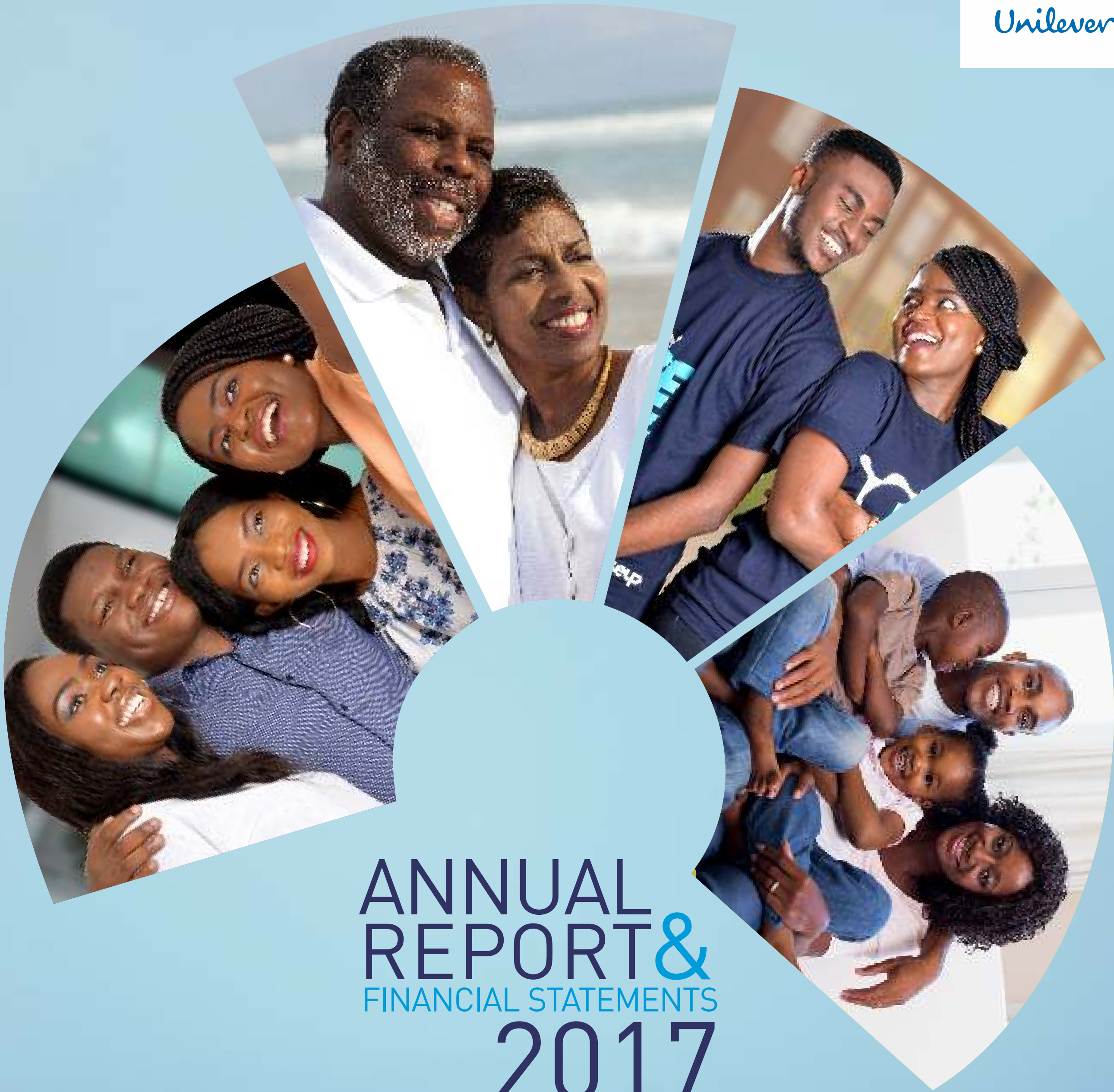
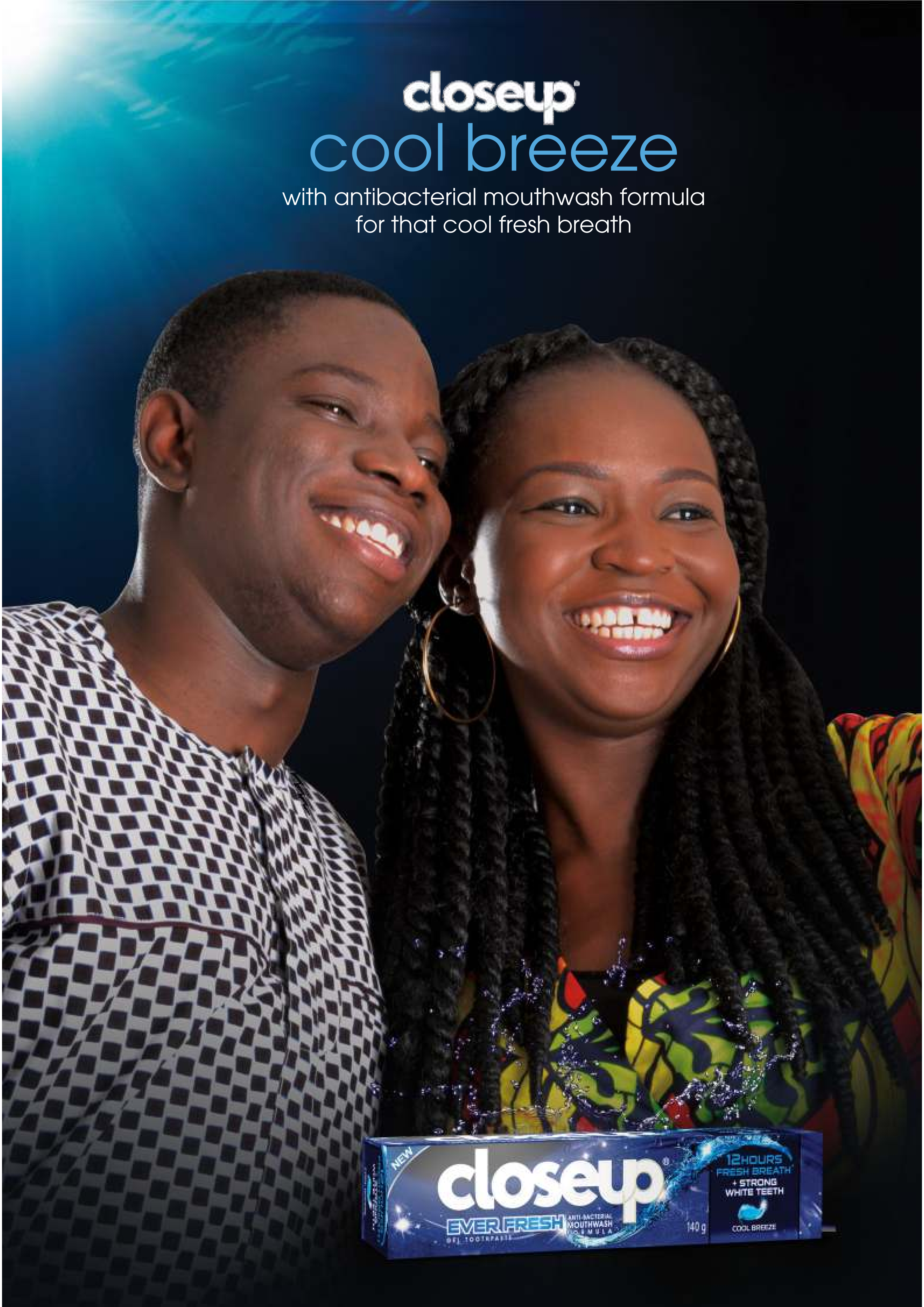


ANNUAL REPORT & FINANCIAL STATEMENTS 2017

Unilever Nigeria Plc RC 113


closeup
cool breeze
with antibacterial mouthwash formula
for that cool fresh breath
NEW
closeup
EVER FRESH
ANTI-BACTERIAL MOUTHWASH FORMULA
12HOURS FRESH BREATH
+ STRONG WHITE TEETH
140 g
COOL BREEZE

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Our Mission

WE WORK TO CREATE A BETTER FUTURE EVERYDAY

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.

We will inspire people to take small everyday actions that can add up to a big difference for the world.

We will develop new ways of doing business that will allow us to double the size of our company while reducing our environmental impact.

Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Unilever

Our Brands

closeup

OMO

Sunlight 2in1

Pepsodent

Knorr

NEW & ADVANCED Lifebuoy

new Pears

Vaseline

PREMIUM QUALITY Royco

Blue Band

LUX

AXE FIND YOUR MAGIC.

Rexona

Corporate Profile

Unilever Nigeria is where great people, terrific brands and proud traditions converge, to meet and satisfy the needs of people and families across Nigeria. We anticipate the aspirations of our consumers and customers, and respond creatively and competitively with branded products and services that are good for them and good for others.

Unilever Nigeria is a member of the Unilever Group, one of the world's leading consumer goods companies whose food, home and personal care brands are used by over half of the families on the planet each day. Unilever Nigeria Plc. was established in 1923 as a soap manufacturing company – West Africa Soap Company– by Lord Leverhulme. It later became known as Lever Brothers Nigeria. Today, it is the longest serving manufacturing organization in Nigeria.

After a series of mergers and acquisitions, the Company diversified into manufacturing and marketing of foods and personal care products. These mergers and acquisitions brought in Lipton Nigeria Limited in 1985, Cheesebrough Industries Limited in 1988 and Unilever Nigeria Limited in 1996. The Company changed its name to Unilever Nigeria Plc. in 2001 in line with the global strategic direction of the business.

The Company was quoted on the Nigerian Stock Exchange in 1973 and is a truly multi-local multinational organization with very outstanding international and local brands in her portfolio. The international brands include Close-Up toothpaste, Pepsodent toothpaste, LUX beauty soap, Lifebuoy soap, Rexona, Axe, Vaseline lotion and Vaseline Petroleum Jelly in the Personal Care Unit of the business; Blue Band margarine, Lipton Yellow Label tea and Knorr bouillon cubes in the Foods Unit; and OMO multi-active detergent, Sunlight washing powder and Sunlight dish washing liquid in the Home Care Unit. Other regional and local jewels include the Pears baby products range and Royco bouillon cubes. The Company provides sources of income to tens of thousands of Nigerians who are shareholders, distributors, suppliers, service providers and employees.

Unilever believes in taking small everyday actions that can make a big difference for consumers, the communities in which it operates and the environment. A typical Unilever employee has passion and commitment to win and constantly looks for opportunity through insights to make a difference.

Unilever subscribes to the highest standards of corporate behaviour by being transparent in her dealings, fair in competition, and law abiding. In a challenging operating environment like Nigeria, the Company remains a pride in the area of Corporate Governance by strictly adhering to Unilever's Global Code of Business Principles (CoBP). The Company is also a socially responsible and responsive organization. Unilever has delivered significant social investments that have helped create a brighter future for numerous Nigerians.

The Company has also leveraged its great brands to impact lives positively. In line with its social mission of health and hygiene, through brands like Close Up, Pepsodent and Lifebuoy, Unilever has organized various outreach programmes that have enlightened Nigerians on the health benefits of handwashing and brushing twice a day. As the Company drives these impactful initiatives, Unilever employees are also encouraged to contribute meaningfully to the society through voluntary services aimed at improving the lives of others. The Company has high growth aspirations, with a vision to grow our business whilst decoupling our environmental footprint from our growth and increasing our positive social impact. An ambition which is consistent with our long history of doing well by doing good.

Unilever Nigeria's confidence in the Nigerian economy is unwavering and the Company will remain a major player in the country by continually investing, developing capabilities and growing brands that most suit the consumers' needs.

Knorr
RICH FLAVOUR
BRINGS PEOPLE TOGETHER.
#togetherwithflavour
Knorr
Chicken
Cubes
IRON
50

Board of Directors, Officers and Other Corporate Information

Directors

His Majesty Nnaemeka A. Achebe CFR, MNI Obi of Onitsha	- Non-Executive Chairman
Mr. Yaw Nsarkoh (Ghanaian)	- Managing Director
Mrs. Abiola Alabi	- Non-Executive Director
Ammuna Lawan Ali OON	- Independent Non-Executive Director
Mr. Felix Enwemadu	- Executive Director
Mr. Chika Nwobi	- Non-Executive Director (Appointed w.e.f. 1 January, 2018)
Mr. Atedo N. A. Peterside, CON	- Non-Executive Director
Mrs. Adesola Sotande-Peters	- Executive Director
Mr. Mutiu Sunmonu CON, FNSE	- Independent Non-Executive Director
Mr. James Todd (British)	- Non-Executive Director

Company Secretary & Legal Director, Ghana-Nigeria
Mrs. Abidemi Ademola

Registered Office
1, Billings Way
Oregun
Ikeja, Lagos.
Tel: 01 279 3000
Email: Consumercare.nigeria@unilever.com

Company Registration Number
RC 113

Independent Auditors
KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos.

Registrar and Transfer Office
GTL Registrars Limited
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: +234 01 279 3161- 2 & +234 01 813 1925
Email: info@gtlregistrars.com

Results at a glance

	2017 N'000	2016 N'000
Revenue	90,771,306	69,777,061
Operating Profit	12,949,724	5,805,045
Profit before tax	11,207,213	4,106,422
Taxation	(3,757,128)	(1,034,537)
Profit for the year after tax	7,450,085	3,071,885
Capital employed	75,908,375	11,689,943
Capital expenditure	4,559,238	4,228,146
Depreciation of property, plant and equipment	4,099,064	2,313,444
Cash and cash equivalents	50,493,595	7,474,141
Earnings per share (Naira)	1.78	0.81
Net Assets per share (Naira)	13.21	3.09
NSE share price at 31 December	41.00	35.00
Ratio % Revenue		
Operating costs	86%	92%
Operating profit	14%	8%
Profit after tax	8%	4%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-third (93rd) Annual General Meeting of Unilever Nigeria Plc. will be held at the Shell Hall, Muson Centre, Onikan, Lagos on Thursday 10 May, 2018 at 10.00am for the following purposes:

Ordinary business:

1. To lay before the Members, the Report of the Directors, the Audited Financial Statements for the year ended 31 December, 2017 together with the Reports of the Audit Committee and the Independent Auditors thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Independent Auditors.
5. To elect members of the Audit Committee.

Special business:

6. To fix the remuneration of the Directors.
7. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:
   "That, pursuant to Rule 20.8 of the Rulebook of the Nigerian Stock Exchange 2015: Issuers Rule, a general mandate be and is hereby given authorizing the Company during the 2018 financial year and up to the date of the next Annual General Meeting, to procure goods, services and financing and enter into such incidental transactions necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2018 prior to the date of this meeting are hereby ratified."
8. To Consider and if thought fit, pass the following sub-joined resolutions as ordinary resolutions of the Company:

   I. **That the proposed sale of the Company's Spreads (Blue Band margarine) business (the "Business") and all assets attached to or deployed in connection with the Business (as will be more particularly described in the relevant transaction documents) to Sigma Bidco B.V., an entity incorporated by KKR & Co LP, or any of its nominees, assigns or subsidiaries (the "Disposal") on such terms and conditions as may be approved by the Board of Directors of the Company ("the Board"), is hereby approved subject to obtaining relevant regulatory approvals;**

   II. **That the Board is hereby authorized to execute all relevant documents, appoint such professional advisers, take all necessary steps and to do such other acts or things as may be necessary, supplementary, consequential or incidental to giving effect to the Disposal including obtaining the relevant regulatory approvals and complying with the directives of any regulatory authority; and**

   III. **That all acts carried out by the Board and management of the Company hitherto in connection with the above, be and are hereby ratified.**

NOTES:

Proxy

A member of the Company entitled to attend and vote is entitled to appoint a Proxy instead of him/her. A proxy need not also be a member. A detachable Proxy Form is enclosed and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars, GTL Registrars Ltd. 274, Murtala Muhammed Way, Alagomeji, Yaba, Lagos, not later than Forty-eight (48) hours before the time of the meeting.

Dividend Warrants and Closure of Register

The Board has recommended dividend payment which if approved, is payable less withholding tax. Dividend warrants will be payable on Friday, 11 May, 2018 to the shareholders who are on the Company's Register of Members at the close of business on Friday 13 April, 2018.

Notice of Annual General Meeting (continued)

NOTICE is therefore given that the Register of Members and Transfer books of the Company will be closed from Monday 16 April, 2018 to Friday, 20 April, 2018 (both dates inclusive) to enable the preparation of payment of the dividend.

Nominations for the Audit Committee

The Audit Committee comprises of three (3) shareholders and three (3) Directors. In accordance with Section 359 (5) of the Companies and Allied Matters Act CAP. C20, Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the date of the Annual General Meeting. The Securities and Exchange Commission's Code of Corporate Governance for public Companies stipulates that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

Unclaimed Dividends

Shareholders are hereby informed that several dividend warrants have been returned to the Registrars as unclaimed. Some Dividend warrants have neither been presented to the Banks for payment nor to the Registrar for revalidation. A list of such unclaimed dividends will be circulated with the Annual Reports and Financial Statements. Members concerned are advised to contact the Registrars at GTL Registrars Limited 274, Murtala Muhammed Way, Alagomeji, Yaba, Lagos Tel: 01 279 3161- 2 & +234 01 813 1925.

E-Dividend/Bonus

Pursuant to the Directive of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of e-dividend/bonus. A detachable application form for e-dividend is attached to the Annual Report to enable shareholders furnish particulars of their accounts to the Registrars as soon as possible.

Rights of Securities' Holders to ask Questions

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting and such questions must be submitted to the Company via the Company Secretary on or before Thursday 3 May, 2018

Dated this 15 March, 2018

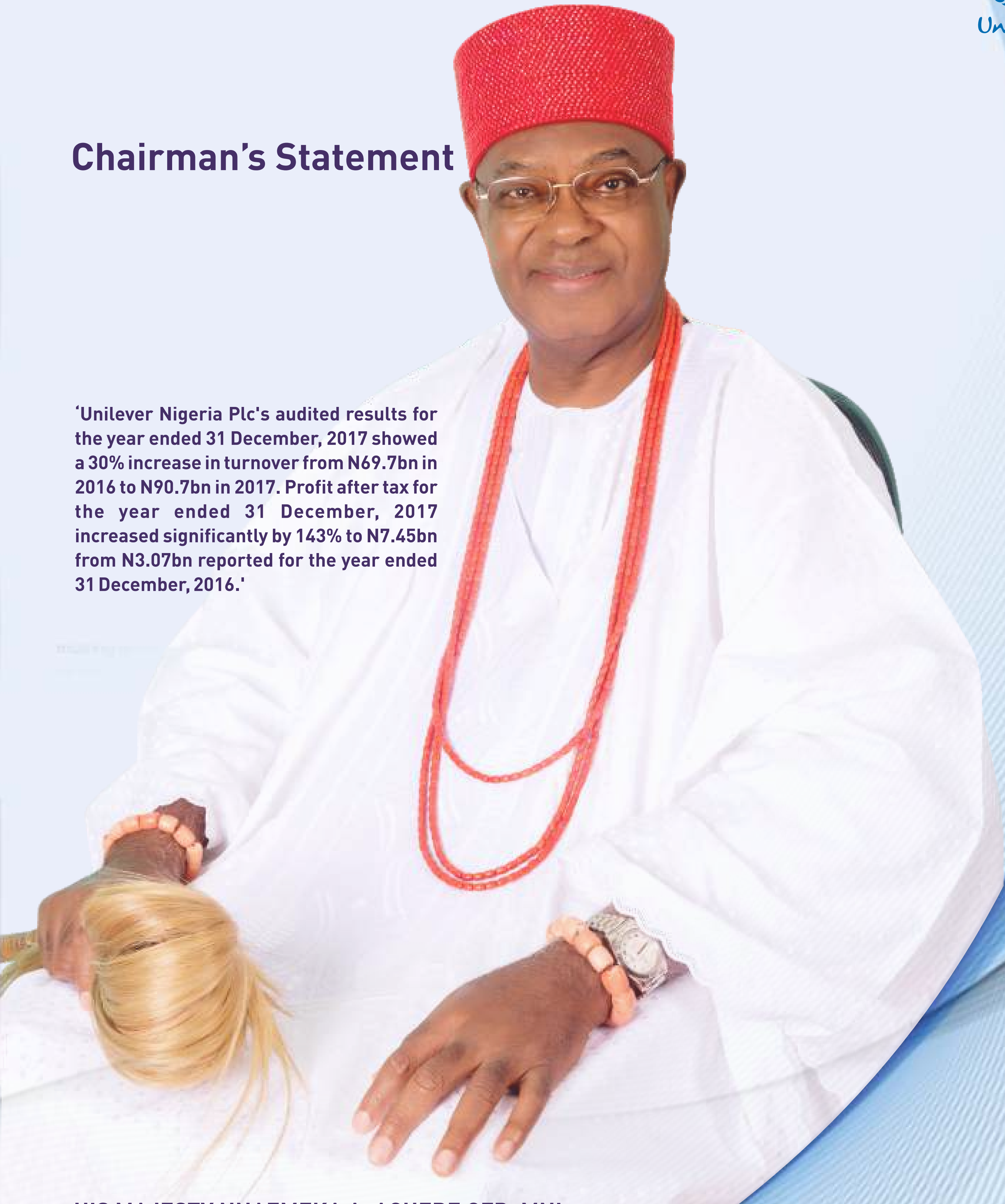
By order of the Board

Mrs. Abidemi Ademola
Company Secretary & Legal Director Ghana-Nigeria
FRC/2013/NBA/00000001646

Registered Office
1, Billings Way,
Oregun, Ikeja,
Lagos.


new
closeup
cool breeze
with antibacterial mouthwash formula
for that cool fresh breath
NEW
closeup
EVER FRESH
12 HOURS
FRESH BREATH*
+ STRONG
WHITE TEETH
COOL BREEZE

Chairman's Statement



'Unilever Nigeria Plc's audited results for the year ended 31 December, 2017 showed a 30% increase in turnover from N69.7bn in 2016 to N90.7bn in 2017. Profit after tax for the year ended 31 December, 2017 increased significantly by 143% to N7.45bn from N3.07bn reported for the year ended 31 December, 2016.'

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
Obi of Onitsha

Chairman’s Statement (continued)

Esteemed Shareholders, fellow Board members, representatives of regulatory bodies present, distinguished ladies and gentlemen, I warmly welcome you to the 93rd Annual General Meeting of our Company to present to you the Report and Financial statements for the year ended 31 December 2017, review the Company's performance during the financial year and address other crucial matters.

Economic and Business Environment in 2017

In 2017, global economic growth accelerated in the greater part of the world and stock markets in some countries hit a record high. The International Monetary Fund (IMF) affirmed this positive swing in a statement made in October, 2017 but also quickly added that recovery was not yet complete and there was still room for growth. Nonetheless, even cautious optimism had been in short supply for nearly a decade. It was therefore gratifying to witness some of the larger emerging market economies exiting their recessions and 2017 ending on a high note on the economic front, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade. However, growth in per capita terms in almost half of emerging markets and developing economies lagged behind advanced economies, and almost a quarter experienced declines.

Within the Nigerian economy, the recession in 2016 lingered into 2017, especially in the first quarter of 2017, when it became even more pronounced. This was worsened by the low crude oil prices which remained Nigeria's major source of revenue. The inflation rate had risen significantly while persistent depletion of the country's external reserves seemed irreversible. Foreign exchange crisis also took its toll as the Naira was under intense pressure which resulted in significant devaluation of the Naira. The economy contracted year on year by 0.91% in Quarter 1, 2017. This however changed in the second quarter of the year as major economic indicators started to look positive. The Nation's Gross Domestic Product (GDP) grew by 0.7% (year-on-year) in real terms, indicating the emergence of the economy from recession after five consecutive quarters of contraction since Quarter 1, 2016. In Quarter 3 2017, growth figure came in strong at 1.4% beating most market estimates. In Quarter 4, the economy grew by 1.92%. Inflation rate dropped from 18.55% in 2016 to 15.37% at the end of December 2017. Nigeria's foreign reserves increased to $38.7bn at the end of 2017 in comparison to its $26.9bn in 2016. Oil prices also strengthened and increased from $53 per barrel in 2016 to $67 per barrel in 2017. This stability in oil sector production was instrumental to the Central Bank of Nigeria's (CBN) ability to intervene in the Foreign exchange market. Armed with oil proceeds, the CBN was able to lower the exchange rate from about N520 to the current N381.16 through various interventions. In a quest to rein in the rate at the parallel market, the CBN deliberately inflowed dollars into the market to meet the high demand which in turn brought down the exchange rate. The inflow of foreign exchange significantly reduced the anxiety and panic in the country and stemmed the activities of speculators. It also brought some respite to the manufacturing sector, as it came as an intervention to the problem prevalent in 2016 regarding inability to source foreign exchange at predictable rates for raw materials essential for its manufacturing process.

