

Nestlé Nigeria Plc
Unaudited Interim Financial Statements
For the Six Months ended 30 June 2024

Contents	Page
Directors' and Other Corporate Information	2
Financial Highlights	3
Directors' Report	4-11
Statement of Directors' Responsibilities	12
Statement of Profit or Loss and Other Comprehensive Income	13-15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19-28

Directors' and other Corporate Information

Board of Directors:	Mr. Gbenga Oyebode Mr. Wassim Elhousseini (Lebanese) Mr. Namit Mishra (Indian) Mr. Ibukun-olu Ipinmoye Mr. Mauricio Alarcon (Mexican) Mr. Martin Kruegel (German) Dr. Juliet Ehimuan Mrs Adebisi Lamikanra Mrs. Maryam Aliko Mohammed	Chairman Managing Director/Chief Executive Officer Finance & Control Director Executive Director Non-Executive Director Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
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Tax Identification Number: 00389604-0001

Registered Company Number: 6540

Company Secretary/Legal Adviser Mr. Bode Ayeku

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

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

Independent Auditor: Ernst & Young
10th & 13th floors, UBA House
57 Marina
Lagos, Nigeria
Tel: +234(1)6314500

Members of the Audit Committee	Mr. Matthew Akinlade Alhaji Kazeem Owonikoko Bello Mr. Christopher Nwaguru Mrs. Adebisi Lamikanra Mrs. Maryam Aliko Mohammed	Chairman Shareholders' Representative Shareholders' Representative Directors' Representative Directors' Representative
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Financial Highlights

<i>In thousands of naira</i>	Jan -Jun 2024	Jan -Jun 2023	Increase/ (decrease) %
Revenue	406,972,172	261,769,509	55%
Results from operating activities	63,077,247	60,792,659	4%
(Loss)/ Profit before income tax	(252,526,797)	(69,117,595)	265%
(Loss)/Profit for the period	(176,914,397)	(49,981,345)	254%
Other Comprehensive income for the period	150,037,365	-	

<i>In thousands of naira</i>	Apr -Jun 2024	Apr -Jun 2023	Increase/ (decrease) %
Revenue	223,488,013	133,799,190	67%
Results from operating activities	42,155,537	32,139,937	31%
(Loss)/ Profit before income tax	(56,440,841)	(94,020,907)	-40%
(Loss)/Profit for the period	(34,229,990)	(66,190,533)	-48%

Directors' