2018 ANNUAL REPORT & FINANCIAL STATEMENTS

Unilever Nigeria Plc RC 113


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.

Table of Content

Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Our Brands

closeup

OMO

Sunlight

Pepsodent

Knorr

Lipton

NEW & ADVANCED Lifebuoy

new Pears

Vaseline

Royco

LUX

Glen tea

AXE

FIND YOUR MAGIC.

Rexona


Removes
Tough
stains
Removes
Tough
Stains
OMO
auto
Washing Machine
Powder
Recommended by
SAMSUNG

Corporate Profile

Unilever Nigeria (the "Company") 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 2.5 billion people all over the world on any given 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 international and local brands in her portfolio. The international brands include Close-Up toothpaste, Pepsodent toothpaste, Lux beauty soap, Lifebuoy soap, Rexona, Vaseline lotion and Vaseline Petroleum Jelly in the Personal Care Unit of the business; Glen Tea, Lipton Yellow Label Tea and Knorr bouillon cubes in the Foods Unit; and Omo Multi-Active Detergent, Sunlight washing powder, bar soap and 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 the social mission of health and hygiene, through brands like Knorr bouillon cubes, Pepsodent and Lifebuoy, Unilever has organized various outreach programmes that have enlightened Nigerians on the health benefits of handwashing, brushing twice a day, having iron fortified bouillon cubes and addressing iron deficiency through behavioural change campaigns. 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 will remain a major player in the country by continually investing, developing capabilities and growing brands that most suit the consumers' needs.

Board of Directors, Officers and Other Corporate Information

Directors

His Majesty Nnaemeka A. Achebe CFR, MNI Obi of Onitsha	- Non-Executive Director and 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 (Resigned w.e.f. 31 December 2018)

General Counsel Ghana-Nigeria & Company Secretary
Mrs. Abidemi Ademola

Registered Office
1, Billings Way
Oregun
Ikeja, Lagos
Tel: 01 279 3000, +234 8039066000
Email: consumercare.nigeria@unilever.com
Website: www.unilevernigeria.com

Company Registration Number
RC 113

Independent Auditor
KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island, Lagos

Registrar and Transfer Office
Greenwich Registrars and Data Solutions Ltd.
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: 01-279 3161- 2 & 01 -813 1925
Email: info@gtlregistrars.com

Results at a glance

	2018 N'000	2017 N'000
Continuing operations		
Revenue	92,899,969	85,193,369
Operating Profit	9,197,776	12,231,428
Profit before tax	12,621,908	10,595,995
Taxation	(3,489,756)	(3,526,251)
Profit from continuing operations	9,132,152	7,069,744
Discontinued operations		
Profit from discontinued operations	1,419,988	380,341
Profit for the year	10,552,140	7,450,085
Capital employed	82,789,543	75,908,375
Capital expenditure	5,395,511	4,559,238
Depreciation of property, plant and equipment	2,672,245	4,099,064
Cash and cash equivalents	57,144,182	50,493,595
Earnings per share (Naira)	1.84	1.78
Earnings per share (Naira) - continuing operations	1.59	1.69
Net Assets per share (Naira)	14.41	13.21
NSE share price at 31 December	37.00	41.00
Ratio % Revenue		
Operating costs	88%	86%
Operating profit	12%	14%
Profit after tax	11%	8%

The prior year corresponding figures have been restated to reflect the impact of discontinued operations as a single amount in the income statement (Note 32 (i))


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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-fourth (94th) Annual General Meeting of Unilever Nigeria Plc. will be held at the Grand Banquet Hall, Civic Centre, Victoria Island, Lagos on Thursday 9 May, 2019 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, 2018 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."**

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, Greenwich Registrars and Data Solutions 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, 10 May 2019 to the shareholders who are on the Company's Register of Members at the close of business on Friday 12 April, 2019.

NOTICE is therefore given that the Register of Members and Transfer books of the Company will be closed from Monday 15 April, 2019 to Tuesday, 23 April, 2019 (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

Notice of Annual General Meeting (continued)

the Registrars at Greenwich Registrars and Data Solutions Ltd. 274, Murtala Muhammed Way, Alagomeji, Yaba, Lagos Tel: 01 279 3161 - 2 & 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 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 2 May, 2019.

Dated this 14 March, 2019

By order of the Board

Mrs. Abidemi Ademola
General Counsel GN & Company Secretary
FRC/2013/NBA/00000001646

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

Chairman's Statement

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

'The Company made good strides in its growth strategy with results showing decent performance on key financial and performance indices. Turnover from continuing operations grew by 9% from N85bn in 2017 to N92bn in 2018. Earnings per share increased by 3% from N 1.78 per share in 2017 to N1.84 per share in 2018. Profit After Tax from continuing operations increased by 29% from N7.1bn in 2017 to N9.1bn in 2018.'

Chairman's Statement (continued)

Distinguished Shareholders, Fellow Board members, representatives of Regulatory Bodies present, esteemed ladies and gentlemen, it is with great pleasure that I welcome you to the 94th Annual General Meeting of our Company holding here in Lagos.

It is with mixed feelings that I present the Reports and Financial Statements for the year ended 31 December, 2018 together with a review of the Company's performance during the financial year. 2018 was an exceedingly challenging year with tremendous pressure on the Nigerian economic environment. However, I am pleased to report that 2018 was another year of consistent revenue growth and profitability for the Company, as the Company recorded increased revenue growth combined with profitability and cash flow delivery.

2018 Economic and Business Environment

The recovery of the Nigerian economy was slow in 2018, with major indicators reflecting suboptimal performances. The recovery was aided by improved stability in the macro environment as the Central Bank of Nigeria continued to pursue a relatively tight monetary policy stance in its effort to curtail inflation, which effectively maintained liquidity and stability in the foreign exchange market during the year. Inflationary pressures returned towards the end of the year after spiraling downwards from January to July. The Consumer Price Index (CPI) was at 11.44 per cent (year-on-year) in December, 2018, 16 basis points higher than the rate recorded in the previous month (11.28 percent). Similarly, the Naira remained relatively stable at the inter-bank foreign exchange market throughout the year.

On the macroeconomic front, Nigeria maintained the growth trajectory, which began in 2017, after exiting the recession. In 2018, Nigeria's real Gross Domestic Product (GDP) grew at an annual growth rate of 1.93 per cent, compared to 0.82 per cent recorded in 2017, according to the National Bureau of Statistics. For the oil sector, the real 2018 GDP growth stood at 1.14 per cent as against 4.69 per cent recorded in 2017. The non-oil sector, on the other hand, grew by 2 per cent in 2018, performing considerably better than 0.47 per cent seen in 2017. The Manufacturing sector grew at 24 % in 2018 and its contribution to real GDP rose slightly from 9.18 per cent in 2017 to 9.20 per cent.

Nigeria's total public debt (external and domestic) rose from $70.99 billion (N21.725 trillion) in 2017 to $73.21 billion (about N22.428 trillion), according to the Debt Management Office. Despite the increase, Nigeria remained at moderate risk of debt distress. In the third quarter of 2018, the government issued an Eurobond of $2.9 billion, which ushered in its new debt management strategy of prioritizing foreign debt to mitigate the high financing costs of domestic borrowing. Furthermore, relatively strong oil receipts solidified the current account surplus to an estimated 3.7% and bolstered improvements in the terms of trade by about 13% in 2018 alone.

The Nigeria Stock Exchange equity market started the year on a high, with the All Share Index (ASI) reaching a ten-year peak of 45.092.83 in January, 2018, driven by the positive performance of the ASI in 2017. Political risks, oil price volatility and rising global yields resulted in the bearish performance that saw the ASI and equity market capitalization fall by 17.81 per cent and 13.8 per cent to close at 31,430.50 and N11.73 trillion respectively, as at December 31, 2018.

Results and performance

Notwithstanding the pressure and disruption in the business operating landscape, Unilever Nigeria Plc's fundamentals held strong in 2018. Our Company's performance attests to the durability and resilience of the Unilever brand. The Company made good strides in its growth strategy with results showing decent performance on key financial and performance indices. Turnover from continuing operations grew by 9% from N85bn in 2017 to N92bn in 2018. Earnings per share increased by 3% from N 1.78 per share in 2017 to N1.84 per share in 2018. Profit After Tax from continuing operations increased by 29% from N7.1bn in 2017 to N9.1bn in 2018. Clearly, the results are, once again, a reflection of our Company's entrenched

Chairman's Statement (continued)

values of creating a brighter future for our citizens through brands that make them feel good, look good and get more out of life.

In 2018, Unilever successfully completed the complex disposal of the spreads business (Blue Band brand) recording a one-off income of N1.42bn representing profit from the disposal. Further, our Company stepped up investments behind its brands, with significant spend on innovations and continued digitization of its operations. Our Company successfully launched Glen tea and OMO auto wash powder, which enabled it to expand its offering to citizens. Our Company raised its level of investment in manufacturing capacity, upgraded its plant for better and higher capacity, and drove efficiencies in all aspects of the business. The resultant effect was overheads cost reduction, streamlined administrative costs and return on marketing investments which enabled us to invest in more productive areas. The Board remains confident that our Company's strategy is well placed to capture current and emerging growth opportunities.

Dividends

Unilever Nigeria Plc. remains committed to delivering returns to its valued shareholders. In line with the dividend policy and subject to your approval the Board of Directors hereby recommends a dividend payout of N8,617,508,125.50 (Eight Billion, Six Hundred and Seventeen Million, Five Hundred and Eight Thousand, One Hundred and Twenty-Five Naira, Fifty Kobo) that is, N1.50k gross per ordinary shares of 50k each. It is noteworthy that this enhanced dividend payout against the 50k gross paid last year, includes the benefit to shareholders from the disposal of the spreads business.

The Board of Directors remains committed to the implementation of electronic dividend and electronic bonus payment system, aimed at reducing the incidence of unclaimed dividend and share certificates. On behalf of the Board, I request shareholders to complete the e-dividend and e-bonus Application Form in the Annual Report and Financial Statements and submit to the Registrars, Greenwich Registrars and Data Solutions Limited.

Board

During the financial year ended 31 December, 2018, Mr. James Todd resigned from the Board with effect from 31 December, 2018, having served as a Non-Executive Director meritoriously for some years. Mr. Todd recently took up a new appointment within the Unilever Group as the Vice President Finance, North Africa, Middle East, Turkey, Iran and Russia. On behalf of the Board, Management and all shareholders of our esteemed Company, I wish Mr. Todd every success in his new role.

Acknowledgements

Our Citizens are always at the centre of everything we do and without them, we will not be in business. Accordingly, special thanks go to our citizens for their unflinching love and loyalty to our brands. Our appreciation goes to all our employees whose collective efforts and dedication made it possible for us to sustain our growth trajectory in 2018. We also acknowledge with thanks the continued support of our customers, bankers, suppliers and other service providers. We acknowledge the unwavering confidence and commitment of our esteemed shareholders. Finally, I thank the Board and Management, whose exemplary leadership ensure that Unilever remains focused on the pursuit of offering brands with purpose to create a brighter future for our citizens.

Future outlook

The Federal Government through the 2019 budget, seeks to maintain the growth momentum in the Economic Recovery and Growth Plan designed in 2017, to drive macroeconomic stability and economic diversification. The aggregate expenditure proposed for 2019 was N8.83 trillion, comprising capital expenditure of N2.03 trillion, recurrent expenditure of N4.04 trillion, debt service of N2.14 trillion, statutory transfers of N492 billion, and sinking fund of N120 billion. The 2019 Federal Government

Chairman's Statement (continued)

budget was predicated on projected crude oil production of 2.3 million barrels per day (mpd); crude oil price of US$60 per barrel; and an average exchange rate of N305/dollar. The fiscal deficit was projected at N1.86 trillion or 1.3 per cent of GDP to be financed partly by new borrowings estimated at N1.65 trillion.

The Federal Government expects the economy, measured by Gross Domestic Product (GDP) to grow by 3.02% in 2019, up from 1.93 per cent in 2018. The International Monetary Fund (IMF) and the World Bank, however, expect the Nigerian economy to expand by only 2% and 2.2% respectively.

I am pleased to share that Unilever's approach to business in 2019 is to continue to drive growth that is profitable, responsible, consistent and competitive. Unilever will continue to focus on delivering strong results despite the VUCA environment within which it operates. We will therefore constantly monitor the local and global economic environment, and appropriately apply pragmatic and dynamic approaches to business execution. On our part, we will continue to position ourselves to mine the opportunities in all the markets in which we operate to grow our earnings, improve profitability and deliver returns to meet the expectations of our stakeholders who rely on us every day to make sustainable living commonplace.

Thank you for your continued support.

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
Obi of Onitsha
FRC/2013/NIM/00000001568

RELIEVE PAIN IN 30 SECONDS

The Board


OMO
auto

Board Profile

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
– Non-Executive Director and 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 the Chairman of the Board of International Breweries Plc. (a subsidiary of AB-InBev, the global leading brewer of beer and other beverages) and a non-executive director of Coscharis Farms Limited. (a subsidiary of the Coscharis Group).

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 Unilever Nigeria Plc. 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 Leadership 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 at Unilever Ghana Ltd. 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. He represents Africa on the Unilever global Diversity and Inclusion board, and is a director of Changing Lives Endowment Fund (CLEF) in Ghana. Mr. Nsarkoh is a member of the Board of Advisors of the Lagos Business School and also sits on governing boards of industry associations and strategic Private Sector committees. He is a regular speaker on business issues and on matters of sustainable development.

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 and ANAP Foundation as well as the 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. He is also the Chairman of Endeavor High Impact Entrepreneurship Ltd/Gte as well as 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 LAWAN 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
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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.

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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 was also a recipient of the 2017 CFO Awards (organised by Instinct Wave Media) as the CFO of the year- FMCG Category. Adesola is amiable and keen to nurture young professional colleagues. Adesola is a non-executive director of Unilever Ghana Ltd, and was appointed to the Board of Unilever Nigeria Plc. in January 2015.

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 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 Decagon - Nigeria's leading software engineering institute, Babybliss - Nigeria's top omni-channel platform for mom and baby products, Jobberman and Cheki. Chika has led consulting engagements for Ford Foundation and IFC on mobile money and micropayments technology in Nigeria. Chika has a BA in Economics and a B.Sc. in Computer Science and is in the MSc Software Engineering program at University of Oxford. He also completed the Stanford University SEED transformation program. 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 and as a mentor for the World Bank XL startup program. Chika is also a venture 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

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 20 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.

MRS ABIDEMI ADEMOLA
– General Counsel Ghana - Nigeria & Company Secretary

Mrs Abidemi Ademola is a Corporate Counsel and Chartered Secretary with experience spanning over 24 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 providing innovative solutions. Abidemi holds a Bachelor of Laws from the Obafemi Awolowo University, Ile-Ife., a Master of Laws from the University of Lagos, Akoka and an MBA Leadership from Walden University, United States. 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. Abidemi chairs the Corporate Counsel Committee of the NBA Section on Business Law. She is passionate about nurturing talents to realise their leadership potential. She was appointed as Company Secretary in January 2012.

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

Report of the Directors

The Directors submit their Report together with the audited financial statements for the year ended 31 December 2018, 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 & refreshments, home care and beauty & personal care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

Results - Continued and Discontinued operations

The results for the year are summarized as follows:

	N'000
Revenue	95,244,403
Operating profit	11,342,178
Profit before taxation	14,852,723
Taxation	(4,300,582)
Profit after tax	10,552,141
Other comprehensive income	120,268
Proposed dividend	8,617,508

Dividend

The Directors recommend to the shareholders, payment of a dividend in respect of the year ended 31 December, 2018, of N8,617,508,126 that is, 1.50 Naira gross per share which is payable on Friday, 10 May, 2019 subject to the deduction of appropriate withholding tax.

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

Report of the Directors (continued)

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 2018, 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 2018 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 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	Independent Non-Executive Director
Mr James Todd	Non-Executive Director (resigned w.e.f 31 December 2018)

Since the last Annual General Meeting, the following Director resigned from the Board:

Mr James Todd - resigned from the Board with effect from 31 December, 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
- Alteration of Articles of Association
- Alteration of the capital of the Company
- Significant asset disposal

2 Governance
- 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
- Presentation of the annual report and financial statements to shareholders
- Reviewing and approving proposals from the Governance/Remuneration Committee
- 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
- The review of the functioning of the Board and its committees

Report of the Directors (continued)

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

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-role 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 2018, the Board went through a formal training session on Key Provisions of The (Draft) Nigerian Code of Corporate Governance 2018 and Practical Tips For Board Effectiveness and Accountability which was facilitated by Chief Olusegun Osunkeye CON, OFR, OON, DF.IOD, FCA of Osunkeye & Associates.

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 and 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 at the Unilever Africa Cluster level 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, business performance 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 internal evaluation exercise in respect of period ended 31 December, 2018 to review the performance of the Board, individual Directors and Board Committees. The Evaluation Report shows that Unilever's governance procedures and practices during the year ended 31 December 2018 were in compliance with the provisions of applicable laws, regulations, corporate governance Code and international best practices. Action points from the Evaluation will be addressed in course of 2019.

Directors retiring by rotation

In accordance with Article 90 of the company's Articles of Association, Mrs Abiola Alabi, Mr Felix Enwemadu and Mrs Adesola Sotande-Peters will retire by rotation and being eligible, offer themselves for re-election.

The profiles of all the three (3) Directors standing for re-election are contained on pages 20 to 22 of this Annual Report and Financial Statements.


Bringing people together
Glen
tea

Report of the Directors (continued)

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 Mr Stephane Achio
-Director, Planning

iii Mrs Abidemi Ademola
-General Counsel Ghana-Nigeria & Company Secretary

iv Mrs Bunmi Adeniba
-Director, Brand Building (Home Care) Ghana-Nigeria

v Mr Adeleye Adeniji
-Director, Customer Development

vi Mr Felix Enwemadu
-Vice President, Customer Development

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

viii Mrs Bolanle Kehinde-Lawal
-Marketing Lead Refreshment Ghana-Nigeria

ix Mr Katoch Kishore
-Director, Manufacturing

x Mr Thomas Mwanza
-Director, Procurement Operations West Africa

xi Mrs Eniola Onimole
-Director, Human Resources Ghana-Nigeria

xii Mr George Owusu-Ansah
-Director, Supply Chain Logistics

xiii Mr Dave Planson
-Director, Research & Development, West Africa

xiv Mr Siddharth Ramaswamy
-Vice President, Supply Chain West Africa

xv Mrs Adesola Sotande-Peters
-Vice-President, Finance Ghana-Nigeria

xvi Mrs Nsima Ogedi-Alakwe
-Marketing Director, Foods Ghana-Nigeria

Report of the Directors (continued)

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 20 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 and Risk Management Committee

The Governance/Remuneration Committee comprises solely of Non-Executive Directors.

The Committee's Terms of Reference are in line with the SEC Code of Corporate Governance 2011. Members of the Committee during the period ended 31 December, 2018 were:

i Mr Atedo N.A. Peterside, CON - Chairman

ii His Majesty Nnaemeka A. Achebe, MNI, CFR

iii Ammuna Lawan Ali, OON

iv Mr Mutiu Sunmonu, CON, FNSE

In 2018, all the above committees discharged their roles creditably and in line with their terms of reference.


New
Royco
with Original Taste and Aroma
Unilever
Royco
seasoning cubes
ORIGINAL BEEF FLAVOUR
Royco
seasoning cubes
CHICKEN FLAVOUR
Royco
seasoning cubes
GOAT FLAVOUR
#TheRoycoEffect

Report of the Directors (continued)

Board Meetings

During 2018, the Board held five meetings. The record of Directors' attendance is presented below:

Name	Meeting date 18 January, 2018	Meeting date 15 March, 2018	Meeting date 18 April, 2018	Meeting date 19 July, 2018	Meeting date 24 October, 2018	Total attendance
His Majesty N.A Achebe	✓	✓	✓	✓	✓	5 meetings
Mr. Yaw Nsarkoh	✓	✓	✓	✓	✓	5 meetings
Mrs. Abiola Alabi	✓	✓	✓	✓	✓	5 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	✓	5 meetings
Mr. Felix Enwemadu	✓	X	✓	✓	✓	4 meetings
Mr. Chika Nwobi	✓	✓	✓	✓	✓	5 meetings
Mr. A.N.A. Peterside	✓	✓	✓	✓	✓	5 meetings
Mrs. Adesola Sotande-Peters	✓	✓	✓	✓	✓	5 meetings
Mr. Mutiu Sunmonu	✓	X	✓	✓	✓	4 meetings
Mr. James Todd	✓	✓	✓	✓	✓	5 meetings

✓-Present; **X** – Absent with Apologies

Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee held four (4) meetings in 2018. The record of members' attendance is presented below:

Name	Meeting date 15, March, 2018	Meeting date 18 April, 2018	Meeting date 19 July, 2018	Meeting date 19 July, 2018	Total attendance
Mr. A.N.A. Peterside	✓	✓	✓	✓	4 meetings
His Majesty N.A Achebe	✓	✓	X	✓	3 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	4 meetings
Mr. Mutiu Sunmonu	✓	X	✓	✓	3 meetings

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

Report of the Directors (continued)

Audit Committee Meetings

The Audit Committee held four (4) meetings in 2018. The record of members' attendance is presented below:

Name	Meeting date 14 March, 2018	Meeting date 11 July, 2018	Meeting date 22 October, 2018	Meeting date 6 December, 2018	Total attendance
Mr David Oguntoye	✓	✓	✓	✓	4 meetings
Mr. L. N. Onwuka	✓	X	✓	✓	3 meetings
Alhaji W. Ajani	✓	✓	✓	✓	4 meetings
Mrs. A. Alabi	✓	✓	✓	✓	4 meetings
Mr Chika Nwobi	NYA	✓	✓	✓	3 meetings
Mr. James Todd	✓	X	X	X	1 meeting
Mr. Felix Enwemadu	X	NLAM	NLAM	NLAM	0 meeting

✓ - 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 2018 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 2018 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.	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 'Lara & The Beat' Movie produced and Directed by Biola Alabi Media	CEO Biola Alabi Media

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 2018	Number of shares held at 31 December 2017
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)	2,500,000	2,577,831
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 2018, 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)	596,869,298	10.39

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, 2018, 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.

Report of the Directors (continued)

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2018, 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 media are available to encourage reporting of breaches and sanctions are consistently applied for these breaches. Unilever has a dedicated Business Integrity (BI) organization which focuses 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 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 that is 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 who work from purpose for the good of others, who always bring their best self (Personal Mastery) and are constantly curious & courageous (Agility). In addition to being People with a Passion for High Performance, Consumer love, Good Business Acumen and people who develop & magnify the power of people (Talent Catalyst).

Talent Development

Our people are an essential part of our sustainable competitive advantage in this ever increasingly connected world. Therefore, our most trusted principle in creating opportunities for development and connecting our employees with those opportunities has continued to set us apart within the Consumer Goods industry. While we encourage employees to take ownership of their personal development, we have robust technology enabled systems in place to help them develop better leadership, professional and general skills to enhance engagement and productivity.


New
Unilever
24hr soft, smooth skin
Vaseline
total moisture
cocoa glow
Vaseline
total
moisture
Vaseline
cocoa glow
Vaseline
total
moisture
Vaseline lotions and creams deeply
moisturize skin from the first application
THE HEALING
POWER OF
Vaseline

Report of the Directors (continued)

In addition, we amplified the focus on digital transformation and skills by landing various initiatives to prepare employees for the inevitable disruptions in the world of work through technology. A few of these initiatives are:

a. Connected World Programs for Marketers and Digital Workshops in Partnership with Google and Facebook; this aimed at unlocking the power of digital with some of the great tools and partners that we have at our disposal.

b. Introduction of Flex Experiences; This is focused on giving employees an avenue to access different learning experiences while unlocking capacity and driving efficiency.

c. Digital Finance Week; This is an avenue to identify opportunities for simplification of our processes through technology.

These and other related activities continue to create the platform for our business leaders to engage with employees and share their experiences, while giving career coaching and mentoring to younger employees within the organization.

Employee Engagement

We believe that helping our people find purpose and balance in what they do 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 and inspire a sense of accountability and ownership. One initiative that brought this to light was the wellbeing awareness drive tagged "Thrive". Thrive is geared towards the sustenance of personal wellbeing and it equipped employees at every level with the right information and support needed to cultivate a healthy and balanced lifestyle.

Through this initiative, we encouraged all employees to THRIVE while delivering business goals for the year using the four (4) wellbeing thrusts;

a. Physical Wellbeing- Through the Inhouse Annual Medical Checkup tagged "Lamp Lighter" and through partnerships with the Health Insurance Organizations (HMOs).

b. Mental Wellbeing- Employee Assistance Program (EAP) was made available to all employees and their loved ones. This allows them to get free professional counsel to personal and professional challenges.

c. Purposeful Wellbeing- Purpose workshops were run for employees to help them discover their purpose. This is with the understanding that employees with purpose thrive and can unlock energy and growth in the organization.

d. Emotional Wellbeing- Wellness tips shared weekly via various communication channels to encourage employees to celebrate their uniqueness and individuality.

Employer Branding

Our objective to attract the best talent was achieved in 2018 through series of initiatives including sustained partnerships with reputable universities that had Unilever hosting student competitions, career talks, seminars etc. Through these forums Unilever was able to impact over 15,000 youths across the country with a compelling message to keep dreaming and actively pursue those dreams. This culminated in the 7th Edition of our flagship IdeaTrophy Competition for University undergraduates. The Grand Finale was taken to the next level as it brought together over 500 youths who had the privilege of receiving free vetting of CVs, Career Counselling, and an inspirational panel discussion with carefully selected team of bright young minds who have been able to provide innovative solutions to local challenges. Our panelists were Onyeka Akumah– Co-Founder and Chief Executive Officer of Farmcrowdy, Otto Orondaam– Founder of Slum2School and Bilkis Adebiyi-Abiola –General Manager

Report of the Directors (continued)

of the Lagos State Parks and Gardens Agency (LASPARK) and Co-Founder of WeCyclers Nigeria Limited. The competition produced two teams as winners, which in addition to receiving fantastic prizes, represented Nigeria at the regional rounds of the Unilever Africa Ideatrophy competition in South Africa in February 2019.

Our activities and impact in 2018 were rewarded as Unilever Nigeria was recognized and certified for Excellence in Employee Conditions for the fifth time in a row as No. 1 Top Employer in Nigeria and Top Employer in Africa.

As we look forward, our thrust as Unilever Nigeria is to amplify the potential of our employees and continue to embed all our people related processes to achieve sustainable business growth in 2019.

Safety, Health and Environmental Care (SHE) Policy

Unilever as a company has always placed esteem value on the Safety, Health and Environment of our employees, contractors, third party service providers and other stakeholders. We continue to provide visible and inspiring safety leadership to protect and enhance wellbeing of our employees, contractors, visitors and third-party service providers. Our Employees are safety conscious in all that they do and have both individual and collective responsibility in ensuring that their working environment is safe at all times. This is achieved by ensuring weekly behavioral safety audits (BSA) and monthly planned safety inspections as the major drivers on all our sites and regions.

In Unilever, we do all that is reasonably practicable to prevent personal injury, we provide and maintain a healthy and safe environment in all our operations. In the bid to maintain the high level of safety awareness and educate staff on occupational health issues, safety talks tagged "Value Life Value Safety" are held across the sites/ offices on a weekly basis across the business to continually promote a culture of safety awareness. We conduct monthly educational campaigns on topics relevant to workplace, travel and home safety. We also engage with regulatory agencies like the FRSC, Federal Fire Service to collaborate with us in educating our employees and contractors. In this way, we will continuously manage occupational safety risk towards achieving our vision of zero incident.

As part of the Company's drive to promote healthy lifestyle for employees, the Company provides 24-hour medical services in clinic both at Agbara and Oregun, some of these programs includes preventive Medicine through Lamplighter where employees are encouraged to carry out comprehensive health checks. Promotion of mental and general wellbeing of our employees remain our top priority.

The Company also provides canteens that serve nutritious meals at subsidized rates for all workers in our manufacturing sites. Special diets are also provided for employees who may need such based on medical advice. Additionally, there are long standing initiatives including quarterly aerobic sessions and the free access to onsite gymnasium by our employees.

We drive a community partnership with other manufacturing colleagues to create a platform for collaborative emergency preparedness and response. We continue to aggressively implement 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.

Quality Policy

At Unilever we understand that the consumer is at the heart of what we do every day. Our consumers expect a great experience every time they use our products and trust us to deliver it. Great quality is at the core of this trust. Our business is built on our quality promise - it keeps our consumers safe, builds stronger brands and is key to our consumers.

Unilever
Lifebuoy
New Lifebuoy
Strong soap for today's germs*
NEW
Lifebuoy
activ silver formula
Total 10
With
Activ Silver Formula
Creative Visualization.

Report of the Directors (continued)

We realize that one of the key factors that help consumers make their choice is Quality. Product quality has always been part of our brand promise and in a more demanding, competitive and digitalized world we are poised to ensure our brand reputation remains infallible. We aim at delivering right first time all the time across our value chain and have systems in place to ensure our product development through to manufacturing and even customers and suppliers all understand and know the role they play in making this happen.

In meeting Quality objectives, we continue to continue to work and engage closely with regulators to ensure consistent compliance to local and global statutory requirements. Our focus continues to be helping people look good feel good and get more out of life.

Sustainability Report:

"Giving consumers reasons to feel good, look good and get more out of life – Unilever Sustainable Living Plan"

Our strategy for sustainable business

Over 100 years ago, in 1885, our – William Lever – started his own business making Sunlight soap. He was a social entrepreneur who could see how selling low-cost branded soap at a time when cholera and dysentery in Britain's Victorian slums were widespread could improve people's lives and grow his business. He brought hygiene to millions of people who didn't know about the existence of germs or why hygiene was important, and he did it by setting an inspiring purpose for his company: to make cleanliness commonplace. He also used advertising to make cleanliness the new social norm.

Today Unilever is a global company, with sales in nearly every country in the world. We make many of the world's favourite brands and, every day, 2.5 billion people use Unilever products to feel good, look good and get more out of life. And we have kept faith with our purpose.

Across the world we face new and bigger challenges:

- nearly 800 million people are without access to safe drinking water and over 2 billion without access to proper sanitation
- more than 2 million children die each year from preventable diarrhea disease
- 1 in 10 adults is obese while almost 1 billion go hungry
- climate change is causing extreme weather condition and changes to the seasons
- over a billion people live in water-scarce areas
- demand for food is increasing to feed a growing population.

At Unilever, we believe that we cannot wait for others to solve these problems. Businesses and brands must be part of the solution. But to do so, businesses will have to adopt a different model of engagement to achieve a different set of results as there is no room for 'business as usual' anymore. Sustainable and equitable growth is the only acceptable business model. So, in 2010, we launched the Unilever Sustainable Living Plan, which is the blueprint for how we conduct our business sustainably. In this model, we aim to decouple our growth from our environmental impact while increasing our positive social impact, driving profitable growth for our brands, saving costs and fuelling innovation.

Our strategic vision is "to make sustainable living commonplace" by doubling the size of our business while reducing our environmental footprint and increasing our positive social impact. To achieve this vision, we will:

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

Report of the Directors (continued)

2018 in Review

Improved Health And Well-Being

Our brands are positioned to help Nigerians take the actions they need to stay healthy and improve their wellbeing. Our brands have strong programs which help to address some of the specific challenges we face in the country. In 2017, we had two key areas of intervention:

1. Knorr 'Follow In My Green Food Steps' Program

In Nigeria, almost one in two (49%) women of reproductive age suffer from anaemia. 50% of these cases are caused by a lack of iron in the body which is often diet-related; and this condition, in severe cases, can cause tiredness and dizziness.

As part of Unilever's commitment, the Knorr 'Follow In My Green Food Steps' program was launched in 2015 by Knorr to help families access more iron from their diets. Unilever has fortified its bouillon cubes with iron and iodine and instituted a behaviour change program that teaches young girls and their mums to get more iron out of everyday family meals by adding commonly available green leafy vegetables.

At the end of 2018, the 'Follow In My Green Food Steps' program had reached 320,000 mothers and daughters through four-week behavioural change activations. Through school and community events in rural areas where the incidence of anaemia is prevalent, we educate adolescent girls and their mothers on the importance of cooking more nutritious meals through these steps. We have since reached 320,000 mothers and young girls directly in Ogun, Imo, Osun, Nasarawa, Benue, Kaduna, Abuja and Kogi states and an additional 20 million indirectly via our digital and social channels.

An impact evaluation report of the program, conducted by the University of Ibadan, showed that 41% of program participants had started adding leafy vegetables to their stew at the end of the of the four-week program.

2. Pepsodent 'Brush Day and Night' Schools Program

We aim to tackle the widespread menace of poor oral hygiene and tooth decay which affects children and adults alike. In 2012, we launched the Pepsodent 'Brush Day and Night' oral health campaign in 2012, to improve oral health habits amongst Nigerian children.

Together with partners and relevant stakeholders in the health sector, we bring a 21-day behavioral change programme to primary schools to educate and motivate kids to adopt good oral hygiene habits. By educating the children on the essence of brushing day and night, we encourage them to stay healthy, happy and lead a more enjoyable and fulfilled life.

After eight years, the Oral Health Schools Programme has directly reached over 5 million Nigerian children in government primary schools across the country with our message, our products, free educational materials and behaviour change ambassadors.

Enhancing Livelihoods

Creating Women 'Microprenuers' at the Base of the Pyramid

Global and local economic challenges, unemployment and poverty have impacted the spending power of families around the world. Reduced disposable incomes mean that families must prioritize necessities and cannot invest in health, wellbeing, and the basic requirements for a good quality of life. The impact of this is particularly hard on vulnerable groups such as women and children.

The 'Shakti' (Mbuli, Gbemiga, Tallapi) project is an initiative that creates an opportunity for women to increase their earnings and improve the quality of their lives. Gbemiga registers, trains and provides women in rural communities with capital to begin trading Unilever products to households and small stores within their communities.


Sunlight
Sunlight
2in1
freshness of petals
Sunlight
2in1
freshness of petals
Sunlight
TURBO
Sunlight
TURBO
Sunlight
multipurpose
soap
Sunlight
multipurpose
soap
Sunlight
multipurpose
soap
The Bright Side
Of Cleaning!

Report of the Directors (continued)

households and small stores within their communities. Since its pilot in 2015 in Oyo, Ogun, Imo and Enugu State, the project has expanded to even more states across the country. At the end of 2018, we had empowered over 6000 women as micro-entrepreneurs. In addition, these women have undertaken training in basic bookkeeping and marketing and workshops on nutrition and hygiene communication.

Protecting the Environment in which we Operate

Partnerships to Recycle Plastic Waste

From 2016, when we instituted a "zero waste to landfill" agenda across all the company's sites, we have since awarded a grant to WeCyclers (which manages the collection and recycling of plastic waste) to extend its waste recovery program to more communities in Lagos and Ogun State. This partnership will collect and recycle 6000 tons of waste plastic from the environment over three years and provide jobs and livelihoods to hundreds of participants in the initiative.

We have also joined the Food & Beverage Recycling Alliance of Nigeria to create synergies with other players within our industry to jointly reduce the impact of our plastic footprint on the environment.

These are in line with the company's commitment to continue to conserve the environment, as well as create more job opportunities and promote entrepreneurship amongst young Nigerians.

Future Outlook for 2019

The business case for growing a company sustainably is compelling. Consumers expect it and retailers increasingly demand it from their suppliers. It drives innovation and market development. It saves money and avoids costs. Also, it inspires the people who work for our business. This is not just about doing good, it is also about doing well.

Even as our sustainability activities improve the lives and wellbeing of those we serve; it is also an investment in the growth and resilience of our business. These investments ensure that we:

Achieve more growth

Sustainability is supporting growth by deepening brand equity, driving sales and inspiring innovation. By the end of 2017, our sustainable living brands grew even faster than they did in 2014, delivered 70% of our growth globally, and grew 46% faster than the rest of the business.

Lower our costs

By cutting waste and reducing the use of energy, raw materials and natural resources, we create efficiencies and lower costs. Cost avoidance ultimately helps to improve our margins.

Hedge our risks

Sustainable ways of doing business help us mitigate risk across our operations. Operating sustainably helps us to future proof our supply chain against the risks associated with climate change and long-term sourcing of raw materials.

Build more trust

Placing sustainability at the heart of our business model strengthens our relationships with stakeholders and helps us succeed as a business. It helps us maintain our value and relevance to consumers while inspiring Unilever's current and future employees and this is why Unilever is named number one graduate employer in 44 countries.

Corporate Social Responsibility	**2018 N'000**	**2017 N'000**
Secondary school scholarships	10,800	12,500
Donation of products to schools, charity homes, corporate Organizations etc	32,656	6,176
Total	**43,456**	**18,676**

Report of the Directors (continued)

UNILEVER KEY DISTRIBUTORS

KD Name	Region
Suara & Company	Lagos
Itura Ventures Limited	Lagos
De Moshadek And Company Nigeria	Lagos
Renuzi Ventures	Lagos
Worthy Ventures Limited	Lagos
Caniz Limited	Lagos
Chrislanbolu Trade & Eng. Serv. Limited	Lagos
Tripple P Dazzled	Lagos
Maquahm Nigeria Limited	Lagos
J A Onabowale Lagos	Lagos
Convenant Success Supermarket	Lagos
Sam And Martha Investment Ltd	Lagos
Mutkeem	Lagos
M.F Ore Awo Nigeria Limited	Lagos
Hats Investment and Promotions Limited	Lagos

KD Name	Region
J.O Adebiyi & Sons Nigeria Ltd	Middle Belt
Ifjane Nigeria Limited	Middle Belt
Kesy Distribution And Logistic Ltd	Middle Belt
Iduh Integrated Services Nig Limited	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
Alnoor & Sons Enterprises Limited	Middle Belt
Giz-Tech Enterprises Limited	Middle Belt
Deoye and Simileoluwa Multipro Limited	Middle Belt

KD Name	Region
Baba Gana Mafoni	North East
Abubakar Adamu Int. Services Limited	North East
A D Basharu And Sons (Nig) Limited	North East
S C Okafor Nigeria Limited	North East
Nahuwa General Enterprise	North East
Lawalti General Enterprise	North East

KD Name	Region
H.A Kwairanga Universal Concept	North East
Leaders Investment Merchandise Limited	North East
Naheem Heights Limited	North East

KD Name	Region
Prime General Merchants Limited	North West
Al-Babello Trading Company Limited	North West
Madaci Pharmaceutical Company Limited	North West
Alhaji Abu Zamau Enterprises	North West

KD Name	Region
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
Muabsa Integrated Services	North Central
Armu Global Concept	North Central
Arinola Precious Ventures	North Central

KD Name	Region
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 And 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

Report of the Directors (continued)

KD Name	Region
Globalog Enterprises	South Central
Blessed Iyke Stores	South Central
Beehives Multinational Limited	South Central
Cito Int'l Nig. Ltd	South Central
Paxson Nigeria Company Limited	South Central
Vosa-Voji Limited	South Central

KD Name	Region
Isangette Enterprises	South East
P O Konyeha And Sons	South East
Grab & Munch	South East
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
Burnae Ventires	South East
Cy Obiora Nig Enterprises	South East
Elaug-15 Provest Limited	South East
Igbozulike Investment Limited	South East
Ronald Resources Limited	South East
Austin and bros Uzuegbu co Ltd	South East
Tomiesha Pro Resources	South East
Marginal Concepts Limited	South East

KD Name	Region
Debby Mega Merchants Limited	West
Estfrans Ventures Limited	West
Dan Sarat Company Nig Ltd	West
The Lords Doing GCS 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 Ventures Supermarket	West
John Bosco Trading Company Limited	West

KD Name	Region
Toriola Olu Enterprises	West
TSQ Alayo & Sons Nigeria Limited	West
Ajoke Dominion Services Limited	West
Wharton Harper Limited	West

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

Adenula

Mrs. Abidemi Ademola
General Counsel Ghana Nigeria & Company Secretary
FRC/2013/NBA/00000001646

14 March, 2019

Statement of Directors' responsibilities for the year ended 31 December 2018

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 C.20) Laws of the Federation on 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 C.20) Laws of the Federation on 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
Finance Director
FRC/2015/ICAN/00000010834

14 March, 2019

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, 2018 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 (Deceased in December 2018)
   -Shareholders' Representative

3. Alhaji Wahab A. Ajani
   -Shareholders' Representative

4. Mrs Abiola Alabi
   -Non-Executive Director

5. Mr Chika Nwobi
   -Non-Executive Director

6. Mr James Todd (Resigned in December 2018)
   -Non-Executive Director

Dated this 13 March, 2019

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

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

Telephone 234 (1) 271 8955
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 2018, the income statement and the statement of other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information, as set out on pages 52 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, 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 this 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.

a. Impairment of trade and intercompany receivables

Refer to changes in significant accounting policies (Note 1.5 (ii)), summary of significant accounting policies (Note 1.10), trade and other receivables (Note 17) and related party transactions (Note 25) on pages 62 to 66, 68 to 72, 96 to 98 and 108 respectively of these financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Company adopted IFRS 9 - *Financial Instruments* which became effective 1 January 2018. The key change arising from the adoption of IFRS 9 is the significant difference in determining the impairment allowance which is now based on an Expected Credit Loss (ECL) model rather than an Incurred Loss model.	Our procedures included the following, amongst others : - obtained an understanding of the Company's credit control process, and tested the design, implementation and operating effectiveness of the relevant controls

The Directors are required to make judgements and assumptions in the application of the appropriate ECL model for the measurement of impairment allowance for trade receivables. Some of these judgements and estimates include: - definition of default for the purpose of determining the risk of a default occurring - historical assessment of default rates, and the impact of forward looking information - historical assessment of bad debt allowance to trade receivables, and the impact of forward looking information. - estimating the probability of default occurring and the loss given default. The extent of estimation and judgment involved in determining the impairment allowance required made the impairment of trade and intercompany receivables an area of significant focus during the audit.	- assessed the completeness and accuracy of historical impairment data, which formed the basis for the aged provision percentage applied in the ECL model - evaluated the Company's definition of default based on historical impairment data - on a sample basis, we evaluated the credit terms and the historical payment and default patterns of key customers in the modern and general trade categories - challenged the Company's assumptions, judgements, estimates and other parameters applied in the preparation of the ECL model, based on our understanding and knowledge of the industry and business of the Company and agreed the parameters to source documents, external information from globally accredited credit rating agencies, and where applicable industry averages - re-performed the calculations of impairment allowance using the Company's impairment model and validated key inputs to assess the adequacy of the impairment allowance recognized - considered payments of trade and intercompany receivables received subsequent to year end in assessing extent of recoverability and adequacy of impairment allowances recognized - checked the adequacy of the disclosures in the financial statements for compliance with the requirements of the relevant accounting standard.

b. Revenue Recognition – Sales with the right of return

Refer to changes in significant accounting policies (Note 1.5 (i)), summary of significant accounting policies (Note 1.18) and right of return (Note 4(b)) on pages 60 to 62, 75 to 76 and 87 respectively of these financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Company adopted IFRS 15 - *Revenue from contracts with customers* - which became effective on 1 January 2018. This requires the Company to estimate the sales with the right of return, which will impact the revenue reported in the year. The estimate requires significant judgements and reliance on the historical sales returns profile.	Our procedures included the following, amongst others: - obtained an understanding of the revenue recognition process and tested the design, implementation and operating effectiveness

This is a key audit matter due to the significant judgements and assumptions applied in estimating the sales returns to be recognized. Furthermore, revenue is the most significant income statement account, and it impacts the major key performance indicators the Company is assessed on.	of key controls around the revenue recognition process - challenged the assumptions made in estimating the refund liability and measuring the right to recover returned goods asset based on our knowledge of the industry, Company's business and checking the history of sales returns over the last one year - assessed the adequacy of the refund liability by comparing the actual returns subsequent to year end to the refund liability recognized.

c. Disposal of the spreads business (Blue Band)

Refer to summary of significant accounting policies (Note 1.6) and discontinued operations (Note 32) on pages [illegible] respectively of these financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Effective 1 July 2018, the Company disposed of its spreads business to Sigma Silver Foods Nigeria Limited ('Upfield') in line with the Unilever Group's decision to dispose the spreads business within Unilever Group. Details of the sale has been provided in Note 32 (i). Subsequent to the disposal of the spreads business, the Company entered into a Transition Service Agreement ('Agreement') with Upfield. The terms of the Agreement require the Company to assist Upfield in the manufacture and sale of spreads (Blueband) for a fee (the 'TSA fee'). All proceeds from the sale are remitted to Upfield, and all costs incurred are recovered from Upfield. This is considered a key audit matter as a result of its significance to the business as well as the special accounting and audit considerations arising from this transaction.	Our procedures included the following, amongst others: - obtained an understanding of the terms of the disposal and the transition services by evaluating the agreements and discussing with the Directors - performed a process walkthrough to obtain an understanding of the Company's business operations in line with the terms of the Agreement - checked the Company's property, plant and equipment (PPE) register to ensure that assets relating to the spreads business have been fully derecognized - agreed payments received for the sale of the spreads business to appropriate underlying supporting documentation, and re-computed the profit on the sale - evaluated the appropriateness of the Company's accounting for the transactions based on the relevant agreement terms - obtained external confirmation of amounts due to and from Upfield - re-computed the TSA fee recognized by the Company in line with the terms of the Agreement - considered the adequacy of the disclosures in the financial statements.

Other Information

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

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 the 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 income statement and statement of other comprehensive income are in agreement with the books of account.

Signed:

Goodluck C.Obi, FCA
FRC/2012/00000000442
For: KPMG Professional Services
Chartered Accountants
29 March 2019
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0241779

Income Statement
For the year ended 31 December

	Note	2018 N'000	2017 N'000 Restated*
Continuing operations			
Revenue	4	92,899,969	85,193,369
Cost of sales	5	(64,674,847)	(57,679,133)
Gross profit		28,225,122	27,514,236
Selling and distribution expenses	5	(4,239,077)	(3,790,502)
Marketing and administrative expenses	5, 9	(14,712,986)	(11,476,201)
(Impairment loss)/write-back on trade and intercompany receivables	17 (vi)	(311,443)	813
Other income	6	236,160	(16,918)
Operating profit		9,197,776	12,231,428
Finance income	10	4,026,932	1,565,263
Finance cost	11	(602,800)	(3,200,696)
Profit before taxation		12,621,908	10,595,995
Taxation	12	(3,489,756)	(3,526,251)
Profit from continuing operations		9,132,152	7,069,744
Discontinued operations			
Profit from discontinued operations	32(i)	1,419,988	380,341
Profit for the year		10,552,140	7,450,085
Attributable to:			
Equity holders		10,552,140	7,450,085
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)	13	1.84	1.78
Basic and diluted earnings per share (Naira) - continuing operations	13	1.59	1.69

The notes on pages 52 to 116 form an integral part of these financial statements.

* The prior year comparative figures have been restated to reflect the impact of discontinued operations as a single amount in the income statement (Note 32 (i))

Statement of Other Comprehensive Income
For the year ended 31 December

	Note	2018 N'000	2017 N'000
Profit for the year		10,552,140	7,450,085
Other Comprehensive Income			
Items that will not be reclassified to the income statement:			
Remeasurement of post employment benefit obligations	21(vi)	176,865	(1,000,252)
Tax effect	12	(56,597)	320,081
Total comprehensive income		10,672,408	6,769,914
Attributable to:			
Equity holders		10,672,408	6,769,914

The notes on pages 52 to 116 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December

	Note	2018 N'000	2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	14(i)	29,677,539	29,880,704
Intangible assets	15	448,488	705,890
Other non- current assets	30	48,353	79,486
Employee loan receivable	31	65,531	130,310
Retirement benefit surplus	21(v)	293,219	329,235
		30,533,130	31,125,625
Current assets			
Inventories	16	13,928,867	11,478,532
Trade and other receivables	17	30,188,189	27,621,489
Employee loan receivable	31	49,005	79,384
Derivative assets		-	285,740
Cash and bank balances	18	57,144,182	50,493,595
		101,310,243	89,958,740
Total assets		131,843,373	121,084,365
Liabilities			
Current liabilities			
Trade and other payables	19	38,610,839	33,408,820
Income tax	12	4,555,820	2,799,203
Loans and borrowings	26	394	454,528
Deferred income	27	-	32,756
		43,167,053	36,695,307
Non-current liabilities			
Deferred tax liabilities	20	3,652,125	4,484,871
Unfunded retirement benefit obligations	21(iv)	2,021,360	3,454,370
Long service award obligations	21(iv)	209,510	205,745
Other employee benefits	28	-	85,902
Deferred income	27	-	30,025
Loans and borrowings	26	3,782	219,770
		5,886,777	8,480,683
Total liabilities		49,053,830	45,175,990

Statement of Financial Position (continued)
As at 31 December

	Note	2018 N'000	2017 N'000
Equity			
Ordinary share capital	29	2,872,503	2,872,503
Share premium	29	56,812,810	56,812,810
Retained earnings		23,104,230	16,223,062
Total equity		82,789,543	75,908,375
Total equity and liabilities		131,843,373	121,084,365

The financial statements on pages 52 to 118 were approved for issue by the Board of Directors on 15 March 2019 and signed on its behalf by:

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

The notes on pages 58 to 116 form an integral part of these financial statements.

Statement of Changes in Equity for the Year ended 31 December

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
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 (Note 19 (i))	-	-	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
Balance at 1 January 2018 as previously reported	2,872,503	56,812,810	16,223,062	75,908,375
Adjustment on initial application of IFRS 9, net of tax (note 1.5 (ii))	-	-	(918,737)	(918,737)
Adjusted balance on 1 January 2018	2,872,503	56,812,810	15,304,325	74,989,638
Total comprehensive income for the year				
Profit for the year	-	-	10,552,140	10,552,140
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	120,268	120,268
	-	-	10,672,408	10,672,408
Transactions with owners				
Dividend declared	-	-	(2,872,503)	(2,872,503)
	-	-	(2,872,503)	(2,872,503)
At 31 December 2018	2,872,503	56,812,810	23,104,230	82,789,543

The notes on pages 52 to 116 form an integral part of these financial statements.

Statement of Cash Flows
Year ended 31 December

	Note	2018 N'000	2017 N'000
Cash flows from operating activities			
Cash generated from operations	23	11,837,916	7,225,150
Retirement benefits paid	21(iv)	(1,912,514)	(567,951)
Long service award obligations paid	21(iv)	(31,098)	(21,243)
Tax paid	12(ii)	(3,000,960)	(598,165)
Net cash flow generated from operating activities		6,893,344	6,037,791
Cash flows from investing activities			
Interest received	10	3,554,102	1,201,042
Purchase of property, plant and equipment	14(i)	(5,395,511)	(4,559,238)
Proceeds from sale of property, plant and equipment		5,057,411	5,043
Net cash used in investing activities		3,216,002	(3,353,153)
Cash flows from financing activities			
Repayment of loans and borrowing	26(ii),26(iii), 26(iv)	(560,530)	(33,450,744)
Drawdown of loans and borrowing	26(i),26(ii)	-	17,529,069
Interest paid	26(iii)	(25,726)	(1,113,126)
Net proceeds from rights issue	29	-	57,747,947
Dividend paid		(2,872,503)	(378,330)
Net cash flow generated from financing activities		(3,458,759)	40,334,816
Net increase in cash and cash equivalents		6,650,587	43,019,454
Cash and cash equivalents at the beginning of the year		50,493,595	7,474,141
Cash and cash equivalents at the end of the year	18	57,144,182	50,493,595

The notes on pages 52 to 116 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 items which are measured on an alternative basis on each reporting date:

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

1.2 Functional and Presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency, rounded to the nearest thousand (N'000) unless otherwise indicated.

1.3 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.

1.4 Standards issued but not yet effective

A number of standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing the Company's financial statements.Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Company's financial statements in the period of initial recognition.

i **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, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 - Operating Leases -Incentive and SIC-27 - Evaluating the substance of transactions involving the legal form of a Lease.

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 ('lessee') the right to use an asset and a lease liability for a period of time in exchange for consideration.There are recognition exemptions for short term leases and leases of low value

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

items. Lessor accounting remains similar to the current standard, i.e lessors continue to classify leases as finance lease or operating lease.The 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 on balance sheet lessee accounting model. All leases are treated in a similar way to finance leases.
Applying the single lessee accounting model significantly affects the accounting and presentation of leases and consequently. Below shows the treatment for lessors and lessees.

i Leases in which the Company is a lessee
a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The 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 payments.
b) depreciation of lease assets and interest on lease liabilities in the income statement over the lease term; and
c) separate 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. The new Standard is effective for annual periods beginning on or after 1 January 2019. The extent of the impact of this Standard is ongoing and the Company would quantify the cumulative effects in the 2019 financial statements.

ii Leases in which the Company is a lessor
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 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.

Transition
The Company plans to apply IFRS 16 initially on 1 January 2019 using the modified retrospective approach. Therefore the cummulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings of 1 January 2019, with no restatement of comparative information.

ii **Other Standards**
The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle - various standards
- Amendments to References to Conceptual Framework in IFRS Standards

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Tax treatments

1.5 Changes in significant accounting policies

This is the first set of the Company's annual financial statements in which IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments have been applied. Changes to significant accounting policies are described in Note 1.5 The Company has adopted IFRS 15 (see (i) and IFRS 9 (see (ii) with effect from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards, except for the requirement to separately present impairment loss on trade and intercompany receivables in the income statement.

The effect of initially applying these standards is mainly attributed to the following:

- deferred recognition of revenue from the sale of goods with a right of return
- an increase in impairment losses recognised on trade and intercompany receivables

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. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. The Company has adopted IFRS 15 using the cummulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e 1 January 2018). Accordingly, the information presented for 2017 has not been restated, i.e it is presented as previously reported under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. There is no significant impact as a result of the transition to IFRS 15 on the Company's retained earnings at 1 Jan 2018.

The following tables summarise the impacts of adopting IFRS 15 on the Company's statement of financial position as at 31 December 2018 and its income statement and OCI for the year ended for each line of the line items affected. There was no material impact on the Company's statement of cashflows for the year ended 31 December 2018.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

IFRS 15: Revenue from Contracts with Customers (continued)

Impact on the statement of financial position

31 December 2018	Note	As reported N'000	Adjustments N'000	Amounts without adoption of IFRS 15 N'000
Assets				
Non-current assets		30,533,130	-	30,533,130
Inventories	(a)	13,928,867	(843,654)	13,085,213
Other current assets		87,381,376	-	87,381,376
Total assets		131,843,373	(843,654)	130,999,719
Equity				
Retained earnings		23,104,230	227,706	23,331,936
Others		59,685,313	-	59,685,313
Total equity		82,789,543	227,706	83,017,249
Liabilities				
Trade and other payables	(a)	38,610,839	(1,071,360)	37,539,479
Income tax		4,555,820	-	4,555,820
Other current liabilities		394	-	394
Non-current liabilities		5,886,777	-	5,886,777
Total Liabilities		49,053,830	(1,071,360)	47,982,470
Total equity and liabilities		**131,843,373**	**(843,654)**	**130,999,719**

Impact on the income statement for the year ended 31 December 2018	As reported N'000	Adjustments N'000	Amounts without adoption of IFRS 15 N'000
Continuing operations			
Revenue	92,899,969	1,071,360	93,971,329
Cost of Sales	(64,674,847)	(843,654)	(65,518,501)
Operating expenses	(19,027,346)	-	(19,027,346)
Finance income	3,424,132	-	3,424,132
Income tax expense	(3,489,756)	-	(3,489,756)
Profit from discontinued operations	1,419,988	-	1,419,988
Profit for the year	10,552,140	227,706	10,779,846
Statement of Comprehensive income			
Items that will not be classified to the income statement net of tax	96,263	-	96,263
Total Comprehensive Income	**10,648,403**	**227,706**	**10,876,109**

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

IFRS 15: Revenue from Contracts with Customers (continued)

(a) Under IAS 18, revenue was recognised when risks and rewards of ownership have been transferred to the customer which is upon delivery of goods to customers. The Company has provisions in its sale agreement that permits or obligates it to remove out of date products or permits the customer to return goods. Under IFRS 15, revenue is recognised to the extent that it is highly probable that significant returns from cummulative revenue recognised will not occur. Management is required to make a reasonable estimate of returns and to the extent to which the Company is able to make a reasonable estimate of returns, revenue is adjusted for expected returns. In these circumstances a new asset for the right to receive the returned goods, which is presented as part of inventory is recognised. Also, a refund liability for the expected returns is recognised and presented as part of trade payables

ii **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 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39: Financial Instruments Recognition & Measurement

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the income statement and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative expenses. Consequently, the Company has reclassified impairment writeback amounting to N0.8 million from administrative expenses to impairment loss on trade receivables in the income statement and OCI for the year ended 31 December 2017.

Additionally, the Company has adopted consequential amendments of IFRS 7 Financial Instruments. Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information

The following table summarises the impact, net of tax of transition to IFRS 9 on the opening balance of retained earnings

Retained earnings	**Impact of adopting IFRS 9 on opening balance N'000**
Recognition of expected credit loss under IFRS 9	1,351,084
Related tax (Note 20	(432,347)
Impact at 1 January 2018	918,737

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

IFRS 9: Financial Instruments (continued)

- Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.A financial asset (unless it is a trade receivable without significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transactions costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- Classification and subsequent measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and FVTPL. The classification of IFRS 9 is generally based on the business model in which a financial asset is managed, and its contractual cash flow characteristics IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The effect of adopting IFRS 9 on the carrying amounts of financial assets as at 1 January 2018 relates solely to the new impairment requirements. The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000
Financial assets					
Trade and other receivables	a	Loans and trade receivables	Amortised cost	27,621,489	26,270,405
Employee loan receivable		Loans and trade receivables	Amortised cost	209,694	209,694
Cash and cash equivalents		Loans and receivables	Amortised cost	50,493,595	50,493,595
Total financial assets				78,324,778	76,973,694

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

IFRS 9: Financial Instruments (continued)

	Original classfication under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000
Financial liabilities				
Trade payables	Other financial liabilities	Other financial liabilities	33,408,820	33,408,820
Loans and borrowings	Other financial liabilities	Other financial liabilities	674,298	674,298
Total financial liabilities			34,083,118	34,083,118

(a) **Trade and other receivables**

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as measured at ammortised cost. An increase of N1.35bn in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9. The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on the transition to IFRS 9 on 1 January 2018.

	IAS 39 carrying amount at 31 December 2017 N'000	Remeasurement N'000	IFRS 9 carrying amount at 1 January 2018 N'000
Financial assets			
Trade and other receivables:			
Brought forward: Loans and receivables	27,621,489		
Remeasurement		(1,351,084)	
Carried forward: Amortised cost			26,270,405
Cash and cash equivalents	50,493,595	-	50,493,595
Employee loan receivable	209,694	-	209,694
Total amortised cost	78,324,778	(1,351,084)	76,973,694

Impairment of Financial Assets

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 flows due to the entity in 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 reflect an unbiased and

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

Impairment of Financial Assets (continued)

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. For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

Trade and other receivables

The Company has applied the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs for its trade and intercompany 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 estimation of ECL rates was based on the following parameters :

- 180 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.

Intercompany receivables

The estimation of ECL rates for intercompany receivables was based on the following parameters:
- Probability of default which is the average cummulative default rates for the related parties based on their risk grading
- Exposure at default which is the total receivables due from the related parties as at 31 December 2018
- Loss given default which has been adjusted for the following:
- Recovery rate of a security with a similar risk grading as the related party receivables
- Credit enhancements such as letters of support from the parent company and letter of guarantee from the related party

The Company has determined that the application of IFRS 9's impairment requirement at 1 January 2018 results in an additional allowance for impairment as follows:

	N'000
Loss allowance at 31 December 2017 under IAS 39	287,672
Additional impairment recognised on 1 January 2018 on:	
- Trade and other receivables	-
- Intercompany Receivables as at 31 December 2017	1,351,084
Loss allowance at 1 January 2018 under IFRS 9	1,638,756

The carrying amount of intercompany receivables is as follows:

	N'000
Carrying amount as at 31 December 2017 under IAS 39	14,972,990
Additional impairment recognised on 1 January 2018	(1,351,084)
Carrying amount at 1 January 2018 under IFRS 9	13,621,906

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Changes in significant accounting policies (continued)

Intercompany receivables (continued)

Transition

The Company has used an exemption not to restate comparative information for prior periods with respect to the classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 are recognised in opening retained earnings as at 1 January 2018. Accordingly the information presented for 2017 does not generally reflect the requirement of IFRS 9 but rather those of IAS 39.

1.5 Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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. Foreign currency differences are generally recognised in the income statement.

1.6 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cashflows of which can be clearly distinguished from the rest of the Company and which:

- represents a major line of business or geographic area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1.7 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Property, plant and equipment(continued)

(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 a 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
Buildings	-	2.5%
Plant and machinery	-	7%
Furniture and equipment	-	7% - 25%
Motor vehicles	-	25%

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 the income statement.

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.

1.8 Intangible assets

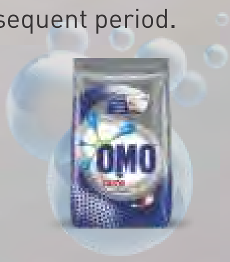
Computer software

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 the Company 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.



Notes to the financial statements (continued)

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.

1.9 Impairment of non-financial assets

At each reporting period, the Company reviews the carrying amount of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

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). An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. 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 non-financial assets are assessed for indicators of impairment at the end of each reporting period.

1.10 Financial instruments

1.10.1 Recognition and initial measurement

Financial instruments (i.e. financial assets and liabilities) are recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1.10.2 Classification and subsequent measurement

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

(i) Financial assets

Policy applicable before 1 January 2018
The Company classified its financial assets as 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 instruments with greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade receivables, employee loan receivables and other receivables in the statement of financial position.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Financial Instruments (continued)

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.

Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding

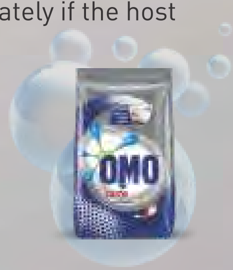
Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains & losses including any interest or dividend income are recognised in the income statement
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the income statement. Other net gains or losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the income statement.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets

(ii) Derivative financial instruments - Policy applicable from 1 January 2018

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.
Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.



Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Classification and subsequent measurement (continued)

Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018.

(iii) Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. The Company has classified its financial liabilities at amortised cost and this includes trade payables, bank debt and other long-term debts.

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.

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. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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.

(iv) *Derecognition*

- Financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

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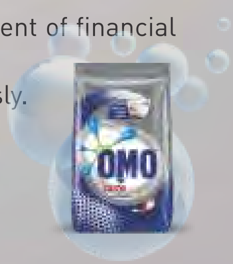
- Financial liabilities

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

1.10.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has 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.



Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

1.11 Impairment of financial assets

Financial assets

Policy applicable from 1 January 2018
The Company recognises loss allowances for ECLs on financial assets at amortised cost
The Company measures loss allowances at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full without recourse by the Company to actions such as realising security (if any is held) or
- the financial asset is more than 180 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial asset
The Company considers intercompany receivables to have a lower credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit- impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occured.
Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or being more than 180 days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 January 2018
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 the Company 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;
- The Company, 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:
- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

1.12

Fair value measurement
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 the Company's cash management.

1.15 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 present value is derived by discounting the expected future cashflows at a pre-tax rate. 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 the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

1.16 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

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Income tax (continued)

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. The Company'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.

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 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 the Company 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.

1.17 Employee benefits

(a) Post-employment benefit plans

The Company 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

The Company 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. The Company 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%	10%
Employee	8%	10%

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Employee benefits (continued)

(ii) *Defined benefit plans*

The Company 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.

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 income statement 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***

The Company 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.

1.18 **Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue at a point in time when it transfers control over a product or service to a customer. The Company initially applied IFRS 15 from 1 January 2018. The effect of initially applying IFRS 15 is described in note 1.5 (i)

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Revenue (continued)

Revenue recognition under IFRS 15 (applicable from 1 January 2018)

The Company principally generates revenue from the sale and delivery of its products. The sale and delivery of products are identified as one performance obligation and are not separately identifiable. The Company recognises revenue when the customer takes possession of the goods. This usually occurs when the customer signs the invoice. The amount of revenue is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods assets are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 19) and the right to receive returned goods is included in inventory (Note 16).

The Company reviews its estimates of expected returns at each reporting date and updates the amounts of assets and liability accordingly.

Revenue recognition under IAS 18 (applicable before 1 January 2018)
In the comparative period, revenue was measured at fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when:

- the significant risks and rewards of ownership had been transferred to the customer, -recovery of the consideration was probable
- the associated costs and possible return of goods could be estimated reliably
- there was no continuing management involvement with the goods
- the amount of revenue could be measured reliably

See note 4 for details of revenue disaggregated by business category and geographical location

1.19 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. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

1.20 Dividend distribution

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

1.21 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.

1.22 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.

1.23 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

The Company's activities expose it to a variety of financial risks: market 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.

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

(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 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 2018, the unhedged financial assets and financial liabilities amounted to N6.4 billion (2017: N7 billion).
At 31 December 2018, if the Naira had weakened/strengthened by 81%* 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 N4.6 billion lower/higher.

At 31 December 2018, if the Naira had weakened/strengthened by 81%* 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 N112.3 million lower/higher.

*81% 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 was nil (2017: 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,

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

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.
The average interest rate on local short-term borrowings in 2018 was 19% (2017: 21.1%)

The following table shows the split in fixed rate exposures:

	2018 N'000	2017 N'000
Fixed rate (bank loans) - Note 26	4,176	674,298
	4,176	674,298

(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

The carrying amounts of financial assets and contract assets represent the maximum credit exposure
Impairment losses on financial assets assets recognised in the income statement were as follows:

	2018 N'000	2017 N'000
Impairment loss/(reversal) on trade and intercompany receivables	311,443	(813)

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base. The Company's risk management committee has established a credit policy under which each new customer is placed on a 3 month probation. Sales are made to these customers on a cash and carry basis during this period after which each customer is analysed individually for credit worthiness before the Company's standard credit and delivery terms and offered. The Company's review includes available financial information, industry information and bank references. Credit limits are established for each customer and reviewed quarterly.