In spite of this positive trend in the Nigerian economy in 2017, the non-oil sectors remained largely depressed and the economic recovery remained at best fragile. Foreign investments were still mostly hot funds and short-term speculative investments, a reflection of the level of confidence to recover the investments in the longer term. Unilever on its part continued to embrace the volatility, uncertainty, complexity and ambiguity within the business operating environment with the mindset of business unusual and dogged focus on the consumer, brilliant execution basics and operational excellence to drive responsible growth across its categories and markets.

Chairman's Statement (continued)

Results and Performance

Unilever Nigeria Plc's audited results for the year ended 31 December, 2017 showed a 30% increase in turnover from N69.7bn in 2016 to N90.7bn in 2017. Profit after tax for the year ended 31 December, 2017 increased significantly by 143% to N7.45bn in 2017 from N3.07bn reported for the year ended 31 December, 2016.

The Company's performance for the year ended 31 December, 2017 showed sustained growth in the context of gradual improved economic conditions. Cost of Sales increased by 25% from N49.5bn for the year ended December 31, 2016 to N61.8bn for the year ended December 31, 2017 reflecting rising costs of materials particularly raw material costs. Marketing and administrative expenses increased by 5% from N11.5bn for the year ended December 31, 2016 to N12bn for the year ended December 31, 2017. Net finance costs increased by 3% to 1.7bn for the year ended December 31, 2017 compared to 1.6bn reported for the corresponding period in 2016. This was driven by net impact of interest on intercompany loan and other local loans. Operating profit improved significantly by 123% to 12.9bn for the year ended December 31, 2017 compared to 5.8bn reported for the corresponding period in 2016.

Overall, Unilever Nigeria Plc, performed creditably in 2017 and delivered impressive volumes in the course of the financial year through its brands. The result reflects a solid business and the strength of our operations. The strategic initiatives and tactical plans the Board and management implemented during the financial year to tap into the budding economy yielded positive results. The Board and management will continue to monitor the business environment and make necessary adjustments to sustain the positive growth momentum into the future.

Dividends

In line with the Dividend Policy of Unilever Nigeria Plc. to continue to retain earnings in the business to fund working capital and capital expenditure requirements, the Board favours the concept of shared prosperity and responsibility to ensure the Company continues as a going concern. Subject to your approval, the Board accordingly proposed N2,872,502,708.00 (Two Billion, Eight Hundred and Seventy-two Million, Five Hundred and Two Thousand, Seven Hundred and Eight Naira) that is, 50 Kobo gross per share as the dividend pay-out to the members of Unilever Nigeria Plc. in respect of the year ended 31 December, 2017 out of the amount standing to the credit of the Statement of Comprehensive Income.

Once again, the Board reiterates the drive for the implementation of electronic dividend and electronic bonus payment system in line with the regulatory direction of the Securities and Exchange Commission (SEC) to eradicate the incidence of unclaimed dividend and total dematerialization of share certificates. On behalf of the Board, shareholders are requested to complete the e-dividend / e-bonus Application Form in the Annual Report and Financial Statements and submit to the Registrar, GTL Registrars Limited.

Board

Board composition remained the same during the period under review. However, at the Board meeting held on 19th October 2017, Mr Chika Nwobi was appointed to the Board as a non-executive director with effect from 1st January, 2018. We warmly welcome Mr. Chika Nwobi to the Board of Unilever Nigeria Plc.

Acknowledgements

In realization that the success of 2017 was the result of concerted efforts from various stakeholders, I would like to thank my fellow Board members for steering the business with audacity and candor. Special acknowledgement goes to our consumers who remain 'King' in our business as they make their decisions to buy and consume our products on a daily basis, and to our customers for their confidence in our winning brands. I would like to thank all our employees for their passion

Chairman's Statement (continued)

and hard work, and our suppliers, financiers and other business partners for their commitment to our business ambition.

Outlook

Unilever remains confident about the future of the Company in the long-term in Nigeria. As we therefore continue to focus on the right initiatives to delight our consumers, drive the penetration of our brands into all market segments and build strong brand equity, we trust that these efforts will continue to yield positive results to the benefit of all stakeholders.

Thank you for listening.

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
OBI OF ONITSHA
FRC/2013/NIM/00000001568


Unilever
FOR SOFT AND FRAGRANT SKIN
WITH FLORAL BEAUTY OIL™
LUX
LUX™
Soft Caress
For noticeably smooth skin
With SilkEssence™
& Delicate White Flowers
LUX

The Board

Board Profile

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
– Non-Executive Chairman

His Majesty Nnaemeka A. Achebe, Obi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is the past Chairman of Diamond Bank Plc., past Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc.) and past Chancellor of Kogi State University.

He is also the Chairman of Anambra State Traditional Rulers Council and Chancellor Ahmadu Bello University, Zaria. He was educated at Stanford and Columbia Universities in the U.S.A. and also attended the National Institute for Policy and Strategic Studies, Kuru.

He was appointed to the Board of Unilever Nigeria Plc. in March 2003.

MR. YAW NSARKOH (Ghanaian) - Managing Director

Yaw Nsarkoh is the Executive Vice President (EVP) of Unilever Ghana and Nigeria. Prior to this, he served as the Managing Director for Nigeria from 1st January, 2014 to 31st December, 2016 and Managing Director, Unilever, East and Southern Africa, based in Kenya from 2010 to 2013. He was at one time the Strategic Assistant to the President and Unilever Executive Member for Asia, Africa, Central and Eastern Europe based in the United Kingdom and then Singapore. He also served at various times in the past as Marketing Director and Executive Board member for Unilever, Ghana. He has done many other roles in South Africa and in Ghana for Unilever. Mr. Nsarkoh holds a Honors Degree in Chemical Engineering from the University of Science and Technology, Kumasi, Ghana and a Post Graduate Diploma in Management from Henley Management College, United Kingdom.

Mr. Nsarkoh currently sits as executive member on a number of Trade/Employee Associations and Strategic Private Sector committees in Nigeria. He is the Chairman of the Diversity and Inclusion (D&I) board for Unilever Africa and represents Africa on the Unilever global D&I board. He is an associate member of Ghana Institution of Engineers; a Director of Changing Lives Endowment Fund (CLEF) in Ghana and a former Director of the Kenya Association of Manufacturers and Chairman of East African Shippers Council. Yaw also sits as a member, Board of Advisors, Lagos Business School. He is a regular speaker on business issues, specifically marketing and leadership at public fora.

He was appointed to the Board of Unilever Nigeria Plc. in January, 2014.

Board Profile

MR. ATEDO N. A. PETERSIDE, CON – Non-Executive Director

Mr. Peterside (a Commander of the Order of the Niger) is the Founder of Stanbic IBTC Bank Plc. He is also the Founder and Chairman of ANAP Business Jets Limited as well as Chairman of Cadbury Nigeria Plc. He was the Chairman of the Committee that crafted the first Corporate Governance Code for Public Companies in Nigeria (published in October 2003).

Mr. Peterside sits on the Boards of Flour Mills of Nigeria Plc, Nigerian Breweries Plc (Heineken Subsidiary), Standard Bank Group Limited, The Standard Bank of South Africa Limited and Unilever Nigeria Plc and is also the Alternate Vice Chairman (Private Sector) of the Nigerian Industrial and Competitiveness Advisory Council, which is chaired by the Vice President of the Federal Republic of Nigeria.

He was appointed to the Board of Unilever Nigeria Plc. in January 2008.

AMMUNA LAWANI ALI, OON – Independent Non-Executive Director

Ammuna Lawan Ali, a retired Federal Permanent Secretary, commenced her Civil Service career in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. In 1995, Ammuna Lawan Ali transferred her services to the Federal Civil Service as a director and served in the Ministry of Women Affairs and Social Development and of Finance.

In January 2001, Ammuna Lawan Ali was appointed a Permanent Secretary and served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing and Urban Development, amongst others. She retired from service in December 2009. Ammuna Lawan Ali is a proud recipient of a national honour, Order of Niger (OON) and a member of the National Institute of Policy and Strategic Studies (NIPSS) Kuru. She holds a BA (Hons) and Masters Degree in Public Administration. She is an Independent Director of Africa Prudential Registrars Plc.

She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

Board Profile

MR. MUTIU SUNMONU CON, FNSE
– Independent Non-Executive Director

Mutiu Sunmonu, CON graduated from the University of Lagos in 1977 with a first-class degree in Mathematics and Computer Sciences. He joined Shell Petroleum Development Company of Nigeria Limited (SPDC) in August 1978 and served in various capacities in Nigeria, UK and the Netherlands.

After 36 years of meritorious service, Mr. Mutiu Sunmonu retired from Shell as the Managing Director of SPDC, and Country Chair of Shell Companies in Nigeria. Since his retirement, he continues to be active in the Oil and Gas Industry. He is currently the Chairman of Petralon Energy Nigeria and the Chairman of San Leon Energy UK. He is the Chairman of Julius Berger Nigeria Plc. and the Chairman of Imperial Homes Mortgage Bank.

He was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

MR. JAMES TODD (British) - Non-Executive Director

James Todd is Vice-President Finance for Africa. He is British, and graduated from University of Durham with a degree in Philosophy. His professional career began in 1986 with Unilever in the UK where he qualified as a Chartered Management Accountant.

From 1993 to 1997 he was expatriated to Poland, where his roles covered both Supply Chain and Finance, before returning to Unilever's Corporate Centre in London where he worked on strategy development. In 2003 he was appointed Finance Director of Unilever South Africa, and in 2006 became Vice President Finance, Africa Middle East & Turkey. In August 2009 he was appointed Managing Director Unilever Maghreb and he was appointed VP Finance Africa in July 2013.

He was appointed to the Board of Unilever Nigeria Plc. in November, 2015.

Board Profile

MRS. ADESOLA SOTANDE-PETERS
– Executive Director and Vice President Finance

Mrs. Adesola Sotande-Peters holds a bachelor degree in Business Administration and Economics from Richmond College, The American International University in London, she also has an MBA for finance professionals from Manchester Business School. She is a Fellow of the Association of Certified Chartered Accountants (FCCA) and member of the Institute of Chartered Accountants of Nigeria (ICAN). Her career spans about 23 years in various organizations such as British Broadcasting Corporation (BBC), Informa Group UK, Openwave Telecoms UK, Diageo Plc (Guinness Nigeria Plc, East African Breweries Limited, and Guinness Cameroon SA) where she has held various senior Finance roles. Adesola is a member of the Institute of Directors, Nigeria, an Associate member of Women in Management, Business & Public Services (WIMBIZ) and a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards. She is also a recipient of the 2017 CFO Awards as the CFO of the year- FMCG Category. Adesola is amiable and keen to nurture young professional colleagues.

She was appointed to the Board of Unilever Nigeria Plc. in January 2015 and as a non-executive director of Unilever Ghana in January 2017.

MR. CHIKA NWOBI – Non-Executive Director

Chika Nwobi is founder of Level 5 Lab (L5Lab)– a venture development firm that has incubated several successful African tech companies including Jobberman.com – Africa's largest online jobs portal and Cheki.com.ng – Nigeria's leading online cars marketplace. L5 Lab has invested in 21 startups in Nigeria. Before L5, Chika played a pioneering role in the mobile content industry in Nigeria as Co-Founder and CEO of MTech. Chika was also a founding director of Wireless Application Service Providers Association of Nigeria (WASPAN) and has led consulting engagements for Ford Foundation and IFC on mobile money and micropayments technology in Nigeria. Chika graduated as an Honors scholar from East Tennessee State University, USA, with a BA in Economics and a B.Sc. in Computer Science. He has taken courses in Strategy (INSEAD), Corporate Finance (INSEAD), Financial Accounting (INSEAD), HR Strategy (Tsinghua University China), Supply Chain (Tsinghua), and is in the Masters in Software Engineering programme at University of Oxford. Chika is passionate about education and developing young people and has been invited to speak at Wharton, NYU and Lagos Business School.

He has also served as judge for Federal Government of Nigeria's Entrepreneurship business plan competition – YouWin and as a mentor for the World Bank XL startup program. Chika completed Stanford University SEED transformation program and is also a partner in Rise Capital, an emerging-markets focused venture capital firm.

He was appointed to the Board of Unilever Nigeria Plc. in January 2018.

Board Profile

MRS. ABIOLA ALABI– Non-Executive Director

Biola Alabi is the CEO of Biola Alabi Media, a dynamic consultancy with expertise in film and television production; pay-tv entertainment, digital television; they service governments, content creators and the telecommunication industry. She is also the founder of "Grooming for Greatness" a leadership development and mentorship program for a new generation of African leaders.

Named one of the 20 Youngest Power Women in Africa by Forbes Magazine (2012), a World Economic Forum Young Global Leader (2012) and CNBC Africa's AABLA West African Business Woman of the Year (2013), Yale World Fellow (2014) for over five highly successful years, Biola Alabi held the position of Managing Director for M-Net. Prior to this, she was based in the United States where she was part of the executive team at the children's television brand Sesame Street. An alumni of the University of Cincinnati, Alabi has spent recent years polishing her knowledge with Executive Education Programs at Harvard University's Kennedy School of Government and Yale University's Jackson Institute of Global Affairs.

She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

MR FELIX ENWEMADU
– Executive Director and Vice President Customer Development

Mr Felix Enwemadu is the Vice President Customer Development. Prior to this position, he was the Head of Customer Development and Customer Development Director, General Trade respectively at Unilever Nigeria Plc, General Manager at Diageo Brands Nigeria Ltd, Sales Director at Nutricima Nig. Plc, Head of Sales Notore Chemicals Industries Ltd and occupied Sales Management positions at Guinness and Procter & Gamble.

He is an experienced business sales professional with over 17 years' experience. He holds a Bachelor of Science Degree in Geology from Nnamdi Azikiwe University, Awka, Anambra State.

He was appointed to the Board of Unilever Nigeria Plc. in October, 2016.

Board Profile

MRS. ABIDEMI ADEMOLA
– Company Secretary and Legal Director Ghana-Nigeria

Mrs. Abidemi Ademola is a Corporate Counsel and Chartered Secretary with experience spanning over 23 years of Commercial Law and Corporate Governance practice in Nigeria and West Africa. She is listed on the Legal 500 GC Powerlist: Africa. Her forte is identifying existing and emerging legal and corporate governance risks to business and proffering innovative solutions. Abidemi holds a Bachelor of Laws degree from the Obafemi Awolowo University, Ile-Ife. and a Master of Laws degree from the University of Lagos, Akoka.

She is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria and an Associate of the United Kingdom equivalent. She is also a member of the Nigerian Bar Association, the Society of Corporate Governance and the Institute of Directors, Nigeria. She is an Associate member of Women in Management, Business & Public Services (WIMBIZ) and a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards.

She was appointed as Company Secretary in January 2012.


Knorr
Unilever
FOLLOW IN MY GREEN
FOOD STEPS
TOSS
green vegetables
into your stews.
STIR
it all together.
CRUMBLE
in the Iron enriched
Knorr cubes.
FORTIFIED WITH
IRON
& IODINE
Knorr
2 Cubes

Report of the Directors

The Directors submit their Report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the Company.

Incorporation

Unilever Nigeria Plc. is incorporated in Nigeria under the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 as a public limited liability company, and is domiciled in Nigeria. The Company's shares are listed on the Nigerian Stock Exchange (NSE).

Principal Activities

The Company is principally involved in the manufacture and marketing of foods and food ingredients and home and personal care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

Results

The results for the year are summarized as follows:

	N'000
Revenue	90,771,306
Operating profit	12,949,724
Profit before taxation	11,207,213
Taxation	(3,757,128)
Profit after tax	7,450,085
Other comprehensive income	(680,171)
Proposed dividend	2,872,502

Dividend

The Directors recommend to the shareholders the payment of a dividend in respect of the year ended 31 December, 2017, of N2,872,502,708 that is, 50 kobo gross per share which is payable on Friday, 11 May, 2018, subject to the deduction of appropriate withholding tax.

Corporate Governance Report

Framework

Unilever Nigeria Plc. operates within a Corporate Governance framework established on the following:

1 Companies and Allied Matters Act (CAP. C20) LFN 2004
2 The Rule Book of the Nigerian Stock Exchange for the time being in force
3 The Investment and Securities Act 2007
4 Securities and Exchange Commission (SEC) Rules for the time being in force
5 The SEC Code of Corporate Governance for Public Companies 2011 as amended
6 The Memorandum and Articles of Association of Unilever Nigeria Plc.
7 The Board Charter
8 The Unilever Code of Business Principles and Code Policies
9 The Governance of Unilever Document

From the above, the Corporate Governance Policy of Unilever Nigeria Plc. can be summed up as follows:

a. We conduct our operations with honesty, integrity and openness and with respect for the human rights and interests of employees.

b. We shall similarly respect the legitimate interests of those with whom we have relationships.

c. As a Unilever Group company, we are required to comply with the laws and regulations of the countries in which we operate.

d. We conduct our operations in accordance with internationally accepted principles of good corporate

Report of the Directors (continued)

governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to our shareholders and other stakeholders.

Compliance with the above principles is an essential element in our business success and all employees and business partners of Unilever are mandated to comply with the above principles.

During the year 2017, Unilever Nigeria Plc. complied with all the mandatory provisions of the Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011 together with the requirements of other good corporate governance standards listed above.

Board Composition

The Directors who held office during the year 2017 and up to the date of this report are:

His Majesty Nnaemeka A. Achebe, CFR, MNI	Non-Executive Director and Chairman
Mr. Yaw Nsarkoh	Managing Director
Mrs. Abiola Alabi	Non-Executive Director
Ammuna Lawan Ali, OON	Independent Non-Executive Director
Mr. Felix Enwemadu	Executive Director
Mr. Chika Nwobi	Non-Executive Director (Appointed with effect from 1 January, 2018)
Mr. Atedo N. A. Peterside, CON	Non-Executive Director
Mrs. Adesola Sotande-Peters	Executive Director
Mr. Mutiu Sunmonu, CON	Independent Non-Executive Director
Mr. James Todd	Non-Executive Director

Since the last Annual General Meeting, the following Director joined the Board: Mr. Chika Nwobi - joined the Board with effect from 1 January 2018

Board Responsibilities

The Board has the final responsibility for management, direction and performance of the Company and has the powers, authorities and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria Plc. The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the Company.

The Board has delegated to the Chief Executive Officer/Managing Director all its powers, authorities and discretions which relate to the day to day operations of Unilever Nigeria Plc.

The powers, authorities and discretions exclusively within the remit of the Board and which currently have not been delegated include making or approving the following:

1 Structural and constitutional powers
   a. Alteration of Articles of Association
   b. Alteration of the capital of the Company
   c. Significant asset disposal

2 Governance

   a. Convening of meetings of the shareholders of Unilever Nigeria Plc. and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place

   b. Presentation of the annual report and financial statements to shareholders

Report of the Directors (continued)

c. Reviewing and approving proposals from the Governance/Remuneration Committee

d. Proposals to the general meetings of shareholders of Unilever Nigeria Plc. on the Board remuneration policy within the authority set by the general meeting of shareholders

e. The review of the functioning of the Board and its committees

f. Overall responsibility for compliance with all relevant laws, regulations and Code of Corporate Governance

g. The Operating Framework

Board Appointment and Evaluation Process

Unilever Nigeria Plc. appoints Directors in line with its Board recruitment process which devolves from its Code of Business Principles and Code Policies relating to human resources recruitment and the Governance of Unilever document. The basic principle underlining the process of recruitment of Directors in Unilever Nigeria Plc. are the qualifications, ability and skills required for the role and the ability to make visible and independent (as applicable) contribution to the governance of Unilever Nigeria Plc. in accordance with Unilever global, regional and local strategy and the relevant local legal requirements. These principles were applied during the appointment of the new non-executive Director, Mr Chika Nwobi.

The governance process in Unilever Nigeria Plc. provides for the induction and training of Directors by virtue of which Directors are taken through relevant and appropriate training programmes which equip them for the role. In accordance with its 70-20-10 principle Unilever believes that a major part of training will happen through on-the-job experience and exposure, 20% will happen through relationship building and interaction with the right calibre of people while the remaining 10% will result from formal training.

In 2017, the Board went through a formal training session on Corporate Governance & Board Dynamics which was facilitated by the IOD Centre for Corporate Governance.

Unilever Nigeria Plc. provides the right atmosphere for its Directors to exhibit leadership and enhance their capabilities. Unilever Nigeria Plc. further provides relevant governance information to its Directors as the need arises and also facilitates circulation of essential governance documents to the Board from time to time to keep them updated on legal, regulatory and corporate governance trends.

The Board of Directors of Unilever Nigeria Plc. is evaluated locally and from the Unilever Africa Cluster Office on an annual basis. The Board and individual Directors are benchmarked against the requirements of the Unilever Code of Business Principles, the Code Policies, the laws and regulations of Nigeria, the SEC Code of Corporate Governance and other relevant governance provisions. The scope of evaluation covers compliance, contribution to the Board agenda for the year, attendance at meetings, quality of discussions at Board meetings, level of engagement with government and the community and entrepreneurial acumen.

In line with the Unilever Governance standards and in compliance with the SEC Code of Corporate Governance, the Board of Unilever Nigeria Plc. opted for an external evaluation exercise in respect of period ended 31 December, 2017 to review the performance of the Board, individual Directors and Board Committees. The evaluation was conducted by the IOD Centre for Corporate Governance (CCG). The Evaluation Report shows that Unilever governance, procedures and practices during the year ended 31 December 2017

Report of the Directors (continued)

were significantly in compliance with the provisions of applicable laws, regulations, corporate governance Codes and international best practices. In IOD CCG's opinion, the Unilever Nigeria Plc. Board is 'impactful, well-structured and effective'. Action points from the evaluation will be addressed in the course of 2018.

Directors Retiring by Rotation

In accordance with Article 90 of the company's Articles of Association, Ammuna Lawan Ali, Mr. Atedo Peterside and Mr. Mutiu Sunmonu will retire by rotation and being eligible, offer themselves for re-election.

In addition, Mr. Chika Nwobi, who was appointed since the last Annual General Meeting will retire at this meeting and being eligible, offer himself for re-election.

The profiles of all the four (4) Directors standing for re-election are contained on pages 19 to 21 of this Annual Report and Financial Statements.

Board Committees

In line with the Code of Best Practices in Corporate Governance, the Board of Directors works through the following committees:

a. Executive Committee (Exco)

The Exco is a sub-committee of the Board and it is empowered by the Board to take decisions on behalf of the Board, which are necessary for the smooth day to day operations of the Company.

