Nestlé Nigeria Plc
(RC 6540)

2017 ANNUAL
REPORT & ACCOUNTS

The leading Nutrition, Health and Wellness Company

Nestlé
Good Food, Good Life

Contents

Our Profile

Nestlé – Nourishing Nigeria since 1961

Enhancing quality of life and contributing to a healthier future

Nestlé Nigeria PLC is one of the largest food companies in Africa.

For over 57 years, the company has been delighting consumers across Nigeria by consistently delivering high quality nutritious food. With a staff strength of over 2,200 direct employees, 3 manufacturing sites, 7 branch offices and a head office located in Lagos, the company produces and markets several iconic brands including MAGGI®, MILO®, GOLDEN MORN™, NESCAFÉ®, Nestlé PURE LIFE®, NUTREND®, CERELAC®, LACTOGEN®, NAN® and SMA®. The company is part of Nestlé Group, the world's largest Food and Beverage Company renowned for its high-quality products for over 150 years.

In view of Nestlé's purpose, which is, enhancing quality of life and contributing to a healthier future, the company contributes to society while ensuring the long-term success of its business, a principle called Creating Shared Value (CSV). By doing business this way, the company continues to enable positive outcomes for individuals and families, its communities and the environment in which it operates.

Our History:

The company began trading operations in Nigeria in 1961 and was listed on the Nigerian Stock Exchange on April 20, 1979. In 1982, its first factory was commissioned in Agbara, Ogun State. This site has since grown into a factory complex housing multiple plants including the newly inaugurated MILO RTD Plant. Flowergate and Abaji factories were subsequently commissioned in 2011 and 2016 respectively.

With seven branch offices across Nigeria in addition to the factories, Nestlé Nigeria PLC has 2,200 direct employees, and reaches 14,000 families across its value chain, from the farmers who provide the agricultural input to the distributors and retailers who ensure availability, and the individuals and families who enjoy the high quality nutritious products every day.

Since Nestlé Nigeria started trading in the country more than 57 years ago, the company has not looked back. It continues to invest in the development of its people, in the innovation of new products to meet consumer needs and preferences and in new facilities to help achieve the organisation's growth objectives. From 2012 to 2017, Nestlé Nigeria has spent ₦51 billion on productive investment in its manufacturing operations.

How we do Business

Creating Shared Value is embedded in the way Nestlé does business. We work alongside partners and other stakeholders to improve the livelihoods of the people we work with every day. One of the ways we do this is by sourcing raw materials for our productions locally. Today, about 80% of the agricultural input in our production is sourced from local farmers, thanks to the investments we have made since 2011. Currently, 100% of the grains and legumes used in GOLDEN MORN™ are locally sourced, the malt in MILO® is made from sorghum supplied by smallholder farmers who cultivate the grain in north western Nigeria as well as the soya used in MAGGI®.

In addition to providing a steady source of income by buying directly from local aggregators and farmers, we train farmers on good farming practices to not only increase productivity but also improve the quality of grains to meet Nestlé's high quality standards.

We do this through projects like the Sorghum and Millet in the Sahel program (SMS) in partnership with the International Fertilizer Development Corporation (IFDC) and the Maize Quality Improvement Project (M-QIP) in partnership with USAID and VEGA. In 2017 alone, we trained 30,000 farmers whose success stories constantly inspire us.

Our People:

A strong pillar of Nestlé Nigeria's continuous success is the hard work of our people. We therefore continue to invest in keeping our 2,200 direct employees motivated to deliver their best performance. In the past five years, we have invested over N800 mio (eight hundred million naira) on training and capacity building to develop and support our people to bring value to themselves and then to the organization.

Innovation at Nestlé

Our products are the focus of innovation and renovation so that they meet and exceed our consumers' expectations. We leverage our expertise in research and development to offer healthier products tailored to consumers' tastes and nutritional needs.

Our innovation is based on the understanding of the nutritional needs, local tastes, preferences and habits of our consumers. One example is the MAGGI Naija Pot seasoning cube launched in November 2017. This product was developed to suit the preferences of consumers across Nigeria.

Food fortification is another innovation in our products to help address micronutrient deficiency challenges. MAGGI fortified with iron was developed and first launched in Nigeria in 2011. We have since fortified other products: GOLDEN MORN breakfast cereals with iron and vitamin A, MILO with Activ-Go, a custom blend of multivitamins, and Nestlé PURE LIFE Protect with zinc.

Our Products:

Nestlé Nigeria manufactures and markets a range of high quality brands including MAGGI® Star, MAGGI Chicken, MAGGI Crayfish, MAGGI Mix'py; MILO®; MILO Energy Cubes, MILO Ready-to Drink, GOLDEN MORN™ Maize, GOLDEN MORN Puffs, Nestlé PURE LIFE®, NESCAFÉ®; CERELAC®, NUTREND®, LACTOGEN®, SMA® and NAN®.

Creating Shared Value:

Creating Shared Value is a fundamental guiding principle for how Nestlé does business. We believe that the success of our company is linked with the livelihoods and resilience of the communities we operate in. In the light of this, our focus areas include the creation of access to clean drinking water, investment in activities that promote economic empowerment, youth empowerment and women empowerment. Beyond delivering tasty and nutritious products to consumers, our brands also incorporate creating shared value into the development of consumer engagement programs. Everyday, we touch thousands of lives as we work towards the attainment of our ambition to impact individuals and families, our communities and the environment.

How we Impact Individuals and Families:

Nestlé brings to consumers, products that are of the highest quality, adapted to local cuisine.
The promise of our iconic brands is the assurance of the highest quality. We dedicate ourselves to deeply understanding the needs and preferences of our consumers, and then we tailor our

Launch of MAGGI Naija Pot

In furtherance of the our simply good commitments: To use more familiar and common ingredients; to improve the nutritional profile of our products through reduction of sodium and micro-nutrient fortification; to create more value for the society and the community by increasing local sourcing and to raise awareness about healthy lifestyles, Nestlé Nigeria launched the MAGGI Naija Pot in November 2017. MAGGI Naija Pot is a new seasoning cube developed based on the strong understanding of local cuisine. It aims at amplifying the authentic Nigerian essence of food.

Nestlé Nigeria launches the MILO Ready-to-Drink beverage

The introduction of the MILO RTD beverage was to meet the nourishment needs of families. Now children can get the energy they need from the nourishing MILO in convenient pack, wherever they are.

The Managing Director of Nestlé Nigeria Plc, Mr. Mauricio Alarcon *at the launch of MILO RTD* products to suit local tastes and food cultures.

By bringing together the expertise across its R & D resources, Nestlé is able to provide high quality, safe food solutions for consumers in Nigeria, in response to the preference of today's consumers for products with more familiar and common ingredients, natural or organic, with minimal processing.

To help address the hidden hunger–micronutrient deficiency, we fortify our products with iron, iodine, multivitamins and zinc, and then make this good nutrition available and affordable for every pocket size with the single serve packs.

Nutrition Education is delivered through Various Programs across Nigeria.

Nestlé provides customers and consumers with adequate information to make the right nutrition choices in order to nourish their families better. Since 2015, we have promoted inclusive healthy lifestyles and inclusion of more fresh ingredients, vegetables and fruits in daily diets to promote good health and reduce the impact of micronutrient deficiency.

In 2017, we delivered nutrition education through various programs including the 'Sound of Nutrition,' a radio program; Delicious Naija, a TV program; MAGGI Cooking Caravans and Compound Shows; the International Chef's Day event and the partnership with the Culinary Academy on the African Young Chefs Competition (AFCC).

'Sound of Nutrition,' delivered nutrition and wellness tips to listeners across Lagos, Enugu and Abuja, reaching over thousands of listeners. Topics covered included portion sizes, balanced diets and how to eat for value. There were also tips on how to plan meals on budget to ensure that the family is eating right.

Delicious Naija which explored the best of Nigeria's local recipes, cultures and sights taking viewers on a journey across Nigeria to discover how the everyday woman makes a difference in her home from Kano to Port Harcourt, from Calabar to Daura and from Markurdi to Ikogosi.

Nutrition Education for Youth:

Promoting healthy nutrition among the youth is one of the ways through which Nestlé is contributing to a healthier future. Starting from the first 1,000 days, good nutrition plays a major role in determining the quality of life in later years. To achieve this objective, Nestlé hosted and sponsored nutrition education programs, which encouraged young children to learn how to cook healthy meals, reaching over 2,000 in 2017. This strategy for inspiring young people to eat healthy is based on studies that show that children eat more fruits and vegetable when they participate in the cooking process.

> "Nestlé provides customers and consumers with adequate information to make the right nutrition choices in order to nourish their families better. Since 2015, we have promoted inclusive healthy lifestyles and inclusion of more fresh ingredients, vegetables and fruits in daily diet to promote good health and reduce the impact of micronutrient deficiency."

Young chef cooking programs that Nestlé organised alongside partners include the African Young Chefs Competition (AFCC) with the Culinary Academy in May 2017. In the same year, the company brought 100 children from 20 schools across Ogun State together, to celebrate the International Chef's Day in October. At the event, the children had the opportunity to learn about healthy eating by being creative and having fun with food.

Speaking on why the company invests in nutrition education for children, the Managing Director and CEO of Nestlé Nigeria, Mr. Mauricio Alarcon, said "We are what we eat. The quality of nutrition received in the formative years has a great impact on the future health of individuals. These programs are an avenue to educate and inspire the youth to make the right nutrition choices to ensure healthier and happier lives in the future. The youth also have an opportunity to learn life skills like discipline, teamwork and perseverance, qualities that will make them leaders in every area of their lives."

Nutrition Education with MAGGI:

In addition to the Cooking Caravans and Compound Shows, the Maggi brand extended its nutrition education programs to youths through its pop-up kitchens in tertiary institutions and key industry events. Collectively these programs reached over 100,000 people in 2017 with nutrition information sessions, healthy lifestyle tips, healthy meal planning and cooking demos.

How we make Impact on Communities

Nestlé Nigeria's impact on communities where the company operates is multi-faceted.

Locating Nestlé's world-class factories and facilities in rural areas attracts further investments and galvanizes the industrialization of those rural communities by creating employment and skills development opportunities for those who live closest to these factories.

We take a step further by investing in activities and programs that promote economic and social empowerment, thereby creating shared value for the benefit of our business and our communities.

One of the ways we do this is by ensuring responsible local sourcing of raw materials. We have worked on local sourcing of raw materials since 2011 and today, about 80% of the agricultural input come from local farmers and suppliers.

We work alongside partners including IFDC and USAID to build the capacity of over 40,000 farmers who supply maize, soybean, sorghum and millet to our factories in sustainable farming practices – increasing productivity and improving quality. By doing this, we contribute towards improving the income of farmers in our communities. By purchasing directly from small-scale suppliers and aggregators, we not only seek to protect the supply and quality of our raw materials, but also to have a positive, long-term impact on the local economy and standards of living of rural communities.

Youth Development - In support of Nigeria's drive towards building the capacity of the youth, a very significant part of our communities, Nestlé Nigeria is engaged in a number of activities including technical stalls capacity building, sports development and entrepreneurship development.

Nestlé inaugurated a state-of-the-art Technical Training Centre (TTC) at the Agbara factory in 2011 and started a second center in 2017 at the Nestlé Waters Factory in Abaji, FCT Abuja. The Centres offer an 18-month multi skilled, vocational training in machining, mechanical fitting operations, electrical operations, instrumentation operations and automation leading to the certificate examination of the London City and Guilds Technician certificate. The five best students from each batch participated in an additional three-month technical training in Switzerland supported by the Swiss Embassy. 46 persons have successfully completed the programme as at 2017 and are gainfully employed.
Nestlé has built a rich heritage of grassroots sports development in Nigeria through various programmes, including the MILO Basketball Championship, which is in its 20th year. In 2017 alone, 100,000 students from the 36 states of the federation participated in the MILO Basketball Championship. Nestlé works with the Nigeria School Sports Federation (NSSF), an arm of the Ministry of Education and the National Collegiate Sports Foundation (NCSF) who have been partners of the program since its inception.

Nestlé Nigeria is committed to improving **Access to Water and Sanitation** in the communities closest to its factories. In line with this commitment, the company continues to build upon the seven drinking water facilities which serve over 2,500 people living in our immediate communities.

How we make Impact on the Environment

At Nestlé, we recognize the growing challenge and the collective responsibility to manage the world's resources for future generations. We are therefore continuously increasing our water recycling and promoting the safe re-use of waste water.

By continuing to make wise, long-term investments in people, in improving productivity and in increasing purchasing power, Nestlé Nigeria Plc is a strong contributor towards the efforts to build a business culture based on sustainable practices, which benefit all stakeholders.

Awards and recognition:

Our organization was on the list of food and beverage companies to work for in Nigeria, the "Jobberman Best Companies to Work for Survey" in 2016.

Our organization also received the Guardian Manufacturing Excellence Awards in the following categories :

- Beverages Manufacturing Company of the Year (Cocoa Beverages) - Winner Nestle MILO
- Food Products Manufacturing Company of the Year (Seasoning Cubes) - Winner MAGGI
- Nestlé Waters Nigeria emerged the winner of the Best in Community Engagement category at the Global CSV Award Film Festival in 2017.

Performance Indicators

Turnover

Year	NGN Million
2017	**244,151**
2016	181,910
2015	151,271
2014	143,328
2013	133,084
2012	116,707

Turnover Development

- Turnover growth of 34% from 2016 to 2017
- Turnover growth of 109% over the last six years
- All Segments and Businesses with strong Turnover development

Operating Profit

Year	NGN Million
2017	**55,698**
2016	38,213
2015	33,747
2014	29,200
2013	27,833
2012	25,990

Operating Profit Development

- 46% increase in Operating Profit between 2016 and 2017 despite cost pressures.
- Operating Profit growth of 114% over the last six years.
- Higher investments in Marketing & Distribution to build basis for future growth.

Profit after Tax

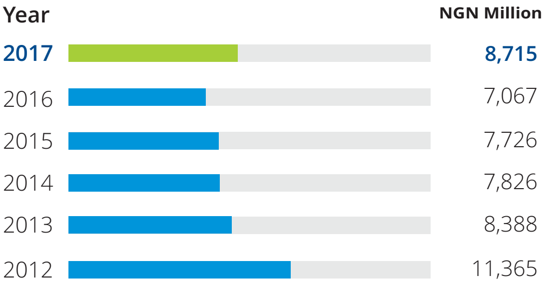
Year	NGN Million
2017	**33,723**
2016	7,924
2015	23,736
2014	22,235
2013	22,258
2012	20,951

Profit After Tax Development

- 326% increase in Profit After Tax between 2016 and 2017.
- Profit was impacted by currency devaluation in 2016.

Performance Indicators

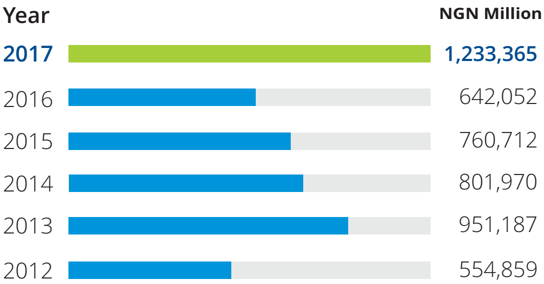
Investments



Investments

- Investments of NGN 8.7 Bio in year 2017.
- Investments of NGN 51 Bio during the last six years.
- New factory in Abaji in 2016 and capacity increases in our Agbara and Flowergate factories.

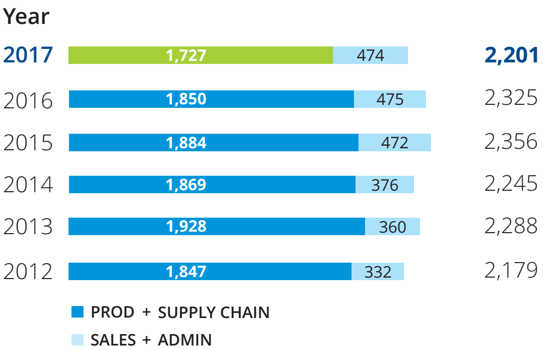
Market Capitalization



Market Capitalization Development

- Growth of Market Capitalization with 122% from 2012 to 2017.

Staff Development



Staff Development

- Total staff strength of 2,201 at end of 2017

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9 Onikan, Lagos, on Tuesday, 22 May 2018 at 11.00 am. for the following purposes:

ORDINARY BUSINESS

1. To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 December 2017 and the Reports of the Auditors and the Audit Committee thereon
2. To declare a Dividend
3. To elect / re-elect Directors including Mr. David Ifezulike, who is over 70 years old, special notice to that effect having been received by the Company in accordance with Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.
4. To authorize the Directors to fix the remuneration of the Auditors
5. To elect the members of the Audit Committee

SPECIAL BUSINESS

6. To fix the remuneration of Directors
7. To consider and pass the following resolution as an ordinary resolution of the Company:
   "That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons, be and is hereby renewed."

NOTES

(a) PROXY: A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed herewith. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, GTL Registrars Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P. M.B. 12717, Lagos not later than 48 hours before the time of the meeting.

(b) DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS:
If the dividend recommended by the Directors is approved, dividend will be paid electronically on Wednesday, 23 May 2018 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 4 May 2018, and who have completed the e-dividend registration and mandated the Registrar to pay their dividends directly into their bank accounts in compliance with the directives of the Securities and Exchange Commission.
Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 7 May 2018 to Friday, 11 May 2018 both dates inclusive, to enable the preparation and payment of dividend.

(c) NOMINATIONS FOR THE AUDIT COMMITTEE: The Audit Committee consists of 3 Shareholders and 3 Directors. In accordance with section 359 (5) of the Companies and Allied Matters Act, CAP C.20, LFN 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

(d) UNCLAIMED DIVIDEND: Several dividend warrants remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members will be circulated with the Annual Report and Financial Statements. Members affected are advised to complete the e-dividend registration or write to or call at the office of the Company's Registrars, GTL Registrars Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P. M.B. 12717, Lagos during normal working hours.

(e) E-DIVIDEND/BONUS: Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars as soon as possible. The e-dividend form is also available on the website of our Registrar www.gtlregistrars.com

We request our shareholders to use the e-dividend payment portal that is an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars. The letter from GTL Registrars Limited explaining the new initiative is at page 29 of this Annual Report.

(f) 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 should be addressed to the Company Secretary and submitted to the registered office of the Company at least a week before the meeting.

Dated this 1st day of March 2018
By Order of the Board

Bode Ayeku, FCIS
Company Secretary / Legal Adviser
FRC/2012/NBA/00000000637

Registered Office
22-24 Industrial Avenue,
Ilupeju, LAGOS

Directors and Other Corporate Information

Board of Directors:	Mr. David Ifezulike	Chairman
	Mr. Mauricio Alarcon (Mexican)	Managing Director/Chief Executive Officer
	Mr. Syed Saiful Islam (Bangladeshi) (Resigned with effect from 31/12/2017)	Finance & Control Director
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director
	Mr. Kais Marzouki (German)	Non-Executive Director
	Mr. Gbenga Oyebode	Independent Non-Executive Director
	Mrs. Ndidi Okonkwo Nwuneli	Independent Non-Executive Director
	Mr. Jagdish Singla (Indian) (Appointed with effect from 1/1/2018)	Finance & Control Director
Company Secretary/Legal Adviser:	Mr. Bode Ayeku	
Registered Office:	22-24 Industrial Avenue, Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707	
Registrars:	GTL Registrars Limited 274 Murtala Muhammed Way Alagomeji, Yaba, Lagos Tel: 01- 5803369, 5451399, 5803367	
Independent Auditors:	Deloitte & Touche (formerly Akintola Williams Deloitte) Civic Towers Plot GA1, Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria Tel: +234(1)9041700	
Members of the Audit Committee:	Mr. Matthew Akinlade	Chairman
	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 Oyebode	Directors' Representative

Chairman's Statement

at the 49th Annual General Meeting

Dear shareholders, fellow board members, ladies and gentlemen of the media, welcome to the 49th Annual General Meeting of Nestlé Nigeria Plc.

Business Environment

2017 was another year full of opportunities and challenges. The economy showed signs of recovery from the 2016 recession. The Gross Domestic Product (GDP) growth was estimated at 2.3 per cent (0.8% in 2017, up from –1.5% in 2016). Fiscal policy remained expansionary as government spending continued to increase. Oil and other revenue declined from 11.4% to 5.6%, driving the budget deficit to an estimated 4.8% in 2017.

Monetary policy continued to be contractionary with the Central Bank control instruments tightened in 2017 to support the naira and control inflation. Inflation remained high at an estimated 16.2% in 2017, up from 15.6% in 2016 while oil prices rebounded to an average of $52 per barrel (Brent crude). Unemployment stood at 18.8% and Nigeria was ranked 145 in the Ease of Doing Business Index.

On the bright side, foreign currency liquidity improved following the introduction of administrative measures by the Central Bank in early 2017. The naira remained stable for most of 2017 and is expected to strengthen slightly as the economy continues to recover in 2018.