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.

More than 70% of the Company's customers have been transacting with the Company for over four years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, distribution channel, geographic location and trading history.

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

Trade and other receivables (continued)

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for customers
The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a historical default method based on the probability of a receivable progressing through stages of delinquency to write-off. The historical default rates are calculated separately for exposures from the two classes of customers (General and Modern Trade) based on their credit risk characteristics.
The following table provides information about the exposure to credit risk and ECLs for trade receivables from General Trade customers as at 31 December 2018

	2018				**2017**	
	Weighted average loss rate	**Gross carrying amount N'000**	**Loss allowance N'000**	**Credit impaired**	**Gross carrying amount N'000**	**Loss allowance N'000**
Current (not past due)	0.51%	10,402,942	(58,281)	N*	1,833,368	
Less than 3 months past due	2.60%	5,499.664	(143,264)	N*	680,097	
3 - 6 months past due	15.43%	162,532	(25,111)	N*	1,734,595	
6 - 12 months past due	100%	7,281	(7,281)	Y	242,736	
More than 12 months past due	100%	236.151	(236,151)	Y	263,558	(263,442)
		16,308,570	(470,088)		4,754,354	(263,442)

* Included in these amounts are specific provisions totalling N76 million made on key distributors balances whose distributorship were terminated or are inactive as at the end of the year. Loss rates are based on actual credit loss experience over the past three years

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Modern Trade customers as at 31 December 2018

	2018				**2017**	
	Weighted average loss rate N'000	**Gross carrying amount N'000**	**Loss allowance N'000**	**Credit impaired**	**Gross carrying amount N'000**	**Loss allowance N'000**
Current (not past due)	0.10%	1,200,442	(1,192)	N	469,671	
Less than 3 months past due	0.10%	627,800	(632)	N	21,242	
3 - 6 months past due	0.10%	74,667	(75)	N	202,081	
6 - 12 months past due		(1,820)	-	N	368,791	
More than 12 months past due	87%	15,851	(13,759)	N*	24,230	(24,230)
		1,916,941	(15,658)		1,086,014	(24,230)

* Included in these amounts are specific provisions totalling N14 million made on key distributors balances whose distributorship were terminated or are inactive as at the end of the year.
Loss rates are based on actual credit loss experience over the past three years

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

Trade and other receivables (continued)

Movements in the allowance for the impairment in respect of trade and other receivables
The movement in the allowance for impairment in respect of trade and receivables during the year was as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39
.

	2018 N'000	2017 N'000
Balance at 1 January under IAS 39	287,672	307,723
Adjustment on initial application of IFRS 9	-	
Balance at 1 January under IFRS 9	287,672	
Charged to income statement (17 (vi))	272,597	11,591
Unused amounts reversed	-	(12,404)
Bad debt written off	(74,523)	(19,238)
Balance at 31 December	485,746	287,672

Trade receivables with a contractual amount of N74.5m written off during 2018 are not subject to enforcement activity

Intercompany receivables
Intercompany receivables arise from export sales to and settlement of transactions on behalf of related entities. Related entities are entities within the Unilever Group. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

Expected credit loss assessment for related entities
The Company has applied a simplified approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including external credit ratings, audited financial statements, cashflow projections), applying experienced judgement and historical default rates.Lifetime probabilities of default are based on historical data supplied by Standard & Poors for each credit rating. Loss Given Default (LGD) generally reflect an assumed recovery rate of 40%, except when a security is credit impaired in which case the estimate of loss is assumed to be 100%.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The following represents the analysis of the credit quality of the Company's related parties that were subject to lifetime ECL allowance, and whether they were credit impaired.

	2018		
	N'000 Gross carrying amount	N'000 Impairment loss allowance	Credit impaired
Equivalent to external credit rating (Standard & Poors)			
BBB- to AAA	157,987	-	N
BB- to BB+	-	-	N
B- to B+	-	-	N
C to CCC+	5,539,268	(1,389,930)	Y

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

Intercompany receivables (continued)

In 2017, the credit risk on the recoverability of intercompany receivables was not significant as such, no impairment provision was made.

The Company has assumed a CCC rating for all related party entities with no credit risk rating which is based on the similar risk profile of corporates with credit risk ratings. An impairment allowance of N38.8 million (2017: Nil) in respect of related party receivable from West Africa Popular Foods has been recognised due to the fact that the entity is being wound up due to operational challenges. The movement in allowance for impairment of related party receivables during the year was as follows:

	2018 N'000
Balance at 1 January under IAS 39	-
Adjustment on the application of IFRS 9	1,351,084
Balance at 1 January under IFRS 9	1,351,084
Specific impairment provision recognised in the year	38,846
Balance at 31 December 2018	1,389,930

No impairment loss was recognised for related party receivables in 2017.

Cash and cash equivalents

The Company held cash and cash equivalents of N57bn as at 31 December 2018 (2017: N50.5bn). The cash and cash equivalents are held with banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Employee receivables

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.

(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

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

Liquidity Risk (continued)

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 N24.1 billion (2017: N25.6 billion). Unilever also had Nil overdraft (2017: Nil) and undrawn facilities of N20.5 billion (2017: N37 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.

	2018	2017
The average interest rates on bank overdrafts at the year end is as follows:	19%	21.11%

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
2018						
Trade and other payables*	37,336,640	-	-	-	-	37,336,640
Loans and borrowings	178	215	788	1,182	1,813	4,176

	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

	At amortised cost	
	2018 N'000	2017 N'000
Liabilities as per statement of financial position		
Trade and other payables (Note 19)*	37,336,640	32,936,240
Loans and borrowings (Note 26)	4,176	674,298
	37,340,816	33,610,538

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

Notes to the financial statements (continued)

Financial risk management (continued)

Financial risk factors (continued)

2.1 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 2018 and 2017 were as follows:

	2018 N'000	2017 N'000
Total liabilities	49,053,830	45,175,990
Total assets	131,843,373	121,084,365
Gearing ratio (%)	37%	37%

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:

(i) Retirement benefit and long service award obligations

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.

Notes to the financial statements (continued)

Critical accounting estimates and judgements (continued)

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) Provision for Right of Return on Revenue (Note 4b)

(iv) Measurement of ECL allowance of trade and intercompany receivables (Note 17 (iii) and (vi))

(v) Recognition and measurement of provisions and contingencies (Note 33)

4a. 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 and savoury products

Home and Personal Care – including sales of fabric care, household cleaning, 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.

Notes to the financial statements (continued)

Segment reporting (continued)

2018	**Food products N'000**	**Home and Personal care N'000**	**Total N'000**
Revenue	44,486,751	48,413,218	92,899,969
Depreciation and amortisation	1,402,912	1,526,735	2,929,647
Segmental operating profit	4,404,514	4,793,262	9,197,776
Finance income	1,928,366	2,098,566	4,026,932
Finance cost	(288,661)	(314,139)	(602,800)
Profit before taxation			12,621,908

2018	**Food products N'000**	**Home and Personal care N'000**	**Total N'000**
Property, plant and equipment	14,211,601	15,465,938	29,677,539
Inventories	6,670,078	7,258,789	13,928,867
	20,881,679	22,724,727	43,606,406
Other non-current assets			855,591
Cash and bank balances			57,144,182
Other current assets			30,237,194
Trade and other payables			(38,610,839)
Income tax			(4,555,820)
Deferred income			-
Loans and borrowings			(4,176)
Deferred tax liabilities			(3,652,125)
Retirement benefit obligations			(2,021,360)
Long service obligations			(209,510)
Other employee benefits			-
Net assets			82,789,543
Capital expenditure	2,583,733	2,811,778	5,395,511

2017	**Food products N'000**	**Home and Personal care N'000**	**Total N'000**
Revenue	37,283,202	47,910,167	85,193,369
Depreciation and amortisation	2,046,132	2,287,166	4,333,298
Segmental operating profit	5,352,844	6,878,584	12,231,428
Finance income	685,007	880,256	1,565,263
Finance cost	(1,400,722)	(1,799,974)	(3,200,696)
Profit before taxation			10,595,995

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)
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

	2018 N'000	2017 N'000
Revenue by geographical location of customers:		
Domestic (within Nigeria)	91,216,481	83,497,196
Export (outside Nigeria)	1,683,488	1,696,173
	92,899,969	85,193,369

The Company has 102 (2017: 98) 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.

4b Right of Return

In line with the adoption of IFRS 15, a refund liability of N1.1bn (2017: nil) has been recognised for the right to return goods sold. Management has made an estimate based on historical trend of likely sales returns by customers subsequent to year end. The amount of revenue recognised is adjusted for expected returns. A refund liability (Note 19) and the right to recover returned goods asset have been recognised (Note 16)

Notes to the financial statements (continued)

5 Expenses by nature

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

		2018	2017
		N'000	**N'000**
(a)	Raw materials and consumables	50,127,989	42,824,285
	Bought in products	4,649,860	5,041,494
	Depreciation of property, plant and equipment (Note 14)	2,672,245	4,099,064
	Amortisation of intangible assets (Note 15)	257,402	234,234
	Staff costs (Note 8)	9,739,754	7,373,428
	Brand and marketing (Note 9)	4,397,631	3,582,135
	Royalties and Service Fees (Note 9)	2,422,901	2,240,062
	Handling charges	3,477,885	3,790,502
	Auditors' remuneration	26,047	25,310
	Professional service fees	159,113	124,476
	Utilities	1,011,971	954,250
	Business travel expenses	609,810	448,601
	IT costs	1,610,342	374,749
	Consumer market research	400,875	455,669
	Repairs and maintenance cost	1,368,031	980,799
	Insurance	196,025	169,717
	Donations	43,456	18,676
	Trainings and meals	386,940	146,021
	Office materials	68,633	62,364
	Total cost of sales, selling and marketing, distribution and administrative expenses	83,626,910	72,945,836
	Analysed as:		
	Cost of sales	64,674,847	57,679,133
	Selling and distribution expenses	4,239,077	3,790,502
	Marketing and administrative expenses	14,712,986	11,476,201
		83,626,910	72,945,836

6 Other income

	2018	2017
	N'000	**N'000**
Gain on sale of Aba factory	149,626	-
Gain/(Loss) on sale of property plant and equipment	10,264	(16,918)
TSA income (32 (ii))	76,270	-
	236,160	(16,918)

Notes to the financial statements (continued)

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:

		2018 N'000	2017 N'000
(i)	Short term benefits		
	Non executive directors	57,457	43,495
	Executive directors	648,046	394,190
	Members of the Leadership team (excluding executive directors)	930,040	602,103
		1,635,543	1,039,788
(ii)	Post-employment benefits:		
	Executive directors	13,840	12,615
	Members of the Leadership team (excluding executive directors)	31,580	28,101
		45,420	40,716

		2018 N'000	2017 N'000
(iii)	The emoluments of the Chairman of Board of Directors	10,787	8,819
(iv)	The emoluments of the highest paid director	330,107	219,513

8 Employee benefits expense

	2018 N'000	2017 N'000
Salaries and wages	6,051,869	4,947,445
Pension contribution	512,353	85,173
Gratuity and Long service awards (Note 21(vi))	265,925	286,658
Stakeholders scheme (Note 28)	-	11,752
Other employee allowances	2,909,607	2,042,400
	9,739,754	7,373,428

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:

	2018 Number	2017 Number
Administration	215	102
Technical and production	758	840
Sales and marketing	201	206
	1,174	1,148

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	2018 Number	2017 Number
1	-	250,000	2	3
250,001	-	500,0001	1	18
500,001	-	750,000	12	12
750,001	-	1,000,000	46	9
1,000,001	-	1,250,000	15	8
1,250,001	-	1,500,000	15	30
1,500,001	-	1,750,000	47	161
1,750,001	-	2,000,000	88	211
2,000,001	-	2,250,000	165	191
2,250,001	-	2,500,000	157	106
2,500,001	-	2,750,000	114	52
2,750,001	-	5,000,000	191	69
5,000,001	-	10,000,000	150	163
10,000,001	-	15,000,000	76	58
15,000,001	-	20,000,000	30	23
20,000,001	-	30,000,000	38	23
30,000,001	-	40,000,000	18	7
40,000,001	-	60,000,000	3	4
60,000,001	-	80,000,000	6	-
			1,174	1,148

9 **Marketing and administrative expenses**

	2018 N'000	2017 N'000
Brand and marketing	4,397,631	3,582,135
Overheads	7,892,454	5,654,004
Royalties and Service Fees (9(b))	2,422,901	2,240,062
	14,712,986	11,476,201

(b) Unilever Nigeria Plc has Technology & Trademark agreements with Unilever Plc to manufacture, distribute and market its international brands. In consideration for this, a royalty of 2% of net sales value and 0.5% of net sales value is payable to Unilever Plc for technology and trademark licences respectively. (Note 25)

Also, Unilever Nigeria has a central support and management services agreement with Unilever Europe Business Centre B.V (previously Unilever Plc) 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 as service fees. (Note 25)

Notes to the financial statements (continued)

Marketing and administrative expenses (continued)

The licences for these agreements are approved by the National Office for Technology Acquisition and Promotion (NOTAP). Although the current agreements expired on 31 May 2018, the Company has applied for NOTAP approval for the renewal of the agreements which is still under processing.
The Company has also obtained a waiver from the Financial Reporting Council of Nigeria (FRCN), which now enables the Company to accrue for the royalties and service fees relating to the 2018 financial year in its December 2018 financial statements.
The waiver was granted on the fact that all the agreements in question have in the past been approved and registered by NOTAP and none has ever been disapproved or denied. It is also on the understanding that the registration/renewal of these agreements would have been completed before the end of the 2019 financial reporting year, evidenced by the certificates of registration issued by NOTAP. In the event that NOTAP approval has not been obtained by the end of 2019, the entire sum of the accrued royalties, technology and central service fees will be reversed.

The registration details as well as the amounts payable under these agreements are shown below

	N'000
Technology licence - CR006214	1,848,270
Trademark licence – CR 005952	462,068
Central services – CR 005979	112,563
	2,422,901

10 Finance income

	2018 N'000	**2017 N'000**
Interest on call deposits and bank accounts	3,554,102	1,201,042
Derivative gain	-	285,740
Exchange gain on translation of foreign currency denominated bank balances	433,151	-
Interest income from employee loans	39,679	78,481
	4,026,932	1,565,263

11 Finance costs

	2018 N'000	**2017 N'000**
Interest expense	585,263	2,348,380
Exchange loss	-	751,853
Amortised cost interest	17,537	100,463
	602,800	3,200,696

Notes to the financial statements (continued)

12 **Income tax**

(i) **Income statement**

	2018 N'000	2017 N'000
Current income tax	3,650,844	2,308,286
Tertiary education tax	295,908	260,040
Prior year under provision- current income tax	-	89,368
Prior year under provision - tertiary education tax	-	5,942
	3,946,752	2,663,636
Deferred tax (credit)/charge	(456,996)	862,615
Tax charge to income statement - Continuing operations	3,489,756	3,526,251
Tax charge to income statement - Discontinuing operations (Note 32 (I))	810,826	230,877

Other comprehensive income	2018 N'000	2017 N'000
Deferred tax on temporary differences	56,597	(320,081)

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)

.

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:

	2018 N'000	2017 N'000
At 1 January		
: - Current income tax	2,526,939	372,131
- Tertiary education tax	272,264	130,724
Charge for the year - continuing operations:		
- Current income tax	3,650,844	2,308,286
- Tertiary education tax	295,908	260,040
Charge for the year - discontinuing operations:		
- Current income tax	572,168	218,653
- Tertiary education tax	44,616	12,224
- Capital Gains tax	194,041	
Under/(over) provision:		
- Current income tax	-	89,368
- Tertiary education tax	-	5,942

Notes to the financial statements (continued)

Income tax (continued)

Income statement (continued)

	2018 N'000	2017 N'000
Tax paid:		
- Current income tax	(2,716,092)	(461,499)
- Tertiary education tax	(284,868)	(136,666)
At 31 December		
	4,555,820	2,799,203

		2018 N'000	2017 N'000
(iii)	**Reconciliation of effective tax to the statutory tax**		
	Profit before tax - continuing	12,621,908	10,595,995
	Profit before tax - discontinued	2,230,814	611,218
		14,852,722	11,207,213
	Tax calculated at the applicable statutory rate of 32% (2017: 32%)	4,752,871	3,586,308
	Tax effects of expenses not deductible for tax purposes	30,588	14,483
	Tax effects on tax incentives	(336,535)	(109,877)
	Tax exempt income	82,014	(67,014)
	Under provision in prior year		95,310
	Change in recognised deductible temporary differences	34,598	237,918
	Tax charge in income statement	4,563,536	3,757,128

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 (2017: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2018 N'000	2017 N'000
Profit attributable to ordinary shareholders	10,552,140	7,450,085
Profit attributable to ordinary shareholders (continuing operations)	9,132,152	7,069,744
Weighted average number of ordinary shares	5,745,005	4,178,800
Basic and diluted earnings per share (Naira)	1.84	1.78
Basic and diluted earnings per share (Naira) - continuing operations	1.59	1.69

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.

