

Nestlé Nigeria Plc

Unaudited Financial Statements

for the period ended 30 June 2019

Contents

	Page
Corporate Information	1
Financial Highlights	2
Directors' Report	3
Statement of Directors' Responsibilities	12
Statement of Profit or loss and Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

Board of Directors:	Mr. David Ifezulike	Chairman
	Mr. Mauricio Alarcon (Mexican)	Managing Director/Chief Executive Officer
	Mr. Remy Ejel (French)	Non-Executive Director
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director
	Mr. Gbenga Oyeboode	Independent Non-Executive Director
	Mrs. Ndidi Okonkwo Nwuneli	Independent Non-Executive Director
	Mr. Jagdish Singla (Indian)	Finance & Control Director

Company Secretary/

Legal Adviser Mr. Bode Ayeku

Registered Office: 22-24 Industrial Avenue
Ilupeju, Lagos
Tel: 01 – 2798184, 2798188, 2790707

Registrars: Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: 01- 5803369, 5451399, 5803367

Independent Auditor Deloitte & Touche
Civic Towers
Plot GA1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos Nigeria
Tel: +234(1)9041700

Members of the	Mr. Matthew Akinlade	Chairman
Audit Committee	Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mrs Ndidi Okonkwo Nwuneli	Directors' Representative
	Mr. Ricardo Chavez (Mexican)	Directors' Representative
	Mr. Gbenga Oyeboode	Directors' Representative

Financial Highlights

In thousands of naira

	<u>2019</u>	<u>2018</u>	<u>Increase/ (decrease) %</u>
Revenue	141,909,053	135,295,682	5%
Profit before income tax	40,436,601	31,872,545	27%
Profit for the period	26,246,154	21,457,604	22%
Declared dividend	30,517,266	21,798,047	40%
Share capital	396,328	396,328	0%
Total equity	45,869,795	44,522,847	3%

1 Financial Statements

The directors present their report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the unaudited financial statements for the period ended 30 June 2019.

2 Principal Activities

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

3 Operating Results

The following is a summary of the Company's operating results:

	2019	2018
	N'000	N'000
Revenue	141,909,053	135,295,682
Results from operating activities	40,434,182	32,153,211
Profit before income tax	40,436,601	31,872,545
Profit for the period	26,246,154	21,457,604
Total comprehensive income for the period	<u>26,246,154</u>	<u>21,457,604</u>

4 Directors and Their Interests

- (a) The directors who served during the period and their interests in the shares of the Company at the period end were as follows:

		Interest in the Ordinary Shares of the Company	
		30-Jun-19	30-Jun-18
Mr. David Ifezulike	- Chairman	56,255	56,255
Mr. Mauricio Alarcon (Mexican)	- MD/CEO	Nil	Nil
Mr. Jagdish Singla (Indian)		Nil	Nil
Mr. Remy Ejel (French)		Nil	Nil
Mr. Ricardo Chavez (Mexican)		Nil	Nil
Mrs. Ndidi Okonkwo Nwuneli		Nil	Nil
Mr. Gbenga Oyebo		Nil	Nil

- (b) Mr. Gbenga Oyebo, was the Non-Executive Chairman of Access Bank Plc, one of the Company's bankers and a Non-Executive Director of MTN Nigeria Communications Limited (MTN), one of the telecommunication service providers of the Company. He is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers. In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, he has notified the Company of his position with Access Bank Plc, MTN and CFAO Nigeria Plc.
- (c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company.

5 Analysis of Shareholdings

			Number of <u>shareholders</u>	%	Number of <u>shares</u>	%
1	-	5,000	25,727	88.89	21,128,459	2.67
5,001		10,000	1,580	5.46	10,814,426	1.36
10,001	-	50,000	1,277	4.41	25,450,165	3.21
50,001		100,000	158	0.55	10,766,711	1.36
100,001	-	500,000	136	0.47	29,955,179	3.78
500,001		1,000,000	31	0.11	21,804,301	2.75
1,000,001	-	5,000,000	24	0.08	60,688,826	7.66
5,000,001	-	10,000,000	3	0.01	21,062,960	2.66
10,000,001	-	50,000,000	5	0.02	66,425,766	8.38
			<u>28,941</u>	<u>100.00</u>	<u>268,096,793</u>	<u>33.82</u>
Nestlé S.A, Switzerland *			<u>1</u>	<u>0.00</u>	<u>524,559,457</u>	<u>66.18</u>
			<u>28,942</u>	<u>100</u>	<u>792,656,250</u>	<u>100</u>

* Apart from Nestlé S.A, Switzerland, with 524,559,457 ordinary shares (representing 66.18%) and Stanbic IBTC Nominees with 8.37%, no other shareholder held 5% or more of the paid-up capital of the Company as at 30 June 2019.

