



Unilever Nigeria Plc
Unaudited Interim Financial Statements
For the Three Months ended 31 March 2018

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Income Statement
For three months ended 31 March 2018

	Note	31 March 2018 N'000	31 March 2017 N'000
Revenue	6	25,817,627	22,172,314
Cost of sales		<u>(18,676,438)</u>	<u>(15,879,120)</u>
Gross profit		7,141,189	6,293,194
Selling and distribution expenses		(1,153,930)	(947,040)
Marketing and administrative expenses	7	(2,459,538)	(2,596,420)
Other income		<u>-</u>	<u>5,024</u>
Operating profit		3,527,721	2,754,758
Finance income	8	494,126	78,465
Finance costs	9	<u>(98,519)</u>	<u>(653,181)</u>
Profit before taxation		3,923,328	2,180,042
Taxation	10	<u>(1,024,078)</u>	<u>(576,952)</u>
Profit for the period		<u>2,899,250</u>	<u>1,603,090</u>
Attributable to:			
Equity holders		<u>2,899,250</u>	<u>1,603,090</u>
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)		<u>0.50</u>	<u>0.28</u>

The notes on pages 8 to 16 form an integral part of these financial statements.

**Statement of Other Comprehensive Income
 For three months ended 31 March 2018**

	Note	31 March 2018 N'000	31 March 2017 N'000
Items that will not be reclassified to income statement:			
Remeasurement on post employment benefit obligations		-	-
Tax effect		-	-
Other comprehensive income		-	-
Profit for the period		<u>2,899,250</u>	<u>1,603,090</u>
Total comprehensive income		<u><u>2,899,250</u></u>	<u><u>1,603,090</u></u>
Attributable to:			
Equity holders		<u><u>2,899,250</u></u>	<u><u>1,603,090</u></u>

The notes on pages 8 to 16 form an integral part of these financial statements.

**Statement of Financial Position
 As at 31 March 2018**

	Note	31 March 2018 N'000	31 December 2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	11	29,961,516	29,880,704
Intangible assets		647,331	705,890
Other non-current assets		44,771	79,486
Employee loan receivable		83,090	130,310
Retirement benefit surplus	16	343,944	329,235
		<u>31,080,652</u>	<u>31,125,625</u>
Current assets			
Inventories	12	14,268,846	11,478,532
Trade and other receivables	13	40,112,642	27,621,489
Employee loan receivable		50,619	79,384
Derivative assets		-	285,740
Cash and bank balances	14	47,448,538	50,493,595
		<u>101,880,645</u>	<u>89,958,740</u>
Total assets		<u><u>132,961,297</u></u>	<u><u>121,084,365</u></u>
Liabilities			
Current liabilities			
Trade and other payables	15	43,085,102	33,408,820
Income tax		3,339,222	2,799,203
Loans and borrowings		220,229	454,528
Deferred income		32,756	32,756
		<u>46,677,309</u>	<u>36,695,307</u>
Non-current liabilities			
Deferred tax liabilities		4,968,931	4,484,871
Retirement benefit obligations	16	1,969,370	3,454,370
Long service award obligations	16	215,456	205,745
Other employee benefits		63,592	85,902
Deferred income		21,837	30,025
Loans and borrowings		237,177	219,770
		<u>7,476,363</u>	<u>8,480,683</u>
Total liabilities		<u><u>54,153,672</u></u>	<u><u>45,175,990</u></u>

Statement of Financial Position (continued)
As at 31 March 2018

	Note	31 March 2018 N'000	31 December 2017 N'000
Equity			
Ordinary share capital	19	2,872,503	2,872,503
Share premium	19	56,812,810	56,812,810
Retained earnings		19,122,312	16,223,062
Total equity		<u>78,807,625</u>	<u>75,908,375</u>
Total equity and liabilities		<u>132,961,297</u>	<u>121,084,365</u>

The financial statements on pages 2 to 16 were approved for issue by the Board of Directors on 18 April 2018 and signed on its behalf by:



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



Yaw Nsarkoh
 Managing Director
 FRC/2014/IODN/00000007035



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

The notes on pages 8 to 16 form an integral part of these financial statements.

**Statement of Changes in Equity
 For three months ended 31 March 2018**

	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	9,752,580	11,689,946
Total comprehensive income for the period				
Profit for the period	-	-	1,603,090	1,603,090
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	-	-
	-	-	1,603,090	1,603,090
Transactions with owners				
Dividend declared	-	-	-	-
Balance at 31 March 2017	<u>1,891,649</u>	<u>45,717</u>	<u>11,355,670</u>	<u>13,293,036</u>
Balance at 1 January 2018	2,872,503	56,812,810	16,223,062	75,908,375
Total comprehensive income for the period				
Profit for the period	-	-	2,899,250	2,899,250
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	-	-
	-	-	2,899,250	2,899,250
Transactions with owners				
Dividend declared	-	-	-	-
Balance at 31 March 2018	<u>2,872,503</u>	<u>56,812,810</u>	<u>19,122,312</u>	<u>78,807,625</u>

The notes on pages 8 to 16 form an integral part of these financial statements.

Statement of Cash Flows
For three months ended 31 March 2018

	Note	31 March 2018 N'000	31 March 2017 N'000
Cash flows from operating activities			
Cash(used in)/ generated from operations	17	(867,505)	5,856,068
Retirement benefits paid		(1,591,780)	(204,980)
Long service award obligations paid		(22,310)	(2,534)
Net cash flow (used in)/ generated from operating activities		<u>(2,481,595)</u>	<u>5,648,554</u>
Cash flows from investing activities			
Interest received		358,448	149,663
Purchase of property, plant and equipment	11	(741,805)	(764,610)
Net cash used in investing activities		<u>(383,357)</u>	<u>(614,947)</u>
Cash flows from financing activities			
Drawdown of short-term loan		-	3,264,038
Repayment of long-term loan		(81,586)	(115,992)
Interest payment		(98,519)	(724,379)
Net cash flow (used in)/generated from financing activities		<u>(180,105)</u>	<u>2,423,667</u>
Net (decrease)/increase in cash and cash equivalents		(3,045,057)	7,457,274
Cash and cash equivalents at the beginning of the period		<u>50,493,595</u>	<u>7,474,141</u>
Cash and cash equivalents at the end of the period	14	<u><u>47,448,538</u></u>	<u><u>14,931,415</u></u>

The notes on pages 8 to 16 form an integral part of these financial statements.

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1. General information

Unilever Nigeria Plc is incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a public limited liability company and is domiciled in Nigeria. The Company's shares are listed on the Nigerian Stock Exchange (NSE). The Company is principally involved in the manufacture and marketing of foods and food ingredients, and home and personal care products. It has manufacturing plants in Lagos and Agbara.

2. Basis of preparation

These interim financial statements for the three months ended 31 March 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS.

3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

5. Financial risk management

Financial risk factors

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

Risk management is carried out by a Treasury Department under policies approved by the Finance Director. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. These policies are mostly Unilever Global Policies adapted for local use.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 December 2017. There have been no changes in the risk management structure since year end or in any risk management policy.

5.1. Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Unilever is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Company manages this risk mainly by hedging foreign exchange currency contracts. At 31 March 2018, the unhedged financial assets and liabilities amounted to N8.4 billion (2017: N11.8 billion).

5. Financial risk management (continued)

5.1. Financial risk factors

(ii) Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts and bank loans. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk. Borrowings issued at fixed rates expose Unilever to fair value interest rate risk.

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

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

	2018 N'000	2017 N'000
Fixed rate (bank loans)	457,406	674,298
Floating rates (bank overdrafts)	-	-
	<u>457,406</u>	<u>674,299</u>

(b) *Credit risk*

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

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

(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.

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 was N47.4 billion (2017: N50.5 billion).

6. 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 a product category perspective. Unilever is segmented into Food Products (FP) and Home & Personal Care Products (HPC).

Foods – including sale of tea, savoury and spreads.

Home & Personal Care – including sale 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 97% 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.