It is commendable that in such an unstable and challenging environment, our company again delivered very solid results across board, recovering from the impact of the recession in 2016.

Operating Results

Revenue increased by 34% and profit after tax increase was 326%, a remarkable result considering the high operating costs driven by the increased prices of most raw materials and inputs.

More highlights of our operating results are on page 33 of this Annual Report and Accounts. The highlights can also be accessed on our investor website at http.//www.nestle-cwa.com/en/investors/nigeria.

Dividend

In line with the policy of making our shareholders the ultimate beneficiaries of our business growth, the Board recommends for the consideration and approval of the shareholders at this meeting a final dividend of N21,798,046,000 or N27.50 kobo per ordinary share. If the dividend is approved by the shareholders, payment will be made on 23 May 2018, subject to the deduction of withholding tax at the applicable rate.

Marketing, Sales and Product Performance

In 2017, Nestlé brands remained the leaders in their categories by increasing the focus of the marketing efforts on driving penetration through the Popularly Positioned Products (PPP) strategy and continuing to educate consumers on the benefits of good nutrition delivered by our high quality products.

The increase by 34% of our sales in 2017 is evidence that consumers continue to trust our brands, a trust that we will continue to protect as we strive to respond to their needs and their preferences.

Employees

In 2017, our company employed 41 new employees to contribute to the attainment of our business objectives as we continue to drive greater efficiency across our operations. As at 31 December 2017, our

“The increase by 34% of our sales in 2017 is evidence that consumers continue to trust our brands, a trust that we will continue to protect as we strive to respond to their needs and their preferences.”

staff strength stood at 2,201.

Creating Shared Value – our business strategy

As you know, creating shared value is embedded the way we do business. In 2017, we continued in our efforts to contribute to improve livelihoods within our communities and across our value chain.

For individuals and families, we continued to offer high quality nutritious food, fortified with micro-nutrients to help address the hidden hunger in our environment.

In our communities, we provided means of livelihood to thousands of farmers who supply the raw materials used in our factories. We also provided 20,000 litres of clean potable water daily to 1,800 people who live in close proximity to our factories.

> "The Grain Quality Improvement Project which is aimed at reducing Mycotoxin contamination through good farming and storage practices in partnership with International Fertilizer Development Centre (IFDC) reached an additional 15,000 farmers in 2017."

The Grain Quality Improvement Project which is aimed at reducing Mycotoxin contamination through good farming and storage practices in partnership with International Fertilizer Development Centre (IFDC) reached an additional 15,000 farmers in 2017. We also achieved a significant milestone by linking the farmers to financing to facilitate access to inputs thereby further increasing the profitability of their farm produce.

In the same year, we partnered with USAID to reach an additional 20,000 with farmer capacity building programs.

Outlook for 2018

The economic outlook is a lot more promising than the corresponding period in the previous year with growth projected at 2.1%. This outlook is anchored in higher oil production and higher prices - oil prices are projected to average $54 in 2018. There is also high expectation of stronger agricultural performance.

The budget deficit is projected to be moderate as revenue performance improves. Unemployment is expected to slightly decline. Monetary policy is expected to remain contractionary and Inflation is projected to ease.

In view of the foregoing and confident in the capacity of our people and the value of our brands, we look towards 2018 with optimism. We also remain well aware of the potential challenges in a year preceding major elections as well as risks associated with the current agitations in the Niger-Delta, the herdsmen crisis and Boko Haram activities.

As the current recovery trend eases production constraints in manufacturing and agriculture, and key government reforms continue to diversify the economy, an all-round improvement in the economy is expected.

We therefore invite you dear shareholders to continue to:

- Believe in the quality of the Nestlé brand.
- Believe in the value we bring to individuals and families.
- Believe in the impact we make on our environment by creating shared value.
- Finally, believe in our purpose which is enhancing quality of life and contributing to a healthier future.

Thank you dear Shareholders, Ladies and Gentlemen.

Mr. David Ifezulike
Chairman

Corporate Governance Report 2017

Corporate Governance Report 2017

Background

The priority of Nestlé Nigeria Plc (hereinafter "Nestlé" or "the Company") is to achieve profitable long term growth. Nestlé has policies and practices that align management of the Company with the interests of our shareholders. This brings about beneficial relationship in the long term. Nestlé believes that good Corporate Governance is a critical factor in achieving business success. The Board is fully aware of its responsibilities to shareholders and works to achieve the implementation of good Corporate Governance. The Board has put in place mechanisms that assist it to review, on a regular basis, the operations of the Company so as to ensure that our business is conducted in accordance with good Corporate Governance and global best practices.

Some of the noteworthy aspects of our corporate governance policies include:

Nestlé Corporate Governance Principles

Nestlé has since its commencement of business:

- built consumers' trust through the quality and safety of its products;
- continued to respect social, political and cultural traditions;
- taken a long-term approach to strategic decision making, which recognizes the interests of its shareholders, consumers, employees, distributors, business partners, industrial suppliers and the society.

The Nestlé Group commitment to sound Corporate Governance goes back to its very early days. Nestlé published for the first time, in September 2000, its Corporate Governance Principles. Today, these are incorporated in the Nestlé Global Management Report. Nestlé complies with these principles even before the introduction of code of corporate governance in Nigeria.

Local Legislations and International Recommendations

- Nestlé complies with all applicable laws and regulations;
- Nestlé ensures that the highest standards of conduct are met throughout the organization by complying in a responsible way with the Nestlé Corporate Business Principles, which guide Company activities and relationships worldwide in each sector of business interests;
- Nestlé is aware that increasingly, globalization has been leading the development of more international recommendations. Although, as a general rule, these recommendations are addressed to governments, in the long run, they have an impact on business practices. Nestlé takes such recommendations into account in its policies;
- Nestlé endorses commitments and recommendations for voluntary self-regulation issued by competent sectoral organizations, provided they have been developed in full consultation with the parties concerned; these include the ICC Business Charter for Sustainable Development (1991), the OECD Guidelines for Multinational Enterprises (1976) and the OECD Principles of Corporate Governance (1999).
- Nestlé ensures strict compliance with the Companies and Allied Matters Act particularly by:
    - keeping proper accounting records
    - ensuring adequate internal control procedures
    - following all applicable accounting standards
    - consistently applying suitable accounting policies and the going concern basis.

- Nestlé ensures that all taxes are promptly and regularly remitted to the three tiers of government: federal, state and local authorities.
- Nestlé complies with the mandatory provisions of the Code of Corporate Governance in Nigeria issued in 2011 by the Securities and Exchange Commission during the year under review. Also, Nestlé has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

The Principles

They cover four areas:

1. The rights and responsibilities of shareholders
2. The equitable treatment of shareholders
3. The duties and responsibilities of the Board of Directors
4. Disclosure and transparency

We live up to the above principles especially through our information policy.

Information Policy

Shareholder Relations- Guiding Principles

Nestlé is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of Nestlé is in line with management's understanding of the actual situation at Nestlé.

The guiding principles of this policy, as it relates to shareholders, are that Nestlé gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent, engaging and consistent as possible.

Methodology

The Nestlé communication strategy makes use of traditional and modern communication tools.

Printed material

Nestlé produces a highly detailed Annual Report and Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations.

The document also outlines and discusses the latest social initiatives of Nestlé resulting from its commitment to the highest levels of corporate citizenship. Nestlé publishes its full-year and quarterly results. Press releases are issued on activities of the Company as and when necessary.

Future Relations with Shareholders

We are committed to sustaining the very good relations our Company has with its shareholders through well-established cycles of communication based on the Company's financial reporting calendar. The Company will continue to ensure that its shareholder communications, relations and policies are appropriate to the needs of shareholders.

The Annual General Meeting is an important forum for the Company to meet with shareholders and it is always well attended. The Board encourages all shareholders to attend and participate so that the Company can continue to benefit from their useful advice.

Communication with Stakeholders

In furtherance of our progressive stakeholder relations policy, Nestlé runs an annual business forum. The programme provides an opportunity for invited stakeholders to discuss with management of the Company its published financial results, corporate activities and the longer-term strategy of the Company.

In addition, information on the performance of the Company and other major corporate information are available to the stakeholders in particular and the public in general at the website of the Company - **www.nestle-cwa.com/en/investors/nigeria** This website contains our Annual Report and quarterly Financial Statements.

Transparency in Financial Reporting and Internal Control

Nestlé produces a comprehensive Annual Report and Financial Statements in compliance with the Companies and Allied Matters Act. We put in place adequate internal control procedures and ensure that the document reviews the business and provides detailed audited financial statements, according to relevant accounting standards and regulations.

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé. The Board is made up of three (3) non-executive directors including the Chairman, two independent non-executive directors and two (2) executive directors. The names of all the directors are stated on page 09 of this Annual Report. The non-executive directors are independent of management and able to carry out their oversight functions in an objective and effective manner. The position of the Chairman and that of the Managing Director are occupied by different persons. All the directors have access to the advice and services of the Company Secretary.

The Board consists of reputable persons of diverse skills and experience in various areas of human endeavour. Members of the Board are selected on the basis of integrity, knowledge, leadership qualities, reputation, competence, sense of accountability and high commitment to the task of good corporate governance.

The Board is responsible for the overall supervision of the Company and takes appropriate action to protect the interest of the shareholders and other stakeholders. It is responsible for the ultimate direction of the Company, in particular the conduct, management and supervision of the business of the Company, and the provision of necessary directions; the determination of the Company's organization; compliance by the Company with the law, the Memorandum and Articles of Association, Board Regulations and instructions; any significant policy issue dealing with the Company's general structure or with financial, commercial and industrial policy, etc. The Board meets as often as necessary and on notice by the Chairman.

The following are the specific issues reserved for the Board:

- Succession planning and approval of top executive appointments
- Appointment and composition of the Board and its Committees with their terms of reference
- Approval of the strategic plans and budget of the Company
- Integrity of financial controls and reports
- Review and approval of risk management policies and internal controls

- The determination of accounting and financial control principles, as well as principles of financial planning
- Approval of interim and annual accounts
- Appropriation and distribution of profits
- Acquisitions, disposals, mergers and joint ventures
- Approval of the remuneration of executive directors
- The appointment and removal of the Chairman and the members of any committee
- Corporate governance principles and compliance with the applicable code

The Board has delegated to Management the day-to-day management of the business and the Chief Executive Officer is answerable to the Board.

List of Board Members and attendance at meetings

	Date of Meeting 28 February 2017	Date of Meeting 23 May 2017	Date of Meeting 27 July 2017	Date of Meeting 27 October 2017	Total
Mr. David Ifezulike	✓	✓	✓	✓	4
Mr. Mauricio Alarcon	✓	✓	✓	✓	4
Mr. Syed Saiful Islam	✓	✓	✓	✓	4
Mr. Kais Marzouki	✓	✓	✓	✓	4
Mr. Ricardo Chavez	✓	✓	✓	✓	4
Mr. Gbenga Oyebode	✓	✓	✓	✓	4
Mrs. Ndidi Nwuneli	✓	✓	✓	✓	4
✓ Present					

Board Appointment, Induction and Training Processes

The appointment of a new Director of the Company commences after the declaration of a vacancy by the Board. It is the responsibility of the Board to determine the required knowledge, skills, experience and competence to be possessed by the potential candidates. Thereafter, the curriculum vitae of candidates satisfying the requirements would be sourced and forwarded to the Board for scrutiny, discreet validation of character and informal interaction with the candidates. If the Board is satisfied with the information obtained, the suitable candidate would be appointed a Director of the Company and presented to the shareholders for election at the next Annual General Meeting.

A newly appointed Director of the Company is required to undergo an induction process in order to know the Company, business and duties better. Important corporate documents on the profile, history, values, members of the Board and top management, business principles, production facilities, projects, Creating Shared Value initiatives are made available to new Directors.

The Directors of the Company participate periodically and where required, at its expense, in relevant continuing education programmes in order to update their knowledge and skills and keep them informed of new developments in the company's business, regulatory and operating environments. The objective of the training, when needed, is to assist them to fully and effectively discharge their duties to the Company.

Evaluation Process and Summary of Evaluation Results

The Board has established a system to undertake a formal and rigorous annual evaluation of its performance, that of its Committees, the Chairman and individual directors. The Board designed questionnaire for evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings, performance of each committee, etc. The questionnaire for evaluation for the period ended 31 December 2017 was completed by members online and the summary of results compiled electronically.

Based on the results of the evaluation, the Board, its committees and each individual director recorded very good performance.

Directors standing for re-election and their biographical details

The following directors will retire at the next Annual General Meeting, and being eligible, offer themselves for re-election:

a) **Mr. Jagdish Kumar Singla (Indian)** is the Finance and Control Director of the Company. He joined Nestlé India in 1990 and served in various roles at the Moga Factory and in Management Accounting at the Head Office, before moving to China in 1997 as Factory Controller, Shuangcheng. Subsequently, he took over the responsibility of Business Controller – Milks and Nutrition for Greater China Region.

   He went back to India in 2004 as Controller of Moga Factory. In 2008, he was appointed the Head of Internal Audit where he played a key role in preserving internal control and transforming audit and control processes. He was the Country Controller of Nestlé Lanka Plc from October 2014 to December 2017 where he displayed solid leadership and strong functional knowledge. He was appointed to the Board with effect from January 1, 2018

b) **Mr. David Ifezulike** is the non-executive Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Management Science and a Diploma of Imperial College. He joined Nestlé in 1980 and worked for over 26 years in various capacities and locations including Nigeria, Malaysia, Zimbabwe, Switzerland and Ghana. Mr. Ifezulike was on international exchange programme as the Factory Manager of Nestlé Ghana between May 1999 and April, 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006.

   He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000, and appointed the Chairman with effect from 10 May 2013.

Composition of Board Committees

Remuneration Committee

The Remuneration Committee is made up of three (3) non-executive directors appointed by the Board of Directors to submit recommendations on the salaries of executive directors to the Board for approval. The Committee met on 28/2/2017 and 27/10/2017 and discharged its responsibilities excellently in 2017.

The table below shows the members who served on the committee in 2017 and their attendance at meetings:

Name	Date of meeting 28 February 2017	Date of meeting 27 October 2017	Total
Mr. David Ifezulike	✓	✓	2
Mr. Kais Marzouki	✓	✓	2
Mr. Ricardo Chavez	✓	✓	2
✓ Present			

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. Meeting of the Committee was held on 5/12/2017 and the Committee discharged its responsibilities excellently in 2017.

The table below shows the Directors who served on the Committee in 2017 and their attendance at meeting:

Name	Date of meeting 5/12/ 2017	Total
Mr. Gbenga Oyebode	✓	1
Mr. Ricardo Chavez	✓	1
Mr. Syed Saiful Islam	✓	1
✓ Present		

Statutory Audit Committee

The Committee is established to perform the functions stated in Section 359 (6) of the Companies and Allied Matters Act. There are six (6) members of the Committee and one of the three representatives of the shareholders is the chairman of the Committee. The Committee met during the period under review and discharged its responsibilities excellently.

The table below shows the members who served on the Committee during the period and their attendance at meetings:

	Date of Meeting 28 February 2017	Date of Meeting 27 April 2017	Date of Meeting 27 July 2017	Date of Meeting 27 October 2017	Total
Mr. Matthew Akinlade	✓	✓	✓	x	3
Mr. Christopher Nwaguru	✓	✓	x	✓	3
Alhaji Kazeem Owonikoko Bello	✓	✓	✓	✓	4
Mr. Ricardo Chavez	✓	✓	✓	✓	4
Mr. Gbenga Oyebode	✓	✓	✓	✓	4
Mrs. Ndidi Nwuneli	✓	✓	✓	✓	4
✓ Present x Absent with apology					

Board Charter and Code of Ethics

The Company has a Board Charter and Code of Ethics approved by the Board and signed by all members. The document provides guidance to members on the operations of the Board, duties and obligations of members, code of conduct and how to avoid conflict of interest in any business relationship with the Company.

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.

The Corporate Governance Rating System Certification

We are pleased to report that our Company has successfully completed the Corporate Governance Rating System exercise conducted by the Nigerian Stock Exchange (NSE) and the Convention on Business Integrity (CBI). The exercise comprises three segments: an independently verified, self-assessment by the company; a certification of director awareness of their fiduciary duties; and a corporate integrity assessment where perceptions of actual company behaviour are sought from internal and external stakeholders. Combinations of the three segments with attendant weighted scores are collated and companies with a score of 70% and above will be accorded the CGRS certification mark celebrating the degree to which they have evolved the quality of their corporate governance. Our Company scored 89.43% which is above the 70% threshold after the aggregation of scores across the three stages.

Human Resources Policies and other related matters

The Company recognizes that its human resources are very valuable assets. Consequently, the human resources policies of the Company are to ensure that the aptitude, knowledge and skills of staff are put to the best possible use. The training of staff to perform their duties effectively is a major preoccupation of Management.

The Management holds periodic meetings with the employees in order to brief them on business related issues and exchange ideas that are beneficial. In addition, there is the Managing Director-Union Forum with all the key Union officers as well as top management staff, to foster greater understanding of the business and the need to realize our roles as joint stakeholders. Also, Management communicates corporate issues to employees regularly through circulars and newsletters - "Nestlé News". Nestlé has no employee share-ownership scheme.

It is the Company's policy to:

a) Give every employee the chance of proving his or her ability in order to realize the desired career progression;

b) Give equal opportunity for engagement and promotion on the basis of merit, diligence and good conduct;

c) Remunerate staff based on the principle of internal equity and external comparability together with performance;

d) Appreciate honesty, integrity and loyalty to the Company;

e) Encourage loyalty by providing adequate job security and good conditions of work to all employees;

f) Give every employee when necessary the opportunity to deal directly with Management and raise matters affecting his or her work for discussion and resolution;

g) Promote joint consultation and communication in order to enable employees to have full opportunity to speak frankly with Management on matters of mutual interest;

h) Provide a safe working environment by encouraging employees to work safely and maintain good health at all times.

Company's Sustainability policies

Corruption

The Company has zero-tolerance attitude to corruption and unethical practice. It encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations. On a regular basis, the Company tracks and monitors potential corruption proned activities and designs strategies to eliminate the corruption risks.

In furtherance of the above, the Company has established an anonymous whistle blowing system which enables staff, suppliers and distributors to raise concerns in relation to its operations and report malpractice, illegal acts or omission by employees. Such concerns could be communicated to the Company through Web URL: **www.nestle-cwa.com/en/tell-us,** then log in using the access code: 70182 or **Tell us hotline:** 070 8060 1488

Creating Shared Value

The Company impacts on the community through the peculiar initiatives known as Creating Shared Value (CSV) with a special focus on Nutrition, Water and Rural Development. The Company is convinced that these initiatives will improve the livelihood of our community and make our business more competitive. Through CSV, the Company provides technical assistance to farmers to help them increase the quality and quantity of yields; rehabilitates water pumps in rural areas; embarks on school building projects; encourages the grassroots sports activities; provides edutainment that is used to promote and encourage physical activities; implements the fortification initiatives to fight malnutrition; provides job and development opportunities in order to contribute to the growth and development of Nigeria.

We initiated the Nestlé Healthy Kids program to improve nutrition, health and wellness of children aged 8-12 years; partnered with the International Institute for Tropical Agriculture (IITA) to boost cassava starch production in Nigeria; organized training programmes for soybean farmers under the Nestlé/University of Agriculture Abeokuta Soybean Popularization Project and workshop to improve farm family health initiative for the farming community.

Corporate Governance and Integrity Committee

The Company has the Corporate Governance and Integrity Committee (CGI). The objective of the Committee is to ensure that staff and stakeholders of the company act in compliance with applicable laws and regulations, the Company's Code of Business Conduct and that staff of the Company exhibit the highest standard of ethical and moral business conduct. The Committee is made up of the senior management and other key employees of the Company.

The terms of Reference of the CGI are:

1. To embark on re-orientation of staff and stakeholders through trainings and education with a view to establishing a common understanding of unacceptable practices and reinforcing our corporate culture.
2. To launch and sustain an anti-graft campaign within the company and plug avenues for corruption "Red Flags".
3. To improve corporate compliance within the company and communication with our shareholders.
4. To establish an effective and confidential whistle blowing system for staff and external stakeholders of the company.
5. To promptly and transparently investigate reported concerns and improper conduct.

Environmental Protection

Nestlé Nigeria adopts a precautionary approach to environmental stewardship which enables the Company to maintain a clear vision with regard to environmental objectives. Nestlé ensures that environmental progress is efficiently coordinated so that improvements made in one area are complementary to environmental aspects in other areas. Among the key success drivers in Nestlé environmental management programme is the provision of waste water treatment facility.

When all options for water use reduction, reuse and recycling have been exhausted, the waste water that is left must be discharged to the environment. To reduce both the volume and load of the waste water, Nestlé has built a modern waste water treatment facility at Agbara factory.