The committee comprises the Executive Directors of the Company. The following are currently members of the committee:

i Mr. Yaw Nsarkoh
- Managing Director & Executive Vice President

ii Mrs. Adesola Sotande-Peters
- Executive Director & Vice President Finance

iii Mr. Felix Enwemadu
- Executive Director & Vice President Customer Development

b. Leadership Team (LT)

The Leadership Team is constituted by the Executive Directors and Senior Executives who occupy strategic roles in the organization. This Leadership Team is responsible for delivering the corporate targets of the Company, establishing priorities, allocating resources, and seeing to the operations of the Company on a day to day basis. The Leadership Team is chaired by the Managing Director/Chief Executive Officer of the Company. Current members of the Leadership Team are as follows:

i Mr. Yaw Nsarkoh
- Managing Director & Executive Vice President

ii Mrs. Abidemi Ademola
- Company Secretary & Legal Director Ghana-Nigeria

iii Mrs. Bunmi Adeniba
- Marketing Director, Home Care Ghana- Nigeria

iv Mr. Bernard Conyers
- Director, Manufacturing

v Mr. Felix Enwemadu
- Vice President, Customer Development

Report of the Directors (continued)

vi Mrs. Soromidayo George
- Director, Corporate Affairs & Sustainable Business Ghana-Nigeria

vii Mr. Thomas Mwanza
- Director, Procurement West Africa

viii Mrs. Nsima Ogedi-Alakwe
- Marketing Director, Foods Ghana-Nigeria

ix Eniola Onimole
- Director, Human Resources Ghana-Nigeria

x Mr. George Owusu-Ansah
- Director, Supply Chain Go- to- Market

xi Mr. Siddharth Ramaswamy
- Vice President, Supply Chain West Africa

xii Mrs. Adesola Sotande-Peters
- Vice President, Finance Ghana-Nigeria

xiii Mr. Michael Ubeh
- Director, Customer Development

xiv Mrs. Bolanle Kehinde - Lawal
- Marketing Lead Refreshment Ghana-Nigeria

xv Mrs. Bukola Sowunmi
- CMI Lead C&CD Ghana-Nigeria

c. The Audit Committee

The Audit Committee, established in accordance with the provisions of Section 359(4) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004, is comprised of three (3) shareholders' representatives and three (3) Directors' representatives (two of whom are non–executive Directors and the other an executive director not being the Finance Director). The chairman of the Audit committee is one of the shareholders' representatives. During the year under review, the Committee met four (4) times.

The functions of the Audit Committee are governed by the provisions of Section 359(6) of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria 2004 and the SEC Code of Corporate Governance for Public Companies 2011. The Members of the Audit Committee and the Report of the Audit Committee to the members are contained on page 46.

d. The Governance/Remuneration Committee

The Governance/Remuneration Committee comprises solely of Non-Executive Directors and is chaired by the Non-Executive Chairman of the Board. The Committee's Terms of Reference are in line with Paragraph 11 of the SEC Code of Corporate Governance 2011. Members of the Committee during the period ended 31 December, 2017 were:

i His Majesty Nnaemeka A. Achebe CFR, MNI
– Chairman

ii Ammuna Lawan Ali, OON
- Independent Non-Executive Director

iii Mr. Atedo N.A. Peterside, CON
- Non-Executive Director

iv Mr. Sunmonu, CON, FNSE
- Independent Non-Executive Director

In 2017, all the above committees discharged their roles creditably and in line with their terms of reference.

Unilever
FOR 12 HOURS
FRESH
BREATH
TOOTHPASTE/DENTIFRICE/DENTIFRICO
closeup
DEEP ACTION
for strong white teeth
12 HOURS
FRESH
BREATH
RED HOT
THIS IS NOT JUST A TOOTHPASTE
THIS IS closeup
closeup
HERBAL TOOTHPASTE
5 BENEFITS
NATURALLY HEALTHY MOUTH
closeup
NAIJA HERBAL
HERBAL FRESH BREATH
RECOGNIZED by
fdi
FDI recognises that twice daily brushing with a floride toothpaste such as CloseUp Deep Action is beneficial to oral health.

Report of the Directors (continued)

Board Meetings

During 2017, the Board held five meetings. The record of Directors' attendance is presented below:

Name	Meeting date 26 January, 2017	Meeting date 16 March, 2017	Meeting date 13 April, 2017	Meeting date 13 July, 2017	Meeting date 19 October, 2017	Total attendance
His Majesty N.A Achebe	✓	✓	✓	✓	✓	5 meetings
Mr. Y. Nsarkoh	✓	✓	✓	✓	✓	5 meetings
Mrs. A. Alabi	✓	✓	✓	✓	X	4 meetings
A. Lawan Ali	✓	✓	✓	✓	✓	5 meetings
Mr. F. Enwemadu	✓	✓	✓	X	✓	4 meetings
Mr. C. Nwobi	NYA	NYA	NYA	NYA	NYA-Observer	1 meeting
Mr. A.N.A. Peterside	✓	✓	✓	✓	✓	5 meetings
Mrs. A. Sotande-Peters	✓	✓	✓	✓	✓	5 meetings
Mr. M. Sunmonu	X	✓	X	✓	✓	3 meetings
Mr. J. Todd	✓	✓	✓	X	✓	4 meetings

✓-Present; **X** – Absent with Apologies; **NYA** – Not yet appointed

Governance/Remuneration Committee

The Governance/Remuneration Committee held three meetings in 2017. The record of members' attendance is presented below:

Name	Meeting date 13. April, 2017	Meeting date 13 July, 2017	Meeting date 19 October, 2017	Total attendance
His Majesty N.A Achebe	✓	✓	✓	3 meetings
A. Lawan Ali	✓	✓	✓	3 meetings
Mr. A.N.A. Peterside	✓	✓	✓	3 meetings
Mr. M. Sunmonu	X	✓	✓	2 meeting

✓ - Present. **X –** Absent with apologies

Report of the Directors (continued)

Audit Committee Meetings

During 2017, the Audit Committee held four meetings. During the year, Mr. Waheed Adegbite ceased to be a member of the Audit Committee and Mr. David Oguntoye was subsequently elected a member of the Audit Committee by shareholders in general meeting. The record of members' attendance is presented below:

Name	Meeting date 15 March, 2017	Meeting date 12 July, 2017	Meeting date 18 October, 2017	Meeting date 7 December, 2017	Total attendance
Alhaji W. Adegbite	✓	NLAM	NLAM	NLAM	1 meeting
Mr. L. N. Onwuka	✓	✓	✓	✓	4 meetings
Mr. D. Oguntoye	NYA	✓	✓	✓	3 meetings
Alhaji W. Ajani	✓	✓	✓	✓	4 meetings
Mrs. A. Alabi	✓	✓	✓	✓	4 meetings
Mr. O. K. Pinnick	✓	NLAM	NLAM	NLAM	1 meeting
Mr. J. Todd	✓	✓	✓	✓	4 meetings
Mr. F. Enwemadu	✓	X	✓	✓	3 meetings

✓ - Present: **X** – Absent with apologies; **NLAM** – No Longer A Member; **NYA** – Not Yet Appointed.

Record of Directors' Attendance at Board Meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 the record of the Directors' attendance at Directors' meetings during 2017 as listed above is available for inspection at the Annual General Meeting.

Directors' Interests in Contracts

Directors' interests in contracts for the year ended 31 December 2017 were as follows:

Name of Director	Nature of the Contract	Directors' Interest therein
Mr. Atedo N. A. Peterside CON	Pension Fund Administrator Service Agreement with Stanbic IBTC Pension Managers Ltd. & banking relationship with Stanbic IBTC Bank Plc.	Chairman and Shareholder of Stanbic IBTC Holdings Plc. the Holding Company of Stanbic IBTC Pension Managers Ltd. and Stanbic IBTC Bank Plc.
*Mr. Atedo N. A. Peterside CON	Issuing House to Unilever Nigeria Plc. Rights Issue by Stanbic IBTC Capital Ltd.	Chairman and Shareholder of Stanbic IBTC Holdings Plc. the Holding Company of Stanbic IBTC Pension Managers Ltd. and Stanbic IBTC Bank Plc.
Mrs. Abiola Alabi	Brand advertisement for 'Banana Island Ghost' Movie produced and Directed by Biola Alabi Media	CEO Biola Alabi Media

* Mr Peterside retired as Chairman of Stanbic IBTC Holdings Plc. with effect from 31 March, 2017

Report of the Directors (continued)

No other Director has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria 2004, of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' Shareholding

The Register of Directors' interests in the share capital of the Company will be open for inspection at the Annual General Meeting.

The direct and indirect interest of Directors in the issued share capital of the company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

Name of Director	Number of shares held at 31 December 2017	Number of shares held at 31 December 2016
His Majesty N. A. Achebe	55,976	55,976
Mr. Yaw Nsarkoh	Nil	Nil
Mrs. Abiola Alabi	Nil	Nil
Ammuna Lawan Ali	Nil	Nil
Mr. Felix Enwemadu	Nil	Nil
Mr. Chika Nwobi	Nil	Nil
Mr. Atedo N. A. Peterside- Indirect (First ANAP Domestic Trust)	2,577,831	1,000,000
Mrs. Adesola Sotande-Peters	Nil	Nil
Mr. Mutiu Sunmonu	Nil	Nil
Mr. James Todd	Nil	Nil

According to the Register of Members at 31 December 2017, the following shareholders of the Company held more than 5% of the issued share capital of the Company:

Shareholder	Number of shares	Percentage held%
Unilever Overseas Holdings B.V. Holland	3,210,405,278	55.08
Unilever Overseas Holdings BV	689,743,643	12.01
Stanbic Nominees Nigeria Ltd (Cummulative Holding)	711,353,614	12.38

Immediate and Ultimate Parent Companies

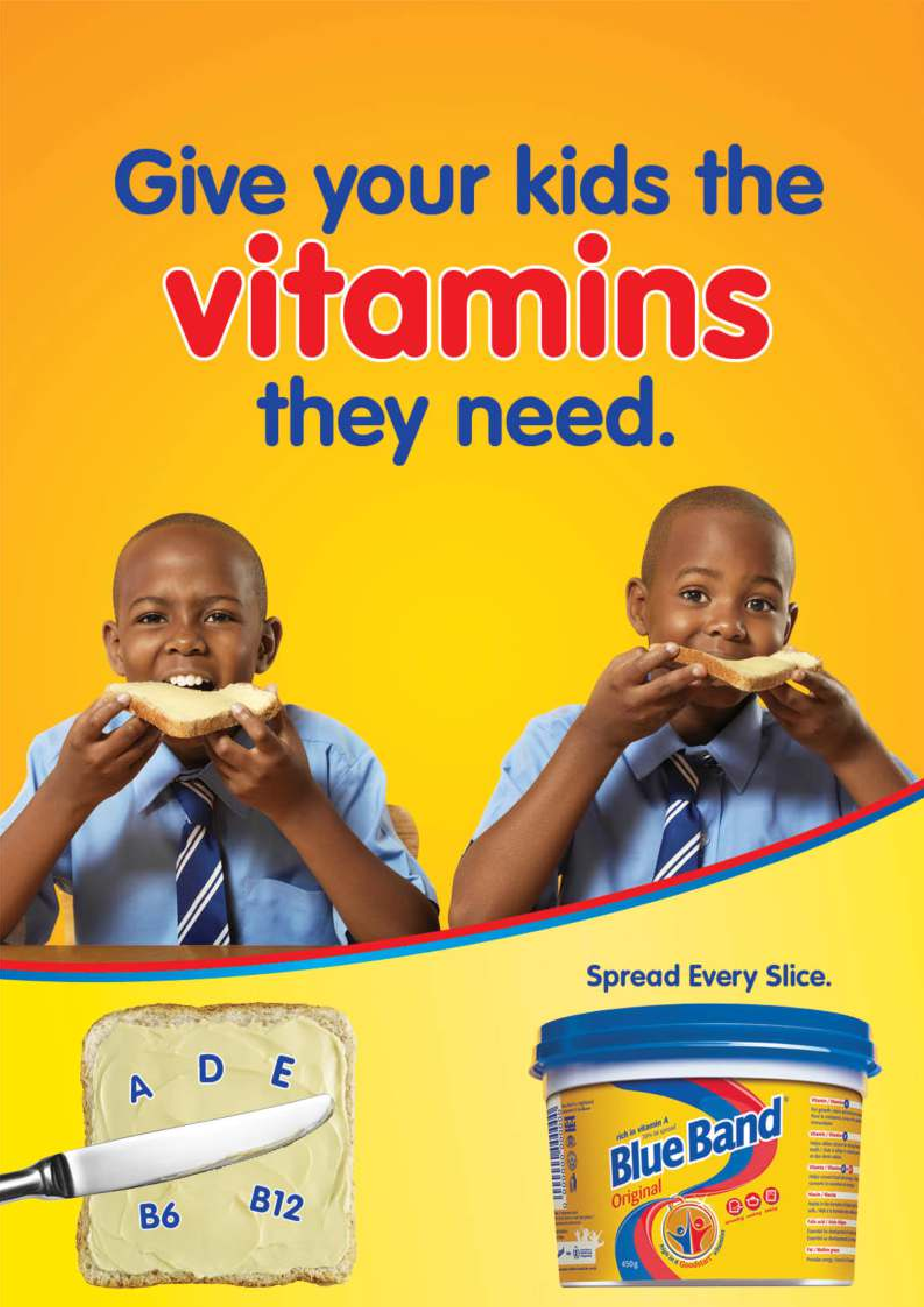
Unilever Overseas Holdings B.V. and Unilever Plc. United Kingdom

Share Dealing Policy

In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Unilever Nigeria Plc. has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods are communicated periodically to drive compliance. In respect of the year ended 31 December, 2017, the Directors of Unilever Nigeria Plc. hereby confirm that:

1) A code of conduct regarding securities transactions by all Directors has been adopted by the Company.

2) Specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stock Exchange, and Unilever Nigeria's code of conduct, regarding securities transactions by Directors.


Give your kids the
vitamins
they need.
Spread Every Slice.
A D E
B6 B12
Blue Band
Original

Report of the Directors (continued)

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rules Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2015, Unilever Nigeria Plc. has further strengthened its complaints management procedure. The Company has in place a formal Complaints Management Policy by which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered, promptly resolved and quarterly submission of same is made to the Nigerian Stock Exchange.

Unilever Code of Business Principles

Unilever Nigeria Plc. has zero tolerance for corruption and unethical practices and mandates its employees and business partners to adhere to all applicable laws and regulations, the Unilever Code of Business Principles and Code Policies. Unilever Code of Business Principles (COBP) prescribes a uniform standard of conduct expected of every Unilever operating company, employee and business partner. The COBP covers matters such as Obeying the law, Conflict of interest, Business integrity, Business partners, Shareholders and public activities, Fair Competition and Responsibility to our consumers. The Code Policies further spell out the 'must dos' and 'must nots' relating to each area under the COBP. Employees of Unilever Nigeria Plc. go through periodic mandatory trainings and Declarations and focused discussions to reinforce the COBP standards and drive compliance. Compliance with the COBP is mandatory and is monitored at the highest level of leadership. Internal and external confidential reporting lines are available to encourage reporting of breaches and sanctions are consistently applied for these breaches. In 2015 Unilever set up a dedicated Business Integrity(BI) organization separate and distinct from Audit and Risk organization to focus more on Code compliance and related matters. The BI organization provides an effective framework for prevention, monitoring and enforcement. Unilever also makes it mandatory for all its business partners to sign up to compliance with its Responsible Business Partner Policy or Responsible Sourcing Policy as may be applicable.

Employment Policy

At Unilever Nigeria, we strongly believe that in order to win in the market place, we must win with people and through people. This unwavering premise continues to guide us in the way we work and culminates in our policies and practices at every stage of our employment cycle. Thus, we strive to remain an equal opportunity employer passionate about diversity and inclusivity, mutual respect as well as encouraging vibrant communication and consultation between employees and the leadership team.

Our core values and Code of Business Principles define what we stand for and the framework in which we do business. These are values hinged on professional integrity, attaining and maintaining a pioneering mindset of innovation and continuous improvement, a responsibility to make a positive impact in the society in which we operate, and respect for all our stakeholders. These non-negotiables together with our standards of leadership define the kind of people that drive our business; people with Growth mindset, Consumer and Customer focus, Bias for action; people with a strong sense of Accountability and responsibility and who have the ability to Build talent and teams.

Talent Development

In an ever increasingly connected world, our people remain an essential part of our sustainable competitive advantage which has continued to set us apart within the FMCG industry. Thus, while we encourage

Report of the Directors (continued)

employees to take ownership of their personal development, we also leverage our robust technology enabled systems to help them develop better leadership, professional and general skills to enhance engagement and productivity. For instance, the launch of our new Learning platform called "Degreed" (an online learning platform, with enhanced mobile capabilities) gives employees access on-the-go, (anytime, anywhere) to world class, globally researched content across a vast range of relevant fields and topics.

In addition to creating opportunities for development and connecting our employees with those opportunities, our focus continues to be on experiential development through on-the-job deliverables while implementing various initiatives to complement this. Our business leaders also demonstrate commitment to our talent development agenda by being at the fore through the "Leaders as Teachers" initiative, career coaching and mentoring younger employees within the organization. These platforms provide the opportunity to engage with employees and share their experiences.

Employee Engagement

We believe that helping our people find purpose in what they do in a work environment that cares about their overall state of health creates the positive energy which is critical to driving Unilever Nigeria in the desired direction. In this regard, we deployed several initiatives to promote a highly engaged and productive workforce, while also inspiring a sense of accountability and ownership. One initiative that brought this to light was the "People with Purpose" workshops. This is an initiative geared towards the development of purpose-driven leaders who bring their best to everything they do daily because they find meaning through them. This ultimately equipped employees at every level to be good stewards of the business and also support their specific welfare needs to cultivate a healthy and balanced lifestyle.

Also, as part of our drive to foster a productive and inspiring environment where everyone has the freedom of self-expression through the right words and actions, we sustained momentum on our culture drive and reinforced our values and business integrity with the roll out of the "Values Connect" initiative which was a brilliant continuation to the "Giving Voice to Values and Inclusivity" campaign rolled out the previous year. This resulted in renewed level of motivation and commitment to the business as it brought to life the belief that employees can truly make a difference and not look the other way when faced with compromising situations.

Employer Branding

Our objective to attract the best talent was achieved in 2017 through series of initiatives including sustained partnerships with reputable universities which had Unilever hosting student visits, career talks, seminars etc. Worthy of mention is the re-branding and deployment of our unique career enlightenment program now tagged "Youth Employability Sessions" across Nigerian Universities. Through these initiatives we were able to impact over 2,500 youths across the country with a compelling message to keep dreaming and actively pursue those dreams. This culminated in the 6th Edition of our flagship IdeaTrophy Competition for University undergraduates. Furthermore, the Competition was taken to the next level as we organized the first ever Ghana-Nigeria Grand Finale which brought together University graduates and undergraduates from both Ghana and Nigeria. Over 500 fortunate youths had the privilege of receiving free career counselling and being inspired by the Managing Director, Unilever Nigeria Plc, and keynote speaker Mr. Yaw Nsarkoh as well as the Special guest of the event, Mrs. Amanda Potelwa (Head of Corporate Finance, Doreo Partners). The Competition produced two winners from Nigeria who in addition to receiving fantastic prizes, represented Nigeria at the regional

Report of the Directors (continued)

rounds of the Unilever Africa Ideatrophy competition in South Africa.

Our activities and impact in 2017 were substantiated as Unilever Nigeria was the recipient of several external awards/recognitions including:

- Winner of the 2017 HR Optimization Award for "Best Employee Services and Administration Initiative" presented by the Chartered Institute of Personnel Managers (CIPM).

- Nominated as one of the finalists for the HR Best Practice Awards in Manufacturing by the Chartered Institute of Personnel Managers (CIPM).

- Winner "Best Work Life Harmony 2016" presented by HR People Magazine.

As we look forward to an even more successful 2018, our thrust is to continuously embed all our people-related processes and practices towards ensuring Unilever Nigeria maintains and enhances the value afforded to and derived from our most priced assets – our employees.

Sustainability Report

"From sustainable sourcing of our agricultural raw materials to eco-production in manufacturing to marketing brands with purpose – the USLP is our blueprint for achieving our vision."

Doing well by doing good to create a brighter future for Nigeria

Volatility and uncertainty have become the new normal in these parts of the world. Therefore, as an organization, we remain convinced that businesses that both address the direct concerns of citizens and the needs of the environment will prosper over the long term. This was why the Unilever Sustainable Living Plan (USLP) was launched in 2010 as the first global initiative that brings together our suppliers, our consumers, our own employees and operations in taking action to build a sustainable business.

Since 2010 till date, we have placed the Unilever Sustainable Living Plan at the heart of our operations; and by focusing on sustainable living needs, we are building brands with significant purpose. By reducing waste, we create efficiencies and reduce costs, which also drive margin improvement. We have also found that once we start looking at product development, sourcing and manufacturing through a sustainability lens, it opens up great opportunities for innovation, while improving the livelihoods of our suppliers.

Through the USLP, we set out to achieve three goals by the year 2020:

- Help people take action to improve their health and well-being
- Enhance livelihoods
- Decouple growth from the environmental footprint of our products

2017 in Review

Helping people take action to improve their health and well-being

In 2017, we had two key areas of intervention:

1. Knorr Force For Good program:

In May 2015, Knorr made a commitment to help reduce the prevalence of iron deficiency anaemia in Nigeria, a major public health issue, by launching the Knorr FFG program in line with Knorr's social mission to improve the health and happiness of a billion people by unlocking more flavour and goodness from everyday food. In 2017, through the Knorr Force for Good, the brand led 20 million Nigerians in the fight against iron deficiency anaemia through direct, nutritious cooking behavioural

Report of the Directors (continued)

change interventions with 150,000 mothers and daughter; as well as through digital channels, media and strategic partnerships.

In Nigeria, almost one in two women of reproductive age and 72% of children under five, suffer from anaemia. 50% of these cases are caused by a lack of iron in the body which is often diet-related. The Knorr Force for Good program was launched to help reduce the prevalence of iron deficiency anaemia in Nigerian women and adolescent girls, with Knorr as the only stock cube fortified with iron and iodine that is absorbed by the body, and helps to prevent anaemia.

The 2017 activation included visiting schools in rural areas in Kwara, Ogun and Kaduna states where cases of anaemia are prevalent; to educate adolescent girls and their mothers on the importance of cooking more nutritious meals through the Knorr Green Food Steps. The program was particularly successful in Kaduna where Unilever Nigeria partnered with the Kaduna State Government to empower women and teenage girls through Knorr Force for Good and Women's Empowerment Shakti.

2. Pepsodent Schools Program

Through the Pepsodent Brush Day and Night Oral health campaign, Unilever seeks to tackle poor oral hygiene and tooth decay and improve oral health amongst Nigerians. In 2017, the program successfully reached 700,000 school children in Rivers, Delta, Lagos, Abia and Ogun States, extending the reach to over 3.5 million school children across 5,375 government primary schools since inception.

In partnership with relevant stakeholders, like the Federal Ministry of Health, the 21- day behavioral change programme directly educates and motivates primary school children in Government Schools on the importance of good oral hygiene with products (Pepsodent toothpaste and toothbrushes), free educational materials and brand instruction ambassadors. The program is targeted at promoting oral hygiene by educating 10 million Nigerian pupils by 2020.

To improve health and wellbeing in Nigeria, Unilever also launched the Heroes for Change program, a social mission volunteer program anchored on the Unilever Sustainable Living Plan (USLP). The programme is aimed at recruiting, teaching and empowering university undergraduates and Youth Corps members to contribute to society and make an impact in creating a better future for all Nigerians. Through the Heroes for Change program, the volunteer university students and Youth Corp members will work towards health and well-being, enabling these students and Youth Corp members to make a difference in their communities by volunteering their time through teaching in Unilever social mission programmes to their communities. The volunteers will take the Knorr Force for Good and Pepsodent 'Brush twice daily' message to communities around them. Partnerships and programs like these are vital in helping us scale and reach as many people as possible.

Enhancing Livelihoods

According to recent reports, about 7 Nigerians go into poverty every minute. The National Bureau of Statistics, (NBS) at year end 2017, recorded the youth unemployment rate at 52.65%, up from 25% as at year end 2016, worsening the unemployment crisis in Nigeria. With the high unemployment rate continuing to grow, Unilever Nigeria's ambition is to use our business model to create one (1) million job opportunities for Nigerian women and youth. The aim is to empower women and youth and ultimately help address unemployment and poverty trends in Nigeria.

