ltd
AIMS Asset Mgt. Ltd	FIS Securities Limited	Pinefields Inv. Serv. Limited
Alangrange Sec. Ltd	Fittco Securities Limited	PIPC Securities Limited
Allbond Investment Limited	Forte Asset Management Limited	Pivot Trust & Inv. Co. Ltd.
Altrade Securities Limited	Forthright Sec. & Inv. Limited	PML Securities Company Ltd
AMYN Investment Limited	FSDH Securities Ltd	Premium Securities Limited
Anchoria Inv. & Sec. Ltd.	Future View Financial Services Ltd	Prime Wealth Capital Ltd
Apel Asset & Trust Ltd	Genesis Securities & Inv. Ltd.	Professional Stockbrokers Ltd
APT Sec. & Funds Limited	Golden Securities Ltd.	Pyramid Securities Ltd
Arian Capital Management Ltd	Goshen Asset Investment Ltd	Reading Investments Ltd
Asset Resource & Mgt. Ltd.	Greenwich Securities Ltd	Redasel Investment Ltd
Associated Asset Managers Ltd	Greenwich Trust Limited	Resano Securities Limited
Atlas Portfolio Ltd	GTB Asset Mgt. Ltd	Reward Inv. & Sec. Ltd.
Bestworth Assets & Trust Limited	GTB Securities Ltd	Rolex Securities Limited
BGL Securities Limited	GTI Capital Limited	Rostrum Inv. Securities Ltd
Bic Securities Limited	Hedge Sec. & Inv. Co. Ltd	Santrust & Securities Limited
Bytofel Trust & Securities Ltd	Heritage Inv. & Sec Ltd	Securities Solutions Limited
Cadington Securities Ltd	Horizon Stockbrokers Ltd	Security Swaps Limited
Capital Asset Limited	ICMG Securities Limited	Shelong Invest. Ltd
Capital Bancorp Limited.	Icon Stockbrokers Limited	Sigma Securities Limited
Capital Express Sec. Limited	Imperial Assets Mgt Ltd	Signet Investments Sec. Ltd.
Capital Trust Brokers Ltd.	Integrated Trust & Inv. Ltd	SMADAC Securities Ltd.
Cashcraft Securities Ltd	International Capital Sec. Ltd	Solid Rock Sec. & Inv. Limited
Century Securities Limited	International Standard Sec. Ltd	Spring Capital Markets Ltd
Chapel Hill Denham Mgt Ltd	Interstate Securities Ltd	Spring Stockbrokers Ltd
Chartwell Securities Ltd	Investment Centre Ltd	Spring Trust & Securities Limited
City-Code Trust & Inv. Co. Ltd	Investors & Trust Co. Ltd	Springboard Trust & Inv. Ltd
Compass Investment & Sec. Ltd	Jamkol Investment Ltd	Stanbic Equities Nig. Limited
Cordros Capital Limited	Kapital Care Trust & Sec. Ltd	Stanbic IBTC Asset Mgt. Limited
Cowry Asset Management Ltd	Kinley Securities Limited	Standard Alliance Cap.& Asset Mgt Ltd
Cradle Trust Finance & Sec. Ltd	Kofana Securities & Inv. Ltd	Stanwal Securities Limited
Crane Securities Limited	Kundila Finance Services Ltd	Sterling Capital Market Ltd
Crownwealth Assets Mgt. Ltd	Lambeth Trust & Inv. Co. Ltd	Strand Capital Partners Ltd
Dakal Services Limited	LB Securities Limited	Strategy & Arbitrage Limited
De-Canon Investment Ltd.	Lead Capital Ltd	Support Services Limited
Deep Trust Investment Ltd	Lighthouse Asset Mgt. Ltd	The Bridge Securities Ltd
De-Lords Securities Limited	Magnartis Finance & Inv. Ltd	The Portfolio Advisers Ltd
Diamond Securities Ltd	Mainland Trust Limited	Tiddo Securities Limited
Dominion Trust Limited	Maninvest Asset Mgt. Ltd	Tomil Trust Limited
Dynamic Portfolio Limited	Marina Securities Limited	Tower Securities & Investment Co. Ltd
EDC Securities Ltd	Maven Asset Management Ltd	Trade Link Securities Ltd.
Emerging Capital Ltd	Maxifund Invest & Sec. Ltd	Trusthouse Investment Ltd.
Enterprise Stockbroker Plc	Mega Equities Limited	U.I.D.C. Securities Limited
Equity Capital Solutions Ltd	Mercov Securities Limited	UBA Global Markets Ltd
ESS Investment & Trust Ltd	Meristem Securities Ltd	UBA Stockbrokers Ltd
Eurocomm Securities Ltd	Midas Stockbrokers Limited	Unex Capital Ltd
Excel Securities Limited	Molten Trust Limited	Union Capital Markets Ltd
Express Discount Asset Mgmt Ltd	Monument Sec. & Fin. Ltd.	Valmon Securities Limited
Falcon Securities Limited	Mountain Inv. & Sec. Limited	Valueline Sec. & Inv. Limited
Fathak Corporate Inv. Sol. Nig. Ltd	Newdevco Invest. & Sec. Ltd	Vetiva Capital Mgt. Limited
FBN Capital Ltd	Nigerian International Sec. Ltd	WSTC Financial Services
Fidelity Securities Ltd	Nigerian Stockbrokers Ltd	WT Securities Ltd
	Options Securities Limited	Yobe Investment & Sec. Ltd
	Partnership Investment Co. Limited	Zenith Securities Limited