Notes to the financial statements (continued)

14 Property, plant and equipment (PPE)

The movement in the Property Plant and Equipment account is as follows:

(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
Cost							
At 1 January 2017	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 classes	-	(1,514,563)	1,514,563	(8,370)	8,370	-	-
Reclassification from assets held for sale	-	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
Additions	5,395,511	-	-	-	-	-	5,395,511
Transfers	(4,679,565)	19,557	720,343	3,183,851	265,068	490,746	-
Disposals	(56,790)	(20,350)	(497,436)	(2,438,863)	(227,788)	(9,840)	(3,251,067)
Reclassification between asset classes	17,478	-	-	(17,478)	-	-	-
At 31 December 2018	4,248,206	433,640	9,753,479	29,425,228	2,106,118	1,311,067	47,277,738
Accumulated Depreciation / impairment							
At 1 January 2017	-	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
Reclassification between asset class	-	(24,587)	24,587	(4,544)	4,544	-	-
Reclassification from assets held for sale	-	12,341	163,340	-	-	-	175,681
Disposals	-	-	-	(125,809)	(3,817)	(151,050)	(280,676)
At 31 December 2017	-	15,531	1,492,118	12,447,578	755,448	541,915	15,252,590
Depreciation charge for the year	-	-	271,560	2,024,821	188,826	187,038	2,672,245
Disposals	-	(12,341)	(183,249)	(118,085)	(9,321)	(1,640)	(324,636)
Reclassification between asset class	-						
At 31 December 2018	-	3,190	1,580,429	14,354,314	934,953	727,313	17,600,199

Notes to the financial statements (continued)

Property, plant and equipment (PPE) (continued)

	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
Net book value:							
At 1 January 2017	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
At 31 December 2018	4,248,206	430,450	8,173,050	15,070,914	1,171,165	583,754	29,677,539

(ii) *Security*
As at 31 December 2018, no item of property, plant and equipment was pledged as security for liabilities (2017: nil).

(iii) *Capital work-in-progress*
The capital work-in-progress of N4.2bn (2017: 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.

	Land and Building N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
Capital work-in-progress	60,331	4,060,491	97,459	29,925	4,248,206

(iv) *Capital commitments*

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

	2018 N'000	2017 N'000
Capital commitments	2,035,862	1,458,778

Notes to the financial statements (continued)

15 Intangible assets

	2018 N'000	2017 N'000
Cost:		
At January 1	2,192,460	2,192,460
Additions	-	-
At 31 December	2,192,460	2,192,460
Amortisation:		
At January 1	1,486,570	1,252,336
Charge for the year	257,402	234,234
At 31 December	1,743,972	1,486,570
Net book value as at 31 December	448,488	705,890

Intangible assets represent the Company's computer software and the amortisation charge for the year has been included in administrative expenses.

16 Inventories

	2018 N'000	2017 N'000
Raw and packaging materials	7,028,110	5,194,289
Work in progress	534,586	312,552
Goods in Transit	846,054	1,358,881
Finished goods	3,652,134	3,652,397
Engineering spares and other inventories	1,024,329	960,413
Right to recover returned goods	843,654	-
	13,928,867	11,478,532

The amount of inventories written down and included in cost of sales was N498.3 million (2017: N451.4 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 N56.8 billion (2017: N50.8 billion).

17 Trade and other receivables

(i) Trade and other receivables account is analysed as follows:

	2018 N'000	2017 N'000
Trade receivables: gross	18,225,511	5,840,368
Less impairment	(485,746)	(287,672)
Trade receivables: net	17,739,765	5,552,696

Notes to the financial statements (continued)

Trade and other receivables (continued)

	2018 N'000	2017 N'000
Advances and prepayments	4,395,920	5,619,391
Unclaimed dividend held with registrar	475,448	195,051
Interest receivable	434,345	286,274
Other receivables *	2,581,949	704,641
Due from related parties (Note 25)	4,307,325	14,972,990
Deposit for imports (Note 17 (v))	253,437	290,446
	30,188,189	27,621,489

* Included in other receivables is N1.8bn due from Upfield in relation to the Transitional Service Agreement (note 32 (ii))

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

		2018 N'000	2017 N'000
(ii)	Analysis for trade receivables:		
	Carrying amount not past due	11,543,910	2,303,039
	Carrying amount past due less than 3 months	5,983,819	701,339
	Carrying amount past due 3 - 6 months	212,014	1,936,676
	Carrying amount past due 6 - 12 months	(2,070)	611,526
	Carrying amount past due (12 months & above)	2,092	116
		17,739,765	5,552,696

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.
Information about the Company's exposure to credit risk and impairment losses for trade receivables is included in note 2.1(b)

		2018 N'000	2017 N'000
(iii)	Movement in allowance for trade receivables:		
	At 1 January	287,672	307,723
	Impairment loss (17 (vi))	272,597	11,591
	Unused amounts reversed	-	(12,404)
	Bad debt written off	(74,523)	(19,238)
	At 31 December	485,746	287,672

Notes to the financial statements (continued)

Trade and other receivables (continued)

(iv) Analysis of related parties receivables:

	2018 N'000	2017 N'000
Carrying amount neither past due nor impaired	157,987	3,878,226
Carrying amount of related party receivables past due	4,149,338	11,094,764
	4,307,325	14,972,990

Related party receivables arise from export sales which are payable within 90 days and exchange of services which are payable within 30 days.
Receivables above 90 days have been subjected to impairment assessment in line with IFRS 9 and the appropriate impairment loss recognised in the income statement. Information about the Company's exposure to credit risk and impairment losses for intercompany receivables in included in note 2.1(b)

(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.

(vi) Impairment loss on trade and intercompany receivables

	2018 N'000	2017 N'000
Trade receivables (17 (iii))	272,597	813
Intercompany receivables	38,846	-
	311,443	813

18 Cash and cash equivalents

	2018 N'000	2017 N'000
Cash at bank and in hand	24,055,755	25,555,613
Fixed deposit	33,088,427	24,937,982
	57,144,182	50,493,595

Fixed deposit includes unclaimed dividend of N2.75 billion (2017: N2.72 billion) returned from the registrar.

19 Trade and other payables

	2018 N'000	2017 N'000
Trade payables	13,138,613	8,135,087
Amount due to related companies (Note 25)	14,611,870	17,870,489
Dividend payable (Note 19(I))	3,171,439	2,891,042
Accrued liabilities	1,175,636	853,639
Accrued brand and marketing expenses	366,892	358,144
Accrued shipping and freight charges	1,609,344	492,380
Refund liabilities	1,071,360	-
Non trade payables	3,465,685	2,808,039
	38,610,839	33,408,820

Trade and other payables (continued)

* Included in Non trade payables is N711m due to Upfield in relation to the TSA (Note 32 (ii))

(i) Dividend payable

	2018 N'000	2017 N'000
As at 1 January	2,891,042	2,990,997
Dividend declared	2,872,503	378,330
Dividend paid	(2,872,503)	(378,330)
Dividend unclaimed by shareholders	280,397	(21,054)
Statute barred dividend	-	(78,901)
As at 31 December	3,171,439	2,891,042

For the year ended 31 December 2018, the directors have proposed a dividend of N1.50 per share, amounting to N8.6 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 2018, N475 million (2017: N195 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% (2017: 30%). The movement on the deferred tax account is as follows:

	2018 N'000	2017 N'000
The movement in deferred tax is as follows:		
Deferred tax liability:		
At start of year	4,484,871	3,942,337
Changes during the year:		
- (Credit)/Charge to income statement (Note 12)	(456,996)	862,615
- Charge/(credit) to other comprehensive income	56,597	(320,081)
- Credit to retained earnings	(432,347)	-
At end of year	3,652,125	4,484,871

Notes to the financial statements (continued)

Deferred tax liabilities (continued)

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-deductible expenses N'000**	**Other liabilities N'000**	**Total N'000**
At 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
Charge to other comprehensive income	-	(320,081)	-	-	(320,081)
At 31 December 2017 / 1 January 2018	5,715,458	(1,119,144)	(92,056)	(19,387)	4,484,871
Charge/(credit) to income statement	(83,264)	56,091	16,673	(446,496)	(456,996)
Credit to other comprehensive income	-	56,597	-	-	56,597
Credit to retained earnings	-	-	(432,347)	-	(432,347)
At 31 December 2018	5,632,194	(1,006,456)	(507,730)	(465,883)	3,652,125

21 Retirement benefit obligation

(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 non-management staff the benefit payable is based on a graduated scheme depending on the number of years of service while the scheme was terminated for management staff during the year. 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:

	2018 N'000	**2017 N'000**
Funded retirement benefit obligation (Note 21(iv))	(1,584,886)	1,597,969
Fair value of plan assets (Note 21(v))	1,878,105	1,927,204

Notes to the financial statements (continued)

Retirement benefit obligation (continued)

	2018 N'000	2017 N'000
Retirement benefit surplus	293,219	329,235
Unfunded retirement benefit obligations (Note 21(iv))	(2,021,360)	(3,454,370)
Long service award obligations (Note 21(iv))	(209,510)	(205,745)
Net liability in the statement of financial position	(1,937,651)	(3,330,880)

(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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At 1 January	(1,597,969)	(1,237,335)	(3,454,370)	(2,613,267)	(205,745)	(181,166)
Included in income statement						
Current service charge	-	-	(257,719)	(268,796)	(30,680)	(25,667)
Interest cost	(205,705)	(178,372)	(458,204)	(388,697)	(26,657)	(27,960)
Actuarial (losses)/gains – change in assumptions	-	-	-	-	16,461	(17,701)
Actuarial gains – experience	-	-	-	-	6,013	25,506
	(205,705)	(178,372)	(715,923)	(657,493)	(34,863)	(45,822)
Included in OCI						
Actuarial (losses)/gains – change in assumptions	117,788	(132,946)	187,532	(379,529)	-	-
Actuarial (losses)/gains – experience	(177,342)	(107,039)	48,887	(372,032)	-	-
	(59,554)	(239,985)	236,419	(751,561)	-	-
Others						
Employer contributions	-	(221,087)	-	-	-	-
Benefits paid	278,342	278,810	1,912,514	567,951	31,098	21,243
	278,342	57,723	1,912,514	567,951	31,098	21,243
At 31 December	(1,584,886)	(1,597,969)	(2,021,360)	(3,454,370)	(209,510)	(205,745)

Notes to the financial statements (continued)

Retirement benefit obligation (continued)

(v) Reconciliation of change in assets

The plan assets relate to the funded retirement benefit obligation. The movement in the fair value of plan assets of the year is as follows:

	2018 N'000	2017 N'000
At January 1	1,927,204	1,721,956
Included in income statement		
Interest income on plan assets	229,107	271,677
Included in OCI		
Remeasurements - actuarial (losses)/gains	-	(8,706)
Others		
Employer contributions	136	221,087
Benefits paid	(278,342)	(278,810)
	(278,206)	(57,723)
At December 31	1,878,105	1,927,204
Less: funded retirement benefit obligations (Note 21(iv)	(1,584,886)	(1,597,969)
Retirement benefit surplus	293,219	329,235

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

	2018			2017		
	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	-	205,705	(59,554)	-	178,372	(248,691)
Plan assets	-	(229,107)	-	-	(271,677)	-
Unfunded retirement benefit obligations	257,719	458,204	236,419	268,796	388,697	(751,561)
Long service award obligations	8,206	26,657	-	17,862	27,960	-
	265,925	461,459	176,865	286,658	323,352	(1,000,252)

Notes to the financial statements (continued)

Retirement benefit obligation (continued)

(vii) Actuarial assumptions

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Discount rate	15.5%	14.0%	15.5%	14.0%	15.5%	14.0%
Inflation rate	12%	12%	12%	12%	12%	12%
Interest income rate	15.5%	14.0%	-	-	-	-
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.

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 comprised the following:

	2018 N'000	2017 N'000
Government Securities:		
FGN Bonds	846,687	1,119,946
Treasury bills	424,186	538,719
State Government Bonds	57,841	101,232
	1,328,714	1,759,897
Fixed deposits/strict calls:		
Uninvested Cash/Money on Call	2,288	2671
Credit interest	108	31
Fixed deposits	481,086	56,738
Receivable	439	44
Accrued Fees and Expenses	(14,501)	(9,270)
	469,420	50,214
Corporate Bonds	79,969	117,093
Net Asset Values	**1,878,103**	**1,927,204**

Notes to the financial statements (continued)

Retirement benefit obligation (continued)

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 2018
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	1,623,471	-	300,524	-	1,584,887	-
Discount rate (-1%)	1,722,931	6%	317,244	6%	1,661,469	5%
Discount rate (+1%)	1,533,727	-6%	285,484	-5%	1,515,240	-4%
Salary/pension increase rate (-1%)	1,524,898	-6%	-	-	-	-
Salary/pension increase rate (+1%)	1,731,393	7%	-	-	-	-
Price escalation rate (-1%)	-	-	282,720	-6%	-	-
Price escalation rate (+1%)	-	-	320,152	7%	-	-
Mortality experience (-1 year)	1,623,217	0%	300,530	0%	1,604,347	1%
Mortality experience (+1 year)	1,623,749	0%	300,518	0%	1,564,657 -	1%

Sensitivity analysis on liability as at 31 December 2017

	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	-	397,888	-	1,237,335	-
Discount rate (-1%)	3,418,113	7%	420,091	6%	1,297,214	5%
Discount rate (+1%)	2,990,232	-6%	377,926	-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%)	-	-	374,263	-4%	-	-
Price escalation rate (+1%)	-	-	423,947	4%	-	-
Mortality experience (-1 year)	3,190,213	0%	397,894	1%	1,222,712	-1%
Mortality experience (+1 year)	3,193,311	0%	397,880	-1%	1,251,403	1%

Notes to the financial statements (continued)

Retirement benefit obligation (continued)

	Long Service Award Obligations- 2018 N'000	Impact (%)	Long Service Award Obligations- 2017 N'000	Impact (%)
Base figures	209,510		205,745	
Discount Rate (-1%)	220,231	5%	216,966	5%
Discount Rate (+1%)	199,700	-5%	195,548	-5%
Salary increase rate (-1%)	199,946	-5%	196,190	-5%
Salary increase rate (+1%)	219,852	5%	216,145	5%
Price escalation rate (-1%)	207,909	-1%	203,869	-1%
Price escalation rate (+1%)	211,213	1%	207,748	1%
Mortality experience (-1 year)	209,831	0%	212,406	3%
Mortality experience (+1 year)	209,147	0%	198,521	-4%

Assumptions for sensitivity analysis	**Base rates 2018**	**Base rates 2017**
Discount rate (unfunded retirement benefit obligation and medical)	15.5%	14%
Discount rate (funded retirement benefit obligation)	15.5%	14%
Salary increase rate	12%	12%
Product/benefit inflation rate	12%	12%

The base figures used for the sensitivity analysis on liability is the unfunded retirement benefit obligation as at 31 December 2018 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2018.