Creating Value Along the Supply Chain

Project "SHAKTI" (Mbuli, Gbemiga, Tallapi) is our Company's initiative to financially empower rural

Report of the Directors (continued)

women and create livelihood opportunities for them. Project Shakti provides livelihood-enhancing opportunities to women micro-entrepreneurs across Nigeria. The Shakti entrepreneurs are given training for familiarization with our Company's products and basic tenets of distribution management. We also have a team of Rural Sales Promoters (RSPs) who coach and help the Shakti women in managing their business. This includes help in business basics and troubleshooting as well as coaching in softer skills of negotiation and communication which enable them to run their businesses effectively.

Working with a non-profit organization called the Growing Business Foundation, and in partnership with the Kaduna State Government, we empowered an additional 500 women in Kaduna State in 2017. Today, Project Shakti has 2500 registered entrepreneurs across 11 States.

Customer Development Micro-entrepreneurial Project

Unilever Nigeria also created the Customer Development Micro-entrepreneurial Project as a means of promoting entrepreneurship, by empowering third party sub-distributors and two-wheeler bikers across Nigeria. In 2017, we recruited an additional 12 Bicycle Sales Representatives, 350 Motorbike Sales Representatives, over 140 Clerks, and 180 sub-distributors as micro-entrepreneurs in semi-urban and rural geographies as an extension of our sales operations.

Lipton pushcart

The Lipton pushcart programme equips unemployed entrepreneurs with what they need to become push-cart tea vendors. Lipton is helping people set up their own tea-selling businesses and brightening the days of thousands of consumers. Managed by Unilever operators, these tea vendors will be servicing communities across Nigeria & making a living, earning above the country's current minimum wage. The Lipton push-cart programme is expected to create more jobs along the Company's supply chain in the months ahead. This initiative aims to provide job opportunities to 1000 push-cart vendors by 2020.

Halving the Environmental Footprint of our Operations

Our manufacturing operations are important to realizing our goal of reducing our environmental impact. We have looked into our Supply Chain processes and the waste generated from the Company's factory sites are reused or recycled, with structures in place to measure real time consumption of utilities such as water, steam, energy and power, enabling the effective monitoring of resources used per unit, ensuring reduction. We are also concerned about the environmental impact of how our consumers use our products. So, we now encourage the recycling of all packaging materials and are looking at ways to reduce consumers' energy and water consumption.

We also have as part of our Perfect City Project, a USLP-linked programme which contributes to the upgrade and development of Low Income Areas around our Company's manufacturing locations. We have gone into the Makoko area in Lagos State, not only with our behavioral change programs, but with post-consumer waste education. The plan is to create a waste-to-wealth hub, where Unilever packaging materials can be exchanged to earn money. This is in line with our commitment to continue to conserve the environment, as well as create more job opportunities and promote entrepreneurship amongst young Nigerians.

2018 and beyond

The business case for sustainability is increasingly accepted as witnessed by private sector support of the

Report of the Directors (continued)

Global Goals for Sustainable Development. We are pleased that Unilever Nigeria is not alone in recognizing that sustainable, equitable growth is the only acceptable business model, and that businesses must be part of the solution.

We have continued to make steady progress across our commitments, but our USLP is ambitious and we have much more to do. We will continue to strive to deliver our stretching goals. As our ambitions are high, working in partnership with others is key to delivery because we know we cannot do it alone, and we all can achieve more, if we do it together. This is why we are part of the Private Sector Advisory Group (PSAG), inaugurated by the United Nations Sustainable Development Goals Fund (SDG-F), a coalition made up of private sector organizations, to support the effort to find sustainable solutions to identified global problems. We have begun to align our social and economic footprints through our Unilever Sustainable Living Plan, to show how we contribute to the Global Goal at 4 of the 17 SDGs. We expect 2018 and beyond to be as difficult and challenging. We believe this further validates our business strategy with the USLP at its heart. Our brands would continue to be a force for good in addressing societal challenges – be it economic empowerment, access to good hygiene and wellbeing, or sustainable and nutritious food.

In Unilever, we believe that our responsibility stretches across the full life cycle of our products, from sourcing of raw materials through manufacturing, consumer use and disposal. We believe that building a sustainable business is the key to long-term growth, and delivers a win-win for our suppliers, our consumers and our business.

Corporate Social Responsibility in 2017	Naira
Secondary school scholarships	12,500,000
Donation of products to schools, charity homes etc.	6,175,960
Total	**18,675,960**

Safety, Health and Environmental Care (SHE) Policy

In line with our Safety, Health and Environmental care (SHE) policy, Unilever remains committed to providing a healthy, safe and secure work environment for employees, contractors, sub-contractors and visitors, and continues to be responsible to the Government and people of our host communities where we operate. Our manufacturing sites in Oregun and Agbara are certified to ISO 14001 and OHSAS 18001 global Safety, Health and Environment Standards, and we submit to regular surveillance audits to keep up to date with the requirements. We identify health, safety and environmental hazards associated with our operations and control the risks such that we have recorded zero fatalities and major injuries in our operations over the last 11 years; and strive to continue to abhor even minor injuries.

Unilever employs the use of proactive, robust management systems and continual improvements, comprising of visible leadership, total employee engagements, behavioural safety audits, deep compliance audits, safety committees, safe travels and logistics safety as examples. We start every week with a safety talk on Mondays across the business and continually promote a culture of safety awareness with monthly educational campaigns on various topics like line ownership, workplace safety, 'I care' culture, environmental awareness, off-the-job safety etc. We engage with regulatory agencies like the FFS, FRSC to also assist to educate our employees and contractors.

Unilever continues to implement key Technical Standards in electrical safety, fire safety, working at heights, machines safety, using various technical safety tools such as HAZOP, Permit to work, and Risk assessment, etc., to continually benchmark ourselves

Report of the Directors (continued)

against internationally acceptable standards and world best practices, towards ensuring that our work equipment, processes and facilities are safe and secure for all stakeholders.

We drive a community partnership with other manufacturing colleagues to create a platform for collaborative emergency preparedness and response. We continue to aggressively drive waste reduction, recycle and re-use, energy reduction, water consumption reduction and rigorous "Zero Non-Hazardous Waste to Landfill" initiatives in order to reduce our environmental footprints and live up to our Unilever Sustainable Living Plan ideals.

Our employees' health and wellness are of enormous importance, and we continually launch various programs to improve health, lifestyle and promote behavioural changes. Some of these programs include Preventive Medicine through Lamplighter where employees are encouraged to carry out comprehensive health checks, promotion of mental resilience (using Thrive), travel medicine etc. Additionally, there are long–standing initiatives including quarterly aerobic sessions and the free access to onsite gymnasium by our employees.

Safety, Health and Environmental care at Unilever enjoys the resolute support of the Leadership Team, whose members head all the safety & health committees, and make the realization of all the SHE programs possible. Furthermore, every employee, including contractors engaged by Unilever remains committed to the principles of maintaining a healthy, safe and secure work environment that will propel us to achieve further productivity as well as sustainable living.

Quality Policy

Unilever's reputation is founded on delighting our consumers and customers with consistently great product quality that meets or exceeds their needs and expectations. Our aim is to be the most trusted and preferred customer and consumer choice on every occasion. Unilever is committed to achieving this goal by meeting or exceeding all legal and regulatory requirements and through the rigorous application of our Quality Management System. Each personal product quality experience for our consumers depends upon all employees understanding their roles and responsibilities and ensuring that they adhere to Unilever's quality standards, business processes and regulatory requirements at all times.

Unilever will take prompt and timely action wherever and whenever we encounter products which do not meet our standards or those required in the marketplace. We will continuously improve product quality experiences by using the insights gained from our performance measures and from consumer and customer feedback.

The Quality Policy applies to all aspects of product quality including safety, design, formulation, raw materials, primary/secondary/tertiary packaging, manufacture, storage, transport, display, marketing, communication, sales and disposal of Unilever products – at Unilever, third party or business partner facilities.

Quality Pillars

Our Quality Policy is anchored on the following pillars:

- Drive Business Value with Supply Partners
- Zero Market Place Incidents
- Speed in Innovation
- Consumer Centric

Our Quality ambition is to grow the business by influencing consumer choice.


AWAKEN
TO WHAT
REALLY
MATTERS.
Lipton
YELLOW LABEL

Report of the Directors (continued)

UNILEVER KEY DISTRIBUTORS

KD Name	Region
Suara & Company	Lagos
Itura Ventures Limited	Lagos
De Moshadek And Company Nigeria	Lagos
Icojon Integrated Consultants Limited	Lagos
Renuzi Ventures	Lagos
Worthy Ventures Limited	Lagos
Caniz Limited	Lagos
Adebola Distribution Enterprises	Lagos
Chrislanbolu Trade & Eng. Serv. Limited	Lagos
Tripple P Dazzle	Lagos
Opaline Global Services Limited	Lagos
Maquahm Nigeria Limited	Lagos
J A Onabowale Lagos	Lagos
Convenant Success Supermarket	Lagos
Sam And Martha Investment Ltd	Lagos
Mutkeem	Lagos
Lescent Ventures Limited	Lagos
Concca Global Services	Lagos
J.O Adebiyi & Sons Nigeria Ltd	Middle Belt
Ifjane Nigeria Limited	Middle Belt
Kesy Distribution And Logistic Ltd	Middle Belt
Jodeb Ultimates Investment Ltd	Middle Belt
Dupet Light International Ltd	Middle Belt
Rickmen Healthcare Limited	Middle Belt
JJ Nnoli And Sons	Middle Belt
Olayiwola Gbadamosi Company Nigeria	Middle Belt
Dom Bee Nigeria Limited	Middle Belt
Aub And Sons Integrated Services	Middle Belt
Ifyu Ventures Limited	Middle Belt
Kish n Kit Nigeria Limited	Middle Belt
Deoye and Simileoluwa Multipro Limited	Middle Belt
Baba Gana Mafoni	North East
A D Basharu And Sons (Nig) Limited	North East
S C Okafor Nigeria Limited	North East
Naheem Heights Limited	North East

KD Name	Region
Prime General Merchants Limited	North West
Al-Babello Trading Company Limited	North West
Alh. Yaro Gobirawa And Sons Limited	North West
Alhaji Abu Zamau Enterprises	North West
Alakass Nigeria Enterprises	North Central
Lasun Dan Mama Nigeria Limited	North Central
J A Onabowale And Sons Limited	North Central
Sidi And Sons	North Central
Tagmawashi Resort Limited	North Central
Arinola Precious Ventures	North Central
Charles Aman Nigeria Limited	South Central
Sylika Global Resources Enterprises	South Central
Tivo Corporate Services International Limited	South Central
Ibokies Nigeria Company	South Central
Rickafe Services Limited	South Central
Ursulasam Ventures	South Central
M.E Ugbor & Brothers Nigeria Limited	South Central
Humphrey Okechukwu Nwoji Enterprise	South Central
Chuduak Limited	South Central
Prenica And Company Nigeria Limited	South Central
Steve Sylver Nigeria Limited	South Central
Charleson Industrial Supplies Limited	South Central
Globalog Enterprises	South Central
Blessed Iyke Stores	South Central
Beehives Multinational Limited	South Central
Cito Int'l Nig. Ltd	South Central
COK Royal Link Ventures	South Central
Vosa-Voji Limited	South Central
Igwediebube Nigeria Limited	South East
Isangette Enterprises	South East
P O Konyeha And Sons	South East
Grab & Munch	South East

Report of the Directors (continued)

KD Name	Region
Eleru Brand Ltd	South East
IGWT Worldwide Concept	South East
G.N Chukwu & Sons Enterprises	South East
Lyg Enterprise Supermarket	South East
B N Igwe And Sons	South East
Theo And Powell Services Limited	South East
Kaima Integrated Network Ventures Limited	South East
M O Okoro And Sons Limited	South East
Cy Obiora Nig Enterprises	South East
Elaug-15 Provest Limited	South East
Igbozulike Investment Limited	South East
GN Ani Nig	South East
"Austin and bros Uzuegbu co Ltd"	South East
Cheks Consult Nigeria Limited	South East
Marginal Concepts Limited	South East
Debby Mega Merchants Limited	West
Estfrans Ventures Limited	West
Dan Sarat Company Nig Ltd	West
Hats Investment And Promotions Limited	West
Hasbar Investment Nigeria Limited	West
Marzab Multiventures	West
R S Abimbola (Nigeria) Enterprises	West
J O Adegboyega Enterprises	West
Nebabs Limited	West
David Uthman Limited	West
Unruly Supermarket	West
John Bosco Trading Company Limited	West
Toriola Olu Enterprises	West
Ben Tona Nig Ltd	West
Ajoke Dominion Services Limited	West
Iduh Integrated Services Nigeria Limited	West

Property Plant and Equipment

Information relating to changes in Property, Plant and Equipment is disclosed in Note 14 to this Annual Report.

Independent Auditor

Messrs KPMG Professional Services, having satisfied the relevant corporate governance rules on tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 therefore, the auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

By Order of the Board

Mrs. Abidemi Ademola
Company Secretary and Legal Director Ghana-Nigeria
FRC/2013/NBA/00000001646

15 March, 2018

Statement of Directors' responsibilities for the year ended 31 December 2017

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

His Majesty N. A. Achebe CFR, mni
Chairman
FRC/2013/NIM/00000001568

Yaw Nsarkoh
Managing Director
FRC/2014/IODN/00000007035

Adesola Sotande-Peters
Vice President Finance
FRC/2015/ICAN/00000010834

15 March, 2018

Report of the Audit Committee to the members of Unilever Nigeria Plc.

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria 2004, the members of the Statutory Audit Committee of Unilever Nigeria Plc. hereby report as follows:

"We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act (CAP. C20) Laws of the Federation of Nigeria, 2004 and we acknowledge the cooperation of management and staff in the conduct of these responsibilities.

We confirm that:

1. The accounting and reporting policies of the company are consistent with legal requirements and ethical practices.

2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal controls systems.

3. We have considered the independent auditors' post-audit report in respect of year ended 31 December, 2017 and management responses thereon, and are satisfied thereto."

Members of the Audit Committee are:

1. Mr. David Oguntoye
   - Chairman & Shareholders' Representative
2. Mr. Lazarus Onwuka
   - Shareholders' Representative
3. Alhaji Wahab A. Ajani
   - Shareholders' Representative
4. Mrs. Abiola Alabi
   - Non-Executive Director
5. Mr. Felix Enwemadu
   - Executive Director
6. Mr. James Todd
   - Non-Executive Director

Dated this 14 March, 2018

Mr. David Oguntoye
Chairman
FRC/2013/ANAN/00000002787






Unilever
NEW
CLOSEUP
NAIJA HERBAL
WITH
ALOE VERA
MINT AND LEMON.
NEW
Closeup
NAIJA HERBAL
HERBAL FRESH BREATH
ALOE VERA AND MINT LEAVES EXTRACTS
THIS IS NOT JUST A TOOTHPASTE
THIS IS Closeup
GET FRESH, GET NATURAL, GET CLOSE

KPMG

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

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234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Unilever Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unilever Nigeria Plc (the Company), which comprise the statement of financial position as at 31 December 2017, the income statement, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for goods and services received not yet invoiced	
Refer to expenses by nature (Note 5) on pages 83 - 84 of the financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Company accrues for goods and services received without invoices based on directors' best estimate of the value of such goods and services. These accruals are later adjusted to the actual liability when the actual invoices are received or reconciliations are performed based on confirmation from relevant vendors. The receipt of the invoices/confirmations from vendors are sometimes delayed such that the estimates are retained for more than one financial year.	Our audit procedures in this area included the following: - Discussions with the directors to understand the basis of the accrual and the reversal - Where invoices were yet to be received for goods received and/or services rendered, based on samples selected, we agreed the relevant accrual to the basis of estimate such as proforma invoices and evidence of delivery of goods or services

Accounting for goods and services received not yet invoiced (continued)	
Refer to expenses by nature (Note 5) on pages 83 - 84 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
In the current year, the Company received confirmation from the vendors of the outstanding amounts and this necessitated a reassessment of the accruals by the directors. Accordingly, an amount of N1.14 billion was written back to income statement. The write back of accruals related mainly to brand and marketing expenses and purchase of raw materials. The accruals are considered an area of significance to the audit due to the judgment involved in making these estimates and the quantum of the amount written back in the current year.	- We evaluated on a sample basis, the appropriateness of the reversals by obtaining confirmations from the third parties and checking that the accruals reversed were no longer required.

Valuation of employee benefits	
Refer to accounting policy (Note 1.18), critical accounting estimates and judgment (Note 3(i)) and retirement benefits and long service award obligations (Note 21) on pages 71, 79 and 96 to 100 respectively of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Significant judgement is involved in the valuation of employee benefit obligations. The valuation is based on certain assumptions and estimates which are highly subjective. These assumptions include among others discount rate, salary increase rate, demographic parameters and inflation rate. Changes in assumptions and estimates used to measure the employee benefit obligations may have a significant effect on the amount recognised in the financial statements.	We performed the following procedures among others: - We obtained the actuarial valuation report prepared by the external actuarial expert engaged by the Company. On a sample basis, we compared the underlying membership data used in the valuation report to the human resources documentation such as, approved payroll schedule and approved list of beneficiaries for consistency. - We challenged the key assumptions applied in the valuation by comparing the assumptions to our expectations based on knowledge of the Company, industry experience, relevant market parameters and other externally derived data. - We engaged a KPMG actuarial specialist to perform an independent computation of the gratuity liability as at the year end.

Other information

The Directors are responsible for the other information. The other information comprises the Unilever Mission and Values, Company Profile, Board of Directors, Officers and other Corporate information, Results at a glance, Board Profile, Report of the Directors, Statement of Directors' Responsibilities, Circular to Shareholders, Report of the Audit Committee and Other National Disclosures (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. It also includes financial and non-financial information such as the Chairman's Statement, Shareholders' Information, amongst others (together "Outstanding Reports"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding Reports, if we conclude that there is a material misstatement therein, we are required to communicate to the Audit Committee.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
29 March 2018
Lagos, Nigeria

A1264806

Income Statement
For the year ended 31 December 2017

	Note	2017 N'000	2016 N'000
Revenue	4	90,771,306	69,777,061
Cost of sales	5	(61,828,042)	(49,481,020)
Gross profit		28,943,264	20,296,041
Selling and distribution expenses	5	(3,992,935)	(3,151,087)
Marketing and administrative expenses	5, 9	(11,982,579)	(11,464,146)
Other income	6	(18,026)	124,237
Operating profit		12,949,724	5,805,045
Finance income	10	1,667,747	1,022,512
Finance cost	11	(3,410,258)	(2,721,135)
Profit before taxation		11,207,213	4,106,422
Taxation	12	(3,757,128)	(1,034,537)
Profit for the year		7,450,085	3,071,885
Attributable to:			
Equity holders		7,450,085	3,071,885
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)	13	1.78	0.81

The notes on pages 58 to 112 form an integral part of these financial statements.

Statement of Other Comprehensive Income
For the year ended 31 December 2017

	Note	2017 N'000	2016 N'000
Profit for the year		7,450,085	3,071,885
Other Comprehensive Income			
Items that will not be reclassified to income statement:			
Remeasurement on post employment benefit obligations	21(vi)	(1,000,252)	1,092,263
Tax effect	12	320,081	(349,524)
Total comprehensive income		6,769,914	3,814,624
Attributable to:			
Equity holders		6,769,914	3,814,624

The notes on pages 58 to 112 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2017

	Note	31 December 2017 N'000	31 December 2016 N'000
Assets			
Non-current assets			
Property, plant and equipment	14(i)	29,880,704	29,272,186
Intangible assets	15	705,890	940,124
Other non- current assets	30	79,486	140,160
Employee loan receivable	31	130,310	111,671
Retirement benefit surplus	21(v)	329,235	484,621
		31,125,625	30,948,762
Current assets			
Assets held for sale		-	171,411
Inventories	16	11,478,532	9,878,499
Trade and other receivables	17	27,621,489	18,945,578
Employee loan receivable	31	79,384	72,918
Derivative assets	32	285,740	-
Cash and bank balances	18	50,493,595	12,474,141
		89,958,740	41,542,547
Total assets		121,084,365	72,491,309
Liabilities			
Current liabilities			
Trade and other payables	19	33,408,820	32,476,502
Income tax	12	2,799,203	502,855
Loans and borrowings	26	454,528	20,501,276
Deferred income	27	32,756	32,756
		36,695,307	53,513,389
Non-current liabilities			
Deferred tax liabilities	20	4,484,871	3,942,337
Unfunded retirement benefit obligations	21(iv)	3,454,370	2,613,268
Long service award obligations	21(iv)	205,745	181,166
Other employee benefits	28	85,902	74,150
Deferred income	27	30,025	62,781
Loans and borrowings	26	219,770	414,275
		8,480,683	7,287,977
Total liabilities		45,175,990	60,801,366

Statement of Financial Position (continued)
As at 31 December 2017

	Note	31 December 2017 N'000	31 December 2016 N'000
Equity			
Ordinary share capital	29	2,872,503	1,891,649
Share premium	29	56,812,810	45,717
Retained earnings		16,223,062	9,752,577
Total equity		75,908,375	11,689,943
Total equity and liabilities		121,084,365	72,491,309

The financial statements on pages 52 to 114 were approved for issue by the Board of Directors on 15 March 2018 and signed on its behalf by:

His Majesty N. A. Achebe CFR, MNI	**Yaw Nsarkoh**	**Adesola Sotande-Peters**
Chairman	**Managing Director**	**Vice President Finance**
FRC/2013/NIM/00000001568	FRC/2014/IODN/00000007035	FRC/2015/ICAN/00000010834

The notes on pages 58 to 112 form an integral part of these financial statements.

Statement of Changes in Equity
Year ended 31 December 2017

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2016	1,891,649	45,717	6,065,887	8,003,253
Total comprehensive income for the year				
Profit for the year	-	-	3,071,885	3,071,885
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	742,739	742,739
	-	-	3,814,624	3,814,624
Transactions with owners				
Dividend declared	-	-	(189,165)	(189,165)
Statute barred dividend	-	-	61,231	61,231
			(127,934)	(127,934)
At 31 December 2016	1,891,649	45,717	9,752,577	11,689,943
Balance at 1 January 2017	1,891,649	45,717	9,752,577	11,689,943
Total comprehensive income for the year				
Profit for the year	-	-	7,450,085	7,450,085
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	(680,171)	(680,171)
	-	-	6,769,914	6,769,914
Transactions with owners				
Dividend declared	-	-	(378,330)	(378,330)
Statute barred dividend	-	-	78,901	78,901
Rights issue inflow	980,854	57,870,420	-	58,851,274
Rights issue expenses	-	(1,103,327)	-	(1,103,327)
	980,854	56,767,093	(299,429)	57,448,518
At 31 December 2017	2,872,503	56,812,810	16,223,062	75,908,375

The notes on pages 58 to 112 form an integral part of these financial statements.

Statement of Cash Flows
Year ended 31 December 2017

	Note	2017 N'000	2016 N'000
Cash flows from operating activities			
Cash generated from operations	23	7,122,666	6,734,269
Retirement benefits paid	21(iv)	(567,951)	(567,002)
Long service award obligations paid	21(iv)	(21,243)	(17,461)
Tax paid	12(ii)	(598,165)	(159,300)
Net cash flow generated from operating activities		5,935,307	5,990,506
Cash flows from investing activities			
Interest received	10	1,303,526	333,174
Purchase of intangible assets	15	-	(5,488)
Purchase of property, plant and equipment	14(i)	(4,559,238)	(4,228,146)
Proceeds from sale of property, plant and equipment		5,043	16,967
Net cash used in investing activities		(3,250,669)	(3,883,493)
Cash flows from financing activities			
Repayment of loans and borrowing	26(ii),26(iii), 26(iv)	(33,450,744)	(427,145)
Drawdown of loans and borrowing	26(i),26(ii)	17,529,069	15,491,446
Interest paid	26(ii),26(iv)	(1,113,126)	(2,410,357)
Net proceeds from rights issue	29	57,747,947	-
Dividend paid		(378,330)	(186,388)
Net cash flow generated from financing activities		40,334,816	12,467,556
Net increase in cash and cash equivalents		43,019,454	14,574,569
Cash and cash equivalents at the beginning of the year		7,474,141	(7,100,428)
Cash and cash equivalents at the end of the year	18	50,493,595	7,474,141

The notes on pages 58 to 112 form an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

1.1 Basis of preparation

The financial statements of Unilever Nigeria Plc. ("Unilever" or "the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis, except for the following which are measured on each:

Items		Measurement basis
Derivative financial instruments	-	Fair value
Inventories	-	Lower of cost and net realisable value
Liabilities for cash settled share based payment	-	Fair value
Non-derivative financial instruments	-	Initially at fair value and subsequently at amortised cost using effective interest rate
Defined benefit obligation	-	Present value of the obligation
Plan asset of defined benefit obligation	-	Fair value

The financial statements are presented in Nigerian Naira, rounded to the nearest thousand (N'000) unless otherwise indicated.