	Food Products N'ooo	Home Care & Personal Care N'ooo	Total N'ooo
31 March 2018			
Revenue	12,172,840	13,644,787	25,817,627
Depreciation and amortisation	339,264	380,288	719,552
Segmental operating profit	1,663,297	1,864,424	3,527,721
Finance income	232,977	261,149	494,126
Finance cost	(46,451)	(52,068)	(98,519)
Profit before taxation			<u>3,923,328</u>

	Food Products N'ooo	Home Care & Personal Care N'ooo	Total N'ooo
31 March 2017			
Revenue	10,490,807	11,681,507	22,172,314
Depreciation and amortisation	261,467	291,144	552,611
Segmental operating profit	1,303,411	1,451,347	2,754,758
Finance income	70,813	78,850	149,663
Finance cost	(342,739)	(381,640)	(724,379)
Amortisation of prepaid benefit on employee loan			
Profit before taxation			<u>2,180,042</u>

Turnover over by geographical location

	Domestic (within Nigeria) N'ooo	Export (outside Nigeria) N'ooo	Total N'ooo
3 Months ended 31 March 2018	<u>25,088,961</u>	<u>728,666</u>	<u>25,817,627</u>
3 Months ended 31 March 2017	<u>21,649,466</u>	<u>522,848</u>	<u>22,172,314</u>

The company has 98 customers, and no single customer accounted for more than 10% of the company's revenue.

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7. Marketing and administrative expenses

	2018	2017
	N'000	N'000
Brand and marketing	402,628	908,262
Overheads	1,622,440	2,069,940
Service Fees	434,470	376,307
	<u>2,459,538</u>	<u>3,354,509</u>

8. Finance income

	2018	2017
	N'000	N'000
Interest on call deposits and bank accounts	440,141	75,194
Interest income from employee loans	-	-
Exchange gain	53,985	3,271
	<u>494,126</u>	<u>78,465</u>

9. Finance cost

	2018	2017
	N'000	N'000
Interest on third party bank loans	39,150	347,267
Interest on intercompany loan	-	225,385
Interest cost on defined benefit plans	59,369	80,529
	<u>98,519</u>	<u>653,181</u>

10. Income Taxes

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the period. The estimated average tax rate used for the period ended 31 March 2018 is 26% (the estimated tax rate for the three months ended 31 March 2017 was 26%).

11. Property, plant and equipment (PPE)

	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 class	-	(1,514,563)	1,514,563	(8,370)	8,370	-	-
Reclassification from assets held for sale (a)	-	20,350	326,744	-	-	-	347,094
At 31 December 2017	3,571,572	434,433	9,530,572	28,697,718	2,068,838	830,161	45,133,294
Additions	741,805	-	-	-	-	-	741,805
Disposals	-	-	-	(45,053)	-	-	(45,053)
Transfers	(1,522,035)	-	143,083	1,203,583	39,499	135,870	-
At 31 March 2018	2,791,342	434,433	9,673,655	29,856,248	2,108,337	966,031	45,830,046
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 (a)	-	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 period	-	1,116	66,528	503,808	46,563	42,978	660,993
On disposals	-	-	-	(45,053)	-	-	(45,053)
At 31 March 2018	-	16,647	1,558,646	12,906,333	802,011	584,893	15,868,530
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 March 2018	2,791,342	417,786	8,115,009	16,949,915	1,306,326	381,138	29,961,516

12. Inventories

	2018 N'000	2017 N'000
Raw and packaging materials	6,078,378	5,194,289
Work in progress	344,599	312,552
Goods in transit	2,161,035	1,358,881
Finished goods	4,633,639	3,652,397
Engineering spares and other inventories	1,051,195	960,413
	<u>14,268,846</u>	<u>11,478,532</u>

13. Trade and other receivables

	2018 N'000	2017 N'000
Trade receivables: gross	14,206,276	5,840,368
Less impairment	<u>(287,672)</u>	<u>(287,672)</u>
Trade receivables: net	13,918,604	5,552,696
Advances and prepayments	10,205,627	4,150,695
Unclaimed dividend held with registrar		195,051
Interest receivable	135,678	286,274
Other receivables	1,465,127	704,641
Due from related parties (Note 18(iii))	13,044,554	14,972,990
Deposit for imports	<u>1,343,052</u>	<u>1,759,142</u>
	<u>40,112,642</u>	<u>27,621,489</u>

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

14. Cash and cash equivalents

	2018 N'000	2017 N'000
Cash at bank and in hand	22,554,363	25,555,613
Fixed deposit	24,894,175	24,937,982
	<u>47,448,538</u>	<u>50,493,595</u>