The facility ensures that the physical, chemical and biological parameters of the wastewater are controlled within the limits set by the government of Nigeria before discharging from the factory.

In order to reduce the impact of its operations on the environment, Nestlé has built a new Distribution Centre within its Agbara factory. This has eliminated the pollution associated with the transportation of our raw materials and finished products from and to our previous Distribution Centre at Ota.

HIV/AIDS

Our Company always endeavours to provide a safe and healthy working environment for its employees. The Company makes available to all employees periodically voluntary and free HIV/AIDS screening and confidential counselling sessions for them to know their status. It also provides regularly, basic HIV/AIDS training to educate the employees on its prevention, care and control. It is the policy of the Company not to discriminate against any employee on the basis of his or her HIV status. Confidentiality is fully respected and only disclosed to our company doctor.

E-Dividend

Consistent with the Nestlé business strategy of Shareholder Value Creation and in line with our commitment to good corporate governance, we are encouraging our shareholders to embrace the e-dividend and e-bonus.

This is to enable us pay dividend due to shareholders by crediting their bank accounts with dividend and the Central Securities Clearing System (CSCS) accounts with bonus shares immediately they are declared. Consequently, we hereby request all shareholders to complete the detachable form in the Annual Report, in order to provide our Registrars, GTL Registrars Limited, with their bank accounts and CSCS numbers. We request our shareholders to use the recently launched e-dividend payment portal that is an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars.

We also request our shareholders to complete and submit to our Registrars the Electronic Delivery Mandate Form which would enable them to receive soft copy of our annual report and accounts via e-mail address.

Independent Auditors

The Company's auditors are Deloitte & Touche (previously known as Akintola Williams Deloitte).

General Mandate Circular

Information in respect of General Mandate

In accordance with the Rules on Transactions with Related Parties recently issued by the Nigerian Stock Exchange, the Company is seeking the renewal of the general mandate from shareholders as per item 7 on the Agenda for the Annual General Meeting slated for 22 May 2018.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 97 and 98 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

In order to ensure smooth operations, the Company will continue to procure goods and services and engage in other transactions that are necessary for its operations from related companies in the next financial year and hereby seeks a general mandate from shareholders for the related company transactions of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued share capital of the Company. Relevant items for the consideration of the shareholders are stated below:

(i) The class of interested persons with which the Company will be transacting during the next financial year are Nestlé S.A. Switzerland, its subsidiaries and associated companies;

(ii) The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations;

(iii) The rationale for the transactions are that they are indispensable to the operations of the Company, cost effective and makes the products of the Company to be competitive;

(iv) The method and procedure for determining transaction prices are based on the transfer pricing policy;

(v) KPMG Advisory Services gave opinion based on the transfer pricing compliance exercise it earlier conducted that the method and procedure in (iv) are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) The audit committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices as earlier reviewed by KPMG Advisory Services are adequate;

(vii) The Company shall obtain a fresh mandate from shareholders if the method and procedure become inappropriate; and

(viii) The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

Complaints Management Policy of Nestlé Nigeria Plc for Shareholders

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Complaints Management Policy of Nestlé Nigeria Plc for Shareholders

1. Preamble

This Complaint Management Policy ("the Policy") has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16th February, 2015 and The Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22nd April, 2015.

Furthermore, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder / investor confidence in the company.

This Policy sets out the broad framework by which Nestlé Nigeria Plc ("Nestlé" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Nestlé's shareholders to provide feedback to the Company on matters that affect shareholders.

This Policy only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

2. Objective

This Policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

3. Nestlé's Commitment

Nestlé is committed to providing high standards of services for shareholders, including:

- Providing a platform for efficient handling of shareholder complaints and enquiries;
- Enabling shareholders to have shareholder related matters acknowledged and addressed;
- Providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner; and
- Facilitating efficient and easy access to shareholder information.

4. Procedure for Shareholder Complaints/Enquiries

Shareholders can make complaints/enquiries and access relevant information about their shareholdings in the following manner:

a) **Contact the Registrar:** Shareholders who wish to make a complaint / enquiry shall in the first instance contact the Registrar (see the contact details set out in section 8 of this Policy). The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others.

Upon receipt of a complaint or an enquiry, the Registrar shall take appropriate action to resolve the issue and immediately provide the relevant details of such complaint or enquiry to Nestlé for monitoring, record keeping and reporting purposes.

In resolving complaints or enquiries, the Registrar shall be guided by the timelines stipulated in clause 5 (c-f) of this Policy.

b) **Contact Nestlé's Company Secretary:** If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints then, shareholders should contact the office of the Company Secretary (see the contact details set out in section 9 of this policy).

Complaints Management Policy of
Nestlé Nigeria Plc for Shareholders

5. Complaints/Enquiries received directly by Nestlé

Where a complaint or an enquiry is sent to Nestlé directly, the Company upon receipt of the complaint or enquiry, shall use its best endeavours to ensure that:

a) relevant details of the complaint or enquiry are immediately recorded.

b) It forwards the complaint or enquiry to the Registrar and that a response is provided by the Company or the Registrar within the time frame set out in sub-clauses (c-f) below.

c) complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.

d) complaints or enquiries received by post are responded to within five (5) working days of receipt.

e) complaints or enquiries are resolved by the Registrar or company within ten (10) working days of receipt.

f) The Nigerian Stock Exchange is notified, within two (2) working days, of the resolution of a complaint or enquiry.

g) where a complaint/enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.

h) the same or similar medium that was used for the initial enquiry is used in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

6. Electronic Complaints Register and Quarterly Reporting Obligations

Nestlé shall maintain an electronic complaints register. The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address, telephone number, e-mail address).
- Nature and Details of the enquiry or complaint.
- Action Taken / Status.
- Date of the Resolution of the complaint.

Nestlé shall also provide information on the details and status of complaints to the Securities and Exchange Commission or The Nigerian Stock Exchange on a quarterly basis.

7. Liaison with the Registrar

During the course of investigating a shareholder's enquiry, complaint or feedback, Nestlé may liaise with the Registrar. Nestlé's engagement with the Registrar will include:

- Determining the facts;
- Determining what action has been undertaken by the Registrar (if any); and
- Coordinating a response with the assistance of the Registrar.

8. Contact Details of the Registrar

The Registrar may be contacted as follows:
GTL Registrars Limited
274 Murtala Muhammed Way, Alagomeji, Yaba,
P. M.B. 12717,
Apapa, Lagos
Telephone:+234 1 2793161, +234 1 8131925
E-mail: info@gtlregisrars.com
Website: www.gtlregistrars.com

9. Contact Details of Nestlé's Company Secretary

Shareholders seeking to escalate unresolved complaints are invited to contact the Company Secretary as follows:

The Company Secretary/Legal Adviser
Nestlé Nigeria Plc
22-24 Industrial Avenue
Ilupeju
P.M.B. 21164
Ikeja.
Telephone: +234 1 2798184; +234 1 2798188
E-mail: shareholders.enquiries@ng.nestle.com
Website: www.nestle-cwa.com/en/investors/nigeria.com

10. Shareholder Access to this Policy

Shareholders will have access to this policy through the following avenues:

The Policy shall be available on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)

A copy of the Policy may be requested by contacting the Office of the Company Secretary/Legal Adviser.

The Policy shall be made available to shareholders of the Company through the Annual Report and Account.

11. Fees and Charges

Wherever possible, and subject to statutory requirements, Nestlé will not charge shareholders for making enquiries, giving feedback, providing a response or for any aspect in the course of resolving a shareholder matter.

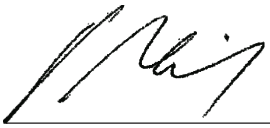
Shareholders are informed that in some circumstances the Registrar may charge shareholders a fee (for example, to resend previous dividend statements upon request by the shareholder).

12. Amendment/Review of this Policy

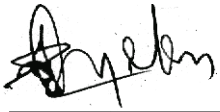
Nestlé may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback.

Any changes or subsequent versions of this Policy will be published on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)

Approved by:



**Managing Director/
Chief Executive Officer**



**Company Secretary/
Legal Adviser**

274 Murtala Muhammed Way
Alagomeji, Yaba
PMB 12717
Apapa, Lagos
Tel: 01-2793160-2
e-mail:info@gtlregistrars.com
Website:www.gtlregistrars.com

Introducing the New E-Dividend Mandate Management System (EDMMS)

As a part of the ongoing collaborative efforts of stakeholders in the Financial industry to ensure that the e-dividend payment process is embraced by all, the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria InterBank Settlement System (NIBSS) and the Institute of Capital Market Registrars (ICMR) have successfully developed an e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing.

The portal is a web-based application that can be assessed by every branch of all Banks and by all Registrars. The following are the unique features/advantages for the new process;

1. Shareholders can go to their Bank or any of their Bank branches nationwide to complete an e-dividend mandate form and this will be verified and stamped by the Bank and forwarded electronically to the Registrar.
2. Data relating to shareholders who are yet to provide their Bank details to Registrars has been pre-loaded unto the portal by NIBSS so as to allow the Bank verify shareholders' details on-line when they complete e-dividend forms.
3. Completed forms that have been verified by the Bank will be forwarded electronically to the relevant Registrars via the portal.
4. Confirmation of forms and other correspondence between the Registrar and the Bank as may be required will be done via the portal.
5. Shareholders do not have to come to the Registrar's Office to submit e-dividend forms anymore.

With the new system, shareholders have the opportunity to update their Bank details with the Registrars with ease.

We wish to inform you that GTL Registrars Limited is actively involved in this process and shareholders on the Registers of members managed by us are encouraged to take advantage of this new process to update their records with us with the Bank details.

Kindly visit your Bank or any of GTL Registrar's offices nationwide as stated below and our website www.gtlregistrars.com for more details.

Thank you.

ABUJA BRANCH Plot 388 Coscharis Building, 4th Floor, Behind Old Chelsea Hotel, Central Business District Abuja. **Tel: 08159594278**	**IBADAN BRANCH** Omoor House, Opposite Palms Shopping Mall, Ring Road, Ibadan, Oyo State. **Tel: 08159594384**	**OWERRI BRANCH** Union Bank Building Owerri-Port Harcourt Road, Owerri, Imo State. **Tel: 08159594388**
BENIN BRANCH 5 Forestry Road, Benin City, Edo State. **Tel: 08159594382**	**KANO BRANCH** 1st Floor 37 Niger Street Murtala Mohammed Way Kano, Kano State. **Tel: 08159594383**	**PORT HARCOURT BRANCH** No 26 Aba Road, Opp. Oando Filling Station, Port Harcourt, Rivers State. **Tel: 08159594386**

Board of Directors

1. Mr David Ifezulike (Nigerian) is the non-executive Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Management Science and a Diploma of Imperial College. He joined Nestle' in 1980 and worked for over 26 years in various capacities and locations including Nigeria, Malaysia, Zimbabwe, Switzerland and Ghana. Mr Ifezulike was on international exchange programme as the Factory Manager of Nestle, Ghana between May 1999 and April, 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000, and appointed the Chairman with effect from 10 May 2013.

2. Mr. Mauricio Alarcon (Mexican) is the Managing Director/Chief Executive Officer of the Company. He is an Engineer and a Member of the Nigerian Institute of Management. He joined Nestlé Mexico in 1999. Following a number of Sales and Marketing assignments in the Ice Cream business, including Marketing Advisor at the Ice Cream Strategic Business Unit, he was appointed as the Marketing Manager for the Ice Cream business in Australia. In 2010, he joined Nestlé Egypt as Business Executive Manager, Ice Cream where his dynamism played a key role in transforming the business. Under his leadership, the Ice Cream business turnover in Nestlé Egypt more than doubled and the profitability improved in a challenging environment. He was the Managing Director of Nestlé Côte d'Ivoire from 2014 to September 2016 before his current appointment on 1 October 2016 as the Managing Director / Chief Executive of the Company.

3. Mr Jagdish Kumar Singla (Indian) is the Finance and Control Director of the Company. He joined Nestlé India in 1990 and served in various roles at the Moga Factory and in Management Accounting at the Head Office, before moving to China in 1997 as Factory Controller, Shuangcheng. Subsequently, he took over the responsibility of Business Controller – Milks and Nutrition for Greater China Region. He went back to India in 2004 as Controller of Moga Factory. In 2008, he was appointed the Head of Internal Audit where he played a key role in preserving internal control and transforming audit and control processes. He was the Country Controller of Nestlé Lanka Plc from October 2014 to December 2017 where he displayed solid leadership and strong functional knowledge. He was appointed to the Board with effect from 1 January 2018.

4. Mr. Kais Marzouki (German) is a non-executive director of the Company and the Head of Nestlé Central and West Africa (CWA) Region comprising 22 countries. He holds a European Master's in Management degree and joined Nestlé Group in 1995. He held various positions including General Business Manager for Jordan and Lebanon in 2001 and 2003 respectively; Regional Sales Director for Southern and Eastern African Region from 2005 to 2008; Global Channel Category Manager, SBU-Food of Nestlé S.A. from 2008 to 2009; Regional Sales Director for Nestlé Oceania Region from 2009 to 2011; Business Executive Manager Coffee and

Beverages from 2011 to July 2013 before his current appointment as Head of CWA Region. He was appointed to the Board on 1 August 2013.

5. Mr. Ricardo Chavez (Mexican) is a non-executive director and the Head of Finance and Control of Nestlé CWA Region comprising 22 countries. Ricardo joined Nestlé Mexico in 1992 and spent many years as international auditor and Market Audit Manager in Thailand and Indonesia. In 2002, he was appointed the Supply Chain Controller before moving back to Nestlé Group Audit as Manager. In 2010, Ricardo was promoted to the position of Head of Finance and Control of Nestlé Equatorial African Region comprising 21 countries. In 2014, he was appointed the Head of Finance and Control Division of Nestlé Greater China Region position before his current appointment as the Head of Finance and Control of Nestlé CWA Region on 1 February 2017. He was appointed to the Board on 1 February 2017.

6. Mr. Gbenga Oyebode (MFR) (Nigerian) is an independent non-executive director of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1980. He holds a Master of Laws degree and is the Managing Partner of Aluko & Oyebode & Co. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He is the Chairman of Okomu Oil Palm Plc and a non-executive director of MTN Nigeria Limited. He is on the Africa Advisory Committee of the Johannesburg Stock Exchange. He was appointed to the Board on 24 February 2014.

7. Mrs. Ndidi Nwuneli (MFR) (Nigerian) is an independent non-executive director of the Company. She is a social entrepreneur with over 22 years of experience in international development and extensive experience in the agriculture and nutrition sectors in West Africa. She is the founder of Leadership, Effectiveness, Accountability and Professional (LEAP) Africa and was the CEO for six years before establishing Sahel Consulting. She is the Co-Founder and Director of AACE Food Processing and Distribution Limited. She also serves on the Boards of Nigerian Breweries Plc, Fairfax Africa Holdings Canada, Godrej Consumer Products India and the African Philanthropy Forum. She is a graduate of the Harvard Business School and the Wharton School of the University of Pennsylvania. She was appointed to the Board of the Company on 24 February 2014.

8. Mr. Bode Ayeku (Nigerian) is the Company Secretary/Legal Adviser of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1992 and holds a Master of Laws degree. He joined the Company in October 2005 as the Deputy Company Secretary. He is the Vice President of the Institute of Chartered Secretaries and Administrators of Nigeria. He is a Fellow of the Nigerian Institute of Management and an Associate of the Chartered Institute of Taxation of Nigeria. He is a member of the Governing Council of the Nigeria Employers' Consultative Association (NECA) and the Chairman of the Committee of Legal Advisers and Company Secretaries of NECA.

Nestlé Nigeria Plc Financial Statements

For the year ended 31 December 2017 together with

Directors and Independence Auditor’s Reports

Financial Highlights

for the year ended 31 December 2017

In thousands of naira	2017	2016	Increase/ (decrease) %
Revenue	244,151,411	181,910,977	34%
Profit before income tax	46,828,682	21,548,408	117%
Profit for the year	33,723,730	7,924,968	326%
Declared dividend*	19,816,406	15,060,469	32%
Share capital	396,328	396,328	0%
Total equity	44,878,177	30,878,075	45%
Data per 50k share			
Basic earnings	₦42.55	₦10	
Declared dividend	₦25.00	₦19.00	
Net assets	₦56.62	₦38.96	
Dividend per 50k share in respect of current year results only			
Interim dividend declared	₦15.00	-	
Final dividend proposed**	₦27.50	₦10.00	
Stock Exchange Information			
Stock exchange quotation at 31 December			
in Naira per share	₦1,555.99	₦810.00	92%
Number of shares issued ('000)	792,656	792,656	0%
Market capitalisation at 31 December (₦ : million)	1,233,365	642,052	92%

* Declared dividend represents the interim dividend declared during the year (N13.00 and N2.00 from the balance of the pioneer profits as at 31 December 2015 and retained earnings as at 31 December 2015 respectively) and final dividend proposed for the preceding year but declared during the current year.

** The directors proposed a final dividend of ₦ 27.50 (2016: ₦10.00) per share on the issued share capital of 792,656,252 (2016: 792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

Directors' Report
for the year ended 31 December 2017

1 Financial Statements
The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 December 2017.

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:

	2017 N'000	2016 N'000
Revenue	244,151,411	181,910,977
Results from operating activities	55,698,373	38,213,337
Profit before income tax	46,828,682	21,548,408
Profit for the year	33,723,730	7,924,968
Total comprehensive income for the year	33,723,730	7,924,968

4 Dividend
The Directors recommend the payment of a final dividend of N27.50 (2016: N10.00) per share having earlier declared an interim dividend of N15.00 (composed of N13.00 and N2.00 from the balance of the pioneer profits as at 31 December 2015 and retained earnings as at 31 December 2015 respectively) (2016: Nil) on the issued share capital of 792,656,252 (2016: 792,656,252) ordinary shares of 50k each. If the proposed dividend of N27.50 is approved by the shareholders, it will be subject to deduction of withholding tax at the applicable rate.

5 Directors and Their Interests
(a) The directors who served during the year and their interests in the shares of the Company at the year end were as follows:

	Appointed/ (Resigned)	Interest in the Ordinary Shares of the Company 2017	2016
Mr. David Ifezulike - Chairman		56,255	56,255
Mr. Mauricio Alarcon (Mexican) - MD/CEO		Nil	Nil
Mr. Syed Saiful Islam (Bangladeshi)	(31/12/2017)	Nil	1,610
Mr. Jagdish Singla (Indian)	1/1/2018	Nil	Nil
Mr. Kais Marzouki (German)		Nil	Nil
Mr. Ricardo Chavez (Mexican)		Nil	Nil
Mrs. Ndidi Okonkwo Nwuneli		Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil

(b) Mr. Gbenga Oyebode, 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. Information relating to this share based payment scheme is disclosed in Note 26 to the financial statements.

6 Records of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' Attendance at Board Meetings held in 2017 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings

			Number of shareholders	%	Number of shares	%
1	-	1,000	18,364	63.63	5,535	0.70
1,001	-	5,000	7,116	24.66	16,327	2.06
5,001	-	10,000	1,691	5.86	11,560	1.46
10,001	-	50,000	1,357	4.70	26,594	3.36
50,001	-	100,000	148	0.51	10,164	1.28
100,001	-	500,000	127	0.44	26,913	3.40
500,001	-	1,000,000	27	0.09	20,027	2.53
1,000,001		and above	31	0.11	150,978	19.05
			28,861	99.997	268,097	33.82
Nestlé S.A, Switzerland *			1	0.003	524,559	66.18
			28,862	100	792,656	100

** Apart from Nestlé S.A, Switzerland, with 524,559,457 ordinary shares (representing 66.18%) and Stanbic IBTC Nominees Limited with 9.50%, no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2017.*

8 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 15 to the financial statements.

9 Donations

The value of gifts and donations made by the Company during the year amounted to N2,088,000 (2016: N8,778,000) and analysed as follows:

	2017 N'000
Product donation to Internally Displaced Persons (IDP) Camps via the AFBTE	986
Product donation to Kokumo Oladipo Memorial foundation	375
Product donation to Marie Louse College	318
Agbara Divisional Police	240
Product donation to Health Writers Association of Nigeria	86
Product donation to Capital Market Correspondents Association of Nigeria	83
	2,088

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.

In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives.

10 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 both employees and former employees of Nestlé Nigeria Plc.

11 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.

12 Major Distributors

The Company's products are distributed through various distributors that are spread across the whole country as stated on page 118 of the Annual report and financial statements.

13 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.

14 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 005823 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 2015 to 31st December 2017

15 Acquisition of Own Shares

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

16 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 (2016: 14) physically challenged persons in its employment as at 31 December 2017.

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.

The Company operates its own clinics which provide quick health care to its employees. In pursuit of efforts to improve health infrastructure and enhance the quality of care for the employees, the company has built a new ultra modern clinic at Agbara factory. The new clinic which is fully equipped with state-of-the-art medical facilities consists of three consulting rooms, one pharmacy, one laboratory and two observation rooms, amongst others.