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

22 Operating leases

The Company leases a number of regional offices and residential accomodation under operating leases. The leases typically run for a period of 1 to 2 years, with an option to renew the lease after that date

i Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were payable as follows:

	2018 N'000	2017 N'000
Less than 1 year	84,701	82,082
Between 1 and 5 years	17,779	9,274
Total	102,480	91,356

Notes to the financial statements (continued)

Operating leases (continued)

ii **Amounts recognised in the income statement**

	2018 N'000	2017 N'000
Lease expense	172,630	164,983
	172,630	164,983

23 **Cash flows from operating activities**

	2018 N'000	2017 N'000
Profit before tax - continued operations	12,621,908	10,595,995
Profit before tax - discontinued operations (Note 32 (I))	2,230,814	611,218
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(I))	2,672,245	4,099,064
- Bad debt write off (Note 17 (iii))	74,523	-
- (Gain)/Loss on disposal of property, plant and equipment	(159,890)	18,026
- (Gain) on sale of discontinued operation (Note 32 (I))	(1,971,090)	-
- Impairment on intercompany receivables	(1,351,084)	-
- Amortisation of intangible assets	257,402	234,234
- Interest income (Note 10)	(3,452,478)	(1,201,042)
- Interest expense	(37,055)	1,167,929
- Exchange loss/(gain) on intercompany loan (Note 26(ii))	-	592,863
- Net charge in retirement benefit obligations (Note 21(iv))	692,385	564,188
- Long service award obligations (Note 21(vi))	34,863	45,822
- Statute barred dividend	-	78,901
- Change in employee loan receivable (Note 31)	95,158	(25,105)
- Other employee benefits (Note 28)	(85,902)	11,749
- Derivative gain on forwards	-	(285,740)
- Decrease in other non-current assets	31,133	60,674
Changes in working capital:		
- Increase in trade and other receivables	(2,566,700)	(8,675,911)
- Increase in inventories	(2,450,335)	(1,600,033)
- Increase in trade and other payables	5,202,019	932,318
Cash flows generated from operating activities	11,837,916	7,225,150

Notes to the financial statements (continued)

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:

	2018 Fair value hierarchy	2018 Carrying amount N'000	2018 Fair value N'000	2017 Fair value hierarchy	2017 Carrying amount N'000	2017 Fair value N'000
Employee loans receivable (Note 31)	Level 2	114,536	114,536	Level 2	209,694	209,694
Trade and related party receivables (Note 17(I))		22,047,090	22,047,090		20,525,686	20,525,686
Cash and cash equivalent (Note 18)		57,144,182	57,144,182		50,493,595	50,493,595
		79,305,808	79,305,808		71,228,975	71,228,975
Trade and other payables (Note 19)*		37,336,640	37,336,640		32,936,240	32,936,240
Long term loan (Note 26)		4,176	4,176		22,511	22,709
Secured bank loan (Note 26)	Level 2	-	-	Level 2	518,198	528,440
		37,340,816	37,340,816		33,476,949	33,487,389

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 N2,310 million (2017: N2,069 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. (see note 9(b)) 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.
Effective 1 June 2018, after an internal arrangement, the service provider was changed from Unilever Plc to Unilever Europe Business Centre B.V.
In consideration of this agreement, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc/Unilever Europe Business Center B.V. The fee payable under this agreement in 2018 was N112.6 million (2017: N112.6 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. (see note 9(b)). Approved maximum amount payable on central services is N112.6 million.

Notes to the financial statements (continued)

Related party transactions (continued)

(iii) Sale of finished goods to related parties

	2018 N'000	2017 N'000
Unilever Cote D'Ivoire	988,598	909,803
Unilever Ghana Ltd	694,890	786,371
	1,683,488	1,696,174

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

	2018 N'000	2017 N'000
Unilever Ghana Limited	1,632,154	3,729,970
Unilever Asia Private Limited	78,670	-
Unilever South Africa (Pty) Limited	51,593	593,611
Unilever Gulf Free Zone Establishment	18,461	16,101
	1,780,878	4,339,682

(v) Outstanding related party balances as at 31 December were:

	2018 N'000	2017 N'000
Receivables from related parties:		
Unilever Cote D'Ivoire	5,457,650	7,814,098
Unilever Ghana Limited	-	4,441,888
Other related parties (settlement of liabilities on behalf of related entities)	239,605	2,717,004
Gross receivables	5,697,255	14,972,990
Less impairment	(1,389,930)	-
	4,307,325	14,972,990

	2018 N'000	2017 N'000
Payables to related parties:		
Unilever UK Plc	2,423,562	3,346,150
Unilever Cote D'Ivoire	125,328	144,963
Unilever Ghana Limited	2,373,529	5,943,665
Unilever Asia Private	5,876,661	4,596,274
Unilever NV	2,394,533	1,943,904
Unilever Gulf Free Zone Establishment	333	10,938
Other related parties (settlement of liabilities on behalf of the Company)	1,417,924	1,884,595
	14,611,870	17,870,489

Notes to the financial statements (continued)

Related party transactions (continued)

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.

(vi) 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.

	2018	**2017**
Current liability	**N'000**	**N'000**
Confirmed LC loan (Note 26(I))	-	133,589
Current portion of long term bank loan (Note 26(ii))	394	4,684
Current portion of secured bank loan (Note 26(iii))	-	316,255
	394	454,528
Non-current liability		
Non-current portion of long term bank loan (Note 26(ii))	3,782	17,827
Secured bank loan (Note 26(iii))	-	201,943
	3,782	219,770
Total loans and borrowings	4,176	674,298

(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.

Notes to the financial statements (continued)

Loans and borrowings (continued)

(ii) 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:

	2018 N'000	2017 N'000
At 1 January	22,511	66,083
Repayments	(18,335)	(43,572)
At 31 December	4,176	22,511
Analysed as:		
Current	394	4,684
Non current	3,782	17,827
	4,176	22,511

(iii) 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 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).

The loan was settled during the year.

	2018 N'000	2017 N'000
Opening amortised cost	518,198	702,748
Interest cost	25,726	133,219
	543,924	835,967
Less repayment		
Principal	(518,198)	(272,109)
Interest	(25,726)	(45,660)
Amortised closing balance	-	518,198

Notes to the financial statements (continued)

Loans and borrowings (continued)

Analysed as:	2018 N'000	2017 N'000
Current	-	316,255
Non current	-	201,943
	-	518,198

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

	2018 N'000	2017 N'000
Interest expense	25,726	133,219
Amortisation of government grant	(8,189)	(32,756)
	17,537	100,463

(iv) Import Finance Facility
This represents a facility line for the issuance of Letters of Credits to the Company's vendors for the purchase of raw materials

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 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. The loan was paid up during the year and the outstanding deferred income recognised in interest expense.

	2018 N'000	2017 N'000
At 1 January	62,781	95,537
Amount recognised in interest expense	(62,781)	(32,756)
At 31 December	-	62,781

Amount disclosed in the statement of financial is presented below:

	2018 N'000	2017 N'000
Current liabilities	-	32,756
Non-current liabilities	-	30,025
	-	62,781

Notes to the financial statements (continued)

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:
The scheme was wound down during the year and all stakeholders were paid off

A summary of the status of the Scheme Plan as at 31 December 2018 and 31 December 2017 is presented below:

	2018 **Number of employees**	**2017** **Number of employees**
As at 1 January	889	975
Awarded	5	-
Terminated	(894)	(86)
As at 31 December	-	889

Share award value information	**2018**	**2017**
Fair value per share award during the year (N)	43.00	41.00

The movement in the scheme is shown below

	2018 **N'000**	**2017** **N'000**
As at 1 January	85,902	74,150
Service Cost	8,754	8,376
Curtailment	10,667	-
Benefits paid by employer	(105,323)	(8,770)
Actuarial (gains)/losses - change in assumption	-	12,146
	-	85,902

Notes to the financial statements (continued)

Other employee benefits (continued)

Amount recognised in non current liabilities is shown below:

	2018 N'000	2017 N'000
Other employee benefits	-	85,902

The share-based payments are based upon independent valuation conducted by Ernst and Young. (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 2017 and 31 December 2018	5,745,005	2,872,503	56,812,810

The authorised number of ordinary shares is 6,053,274,000 (2017:6,053,274,000) with a par value of 50kobo per share. Of these, 5,745,005,417 (2017: 5,745,005,417) ordinary shares have been issued and fully paid.

30 Other non-current assets

	2018 N'000	2017 N'000
Long term portion of employee loans	30,574	70,212
Long term portion of prepayments	17,779	9,274
Balance as at 31 December	48,353	79,486

Long term portion of employee loans include long term portion of loans provided to employees. The tenor of the loans range from a period of 2 years to maximum period of 4 years

31 Employee loan receivable

	2018 N'000	2017 N'000
Current portion of present value	49,005	79,384
Non-current portion of present value	65,531	130,310
	114,536	209,694

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 22%
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.

Notes to the financial statements (continued)

32 Discontinued Operations

i In July 2018, Unilever Nigeria Plc concluded the sale of its entire spreads business (Blueband margarine). In line with the Unilever Group's directive, the Company committed to a plan to sell this business since its announcement in December 2017.

The Spreads business was not previously classified as Held for Sale or as a discontinued operation. The comparative income statement and OCI have been restated to show the discontinued operation as a single amount. The amount is analysed as follows:

Income Statement	Year ended 31 N'000	Year ended 31 Dec 2017 N'000
Turnover	2,344,435	5,577,937
Cost of sales	(1,781,435)	(4,148,909)
Gross Profit	563,000	1,429,028
Selling and Distribution expenses	(123,044)	(202,433)
Marketing and administrative expenses	(266,644)	(507,191)
Other income (Gain on sale)	1,971,090	(1,108)
Operating profit	2,144,402	718,296
Finance income	101,624	102,484
Finance cost	(15,212)	(209,562)
Profit Before tax	2,230,814	611,218
Taxation12 (I)	(810,826)	(230,877)
Profit for the year from discontinued operations	1,419,988	380,341
Profit for the year attributable to equity holders from discontinued operations	1,419,988	380,341
Basic and diluted earnings per share (Naira) attributable to equity holders from discontinued operations	0.25	0.09

The current year numbers reflect the results of the spreads business from the beginning of the year to its discontinuation in July 2018.

ii **Effects of disposal on the Statement of Financial Position**

	N'000
Property Plant and Equipment	2,760,687
Non current assets	2,760,687
Cash consideration received	4,731,777
Cash inflows	4,731,777

iii **Transitional Service Agreement**

Subsequent to the disposal of the spreads business, Unilever entered into a Transitional Service Agreement ("the Agreement") with the new owners, Sigma Silver Foods (Upfield Foods) Nigeria Limited. The Agreement is in place till 31 December 2019, during which time Unilever will provide production and sales support to Upfield Foods in exchange for a fee.

Notes to the financial statements (continued)

Discontinued Operations (continued)

Transitional Service Agreement (continued)

Receivables from and payables due to Upfield in relation to this agreement are N1.8bn and N711m respectively.

33 Contingencies

The Company is involved in pending litigation arising in the ordinary course of business. Estimated contingent liability as at 31 December 2018 is N492 million (2017: N221.6 million). The directors believe that the risk of material claims crystallising against the Company from pending litigation is low.

34 Subsequent events

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 2018 that have not been adequately provided for or disclosed in the financial statements.

Other national disclosures
Value Added Statement

	2018 N'000	%	2017 N'000	%
Revenue - continuing operations	92,899,969		85,193,369	
Revenue - discontinued operations	2,344,435		5,577,937	
	95,244,404		90,771,306	
Bought in materials and services:				
- local	(26,308,545)		(25,684,103)	
- imported	(44,924,280)		(41,345,158)	
	24,011,579		23,742,045	
Interest income	4,128,556		1,667,747	
Value added	28,140,135	100	25,409,792	100
Applied as follows:				
To pay employees' salaries, wages and benefits	9,739,754	35	7,373,428	29
To provide for maintenance of assets	2,929,647	10	4,099,064	16
To pay taxes	4,300,582	15	3,757,128	15
To pay interest on borrowings and deposits	618,012	2	3,410,258	13
Retained for Company's growth	10,552,140	37	6,769,914	27
	28,140,135	100	25,409,792	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

	2018* N'000	2017 N'000	2016 N'000	2015 N'000	2015 N'000
Financial performance					
Revenue	95,244,404	90,771,306	69,777,061	59,221,748	55,754,309
Gross profit	28,788,122	28,943,264	20,296,041	21,047,500	20,170,293
Operating expenses	(19,653,194)	(15,975,515)	(14,615,233)	(16,485,316)	(15,561,139)
Other (expenses)/income	2,207,250	(18,026)	124,237	77,506	5,590
Net finance cost	3,510,544	(1,742,511)	(1,698,623)	(2,868,627)	(1,741,509)
Profit before taxation	14,852,722	11,207,213	4,106,422	1,771,063	2,873,235
Taxation	(4,300,582)	(3,757,128)	(1,034,537)	(578,697)	(460,892)
Profit after Tax	10,552,140	7,450,085	3,071,885	1,192,366	2,412,343
Other comprehensive income	120,268	(680,171)	742,739	(430,004)	447,663
Total comprehensive income	10,672,408	6,769,914	3,814,624	762,362	2,860,006
Earnings per share (Basic and diluted) - Naira	1.84	1.78	0.81	0.32	0.64
Capital employed					
Share capital	2,872,503	2,872,503	1,891,649	1,891,649	1,891,649
Share premium	56,812,810	56,812,810	45,717	45,717	45,717
Reserves	23,104,230	16,223,062	9,752,577	6,065,887	5,541,442
Shareholders' funds	82,789,543	75,908,375	11,689,943	8,003,253	7,478,808
Employment of capital					
Non-current assets	30,533,130	31,125,625	30,948,762	29,164,670	27,165,096
Net current assets/(liabilities)	58,143,190	53,263,433	(11,970,842)	(13,689,839)	(12,799,674)
Non-current liabilities	(5,886,777)	(8,480,683)	(7,287,977)	(7,471,578)	(6,886,614)
	82,789,543	75,908,375	11,689,943	8,003,253	7,478,808
Net assets per share (Naira)	14.41	18.17	3.09	2.12	1.98

* Includes continued and discontinued operations

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
43	2018	NIL	5,745,005,417

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

Shareholders Information

RANGE ANALYSIS AS AT DECEMBER 31, 2018

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1-1,000	36,507	39.71	15,566,093	0.27
1,001-5,000	31,661	34.44	83,287,461	1.45
5,001-10,000	9,290	10.10	71,418,057	1.24
10,001-50,000	10,708	11.65	239,211,195	4.16
50,001-100,000	2,142	2.33	154,238,294	2.68
100,001-500,000	1,414	1.54	233,281,842	4.06
500,001-1,000,000	100	0.11	68,528,133	1.19
1,000,001 and Above	117	0.13	4,879,474,342	84.93
TOTAL	**91,939**	**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)	596,869,298	10.39

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, 2019
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.

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
GREENWICH REGISTRARS & DATA SOLUTIONS
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.
	11 PLC	
	Abplast Products PLC	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	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	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	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	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Bank of Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	


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

Photo Gallery











Photo Gallery









Photo Gallery


Rexona
BE THE NEXT
CHAMPION!
TRAIN AT CHELSEA FC & PLAY
AGAINST CHELSEA LEGENDS!
Rexona
It won't
let you down

Product Range

CLOSEUP

Despite the intense competitive pressures in the Nigerian Oral Care category, Closeup has retained its lead position in the category. In 2018, positive consumer perception and experience with Closeup grew. The brand's key message, "Break the Barrier" which encourages consumers to push themselves out of their comfort zone and to confidently act on their dreams, aspirations and desires also garnered significant interest and engagement.

Closeup partnered with key celebrity artistes and comedians like Reekado Banks, Simi, Mayorkun, Humble Smith, LAX, Mr. Real, Kenny Black and others in February 2018 to create excitement around the launch of Closeup's newest innovation: Closeup Cool breeze, which is specially formulated with antibacterial mouthwash formula, calcium fluoride and peppermint to address the major oral care issues – bad breath, tooth decay and weak tooth via campus parties in top universities across Nigeria. This helped to further connect with the Nigerian youth across relevant touchpoints.

Closeup recognizes young talents across Nigeria and offers a platform where they have an opportunity to be themselves, follow their dreams and break barriers. Closeup created a platform for youths to showcase their musical talents with the #CoolLikeThat musical challenge. The Closeup Cool breeze party generated a lot of buzz on social media, drove conversations, awareness and a high-level engagement amongst over 20 million Nigerians. Closeup continues to maintain the leadership position in the Nigerian Oral care market, 2018 was another outstanding year for the brand, key brand metrics improved significantly and a solid year on business results as well.

PEPSODENT

Pepsodent remains passionate about improving oral hygiene in Nigeria with its three-in-one proposition: cavity protection, whiter teeth and fresh breath. In Nigeria today, oral care is a major socio-economic challenge, and with approximately 4125 registered dentists (that's 1 dentist to about 40,000 people), a significant number of dental decay cases remain untreated due to unavailable or unaffordable dental care services or products. Tooth decay, caused by bad oral hygiene practices and a poor diet (one high in sugars) is a leading cause of absence from school and work. It affects 3 out of 5 children and almost all adults are affected at least once in their lifetime.

In a quest for a cavity-free Nigeria, Pepsodent, in partnership with the Federal & Lagos State Governments, Nigerian Dental Association, and some NGOs are committed to improving the oral health of 10 million Nigerian children by 2020 via the Pepsodent "Brush Day & Night Schools" Programme. The Programme is a 21-day behavioural change campaign where we visit schools to educate children on the importance of adopting good oral care habits, like brushing twice a day (morning and night), and we teach them the correct way to brush their teeth. By the end of 2018, we had reached and positively impacted 5 million children already! Pepsodent also championed other exciting initiatives in 2018. For instance, the Pepsodent Mobile Dental Clinic went around communities and towns offering free dental checks to people who may otherwise not have access to a dental clinic. During the consultation sessions, we also introduced Pepsodent with its two variants - Cavity Fighter and Triple Protection – and its numerous oral health benefits.