# ACCEPTANCE/RENUNCIATION FORM



on behalf of



**CADBURY NIGERIA PLC**  
RC 4151

**Rights Issue of**

**2,568,628,106 Ordinary Shares of 50 kobo each**

**at ₦8.65 per share**

**on the basis of 7 new Ordinary Shares  
for every 3 shares held as at 26 June 2009**

**PAYABLE IN FULL ON ACCEPTANCE**

Acceptance List Opens  
Wednesday  
16 September 2009

Acceptance List Closes  
Friday  
23 October 2009

## INSTRUCTIONS FOR COMPLETING THE ACCEPTANCE/RENUNCIATION FORM

- Acceptance and/or renunciation must be made on this Acceptance/Renunciation Form. Photocopies or scanned copies of the Form will be rejected.
- Allottees should complete only **ONE** of the boxes marked A and B on the reverse of this form.
- Shareholders accepting the provisional allotment in full should complete box A and submit their Acceptance/Renunciation Forms to any of the Receiving Agents listed on Page 45 of the Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable on acceptance. **The cheque or draft must be drawn on a bank in the same town or city in which the Receiving Agent is located** and crossed "CADBURY RIGHTS", with the name, address and daytime telephone number (if any) of the shareholder written on the back. If payment is not received by Friday, 23 October 2009 the provisional allotment will be deemed to have been declined and will be cancelled.
- Shareholders accepting their provisional allotment partially should complete box B and submit their Acceptance/Renunciation Forms to any of the Receiving Agents listed on Page 45 of the Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the amount payable for the partial acceptance.
- Shareholders renouncing the provisional allotment partially or in full, who also wish to trade their rights on the floor of The Exchange should complete item (iii) of box B. They should obtain a Transfer Form from their stockbroker, complete it in accordance with his instructions, and return it to the stockbroker together with the completed Acceptance/Renunciation Form and a cheque or bank draft made payable to the stockbroker for any partial acceptance. If payment is not received by Friday, 23 October 2009, the provisional allotment will be deemed to have been declined and will be cancelled.
- Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase renounced rights by contacting their stockbroker, and/or apply for additional shares by completing item (ii) of box A.
- All cheques or bank drafts will be presented for payment on receipt and all acceptances in respect of which cheques are returned unpaid for any reason will be rejected and cancelled. Shareholders are advised to obtain an acknowledgement of the amount paid from the Receiving Agent through which this Acceptance/Renunciation Form is lodged.
- Joint allottees must sign on separate lines in the appropriate section of the Acceptance/Renunciation Form.
- Acceptance/Renunciation Forms of corporate allottees must bear their incorporation numbers and corporate seals and must be completed under the hands of duly authorised officials who should also state their designations.