The modernization of the medical facilities by the Company is in line with Nestlé Corporate Business principles of promoting safe and healthy work environment for the employee.

In addition, the Company retains a number of registered private hospitals run by qualified medical doctors to whom serious cases of illness are referred for treatment.

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. Lunch is provided 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 issues are published. Regular briefing sessions are also held at corporate and operational levels to enhance exchange of information.

Management, 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 have graduated three (3) sets of technical students from Nestle Technical Training Center (NTTC). The multi-skill engineering training runs for a period of 18 months.

The total number of those who have so far completed the programme till date is forty-six (46). The cost of the training was fully paid by our Company. The success of the TCC in our Agbara factory has spurred us on to replicate and adapt the TCC model in our Nestlé Waters factory in Abaji.

The content of the course was based on the syllabus of City and Guilds of London Technicians Examinations Certificates in Engineering, one of the world's leading vocational education organizations. To empower the trainees with relevant skills, the top five (5) students in the scheme were taken to Switzerland for further training within the Group's factories. In order to reduce unemployment, eight (8) of the thirteen (13) graduates from the first batch, thirteen (13) graduates from the second batch and all the twenty (20) graduates from the third batch were given employment by our Company. The other graduates from the first and second batch are in full time employment with other organizations.

This TTC program contributes to the increase in the overall technology know-how in Nigeria and the pool of employable technical persons as the students also act as technology ambassadors after they have completed their training programme.

17 Remuneration Committee

The remuneration committee, which consists of three directors namely Mr. David Ifezulike, Mr. Kais Marzouki 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.

18 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 23 May 2017. Members that served on the audit committee during the year 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 Oyebode	Directors' Representative
Mr. Ricardo Chavez	Directors' Representative

19 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. Oyebode, Chavez and Islam served on the committee in 2017.

20 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.

21 Disclosures

a) Borrowings and Maturity Dates

The details of the borrowings and maturity dates are stated in Note 24 to the financial statements.

b) 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.

c) 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.

d) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from related party transactions are stated in Notes 21, 24, 26, 28 and 32 to the financial statements. 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.

22 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	10
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communi-cation	Human Rights & Labour Practices in our business activities	Leader-ship and personal responsi-bility	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. All the injured employees have since resumed their normal duties. 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 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 the 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.

Number, diversity, training initiatives and development of employees

As at 31 December 2017, the staff strength of the Company was 2,201 (2016: 2,325). 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 22 (2016: 18) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, Senegal, Dubai, South Africa and Germany in order to give them the required exposure to enable them take up higher responsibilities.

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.

23 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.

24 Notable Awards received in 2017

In recognition of Nestle Nigeria as a distinguished sector player in the manufacutring industry and its consistent performance in spite of the prevailing economic climate, Nestle was awarded the Food Product Manufacturing Company of the year (Seasoning cubes and Cocoa beverage) for our innovation in MAGGI Naija Pot and MILO RTD respectively.

25 Independent Auditors

The firm of Deloitte and Touche have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Allied Act CAP C20 Laws of the Federation of Nigeria, 2004.

Dated this 1st day of March 2018.

BY ORDER OF THE BOARD

Bode Ayeku, FCIS
Company Secretary/Legal Adviser
FRC/2012/NBA/00000000637
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 31 December 2017, and the results of its operations, cash flows and changes in equity for the year 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 year ended 31 December 2017 were approved by directors on 1st March, 2018 .

Signed on behalf of the Directors of the Company:

David Ifezulike	**Mauricio Alarcon**
(Chairman)	(Managing Director)
FRC/2013/NIM/00000003355	FRC/2017/NIM/00000016043
1 March 2018	1 March 2018

Audit Committee Members

for the year ended 31 December 2017

1. Mr. Matthew Akinlade (Chairman)
2. Alhaji Kazeem Owonikoko Bello
3. Mr. Christopher Nwaguru
4. Mrs. Ndidi Okonkwo Nwuneli
5. Mr. Gbenga Oyebode
6. Mr. Ricardo Chavez (Mexican)

Nestlé Nigeria Plc
22-24 Inductrial Avenue, Ilupeju
P.M.B. 21164, Ikeja, Nigeria
Telephone: 01 2798184, 2798188, 2790707

REPORT TO THE MEMBERS OF NESTLE 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, we have examined the Auditor's Report for the year ended 31 December 2017.

We have obtained all the information and explanations we required.

In our opinion, the Auditor's Report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the Accounting and Reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. Having reviewed the Auditor's findings and recommendations on Management matters, we are satisfied with management responses thereon.

We acknowledge the cooperation of the Auditor, Messrs Deloitte & Touche, Management and staff of the Company in performing our duties.

Dated this 1st day of March, 2018
Lagos Nigeria

Matthew Akinlade
Chairman, Audit Committee.
FRC/2013/ICAN 00000002111

Members:
Mr. M. Akinlade (Chairman), Mr. C. Nwaguru, Mr. R. Chavez (Mexican), Mr. G. Oyebode, Mrs. N. Nwuneli, Alhaji K. O. Bello.

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Independent Auditor's Report

To the Shareholders of Nestlé Nigeria Plc

Opinion

We have audited the accompanying financial statements of Nestlé Nigeria Plc which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Nestlé Nigeria Plc as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financials statements in Nigeria. We have fulflled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the 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 year. 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.

Key Audit Matter	How the matter was addressed in the audit
Re-computation of incentive/utilization of accrual for Distributor's incentive	
The Company provides its Distributors volume based incentives to drive sales. Debited to the Revenue disclosed in Note 9 to the Financial Statements is an amount of N10.9billion as sales incentives paid to the Distributors during the year by the Company. The assumptions with the most significant impact in the assessment of sales incentives were border around: • Achievement of cash collection targets • Achievement of sell out targets • Achievement of sell in targets Judgement is required by the Directors in assessing the incentive amount accruable to Distributors. Accordingly, for the purposes of our audit, we identified the assessment of incentives amount as key audit matter.	Our audit procedures incorporated a combination of a test of the Company's controls relating to incentives and substantive procedures. In addressing the risk, we performed the following: • We evaluated the company's model for calculating customer incentives to ensure that all models applied have been approved by the Board of Directors and have been applied accurately and consistently. • Obtained an understanding and documentation of the incentive schemes currently used by in the Company. • Reviewed and tested controls with respect to the application and implementation incentives. • Verified for that customers that benefited from the incentive scheme(s) have met the criteria set out by the Board of Directors. • We reviewed the data used by management in the computation of the incentive balance to ensure it is accurate and complete. • Verified accuracy of incentives calculated for selected customers, and that they were in line with the terms of the approved scheme(s). • We also verified the utilization of the incentive amounts per quarter to the Distributor credit on a samples basis. Our testing did not reveal any material misstatement and we concur with the company's application of the incentive models approved by the Directors of the Company.

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Current and deferred tax

There are various complexities relating to the treatment and recognition of current and deferred tax, in particular:

- The tax treatment of property related items, i.e. leasehold improvements and fixtures and fittings, is significantly different from the accounting treatment. Accordingly, there is significant judgement involved in determining tax and deferred tax.
- The determination of whether to recognise deferred tax assets is dependent on the directors' assessement of the utilisation of the losses and the timing of realising temporary differences, which requires significant judgement.

As a result, taxation is considered a key audit matter due to the complexities and judgement arising from the considerations relating to the calculation, recognition, and classification of current and deferred tax balances and the materiality of the balances in relation to the financial statements as a whole.

The accounting policies on taxes are disclosed on Note 3 (O), and information on current and deferred taxes are disclosed in Notes 13 and 19.

We involved tax specialists in the engagement to evaluate the tax provisions and potential exposures, with a particular focus on the management's treatment of PPE, allowable and disallowable expense and income and assumptions used by management in estimation of current and deferred taxes.

We reviewed the data used by management in estimation of current and deferred taxes and agreed them to audited numbers.

We concurred with the management's determination of the estimated manner in which timing differences will be realised.

We assessed the presentation and disclosure in respect of taxation related balances and considered whether the disclosures reflected the risks inherent in the accounting for the taxation balances.

Our audit testing, including the review carried out by tax specialist did not reveal any material misstatements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

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Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 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.

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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating 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 Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the audit committee and the directors 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 and directors 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 the audit committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 benefits derivable by the public by such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Michael Osinloye, FCA - FRC/2013/ICAN/00000000819
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
2 March, 2018

List of partners and patner equivalents available on the web site
Associate of Deloitte Africa, a member of Deloitte Touche Thhmatsu Limited

Statement of Profit or loss and Comprehensive Income

In thousands of naira	Note	2017	2016
Revenue	9	244,151,411	181,910,977
Cost of sales	11(b)	(143,280,260)	(106,583,385)
Gross Profit		100,871,151	75,327,592
Marketing and distribution expenses	11(b)	(35,157,152)	(28,775,263)
Administrative expenses	11(b)	(10,015,626)	(8,338,992)
Results from operating activities		55,698,373	38,213,337
Finance income		6,239,371	4,199,314
Finance costs		(15,109,062)	(20,864,243)
Net finance cost	10	(8,869,691)	(16,664,929)
Profit before income tax	11	46,828,682	21,548,408
Income tax expense	13 (a)	(13,104,952)	(13,623,440)
Profit for the year		33,723,730	7,924,968
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		33,723,730	7,924,968
Profit for the year is attributable to:			
Owners of the company		33,723,730	7,924,968
Total comprehensive income for the year is attributable to:			
Owners of the company		33,723,730	7,924,968
Earnings per share		N	N
Basic earnings per share	14 (a)	42.55	10.00
Diluted earnings per share	14 (b)	42.55	10.00

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position

In thousands of naira	Note	2017	2016
Assets			
Property, plant and equipment	15	72,377,943	70,171,526
Long term receivables	17	1,921,232	1,678,251
Total non-current assets		74,299,175	71,849,777
Inventories	20	23,910,303	20,637,750
Trade and other receivables	21	31,430,450	24,035,411
Prepayments	18	2,025,346	1,711,842
Cash and cash equivalents	22	15,138,854	51,351,152
Total current assets		72,504,953	97,736,155
Total assets		**146,804,128**	**169,585,932**
Equity			
Share capital	23 (a) (ii)	396,328	396,328
Share premium	23 (a) (iii)	32,262	32,262
Share based payment reserve	23 (a) (iv)	147,236	126,480
Retained earnings		44,302,351	30,323,005
Total Equity		44,878,177	30,878,075
Liabilities			
Loans and borrowings	24	9,564,664	10,384,341
Employee benefits	25	2,275,921	2,103,744
Deferred tax liabilities	19	10,404,871	5,186,338
Total non-current liabilities		22,245,456	17,674,423
Bank Overdraft	22	3,714,087	154,582
Current tax liabilities	13 (b)	15,098,670	15,489,634
Loans and borrowings	24	10,913,246	40,130,375
Trade and other payables	28	49,055,624	64,662,096
Provisions	27	898,868	596,747
Total current liabilities		79,680,495	121,033,434
Total liabilities		101,925,951	138,707,857
Total equity and liabilities		**146,804,128**	**169,585,932**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

David Ifezulike
(Chairman)
FRC/2013/NIM/00000003355

Mauricio Alarcon
(Managing Director)
FRC/2017/NIM/00000016043

Additionally certified by:

Gbemisola Osunleke
(Financial Accounting Manager)
FRC/2012/ICAN/00000000424

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira	Note	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
Balance at 1 January 2017		396,328	32,262	126,480	30,323,005	30,878,075
Profit for the year						
Profit or loss		-	-	-	33,723,730	33,723,730
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	33,723,730	33,723,730
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23 (b) (i)	-	-	-	(19,816,406)	(19,816,406)
Unclaimed dividend written back	23 (b) (ii)	-	-	-	72,022	72,022
Share based payment contribution	23 (a) (iv)	-	-	78,832	-	78,832
Share based payment recharge		-	-	(58,076)	-	(58,076)
Balance as at 31 December 2017		**396,328**	**32,262**	**147,236**	**44,302,351**	**44,878,177**
Balance at 1 January 2016		396,328	32,262	150,466	37,428,018	38,007,074
Profit for the year						
Profit or loss		-	-	-	7,924,968	7,924,968
Total comprehensive income		-	-		7,924,968	7,924,968
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23 (b) (i)	-	-	-	(15,060,469)	(15,060,469)
Unclaimed dividend written back	23 (b) (ii)	-	-	-	30,488	30,488
Share based payment contribution	23 (a) (iv)	-	-	85,195	-	85,195
Share based payment recharge		-	-	(109,181)	-	(109,181)
Balance as at 31 December 2016		**396,328**	**32,262**	**126,480**	**30,323,005**	**30,878,075**

The accompanying notes to the financial statements form an integral part of these financial Statements.

Statement of Cash Flows

In thousands of naira	Note	2017	2016
Cash flows from operating activities			
Profit for the year		33,723,730	7,924,968
Adjustments for:			
Depreciation	15	6,485,547	5,976,340
Net loss on foreign exchange transactions	10	11,168,652	16,286,926
Net finance cost		(2,298,961)	378,003
Equity settled share based payment transactions	26	78,832	85,195
Provisions for other long term employee benefits	25 (a)	556,369	(86,411)
(Gain)/loss on sale of property, plant and equipment		(19,281)	42,213
Income tax expense	13 (a)	13,104,952	13,623,440
		62,799,840	44,230,674
Changes in long term receivables		(242,981)	(326,055)
Change in inventories		(3,272,553)	(9,823,790)
Change in trade and other receivables		(7,395,039)	410,585
Change in prepayments		(313,504)	(1,186,637)
Change in trade and other payables (excluding dividend payable)		(23,922,352)	33,051,880
Changes in provisions		302,121	(19,087)
Cash generated from operating activities		27,955,532	66,337,570
Income tax paid	13 (b)	(8,277,383)	(4,551,484)
Other long term employee benefit paid	25 (a)	(384,192)	(192,058)
Share based payment recharge paid		(58,076)	(109,181)
Net cash in flow from operating activities		19,235,881	61,484,847
Cash flow from investing activities			
Finance income	10	6,239,371	4,199,314
Proceeds from sale of property, plant and equipment		42,931	25,829
Acquisition of property, plant and equipment	15	(8,715,614)	(7,067,737)
Net cash used in investing activities		(2,433,312)	(2,842,594)
Cash flow from financing activities			
Proceeds from loans obtained - Intercompany loan		4,886,800	7,968,000
- Bank loan		-	-
Repayments of borrowings - Intercompany loan		(41,241,015)	(4,364,138)
- Bank loan		(1,502,620)	(1,502,620)
Change in import finance loan	24	-	-
Finance cost paid		(7,289,033)	(2,089,933)
Dividends paid	23 (b)	(11,428,504)	(20,081,494)
Net cash used in financing activities		(56,574,372)	(20,070,185)
Net (decrease)/increase in cash and cash equivalents		(39,771,803)	38,572,068
Cash and cash equivalent at January 1		51,196,570	12,624,502
Cash and cash equivalent at December 31	22	11,424,767	51,196,570

The accompanying notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December, 2017

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Notes to the Financial Statements
for the year ended 31 December 2017

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 Africa.

2 Basis of accounting

(a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS. They were authorised for issue by the Company's Board of Directors on **1 March 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.

(d) Changes in accounting Estimate

On 1 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 Policy and Changes in Accounting Estimates and Error.*

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

a) Foreign currency transaction

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

b) Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's non-derivative financial assets are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise intercompany receivables and trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loan and borrowings, bank overdrafts, trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iii. Share capital

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

c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	25 - 35 years
• plant and machinery	10 - 25 years
• motor vehicles	5 years
• furniture and fittings	5 years
• IT equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Land has unlimited useful life so it is not depreciated

Items of PPE classified as Independent Power Plant (IPP) consists of certain asset classes as specified above and depreciation has been charged on the same basis as stated above.

d) Intangible assets

i. Software

Purchased software with finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Computer software	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

f) Inventories

Inventory is measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost incurred in bringing each product to its present location and condition is based on:

Raw and packaging materials and purchased finished goods	-	purchase cost on a first-in, first-out basis including transportation and clearing costs
Products-in-process and manufactured finished goods	-	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity
Engineering spares	-	purchase cost on a weighted average cost basis, including transportation and clearing costs
Goods-in-transit	-	purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses.

Engineering spares are classified as inventory and are recognised in the profit and loss account as consumed.

Allowance is made for obsolete, slow moving or defective items where appropriate.

g) Impairment

i. Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets (excluding Goodwill for which impairment loss is not reversed), impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

h) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company has the following defined contribution plans: defined contribution gratuity scheme and pension fund scheme.

1 <u>Defined contribution gratuity scheme</u>

The Company has a defined contribution gratuity scheme for its Nigerian employees, which is funded. Under this scheme, a specified amount in accordance with the Gratuity Scheme Agreement is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employees' entitlements are calculated based on their actual salaries and paid to Nestlé Nigeria Trust (CPFA) Limited ("NNTL") each month.

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, gratuity and defined contribution gratuity scheme for both employees and former employees of Nestlé Nigeria Plc.

2 <u>Pension fund scheme</u>

In line with the provisions of the Pension Reform Act 2014, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution is 10% for all senior staff, junior staff and temporary staff while employees contribute 8% of their monthly emolument (basic, housing and transport).

ii. Other long term employee benefits (long service awards)

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of the employees. The charge to the profit and loss account is based on independent actuarial valuation performed using the projected unit credit method. Ernest & Young (FRC/2012/NAS/00000000738) was engaged as the independent actuary in the current year. Actuarial remeasurements are recognised in the profit and loss in the year in which they arise.

iii. Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

iv. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

v. Share-based payment transactions

Nestlé S.A., the ultimate holding company of Nestlé Nigeria Plc operates an equity incentive scheme, Restricted Stock Unit Plan (RSUP) for its management employees whereby it awards shares to deserving employees.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity as a capital contribution from Nestlé S.A., over the period that the employees unconditionally become entitled to the awards.

A recharge arrangement exists between Nestlé S.A. and Nestlé Nigeria Plc whereby vested shares delivered to employees' are recharged. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in equity for the capital contribution recognized in respect of the share-based payment.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

k) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

l) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of Value Added Tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

m) Advance payment to contractors

Advance payments represent payments made to contractors for ongoing construction projects as the year end date.

n) Finance income and finance costs

Net finance cost includes interest expense on borrowings as well as interest income on funds invested.
Net finance cost also includes other finance income and expense, such as exchange differences on loans and borrowings and unwinding of the discount on provisions.

Foreign currency gains and losses are reported on a net basis.

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BOD) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities, that are reported to the BOD includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (primarily the Company's head office), head office expenses and income tax assets and liabilities, net finance cost and amortisation of intangible assets.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

r) Dividends

Dividends are recognised as liability in the period they are declared.
Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

s) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to income are recognized as deferred income and allocated into profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate.

The benefit of a government loan at below market rate of interest is treated as a government grant related to income.

The fair value of the government loan at below market rate of interest is estimated as the present value of all future cash flows discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. The benefit of the government grant is measured as the difference between the fair value of the loan and the proceeds received.

t) Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

4 Operating segments

(a) Basis of segmentation

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Board of Directors (BOD) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

Segment	Description
Food	This includes the production and sale of MAGGI, CERELAC, NUTREND, NAN, LACTOGEN AND GOLDEN MORN.
Beverages	This includes the production and sale of MILO, CHOCOMILO, NIDO, NESCAFÉ AND NESTLÉ PURE LIFE.

The accounting policies of the reportable segments are the same as described in Notes 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

5 Application of new and revised International Financial Reporting Standards (IFRSs)

5.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities consist of loans and borrowings. A reconciliation between the opening and closing balances of the loans and borrowings is provided in note (24d). Apart from the additional disclosure in note (24d), the application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

5.2 New and revised IFRSs in issue but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2017 and early application is permitted; however, the Company has not applied the new or amended standards in preparing these financial statements.

Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Company are set out below:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 2	Classification and measurement of Share-based Payment Transactions[1]
IFRIC 22	Foreign currency transactions and advance consideration[1]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRS 16	Leases[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle[1]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*
[2] *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 9 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

IFRS 15: Revenue from Contracts with Customers
This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue– Barter of Transactions Involving Advertising Services.

This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard.

It defines a new five-step model to recognize revenue from customer contracts. The Company has undertaken a review of the main types of commercial arrangements used with customers under this model and has tentatively concluded that the application of IFRS 15 will not have a material impact on the results or financial position. The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

Amendments to IFRS 2: Classification and measurement of Share-based Payment Transactions
Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment.

The amendments cover three accounting areas:
- Measurement of cash-settled share-based payments
- Classification of share-based payments settled net of tax withholdings
- Accounting for a modification of a share-based payment from cash-settled to equity-settled

The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

The Company will adopt the amendments for the year ending 31 December 2018.