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1.1.1 Going concern

Nothing has come to the attention of the directors to indicate that Unilever will not remain a going concern for at least twelve months from the date of approval of these financial statements.

1.2 Standards issued but not yet effective

A number of standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted.

The estimated impact of the adoption of these standards on the financial statements is summarised below.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

	As reported at 31 December 2017	Adjustment due to adoption of IFRS 15	Adjustment due to adoption of IFRS 9	Adjusted 2017 Balance
	N'000	N'000	N'000	N'000
Revenue	90,771,306	(60,082)	-	90,711,224
Profit After Tax	7,450,085	(60,082)	(35,657)	7,354,346
Retained Earnings	16,223,062	(60,082)	(35,657)	16,127,323

i **IFRS 15: Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18, Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes

- ***Variable Consideration***

Under IFRS 15, revenue will be recognised less any variable consideration at the point when the goods are delivered to the customer. The elements of the trade term structure and volume rebates represent a variable consideration, thus revenue recognition will be net of the consideration offered at point of sale. The basis for estimation of variable consideration would be historical, current and forecast information reasonably available to the Company.

- ***Sale with a Right of Return***

The Company has provisions in its sale agreement that permits or obligates it to remove out of date products and recall products that no longer meet specifications. Thus, revenue recognition should be adjusted for the effects of expected returns to be reimbursed or credited to the customers by using either the most likely amount or expected value and a refund liability for the amounts to be expected. The estimate to be made will be based on prescribed methods used in variable consideration as well as the Company's historical experience with returns.

- ***Free Goods and Services***

Promotions that offer free goods and services based on volumes purchased will be deemed as a material right . A material right is an option that provides the customer an incremental discount beyond the discounts typically given. Under IFRS 15, separate performance obligations will arise where a material right exists. Transaction prices will be allocated to both the performance obligation of sale of goods and the offer of free goods; and revenue will only be recognized where both performance obligations have been fulfilled.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

Estimated impact of adoption of IFRS 15

	Food Products N'000	Home and Personal Care N'000	Total N'000
Turnover as at 31 December '17	42,861,139	47,910,167	90,771,306
Adjustments due to IFRS 15			
Provision for right of return	(32,475)	(27,607)	(60,082)
Revenue as at 31 December '17	42,828,664	47,882,560	90,711,224

	As reported at 31 December 2017 N'000	Adjustment due to adoption of IFRS 15 N'000	Adjusted 2017 Balance N'000
Revenue	90,771,306	(60,082)	90,711,224
Profit After Tax	7,450,085	(60,082)	7,390,003
Retained Earnings	16,223,062	(60,082)	16,162,980

The Company will adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised in equity at 1 January 2018. As a result, the Company will not apply the requirements of IFRS 15 to the comparative period. This adjustment will be presented in full with the 2018 financial statements

ii **IFRS 16: Leases**

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer the right to use an asset for a period of time in exchange for consideration. A Company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time. The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A Company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a Company also recognises a financial liability representing its obligation to make future lease

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

payments.

b) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

c) separation of the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases. The Standard does not require a Company to recognise assets and liabilities for:

(a) short-term leases (i.e. leases of 12 months or less) and;

(b) leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied. The extent of the impact of this Standard is ongoing and the Company would quantify the cumulative effects in the 2018 financial statements.

iii IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company will apply IFRS 9 as issued in July 2014 initially on 1 January 2018.

- Classification and Measurement - Financial Assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and the 'solely payment of principal and interest' cash flow characteristics of the financial assets. IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The Company is not significantly exposed to financial instruments and its financial assets will in general, be classified as measured at amortised cost under IFRS 9. Therefore, the Company does not anticipate any significant financial impact on its equity arising from the adoption of the classification and measurement requirements of IFRS 9 on 1 January 2018.

- Impairment - Expected Credit Loss

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of expected cash shortfalls i.e. the present value of the difference between the cash

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

flows due to the entity under the contract; and the cash flows that the entity expects to receive. IFRS 9 does not prescribe a single method to measure ECLs. Rather, it acknowledges that the methods used to measure ECLs may vary based on the type of financial asset and the information available. The standard allows the use of practical expedients when estimating ECLs, to the extent that its measurement reflects an unbiased and probability weighted amount, time value of money and reasonable and supportable information that is available without undue cost or effort. The Standard contains a simplified approach that uses provision matrix to measure lifetime ECLs for trade receivables, contract assets and lease receivables.

In determining the estimated impact of IFRS 9 on 1 January 2018, the Company applied the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs for its trade and other receivables. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions without undue cost and effort. The calculation of ECL rates were done separately for all key distributors. The estimation of ECL rates was based on the following parameters :

- 90 days was considered as the default point.
- The probability of default risk parameters were calculated based on historical data.
- The loss given default was calculated based on recovery rate observed from payment history of the key distributors.
- Credit losses were adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Impact Assessment

Based on assessments undertaken to date, the total estimated adjustment of the adoption of the ECL impairment requirements on the Company's trade receivables is approximately N35.7 million, indicating an increase of about 12% over the impairment recognised under IAS 39. The table below provides information about the estimated impact of adoption of IFRS 9 on the Company's equity on 1 January 2018;

	Estimated gross carrying amount	Weighted Average loss rate	Estimated Loss Allowance	Credit Impaired
	N'000	N'000	N'000	
0-30 days past due	3,351,545	-	19,400	No
31-60 days past due	2,009,630	-	11,633	No
61-90 days past due	385,243	-	2,230	No
More than 90 days past due	413,558	-	2,394	No
	6,159,976		**35,657**	

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

	As reported at 31 December 2017	Adjustments due to adoption of IFRS 9	"Adjusted 2017 Balance"
	N'000	N'000	N'000
Profit After Tax	7,450,085	(35,657)	7,414,428
Retained Earnings	16,223,062	(35,657)	16,187,405

The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change due to the following reasons:

– the Company is refining and finalising its provision matrix (model) for ECL calculations; and
– the new accounting policies, assumptions, judgments and estimation techniques employed are subject to change until the Company finalizes its first financial statements under IFRS 9 requirements.

iv Other Standards

The following amended Standards and interpretations are not expected to have a significant impact on the Company's financial statements

- Annual improvements to IFRSs 2014 - 2016 Cycle - Amendments to IFRS 1 and IAS 28
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Transfers of Investment Property (Amendments to IAS 40)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

1.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Leadership Team of Unilever, comprising of the executive directors and other key management personnel.

1.4 Foreign Currency Translation

(i) *Functional and presentation currency*

Items included in the financial statements of Unilever are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira, rounded to the nearest thousand, which is Unilever's functional and presentation currency.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Foreign Currency Translation (continued)

(ii) *Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from translation of monetary assets and liabilities denominated in currencies other than the entity's functional currency at year end exchange rates, are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

1.5 Property, Plant and Equipment

(i) *Recognition and measurement*

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment and is recognized net within other income in profit or loss.

(ii) *Subsequent costs*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

(iii) *Depreciation*

The estimated depreciation rates of property, plant and equipment for current and comparative periods are as follows:

Leasehold land	-	Nil (2016: Nil)
Buildings	-	2.5%
Plant and machinery	-	7%
Furniture and equipment	-	7% - 25%
Motor vehicles	-	25%

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Property, Plant and Equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The capital work-in-progress represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

Depreciation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.
Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(iv) *De-recognition*
An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is de-recognised.

1.6 Intangible Assets

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Unilever are recognised as intangible assets when the following criteria are met:

- it is technically and commercially feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Summary of significant accounting policies (continued)

Intangible assets (continued)

Computer software development costs recognised as assets are amortised on a straight line basis in the income statement over their estimated useful lives, which does not exceed eight and a half years. These costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

1.7 Assets Held for Sale

Non-current assets and groups of assets and liabilities which comprise disposal groups, are classified as 'held for sale' when it is highly probable that they will be recovered primarily through sale rather than through continuing use. The following criteria are assessed:

- a decision has been made to sell;
- the assets are available for sale immediately;
- the assets are being actively marketed;
- a sale has been agreed or is expected to be concluded within twelve months of the balance sheet date.

Immediately prior to classification as held for sale, the assets or groups of assets are remeasured in accordance with Unilever's accounting policies. Subsequently, assets and disposal groups classified as held for sale are valued at the lower of carrying amount or fair value less disposal costs. Assets held for sale are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains and losses or remeasurement are recognised in the income statement.

1.8 Impairment of Non-Financial Assets

An impairment loss is recognised for non-financial assets when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets not yet available for use are tested for impairment annually. Impairment losses are recognized in the income statement. All other assets are assessed for indicators of impairment at the end of each reporting period.

1.9 Financial Instruments

Financial instruments (i.e. financial assets and liabilities) are recognized when Unilever becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and Unilever has transferred substantially all risks

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Financial Instruments (continued)

and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

1.10 Classification

Management determines the classification of its financial instruments at initial recognition.

(i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Unilever's loans and receivables comprise trade receivables, employee loan receivables and other receivables in the statement of financial position.

(ii) *Financial liabilities at amortized cost*
Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts.

1.10.1 Measurement

(i) *Loans and receivables*
Loans and receivables are initially recognized at fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less an allowance for impairment.

(ii) *Financial liabilities at amortized cost*
Trade payables are initially recognized at fair value less any directly attributable transaction costs. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

1.10.2 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Unilever

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

1.11 Impairment of Financial Assets

Assets carried at amortised cost
Unilever assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that Unilever uses to determine that there is objective evidence of an impairment loss include the following:
- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- Unilever, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio."

1.12 Fair Value Measurement

Unilever measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Fair value measurement (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

1.13 Inventories

Inventories are measured at the lower of cost and estimated net realisable value less allowance for obsolete and damaged inventories. A detailed review of slow moving and obsolete stocks is carried out on a monthly basis and an allowance is booked based on a realistic estimate. Cost is based on standard costing that comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw materials, work in progress and finished goods are stated at standard cost while cost of engineering spares and other items of inventories is calculated using the weighted average method. Standard cost is reviewed periodically to ensure it consistently approximates historical cost. Net realisable value represents the estimated selling price less all estimated costs of selling expenses.

1.14 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash at bank and in hand plus short-term deposits less overdrafts and short-term working capital loans. Short-term deposits have a maturity of three months or less from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value. Bank overdrafts are repayable on demand and form an integral part of Unilever's cash management.

1.15 Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis through the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

1.16 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Provisions are recognised when Unilever has a present legal or constructive obligation as a result of a past event, and it is probable that Unilever will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when Unilever has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

1.17 Income tax

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The tax currently payable is based on taxable profit for the year and any adjustment to tax payable or receivable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Unilever's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

(ii) *Deferred income tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Income Tax (continued)

all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Unilever intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

1.18 Employee Benefits

(a) **Post-employment benefit plans**

Unilever operates a defined contribution benefit scheme, an unfunded defined benefit service gratuity scheme for its employees; and a funded post-employment benefit plan.

(i) *Defined contribution scheme*

Unilever operates a defined contribution plan in line with the Pension Reform Act 2014. The contributions are recognised as employee benefit expenses when they are due. Unilever has no further payment obligation once the contributions have been paid. The contribution made towards securing the future benefits in the scheme is as follows:

Staff	Management staff	Non-management
Employer	10%	16%
Employee	8%	10%

(ii) *Defined benefit plans*

Unilever also operates both an unfunded defined benefit service gratuity scheme and a funded benefit plan. The level of benefit provided is based on the length of service and terminal salary of the person entitled. The defined benefit plan surplus or deficit in the statement of financial position comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on federal government bonds in issue as at the reporting date).

The cost of defined benefit plans is determined using the projected unit credit method. The liability recognised in the statement of financial position in respect of the unfunded defined benefit service gratuity scheme is the present value of the defined benefit obligation at the reporting date. With respect to the funded benefit plan, the related pension liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Summary of significant accounting policies (continued)

Employee Benefits (continued)

Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the market yield on government bonds at the calculation date and reflects the duration of the liabilities of the benefit plan.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the statement of income in subsequent periods. Current service cost, the recognized element of any past service cost and the net interest cost arising on the pension liability are included in the same line items in the income statement as the related compensation cost.

(b) Other long term employee benefits

Unilever measures long term employee benefits using the same accounting policies for defined benefit plans except for remeasurements which are recognised in income statement in the period in which they arise.

(c) Share-based payment transaction : Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a pricing model similar to the 'projected unit credit method'. The fair value of the amount payable is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

(d) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

1.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Discounts given by Unilever include rebates, price reductions and incentives given to customers.

Revenue for goods is recognised when:
- The significant risks and rewards of ownership have been transferred to the customer
- Unilever does not retain effective control over goods sold
- The amount of revenue can be reliably measured
- It is possible that the economic benefits associated with the transaction will flow to Unilever

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Revenue Recognition (continued)

- The costs incurred in respect of the sale can be measured reliably

1.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

All other leases are accounted for as finance leases. Finance leases relate to various leasehold land properties which the Company holds the right to use for between 50 and 99 years. The Company has retained significant risks and rewards over the use of these properties, including construction of its offices and factories, and is responsible for maintaining the properties. The leasehold land were acquired under the Land Use Act, and payments were made upfront. There are no annual lease repayments connected with these leases.

1.21 Dividend Distribution

Dividend distribution to Unilever's shareholders is recognised as a liability in Unilever's financial statements in the period in which the dividends are approved by the shareholders.

1.22 Finance Income and Finance Cost

Finance income and finance costs are recognised using the effective interest rate method.

Finance income includes interest received or receivable on balances and deposits with banks, exchange differences (excluding differences on payables to foreign suppliers which has been included in cost of sales) and derivative gains on derivative financial assets.

Finance cost includes interest on borrowings, interest charge related to defined benefit plans, gains or losses arising on the early settlement of debt, exchange difference on non-derivative financial assets and liabilities (excluding differences on paybles to foreign suppliers which has been included in cost of sales) and derivative losses on derivative financial liabilities.

1.23 Share Capital

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

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

1.24 Other Non-Current Assets

Other non-current assets represent the difference between cash outflow of prepaid employee benefits and the present value of amounts recoverable. The amortisation of the amount is charged to income statement annually. The current portion of the prepaid benefits is included in employee loan receivable.

Other non-current assets also represent non-current portion of prepayments.

1.25 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement on a systematic basis over the period necessary to match them with the costs that they are intended to compensate.

2. Financial Risk Management

2.1 Financial Risk Factors

Unilever's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. Unilever's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Unilever's financial performance.

Risk management is carried out by a Treasury Department under policies approved by Board of Directors. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. These policies are mostly Unilever Global Policies adopted for local use.

(a) Market Risk

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

(i) Currency risk - Transactions in foreign currency

Unilever is exposed to foreign exchange risk arising from various currency exposures. The currencies in which these transactions are primarily denominated are US dollars, Pound sterling, Euro and Rand. The currency risk is

Notes to the financial statements (continued)

Financial risk management (continued)

Financial Risk Factors (continued)

the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

During the year, the Company explored foreign currency official instruments available in the market to settle obligations denominated in foreign currencies and to manage foreign currency volatility. These include: Central Bank of Nigeria (CBN) forwards and CBN interventions in the interbank market.

As a result, the Company's transactions were settled at a range of rates during the year. As at year end the assets and liabilities were translated using the NIFEX rate which represented the rate at which the future cash flows represented by the balances could have been settled if those cash flows had occurred at year end.

At 31 December 2017, the unhedged financial assets and financial liabilities amounted to N7 billion (2016: N11.1 billion).

At 31 December 2017, if the Naira had weakened/strengthened by 87%* against key currencies (Euro and USD) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N6.8 billion higher/lower.

At 31 December 2017, if the Naira had weakened/strengthened by 87%* against other currencies (GBP and ZAR) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N443.9 million higher/lower.

*87% represents the 5 year average change in the conversion rate of key currencies to Naira.

During the year, the Company entered future contracts to hedge its currency risk with a maturity of less than 1 year from the reporting date. As at the reporting date, the amount of derivative gain recognised in the income statement amounts to N285.7m (Note 10)

(ii) Cash flow and fair value interest rate risk
Unilever's interest rate risk arises from bank overdrafts, bank loans and inter-company loans. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk. Borrowings issued at fixed rates expose Unilever to fair value interest rate risk.

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Notes to the financial statements (continued)

Financial risk management (continued)

Financial Risk Factors (continued)

The average interest rate on local short-term borrowings in 2017 was 21.1% (2016: 18.3%), while rate on inter-company loan was average of 3months Libor + 6.45% (2016: 3months Libor + 6.45%)

The following table shows the split in fixed and floating rate exposures:

	2017 N'000	2016 N'000
Fixed rate (bank loans) - Note 26	674,298	5,768,831
Floating rates (intercompany loan) - Note 26	-	15,146,720
	674,298	20,915,551

Assuming that all other variables remain constant, a 1% increase in floating interest rates on a full year basis would not lead to a charge to the income statement (2016: N4.07 million). A 1% decrease in floating interest rates on a full-year basis would not have an effect as well.

(b) *Credit risk*

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

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only parties classified as "International Golden Circle" (preferred choice for the Unilever group) are accepted. Exposure limit with the banks is set at a maximum of N34 billion. Risk control assesses the credit quality of wholesale customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board or external ratings. The utilisation of credit limits is regularly monitored.

Concentration of credit risk with respect to trade receivables is limited, due to the Company's customer base being diverse. Credit terms for customers are determined on individual basis. Credit risk relating to trade receivables is managed by reference to the customers' credit limit, inventory balance, cash position and secondary sales to final consumers.

Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay and upon resignation, deducted from final entitlements.

The disclosure in Note 17 specifically identifies a group of trade receivables i.e. the key distributors whose dealerships were terminated between 2008 and 2012, and have been fully impaired. However the gross balances

Financial risk management (continued)

Financial Risk Factors (continued)

(and related impairment) have been retained in the books to enable management monitor ongoing litigation involving some of the distributors.

(c) Liquidity risk

Liquidity risk is the risk that Unilever will face difficulty in meeting its obligations associated with its financial liabilities. Unilever's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine Unilever's credibility, impair investor confidence and also restrict Unilever's ability to raise funds.Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. Unilever seeks to manage its liquidity requirements by maintaining relationships with different financial institutions through short-term and long-term credit facilities. Cash flow forecasting is performed in Unilever. Unilever's finance team monitors rolling forecasts of Unilever's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that Unilever does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration Unilever's debt financing plans, covenant compliance and compliance with gearing ratios.

Where current liabilities exceed current assets, the Company seeks to manage its liquidity requirements by maintaining access to bank lending which are renewable annually.

At the reporting date, Unilever held cash in bank of N25.6 billion (2016: N5.7 billion). Unilever also had Nil overdraft (2016: Nil) and undrawn facilities of N37 billion (2016: N3.3 billion).

The table below analyses Unilever's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The Company has no derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
2017						
Trade and other payables*	32,936,240	-	-	-	-	32,936,240
Loans and borrowings	215,175	239,353	292,367	8,123	5,020	760,038

Financial risk management (continued)

Financial Risk Factors (continued)

	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
(c) **2016**						
Trade and other payables*	31,949,912	-	-	-	-	31,949,912
Loans and borrowings	9,897,750	10,606,158	328,155	314,378	15,333	21,161,774

	At amortised cost 2017 N'000	2016 N'000
Liabilities as per statement of financial position		
Trade and other payables (Note 19)*	32,936,240	31,949,912
Loans and borrowings (Note 26)	674,298	21,161,774
	33,610,538	52,865,463

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes pension obligations, withholding tax payables and value added tax.

2.2 Capital Risk Management

Unilever's objectives when managing capital are to safeguard Unilever's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Unilever may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Unilever monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets), based on balances reported in the statement of financial position.

The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017 N'000	2016 N'000
Total liabilities	45,175,990	60,801,366
Total assets	121,084,365	72,491,309
Gearing ratio (%)	37%	84%

Notes to the financial statements (continued)

3. Critical Accounting Estimates and Judgements

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

Retirement benefit and long service award obligations

(i) The cost of retirement benefit and long service award obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A67/70 tables published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria. Further details about the assumptions are given in Note 21.

(ii) Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Note 22).

(iii) Determining the fair value of stakeholders' scheme (Note 28).

(iv) Determining accruals for trade and marketing expenses (Note 19).

(v) Valuation of derivative assets (Note 32).

Notes to the financial statements (continued)

4. Segment Reporting

The chief operating decision-maker has been identified as the Leadership Team (LT) of Unilever Nigeria Plc. The Leadership Team reviews Unilever's monthly financial and operational information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Leadership Team consider the business from Food Products category and Home and Personal Care category.

Foods – including sales of tea, savoury and spreads.
Home and Personal Care – including sales of fabric care, household cleaning, water purification, skin care and oral care products.

There are no intersegmental sales and Nigeria is the Company's primary geographical segment as it comprises 98% of the Company's sales.

The Leadership Team assesses the performance based on operating profits for each operating segment that is reviewed. Total financing (including interest income and expense), income taxes and retirement benefit obligations are managed on an entity-wide basis and are not allocated to operating segments.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of financial position.

2017	**Food Products N'000**	**Home and Personal Care N'000**	**Total N'000**
Revenue	42,861,139	47,910,167	90,771,306
Depreciation and amortisation	2,046,132	2,287,166	4,333,298
Segmental operating profit	6,114,707	6,835,017	12,949,724
Finance income	787,490	880,257	1,667,747
Finance cost	(1,610,284)	(1,799,974)	(3,410,258)
Profit before taxation			11,207,213

Notes to the financial statements (continued)

Segment Reporting (continued)

2017	Food Products N'000	Home and Personal Care N'000	Total N'000
Property, plant and equipment	14,109,316	15,771,388	29,880,704
Inventories	5,420,027	6,058,505	11,478,532
	19,529,343	21,829,893	41,359,236
Other non-current assets			1,244,921
Cash and bank balances			50,493,595
Other current assets			27,986,613
Trade and other payables			(33,408,820)
Income tax			(2,799,203)
Deferred income			(62,781)
Loans and borrowings			(674,298)
			84,139,263

2017	Food Products N'000	Home and Personal Care N'000	Total N'000
Sub total			84,139,263
Deferred tax liabilities			(4,484,871)
Retirement benefit obligations			(3,454,370)
Long service obligations			(205,745)
Other employee benefits			(85,902)
Net assets			75,908,375
Capital expenditure	2,152,818	2,406,420	4,559,238

2016	Food Products N'000	Home and Personal Care N'000	Total N'000
Revenue	36,398,828	33,378,233	69,777,061
Depreciation and amortisation	1,328,831	1,218,558	2,547,389
Segmental operating profit	3,028,170	2,776,875	5,805,045
Finance income	536,052	491,570	1,027,622
Finance cost	(1,422,131)	(1,304,114)	(2,726,245)
Profit before taxation			4,106,422

Notes to the financial statements (continued)

Segment Reporting (continued)

2016	Food Products N'000	Home and Personal Care N'000	Total N'000
Property, plant and equipment	15,269,678	14,002,508	29,272,186
Assets held for sale	-	171,411	171,411
Inventories	5,153,066	4,725,433	9,878,499
	20,422,744	18,899,352	39,322,096
Other non-current assets			1,676,576
Cash and bank balances			12,474,141
Other current assets			19,018,496
Trade and other payables			(32,476,502)
Income tax			(502,855)
Deferred income			(95,537)
Loans and borrowings			(20,915,551)
Deferred tax liabilities			(3,942,337)
Retirement benefit obligations			(2,613,268)
Long service obligations			(181,166)
Other employee benefits			(74,150)
Net assets			11,689,943
Capital expenditure	2,205,590	2,022,556	4,228,146

	2017 N'000	2016 N'000
Revenue by geographical location of customers:		
Domestic (within Nigeria)	89,075,133	66,429,149
Export (outside Nigeria)	1,696,173	3,347,912
	90,771,306	69,777,061

The Company has 98 (2016: 96) key distributors, and no single key distributor accounted for more than 10% of the Company's revenue.