A cavity-free Nigeria, and improved oral health of Nigerians are at the heart of our brand, and we look forward to working towards the achievement of this goal, as well as our business objectives, in 2019.

Product Range

OMO

For several decades, OMO has retained its position as a superior and trusted brand in Nigeria. Omo kicked off 2018 by supporting the Perfect City project, which is in line with Omo's ethos – the belief that kids develop best through play and rich memory-making experiences. We partnered with renowned muralist Polly Alakija to empower kids of Ken-Ade primary school Makoko creatively. The task was for each child to paint the school's walls, and to create an art piece of the map of Nigeria, using OMO packaging material. This art piece was later donated to the Deputy British High Commissioner's residence.

In the first quarter of the year, Omo celebrated Mother's Day with the #MotherMakesMe digital campaign which showcased the positive influence mothers have over their kids, and the various ways mothers make them feel - strong, excited, beautiful, happy and loved. This campaign celebrated the important role of mothers in a child's life.
In May, the Islamic holy month of Ramadan, Omo created a platform to encourage good deeds by sharing and promoting valuable tips with #OMOGoodness. This was a rewarding online campaign as we inspired people across the country to donate blood and clothes, give alms, send a letter of appreciation to a local unsung hero amongst other good acts.

OMO powered the 2018 edition of Unilever's Ideatrophy as a contributor to the creative development of young adults.

Themed "Freedom to Explore, Freedom to Experience and Freedom to Grow" the 2018 Ideatrophy was an exciting, inspiring competition, where participants were tasked to bring OMO's brand purpose to life. Out of 12 teams of University undergraduates which made it to the bootcamp, Team Banga (Federal University of Technology, Owerri) and Team Bagasse (Ahmadu Bello University, Zaria) emerged winner and first runner up respectively. Both teams will represent Nigeria in the Ideatrophy Africa regional round in South Africa. The winner and runner up of the Africa regional round will then represent Africa in London at the Future Leaders' League.

Omo ended the year on a high note with the introduction of OMO Auto washing machine powder which "Removes tough stains". This latest addition to our family is specially formulated for Nigerians, delivering superior performance on oily stains while protecting clothes and colours! It can be used in front and top loader machines for the same incredible result and is available in 1kg and 2kg packs with ingredients that are biodegradable.

Throughout 2018, Omo consistently connected with Nigerians, staying top of mind with impactful activities," exciting adverts, television program sponsorship and "Naija-centric" communication, and Omo looks forward to consistently connect with Nigerians in the years to come.

Product Range

SUNLIGHT

In 2018, Sunlight took its consumers on a journey of creativity and exciting rewards. It was a good year for our consumers and the brand, as is evidenced by the solid growth with which the Sunlight range closed the year. During the International Women's Day themed 'Press for Progress' in the first quarter of the year, Sunlight took to the streets and showed consumers that the brand is indeed a partner in their quest for progress. Sunlight sponsored a free one-hour pass at the Lekki -Epe tolls for all vehicles with female occupants, with messages appreciating and encouraging womenfolk as they drove or were driven by. This activity created visibility for the brand and drove goodwill with our consumers. During the Mother's Day celebrations later in the year, Sunlight decided to tug at the heartstrings of consumers in a different way - amidst tears, words of appreciation and prayers, Sunlight rewarded 3 families with much needed home makeovers (renovation and furniture) across Lagos, Benin and Kaduna.

The Africa Magic Viewers' Choice Awards in September presented an opportunity for Sunlight to take part in one of the most vibrant segments of the economy – the entertainment sector. Sunlight sponsored the Best Movie (Drama/Comedy) West Africa Category and not only got significant visibility from this platform, but also gave a few consumers the opportunity to attend the glamorous event by giving out free tickets!

We basked in the aftermath of this event till Independence Day, when Sunlight got another chance to delight our consumers while encouraging them to be diligent in their work. To do this, we put out an announcement for our Sunlight "Windependence" Competition, where fashion, beauty and art enthusiasts were encouraged to send in creative entries guided by brand and nation related key words. The 3 most creative entries were selected, and the creators were rewarded with cash gifts and a year's supply of Sunlight products.

2019 promises to be even more exciting than 2018 was, and we look forward to sharing updates and results with you next year.

LUX

For many years, Lux has been as a foremost fragranced beauty bar for women in Nigeria. In 2018, Lux went further than being "a beauty bar" to celebrating the many things that make the modern woman extraordinary. We called this the "More Than You Can See" campaign, during which we showcased the Lux woman as not only beautiful but also multifaceted, versatile and a talented woman who embraces her femininity unapologetically.

To achieve this, Lux deployed exciting and impactful television and radio commercials, outdoor adverts, and trade activations across Nigeria. Our key message to women was that they are unstoppable, and there is more to them than the world sees. Our focus during the year was to build brand love and relevance amongst a younger target group and to improve consumer loyalty.

The campaign also partnered with key female celebrity role models to drive this message home via videos and picture stories on social media, which reached thousands of women. There was also a weekly show where women came together to share their unique experiences and lessons learned, and the campaign culminated in a special ladies' night to celebrate women.

The Lux #IAmMoreThanYouCanSee campaign reached over six million young women in Nigeria, improving our engagement rates across media channels and growing our followership by 35%. Lux consecutively delivered growth in brand equity and market share during all four quarters of the year. Most importantly, Lux was proud to inspire women and remind them of how special and unstoppable they are.

Product Range

GLEN TEA

Glen tea is our latest exciting addition to the Nigerian tea market. It was launched in June 2018, as part of our commitment to continue providing our consumers with affordable, great quality tea. Glen is a delicious tea with a strong, uniquely fresh flavour that is packaged in a beautifully designed 5.4 grams sachet and a 45 gram box pack.

Drinking Glen tea is a great way to start the day, as it aids digestion and is soothing to the body. Whether its consumed as a refreshing tea drink or enjoyed with a whole meal, Glen tea is invigorating and relaxing.

Apart from the health benefits of drinking Glen tea often, Glen represents an invitation and an opportunity for people to bond and collaborate more with others. With Glen tea, finding a common ground is just an affordable cup of tea away, irrespective of any apparent differences.

Glen tea is glad to become a part of the Nigerian story, and looks forward to helping Nigerians keep healthy, and build stronger relationships in the years to come.

ROYCO

"Original taste and Aroma"

Royco is that extra special ingredient that enriches meals in countless kitchens across Nigeria; stirring up original aromas and bringing out authentic, mouth-watering taste in every mouthful.

In 2018 we restaged the Royco portfolio by introducing a new and improved formulation that delivers original taste and aroma with exciting pack format. The New improved Royco also offers chicken and Goat variants in affordable price 400g @ N350 and 200g @ N180, which are now clearly differentiated across the chicken & goat variants. A new Royco stew seasoning mix in an exciting 5g pack at N10 was also added to the portfolio to expand the brand offering and establish Royco's presence in the seasoning category.

Lots of exciting community and trade engagements across 110 Nigerian rural communities were executed by the brand in 2018. Such as sponsorships, competitions, Door to door products sampling and testimonials, customer promotions and local buy and win amazing prizes.

Retelling the Royco story of uniting and connecting Nigerian families with the original tasty meals that builds bonds through the Royco effect.


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

Product Range

LIPTON

Our Lipton Yellow Label tea is greatly loved by consumers for its rich and nutritious flavor, and as a result, has retained its position as the market leader in tea.

As our consumers are at the heart of our brand, Lipton has championed several campaigns and initiatives (dubbed "Lipton awakening moments") that have positively impacted the lives of our consumers. In 2018, we successfully reached over 90,000 consumers across Nigeria.

During Ramadan, 85,000 Muslims in 10 key cities were given free cups of Lipton tea and fruits to break their fast. Lipton also collaborated with Hope for Life Initiative and God's Wives (both NGOs), by asking consumers to partner with us by buying a pack of Lipton, in order to help us reach 1,000 widows. With this initiative, we were able to give care packs to 1,000 widows and we helped 100 of them start various businesses, from small scale trading to fashion designing. We called this initiative "Lipton reasons to smile" because we strongly believe that everyone deserves to smile; even those who are often forgotten.

In 2018, we also partnered with the African Artist Foundation and Ake Festival. By both partnerships Lipton helped give young, budding literary talents an opportunity to share their creative work. This also helped other young consumers reconnect with the importance and beauty of literature over cups of tea.

Over the years, Lipton has continued to engage and evolve with our consumers of all age groups, by being immersed in their interests, and in 2019, Lipton looks forward to enriching the lives of consumers by championing several impactful Lipton awakening moments.

AXE

The power of looking and smelling pleasant cannot be overstated, and for several years, Axe deodorant has helped consumers smell their best, enabling them to confidently live their lives and find what makes them unique - we term this 'their magic'.

Building on the exciting Axe Party of 2017, we partnered with Davido, one of Nigeria's big music artistes to create further brand engagement with our consumers; using the passion of music to drive brand equity with the proposition ''Axe Find Your Magic''. We invited individuals who had found their magic to send in their entries, for a chance to win and attend an exclusive party with Axe and Davido.

The 2018 Axe Party of the Year was an authentic, thrilling event where young, energetic and creative males showcased their magic; their uniqueness. Axe celebrated those who had found their magic and encouraged those who were still on their way.
Axe looks forward to more exciting engagements with its consumers in 2019.

Product Range

KNORR

"Rich Flavour, Bringing People Together"

Good flavour is universally recognized, 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 flavorful, 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.

The Knorr cubes are fortified with Iodine and Iron to keep the consumers healthy. Knorr continues to add value to the lives of her consumers through the Knorr Force for Good Program, which aims to reduce iron deficiency in Nigeria by sensitizing mothers and young girls in schools and communities to drive positive behavioral change. The consumers are encouraged to consume green leafy vegetables in frequently eaten/cooked dishes like stew.

Roughly half of all anemia 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 be anemic- (WHO report). Knorr's Force for Good program passionately contributes its quota to tackling this epidemic by simply teaching the Knorr green footsteps: "Toss, Stir, Crumble".

To engage and connect with consumers, Knorr deployed the Knorr Taste Quest, a cooking competition themed the Battle of Flavours a media property that reinforces Knorr's taste credential while showcasing the contestants' journey from basic culinary skills to mastering the art of creating tasty meals. The 2018 edition was the 5th Season.

On digital, Facebook and Instagram Ads were deployed, accompanied by Ads on Google Display Network, YouTube and direct buys on relevant websites. Cummulative reach was 20.5m.

- A proudly Nigerian and engaging TV Commercial was deployed.
- We had a robust trade engagement to drive consumer awareness
- 6 social media influencers in the food category were engaged for campaign promotion on Instagram.
- On radio, 'The Call' AD material was deployed along with squeezeback on TV .
- On ground activation lasted for 11 days, driving awareness for the show across 11 states. 3,108 entries were gotten via this channel.

This was used to promote the fact that Knorr transforms dishes across Nigerian homes every day.

Product Range

VASELINE

Vaseline Petroleum Jelly maintains its market share as the number one Petroleum Jelly in Nigeria. The brand has been around since the 1880s and Nigerians, and people all over the world love and use it as a beauty and natural healing staple.

In Nigeria, Vaseline Jelly is available in 3 tubs of its original variant; 50ml, 250ml and 450ml.

In 2018, the Vaseline Lotion was relaunched in Nigeria and we partnered with influencer Tobi Bakre of the Big Brother Naija fame to launch the Vaseline For Men range on social media. This drove consumer engagement with the brand, and the relaunch received many positive reviews.

Vaseline also executed the 'No Cracks' campaign which reinforced the brand's purpose of delivering superior moisturization benefit to prevent cracks and heal dry skin.

In line with Unilever's mission to make sustainable living common place, we recently modified the brand's packaging material to reduce the amount of plastic use, and we continue to research on techniques to reduce this even further.

We look forward to a good 2019, with the healing power of Vaseline.

PEARS

The Pears lotion, oil, cream, petroleum jelly and powder are just right for babies' tender skin. They contain carefully chosen, pure and mild ingredients, including olive oil which is known to be a natural, mild skin cleanser. In addition, the Pears perfume leaves babies smelling fresh and throughout the day. Pears is gentle, and promises rash-free skin, resulting in a comfortable, cheerful baby

In 2018, Pears, in partnership with the Nigerian Nurses and Midwives of Nigeria, carried out the Pears Hospital Activation which was aimed at educating expectant and new mothers on the benefits of moisturizing their babies skin using Pears. We employed the services of Midwives in 50 top maternal and childcare centres in Lagos, to engage with the target audience and give out free samples from the Pears range. Pears reached and educated almost 500,000 women across several channels (including social media), through this Activation.

In 2019 and the years to come, Pears will continue to deliver on its promise of consistently offering trusted, quality baby care to Nigerian homes.

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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

Product Range

LIFEBUOY

Lifebuoy health soap was relaunched in September 2018 with our new 'Activ-Silver' formulation, an anti-microbial agent that provides stronger protection against today's germs. For the relaunch, we partnered with two great NGOs, the Well-Being Foundation Africa and Sight Savers. We also unveiled the popular artiste Omawumi Megbele as the Lifebuoy Brand Ambassador. Living true to the brand's purpose of saving lives and helping families stay one step ahead of infections, Lifebuoy is advancing critical hygiene interventions, such as hand-washing, to address the challenges of preventable diseases and deaths in various communities across Nigeria.

In line with Lifebuoy's 'Help A Child Reach 5' social mission campaign, the 2018 Global Handwashing Day was celebrated by visiting several schools across Nigeria to teach children about the benefits of proper handwashing with soap, which is one of the most cost-effective, yet often overlooked solutions in preventing illnesses like diarrhoea and pneumonia. In total, 801 schools were visited, 283,917 pupils were reached while additional 25,000 mothers were reached in community health centres.

During the yuletide season in 2018, Lifebuoy, together with our brand ambassador, Omawumi Megbele and the First Lady of Benue State, Mrs Eunice Ortom Samuel, visited the Internally Displaced Persons (IDP) Camp in Dauda, Makurdi, Benue State, to donate cases of Lifebuoy hygiene soap and create awareness on the importance of personal hygiene.

Lifebuoy is available in two variants; Total 10 and Lemon Fresh and Lifebuoy is on a journey to taking the leadership position in the hygiene segment of the soap category.

REXONA

The Rexona female range comprises of Shower Clean, Cotton and Powder variants, while the males have the Active, Xtra Cool and Quantum variants.

In 2018, Rexona in partnership with the renowned Chelsea football club, launched the Africa Xi: Street to Stamford campaign. Using the power of football, Rexona engaged and connected with consumers while showcasing the real Naija spirit of strength, resilience & determination for success – all qualities that align with Rexona's purpose of giving you the confidence to do more. The campaign rounded off with 3 lucky Nigerians selected to be part of the Africa 11 team to train and play with Chelsea F.C. Legends for a day at the Cobham Training facility, in the United Kingdom.

The campaign which featured former Super Eagles captain, Austin JayJay Okocha provided aspiring footballers the opportunity to learn, be inspired and even more motivated towards achieving their dreams.

Notes

Notes

Proxy Form

94th ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON THURSDAY 9 MAY, 2019 AT THE GRAND BANQUET HALL, CIVIC CENTRE, VICTORIA ISLAND, 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 9 May, 2019 and at any adjournment thereof:

Dated this .... day of 2019

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

IF YOU ARE UNABLE TO ATTEND THE MEETING

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.

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.

Please sign this proxy form and send it, so as to reach the address shown overleaf not later than 10.00 a.m. on 7 May, 2019. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.

ORDINARY BUSINESS

RESOLUTION	**FOR**	**AGAINST**	**ABSTAIN**
To declare a dividend			
To re-elect MRS ABIOLA ALABI as a Director			
To re-elect MR FELIX ENWEMADU as a Director			
To re-elect MRS ADESOLA SOTANDE-PETERS as a Director			
To authorise Directors to fix the Auditor's Remuneration			
To elect Shareholders' Representatives on the Audit Committee			
SPECIAL BUSINESS			
RESOLUTION			
To fix the Directors' Fees			
To approve a general mandate authorizing the Company during the 2019 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			

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.

For Company's use only	No. of Shares	


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

SECOND FOLD HERE

Please affix postage stamp

THE REGISTRAR
GREENWICH REGISTRARS & DATA SOLUTIONS,
274, MURTALA MUHAMMED WAY
ALAGOMEJI, YABA, LAGOS

THIRD FOLD HERE AND INSERT


AWAKEN
TO WHAT
REALLY
MATTERS.
Lipton
Lipton
YELLOW LABEL


Unilever
...creating
a brighter future
www.unilevernigeria.com
Pears
closeup
Unilever