### FOR REGISTRAR'S USE ONLY

Number of Ordinary Shares Accepted	Additional Ordinary Shares applied for	Additional Ordinary Shares allotted	Total amount payable	Amount paid	Amount to be returned/cheque/bank draft number
			₦	₦	₦

**STAMP OF RECEIVING AGENT**

Please Turn Over ↺

# ACCEPTANCE/RENUNCIATION FORM

Care should be taken to comply with the instructions set out on the front of this form. If you are in doubt as to what action to take, you should immediately consult your Stockbroker, Accountant, Banker, Solicitor, Independent Investment Adviser or any other professional adviser for guidance.

Investor's Stockbroker.....

CSCS Number.....

To the Issuing House:



If you wish to trade in rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Cadbury Rights.

**A FULL ACCEPTANCE/REQUEST FOR ADDITIONAL ORDINARY SHARES**

i. I/We accept in full, the provisional allotment shown on the front of this form.

ii. I/We also apply for additional Ordinary Shares:

Number of Additional Ordinary Shares applied for	Additional amount payable at ₦8.65 per share
	₦

I/We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us, in accordance with the Provisional Allotment Letter contained in the Rights Circular.

iii. I/We enclose my/our cheque/bank draft for ₦..... being the sum of the amount payable as shown on the front of this form, and the additional amount payable as shown in item (ii) above.

Cheque details: Name of bank/Cheque Number/branch: ..... Account number:.....

Designation (for Company use):.....

Signature(s):.....

Name(s) (in block letters):.....

Next of Kin:.....

Mobile Number.....

Incorporation Number and Seal of Corporate Allottee

**B RENUNCIATION OR PARTIAL ACCEPTANCE**

1 Number of Ordinary Shares accepted	2 Amount payable at ₦8.65 per share	3 Number of Ordinary Shares renounced

i. I/We accept only the number of Ordinary Shares shown in Column 1 above and enclose my/our cheque/bank draft for the value shown in Column 2 above.

Cheque details: Name of bank/Cheque Number/branch:..... Account number:.....

ii. I/We hereby renounce my/our rights to the Ordinary Shares shown in Column 3, being the balance of the Ordinary Shares allotted to me/us.

iii. I/We confirm that I/we wish to trade my/our rights to ..... Ordinary Shares (being my/our renounced shares as shown in Column 3 above) on the floor of The Nigerian Stock Exchange. I/We shall obtain a Transfer Form from my/our stockbroker, complete it in accordance with his instructions and return it to the stockbroker with this form.

Designation (for Company use only):.....

Signature(s):.....

Name (s)(in block letters):.....

Next of Kin:.....

Daytime Telephone Number.....

Incorporation Number and Seal of Corporate Allottee

**C TRADING IN RIGHTS**

i) Shareholders who wish to trade in their rights partially or in full may trade such rights on the floor of The Exchange. The rights will be traded on The Exchange at the quoted bid/offer price.

ii) Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase traded rights (see iv), and/or apply for additional shares by completing item (ii) of box A above.

iii) Shareholders who purchase rights on the floor of The Exchange are guaranteed the number of shares purchased: they will not be subject to the allotment process in respect of shares so purchased. Those that apply for additional shares by completing item (ii) of box A will be subject to the allotment process i.e. they may be allotted a smaller number of additional shares than what they applied for.

iv) If you wish to purchase renounced rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Cadbury Nigeria rights.