IFRIC 22: Foreign currency transactions and advance consideration
The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when a Company:
- pays or receives consideration in a foreign currency; and
- recognises a non-monetary asset or liability – eg. non-refundable advance consideration – before recognising the related item.

The Company will adopt the amendments for the year ending 31 December 2018.

Amendments to IAS 40: Transfers of Investment Property
The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property

The amendments state that a transfer is made when and only when there is a change in use – i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer.

A company has a choice on transition to apply:

- the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or
- the retrospective approach – i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight

The Company will adopt the amendments for the year ending 31 December 2018.

IFRS 16: Leases

IFRS 16 replaces 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 for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

b. depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the 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.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Company revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

6.1 Critical accounting judgements

6.1.1 Allowance for credit losses

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for more than 60 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

6.2 Key sources of estimation uncertainty

6.2.1 Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Company uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 25.

6.2.2 Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2017 and that has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. For more details refer to note 3c.

6.2.3 Valuation of deferred tax

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the Company's future financial performance and if necessary, implementation of tax planning strategies.

7 Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
External Revenues	154,226,251	113,377,971	89,925,160	68,533,006	-	-	244,151,411	181,910,977
Interest revenue	-	-	-	-	6,239,371	4,199,314	6,239,371	4,199,314
Interest expense	-	-	-	-	(15,109,062)	(20,864,243)	(15,109,062)	(20,864,243)
Depreciation	(4,123,574)	(4,032,553)	(2,361,973)	(1,943,787)	-	-	(6,485,547)	(5,976,340)
Impairment loss	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	-	-
Reportable segment profit before income tax	38,596,540	26,187,811	17,101,833	12,328,032	(8,869,691)	(16,967,435)	46,828,682	21,548,408

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.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items
In thousands of naira

Revenues
There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss	**2017**	**2016**
Total profit or loss for reportable segments	55,698,373	38,515,843
Other corporate expenses and income	(8,869,691)	(16,967,435)
Profit before income tax	46,828,682	21,548,408

Other material items 2017
There are no significant reconciling items between other material items for the reportable segments and Company total.

8 Geographical information

In thousands of naira	**2017**		**2016**	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Nigeria	241,122,642	74,299,175	180,004,058	71,849,777
Niger	135,773	-	62,727	-
Chad	-	-	-	
Togo	-	-	38,537	-
Ghana	2,648,664	-	974,510	-
Senegal	-	-	39,518	-
Guinea	-		517,254	-
Other countries	244,332	-	274,373	-
	244,151,411	**74,299,175**	**181,910,977**	**71,849,777**

In presenting information on the basis of Geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Major customer
Revenue from one customer does not represent up to 10% of the company's total revenue. Therefore, information on major customers is not presented.

9 Revenue

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

In thousands of naira	2017	2016
Nigeria	241,122,642	180,004,058
Export	3,028,769	1,906,919
Total Revenue	**244,151,411**	**181,910,977**

10 Net finance cost

In thousands of naira	2017	2016
Interest income on bank deposits	6,239,371	4,199,314
Finance income	6,239,371	4,199,314
Interest expense on financial liabilities	(3,940,410)	(4,577,317)
Net foreign exchange loss	(11,168,652)	(16,286,926)
Finance expense	(15,109,062)	(20,864,243)
Net finance cost	**(8,869,691)**	**(16,664,929)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N2,233 million (2016: N2,377 million) excluding the impact of foreign exchange differences.

11 Profit before income tax

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

In thousands of naira	Note	2017	2016
Depreciation	15(a)	6,485,547	5,976,340
Auditor's remuneration		35,000	32,400
Directors' remuneration	12 (c)	280,531	194,628
Personnel expenses	12 (a)	22,758,609	20,817,867
(Gain)/Loss on property, plant and equipment disposed		(19,281)	42,213
Net foreign exchange loss	10	11,168,652	16,286,926
General licence fees	32(b)	9,204,212	6,862,380

(b) Expenses by nature

In thousands of naira	**Note**	**2017**	**2016**
Depreciation	15(a)	6,485,547	5,976,340
Impairment loss on property, plant and equipment	15(a)	-	-
Auditor's remuneration		35,000	32,400
Personnel expenses	12(a)	22,758,609	20,817,867
General licence fees	32(b)	9,204,212	6,862,380
Raw materials and consumables		97,524,898	75,447,982
Distribution expense		8,698,034	6,879,419
Advertising		2,987,477	2,283,654
Sales Promotion		12,437,875	8,473,058
Factory overheads		16,218,612	13,015,142
Other expenses		12,102,775	3,909,398
		188,453,039	143,697,640
Summarised as follows:			
Cost of Sales		143,280,260	106,583,385
Marketing and distribution expenses		35,157,152	28,775,263
Administrative expenses		10,015,626	8,338,992
		188,453,038	**143,697,640**

12 Personnel expenses

(a) Personnel expenses for the year comprise of the following:

In thousands of naira		**2017**	**2016**
Salaries, wages and allowances		11,322,223	10,967,121
Contributions to compulsory pension fund scheme		1,104,584	1,069,498
Contributions to defined contribution gratuity scheme		1,213,670	1,068,490
Employee short term bonus		1,470,175	1,704,998
Training, recruitment and canteen expenses		1,319,165	1,232,529
Medical expenses		495,828	631,549
Equity-settled share-based payment transactions	23	78,832	85,195
Other personnel expenses		5,754,132	4,058,487
	11	**22,758,609**	**20,817,867**

(b) Employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

N		N	2017 Number	2016 Number
1,400,001	-	1,600,000	22	21
1,600,001	-	1,800,000	8	3
1,800,001	-	2,000,000	-	47
2,000,001	-	2,500,000	12	101
2,500,001	-	3,000,000	110	180
3,000,001	-	3,500,000	230	563
3,500,001	-	4,000,000	509	358
4,000,001	-	4,500,000	287	153
4,500,001	-	5,000,000	193	237
5,000,001	-	7,000,000	402	341
7,000,001	and	above	428	321
			2,201	**2,325**

The number of full-time persons employed per function as at 31 December was as follows:

	2017 Number	2016 Number
Production	1,657	1,751
Supply chain	70	99
Sales and marketing	318	331
Administration	156	144
	2,201	**2,325**

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	**2017**	**2016**
Fees:		
Non Executive directors	6,100	6,100
Executive directors	274,431	188,528
	280,531	**194,628**

The directors' remuneration shown above includes:

In thousands of naira	**2017**	**2016**
Chairman	2,300	2,300
Highest paid director	104,815	74,145

Other directors received emoluments in the following ranges:

N		N	2017 Number	2016 Number
-	-	1,000,000	-	-
1,000,001	-	25,000,000	3	3
25,000,001	-	35,000,000	-	-
Above 35,000,000			2	3
			5	**6**

13 Taxation

(a) 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:

In thousands of naira	2017	2016
Current tax expense		
Current period income tax	7,364,786	13,741,050
Current period tertiary education tax	742,171	1,259,600
Reversal of over-provision of prior year tax	(220,538)	-
	7,886,419	15,000,650
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	5,218,533	(1,377,210)
Total income tax expense	**13,104,952**	**13,623,440**

(b) Current tax liabilities

In thousands of naira	2017	2016
Movement in current tax liabilities account during the year was as follows		
At 1 January	15,489,634	5,040,468
Charge for the year	7,886,419	15,000,650
Payments in the year	(8,277,383)	(4,551,484)
At 31 December	15,098,670	15,489,634

(c) Reconciliation of effective tax rate

In thousands of naira	2017	2017	2016	2016
Profit for the year		33,723,730		7,924,968
Total income tax expense		13,104,952		13,623,440
Profit excluding income tax		46,828,682		21,548,408
Income tax using the Company's domestic tax rate	30.00%	14,048,605	30.00%	6,464,522
Non-deductible expenses*	0.00%	-	0.00%	-
Tax exempt income	0.00%	-	0.00%	-
Tax incentives	(0.48%)	(223,387)	(1.82%)	(391,392)
Recognition of previously unrecognised tax credits	(0.74%)	(348,766)	(2.14%)	(461,429)
Other income related taxes	1.58%	742,171	5.85%	1,259,600
Prior year (over)/under provision of CIT	(0.47%)	(220,538)	4.33%	932,857
Tax effect of changes in pioneer tax relief status	(1.96%)	(918,550)	27.30%	5,883,393
Other tax differences	0.05%	25,417	(0.30%)	(64,111)
	27.98%	13,104,952	63.22%	13,623,440

In 2011, the Nigerian Investment Promotion Council (NIPC) granted the Company a pioneer status for a five year period with respect to the following businesses of the Company.

i. New Flowergate factory with an effective commencement production date of 1 January 2011 and;

ii. Agbara factory capacity increase projects with respect to specific products, with an effective commencement production date of 1 August 2010.

The effective commencement production dates were certified by the Industrial Inspectorate Department of the Federal Ministry of Trade and Investment on 12 October 2011. In accordance with the provisions of the Industrial Development (Income Tax Relief) Act, the Company's profit attributable to the pioneer line of business is therefore not liable to income taxes for the duration of the pioneer period.

iii. The Agbara factory capacity increase pioneer status expired on 31 July 2015 while that of New Flowergate Factory expired on 31 December 2015.

14 Earnings and declared dividend per share

a) Basic earnings and declared dividend per share are based on profit attributable to the owners of the Company for the year of N33,723,730,000 (2016: N7,924,968,000) and declared dividend of N19,816 million (2016: N15,060 million respectively and on 792,656,252 (2015: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

	Note	2017 N'000	2016 N'000
Earnings from continuing operations for the purpose of basic earnings per share		33,723,730	7,924,968
Earnings from continuing operations for the purpose of diluted earnings per share		33,723,730	7,924,968
Weighted average number of ordinary shares as at 31 December	23	Number ('000) 792,656	Number ('000) 792,656
Basic (Naira)		42.55	10.00
Diluted (Naira)		42.55	10.00

(b) Diluted earnings per share of N42.55 (2016: N10.00) is based on the profit attributable to ordinary shareholders of N33,723,730,000 (2016: N7,924,968,000), and on the 792,656,252 (2016: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the current and preceding years after adjustment for the effects of all dilutive Nil (2016: Nil) potential ordinary shares.

15 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	Total
Cost								
Balance at 1 January 2016		27,665,989	51,623,293	2,284,132	6,880,327	1,008,394	8,314,096	97,776,231
Additions		374,858	534,285	406,997	265,801	40,162	5,445,634	7,067,737
Disposals		-	(161,625)	(76,321)	(40,710)	(229)	-	(278,885)
Transfers		2,998,494	3,184,189	87,651	426,934	65,426	(6,762,694)	-
Balance at 31 December 2016		31,039,341	55,180,142	2,702,459	7,532,352	1,113,753	6,997,036	**104,565,083**
Balance at 1 January 2017		31,039,341	55,180,142	2,702,459	7,532,352	1,113,753	6,997,036	104,565,083
Additions		317,931	2,517,458	218,150	338,688	20,723	5,302,665	8,715,614
Disposals		-	(73,440)	(281,509)	(392,381)	(53,371)	-	(800,701)
Transfers		521,848	5,050,047	184,827	650,290	111,852	(6,518,866)	-
Balance at 31 December 2017		31,879,120	62,674,207	2,823,927	8,128,949	1,192,957	5,780,835	**112,479,996**
Accumulated depreciation and impairment losses								
Balance at 1 January 2016		4,213,273	18,120,367	992,046	4,455,834	846,540	-	28,628,060
Depreciation	11 (a)	808,296	3,597,885	454,461	1,011,529	104,169	-	5,976,340
Disposals		-	(98,176)	(73,250)	(39,379)	(38)	-	(210,843)
Balance at 31 December 2016		5,021,569	21,620,076	1,373,257	5,427,984	950,671	-	**34,393,557**
Balance at 1 January 2017		5,021,569	21,620,076	1,373,257	5,427,984	950,671	-	34,393,557
Depreciation	11 (a)	624,402	4,165,849	516,445	1,055,059	123,792	-	6,485,547
Disposals		-	(61,907)	(270,678)	(391,248)	(53,218)	-	(777,051)
Balance at 31 December 2017		5,645,971	25,724,018	1,619,024	6,091,795	1,021,245	-	**40,102,053**
Carrying amounts								
At 1 January 2016		23,452,716	33,502,926	1,292,086	2,424,493	161,854	8,314,096	**69,148,171**
At 31 December 2016		26,017,772	33,560,066	1,329,202	2,104,368	163,082	6,997,036	**70,171,526**
At 31 December 2017		26,233,149	36,950,189	1,204,903	2,037,154	171,712	5,780,835	**72,377,943**

(b) Independent Power Plant

Included as part of property plant and equipment is independent power plant. The carrying amount of the independent power plant at the end of the year is presented below:

In thousands of naira	2017	2016
Cost	4,216,760	4,216,804
Additions	26,450	-
Disposal during the year	-	(44)
Accumulated depreciation	(1,212,150)	(1,073,149)
Carrying amount	3,031,060	3,143,611

(c) Capital commitments

Capital expenditure commitments at the year-end authorised by the Board of Directors comprise:

In thousands of naira	2017	2016
Approved and contracted	5,097,267	146,703
Approved but not contracted	10,988,234	11,681,003
	16,085,501	11,827,706

16 Intangible assets

The movement on this account during the year was as follows:

In thousands of naira	Note	Software
Cost		
Balance at 1 January 2016		526,950
Balance at 31 December 2016		526,950
Balance at 1 January 2017		526,950
Balance at 31 December 2017		526,950
Amortisation		
Balance at 1 January 2016		526,950
Amortisation for the year	11 (a)	-
Balance at 31 December 2016		526,950
Balance at 1 January 2017		526,950
Amortisation for the year	11 (a)	-
Balance at 31 December 2017		526,950
Carrying amounts		
Balance at 1 January 2016		-
Balance at 31 December 2016		-
Balance at 31 December 2017		-

There were no additions or disposal during the year.

17 Long term receivables

Long term receivables represents long-term portion of loans granted to the Company's employees, which are secured by the employees' final entitlements and retirement benefits with Nestlé Nigeria Trust (CPFA) Limited. (See Note 21)

18 Prepayments

Prepayment comprises:

In thousands of naira	2017	2016
Rent prepaid	524,370	669,120
Insurance prepaid	267,308	282,921
Other prepayment	1,233,668	759,801
	2,025,346	**1,711,842**

Other prepayment represents mainly infrastructural scheme paid for during the year, but for which the underlying asset will not be consumed until a future period.

19 Deferred tax liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Property, plant and equipment	-	-	13,647,062	12,132,646	13,647,062	12,132,646
Employee benefits	(728,295)	(435,194)	-	-	(728,295)	(435,194)
Unrealised exchange loss	(2,479,992)	(6,493,223)	-	-	(2,479,992)	(6,493,223)
Share based payment	(33,904)	(17,891)	-	-	(33,904)	(17,891)
Tax (asset)/liabilities	(3,242,191)	(6,946,308)	13,647,062	12,132,646	10,404,871	5,186,338
Net tax liabilities	**(3,242,191)**	**(6,946,308)**	**13,647,062**	**12,132,646**	**10,404,871**	**5,186,338**

Movement in temporary differences during the year

In thousands of naira	Balance 1 January 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2017
Property, plant and equipment	8,467,622	3,665,024	-	12,132,646	1,514,416	-	13,647,062
Employee benefits	(467,471)	32,277	-	(435,194)	(293,101)	-	(728,295)
Unrealised exchange difference	(1,417,313)	(5,075,910)	-	(6,493,223)	4,013,231	-	(2,479,992)
Share based payment	(19,290)	1,399	-	(17,891)	(16,013)	-	(33,904)
	6,563,548	**(1,377,210)**	**-**	**5,186,338**	**5,218,533**	**-**	**10,404,871**

At 31 December 2017 (2016: Nil), there was no unrecognised deferred tax asset or liability.

20 Inventories

In thousands of naira	2017	2016
Raw and packaging materials	10,888,704	7,834,712
Product in process	1,011,414	564,668
Finished products	8,005,726	7,646,120
Engineering spares	3,910,687	3,103,150
Goods in transit	93,772	1,489,100
	23,910,303	**20,637,750**

The value of raw and packaging materials, changes in finished products and product in process consumed during the year and recognised in cost of sales amounted to N95.525 billion (2016: N75.448 billion). In 2017, the write-down of inventories to net realisable value amounted to N1,413 million (2016: N 288 million) and the movement is included in cost of sales.

21 Trade and other receivables

In thousands of naira	Note	2017	2016
Trade receivables	29 (a) (ii)	9,928,763	7,328,483
Loans to key management personnel	29 (a) (ii) (i), 32	39,754	8,417
Staff loans	29 (a) (ii) (i)	2,361,785	2,089,397
Trade receivables due from related parties	32 (e) (i)	2,768,999	1,753,156
Deposit with Company registrars for dividend		1,724,951	1,190,610
Loans and receivables		**16,824,252**	**12,370,063**
Advance payment to suppliers		10,380,123	8,513,575
Deposit for Import		5,248,908	463,314
Other receivables		898,399	4,366,710
		33,351,682	**25,713,662**
Non-current - reclassified to long term receivables	17	1,921,232	1,678,251
Current		31,430,450	24,035,411
		33,351,682	**25,713,662**

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 29.

22 Cash and cash equivalents

In thousands of naira	2017	2016
Cash and bank balances	11,583,410	4,287,186
Short term investment	3,555,444	47,063,966
Cash and cash equivalents in the statement of financial position	15,138,854	51,351,152
Bank overdrafts used for cash management purposes	(3,714,087)	(154,582)
Cash and cash equivalents in the statement of cash flows	11,424,767	51,196,570

The Company's exposure to credit risk for cash and cash equivalents is disclosed in Note 29.

23 Capital, reserves and dividends

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In number of shares	2017	2016
At 31 December	792,656,252	792,656,252

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

In number of shares	2017	2016
At 31 December	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

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.

(iii) Share premium

In thousands of Naira	2017	2016
The premium on the 792,656,250 ordinary shares of 50 kobo each is as follows:		
Share premium	32,262	32,262

(iv) 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.

The movement in share based payment is as follows:

In thousands of naira	2017	2016
At 1 January	126,480	150,466
Share based payment contribution	78,832	85,195
Share based payment recharge	(58,076)	(109,181)
At 31 December	**147,236**	**126,480**

(b) Dividends

(i) The following dividends were declared by the Company during the year:

	2017		2016	
	Per Share (N)	N'000	Per Share (N)	N'000
Final dividend	10	7,926,563	19.00	15,060,469
Interim dividend	15	11,889,843	-	-
	25	19,816,406	19.00	15,060,469

Total dividends represents the interim dividend declared during the year plus the final dividend proposed for the preceding year, but declared in the current year.

After the respective reporting dates, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax implications.

	2017	2016
Naira per qualifying ordinary share	**27.50**	**10.00**

(ii) Movement in dividend payable

In thousands of naira	Notes	2017	2016
At 1 January		4,238,681	9,290,194
Declared dividend		19,816,406	15,060,469
Unclaimed dividend transferred to retained earnings		(72,022)	(30,488)
Payments		(11,428,504)	(20,081,494)
At 31 December	28	**12,554,561**	**4,238,681**

As at 31 December 2017, N1,725 million (2016: N1,191 million) of the total dividend payable is held with the Company's registrar, GTL Registrars Nigeria Limited. N7,763 million represents 2017 interim dividend due to Nestle SA yet to be paid as at 31 December 2017. The balance of N3,066 million represents unclaimed dividend (2016: N3.04 billion) which was returned to the Company by the Registrar and has been invested in treasury bills.

24 Loans and borrowings

(a) This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 29.

Loans and borrowing as at 31 December is as follows:

In thousands of naira	2017	2016
Secured bank loans	2,462,140	3,964,762
Loans from related party	18,015,770	46,549,954
	20,477,910	**50,514,716**

Loans and borrowings are analysed into short and long term liabilities based on the time the repayment obligation falls due as follows:

	2017	2016
Current liabilities	10,913,246	40,130,375
Non-current liabilities	9,564,664	10,384,341
	20,477,910	**50,514,716**

Terms and debt repayment schedule

(b) Terms and conditions of outstanding loans were as follows:

					2017		2016	
In thousands of naira	**Notes**	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face Value**	**Carrying amount**	**Face Value**	**Carrying amount**
Loan from related party	(i)	USD	LIBOR + 4.97%	2016	-	-	169,157	169,157
Loan from related party	(i)	USD	LIBOR + 4.97%	2017	-	-	13,120,392	13,120,392
Loan from related party	(i)	USD	LIBOR + 2.7%	2017	-	-	5,324,758	5,324,758
Loan from related party	(i)	USD	LIBOR + 7.0%	2017	-	-	3,156,763	3,156,763
Loan from related party	(i)	USD	LIBOR + 7.6%	2017	-	-	2,269,102	2,269,102
Loan from related party	(i)	USD	LIBOR + 7.3%	2017	-	-	3,138,606	3,138,606
Loan from related party	(ii)	USD	LIBOR + 3.36%	2018	9,797,149	9,797,149	8,288,658	8,288,658
Loan from related party	(iii)	USD	LIBOR + 6.65%	2017	2,746,620	2,746,620	11,082,518	11,082,518
Loan from related party	(iv)	USD	LIBOR + 7.83%	2024	5,472,000	5,472,000		
Secured bank loan	(v)	NGN	7.00%	2017	-	-	333,335	333,335
Secured bank loan	(vi)	NGN	5.50%	2018	163,636	163,636	381,818	381,818
Secured bank loan	(vii)	NGN	10%	2019	2,298,505	2,298,505	3,249,609	3,249,609
Total Interest bearing liabilities					**20,477,910**	**20,477,910**	**50,514,716**	**50,514,716**

The bank loans are secured by a negative pledge on the Company's assets in line with their relative exposures.