All the Company's non-current assets are located in Nigeria.

Unilever

Notes to the financial statements (continued)

5a. Expenses by Nature

The following items have been charged/(credited) in arriving at profit before tax:

	2017 N'000	2016 N'000
Raw materials and consumables	47,330,926	35,676,236
Bought in products	5,041,494	6,101,813
Depreciation of property, plant and equipment (Note 14)	4,099,064	2,313,444
Amortisation of intangible assets (Note 15)	234,234	233,945
Allowance for bad and doubtful debts (Note 17)	11,591	42,943
Staff costs (Note 8)	7,373,428	6,748,272
Brand and marketing (Note 9)	3,719,190	4,013,565
Service fees (Note 9)	2,240,062	1,533,844
Handling charges	3,992,935	3,151,087
Auditors' remuneration	25,310	22,500
Professional service fees (Note 5a(i))	124,476	103,775
Utilities	954,250	1,102,482
Business travel expenses	448,601	373,903
IT costs	374,749	1,244,320
Consumer market research	455,669	458,872
Repairs and maintenance cost	980,799	608,283
Insurance	169,717	171,376
Donations	18,676	18,787
Trainings and meals	146,021	131,008
Office materials	62,364	45,798
Total cost of sales, selling and marketing, distribution and administrative expenses	77,803,556	64,096,253
Analysed as:		
Cost of sales	61,828,042	49,481,020
Selling and distribution expenses	3,992,935	3,151,087
Marketing and administrative expenses	11,982,579	11,464,146
	77,803,556	64,096,253

i Included in professional service fees are fees of N6million paid to the auditors in connection with the Right Issue programme.

5b. Recognised in raw materials and consumables & brand and marketing are amounts of N499 million and N636 million respectively (totaling N1.14 billion), relating to reversal of excess accruals for goods and services received in previous years. Management carried out a review of long outstanding open liabilities and had consultation and

Notes to the financial statements (continued)

Expenses by Nature (continued)

reconciliation with creditors to ascertain the validity of these liabilities as at year end. Based on the outcome, the stated amounts were released into the Income Statement.

6. Other Income

	2017 N'000	2016 N'000
(Loss)/profit on disposal of Property, plant and equipment	(18,026)	8,189
Gain on sale of raw materials	-	116,048
	(18,026)	124,237

7. Compensation of Key Management Personnel and Directors

Key management personnel comprises the directors (executive and non-executive) and other key management staff who are members of the Leadership Team.

Compensation to key management personnel was as follows:

	2017 N'000	2016 N'000
(i) Short term benefits		
Non executive directors	43,495	30,787
Executive directors	394,190	321,526
Members of the Leadership team (excluding executive directors)	602,103	617,992
	1,039,788	970,305
(ii) Post-employment benefits:		
Executive directors	12,615	10,862
Members of the Leadership team (excluding executive directors)	28,101	28,165
	40,716	39,027

	2017 N'000	2016 N'000
(iii) The emoluments of the Chairman of Board of Directors	8,819	6,997
(iv) The emoluments of the highest paid director	219,513	183,727

8. Employee Benefits Expense

	2017 N'000	2016 N'000
Salaries and wages	4,947,445	4,674,406
Pension contribution	85,173	431,653
Gratuity and Long service awards (Note 21(vi))	286,658	256,473
Stakeholders scheme (Note 28)	11,752	(14,344)
Other employee allowances	2,042,400	1,400,084
	7,373,428	6,748,272

Other employee allowances include incentives, medical allowances, product packs and other benefits which are consistent with industry practice.

The average number of persons, excluding executive directors, employed by Unilever during the year was as follows:

	2017 Number	2016 Number
Administration	102	124
Technical and production	840	882
Sales and marketing	206	201
	1,148	1,207

Notes to the financial statements (continued)

Employee Benefits Expense (continued)

The table below shows the numbers of direct employees of Unilever excluding executive directors, other than employees who discharged their duties wholly or mainly outside Nigeria and which fell within the bands stated.

N		N	2017 Number	2016 Number
1	-	250,000	3	-
250,001	-	500,000	18	7
500,001	-	750,000	12	29
750,001	-	1,000,000	9	18
1,000,001	-	1,250,000	8	18
1,250,001	-	1,500,000	30	102
1,500,001	-	1,750,000	161	169
1,750,001	-	2,000,000	211	223
2,000,001	-	2,250,000	191	143
2,250,001	-	2,500,000	106	94
2,500,001	-	2,750,000	52	48
2,750,001	-	5,000,000	69	46
5,000,001	-	10,000,000	163	196
10,000,001	-	15,000,000	58	54
15,000,001	-	20,000,000	23	20
20,000,001	-	30,000,000	23	29
30,000,001	-	40,000,000	7	6
40,000,001	-	50,000,000	4	1
			1,148	1,207

9. Marketing and administrative expenses

	2017 N'000	2016 N'000
Brand and marketing	3,719,190	4,013,565
Overheads	6,023,327	5,916,737
Service Fees	2,240,062	1,533,844
	11,982,579	11,464,146

10. Finance Income

	2017 N'000	2016 N'000
Interest on call deposits and bank accounts	1,303,526	333,174
Exchange gain	-	617,874
Derivative gain (Note 32)	285,740	13,414
Interest income from employee loans	78,481	58,050
	1,667,747	1,022,512

11. Finance Costs

	2017 N'000	2016 N'000
Interest expense	2,557,942	2,575,513
Exchange loss	751,853	-
Amortised cost interest	100,463	145,622
	3,410,258	2,721,135

12. Income Tax

(i) Income Statement

	2017 N'000	2016 N'000
Current income tax	2,526,939	372,131
Tertiary education tax	272,264	130,724
Prior year under provision- current income tax	89,368	-
Prior year under/(over) provision - tertiary education tax	5,942	(540)
	2,894,513	502,315
Deferred tax charge	862,615	532,222
Tax Charge to Income Statement	3,757,128	1,034,537

Other comprehensive income

	2017 N'000	2016 N'000
Deferred tax on temporary differences	(320,081)	349,524

The amount provided for income tax was computed on the basis of the company income tax rate of 30% in line with section 15(a) of Companies Income Tax Act 1979 (as amended).

Notes to the financial statements (continued)

Income Tax (continued)

Tertiary education tax charge is at 2% of assessable profits in accordance with Decree No. 7 of 1993.

(ii) The movement in current income tax liabilities is as follows:

	2017 N'000	2016 N'000
At 1 January:		
- Current income tax	372,131	56,749
- Tertiary education tax	130,724	103,091
Charge for the year:		
- Current income tax	2,526,939	372,131
- Tertiary education tax	272,264	130,724
Under/(over) provision:		
- Current income tax	89,368	-
- Tertiary education tax	5,942	(540)
Tax paid:		
- Current income tax	(461,499)	(56,749)
- Tertiary education tax	(136,666)	(102,551)
At 31 December	2,799,203	502,855

(iii) **Reconciliation of effective tax to the statutory tax**

	2017 N'000	2016 N'000
Profit before tax	11,207,213	4,106,422
Tax calculated at the applicable statutory rate of 32% (2016: 32%)	3,586,308	1,314,055
Tax effects of expenses not deductible for tax purposes	14,483	2,675
Tax effects on tax incentives	(109,877)	(134,212)
Tax exempt income	(67,014)	(63,048)
Under provision in prior year	95,310	-
Change in recognised deductible temporary differences	237,918	(84,933)
Tax charge in income statement	3,757,128	1,034,537

Notes to the financial statements (continued)

13. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The basic earnings per share is calculated using the number of shares in issue at reporting date.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potentially dilutive shares at the reporting date (2016: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2017 N'000	2016 N'000
Profit attributable to shareholders	7,450,085	3,071,885
Weighted average number of ordinary shares	4,178,800	3,783,296
Basic and diluted earnings per share (Naira)	1.78	0.81

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

14. Property, Plant and Equipment (PPE)

Cost	Capital work-in-progress N'000	Lease hold land N'000	Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
At 1 January 2016	1,293,407	1,733,593	7,128,492	24,147,641	1,368,682	721,760	36,393,575
Additions	4,228,146	-	-	-	-	-	4,228,146
Transfers	(1,763,662)	80,549	121,503	1,076,401	199,042	286,167	-
Disposals	-	-	-	(2,595)	(203)	(85,560)	(88,358)
Write off	(2,656)	-	-	-	-	-	(2,656)
At 31 December 2016	3,755,235	1,814,142	7,249,995	25,221,447	1,567,521	922,367	40,530,707
Additions	4,559,238	-	-	-	-	-	4,559,238
Transfers	(4,742,901)	114,504	439,270	3,617,457	505,905	65,765	-
Disposals	-	-	-	(132,816)	(12,958)	(157,971)	(303,745)
Reclassification between asset class	-	(1,514,563)	1,514,563	(8,370)	8,370	-	-
Reclassification from assets held for sale (a)	-	20,350	326,744	-	-	-	347,094
At 31 December 2017	3,571,572	434,433	9,530,572	28,697,718	2,068,838	830,161	45,133,294

Property, Plant and Equipment (PPE) (continued)

(i)

	Capital work-in-progress N'000	Lease hold land N'000	Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
Depreciation / impairment							
At 1 January 2016	-	27,777	803,936	7,328,489	368,396	496,058	9,024,656
Depreciation charge for the year	-	-	208,314	1,831,950	145,797	127,383	2,313,444
Disposals	-	-	-	-	(303)	(79,276)	(79,579)
At 31 December 2016	-	27,777	1,012,250	9,160,439	513,890	544,165	11,258,521
Depreciation charge for the year	-	-	291,941	3,417,492	240,831	148,800	4,099,064
Disposals	-	-	-	(125,809)	(3,817)	(151,050)	(280,676)
Reclassification between asset class	-	(24,587)	24,587	(4,544)	4,544	-	-
Reclassification from assets held for sale (a)	-	12,341	163,340	-	-	-	175,681
At 31 December 2017	-	15,531	1,492,118	12,447,578	755,448	541,915	15,252,590
Net book value:							
At 1 January 2016	1,293,407	1,705,816	6,324,556	16,819,152	1,000,286	225,702	27,368,919
At 31 December 2016	3,755,235	1,786,365	6,237,745	16,061,008	1,053,631	378,202	29,272,186
At 31 December 2017	3,571,572	418,902	8,038,454	16,250,140	1,313,390	288,246	29,880,704

(a) Aba factory land and building which was previously classified as asset held for sale in prior years (2016 and 2015 year end) has been reclassified to property, plant and equipment. The Directors have continued to actively seek a buyer for the factory but no firm offer has been accepted at year end. In the view of the Directors, it is not yet certain when the sale would be completed. On that basis, the factory has been reclassified to property, plant and equipment. The assets have been measured at the carrying amount before classification as held for sale, adjusted for depreciation that would have been recognised had the asset not been classified as held for sale.

(iii) Security
As at 31 December 2017, no item of property, plant and equipment was pledged as security for liabilities (2016: nil).

(iv) Capital work-in-progress
The capital work-in-progress of N3.6bn represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

Notes to the financial statements (continued)

Property, Plant and Equipment (PPE) (continued)

	Land and Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
Capital work-in-progress	107,749	3,281,042	46,906	135,874	3,571,572

(v) *Capital commitments*

Contractual commitments with respect to property, plant and equipment contracted for at the reporting date but not recognised in the financial statements:

	2017 N'000	2016 N'000
Capital commitments	1,458,778	1,600,646

15. Intangible Assets

Cost:	2017 N'000	2016 N'000
At January 1	2,192,460	2,186,972
Additions	-	5,488
At 31 December	2,192,460	2,192,460
Amortisation:		
At January 1	1,252,336	1,018,391
Charge for the year	234,234	233,945
At 31 December	1,486,570	1,252,336
Net book value as at 31 December	705,890	940,124

Amortisation charge for the year has been included in administrative expenses.

16. Inventories

	2017 N'000	2016 N'000
Raw and packaging materials	5,194,289	6,008,148
Work in progress	312,552	563,706
Goods in Transit	1,358,881	1,165,228
Finished goods	3,652,397	1,397,021
Engineering spares and other inventories	960,413	744,396
	11,478,532	9,878,499

Notes to the financial statements (continued)

Inventories (continued)

The amount of inventories written down and included in cost of sales was N451.4 million (2016: N461 million). This represents allowance for slow-moving, obsolete, damaged and missing inventories. The cost of inventories recognized as an expense and included in cost of sales amounted to N50.8 billion (2016: N40.7 billion).

17. Trade and Other Receivables

(i)

	2017 N'000	2016 N'000
Trade receivables: gross	5,840,368	4,336,828
Less impairment	(287,672)	(307,723)
Trade receivables: net	5,552,696	4,029,105
Advances and prepayments	5,619,391	3,139,136
Unclaimed dividend held with registrar	195,051	212,236
Interest receivable	286,274	79,628
Other receivables	704,641	1,934,521
Due from related parties (Note 25)	14,972,990	9,077,172
Deposit for imports (Note 17 (vi))	290,446	473,780
	27,621,489	18,945,578

Advances and prepayments include prepaid warehouse rents, insurance premium, and advances to vendors

(ii)

	2017 N'000	2016 N'000
Analysis for trade receivables:		
Gross:		
Carrying amount neither past due nor impaired:	2,307,307	3,348,032
Carrying amount of trade receivables past due not impaired, gross (22-365 days):	3,245,389	681,073
Carrying amount of trade receivables past due and impaired, gross (over 365 days):	287,672	307,723
Impairment	(287,672)	(307,723)
	5,552,696	4,029,105

The amount due over 365 days relates to key distributors whose dealership were terminated or are inactive. No collateral is held by Unilever as security for the amounts; a full allowance has been made for the total amount due.The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

Trade receivables are local dedicated Unilever distributors.

Notes to the financial statements (continued)

Trade and Other Receivables (continued)

(iii)

	2017 N'000	2016 N'000
Movement in allowance for trade receivables:		
At 1 January	307,723	1,141,523
Charged to income statement	11,591	42,943
Unused amounts reversed	(12,404)	-
Bad debt written off	(19,238)	(876,743)
At 31 December	287,672	307,723

Impairment charge on trade receivables are recognised in administrative expenses.

(iv)

Analysis of related parties receivables:	2017 N'000	2016 N'000
Carrying amount neither past due nor impaired	3,496,707	2,367,091
Carrying amount of related party receivables past due and not impaired, gross (46-365 days)	11,476,283	6,710,081
	14,972,990	9,077,172

Related party receivables arise from export sales which are payable within 45 days and exchange of services which are payable within 30 days. Receivables above 45 days are not considered impaired as there are corresponding obligations to the related party in excess of the receivable. Where the receivable is in excess of the corresponding obligation, the Company has a guaranteed repayment plan from the related party and as such, the receivable is not considered to be impaired

(v) Deposit for imports represents foreign currencies purchased for funding letter of credits in respect of imported raw materials which were yet to be paid to suppliers as at year end.

18. Cash and Cash Equivalents

	2017 N'000	2016 N'000
Cash at bank and in hand	25,555,613	5,702,282
Fixed deposit	24,937,982	6,771,859
Cash and cash equivalents in the statement of Financial Position	50,493,595	12,474,141
Short term bank loan	-	(5,000,000)
Cash and cash equivalents in the statement of Cash Flows	50,493,595	7,474,141

Unilever

Notes to the financial statements (continued)

Cash and Cash Equivalents (continued)

Fixed deposit includes unclaimed dividend of N2.72 billion (2016: N2.56 billion) returned from the registrar.

Unilever had overdraft facilities up to a limit of N37 billion as at 31 December 2017 (2016: N3.3 billion). The facilities are unsecured and do not attract any cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

	2017	2016
The average interest rates on bank overdrafts at the year end is as follows:	21.11%	15.00%

19. Trade and Other Payables

	2017 N'000	2016 N'000
Trade payables	8,135,087	8,173,171
Amount due to related companies (Note 25)	17,870,489	15,998,593
Dividend payable (Note 19(i))	2,891,042	2,990,997
Accrued liabilities	853,639	732,608
Accrued brand and marketing expenses	358,144	367,784
Accrued shipping and freight charges	492,380	581,851
Non trade payables *	2,808,039	3,631,498
	33,408,820	32,476,502

* Non trade payables include payroll related liabilities, VAT and WHT

(i) Dividend payable

As at 1 January	2,990,997	3,351,652
Dividend declared	378,330	189,165
Dividend paid	(378,330)	(186,388)
Payment made from cash with Registrar	(21,054)	(184,429)
Statute barred dividend	(78,901)	(61,231)
Payment made from unclaimed dividend investment	-	(117,772)
As at 31 December	2,891,042	2,990,997

Notes to the financial statements (continued)

Trade and other payables (continued)

For the year ended 31 December 2017, the directors have proposed a dividend of N0.50 per share, amounting to N2.873 billion which will be subject to the approval of the shareholders at the next Annual General Meeting. Unclaimed dividend returned by the registrar is included in a fixed deposit account. In line with SEC rules, this unclaimed dividend is not available to be used by the Company for its own business.
As at 31 December 2017, N195 million (2016: N212 million) of the total dividend was held with the Company's Registrar, GTL Registrars Limited

20. Deferred Tax Liabilities

Deferred income tax is calculated using the statutory income tax rate of 30% (2016: 30%). The movement on the deferred tax account is as follows:

	2017 N'000	2016 N'000
The movement in deferred tax is as follows:		
Deferred tax liability:		
At start of year	3,942,337	3,060,591
Changes during the year:		
- Charge to income statement (Note 12)	862,615	532,222
- (Credit)/charge to other comprehensive income	(320,081)	349,524
At end of year	4,484,871	3,942,337

The movement in the deferred tax account is as follows:

Deferred tax liabilities/(assets)	**Accelerated tax depreciation N'000**	**Employee benefit obligations N'000**	**Non deductable expenses N'000**	**Other liabilities N'000**	**Total N'000**
At 1 January 2016	5,486,274	(1,245,170)	(1,117,589)	(62,924)	3,060,591
Charge/(credit) to income statement	(29,789)	28,236	860,632	(326,857)	532,222
Charge to other comprehensive income	-	349,524	-	-	349,524
At 31 December 2016 / 1 January 2017	5,456,485	(867,410)	(256,957)	(389,781)	3,942,337
Charge/(credit) to income statement	258,973	68,347	164,901	370,394	862,615
Credit to other comprehensive income	-	(320,081)	-	-	(320,081)
At 31 December 2017	5,715,458	(1,119,144)	(92,056)	(19,387)	4,484,871

21. Retirement Benefit and Long Service Award Obligations

(i) Retirement benefit obligation

Unilever operates a funded benefit scheme for retired employees. The funded benefit scheme is for retirees who have received pension. With effect from 1 January 2013, only employees who were employed prior to January 2006 and who had not opted out of the Unilever savings scheme are permitted entry into the funded benefit scheme. The plan asset of the scheme is funded by contributions from the retired employees. In addition, Unilever provides medical and soap pack benefits to retired employees

Unilever also operates an unfunded defined benefit plan retirement scheme for employees under its gratuity scheme. For management staff, the benefit payable is 9% of total emolument for each year of service provided 5 years of service has been completed while for non-management staff, a graduated scheme was applied depending on the number of years of service. The plan assets of the scheme are unfunded. With effect from 1 January 2015, new employees no longer qualify for this benefit. In addition, Unilever provides medical and soap pack benefits to retired employees.

(ii) Long service obligation

The Company grants long service awards to employees who have served continuously well and loyally. Depending on the length of service, employees are granted both monetary and non monetary awards. Qualified employees have the option of monetising the non monetary awards.

(iii) Summary of retirement benefits and long service award obligations

The amounts recognised in the statement of financial position are determined as follows:

	2017 N'000	2016 N'000
Funded retirement benefit obligation (Note 21(iv))	(1,597,969)	(1,237,335)
Fair value of plan assets (Note 21(v))	1,927,204	1,721,956
Retirement benefit surplus	329,235	484,621
Unfunded retirement benefit obligations (Note 21(iv))	(3,454,370)	(2,613,268)
Long service award obligations (Note 21(iv))	(205,745)	(181,166)
Net liability in the statement of financial position	(3,330,880)	(2,309,813)

Notes to the financial statements (continued)

Retirement Benefit and Long Service Award Obligations (continued)

(iv) Reconciliation of change in liabilities

The movement in the obligations over the year is as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000	2017 N'000	2016 N'000
At 1 January	(1,237,335)	(1,258,656)	(2,613,267)	(3,369,353)	(181,166)	(266,548)
Included in income statement						
Current service charge	-	-	(268,796)	(354,652)	(25,667)	(38,336)
Interest cost	(178,372)	(134,589)	(388,697)	(390,600)	(27,960)	(30,258)
Actuarial (losses)/gains – change in assumptions	-	-	-	-	(17,701)	(5,980)
Actuarial gains – experience	-	-	-	-	25,506	142,495
	(178,372)	(134,589)	(657,493)	(745,252)	(45,822)	67,921
Included in OCI						
Actuarial (losses)/gains – change in assumptions	(132,946)	-	(372,032)	-	-	-
Actuarial (losses)/gains – experience	(107,039)	101,867	(379,529)	934,335	-	-
	(239,985)	101,867	(751,561)	934,335	-	-
Others						
Employee contributions	(221,087)	(182,932)	-	-	-	-
Benefits paid	278,810	236,975	567,951	567,002	21,243	17,461
	57,723	54,043	567,951	567,002	21,243	17,461
At 31 December	(1,597,969)	(1,237,335)	(3,454,370)	(2,613,268)	(205,745)	(181,166)

(v) *Reconciliation of change in assets*

The movement in the fair value of plan assets of the year is as follows:

	2017 N'000	2016 N'000
At January 1	1,721,956	1,549,038
Included in income statement		
Interest income on plan assets	271,677	170,900
Actual less expected return	-	-
	271,677	170,900
Included in OCI		
Remeasurements - actuarial (losses)/gains	(8,706)	56,061

Notes to the financial statements (continued)

Retirement Benefit and Long Service Award Obligations (continued)

	2017 N'000	2016 N'000
Others		
Employee contributions	221,087	182,932
Benefits paid	(278,810)	(236,975)
	(57,723)	(54,043)
At December 31	1,927,204	1,721,956
Less: funded retirement benefit obligations (Note 21(iv))	(1,597,969)	(1,237,335)
Retirement benefit surplus	329,235	484,621

(vi) Summary of items recognised in income statement and other comprehensive income

	2017			2016		
	Income Statement		OCI	Income Statement		OCI
	Employee benefits N'000	Net Interest cost N'000	Actuarial gains N'000	Employee benefits N'000	Interest cost N'000	Actuarial gains N'000
Funded retirement benefit obligations	-	178,372	(248,691)	-	134,589	157,928
Plan assets	-	(271,677)	-	-	(170,900)	-
Unfunded retirement benefit obligations	268,796	388,697	(751,561)	354,652	390,600	934,335
Long service award obligations	17,862	27,960	-	(98,179)	30,258	-
	286,658	323,352	(1,000,252)	256,473	384,547	1,092,263

(vii) *Actuarial assupmtions*

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2017	2016	2017	2016	2017	2016
Discount rate	14.0%	15.8%	14.0%	15.8%	14.0%	15.8%
Inflation rate	12%	12%	12%	12%	12%	12%
Interest income rate	14.0%	15.8%	-	-	-	-
Future salary/pension increases	-	-	12%	12%	12%	12%

Assumptions on mortality rate for the funded retirement benefit obligation is based on the rates published in the A67/70 tables, published jointly by the Institute and Faculty of Actuaries, United Kingdom while that of the unfunded retirement benefit obligation and long service award obligation is based on the publications in the A67/70 Tables and PA (90)-1 Male table (UK annuitant table), published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

Retirement Benefit and Long Service Award Obligations (continued)

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk. To achieve this, investment are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

For risk management purposes on the funded retirement benefit obligation, the obligations are funded by investments in liability matching assets. The assets are managed by external independent pension fund administrators. The plan assets are comprised of:

	2017	2016
Government securities	91%	88%
Fixed deposit /strict call	3%	5%
Uninvested cash	0%	0%
Corporate bond	6%	7%

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on government securities and quoted securities reflect long-term real rates of return experienced in the respective markets.