6 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 9 to the financial statements.

7 Donations

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

The Company sustained its focus on Creating Shared Value.

8 Nestlé Nigeria Trust (CPFA) Limited (“NNTL”)

Nestlé Nigeria Trust (CPFA) Limited (‘NNTL’) previously called Nestlé Nigeria Provident Fund Limited, was incorporated by the Company and is a duly registered Closed Pension Fund Administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for employees of Nestlé Nigeria Plc.

9 Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials in its production processes and has successfully introduced the use of locally produced items such as soya bean, maize, cocoa, palm olein and sorghum in a number of its products.

10 Major Distributors

The Company's products are distributed through various distributors that are spread across the whole country.

11 Suppliers

The Company procures all of its raw materials on a commercial basis from overseas and local suppliers. Amongst the overseas suppliers are companies in the Nestlé Group.

12 General Licence Agreement

The Company has a general licence agreement with Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A., all based in Switzerland. Under the agreement, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the Company's products, development of new products and training of personnel abroad. Access is also provided to the use of patents, brands, inventions and know-how.

The Company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) with certificate No. CR 006577 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. The approval is for a period of three (3) years with effect from 1st January 2018 to 31st December 2020.

13 Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

14 Employment and Employees

(a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 18 (2018: 19) physically challenged persons in its employment as at 30 June 2019.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(b) Health and safety at work and welfare of employees:

The Company invests its resources to ensure that hygiene on its premises is of the highest standard. In this regard, the Company has, on three occasions, won the Manufacturers' Association of Nigeria's award for the best kept factory and on three occasions won the Federal Environmental Protection Agency's environmental performance award as the most environment-friendly company in Nigeria. The work environment is kept conducive and as safe as possible.

We are committed to a healthy workforce through the provision of a robust health scheme among other initiatives. The Company provides medical care to employees and direct dependants under a medical care scheme using the Health Insurance platform, which allows access to care for those in scope anywhere in the country. Furthermore, we operate on-site Clinics at each of our operating locations of Ilupeju Head Office, Agbara Distribution Centre and the Factories in Agbara, Flowergate and Abaji locations, which provide health care service to its employees who have reason to access care while at work, in the first instance.

The above is in keeping with the provisions of Nestlé Corporate Business principles of promoting safe and healthy work environment for the employee.

The Company caters for the recreational needs of its employees by providing them with a wellness center and other games facilities such as Table Tennis, Draughts, etc. We also pride ourselves in the running of annual Nutrition, Health and Wellness week across our main operating locations with topics drawn carefully to benefit employees and their private family life. We also provide one meal per day, free, to staff in the Company's canteen.

(c) Employees involvement and training:

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate events and trends are published periodically. We hold regular briefing sessions at corporate and operational levels to enhance exchange of information. As a business, we also implement employee recognition scheme to appreciate creative and innovative Leadership, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

In addition, we inaugurated the Nestle Technical Training Center (NTTC) Abaji to complement the success story of Agbara Factory and through that enhance availability of technical and middle level personnel for the Northern part of the country where Abaji Factory is situated. The multi-skill engineering training runs for a period of 18 months during which students are registered and presented for the fully funded C & G examinations. We are proud to state that almost all the candidates who passed through the Technical Training School model of Nestle Nigeria are employed

15 Remuneration Committee

The remuneration committee, which consists of three directors namely Mr. David Ifezulike, Mr. Remy Ejel and Mr. Ricardo Chavez were appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval.

16 Audit Committee

In accordance with section 359(4) of the Companies and Allied Matters Act of Nigeria, members of the audit committee of the Company were elected at the Annual General Meeting held on 22 May 2019. Members that served on the audit committee during the period comprise:

Mr. Matthew Akinlade (Chairman)	Shareholders' Representative
Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
Mr. Christopher Nwaguru	Shareholders' Representative
Mrs. Ndidi Okonkwo Nwuneli	Directors' Representative
Mr. Gbenga Oyebo	Directors' Representative
Mr. Ricardo Chavez	Directors' Representative

17 Risk Management Committee

The Committee is to assist the Board in its oversight of the risk profile, risk management framework and the risk reward strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. Messrs. Oyebo, Chavez and Singla served on the committee.

18 Effectiveness of Internal Control System

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities.

There is an effective internal control and audit function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalisation and improvement of the Company's business processes.

19 Disclosures

a) Risk Management and Compliance System

The directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. The risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk. The directors are of the view that effective internal audit function exists in the Company and that risk management control and compliance system are operating efficiently and effectively in all respects.