(i) Two loan facilities of US $54million and US $40million which were made available to the Company in 2008 by Nestlé Treasury Centre – Middle East & Africa Limited, a Nestlé Group Company based in Dubai for general corporate purposes. Both facilities were fully drawn down as at 31 December 2010. Both loans have tenures of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from March 2008 and December 2008 respectively. The loans were fully repaid as at 31 December, 2017.

(ii) A loan facility of US$ 26 million which was also made available to the Company in 2011 by Nestlé Treasury Centre – Middle East & Africa Limited. The Company made a first drawdown of US$15 million in October 2011 and a final drawdown of US$11 million in March 2012 . The loan has tenure of 7 years (inclusive of a moratorium period of 2 years on interest payments only) commencing from October 2011.

(iii) A working capital loan facility of US$ 40 million was also made available to the Company in 2016 by Nestlé S.A. The loan was fully drawn down as at 31st December 2016 and USD 5.1 million was repaid in the same year. US$ 27.3 million was repaid during the year 2017 to leave a balance of US$ 7.6 million at year end.

(iv) An additional US$ 30 million was approved for the Company by Nestle S.A. in 2017 of which only US$15.2 million was drawn down as at 31st December, 2017.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from April 2017. The facility which is unsecured attracts interest at 3 months USD Libor plus a margin of 783 basis points.

(v) A N2.0 billion facility under the CBN Commercial Agricultural Credit Scheme (CACS) with a tenor of 7 years, commencing from July 2010. The facility is priced at 7.0%. The total facility was fully drawn down in 2011.

(vi) A N1.2 billion facility under the CBN Power and Aviation Intervention Fund (PAIF) with a tenor of 7 years, commencing from July 2011. The facility is priced at 5.5%. The total facility was fully drawn down in 2011. N218 million was repaid during the year.

(vii) A N 5.7 billion facility under the Bank of Industry (BOI) Scheme with a tenure of 7 years (inclusive of a moratorium period of 1 year on principal only) commencing from May 2013. The facility was priced at 10.0%. The facility was fully drawn down in 2013. N951 million was repaid during the year.

(c) Fair value of government subsidised loans

(i) The CBN Power and Aviation Intervention Fund and Bank of Industry loans were fair valued as at 31st December 2017. The fair value of the loans was N2,369,968,434 (2016: N3,445,164,523) and the resulting deferred income on the loans was N225,000,638 (2016: N345,894,643). The difference between commercial value and the fair value was not reflected in this financial statement because the directors did not consider the impact material to the financial statements.

(ii) The Commercial Agricultural Credit Scheme (CACS) loan was obtained prior to transition to International Financial Reporting Standards (IFRS). Per IFRS 1, this loan is exempted from IAS 20 and was not valued at amortised cost.

(d) Reconciliation between opening and closing balances of the loan and borrowings is shown below

	2017	2016
At 1 January	50,514,716	29,639,164
Addition	4,886,800	7,968,000
Repayment	(42,743,635)	(5,866,758)
Accrued Interest	438,506	2,377,093
Exchange loss	7,381,523	16,397,217
At 31 December	**20,477,910**	**50,514,716**
Analysed as follows		
Current	10,913,246	40,130,375
Non-Current	9,564,664	10,384,341
	20,477,910	**50,514,716**

25 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:

In thousands of Naira	**2017**	**2016**
Balance at 1 January	2,103,744	2,382,213
Expense/(income) for the year	556,369	(86,411)
Payments during the year	(384,192)	(192,058)
Balance at 31 December	**2,275,921**	**2,103,744**

Actuarial Assumptions

Principal actuarial assumptions at the reporting date (expressed as we weighted averages) fall under two broad categories. These assumptions depict management's estimate of the likely future experience of the Company

Financial Assumptions

	2017	2016
Long term average Discount rate (p.a.)	14%	16%
Average Pay Increase (p.a.)	10%	10%

Demographic assumptions

Assumptions regarding future mortality are based on published statistics and mortality tables.

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This is due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000 lives	
	2017	2016
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from Service

Withdrawal from service means retirement; voluntary or compulsory disengagement from service.

Age Band	Rate	
	2017	2016
Less than or equal to 30	4.0%	4.0%
31-34	4.0%	3.1%
35 – 39	3.0%	3.0%
40 – 54	2.0%	2.0%
55 – 59	1.0%	1.0%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amount shown below.

31 December 2017	Employee benefit obligation	
Effect in thousands of Naira	Increase	Decrease
Discount Rate (1% movement)	(128,496)	143,195
Future salary growth (1% movement)	145,382	(132,844)
Life Expectancy (1% movement)	(6,900)	6,198

(b) Pension payable

The balance on the pension payable account represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end. The movement on this account during the year was as follows:

In thousands of Naira	2017	2016
Balance at 1 January	5,328	159,939
Charged for the year	1,988,275	2,064,738
Payments during the year	(1,978,337)	(2,219,349)
Balance at 31 December	**15,266**	**5,328**

Pension Payable is included in other payables and accruals in Note 28

26 Share-based payments

The Company's ultimate holding company, Nestlé Switzerland (Nestlé S.A.) operates an Equity Incentive Scheme for its management employees around the world known as the Performance Share Unit Plan (PSUP). Under the PSUP, Nestlé S.A. awards Performance Stock Units (PSU) to employees that entitle participants to receive freely disposable Nestlé S.A. shares or an equivalent amount in cash at the end of a three-year restriction period.

Terms and conditions of the Restricted Share Unit Plan

The terms and conditions relating to the grants of the PSUP are as follows;

Grant date/employees entitled	Number of instruments	Vesting Conditions
Shares awarded to key management on 1 March 2015	4,795	3 years' service
Shares awarded to key management on 3 March 2016	4,111	3 years' service
Shares awarded to key management on 1 March 2017	3,442	3 years' service

The fair value of the PSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the restricted stock units granted in 2017 is N85,215,108 (2016: N62,546,992)

Total share based payment expense recognised in the profit or loss for the year amounted to N78,832,117 (2016: N85,195,193). See Note 12.

27 Provisions

Provisions represent management's estimate of the Company's probable exposure to tax and other liabilities at the end of the year.

In thousands of naira	2017	2016
Balance at 1 January	596,747	615,834
Provisions made during the year	397,997	73,924
Provisions used during the year	(95,876)	(93,011)
Balance at 31 December	898,868	596,747
Current	898,868	596,747

28 Trade and other payables

In thousands of naira	Note	2017	2016
Trade payables		14,209,270	10,638,818
Other payables and accruals		13,245,581	11,173,706
Trade payables due to related parties	32 (e) (i)	9,046,212	38,610,891
Dividend payable	23 (b) (ii)	12,554,561	4,238,681
		49,055,624	**64,662,096**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

29 Financial instruments

(a) Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk (see (a)(ii)
- liquidity risk (see (a)(iii)
- market risk (see (a)(iv)
- operational risk (see (a)(v)

(I) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both senior Management and the Audit Committee.

(II) 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 receivable from customers or investment in debt securities.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management has established a customer/distributor activation process under which each new customer is analysed individually for credit worthiness before the Company's distributorship agreement standard payment and delivery terms and conditions are offered to seal the distributorship arrangement. The Company's review includes external ratings, when available, and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the National Sales Manager (NSM); these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash or prepayment basis. The Company's payment and delivery terms and conditions offered to customers provide various credit limits based on individual customers.

The Company also initiated a financing tripartite agreement with the Company's bankers and some selected customers. The objective of this agreement is to ensure consistent cash inflow from customers for goods purchased. The Company's most significant customers have been activated on this financing scheme for over two years and this has reduced losses incurred on trade receivables.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the NSM, and future sales are made on a cash or prepayment basis.

The Company has no significant concentration of credit risk, with exposure spread over a large number of parties. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Company has an order approval matrix which provides guidelines for the various approval authorisation limits for customers, based on the risk grading of the customer and the percentage by which the customer exceeds his credit limit. The approval responsibility is allocated to the Financial Accounting Manager, Finance and Control Director and other Senior officials.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

i Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
In thousands of naira	**Note**	**2017**	**2016**
Loans and receivables	21	16,824,252	12,370,063
Cash	22	15,138,854	51,351,152
		31,963,106	63,721,215

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

		Carrying amount	
In thousands of naira	**Note**	**2017**	**2016**
Distributors	21	9,928,763	7,328,483
Related parties	21	2,768,999	1,753,156
Loans to key management personnel	21	39,754	8,417
Staff loans and advances	21	2,361,785	2,089,397
Registrar	21	1,724,951	1,190,610
		16,824,252	12,370,063

The Company's most significant customer accounts for N520 million of the loans and receivables carrying amount at 31 December 2017 (2016: N403 million).

ii Impairment losses

The aging of loans and receivables at the reporting date was:

In thousands of naira	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Not Past due (0-30 days)	6,694,828	-	4,243,638	-
Past due (>30 days)	6,755,050	(3,521,115)	6,418,250	(3,333,405)
	13,449,878	(3,521,115)	10,661,888	(3,333,405)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

In thousands of Naira	2017	2016
Balance at 1 January	3,333,405	2,688,929
Prior year impairment loss reversed	(120,038)	(488,254)
Impairment loss recognized	307,748	1,132,730
Balance at 31 December	3,521,115	3,333,405

The impairment loss as at 31 December 2017 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behavior and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due. As at the date of the approval of the financial statements.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2017							
In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	2,462,140	2,766,604	(697,550)	(616,648)	(1,452,406)	-	-
Unsecured intercompany loans	18,015,770	18,015,770	(8,740,002)	(5,993,382)	(1,094,129)	(1,094,129)	(1,094,129)
Trade and other payables	49,055,624	49,055,624	(49,055,624)	-	-	-	-
	69,533,534	**69,837,998**	**(58,493,176)**	**(6,610,030)**	**(2,546,535)**	**(1,094,129)**	**(1,094,129)**

31 December 2016							
In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	3,964,762	4,592,453	(1,382,048)	(611,670)	(1,146,074)	(1,452,661)	-
Unsecured intercompany loans	46,549,954	46,549,954	(20,515,924)	(18,111,831)	(7,922,199)	-	-
Trade and other payables	64,662,096	64,662,096	(64,662,096)	-	-	-	-
	115,176,812	**115,804,503**	**(86,560,068)**	**(18,723,501)**	**(9,068,273)**	**(1,452,661)**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(IV) 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.

The Company manages market risks by keeping costs low to keep prices within profitable range, foreign exchange risks are managed by maintaining foreign denominated bank accounts and keeping Letters of Credit (LC) facility lines with the Company's bankers. Also interest rates are benchmarked to NIBOR (for local loans) and LIBOR (for foreign denominated loans) with a large margin thereof at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity risk.

i **Currency risk**

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Company, primarily the Naira. The currencies in which these transactions primarily are denominated are Euro, US Dollars (USD), Pounds Sterling (GBP) and Swiss Francs (CHF). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

The Company manages the transactional exposures in accordance with specific principles which are in line with the Company's business needs. These include balancing the sources of financial instruments. Exchange difference recorded in the statement of comprehensive income represented a loss of N11.2 billion (2016: N 16.3 billion). They are allocated to the appropriate headings of expenses by function.

Financial instruments analysed by currency is as follows

- USD
- Euro - Euro
- GBP - Pounds Sterling
- ZAR - South African Rand
- SGD - Singaporean Dollar
- XOF - Ivorian CFA
- CHF - Swiss Franc
- JPY - Japanese Yen

	31 December 2017									
Amounts in thousands	**NGN**	**Euro**	**USD**	**CHF**	**XOF**	**ZAR**	**SGD**	**GBP**	**GHS**	**XAF**
Unsecured intercompany loans	(2,462,141)		(50,044)							
Amount due from related parties	1,067,905	1,140	2,001	29						
Amount due to related parties		(11,605)	(4,935)	(4,157)	-	(1,759)	(887)	(515)	(0)	(20,466)
Trade payables	(12,764,265)	(2,498)	-	(211)	(368,910)	(7)		(101)		
Net exposure	(14,158,501)	(12,963)	(52,978)	(4,339)	(368,910)	(1,766)	(887)	(616)	(0)	(20,466)

	31 December 2016									
Amounts in thousands	**NGN**	**Euro**	**USD**	**CHF**	**XOF**	**ZAR**	**SGD**	**GBP**	**GHS**	**JPY**
Unsecured intercompany loans	-	-	(144,000)	-	-	-	-	-	-	-
Amount due from related parties	500,179	546	3,480	32	76,175	-	-	-	-	-
Amount due to related parties	(8,013,461)	(37,583)	(54,504)	(5,922)	-	(1,914)	(492)	(180)	-	-
Trade payables	(8,575,892)	(4,695)	-	-	(616,665)	-	-	(345)	-	-
Net exposure	(16,089,174)	(41,732)	(195,024)	(5,890)	(540,490)	(1,914)	(492)	(525)	-	-

The significant exchange rates applied during the year is as follows:

	Average rate		Year end spot rate	
	2017	**2016**	**2017**	**2016**
Euro	374.01	269.03	430.33	320.33
United states dollar (USD)	331.00	251.95	360.00	304.70

Sensitivity analysis

A strengthening of the Naira, as indicated below, against the Euro and US Dollar at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed for USD and Euro being the most significant currency risk the Company is exposed to and on the same basis for prior year. Albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

Effect in thousands of Naira	**Equity**	**Profit or loss**
31 December, 2017		
Euro (10 percent strengthening)	-	557,849
USD (10 percent strengthening)	-	1,907,223
31 December, 2016		
Euro (10 percent strengthening)	-	1,336,801
USD (10 percent strengthening)	-	9,295,429

ii Interest rate risk

The Company adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling LIBOR rates to reduce the risk arising from interest rates.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
In thousands of Naira	**2017**	**2016**
Fixed rate instruments		
Financial assets	3,555,444	47,063,966
Financial liabilities	2,462,140	3,964,762
	6,017,584	**51,028,728**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	18,015,770	46,549,954
	18,015,770	**46,549,954**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2017				
Variable rate instruments	(180,157)	180,157	(180,157)	180,157
Cash flow sensitivity (net)	(180,157)	180,157	(180,157)	180,157
31 December 2016				
Variable rate instruments	(334,297)	334,297	(334,297)	334,297
Cash flow sensitivity (net)	(334,297)	334,297	(334,297)	334,297

(V) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

(b) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Assets measured at fair value

There are no financial assets and liabilities that are carried at fair value. As such the fair value hierarchy has not been disclosed.

Financial assets measured at amortized cost

In thousands of naira	**2017**		**2016**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Long term receivables	1,921,232	1,921,232	1,678,251	1,678,251
Loans and receivables	14,903,021	14,903,021	10,691,811	10,691,811
Cash Balance	15,138,854	15,138,854	51,351,152	51,351,152
	31,963,107	**31,963,107**	**63,721,214**	**63,721,214**

Financial liabilities measured at amortized cost

	2017		2016	
Unsecured intercompany loan	18,015,770	18,015,770	46,549,954	46,549,954
Secured bank loans	2,462,140	2,462,140	3,964,762	3,964,762
Bank overdraft	3,714,087	3,714,087	154,582	154,582
Trade and other payables	49,055,624	49,055,624	64,662,096	64,662,096
	73,247,621	**73,247,621**	**115,331,394**	**115,331,394**

The fair value of the financial assets and liabilities are determined based on level 3 inputs of the fair value hierarchy. At year end, the carrying amounts of loans and receivables and trade and other payables reasonable estimated their fair values.

(c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

In thousands of naira	**2017**	**2016**
Total liabilities	101,925,951	138,707,857
Cash Balance	(15,138,854)	(51,351,152)
Net Debt	86,787,097	87,356,705
Total Equity	44,878,177	30,878,075
Debt to capital ratio at December 31	1.93	2.83

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

30 Operating leases

The Company leases a number of offices, warehouse and accommodation facilities under operating leases. The leases typically run for a period of 2 to 7 years, with an option to renew the lease after that date. Lease payments are usually increased at the expiration of the lease term and consequent renewal to reflect market rentals. Advance payments outstanding in respect of these leases at year end amounts to N524 million (2016: N669 million)

During the year ended 31 December 2017 an amount of N269 million (2016: N343 million) was recognized as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2016: Nil).

The warehouse and head office leases were entered into many years ago as combined leases of land and buildings. Since the land title does not pass, the rent paid to the landlord of the building is increased to market rent at regular intervals, and the Company does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Company determined that the leases are operating leases.

31 Contingencies

(a) Pending litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations amounted to N2.798 million as at 31 December 2017 (2016: N572.8million). While the contingent assets in respect of pending litigations amounted to N565.9 million for the year then ended (2016: N251.9 million), in the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

(b) Financial commitments

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 December was N846.5 million (2016: N3,923 million). The Company also obtained a bank guarantee with a value of N434.9 million (2016: Nil).

32 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2017, Nestlé Switzerland (Nestlé S.A.), the ultimate holding Company owned 66.18% (2016: 65.74%) of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

Nestlé Nigeria Plc has a general license fee agreement with Societe Des Produits Nestlé S.A., for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A. The agreement was renewed in 2015 for a period of three (3) years, with effect from January 1, 2015. The technical fee recognised in the current year was N9.204 billion (2016: N6.862 billion). See Note 11a and 11b.

Shared Service Agreement

Nestlé Nigeria Plc also has an agreement with Nestlé Central and West Africa Limited (Nestlé CWA) whereby Nestlé CWA provides and charges for certain common shared services to the Company at a service cost. Service cost as defined by the terms of the contract means: all direct and indirect expenses charges, overheads and administration costs reasonably incurred by Nestlé CWA from time to time during the term of the agreement in providing the shared services, plus a 4% on the reimbursable cost of Nestlé Business Services and Operational and Commercial Services as allocated among the various countries in the region. The services provided by Nestlé CWA includes transactionary services as well as planning and management functions.

Sourcing of Raw Materials and Finished Products

Additionally, the Company sources part of its raw materials and finished products through companies related to its ultimate holding company, Nestlé S.A., incorporated in Switzerland.

Agency and Administration Service Agreement

Nestlé Nigeria Plc has an agreement with Cereal Partners Nigeria Limited (CPNL) for the importation, warehousing and distribution of breakfast cereal. Nestlé Nigeria Plc provides these functions to CPNL and obtains re-imbursement for all costs incurred in respect of these functions.

(c) Transactions with key management personnel

Loan to key management personnel

New loan of N51.174 million was issued to key management personnel during the year ended 31 December 2017 (2016: 9.500 million) which include interest and non-interest bearing facilities and the loans are repayable in full over the agreed repayment period which could be short or long term. As at 31 December 2017, the balance outstanding was N39.754 million (2016: N8.417 million) and is included in trade and other receivables. (See note 21)

(d) Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, directors and executive officers are entitled access to the fund when they retire.

Executive officers also participate in the Company's long service awards programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

Key management personnel compensation comprised:

In thousands of naira	2017	2016
Short-term employee benefits	98,195	76,175
Contribution to compulsory pension fund scheme	9,890	14,025
Defined contribution gratuity scheme	10,732	15,065
Share based payments	58,076	109,181
	176,893	**214,446**

(e) Other related party transactions

Amount due to other related companies represents balances due on current accounts maintained with companies in the Nestlé Group for the importation of Property, plant and equipment (PPE), raw materials, finished products and services. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(i) Intercompany payables

In thousands of naira	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party		**2017**	**2016**	**2017**	**2016**
Nestlé Ghana Limited	Finished goods	1,925,623	1,763,317	61,122	1,702,723
Nestlé World Trade Corporation Limited	PPE/ Services	5,414,430	4,240,050	-	6,048,554
Nestlé Netherlands	Finished goods	1,299,036	2,015,810	2,251,984	1,973,899
Nestlé France Limited	Finished goods	2,120,310	1,936,256	262,709	1,907,764
Societe Des Produits Nestlé S.A	Services	7,965,512	6,999,837	3,145,496	8,013,461
Nestlé Central and West Africa	Services	5,266,051	5,834,074	1,392,497	9,521,876
Wyeth Nutritional Singapore	Finished Goods	1,834,378	669,423	-	2,771,261
Others		5,752,356	5,172,843	1,932,404	6,671,353
		31,577,696	**28,631,610**	**9,046,212**	**38,610,891**

Amount due from other related companies represents balances due on current accounts maintained with companies within the Nestlé Group for the export of finished goods and provision of services. The aggregate value of transactions and outstanding balances relating to these entities were as follows:

(ii) Intercompany receivables

In thousands of naira	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party		**2017**	**2016**	**2017**	**2016**
Nestlé Togo	Finished goods and Services	3,077	60,333	-	-
Nestlé Ghana	Finished goods and Services	2,093,226	1,026,537	582,189	693,990
Nestlé Niger	Finished goods and Services	297,341	92,255	116,896	11,528
Nestlé Senegal	Finished goods and Services	8,334	77,497	-	-
Nestlé Cameroun	Finished goods and Services	12,081	1,202	38,578	106,157
Nestle Middle East	Services	-	8,051	133,840	160,641
CP Nigeria	Services	240,633	220,953	894,990	284,370
Others	Finished goods and Services	1,268,072	1,425,785	1,002,506	496,470
		3,922,764	**2,912,613**	**2,768,999**	**1,753,156**

All outstanding balances with these related parties are to be settled in cash within six months of the reporting date. None of these balances are secured nor interest bearing.