(viii) Sensitivity analysis on liability as at 31 December 2017
A 1% change in assumed rates will result in the following balances to the retirement benefit scheme.

	Unfunded Retirement Benefit Obligations				Funded Retirement Benefit Obligations	
	Gratuity		Medical and Soap packs			
	N'000	Impact (%)	N'000	Impact (%)	N'000	Impact (%)
Base figures	3,191,757	-	262,613	-	1,237,335	-
Discount rate (-1%)	3,418,113	7%	278,748	6%	1,297,214	5%
Discount rate (+1%)	2,990,232	-6%	248,221	-5%	1,182,878	-4%
Salary/pension increase rate (-1%)	2,973,530	-7%	-	-	-	-
Salary/pension increase rate (+1%)	3,433,588	8%	-	-	-	-
Price escalation rate (-1%)	-	-	252,917	-4%	-	-
Price escalation rate (+1%)	-	-	273,394	4%	-	-
Mortality experience (-1 year)	3,190,213	0%	265,338	1%	1,222,712	-1%
Mortality experience (+1 year)	3,193,311	0%	259,931	-1%	1,251,403	1%

Notes to the financial statements (continued)

Retirement Benefit and Long Service Award Obligations (continued)

	Long Service Award Obligations N'000	Impact (%)
Base figures	205,745	
Discount Rate (-1%)	216,966	5%
Discount Rate (+1%)	195,548	-5%
Salary increase rate (-1%)	196,190	-5%
Salary increase rate (+1%)	216,145	5%
Price escalation rate (-1%)	203,869	-1%
Price escalation rate (+1%)	207,748	1%
Mortality experience (-1 year)	212,406	3%
Mortality experience (+1 year)	198,521	-4%

Assumptions for sensitivity analysis	Base rates
Discount rate (unfunded retirement benefit obligation and medical)	14%
Discount rate (funded retirement benefit obligation)	14%
Salary increase rate	12%
Product/benefit inflation rate	12%

The base figures used for the sensitivity analysis on liability is the unfunded retirement benefit obligation as at 31 December 2017 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2017.

The retirement benefits and long service award obligations are based upon independent actuarial valuation conducted by Ernst and Young Global Limited (O.O. Okpaise, FRC/2012/NAS/00000000738).

22. Contingencies and Commitments

The Company is involved in pending litigation arising in the ordinary course of business. Estimated contingent liability as at 31 December 2017 is N221.6 million (2016: N233 million). The directors believe that the risk of material claims crystallising against the Company from pending litigation is low.

Non-cancellable operating lease rentals included in income statement amounted to N91 million (2016: N145 million). Future minimum lease payment under non-cancellable operating leases as at 31 December 2017 are as follows:

	2017 N'000	2016 N'000
Less than 1 year	82,082	109,290
Between 1 and 5 years	9,274	36,108
Total	91,356	145,398

Notes to the financial statements (continued)

23. Cash Flows from Operating Activities

	2017 N'000	2016 N'000
Profit before tax	11,207,213	4,106,422
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(i))	4,099,064	2,313,444
- Assets write off (Note 14 (i))	-	2,656
- Loss on disposal of property, plant and equipment	18,026	(8,189)
- Amortisation of intangible assets	234,234	233,945
- Interest income (Note 10)	(1,303,526)	(333,174)
- Interest expense	1,167,929	2,721,135
- Exchange loss/(gain) on intercompany loan (Note 26(ii))	592,863	(509,882)
- Net charge in retirement benefit obligations (Note 21(iv))	564,188	708,941
- Long service award obligations (Note 21(vi))	45,822	(67,921)
- Statute barred dividend	78,901	61,231
- Change in employee loan receivable (Note 31)	(25,105)	28,591
- Other employee benefits (Note 28)	11,749	(14,344)
- Derivative gain on forwards	(285,740)	-
- Decrease in other non-current assets	60,674	68,649
Changes in working capital:		
- Increase in trade and other receivables	(8,675,911)	(8,802,733)
- (Increase) in inventories	(1,600,033)	(3,705,386)
- Increase in trade and other payables	932,318	9,930,884
Cash flows generated from operating activities	7,122,666	6,734,269

24. Fair Values, Including Valuation Hierarchy and Assumptions

The fair values of financial instruments, valuation methods and the carrying amounts shown in the Statement of financial position, are as follows:

	2017 Fair value hierarchy	2017 Carrying amount N'000	2017 Fair value N'000	2016 Fair value hierarchy	2016 Carrying amount N'000	2016 Fair value N'000
Employee loans receivable (Note 31)	Level 2	209,694	209,694	Level 2	184,589	184,589
Trade and related party receivables (Note 17(i))		20,525,686	20,525,686		13,106,277	13,106,277
Cash and cash equivalent (Note 18)		50,493,595	50,493,595		12,474,141	12,474,141
		71,228,975	71,228,975		25,765,007	25,765,007
Trade and other payables (Note 19) *		32,936,240	32,936,240		31,949,912	31,949,912
Intercompany loan (Note 26)		-	-		15,146,720	15,146,720
Long term loan (Note 26)		22,511	22,709		66,083	66,083
Secured bank loan (Note 26)	Level 2	518,198	528,440	Level 2	702,748	757,319
		33,476,949	33,487,389		47,865,463	47,920,034

The fair values of the financial assets and liabilities are defined as being the amounts at which the instruments could be exchanged or liability settled in an arm's length transaction between knowledgeable, willing parties.

Cash and cash equivalents, trade and other current receivables, bank overdrafts, trade payables, intercompany loan and other current liabilities have fair values that approximate to their carrying amounts due to their short-term nature.
*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes pension obligations, withholding tax payables and value added tax.

Financial instruments in level 2 include the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation technique used to value financial instruments is the discounted cash flow analysis.

25. Related Party Transactions

Unilever Nigeria Plc is controlled by Unilever Plc incorporated in the United Kingdom which is the ultimate party and controlling party of Unilever Nigeria Plc. There are other companies that are related to Unilever Nigeria Plc by virtue of their relationship to Unilever Plc (subsidiary) who is the ultimate controlling party.

The following transactions were carried out with related parties:

(i) Trade mark and technology licences

Unilever Plc, United Kingdom has given Unilever Nigeria Plc exclusive right to the know-how, manufacture, distribution and marketing of its international brands namely: Omo, Sunlight, Close-Up, Pepsodent, Vaseline, Lux, Knorr, Royco, Lipton, Blue Band and Lifebouy in Nigeria. In consideration of this, a royalty of 2% of net sales value and 0.5% of net sales value is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licences respectively. The royalty payable under these agreements for the year is N2,069 million (2016: N1,396 million). These licenses have been approved by the National Office for Technology Acquisition and Promotion (NOTAP). The certificate of registration, (Certificate No. CR005942 - Trademark License; Certificate No. CR006214 - Technology License) are valid from 1 June, 2015 to 31st May, 2018. Approved maximum amount payable on these licenses per annum is N4,341 million.

(ii) Central support and management services

Unilever Nigeria Plc has a Management Services Agreement with Unilever Plc, United Kingdom for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom. The fee payable under this agreement in 2017 was N112.6 million (2016: N32.2 million). This license has been approved by the National Office for Technology Acquisition and Promotion (NOTAP). The certificate of registration, Certificate No. CR005979, is valid from 1 June, 2015 to 31st May, 2018. Approved maximum amount payable on central services is N112.6 million.

(iii) Sale of finished goods to related parties

	2017 N'000	2016 N'000
Unilever Cote D'Ivoire	909,803	789,983
Unilever Ghana Ltd	786,371	2,557,929
	1,696,174	3,347,912

(iv) Purchases of finished goods for resale from related parties

	2017 N'000	2016 N'000
Unilever Ghana Limited	3,729,970	2,734,848
Unilever Market Development (Pty) Limited	-	445,668
Unilever South Africa (Pty) Limited	593,611	-
Unilever Gulf Free Zone Establishment	16,101	-
	4,339,682	3,180,516

Notes to the financial statements (continued)

Related Party Transactions (continued)

v) Loan from related parties

	2017 N'000	2016 N'000
Unilever Finance International AG	-	15,146,720

vi) Outstanding related party balances as at 31 December were:

	2017 N'000	2016 N'000
Receivables from related parties:		
Unilever Cote D'Ivoire	7,814,098	5,122,719
Unilever Ghana Limited	4,441,888	2,559,294
Other related parties (settlement on behalf of related entities)	2,717,004	1,395,159
	14,972,990	9,077,172

	2017 N'000	2016 N'000
Payables to related parties:		
Unilever UK Plc	3,346,150	1,291,290
Unilever Cote D'Ivoire	144,963	82,974
Unilever Ghana Limited	5,943,665	6,945,210
Unilever Asia Private	4,596,274	4,837,178
Unilever Finance International AG	-	114,138.00
Unilever NV	1,943,904	1,106,103
Other related parties (settlement on behalf of the Company)	1,895,533	1,621,700
	17,870,489	15,998,593

During the year, there were no transactions between the Company and its key management personnel. Compensation paid to key management personnel have been disclosed in Note 7.

Related Party Transactions (continued)

(vii) Related party relationship

The nature of related party relationships with Unilever Nigeria Plc is as follows:

Related Party	Nature of relationship
Unilever UK Plc	Ultimate parent and controlling party
Unilever Cote D'Ivoire	Fellow subsidiary
Unilever Ghana Limited	Fellow subsidiary
Unilever Asia Private	Fellow subsidiary
Unilever Finance International AG	Fellow subsidiary
Unilever NV	Immediate Parent
Unilever Market Development (Pty) Limited	Fellow subsidiary
Unilever South Africa (Pty) Limited	Fellow subsidiary
Unilever Gulf Free Zone Establishment	Fellow subsidiary

26. Loans and Borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowing which are measured at amortised cost.

	2017 N'000	2016 N'000
Current liability		
Confirmed LC loan (Note 26(i))	133,589	-
Intercompany loan (Note 26(ii))	-	15,146,720
Current portion of long term bank loan (Note 26(iii))	4,684	12,381
Current portion of secured bank loan (Note 26(iv))	316,255	342,175
Short term bank loan (Note 26 (v))	-	5,000,000
	454,528	20,501,276
Non-current liability		
Non-current portion of long term bank loan (Note 26(iii))	17,827	53,702
Secured bank loan (Note 26(iv))	201,943	360,573
	219,770	414,275
Total loans and borrowings	674,298	20,915,551

(i) Confirmed LC

This represents confirmed LCs funded forward via the CBN retail SMIS as at the end of the year. It is payable upon maturity of the forward contracts, usually 75 days. The average interest rate is 9% per annum.

Loans and Borrowings (continued)

(ii) Intercompany loan

Intercompany loan represents short term loan obtained from Unilever Finance International AG at an average interest rate of 3months Libor + 6.45% with tenor of 3 - 12 months. During the year, the outstanding balance on the loan facility was repaid.

The movement on the facility is as follows:

	2017	**2016**
	N'000	**N'000**
At 1 January	15,146,720	-
Additional drawdown	17,395,480	15,491,446
Repayment - principal	(32,969,907)	-
Repayment - interest	(1,232,622)	-
Exchange loss/(gain)	592,863	(509,882)
Interest	1,067,466	165,156
At 31 December	-	15,146,720

(iii) Long term bank loan

Long term bank loan represents bank facilities obtained by the Company to fund housing loans extended to employees. The facility is unsecured and is for a maximum period of ten years. Interest rate is charged at 21% per annum. A portion of the outstanding principal amount is repaid annually.

The movement on the facility is as follows:

	2017	**2016**
	N'000	**N'000**
At 1 January	66,083	119,171
Repayments	(43,572)	(53,088)
At 31 December	22,511	66,083
Analysed as:		
Current	4,684	12,381
Non current	17,827	53,702
	22,511	66,083

(iv) Secured bank loan

This represents the loan obtained from the Bank of Industry (BOI). The bank issued a loan of N5 billion to Unilever at 10% for a period of six years ending 2019. Given that Unilever has adopted the settlement date accounting policy, the amount recognised is the drawn down value of N1.4 billion. The loan is secured by the guarantee of the Company's bankers and would be utilised to improve capital investment capacity.The loan was initially recognised

Loans and Borrowings (continued)

at its fair value by discounting the expected cash outflows and deducting the applicable transaction costs. The difference between the present value at grant date and the original proceeds has been recognised as deferred income in accordance with IAS 20 (Note 27).Subsequently, the loan is measured using the amortised cost method as follows:

	2017 N'000	2016 N'000
Opening amortised cost	702,748	898,427
Interest cost	133,219	178,378
	835,967	1,076,805
Less repayment		
Principal	(272,109)	(272,109)
Interest	(45,660)	(101,948)
Amortised closing balance	518,198	702,748

	2017 N'000	2016 N'000
Analysed as:		
Current	316,255	342,175
Non current	201,943	360,573
	518,198	702,748

The net interest charge on the BOI loan is as follows:

	2017 N'000	2016 N'000
Interest expense	133,219	178,378
Amortisation of government grant (Note 27)	(32,756)	(32,756)
	100,463	145,622

(v) Short term bank loan

Short term bank loan represents bank facilities obtained by the Company to fund working capital requirement. The facility is unsecured and is for a maximum period of ninety days. Interest rate is charged at 18.15% per annum.

27. Deferred Income

The deferred income refers to the difference between the present value at grant date and the original proceeds based on government grant obtained by Unilever through the N5 billion loan from the Bank of Industry. The loan is at an interest rate of 10% which is below the market rate and therefore represents a government benefit. The

Deferred Income (continued)

benefit is measured by the difference between the original loan proceeds and the present value of the loan at grant date recognised in line with IAS 39. The benefit is recognised in interest expense to match the related cost in accordance with IAS 20.

	2017 N'000	2016 N'000
At 1 January	95,537	128,293
Amount recognised in interest expense (Note 26)	(32,756)	(32,756)
At 31 December	62,781	95,537

Amount disclosed in the statement of financial is presented below:

	2017 N'000	2016 N'000
Current liabilities	32,756	32,756
Non-current liabilities	30,025	62,781
	62,781	95,537

28. Other Employee Benefits

Unilever operates a stakeholders' scheme geared towards promoting people enterprise and ownership culture.

Upon confirmation, every employee is allocated 4,375 stakeholder units. These units cannot be traded within the Nigerian Stock Exchange and are therefore phantom shares. The scheme is cash-settled.

Stakeholders are entitled to a yearly dividend as declared by the shareholders at the Company's Annual General Meeting.

Upon disengagement, other than dismissal, employees would be paid the market value of shares held. This will be equivalent to Unilever share price on the stock exchange market at the time of exit. The market value to be paid will be pro-rata according to length of service as follows:

Length of service	Market value to be paid (%)
Less than 5 years	-
5 years - 9 years	60
10 years and above	100

Notes to the financial statements (continued)

Other Employee Benefits (continued)

A summary of the status of the Scheme Plan as at 31 December 2017 and 31 December 2016 is presented below:

	2017 Number of shares	2016 Number of shares
As at 1 January	975	1,112
Awarded	-	3
Vested	(86)	(140)
As at 31 December	889	975

Share award value information	2017	2016
Fair value per share award during the year (N)	41.00	35.05

The credit in each of the last two years is shown below:

	2017 N'000	2016 N'000
Income statement	11,752	(14,344)

Amount recognised in non current liabilities is shown below:

	2017 N'000	2016 N'000
Other employee benefits	85,902	74,150

The share-based payments are based upon independent valuation conducted by Ernst and Young Global Limited. (O.O. Okpaise, FRC/2012/NAS/00000000738)

29. Share Capital and Share Premium

	Number of ordinary shares (thousands)	Ordinary shares N'000	Share premium N'000
Balance as at 31 December 2016	3,783,296	1,891,649	45,717
Proceeds from rights issue	1,961,709	980,854	57,870,420
Rights issue expenses	-	-	(1,103,327)
Rights issue during the year	1,961,709	980,854	56,767,093
Balance as at 31 December 2017	5,745,005	2,872,503	56,812,810

Notes to the financial statements (continued)

Share Capital and Share Premium (continued)

In 2017, the Company increased share capital by N58.851billion through a rights issue of 14 new shares for every 27 held. A total of 1,961,709,167 shares were issued at an issue price of N30. The rights issue was fully subscribed and the shares were listed on the Nigerian Stock Exchange in November 2017.The authorised number of ordinary shares is 6,053,274,000 (2016:6,053,274,000) with a par value of 50kobo per share. Of these, 5,745,005,417 (2016: 3,783,296,250) ordinary shares have been issued and fully paid.

30. Other Non-Current Assets

	2017 N'000	2016 N'000
Long term portion of employee loans	70,212	104,052
Long term portion of prepayments	9,274	36,108
Balance as at 31 December	79,486	140,160

Long term portion of employee loans include long term portion of prepaid benefit and housing loan provided to employees. The tenor of the facilities range from a period of 2 years to maximum period of 10 years, the housing loan is at an interest rate of 21%.

31. Employee Loan Receivable

	2017 N'000	2016 N'000
Current portion of present value	79,384	72,918
Non-current portion of present value	130,310	111,671
	209,694	184,589

This represents the fair value of interest free loans given to staff of Unilever Nigeria Plc. These are amortised annually and recognised in the income statement as interest expense. They are also disclosed as part of the employee benefit for the period. The terms are:

1) The fair value (i.e. present value of the future cash flow) of the loan is calculated using the market interest rate of 21%
2) A monthly deduction is made from payroll over the tenor of the loan, which is between 4 and 5 years.
3) Terms of repayment are agreed with any staff who is exiting the business but has outstanding loan receivables.

Unilever

Notes to the financial statements (continued)

32. Derivative Financial Instruments

The following information relates to derivative financial instrument arising from outstanding foreign exchange forwards contracts as at year end

	Assets N'000
Foreign exchange forward contracts	285,740

The full fair value of a derivative is classified as a non-current assets if the remaining maturity of the derivative is more than 12 months and a current asset, if the maturity of derivative is less than 12 months.

The fair value of the forward contracts have been determined using market-related inputs as follows:
- Exchange rates of N330.42/USD (average rate for all outstanding contracts at year end)
- Average discount rate of 14.03% determined based on the NIBOR and LIBOR rates.

There are no significant unobservable inputs, thus the valuation is categorized as level 2 in the fair value hierarchy.
A 10% strengthening and 10% weakening of the Naira against the average exchange rate used in the valuation, holding the discount rate constant would have decreased and increased profit respectively by N580.35 million respectively.
Holding all other variables constant, a change by 100 basis point in NIBOR and LIBOR rates will result in the following variations in the derivative assets.

	N'000
Base derivative assets	285,740

	Derivative forward asset N'000
100 basis point increase in NIBOR rates	275,936
100 basis point increase in USD LIBOR rates	285,740
100 basis point decrease in NIBOR rates	277,644
100 basis point decrease in USD LIBOR rates	285,740

33. Subsequent Events

In December 2017, Unilever Group announced the sale of its Spreads business to KKR & Co L.P, an investment management company, for about €6.825 billion. The implication of the Group's divestment decision on Unilever Nigeria Plc is that the Spreads factory would be classified as Asset held for Sale if it meets certain conditions as set out in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. One of the conditions for classification as Asset held for Sale is that the appropriate level of management must be committed to sell the

Notes to the financial statements (continued)

Subsequent Events (continued)

asset. As at the date of approving these financial statements, the Board of Directors is yet to approve the sale of the Spreads factory. However, there are plans for the Board to meet and deliberate over the sale of the Spreads factory in 2018. In the event that the Board approves the sale, the Spreads factory would be classified as Asset held for Sale.

Apart from the aforementioned, there are no significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2017 that have not been adequately provided for or disclosed in the financial statements.

Other national disclosures
Value Added Statement

	2017 N'000	%	2016 N'000	%
Revenue	90,771,306		69,777,061	
Bought in materials and services:				
- local	(25,684,103)		(20,691,074)	
- imported	(41,345,158)		(33,476,487)	
	23,742,045		15,609,500	
Interest income	1,667,747		1,027,622	
Value added	25,409,792	100	16,637,122	100
Applied as follows:				
To pay employees' salaries, wages and benefits	7,373,428	29	6,748,272	52
To provide for maintenance of assets	4,099,064	16	2,313,444	14
To pay taxes	3,757,128	15	1,034,537	4
To pay interest on borrowings and deposits	3,410,258	13	2,726,245	24
Retained for Company's growth	6,769,914	27	3,814,624	6
	25,409,792	100	16,637,122	100

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

Other national disclosures
Five Year Financial Summary

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Financial performance					
Revenue	90,771,306	69,777,061	59,221,748	55,754,309	60,004,119
Gross profit	28,943,264	20,296,041	21,047,500	20,170,293	22,450,008
Operating expenses	(15,975,514)	(14,615,233)	(16,485,316)	(15,561,139)	(14,635,446)
Other (expenses)/income	(18,026)	124,237	77,506	5,590	(23,586)
Net finance cost	(1,742,511)	(1,698,623)	(2,868,627)	(1,741,509)	(997,361)
Profit before taxation	11,207,213	4,106,422	1,771,063	2,873,235	6,793,615
Taxation	(3,757,128)	(1,034,537)	(578,697)	(460,892)	(2,069,186)
Profit for the year	7,450,085	3,071,885	1,192,366	2,412,343	4,724,429
Other comprehensive income	(680,171)	742,739	(430,004)	447,663	26,037
Total comprehensive income	6,769,914	3,814,624	762,362	2,860,006	4,750,466
Earnings per share (Basic and diluted) - Naira	1.78	0.81	0.32	0.64	1.25
Capital employed					
Share capital	2,872,503	1,891,649	1,891,649	1,891,649	1,891,649
Share premium	56,812,810	45,717	45,717	45,717	45,717
Reserves	16,223,062	9,752,577	6,065,887	5,541,442	7,410,556
Shareholders' funds	75,908,375	11,689,943	8,003,253	7,478,808	9,347,922
Employment of capital					
Non-current assets	31,125,625	30,948,762	29,164,670	27,165,096	25,352,787
Net current assets/(liabilities)	53,263,433	(12,313,857)	(13,689,839)	(12,799,674)	(9,671,313)
Non-current liabilities	(8,480,683)	(7,287,977)	(7,471,578)	(6,886,614)	(6,333,552)
	75,908,376	11,346,928	8,003,253	7,478,808	9,347,922
Net assets per share (Naira)	18.17	3.00	2.12	1.98	2.47

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Pure, Mild & Gentle
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Pure, Mild & Gentle
Baby Oil
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Pure, Mild & Gentle
Baby Lotion
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Pure, Mild & Gentle
Baby Powder
Pears
Pears
OLIVE OIL
Endorsed by
NANNM

Shareholders Information

UNILEVER NIGERIA PLC SHARE CAPITAL HISTORY

S/N	YEAR	BONUS RATIO	SHARE CAPITAL
1	1976	1:2	21,522,752
2	1977	3:2	53,806,880
3	1978	1:2	80,710,320
4	1979	1:4	100,887,900
5	1980	1:15	107,613,760
6	1981	NIL	107,613,760
7	1982	NIL	107,613,760
8	1983	NIL	107,613,760
9	1984	NIL	107,613,760
10	1985	1:4	134,517,200
11	1986	NIL	134,517,200
12	1987	NIL	134,517,200
13	1988	NIL	134,517,200
14	1989	1:2	201,775,800
15	1990	1:3	269,034,400
16	1991	NIL	269,034,400
17	1992	NIL	269,034,400
18	1993	1:3	358,712,533
19	1994	1:2	538,068,800
20	1995	1:4	672,586,000
21	1996	1:2	1,008,879,000
22	1997	NIL	1,008,879,000
23	1998	1:5	1,210,654,800
24	1999	NIL	1,210,654,800
25	2000	NIL	1,210,654,800
26	2001	NIL	1,210,654,800
27	2002	3:2	3,026,637,000
28	2003	NIL	3,026,637,000
29	2004	NIL	3,026,637,000
30	2005	NIL	3,026,637,000
31	2006	1:4	3,783,296,250
32	2007	NIL	3,783,296,250
33	2008	NIL	3,783,296,250
34	2009	NIL	3,783,296,250
35	2010	NIL	3,783,296,250
36	2011	NIL	3,783,296,250
37	2012	NIL	3,783,296,250
38	2013	NIL	3,783,296,250
39	2014	NIL	3,783,296,250
40	2015	NIL	3,783,296,250
41	2016	NIL	3,783,296,250
42	2017	RIGHTS ISSUE	5,745,005,417

Shareholders Information

RANGE ANALYSIS AS AT DECEMBER 31, 2017

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1-1,000	35,879	38.85	15,489,920	0.27
1,001-5,000	32,085	34.74	84,440,885	1.47
5,001-10,000	9,477	10.26	72,907,606	1.27
10,001-50,000	11,029	11.94	247,033,608	4.30
50,001-100,000	2,201	2.38	158,696,672	2.76
100,001-500,000	1,482	1.60	245,544,758	4.27
500,001-1,000,000	108	0.12	73,262,947	1.28
1,000,001 and Above	102	0.11	4,847,629,021	84.38
TOTAL	**92,363**	**100.00**	**5,745,005,417**	**100.00**

3. SHAREHOLDERS WITH SHAREHOLDING VALUES OF 5% AND ABOVE

S/No	Shareholder Name	Shareholding	% Shareholding
1	Unilever Overseas Holdings B.V Holland	3,210,405,278	55.88
2	Unilever Overseas Holdings B.V	689,743,643	12.01
3	Stanbic Nominees Nigeria Ltd (Cumulative Holding)	711,353,614	12.38

Circular to Shareholders Seeking a General Mandate Authorizing Transactions with Related Parties of Value up to and more than 5% of Unilever Nigeria Plc. Net Tangible Assets

In accordance with Paragraph 6.0 of the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, Unilever Nigeria Plc. hereby seeks a general mandate from shareholders in general meeting, authorizing the Company to enter into recurrent transactions necessary for its day to day operations such as the purchase and sale of supplies and materials and procurement of goods and services, with its related parties to wit Unilever Overseas Holdings B.V., Unilever Plc, United Kingdom and other entities within the Unilever Group, up to transactions of a value equal to or more than 5% of Unilever Nigeria Plc's net tangible assets.