The Company has a structured Risk Management process in place and undertakes at least annually a thorough Risk Assessment covering all aspects of the business. The Risk Assessment is based on the two criteria "Business Impact" and "Likelihood of Occurrence". For every identified Business risk, mitigating measures are implemented by the Company.

b) Sustainability Initiatives

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. Also, the Company is sensitive to Nigerian's social and cultural diversity and promotes as much as possible national interests as well as national ethos and values without compromising global aspirations where applicable. The Company has a culture of integrity and zero tolerance to corruption and corrupt practices.

c) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. In addition, the Company (and other operating companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on standalone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing.

20 Report on Social, Ethical, Safety, Health and Environmental Policies and Practices

Corporate Business Principles

Nestlé is a principle-based company, the Nestlé Corporate Business Principles (NCBP) form the foundation of all we do. NCBP consists of ten principles these are:

Consumers			Human Rights & Labour Practices	Our People		Suppliers and Customers		The Environment	
1	2	3		4	5	6	7	8	9
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership and personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

(a) Nutrition, Health and Wellness

We encourage Health and Wellness of our employees via Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of baby room, extended maternity leave that is not annual leave consuming and paternity leave.

(b) Quality Assurance and Product Safety

Everywhere in the world, the Nestlé name guarantees to the consumer that the product is safe and of high standard.

(c) Consumer Communication

We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.

(d) Human Rights in Our Business Activities

We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.

(e) Leadership and Personal Responsibility

Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values. We provide equal opportunities for our employees' development and advancement. We protect our employees' privacy and do not tolerate any form of harassment or discrimination.

The long-term success of the Company depends on its capacity to attract, retain and develop employees able to ensure its growth on a continuing basis. We provide equal opportunity in our resourcing drive. The Nestlé policy is to hire staff with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company.

(f) Safety and Health at Work

We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain. We recognise and require that everyone plays an active role in providing a safe and healthy environment, and promote awareness and knowledge of safety and health to employees, contractors and other people related to or impacted by our business activities by setting high standards.

We have Clinics in our Factories, Distribution Centre and Head Office. The Clinics at the factories operate 24 hours service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. No major industrial accident occurred during the period under review. An accident is classified as major if the affected person is not able to resume work after 3 days. Efforts are being made by the Safety, Health and Environment Committee of the Board, Management and the Safety, Health and Environment Officers at the various sites to curtail industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

We provide basic HIV/AIDS training to our employees. Also, we provide training and basic information to staff on prevention and treatment of serious diseases. On periodic basis, we invite medical experts and health institutions to make available free screening exercise to enable employees know their status in respect of serious diseases and provide the treatment required. We do not discriminate against or disengage any employee on the basis of his or her HIV/AIDS status. The Company makes the above facilities available to staff through the retained clinics.

(g) Supplier and Customer Relations

We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.

(h) Agriculture and rural development

We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.

(i) Environmental sustainability

We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle, we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources and target zero waste.

We invest continuously to improve our environmental performance. The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact's three guiding principles on environment (Principle 7 on support for precautionary approach to environmental challenges; Principle 8 on the need to undertake initiatives to promote environmental responsibility and Principle 9 on the need to encourage the development and diffusion of environmentally friendly technologies). Our four priority areas are: water, agricultural raw materials, manufacturing and distribution of our products and packaging. We implement our policy through the Nestlé Environmental Management System. We believe that environmental performance is a shared responsibility and requires the cooperation of all parts of society. We are determined to always provide leadership within our sphere of influence.

(j) Water

We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

(i) Number, diversity, training initiatives and development of employees

As at 30 June 2019, the staff strength of the Company was 2,252 (2018: 2,182). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have 15 (2018: 13) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, Senegal, South Africa, Dubai and Indonesia in order to give them the required exposure to enable them take up higher responsibilities.

(k) Bribery and corruption

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

20 Insider Trading

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

BY ORDER OF THE BOARD



Bode Ayeku
Company Secretary/Legal Adviser
FRC/2012/NBA/0000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

**Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements**

The Directors of **Nestlé Nigeria Plc** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 30 June 2019, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

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.

The financial statements of the Company for the period ended 30 June 2019 were approved by directors on 26 July, 2019

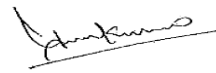
Signed on behalf of the Directors of the Company:



David Ifezulike
(Chairman)
FRC/2013/NIM/0000003355
26 July 2019



Mauricio Alarcon
(Managing Director)
FRC/2017/NIM/00000016043
26 July 2019



Jagdish Singla
(Finance & Control Director)
FRC/2018/ICAN/00000018560
26 July 2019

Statement of Profit or loss and Comprehensive Income

In thousands of naira

	<u>Apr-June 2019</u>	<u>Apr-June 2018</u>
Revenue	70,942,299	67,832,034
Cost of sales	<u>(36,330,552)</u>	<u>(38,012,197)</u>
Gross Profit	34,611,747	29,819,837
Marketing and distribution expenses	(10,909,816)	(10,001,977)
Administrative expenses	<u>(2,354,301)</u>	<u>(2,183,665)</u>
Results from operating activities	<u>21,347,630</u>	<u>17,634,195</u>
Finance income	387,092	1,183,851
Finance costs	<u>(419,323)</u>	<u>(585,927)</u>
Net finance cost	<u>(32,231)</u>	<u>597,924</u>
Profit before income tax	21,315,399	18,232,119
Income tax expense	(7,915,566)	(5,380,397)
Profit for the period	<u>13,399,833</u>	<u>12,851,722</u>
Other comprehensive income	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>13,399,833</u>	<u>12,851,722</u>
Profit for the period is attributable to:		
Owners of the company	<u>13,399,833</u>	<u>12,851,722</u>
Total comprehensive income for the period is attributable to:		
Owners of the company	<u>13,399,833</u>	<u>12,851,722</u>
Earnings per share	N	N
Basic earnings per share	<u>16.90</u>	<u>16.21</u>
Diluted earnings per share	<u>16.90</u>	<u>16.21</u>

The accompanying notes and significant accounting policies on pages 18 to 28 form an integral part of these financial statements.

Statement of Profit or loss and Comprehensive Income

In thousands of naira

	Note	Jan -June 2019	Jan-June 2018
Revenue	5	141,909,053	135,295,682
Cost of sales		<u>(75,828,436)</u>	<u>(79,718,028)</u>
Gross Profit		66,080,617	55,577,654
Marketing and distribution expenses		(21,281,300)	(19,031,837)
Administrative expenses		<u>(4,365,135)</u>	<u>(4,392,606)</u>
Results from operating activities		<u>40,434,182</u>	<u>32,153,211</u>
Finance income		891,095	838,161
Finance costs		<u>(888,676)</u>	<u>(1,118,827)</u>
Net finance cost	6	<u>2,419</u>	<u>(280,666)</u>
Profit before income tax		40,436,601	31,872,545
Income tax expense	8	(14,190,447)	(10,414,941)
Profit for the period		<u>26,246,154</u>	<u>21,457,604</u>
Other comprehensive income		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>26,246,154</u>	<u>21,457,604</u>
Profit for the period is attributable to:			
Owners of the company		<u>26,246,154</u>	<u>21,457,604</u>
Total comprehensive income for the period is attributable to:			
Owners of the company		<u>26,246,154</u>	<u>21,457,604</u>
Earnings per share		N	N
Basic earnings per share		<u>33.11</u>	<u>27.07</u>
Diluted earnings per share		<u>33.11</u>	<u>27.07</u>



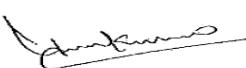
The accompanying notes and significant accounting policies on pages 18 to 28 form an integral part of these financial statements.

Statement of Financial Position
As at 30 June 2019

In thousands of naira

	Note	June 2019	Dec 2018
Assets			
Property, plant and equipment	9	76,645,208	73,365,523
Long term receivables	10	2,789,843	2,237,105
Long term prepayment		-	3,997,477
Total non-current assets		79,435,051	79,600,105
Inventories	11	23,963,523	23,124,020
Right of return assets		82,915	351,995
Trade and other receivables	12	38,905,087	42,175,062
Contract Assets		2,456,954	93,179
Prepayments	13	2,348,997	1,228,025
Cash and cash equivalents	14	16,322,741	15,762,036
Total current assets		84,080,217	82,734,317
Total assets		163,515,268	162,334,422
Equity			
Share capital	15(a)	396,328	396,328
Share premium	15 (b)	32,262	32,262
Share based payment reserve	15 (c)	75,209	154,788
Retained earnings		45,365,996	49,637,108
Total Equity		45,869,795	50,220,486
Liabilities			
Loans and borrowings		5,479,296	5,921,494
Employee benefits	16	2,901,788	2,700,673
Deferred tax liabilities		12,027,474	11,374,268
Total non- current liabilities		20,408,558	19,996,435
Trade and other payables		50,714,489	60,384,454
Contract liabilities		4,428,264	3,858,793
Refund liabilities		155,017	615,211
Bank Overdraft	14	8,993,536	1,393,678
Current tax liabilities		30,867,227	23,629,987
Loans and borrowings		933,304	1,026,458
Provisions		1,145,078	1,208,920
Total current liabilities		97,236,915	92,117,501
Total liabilities		117,645,473	112,113,936
Total equity and liabilities		163,515,268	162,334,422

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


 _____)

 _____)

 _____)

David Ifezulike
 (Chairman)
FRC/2013/NIM/00000003355
 Mauricio Alarcon
 (Managing Director)
FRC/2017/NIM/00000016043
 Jagdish Singla
 (Finance & Control Director)
FRC/2018/ICAN/00000018560

The accompanying notes and significant accounting policies on pages 18 to 28 form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira

<i>Note</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Share based payment reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance at 1 January 2019	396,328	32,262	154,788	49,637,108	50,220,486
Profit for the Period					
Profit or loss	-	-	-	26,246,154	26,246,154
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	26,246,154	26,246,154
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	(30,517,266)	(30,517,266)
Unclaimed dividend written back	-	-	-	-	-
Share based payment contribution	-	-	49,234	-	49,234
Share based payment recharge	-	-	(128,812)	-	(128,812)
Balance as at 30 June 2019	396,328	32,262	75,209	45,365,996	45,869,796
Balance at 1 January 2018	396,328	32,262	147,236	44,302,351	44,878,177
Profit for the Period					
Profit or loss	-	-	-	21,457,604	21,457,604
Total comprehensive income	-	-	-	21,457,604	21,457,604
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	(21,798,047)	(21,798,047)
Unclaimed dividend written back	-	-	-	17,153	17,153
Share based payment contribution	-	-	40,734	-	40,734
Share based payment recharge	-	-	(72,774)	-	(72,774)
Balance as at 30 June 2018	396,328	32,262	115,196	43,979,061	44,522,847

The accompanying notes and significant accounting policies on pages 18 to 28 form an integral part of these financial statements.

Statement of Cash Flows

In thousands of naira

	Note	June 2019	June 2018	Dec 2018
Cash flows from operating activities				
Profit for the year		26,246,154	21,457,604	43,008,026
Adjustments for:				
Depreciation and impairment of property, plant and equipment	9	3,463,191	7,791,822	11,354,763
Net (gain)/loss on foreign exchange transactions	6	(38,656)	50,191	96,069
Net finance cost		36,237	230,475	793,815
Equity settled share based payment transactions		49,234	40,734	80,326
Provisions for other long term employee benefits	16	325,580	409,598	699,084
Loss/(Profit) on sale of property, plant and equipment		194,178	59,004	358,819
Income tax expense	8	14,190,447	10,414,941	16,742,820
		<u>44,466,364</u>	<u>30,052,887</u>	<u>73,133,722</u>
Changes in long term receivables		(552,738)	(18,454)	(315,873)
Changes in long term prepayment				(3,763,307)
Change in inventories		(839,503)	(1,627,933)	786,284
Change in right of return assets		269,080	-	(209,526)
Change in trade and other receivables		3,269,975	(4,447,539)	(10,833,138)
Change in contract asset		(2,363,775)		(50,002)
Change in prepayments		(1,549,405)	(408,574)	563,151
Change in trade and other payables (excluding dividend payable)		(9,437,012)	19,527,479	21,696,280
Change in contract liabilities		569,471	-	471,532
Change in refund liabilities		(460,194)	-	372,116
Changes in provisions		(63,845)	-	310,052
Cash generated from operating activities		<u>33,308,418</u>	<u>53,479,345</u>	<u>82,161,291</u>
Income tax paid		(6,300,000)	(2,955,949)	(7,195,394)
Other long term employee benefit paid		(124,465)	(97,028)	(274,332)
Share based payment recharge paid		(128,812)	(72,774)	(72,774)
Net cash in flow from operating activities		<u>26,755,141</u>	<u>50,353,594</u>	<u>74,618,791</u>
Cash flow from investing activities				
Finance income		891,095	838,161	1,716,889
Proceeds from sale of property, plant and equipment		47,221	9,393	26,138
Acquisition of property, plant and equipment		(2,558,363)	(2,520,801)	(12,727,302)
Net cash used in investing activities		<u>(1,620,048)</u>	<u>(1,673,247)</u>	<u>(10,984,275)</u>
Cash flow from financing activities				
Proceeds from loans obtained-- Intercompany loan		-	-	
-- Bank loan		-	-	-
Repayments of borrowings -- Intercompany loan			(2,750,435)	(12,543,788)
-- Bank loan		(475,553)	(584,644)	(1,114,742)
Change in import finance loan				
Finance cost paid		(948,475)	(779,349)	(2,478,200)
Dividends paid		(30,750,219)	(30,004,314)	(44,554,195)
Net cash used in financing activities		<u>(32,174,247)</u>	<u>(34,118,742)</u>	<u>(60,690,925)</u>
Net increase in cash and cash equivalents		(7,039,153)	14,561,608	2,943,591
Cash and cash equivalent at January 1		14,368,358	11,424,767	11,424,767
Cash and cash equivalent at period end		<u>7,329,205</u>	<u>25,986,375</u>	<u>14,368,358</u>

The accompanying notes and significant accounting policies on pages 18 to 28 form an integral part of these financial statements.

Notes to the financial statements

	Page
1 Reporting entity	19
2 Basis of accounting	19
3 Significant accounting policies	19
4 Operating segments	22
5 Revenue	23
6 Net finance costs	23
7 Profit before income taxation	23
8 Taxation	24
9 Property, plant and equipment	25
10 Long term receivables	26
11 Inventories	26
12 Trade and other receivables	26
13 Prepayment	26
14 Cash and cash equivalent	27
15 Capital and reserves	27
16 Employee benefits	28
17 Trade and other payables	28
18 Contract Balances	28

1 Reporting entity

Nestlé Nigeria Plc ("the Company") is a Company domiciled in Nigeria. The address of the Company's registered office is at 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

2 Basis of accounting

(a) Basis of preparation

The interim condensed financial statements for the period ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2018.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements
- The present value of the defined benefit obligation relating to long service awards
- Inventory at lower of cost and net realisable value

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(c) Changes in accounting Estimate

On 1st January 2016, the Company re-assessed the useful life of leasehold land from the term of the lease (99 years) to unlimited. The Company believes that the leasehold interest in land is in substance similar to ownership of land and therefore should not be depreciated.

This change in accounting estimate was applied prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

3 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 Leases and as required by IAS 34, the nature and effect of these changes are disclosed below.

Impact of application of IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

In thousands of naira

Assets

	1 January 2019
Right-of-use assets	4,425,910
Property, plant and equipment	4,425,910
Long Term Prepayments	(3,997,477)
Prepayments	(428,433)
Total assets	-

The Company has lease contracts for various items of land and building. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical

Leases previously classified as finance leases

As at the time of transitioning, the Company had no lease classified as finance lease, hence, there was no impact in the financial statements.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

The Company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of N4,425,910,000 were recognised and presented separately in the statement of financial position.
- Long Term Prepayments of N3,997,477,000 related to previous operating leases were derecognised.
- Prepayments of N428,433,000 related to previous operating leases were derecognised.

As at 1 January 2019, the Company did not recognise any lease liability as all lease obligations were prepaid and there was no right of renewal on any contract which is probable of being exercised.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

•Right-of-use assets

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the company obtains substantially all the economic benefits from the use of that asset, and whether the company has the right to direct the use of the asset. The Company recognizes a right-of-use (ROU) asset and a lease liability (where applicable) at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for

•Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below N3,600,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

c) Amounts recognised in the statement of financial position and profit or loss

	Right-of-use assets		
	Land N'000	Building N'000	Total N'000
As at 1 January 2019	4,102,547	323,363	4,425,910
Additions (Note 9)	-	219,823	219,823
Depreciation expense	(66,080)	(136,357)	(202,437)
Disposal		(26,250)	(26,250)
As at 30 June 2019	4,036,467	-	380,579
		-	4,417,046

The Company recognised rent expense from short-term leases of N188,601,117 and leases of low-value assets of N39,739,017 for the six (6) months ended 30 June 2019.

Notes to the financial statements

Information about reportable segment

In thousands of naira

	Food		Beverage		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
External Revenues	88,239,337	85,129,273	53,669,716	50,166,409		-	141,909,053	135,295,682
Interest revenue	-	-	-	-	891,095	838,161	891,095	838,161
Interest expense	-	-	-	-	(888,676)	(1,118,827)	(888,676)	(1,118,827)
Depreciation	(2,077,915)	(2,141,497)	(1,385,276)	(1,201,849)	-	-	(3,463,191)	(3,343,347)
Impairment loss		(1,036,584)		(3,411,892)	-	-	-	(4,448,476)
Reportable segment profit before income tax	26,568,619	24,455,222	13,865,563	7,697,989	2,419	(280,666)	40,436,601	31,872,545

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Board of Directors) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

5 Revenue

Revenue for the year which arose from sales of goods comprise:

<i>In thousands of naira</i>	June 2019	June 2018
Nigeria	139,767,034	133,688,798
Export	2,142,019	1,606,884
Total Revenue	<u>141,909,053</u>	<u>135,295,682</u>

6 Net finance cost

<i>In thousands of naira</i>	June 2019	June 2018
Interest income on bank deposits	852,439	838,161
Net foreign exchange gain	38,656	-
Finance income	<u>891,095</u>	<u>838,161</u>
Interest expense on financial liabilities	(888,676)	(1,068,636)
Net foreign exchange loss	-	(50,191)
Finance expense	<u>(888,676)</u>	<u>(1,118,827)</u>
Net finance (income)/ cost	<u>2,419</u>	<u>(280,666)</u>

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N287 million (2018: N485 million) excluding the impact of foreign exchange differences.