(iii) Nestlé Nigeria Trust (CPFA) Limited

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 both employees and former employees of Nestlé Nigeria Plc.

Nestlé Nigeria Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension Commission (PENCOM) to conduct the business of a closed pension fund administrator. The activities of Nestlé Nigeria Trust (CPFA) Limited are regulated by the National Pension Commission (PENCOM) rather than by voting rights and the funds are managed in accordance with the PENCOM guidelines. The benefits arising from the activities of Nestlé Nigeria Trust (CPFA) Limited accrue principally to members of the provident, pension and defined contribution gratuity schemes and the company has no exposures to variable returns arising from its involvement.

The Company's residual interest in Nestlé Nigeria Trust (CPFA) Limited is immaterial. The funds and assets of the provident, pension are held by an independent licensed pension fund custodian in line with the Pension Reform Act, 2004.

The company supports the sourcing of resources to Nestlé Nigeria Trust (CPFA) Limited and intends to continue to provide support into the future.

33 Events after the reporting date

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

Other National Disclosures

Value Added Statement

In thousands of naira	2017	%	2016	%
Revenue	244,151,411		181,910,977	
Brought in materials and services				
- Local	(92,341,151)		(70,166,096)	
- Imported	(66,867,731)		(46,737,337)	
	84,942,529		65,007,544	
Finance Income	6,239,371		4,199,314	
Value Added	91,181,900	100	69,206,858	100
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	22,758,609	25	20,817,867	30
To Providers of Finance:				
- Finance Costs	15,109,062	17	20,864,243	30
- Company tax	7,886,419	9	15,000,650	22
Retained in the business:				
- Depreciation of tangible assets	6,485,547	7	5,976,340	9
- Deferred tax	5,218,533	5.72	(1,377,210)	(2)
- Impairment loss on tangible assets				
- Profit transfered to reserves	33,723,730	37	7,924,968	11
	91,181,900	**100**	**69,206,858**	**100**

Other National Disclosures

5 Year Financial Summary

In thousands of naira	2017	2016	2015	2014	2013
Funds Employed					
Share Capital	396,328	396,328	396,328	396,328	396,328
Share Premium	32,262	32,262	32,262	32,262	32,262
Share based payment reserve	147,236	126,480	150,466	44,637	26,585
Retained Earnings	44,302,351	30,323,005	37,428,018	35,466,416	40,139,626
Shareholder's Fund	44,878,177	30,878,075	38,007,074	35,939,643	40,594,801
Current Liabilities	79,680,495	121,033,434	59,731,857	44,638,052	33,233,095
Non-current Liabilities	22,245,456	17,674,423	21,476,122	25,484,372	34,379,584
	146,804,128	**169,585,932**	**119,215,053**	**106,062,067**	**108,207,480**
Asset Employed					
Non Current assets	74,299,175	71,849,777	70,500,367	68,672,737	66,451,672
Current assets	72,504,953	97,736,155	48,714,686	37,389,330	41,755,808
	146,804,128	**169,585,932**	**119,215,053**	**106,062,067**	**108,207,480**

In thousands of naira	**2017**	**2016**	**2015**	**2014**	**2013**
Revenue	**244,151,411**	**181,910,977**	**151,271,526**	**143,328,982**	**133,084,076**
Profit before income tax	46,828,682	21,548,408	29,322,477	24,445,978	26,047,590
Profit for the year	33,723,730	7,924,968	23,736,777	22,235,640	22,258,279
Other comprehensive income, net of tax	-	-	-	-	-
Declared dividend*	19,816,406	15,060,469	21,798,049	26,950,313	15,853,125
Per 50k share data:					
Basic earnings per share	42.55	10.00	29.95	N28.05	N28.08
Diluted earnings per share	42.55	10.00	29.95	N28.05	N28.08
Declared dividend per share	25.00	19.00	27.50	N34.00	N20.00
Net assets per share	56.62	38.96	47.95	N45.34	N51.21

* Declared dividend represents the interim dividend declared during the year (N13.00 and N2.00 from the balance of the pioneer profits as at 31 December 2015 and retained earnings as at 31 December 2015 respectively) and final dividend proposed for the preceding year but declared during the current year.

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Additional Corporate Information

Shareholders Information

Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type
2008	47	8,331,599	1,288,066	195	Interim
	48		7,001,796	1060	Final
2009	49	9,783,578	1,288,067	195	Interim
	50		7,001,796	1060	Final
2010	51	12,602,109	1,288,067	195	Interim
	52		7,001,796	1060	Final
2011	53	16,808,764	1,188,984	150	Interim
	54		8,758,852	1105	Final
2012	55	21,137,275	1,188,984	150	Interim
	56		14,664,140	1850	Final
2013	57	22,258,279	1,188,984	150	Interim
	58		19,023,750	2400	Final
2014	59	22,235,640	7,926,562	1000	Interim
	60		13,871,484	1750	Final
2015	61	23,736,777	7,926,562	1000	Interim
	62		15,060,468	1900	Final
2016	63	7,924,968	7,926,562	1000	Final
2017	64	33,723,730	11,889,843	1500	Interim
	65		21,798,046	2750	Proposed Final

Ten-Year Turnover, Profit Before Tax, Taxation and Profit After Tax History

31 Dec	Turnover (N'000)	Profit Before Tax (N'000)	Taxation (N'000)	Profit After Tax (N'000)
2008	51,742,302	11,862,213	3,530,614	8,331,599
2009	68,317,303	13,783,244	3,999,666	9,783,578
2010	82,726,229	18,244,454	5,642,345	12,602,109
2011	97,961,260	18,199,249	1,702,796	16,496,453
2012	116,707,394	25,050,172	3,912,897	21,137,275
2013	133,084,076	26,047,590	3,789,311	22,258,279
2014	143,328,982	24,445,978	2,210,338	22,235,640
2015	151,271,526	29,322,477	5,585,700	23,736,777
2016	181,910,977	21,548,408	13,623,440	7,924,968
2017	244,151,411	46,828,682	13,104,952	33,723,730

Share Capital History:

The share capital of the Company is as indicated below. The issued and paid up capital of the Company as at 31 December 2017 is N396,328,126.

Date	Authorized Share Capital Value N	Shares	Issued And Fully Paid Value N	Shares	N
29-11-71	200,000	100,000	200,000	100,000	Cash
30-12-71	600,000	300,000	200,000	100,000	-
30-11-72	600,000	300,000	440,000	220,000	Cash
11-06-73	1,000,000	500,000	440,000	220,000	-
16-08-73	1,000,000	500,000	756,726	378,363	Cash
22-10-73	1,000,000	500,000	1,000,000	500,000	Cash
21-05-74	2,000,000	1,000,000	1,000,000	500,000	-
15-10-74	2,000,000	1,000,000	1,250,000	625,000	Rights (1:4)
27-03-75	2,000,000	1,000,000	1,625,000	812,500	Rights (3:10)
02-05-75	2,000,000	1,000,000	2,000,000	1,000,000	Bonus (3:10)
28-05-76	3,000,000	1,500,000	2,000,000	1,000,000	-
11-08-76	3,000,000	1,500,000	3,000,000	1,500,000	Bonus (1:2)
10-11-76	5,000,000	10,000,000	3,000,000	3,000,000	1 share of N2 2 shares of N1each
12-08-77	5,000,000	10,000,000	5,000,000	5,000,000	Bonus (2:3)
12-05-78	7,500,000	15,000,000	5,000,000	10,000,000	1 share of N1 each subdivided to 2 shares of 50 kobo each
08-12-78	7,500,000	15,000,000	7,500,000	15,000,000	Public Issue
10-07-80	11,250,000	22,500,000	11,250,000	22,500,000	Bonus (1:2)
01-07-82	16,875,000	33,750,000	16,875,000	33,750,000	Bonus (1:2)
18-06-86	20,250,000	40,500,000	20,250,000	40,500,000	Bonus (1:5)
09-03-90	30,375,000	60,750,000	30,375,000	60,750,000	Rights (1:2)
27-06-91	40,500,000	81,000,000	40,500,000	81,000,000	Bonus (1:3)
24-06-93	50,625,000	101,250,000	50,625,000	101,250,000	Bonus (1:4)
23-06-94	75,937,500	151,875,000	75,937,500	151,875,000	Bonus (1:2)
03-09-96	105,687,500	211,375,000	105,687,500	211,375,000	Scheme of arrangement for acquisition of NPL shares
19-06-97	211,375,000	422,750,000	211,375,000	422,750,000	Bonus (1:1)
15-04-03	264,218,750	528,437,500	264,218,750	528,437,500	Bonus (1:4)
24-04-07	330,273,438	660,546,875	330,273,438	660,546,875	Bonus (1:4)
28-04-11	396,328,126	792,656,252	396,328,126	792,656,252	Bonus (1:5)

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Div. Number	Date of Payment	Unclaimed Dividend N
42	April 25, 2006	60,807,916.80
43	November 27, 2006	13,698,671.40
44	April 24, 2007	68,598,876.65
45	November 26, 2007	19,700,340.78
46	April 22, 2008	64,525,471.33
47	December 1, 2008	23,817,910.40
48	April 29, 2009	137,183,339.70
49	December 7, 2009	25,219,520.72
50	April 28, 2010	158,981,295.24
51	January 10, 2011	67,586,494.49
52	April 29, 2011	308,918,851.74
53	December 12, 2011	38,753,976.15
54	April 27, 2012	276,257,916.45
55	December 24, 2012	44,852,462.10
56	May 10, 2013	494,460,944.10
57	December 9, 2013	39,897,600.00
58	May 13, 2014	672,303,677.18
59	December 8, 2014	230,732,523.00
60	May 12, 2015	469,483,402.50
61	December 7, 2015	280,174,680.00
62	May 24, 2016	539,469,863.20
63	May 24, 2017	290,020,741.00
64	December 11, 2017	680,885,447.00

Since becoming a public company in 1978, Nestlé Nigeria has declared sixty-four Dividends, issued ten scripts and made one rights issue. Our records show that dividend warrants in respect of the unclaimed dividends listed below have not been presented for payment while a number of Share Certificates have been returned to the Registrars as unclaimed or undeliverable. For Unclaimed Dividend and Share Certificates, please contact:

The Managing Director,
GTL Registrars Limited,
274 Murtala Muhammed Way,
Alagomeji, Yaba, Lagos,
P. M.B. 12717, Lagos
Apapa.

Scripts	Date Issued	
01	10 July 1980	1 for 2
02	01 July 1982	1 for 2
03	18 June 1986	1 for 5
04	27 June 1991	1 for 3
05	24 June 1993	1 for 4
06	23 June 1994	1 for 2
07	19 June 1997	1 for1
08	15 April 2003	1 for 4
09	24 April 2007	1 for 4
10	28 April 2011	1 for 5
Rights		
01	09 March 1990	1 for 2

Corporate Directory

Head Office	Factories/Distribution Centres	Branch Offices
Lagos 22-24 Industrial Avenue, Ilupeju Lagos. P.M.B. 21164, Ikeja, Lagos State. **Tel:** 01-2798184, 2798188, 2790707 **Fax:** 01-4963033	**Agbara Factory:** Km 32, Lagos-Badagry Express Road, Agbara Industrial Estate, Ogun State. **Tel:** 01-4484330-5, **Fax:** 01-2790701.	**Lagos** Plot 10 C.D.E. Industrial Crescent, Ilupeju, Lagos. **Tel:** 01-7923489, 08052797041.
	Flowergate Factory Flowergate Industrial Estate Along Abeokuta – Sagamu Expressway By RIYE Roundabout, Ogun State. **Tel:** 01-2791150.	**Kaduna** NIIT Building, 5A Kanta Road, Kaduna. **Tel:** 08052797075.
	Abaji Factory: Plot No CP/ED1395 Phase II Extension, Layout II, FCT, Abuja **Tel:** 08052797010	**Port Harcourt** Riz Plaza, No 19 Stadium Road Port Hacourt, Rivers State. **Tel.** 08052797057
	Distribution Centre: Km 7, Idi-Iroko Road, Sango-Ota, Ogun State **Tel:** 01-7912764, 7944658, 7924502.	**Owerri** 46 Wedderal Road, Owerri, Imo State **Tel:** 08052797144.
	Distribution Centre: Km 32, Lagos-Badagry Express Road, Agbara Industrial Estate, Ogun State.	**South West** Flowergate Factory, Along Abeokuta – Sagamu Expressway, by RIYE Roundabout, Ogun State. **Tel:** 08052797143
		Jos NICON Building, 1st floor 4 State Secretarial Road, Jos. **Tel:** 08052797093.
		Abuja Plot 1479, Oro Ago Crescent, Union Homes Mega Mall Garki, Abuja. **Tel:** 08052797092.

Our Leading Brands

Creating Good Food Moments

In 2017, MAGGI Nigeria embarked on the **"reiMAGGIne"** journey where we have defined a set of values and commitments that impact the way we support individuals and families to make healthier and tastier food choices- **"Simply Good Commitments"**

Our Simply Good Philosophy: "MAGGI is committed to inspire and help you cook good food with fresh ingredients every day; for you, for your family"

Our 4 simply good commitments are:

- **Use more familiar and common ingredients**
- **Improve the Nutritional profile of our products**
- **Increase local sourcing and build local economies**
- **Raise awareness about healthy lifestyles, cooking and diets**

We are driving our evolution based on a set of values that impact the way we craft products, services, and how we talk externally. Anchored in taste and balance principles, the objective of Simply Good is to build trust, with transparency on our improved product and service reality.

These commitments respond to the preference of today's consumers for products with more familiar and common ingredients, natural or organic, with minimal processing

MAGGI brought the Simply Good commitment to life with the launch of the New **NAIJA POT Seasoning cubes**

MAGGI NAIJA POT is a new seasoning cube developed in Nigeria based on the strong understanding of local cuisine. It aims at amplifying the authentic Nigerian essence of food.

NAIJA POT is the only seasoning cube in Nigeria full of fish flavour with the unique combination of natural smoked fish, stockfish and crayfish to give soups and pottages that **bottom-pot** taste that Nigerians love.

Moreover NAIJA POT will help to save time, money and effort since NAIJA POT combines selected locally known ingredients in one small cube. The consumer can now create local authentic dishes in a simpler way thanks to NAIJA POT's smoky-fishy-bottom-pot taste. It is also a source of iodine for higher nutritional value.

In 2018, MAGGI will continue to be the ally of our consumers and enable them to make a difference through their everyday cooking.


NEW
MILO
Nestlé
MILO
Activ-GO
THE LUNCHBOX OF CHAMPIONS
The Energy Food Drink of Future Champions
Nestlé
Good Food, Good Life

For over half a century, MILO has been nourishing future champions in Nigeria with its unique delicious choco-malt taste and nutritious winning energy. A dependable partner enabling mums give their champions the great start required at breakfast, every day.

This is in line with MILO's Ownable Brand Proposition i.e. nourishing energy that inspires every day victories on the road to lifelong success.

MILO believes that sport is a great teacher, that sports provide opportunities for the development of qualities that set the foundations for a child's future. Firm in this belief, MILO has been in the forefront of sports development in Nigeria for so many decades in line with its core essence; Nourishing Ambitions. One of such sport development efforts is the MILO Basketball Championship which is now in its twentieth year and has produced several champions who are now plying their trade in the Nigerian Premier League and in many other leagues around the world.

In furtherance of this commitment of nourishing ambitions, Nestlé introduced **MILO Ready-to-drink (RTD)**, the same high quality nutritious malty goodness now in a convenient pack, perfect for the lunch box. No preparation required, just grab and go!

The New **MILO Ready-to-drink** is packed with the same natural goodness of milk, malt and cocoa and fortified with essential vitamins and minerals to give children nutritious energy on-the-go. **MILO RTD** is a healthier option that will give children the energy they need to be successful in school as they work, play and learn.

To bring this ambitious product to life, the company has invested in a new ultra-modern production plant with state-of-the-art technology in Agbara, Ogun state that will employ thousands of Nigerians directly and indirectly, over many years. It is first of its kind for Nestle in sub-Saharan Africa.

The product was launched in October 2017 pan Nigeria. It is available in retail packs of 180ml cartons with 27 units in each carton. This can be found in stores and shopping malls all over the country.

*As the leading Instant Coffee Brand, **NESCAFÉ** has been at the forefront of developing the Coffee consumption culture in Nigeria in a sustainable way through accelerated recruitment drives and value creation for young Nigerians/ youth entrepreneurs.*

Our **NESCAFÉ** has long been known and loved for its mild stimulating attributes, appealing aroma and satisfying taste which consistently enriches life's simple moments.

With over 75 years of expertise in every cup, we give you these great reasons to consume our **NESCAFÉ.**

- It tastes amazingly good, however you choose your cup.
- It awakens your senses in a healthy way.
- It is 100% natural
- **NESCAFÉ** Connects people in diverse ways; business, social pleasure, fun. Indeed as we say.... It all starts with a **NESCAFÉ**

NESCAFÉ comes in different sizes in order to fit the preferences of our consumers; **NESCAFÉ** Classic (Tin & Sachet) **NESCAFÉ** 3-in-1 mixes (32g)

NESTLÉ GOLDEN MORN™ *is a nutritious and delicious instant family cereal, that is made from the best quality grains sourced locally. It is rich in protein and enriched with Vitamins and Iron, which help provide energy for work, school and play.*

NESTLÉ GOLDEN MORN™ MAIZE

NESTLÉ GOLDEN MORN MAIZE is a nutritious and delicious instant family cereal made from the best quality Maize and Soya grains, sourced locally. It is rich in protein and enriched with Vitamin A and Iron, which help provide energy for work, school and play. Mostly eaten at breakfast, GOLDEN MORN MAIZE is filling, and is easy to prepare.

Many studies have shown that breakfast is one of the most important meals of the day, if not the most important. What people eat at this time sets the tone for the rest of their day. Nestlé GOLDEN MORN MAIZE was formulated to provide families with energy needed to be at their best at work or in school.

It is a nutritious solution for parents who want their families, especially their children to eat wholesome and healthy food, and need an easy to prepare solution that fits into their busy schedules.

NESTLÉ GOLDEN MORN MAIZE will continue to delight consu-mers with product innovations with strong NHW credentials that will address their various needs and guarantee nothing less than an excellent product experience.

NESTLÉ GOLDEN MORN MAIZE is available in 50g single serve format, and bigger pack size formats of 250g, 500g, and 1kg.

Introducing the

NEW GOLDEN MORN™ PUFFS

In line with Nestlé's purpose of enhancing the quality of life of families & individuals, and contributing to a healthier future, Nestlé Nigeria is pleased to introduce, the NEW Nestlé GOLDEN MORN PUFFS, available in 500g bag in box and 50g sachet.

GOLDEN MORN PUFFS is a delicious and nutritious multigrain cereal made from carefully selected maize, millet, oats, soya and a unique combination of vitamins & iron to help you get the right energy for the day.

"**A great start to your day:** Breakfast cereals are a convenient, tasty and healthy part of a nutritious breakfast for children and adults."

Developing responsible and Sustainable local sourcing

2017 saw the launch of the GOLDEN MORN Creating Shared Value (CSV) Campaign, which celebrated the contribution of the farmers who have cultivated the quality grains used to produce GOLDEN MORN. This provided us an avenue for sharing the stories of Nestlé's partnership with the farmers and how their lives are positively impacted.

In line with Nestlé's purpose of enhancing the quality of life and contributing to a healthier future for individuals and families, for communities and for the planet, Nestlé Nigeria continues to invest in sustainable local sourcing of raw materials wherever possible. In 2017 alone, 76% of the input used in the production of GOLDEN MORN was sourced from Nigeria.