The following information is hereby provided in respect of the transactions for which the general mandate is sought:

i. Class of interested persons with which the entity at risk will be transacting:
   - a. Parent Company - Unilever Plc
   - b. Holding Company - Unilever NV
   - c. Other Companies within the Unilever Group

ii. Nature of transactions contemplated under the mandate:
   - a. Import and export of raw materials and finished goods
   - b. Import and export of materials
   - c. Services - Cross charges of pension costs, international assignees costs and other services such as Trademark License, Technology License, Central Services and Financial Services.

iii. Rationale for, and benefit to the entity:
   - a. Access to Unilever logo and trade marks, up to date technology and service expertise
   - b. Competitive sourcing prices through negotiated transfer pricing
   - c. Seamless reconciliation of transactions and balances on a line item level
   - d. Pro-active, managed dispute resolution process
   - e. Full transparency of all intercompany differences
   - f. Enforced compliance with internal intercompany processes and external regulations.
   - g. Ensures adequate monitoring of receivables and payables
   - h. Reduced financial risk
   - I. Business continuity

iv. Methods or procedures for determining transaction prices are based on the Company's Transfer Pricing methods as follows:
   - a. Comparable uncontrolled price
   - b. Resale price method
   - c. Cost plus method
   - d. Transactional net margin method

v. We have received Independent financial advisers' opinion which confirmed that our transfer pricing methods or procedures are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of Unilever Nigeria Plc. and its minority shareholders.

vi. Unilever Nigeria Plc. shall obtain a fresh mandate from the shareholders if the transfer pricing methods or procedures become inappropriate.

vii. Unilever Overseas Holdings B.V. and/or Unilever Plc, United Kingdom shall abstain and has undertaken to ensure that its associates shall abstain from voting on the Resolution approving the general mandate.

Dated this 15 March, 2018
By order of the Board

Mrs. Abidemi Ademola
Company Secretary and Legal Director Ghana-Nigeria
FRC/2013/NBA/00000001646

Registered Office
1, Billings Way,
Oregun, Ikeja,
Lagos.

Explanatory Note on the Disposal of Unilever Nigera Spreads Business

This Explanatory Note is intended to provide shareholders with information to assess the merits of the proposed resolution on the divestment of the Company's Spreads Business and to explain why the Board of Directors considers the Transaction to be in the best interests of the Company and its shareholders and why the Board recommends that the shareholders should vote in favour of the resolution.

Proposed sale of the Unilever Group's global Spreads Business

Unilever Nigeria Plc. ("Unilever Nigeria" or the "Company") is a member of the Unilever group of companies (headquartered in London, United Kingdom and Rotterdam, The Netherlands) (the "Unilever group" or the "Group"), which manufacture and supply fast-moving consumer goods in the personal care, home care, foods and refreshments categories.

On December 15, 2017, the Unilever group received a binding offer from KKR & Co. L.P ("KKR") to purchase the Unilever group's global baking, cooking and spreads business (the "Spreads Business") for €6.825 billion on a cash-free and debt-free basis (the "Transaction"). The Transaction excludes the South Africa Spreads Business which is part of a separate transaction.

The Unilever Nigeria Spreads Business

The Unilever Nigeria Spreads Business consists of the Blue Band brand (the "Spread"). Prior to December 2017, Unilever Nigeria did not manufacture Blue Band margarine in Nigeria and used to import the Spread from Unilever Ghana. In December 2017, Unilever Nigeria onboarded the manufacture of the Spread with the establishment of a new Spreads factory within its factory premises in Agbara, Ogun State. The Spreads Business is estimated to account for 5.8% of Unilever Nigeria's turnover.

Divestment of Unilever Nigeria's Spreads Business

As a member of the Unilever group, the Company is also required to sell its Spreads Business to KKR as part of the global deal.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes through its strategic manager partnerships, hedge funds etc. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world class people and driving growth and value creation with KKR portfolio companies.

Rationale for the Transaction

The decision to divest the Spreads Business is largely to boost shareholder returns particularly as the Spreads Business had been underperforming globally. It is believed that the Spreads sector is slowing down as consumers are turning away from margarine for healthier alternatives. The Transaction will enable the Company focus more on the other well-performing categories.

Structure of the Transaction

The Transaction in Nigeria will be structured as a sale of assets comprising the Company's Spreads Business.

Action to be taken by the Shareholders

The Spreads Business in Nigeria accounts for circa 5.8 per cent of the Company's turnover. Under the provisions of Regulation 77 of the articles of association, a disposal of a substantial part of the undertaking or of the assets of the Company requires the previous sanction of the Company in general meeting. Whilst the Transaction may not be regarded as a disposal of the substantial assets of the Company, the Securities and Exchange Commission in assessing the Transaction prior to granting its approval requires that a shareholders' resolution in connection with the Transaction should be provided.

[A proxy form has been provided. For the instrument of proxy to be valid for the purpose of the meeting, it must be completed, duly stamped in accordance with the Stamp Duties Act and deposited at the office of the Company's registrars no later than 48 hours before the time for holding the meeting]

Recommendation

Upon a careful consideration of the strategic considerations set forth in this Explanatory Note, the Board considers the Transaction to be in the best interest of the Company and its shareholders. Accordingly, The Board recommends that the shareholders should vote in favour of the Transaction.

Affix
Current
Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GTL REGISTRARS LIMITED
274 Murtala Muhammed Way, Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	First Name	Other Names

Address

City **State** **Country**

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1 **Mobile Number 2**

Email Address

Shareholder's Signature

Company Seal (If applicable)

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	Abplast Products PLC	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	Meyer PLC	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 1 & 2	
	EKOCORP PLC	
	Ensure Insurance (erstwhile Union Assurance Company Limited)	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Mobil Oil Nigeria PLC	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	Seven-Up Bottling Company PLC	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	Union Bank of Nigeria PLC	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	


Unilever
Vaseline
BLUESEAL
pure petroleum jelly
original
There is no jelly purer
Now triple purified
Vaseline
BLUESEAL
Vaseline
BLUESEAL
original
Vaseline
BLUESEAL
cocoa butter
Vaseline
BLUESEAL
baby

Unilever

Photo Gallery











Photo Gallery

Product Range

CLOSEUP

Closeup, the market leader in the Nigerian Oral Care category had an impressive year in 2017. The brand launched a new variant: "Closeup Cool Breeze" with antibacterial mouthwash formula that gives an unbeatable cool fresh breath. This new variant which particularly targets Nigerian youths was launched with pomp and pageantry across various cities and campuses in the country. Closeup partnered with celebrity artistes and comedians like Reekado Banks, Simi, Mayorkun, Humble Smith, LAX, Mr. Real, Kenny Black and other Nigerian artistes to create excitement during the new variant launch. This fostered increased love for the brand, and helped Closeup connect more with Nigerian youths.

Closeup recognises the critical role music plays in the lives of millennials and strongly believes in giving young talents across Nigeria the opportunity to express themselves, follow their dreams and break barriers. As such the 2017 Closeup Cool Breeze party created a platform for youths to showcase their musical talents with the #CoolLikeThat musical challenge. The party also generated a lot of buzz on social media, drove conversations and generated high-level engagement amongst over 20 million Nigerians. This helped raise greater awareness on the importance of oral hygiene, and specifically, the benefits of Closeup.

Closeup continues to maintain leadership position in the Nigerian market with its exciting offers and activities to delight consumers.

PEPSODENT

Cavity protection, whiter teeth and fresh breath; these are the 3 benefits Pepsodent promises, and has consistently delivered through its two key variants - Pepsodent Cavity Fighter and Pepsodent Triple Protection. Pepsodent is passionate about improving the oral health and wellbeing of Nigerians and has partnered with the Federal and State Ministries of Health in Nigeria, as well as the Nigerian Dental Association to work towards a cavity-free Nigeria.

In 2017, Pepsodent and the Federal Ministry of Health partnered on the Brush Day and Night Schools Programme to educate over 700,000 school children on good oral hygiene. To date, Pepsodent has reached over 3.5 million school children across Nigeria, with free product samples and has helped to drive behavioral change amongst the kids, while providing educational materials.

On 20th March 2017, Pepsodent celebrated the World Oral Health Day with over 1,700 children present, in collaboration with the Federal and State Ministries of Health, the Nigerian Dental Association, Non-Governmental Organisations and various schools in Nigeria. The event created awareness on issues which emanate from poor oral health and the importance of maintaining good oral hygiene.

Pepsodent had a monumental year in 2017 with outstanding business results, industry recognition and a merit award by the Federal Ministry of Health.

Product Range

KNORR

"Rich Flavour, Bringing People Together"

Good flavour is universally recognised, and it transcends cultural and demographic boundaries; Knorr's purpose is to bring good, rich flavor into the lives of its consumers by unlocking the goodness, nutrients and appetizing taste in everyday meals. Knorr's beef cubes are super flavourful, while the chicken cubes are made with real chicken and both variants always deliver that extra deliciousness which Knorr has come to be known and loved for.

In addition to rich flavour in food, Knorr continues to add value to the lives of its consumers through the Knorr Force for Good Program, which combats iron deficiency in Nigeria by sensitising mothers and young girls in schools and communities, in order to drive positive behavioural change. Roughly half of all anaemia cases are caused by iron deficiency, and this condition is particularly worrisome in Nigeria, as about 49% of women at reproductive age are said to have it. Knorr's Force for Good program passionately contributes its quota to tackling this epidemic.

Knorr is always evolving for greater relevance to its consumers, and so in 2017, it launched an exciting, new communication campaign themed "Together with Flavour" and subsequently organised an exciting promotion which rewarded consumers with free, additional Knorr cubes in every pack of Knorr they bought. In the coming years, Knorr looks forward to bringing more people together through its good, rich flavour.

OMO

OMO was launched into the Nigerian market over 50 years ago and has remained relevant in several Nigerian homes. The brand was relaunched in 2017 with a competitive formulation, beautifully scented fragrance, new packaging and a strong tagline; "Power of 10 hands''. The combination of these new features mean that Omo makes it easier and less time consuming to do laundry and ensures that the clothes are left with an amazing fragrance after wash.

In 2017, in order to build brand love and improve consumer loyalty, Omo ran trade promotions, TV commercials, point of sales merchandizing, free sampling and the #OMOLAGOSTORY campaign.

The #OMOLAGOSTORY campaign was an exciting one as it coincided with the Lagos State at 50 years celebrations. Omo celebrated this golden jubilee of Lagos State by taking its consumers through the evolution journey of Omo, highlighting how it has contributed to the Lagos and Nigerian stories over the years, and how it remains relevant till date. The #OMOLAGOSTORY activities were deployed via digital media and radio jingles on select radio and social media platforms in Lagos. As part of the activities, old but popular Omo TV commercials, evolution facts about Lagos and Omo and testimonial videos were shared on Omo's social media platforms as well as on the platforms of select social media influencers. This drove conversations on the brand, and created a good nostalgic feeling amongst consumers. #OMOLAGOSTORY culminated in the announcement of the relaunch of Omo 'Power of 10 Hands', re-enforcing the brand's efficacy and its commitment to improve the lives of Nigerians.

Product Range

SUNLIGHT

Sunlight delivers unbeatable value and great fragrance to its consumers with its two-in-one detergent. In 2017, the brand recorded strong growth as a result of consumers' increasing love for Sunlight, and improved supply of Sunlight's small detergent packs. In January 2017, the Sunlight Dishwashing Liquid was relaunched to better position the brand to deliver on its promise of making dishwashing occasions faster and more enjoyable, thus helping consumers free up more time to spend with loved ones and engage in their hobbies. With the relaunch, Sunlight reached millions of consumers through exciting communication and engaging activations. Our sampling drive helped thousands of consumers experience the superior "One Wipe" quality of Sunlight Dishwashing Liquid.

In the latter part of 2017, Sunlight embarked on a campaign to sensitize consumers on its benefits. The "Best of Both Worlds" campaign was a media (digital and radio) activation aimed at strengthening Sunlight's brand equity using consumer-generated content. The campaign, which ended with consumer activations in select markets across the country, helped strengthen love for the brand.

The introduction of Sunlight Multipurpose Bars in November 2017 effectively expanded the Sunlight laundry portfolio and brought the brand closer to cementing its position as the leading laundry brand in Nigeria. The bars offer mild and gentle cleaning to fabrics (whites and colors), especially Ankara. True to the Sunlight promise, Sunlight Multipurpose Bars are infused with some of the most amazing fragrances. Now consumers can have more delightful laundry experiences with our Sunlight range of products. Sunlight is working to ensure it continually delivers on its promise of unbeatable value, to Nigerians.

LUX

Lux inspires each woman to fearlessly express herself by delivering beautiful, soft and fragrant skin after every wash. In 2017, Lux recorded a growth in market share and equity driven by improved penetration into the market with smaller, more affordable pack sizes.

Lux collaborated with foremost Nigerian fashion brand Maju, in the second half of 2017, to create the Lux by Maju Collection; a set of breathtaking fashion pieces inspired by the five Lux variants - Wake Me Up, Soft Caress, Soft Touch, Velvet Touch and Shake Me Up. Each of the Lux variants represent a different personality and this was captured in the style, texture, cut and fit of each fashion piece in the collection, while drawing inspiration from the elements and lifestyle of the modern woman.

The exciting collaboration with Maju was kicked off with live feeds on various social media platforms with over 4 million impressions during the period. The Lux by Maju campaign ended with a top-notch Fashion show in Lagos Nigeria, inspiring women and men to live their best lives.


POWER OF
3 TOOTHPASTES IN 1
FRESHENS BREATH
ANTI-CAVITY
WHITENS TEETH
TRIPLE PROTECTION
Pepsodent
ORIGINAL
Pepsodent
A Smile changes everything

Product Range

BLUE BAND

Blue Band margarine has been helping to grow great Nigerian kids for over 30 years. Blue Band does this by offering the winning combination of great taste and good nutrition, for children's growth and development. Blue Band has helped Nigerian parents fulfil their responsibility of providing nutritious and tasty meals for their children, as Blue Band contains essential vitamins (A, B6, B12, D, E, Folic acid & Niacin) which are necessary for children's growth.

Blue Band is available in two variants:

- Band Original - This comes in two pack sizes (250g & 450g) and can be used for spreading, cooking and baking.

- Blue Band Spread for Bread - This is a low-fat margarine that is recommended for spreading. It comes in five (5) pack sizes (12g sachet, 75g, 250g, 450g and 900g).

In December 2017, an ultra-modern Blue Band Factory was launched in Nigeria, as part of the brand's commitment to continually deliver high quality products to its consumers, grow the Nigerian economy, create jobs and drive profitability.

ROYCO

The Sweet taste of Home

Royco is that extra special ingredient that enriches meals in countless kitchens across Nigeria; stirring up scintillating aromas and bringing out authentic, mouth-watering taste in every mouthful. Not only does Royco offer affordability, it also offers a delicious range to choose from with its chicken, beef and goat meat variants.

Royco has continued to add value to its consumers, with its fun, educative family television show called Royco Maidandano, which has aired its second season. The television show parades various fun recipes and tasting of delicious food, while passing on good family values.

In 2017, Royco also organised exciting community and trade engagements across 110 Nigerian rural communities. The engagements involved live cooking demos, competitions, products testimonials, customer promotions and raffle draw in which amazing prizes were won.

Royco is glad to be a big part of the Nigerian story and will continue to contribute to the nourishment of Nigerians in years to come.

Product Range

LIPTON

Lipton Yellow Label tea remains the market leader in the Nigerian Tea segment and is the flagship tea brand for Unilever, our consumers' love Lipton with its numerous nutritional benefits which helps sharpen mind and body and awakens us all to what really matters.

In 2017, the brand embarked on massive campaigns during the Ramadan season, encouraging consumers to do good by donating to IDPs and nominating unsung heroes across the country; people whose actions help make our communities a better place. While on the city tour, the Lipton Tea team rewarded individuals including Hassan Black who keeps a popular market in Abuja clean and safe; Florence Okeme, a dedicated traffic warden in Yaba, Lagos; and Bimbo Akinsanya, the founder of an NGO committed to ensuring that young less-privileged ladies in public secondary school and local communities have access to hygiene materials and more. All the beneficiaries were nominated by the public for their selfless acts. We also visited mosques, to spread the goodness of Lipton by giving free samples to worshippers during Ramadan.

There was also the Big Idea Promo during which consumers were asked to send in their business ideas. Many exceptional and innovative proposals were received and Lipton selected the most innovative ideas and funded them with 1 million naira each. Some of the beneficiaries include Tosin Omoregie founder of RLC creations, who makes leather goods at an affordable rate, and Ibidun Pelumi whose agricultural proposal is to plant apples in Nigeria.

Lipton organized these events based on the insight that everyday people do good and we only need to pause and pay attention to these acts of kindness, and take a moment to say thank you for the things that really matter.

REXONA

Rexona is an anti -perspirant, which has the ability to keep you dry and smelling fresh all day long especially while you are moving around achieving your goals. It is a dual gender brand. The female range constitutes: Shower Clean, Cotton and Powder. The male range constitutes: Active, Xtra Cool and Quantum.

In 2017, Rexona entered into a partnership with Chelsea football club and is the official deodorant for the English club. Through this partnership, Rexona wants to provide aspiring and talented footballers across Africa with the opportunity to shine and achieve their goals. Rexona's aim is to develop football at grass root levels, giving African millennials the chance to change their lives.

AXE

Axe body spray helps people look, smell and feel their best on the outside and now we are paying closer attention to the inside, the part that counts the most; YOU. Whether it's the way you walk, the way you talk or even the way you dance, owning it is the key to greatness.

Our marketing campaign in 2017 tagged Axe: Find Your Magic DJ Search was based on this insight coupled with the fact that music is a major part of our target audiences' lives. We partnered with International Superstar DJ Black Coffee to give our consumers a chance to win a trip to Ibiza, Spain and to perform alongside him at a historical event in the world famous summer Island of Ibiza.

Product Range

VASELINE

Vaseline Petroleum Jelly has been around since the 1880s and people all over the world have embraced it as a beauty staple and household brand for years.

Vaseline is available in creams, jelly and lotions. The lotions are available in cocoa glow and total moisture variants.

Vaseline is triple-filtered, ensuring it is truly free from impurities and safe to use. This gives it the ability to protect and repair the skin. Vaseline works from the inside out, repairing and protecting dry skin and locking in moisture, making your skin feel and look good!

PEARS

The Pears baby range which includes lotion, oil, cream, petroleum jelly and powder are made from carefully selected pure and mild ingredients suitable for baby's tender skin. The range contains olive oil, a natural ingredient that is known to be a mild skin cleanser. The perfume of Pears leaves babies smelling clean and fresh all day. The Pears range promises rash-free skin and the result is a comfortable and happy baby.

In 2017, the Pears baby range was successfully rebranded amidst a lot of excitement from the consumers. The rebrand of the range featured a complete change of the brand's packaging and was aimed at appealing to and sharing the unique benefits of Pears baby range products with the new generation of young mothers and also celebrating Pears' heritage as a caring and trusted baby care brand bringing quality products to Nigerian households since 1971.


Rexona
OFFICIAL PARTNER
BE THE NEXT
CHAMPION!
TRAIN AT CHELSEA FC & PLAY
AGAINST CHELSEA LEGENDS!
MEN
Rexona
MOTIONSENSE
XTRA
COOL
48H
MEN
Rexona
XTRA
COOL
It won't
let you down

Notes

Notes


New
Royco®
CUBE
Now meatier than ever

Proxy Form

93rd ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON THURSDAY 10 MAY, 2018 AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS.

I/WE .... being a member/ Members of UNILEVER NIGERIA PLC, hereby appoint** .... of ....or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 10 May, 2018 and at any adjournment thereof:

Dated this .... day of 2018

Shareholder's Signature......................................

RESOLUTION	FOR	AGAINST	ABSTAIN
To declare a dividend			
To re-elect AMMUNA LAWAN ALI as a Director			
To re-elect MR ATEDO PETERSIDE as a Director			
To re-elect MR MUTIU SUNMONU as a Director			
To re-elect MR CHIKA NWOBI as a Director			
To authorise Directors to fix the Auditor's Remuneration			
To elect Shareholders' Representatives on the Audit Committee			
SPECIAL BUSINESS			
To fix the Directors' Fees			
To approve a general mandate authorizing the Company during the 2018 financial year and up to the date of the next AGM, to procure goods and services necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy			
To pass the sub-joined Resolutions authorizing the Directors to divest from the Company's Spread (Blue Band) business and dispose of same to KKR as part of Unilever global divestment transaction.			

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

IF YOU ARE UNABLE TO ATTEND THE MEETING

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

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

iii. Please sign this proxy form and send it, so as to reach the address shown overleaf not later than 10.00 a.m. on 8 May, 2018. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.

For Company's use only	No. of Shares	


Sunlight
Sunlight
2in1
freshness of petals
FAST OIL STAIN REMOVAL IN 1 WIPE
Sunlight
TURBO
mild & gentle
Sunlight
multipurpose soap
The Bright Side of Cleaning

SECOND FOLD HERE

Please affix postage stamp

THE REGISTRAR
GTL REGISTRARS LIMITED,
274, MURTALA MUHAMMED WAY
ALAGOMEJI, YABA, LAGOS

THIRD FOLD HERE AND INSERT


OMO
WITH THE
POWER OF 10 HANDS
REMOVES TOUGH STAINS
The Power of 10 Hands
OMO
hand

Unilever

...creating a brighter future

A copy of the Financial Statements can also be found at
www.unilevernigeria.com