15. Trade and other payables

	2018 N'000	2017 N'000
Trade payables	10,929,137	8,135,087
Amount due to related companies (Note 16(iii))	21,406,168	17,870,489
Dividend payable (Note 18(i))	2,891,042	2,891,042
Accrued liabilities	821,287	853,639
Accrued brand and marketing expenses	119,500	358,144
Accrued shipping and freight charges	834,944	492,380
Non trade payables	<u>6,083,024</u>	<u>2,808,039</u>
	<u>43,085,102</u>	<u>33,408,820</u>

15. Trade and other payables (continued)

	2018 N'000	2017 N'000
(i) Dividend payable		
As at 1 January	2,891,042	2,990,997
Dividend declared	-	378,330
Dividend paid to Registrar	-	(378,330)
Payment made from cash with Registrar	-	(21,054)
Statute barred dividend	-	(78,901)
	<u>2,891,042</u>	<u>2,891,042</u>
As at 31 March/31 December	<u>2,891,042</u>	<u>2,891,042</u>

16. Retirement benefit obligations

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

	2018 N'000	2017 N'000
Present value of funded retirement benefit obligations	(1,580,971)	(1,597,969)
Fair value of plan assets	<u>1,924,915</u>	<u>1,927,204</u>
Retirement benefit surplus	343,944	329,235
Present value of unfunded retirement benefit obligations	(1,969,370)	(3,454,370)
Long service award obligations	<u>(215,456)</u>	<u>(205,745)</u>
Net liability in the statement of financial position	<u>(1,840,882)</u>	<u>(3,330,880)</u>

The amounts recognised within the income statement were as follows:

	Current Service Cost N'000	Net Interest Cost N'000	Total N'000
3 Months Ended 31 March 2018	<u>42,420</u>	<u>59,361</u>	<u>101,781</u>
3 Months Ended 31 March 2017	<u>73,377</u>	<u>80,520</u>	<u>153,897</u>

17. Cash flows from operating activities

	2018 N'000	2017 N'000
Profit before tax	3,923,328	2,180,042
Adjustment for non-cash items:		
- Depreciation of fixed assets	660,993	559,443
- Impairment charge	-	
- Assets write off	(45,053)	
- Amortisation of intangible assets	58,558	58,558
- Finance income	(494,126)	(78,465)
- Finance expense	98,519	653,181
- Net charge in retirement benefit obligations	87,447	141,047
- Change in employee loan receivable	75,985	7,033
- Long service award obligations	14,334	12,851
Changes in working capital:		
- (Increase) in trade and other receivables	(12,168,173)	(7,841,332)
- Decrease in inventory	(2,790,314)	762,085
- Increase in trade and other payables	9,676,282	9,361,552
- Decrease in other non-current assets	<u>34,715</u>	<u>40,073</u>
Cash flows generated from operating activities	<u>(867,505)</u>	<u>5,856,068</u>

18. Related party transactions

(i) Sale of finished goods to related parties

	2018 N'000	2017 N'000
Unilever Ghana Limited	409,270	118,679
Unilever Cote D'Ivoire	319,396	404,169
	<u>728,666</u>	<u>522,848</u>

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

	2018 N'000	2017 N'000
Unilever Ghana Limited	910,176	1,144,462
Unilever South Africa (Pty) Limited	-	434,608
Unilever Gulf Free Zone Establishment	18,461	-
Unilever Asia Private	80,787	-
	<u>1,009,425</u>	<u>1,579,070</u>

(iii) Outstanding related party balances as at 31 March were:

	2018 N'000	2017 N'000
<i>Receivables from related parties:</i>		
Unilever Cote D'Ivoire	7,740,794	7,814,098
Unilever Ghana Limited	4,073,826	4,441,888
Other related parties	1,229,934	2,717,004
	<u>13,044,554</u>	<u>14,972,990</u>

	2018 N'000	2017 N'000
<i>Payables to related parties:</i>		
Unilever UK Plc	2,586,563	3,346,150
Unilever Cote D'Ivoire	148,628	144,963
Unilever Ghana Limited	7,311,610	5,943,665
Unilever Asia Private	7,329,355	4,596,274
Unilever NV	2,086,587	1,943,904
Other related parties (settlement on behalf of the Company)	1,943,425	1,895,533
	<u>21,406,168</u>	<u>17,870,489</u>

19. 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 March 2018	5,745,005	2,872,503	56,812,810

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