Our ambition is to increase this percentage. There are however, many opportunities for the improvement of the availability of quality raw materials throughout the year. In order to reach our local sourcing targets, Nestlé has been working for over six years with farmers to increase their skills and capacity, through a program we call the Nestlé Cereals Plan. Currently we have over 30,000 farmers under the Nestlé Cereals Plan (a CSV initiative), supplying us with 100% of our grain requirement for GOLDEN MORN MAIZE, a feat we are very proud of.

HIGHLY NUTRITIOUS, SIMPLY DELICIOUS.


FORTIFIED
with
ZINC
Nestlé®
Pure Life®
PREMIUM DRINKING WATER
Protect*
with
ZINC
Supports immune system*
Support your immune system
with ZINC

At Nestlé Waters, our vision is to "Enhance people's quality of life by leading Healthy Hydration through our passion for water". Water is the essence of life and should be valued, not taken for granted. It is essential to our health as individuals & families, to our communities and for our planet.

Nestlé PURE LIFE is a pure quality water solution, for all families, now and in the future, that acts for the health of children and for the future of water.

- We provide pure quality water with a 13 step quality/ micro-filtration process (adaptable for spring water markets).
- We inspire the choice of quality drinking water because drinking water supports body performance.

In 2013, we launched Nestlé PURE LIFE Protect to offer consumers a wider portfolio of healthy hydration options with additional health benefit. Nestlé PURE LIFE Protect also supports the Government's efforts to control micro-nutrient deficiency in Nigeria.

Nestlé PURE LIFE Protect contains zinc, an essential mineral scientifically proven to protect the immune system.

PASSION & COMMITMENT TO WATER

Water is vital and represents over 60% of our body. Our passion for water translates into our daily commitment to spreading the word that healthy hydration is essential.

RESPECT FOR COMMUNITIES & ENVIRONMENT

We believe that lasting success depends on bringing benefits to people, communities and the environment in every country where we operate. It is what we call Creating Shared Value.

Following the commissioning of our water factory in Abaji, we continue to provide access to safe and clean drinking water for over 1,000 community members in Maderegi village.

COMMUNITY YOUTH DEVELOPMENT – ABAJI TECHNICAL TRAINING CENTER (TTC)

As part of our commitment to youth development in the community, we commenced operation of a new Technical Training Center in Abaji with 12 students from the community. This is part of our effort to bridging the technical skills gap identified during the startup of the factory in Abaji.

The Abaji Technical Training Center is the second TTC in Nigeria after Agbara. After a rigorous selection process, the students will be trained in Electrical/Electronics and Automation Engineering. They will undergo intensive classroom and practical training for 18-months. As they successfully complete the three levels of the training course, they will receive City and Guilds of London Technician Awards in Engineering Certificates.

Nestlé Waters®

The Healthy Hydration Company™

List of Distributors

A. D. Basharu and Sons Nigeria	Dolat Multi Enterprises	Nayinawa Global Ventures Nig. Limited
A. E. Chris Merchants Limited	E. H. Okika	Nortex Business Link
Abdullahi Adamu Dangongola Ventures	E.V. Okpalaoka & Sons	Ochiagha Udo ventures
Achida Saidu Usman and Sons	Ejide Ayinde Enterprise	Olaniyi Badmus Nig. Limited
Ade Distribution and Investment	Elymay Nigeria Limited	Olayiwola Stores
Adebukola and Sons Limited	Emmanuel Bakeries	Omofade Ventures
Adetimehin Integrated Investment Ltd.	Eunima Global Resources	PUO Assets Limited
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Alhaji Tukur Faru	Iyanu Business Ventures Limited	Square Bee Four Nig. Limited
Ali Sa'adu Muhammed	J. J. Nnoli and Sons	Tivo Corp Services (Warri)
Allanka Nigeria Limited	J. O. Adebiyi and Sons Nigeria	Umar Faruk Global Enterprise
Al-Wadud Ventures Limited	J. O. Adegboyega Enterprises	Umar SAD Radda Nig. Limited
Andyson Inv. & Agro Allied	J. V. 901 Nigeria Limited	Viceri Dynamic Investment
Ashialin Corporate Shop	JOC Dona Investments Limited	W. J. Ukaonu & Sons Nig. Limited
B. A. International Investment Limited	Joe Best Akor Enterprises	Wet Sample - PH
Basrose Stores	Kaima Integrated Network Ventures	Wet Sample Enterprises
Bijoan Enterprises	Keem David	Zarri Investments
Bukos Ventures	Kenabasmad General Enterprises	
Butsun Ratboh Nigeria Limited	Kofaj Nigeria Enterprises	
C. I. Obioha and Sons	Kwesifin Ventures	
C.N Honesty	Lady V. Stores	
CEC Global Ventures	Livingspring Bulk Purchase Limited	
Chukwu & Sons Limited	M. A. Onigbinde and Sons Limited	
Clean Page Intl. Limited	Maihadisi Multi Invest Nig Limited	
CVC Consult	Makemx Nigeria Limited	
De Favours & Store Confectioneries	Mazek Resources Ltd	
De Majok	Mjie Enterprises	
De- Naza Ken Business Enterprise	Modu Director and Sons Limited	
Dei Fille Consult Limited	Muna and Zara Enterprises	
Dile Nigeria Limited	Mut- Keem Concepts	
Dokkalhairu Investment	Nasiru Abdulhamid Atiku Nigeria	

2017 in Retrospect

2017 in Retrospect

Enhancing the image of Nestle Nigeria

- Strengthening stakeholder relationships
- Enhancing our competitive advantage
- Innovation and renovation

Our communities

Impact on the economy and livelihoods

- Local sourcing
- Youth empowerment
- Empowering healthcare practitioners
- Grassroots sports development

Individuals and families:

Internal and external

- Nutrition education
- Promoting healthy lifestyles
- Promoting safety at work
- Diversity and inclusion
- Promoting breastfeeding

Enhancing the image of Nestlé Nigeria

- Strengthening Stakeholder Relationships

Nestlé Nigeria continued to engage with and work alongside partners to create shared value for all stakeholders. Meetings with government decision makers and policy influencers gave us the opportunity to share the progress we have made in line with our NHW commitments.

In accordance with our Nutrition, Health and Wellness (NHW) commitments, the MD/CEO of Nestle Nigeria paid a courtesy call on the Honourable Minister of Health, Prof. Isaac Adewole early in the year. Our engagement focused on Nutrition Education to address the hidden hunger – micronutrient deficiency and malnutrition. Dr. Adewole lauded Nestlé's effort towards the training of Health care practitioners (HCPs), especially via the Post Graduate Program in Pediatric Nutrition. The minister reiterated the willingness of his ministry to support Nestlé in all its nutrition and health initiatives. Nestlé Nigeria's MD/CEO in turn expressed our willingness to continue to support the government in improving Nigeria's nutrition profile.

The Honorable Minister of Science and Technology, Dr. Ogbonnaya Onu toured Nestlé's state-of-the-art Flowergate Factory in Ogun State. He commended Nestlé Nigeria for the company's continued commitment to the industrialization of the country and gave assurance of the continued support of his ministry.

"Nestlé is a great company affecting lives daily. There is hardly any family where your products are not used. This is why I chose Nestlé as the first organization to visit. We are very happy with your efforts so far in manpower development and local sourcing and are very ready to collaborate with your organization to bring Nigeria from a resource based economy to a knowledge based economy." - Dr. Ogbonnaya Onu, Honourable Commissioner of Science and Technology

The MD/CEO of Nestlé Nigeria paid a courtesy call on the Honourable Minister of Trade and Investment, Dr. Okechukwu Enelamah. He presented the impact the Technical Training Centre is making on equipping youth with relevant technical skills to support Nigeria's industrialization agenda.

He also affirmed Nestlé's commitment to share its industrial expertise to help accelerate the industrialization agenda of the ministry.

Enhancing the image of Nestlé Nigeria

- Strengthening Stakeholder Relationships

Fostering institutional relationships with agriculture stakeholders

During a courtesy call on the Honorable Minister of State, Ministry of Agriculture and Rural Development, Senator Heineken Lokpobiri, the discussions centered on Nestlé's objectives to increase local sourcing of raw materials for our products. The MD/CEO of Nestlé Nigeria presented the progress made so far towards improving the capacity of farmers to increase their productivity and improve the quality of grains.

Nestlé continues to engage with the ministry, other stakeholders and partners towards achieving its local sourcing ambitions.

Fostering institutional relationships with Media Stakeholders

As part of the efforts to promote institutional relationships, Nestle continued to engage with media partners. The media parley hosted at the beginning of the year, created an opportunity to engage media executives, influencers and decision makers around Nestlé's NHW commitments towards enhancing quality of life and contributing to a healthier future.

The positive feedback from the media convinced us that we are on the right track towards maintaining a good relationship with the media that will continue to guarantee a fair share of voice and balanced coverage of NHW topics.

Enhancing the image of Nestlé Nigeria

- Demonstrating our impact on the economy

Nestlé Nigeria had the honour of ringing the closing bell to mark the end of trading on the 30th of October, 2017, at the Nigeria Stock Exchange. The delegation included the Chairman, the MD/CEO and members of the management team.

The ceremony was also to formally introduce Mr. Mauricio Alarcon, MD/CEO Nestlé Nigeria to the floor of The Exchange.

Nestlé rings Nigeria Stock Exchange closing bell

MAGGI is 2017 Best Seasoning Cube, as MILO clinches Best Cocoa Beverage Award

MAGGI emerged as the best seasoning cube manufacturing company of the year at the 2017 Guardian Manufacturing Excellence Awards beating other top brands such as Erisco Foods Limited, Promasidor Nigeria and Unilever. The award, held in Lagos, was designed to recognize distinguished sector-players in the manufacturing industry, who have consistently outperformed in spite of prevailing economic circumstances.

Nestlé MILO also emerged the best beverage brand of the year over Cadbury and Promasidor beverage brands.

Nestlé was recognized due to continuous investment in research and development and the production of top notch products.

Enhancing the image of Nestlé Nigeria

- Innovation and Renovation

Launch of MAGGI Naija Pot

In November 2017 MAGGI announced its simply good commitments: To use more familiar and common ingredients, to improve the nutritional profile of products through reduction of sodium and micro-nutrient fortification, to create more value for the society and the community by increasing local sourcing and to raise awareness about healthy lifestyles.

MAGGI Naija Pot seasoning cube was developed in Nigeria , in line with the commitment to use more familiar and common ingredients.

It is made from dry fish, crayfish, smoked fish and stock fish to amplify the authentic Nigerian essence of food.

Nestlé Nigeria launches MILO Ready-to-Drink beverage

The introduction of MILO RTD beverage was to meet the nourishment needs of families. Now children can get the energy they need from the nourishing MILO in a convenient pack, wherever they are.

Nestlé's Vice President for Africa, Oceania and Asia (AOA), Mr. John Miller, was in Nigeria to launch the product.

Our Communities

- Promoting Local Sourcing

Promoting Local sourcing is one of the ways Nestlé fulfils it's commitment to the improvement of livelihoods across the communities in which it operates.

Visit of Local Farmers to Agbara Factory

Nestlé Nigeria has been working with smallholder farmers in Northern Nigeria for over 6 years to increase the sourcing of agricultural raw materials locally, This is done through strategic program including SMS and MQIP

Representatives of the farming clusters and their community leaders, beneficiaries of the SMS project were hosted at Nestlé's Factory Complex in Agbara giving the farmers a firsthand experience on how the grains and legumes they produce are transformed into high quality nutritious food products for families.

Nestlé Nigeria partners USAID and VEGA to improve grain quality

In October 2017, Nestlé and its public and private-sector partners announced a new program leveraging the expertise of volunteers to train farmers, workers and small agricultural businesses in Kaduna State to reduce crop contaminants.

Over the next 3 years, the program will build the capacity of local associations and 150 local youth volunteers to train more than 20,000 smallholder farmers—including 40 percent women.

It is expected that this will help increase the yield of better quality maize and soybean by at least 17,000 metric tons annually. The resulting increased grain and maize sales will boost incomes and help farmers and small business operators improve their livelihoods.

Representatives from Nestlé, USAID, VEGA and CNFA in a group photograph with representatives of the farming communities at the launch

Our Communities

- Youth Empowerment

Promoting youth employability and entrepreneurship

Nestlé Nigeria celebrated the 2017 edition of the International Youth Day by hosting two concurrent events at the Lagos Head Office and Agbara Factory with 2 objectives; to boost an entrepreneurship mindset and to build the employability skills of youth.

Mr. Mauricio Alarcon, MD/CEO, charged the youths on the need to leverage the myriad opportunities available to them today.

Nestlé Nigeria's Head of Human Resources, Mr. Adesola Akinyosoye encouraged the youth to embrace the key elements of learning agility to enable them succeed in today's highly competitive environment. 81 youth were reached, including employees, NYSC members and SIWES students.

Nestlé Technical Training Center activities for 2017

In line with Nestlé's commitment to empower youths with technical skills needed to compete in today's world, Nestlé has invested in technical capacity building since 2011 starting from the centre in Agbara and expanding to a second centre in Abaji in 2017.

The third batch of technicians graduated in February 2017 and all the twenty (20) students were employed within the year.

The top five (5) students (4 males and 1 female) participated in further training in Switzerland for 3 months.

The fourth batch of twenty students comprising eighteen (18) males and two (2) females were taken on within the year and completed the City and Guilds of London Level 3 Technician's Certificate in Engineering in December 2017.

Supporting Cross River state's Ministry of Health

Nestlé Nigeria partnered with the government of Cross River State to launch the state health policy developed to improve healthcare delivery to individuals and families.

In his address at the launch, the Minister of Health, Prof. Isaac Adewole expressed his pleasure with Nestlé for structuring its products to suit the nutritional needs of its consumers through fortification and encouraged the company to effectively communicate the benefits to the public.

PGPN graduation

To help improve the indicators related to nutrition and health in Nigeria, Nestlé partnered with the prestigious Boston University Medical School in the United States to deliver the Postgraduate Program in Pediatric Nutrition (PGPN).

The programme reached 500 medical practitioners in the past year.

Fostering sports development in Nigeria

Nestlé MILO® has built a rich heritage in Nigeria as the food drink of champions, inspiring early participation in grassroots sports through various programs including the Basketball Championship which is in its 20th year. In 2017 alone, 100,000 students from the 36 states of the federation participated in the Milo Basketball Championship. The brand works in partnership with the Nigeria School Sports Federation (NSSF) an arm of the Ministry of Education and the National Collegiate Sports Foundation (NCSF).

Individuals and Families

- Nutrition Education

Nestlé hosts multiple events on World Hypertension Day, 2017

Nestlé Nigeria, in collaboration with the Nutrition Society of Nigeria, hosted a conference themed "Know your numbers" to increase High blood pressure awareness in the country.

The event, which was endorsed by the Federal Ministry of Health included a conference and outpost health stations to grant the public access to free health checks as well as nutrition and health counseling.

International Chefs Day 2017

Nestlé Nigeria celebrated the international chefs day 2017 by hosting primary school children in Abeokuta. The event was themed – Food for healthy heroes. 50 Kids across 10 schools participated in the workshop along with their teachers.

Launch of Nigerian Food Composition Table

Nestlé Nigeria Plc. seized the occasion of the 47th annual General Meeting and Scientific Conference of the Nutrition Society of Nigeria to present another contribution to help families make healthier food choices – the Nigerian Food Composition Table. The project is sponsored by Nestlé Nigeria and supported by the Federal Ministry of Health.

Individuals and Families

- Promoting healthy lifestyles, physical activity and well-being

Promoting Employee Safety, Nutrition, Health and Wellness

At Nestlé , we believe that enhancing quality of life and contributing to a healthier future begins with the safety and health of our people.

The World Health and Safety at Work marked every 28th of April, was an opportunity to focus on issues relating to health, well-being and safety of people at work. Employees engaged in activities including health talks, nutrition advice, fun games, safety tutorials, cooking demonstrations, malaria testing and treatment.

In furtherance of our wellness objectives, a fitness program was launched in December, to promote healthy living among employees.

Promoting safety in the factories

In the bid to promote our Safety, Health and Environment (SHE) objectives, Nestlé Waters Factory Abaji Fire Fighting Team and men of Federal Fire service Team (Federal Capital Territory Branch, Abaji unit) began collaboration in September, to engage the Abaji factory team in monthly firefighting drills.

Notes

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Application Form for e-Bonus and e-Dividend

Shareholder's Data Update

In our quest to update shareholders data with the current technology in the Capital Market (i.e. e-Bonus and e-Dividend), we request you to complete this form with the following information:

Tel No:____________________________________

CSCS A/C No:____________________________________

Stock Broking Firm:____________________________________

E-mail Address:____________________________________

Name of Bank:____________________________________

Branch of Bank:____________________________________

Bank Acct No:____________________________________

Branch Code:____________________________________

No of Units held:____________________________________

Name of Shareholder/Corporate Shareholder

and Current Address:____________________________________

Registrars' use

Name:____________________________________

Signature:____________________________________

Date:____________________________________

Name of Company in which you have shares:
Nestlé Nigeria Plc

Signature/Right Thumb print of Shareholders

In case of Corporate Shareholders, use company seal

Please notify our Registrars, GTL Registrars Limited, of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
NESTLÉ NIGERIA PLC

Bode Ayeku
Company Secretary/Legal Adviser

Note: ** Please be informed that by filling and sending this form in our Registrars, GTL Registrars Limited, for processing, you have applied for the e-Dividend and e-Bonus; thereby, authorising NESTLÉ NIGERIA PLC to credit your account in respect of dividends and bonuses electronically.

Please Complete And Return To
GTL Registrars Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Affix N50.00
Postage Stamp
Here

The Managing Director,
GTL Registrars Limited,
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Proxy Form

49TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 a.m.

On Tuesday, 22 May 2018 at the Muson Centre, 8/9 Marina, Onikan, Lagos.

I/We*____ being a member/members of **NESTLÉ NIGERIA PLC** hereby appoint**______________________ of ____________________________ or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on 22 May 2018 and at any adjournment thereof.

Dated this ________ day of _______________ 2018

Signature ____________________________

Ordinary Business	For	Against
To declare a Dividend		
To elect/re-elect Directors:		
• Mr. Jagdish Singla		
• Mr. David Ifezulike		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors		
To authorize the Company to procure goods and services necessary for its operations from related companies		

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

NOTES:

Please sign this form and post it to reach the address overleaf not later than 21 May 2018. If executed by a corporation, this form should be sealed with its common seal.

*Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

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

A member voting in his own right as a member and also voting as proxy or representative for another or other members should fill one voting paper for his own holding and a separate paper for each of the members he is representing.

Similarly, those present who are acting as proxy for more than one other members must complete a separate voting form for each member they represent.

NESTLÉ NIGERIA PLC 49TH ANNUAL GENERAL MEETING

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the MUSON Centre, 8/9 Marina, Onikan, Lagos at 11.00 a.m. on Tuesday, 22 May 2018.

Name of Shareholder ________________________

Number of shares held ________________________

Signature of person attending ________________________

Shareholder's Admission Form

Note: This form should be completed, signed, torn off and produced by the shareholder or his/her duly appointed proxy in order to gain entrance to the venue of the meeting.

Bode Ayeku
Company Secretary/Legal Adviser

Affix N50.00
Postage Stamp
Here

The Managing Director,
GTL Registrars Limited,
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Nestlé Nigeria Plc

Electronic Delivery Mandate Form

Dear Sir/Madam,

To enable you receive your Annual Reports promptly, your company wishes to introduce electronic delivery of Annual reports and Accounts, Proxy Forms and other statutory documents to shareholders.

With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in future, you can elect to receive a soft copy of the Annual Reports, Proxy Form, through e-mail or the electronic link to be forwarded to your email address.

Please complete this self-addressed form and return the completed form to:

The Managing Director
GTL Registrars Limited,
274 Murtala Muhammed Way,
Alagomeji, Yaba, Lagos.
P.M.B. 12717 Apapa,
Lagos

or any of their branches nationwide.

Bode Ayeku
Company Secretary/Legal Adviser

I,

OF

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF NESTLE NIGERIA PLC TO ME, THROUGH:

☐ I WILL DOWNLOAD FROM MY EMAIL OR THE WEB ADDRESS FORWARDED TO MY E-MAIL ADDRESS STATED BELOW.

MY EMAIL ADDRESS:

DESCRIPTION OF SERVICE:
By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by E-mail/Internet Address (URL). These materials can be made available to you electronically, quarterly, semi-annually or annually. Annual Report, Proxy Form, Prospectus and Newsletters are examples of shareholders' communication that can be made available to you electronically. The subscription enrollment will be effective for all your holdings in Nestlé Nigeria Plc on an on-going basis unless you change or cancel your enrollment.

This initiative is in line with our determination to help protect our planet's environment, and the consolidated SEC rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to Shareholders by electronic means"

Name (Surname first)

Signature and Date

Affix N50.00
Postage Stamp
Here

The Managing Director,
GTL Registrars Limited,
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.