7 Profit before income tax

Profit before income tax is stated after charging or (crediting):

<i>In thousands of naira</i>	Note	June 2019	June 2018
Depreciation		3,463,191	3,343,346
Impairment		-	4,448,476
Personnel expenses		11,979,952	10,944,175
Loss on property, plant and equipment disposed		194,178	59,004
Net foreign exchange (gain)/loss		(38,656)	50,191
General licence fees		5,241,291	5,102,485
Personnel expenses		<u>June 2019</u>	<u>June 2018</u>
Salaries and wages		6,436,085	5,912,048
Welfare and end of service benefit		5,543,867	5,032,127
		<u>11,979,952</u>	<u>10,944,174</u>

8 Taxation

Income tax expense

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

<i>In thousands of naira</i>	<u>June 2019</u>	<u>June 2018</u>
Current tax expense		
Current period income tax	12,584,537	9,545,973
Current period tertiary education tax	<u>952,704</u>	<u>763,195</u>
	13,537,241	10,309,168
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	653,206	105,773
Total income tax expense	<u>14,190,447</u>	<u>10,414,941</u>

9 Property, plant and equipment (PPE)

(a) The reconciliation of the carrying amount is as follows:

In thousands of naira

	Note	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	ROU	Total
Cost									
Balance at 1 January 2018		31,879,120	62,674,207	2,823,928	8,128,949	1,192,957	5,780,835	-	112,479,996
Additions		380,365	1,350,095	711,490	1,379,449	172,982	8,732,921	-	12,727,300
Disposals		(297,618)	(219,697)	(265,124)	(61,648)	(185,701)	-	-	(1,029,787)
Transfers		632,821	2,356,469	247,649	1,698,536	220,640	(5,156,114)	-	(0)
Balance at 31 December 2018		32,594,688	66,161,074	3,517,942	11,145,286	1,400,878	9,357,642	-	124,177,511
Balance at 1 January 2019		32,594,688	66,161,074	3,517,942	11,145,286	1,400,878	9,357,642	4,425,910	128,603,420
Impact of IFRS 16 on leases		-	-	-	-	-	-	4,425,910	4,425,910
Additions		24,840	435,348	18,003	281,901	30,099	1,548,349	219,823	2,558,363
Disposals		-	(335,380)	(114,930)	(78,424)	(2,177)	-	(81,214)	(612,125)
Transfers		341,440	2,671,032	81,569	566,225	154,195	(3,814,461)	-	(0)
Balance at 30 June 2019		32,960,967	68,932,075	3,502,583	11,914,989	1,582,996	7,091,530	4,564,519	130,549,659
Accumulated depreciation and impairment losses									
Balance at 1 January 2018		5,645,971	25,724,018	1,619,024	6,091,795	1,021,245	-	-	40,102,053
Depreciation		819,408	4,141,967	507,644	1,244,304	192,965	-	-	6,906,287
Disposals		1,867,843	2,575,092	-	5,541	-	-	-	4,448,476
Balance at 31 December 2018		(813)	(136,768)	(260,894)	(60,822)	(185,533)	-	-	(644,830)
		8,332,409	32,304,308	1,865,774	7,280,818	1,028,677	-	-	50,811,986
Balance at 1 January 2019		8,332,409	32,304,308	1,865,774	7,280,818	1,028,677	-	-	50,811,986
Depreciation	7	420,180	1,780,552	299,010	638,383	122,629	-	202,437	3,463,191
Impairment		-	-	-	-	-	-	-	-
Disposals		-	(128,380)	(113,526)	(73,086)	(769)	-	(54,964)	(370,726)
Balance at 30 June 2019		8,752,589	33,956,480	2,051,258	7,846,115	1,150,536	-	147,472	53,904,450
Carrying amounts									
At 1 January 2018		26,233,149	36,950,189	1,204,903	2,037,154	171,712	5,780,835	-	72,377,943
At 31 December 2018		24,262,279	33,856,766	1,652,168	3,864,468	372,201	9,357,642	-	73,365,525
At 30 June 2019		24,208,378	34,975,595	1,451,325	4,068,874	432,460	7,091,530	4,417,046	76,645,208

10 Long term receivables

Long term receivables represent long-term portion of loans granted to the Company's employees and amount receivable from customers on the trade assets deployed which are expected to be paid after one year from the date of the financial statements. This is analysed below:

In thousands of naira

	2019	2018
Long term Staff receivable	2,342,580	1,989,120
Amount due from Customers on account of trade assets deployed	447,263	247,985
	2,789,843	2,237,105

11 Inventories

In thousands of naira

	2019	2018
Raw and packaging materials	8,604,331	8,112,500
Product in process	1,073,703	841,045
Finished products	6,888,720	6,797,789
Engineering spares	4,616,063	4,141,920
Goods in transit	2,780,706	3,230,766
	23,963,523	23,124,020

11(b) Right of return assets and refund liabilities

In thousands of naira

	2019	2018
Right to returned goods asset	82,915	351,995
<i>Refund liabilities</i>		
Arising from rights of return	155,017	615,211

The right to returned goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's 180-day returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a period using the expected value method.

12 Trade and other receivables

In thousands of naira

	<i>Note</i>	2019	2018
Trade receivables		22,971,526	18,897,443
Loans to key management personnel		23,177	17,181
Staff loans		2,905,048	2,469,219
Trade receivables due from related parties		3,657,233	2,533,699
Deposit with Company registrars for dividend		1,704,682	2,154,383
Allowance for expected credit losses		(3,689,856)	(3,709,060)
Loans and receivables		27,571,810	22,362,865
Advance payment to suppliers		7,768,022	11,778,913
Deposit for Import		5,130,671	9,365,047
Other receivables		1,224,427	905,342
		41,694,930	44,412,167
Non-current - reclassified to long term receivables		2,789,843	2,237,105
Current		38,905,087	42,175,062
		41,694,930	44,412,167

13 Prepayments

Prepayments represent payments made in advance for future economic benefits. This includes upfront payment of certain allowances, short term leases below the Company's capitalization threshold.

14 Cash and cash equivalents

<i>In thousands of naira</i>	2019	2018
Cash and bank balances	11,177,172	10,898,112
Short term investment	5,145,569	4,863,924
Cash and cash equivalents in the statement of financial position	<u>16,322,741</u>	<u>15,762,036</u>
Bank overdrafts used for cash management purposes	(8,993,536)	(1,393,678)
Cash and cash equivalents in the statement of cash flows	<u>7,329,205</u>	<u>14,368,358</u>

15 Capital, reserves and dividends

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

<i>In number of shares</i>	2019	2018
At 30 June	<u>792,656,252</u>	<u>792,656,252</u>

(ii) Issued and fully paid ordinary shares of 50k each

<i>In number of shares</i>	2019	2018
At 30 June	<u>792,656,252</u>	<u>792,656,252</u>
Nominal value (In thousands of naira)	<u>396,328</u>	<u>396,328</u>

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(b) Share premium

<i>In thousands of Naira</i>	2019	2018
The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:		
Share premium	<u>32,262</u>	<u>32,262</u>

(c) Share based payment reserves

The share based payment reserve comprises the cumulative weighted average fair value of performance stock unit plan granted to deserving employees which have not vested at the end of the year.

16 Employee Benefits

Other long term employee benefits

Other long term employee benefits represents the present value of unfunded long service award given to deserving members of staff of the Company.

The movement in the present value of the other long term employee benefits during the year was as follows:

<i>In thousands of Naira</i>	2019	2018
Balance at 1 January	2,700,673	2,275,921
Expense/(Income) for the period	325,580	699,084
Payments during the period	(124,465)	(274,332)
Balance at Period end	<u>2,901,788</u>	<u>2,700,673</u>

17 Trade and other payables

<i>In thousands of naira</i>	2019	2018
Trade payables	25,298,271	28,622,554
Other payables and accruals	15,731,612	14,389,665
Trade payables due to related parties	4,343,186	11,797,862
Dividend payable	5,341,420	5,574,373
	<u>50,714,489</u>	<u>60,384,454</u>

18 Contract balances

(a) Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer i.e. earned consideration that is conditional. It represents the value of goods transferred to the customers but yet to be the delivered as at period end.

(b) Contract liabilities

This include incentives yet to be paid to customers and advances received from cash customers.

<i>In thousands of naira</i>	2019	2018
Accrued incentive	3,836,852	2,704,684
Advance received from customers	591,413	1,154,109
	<u>4,428,264</u>	<u>3,858,793</u>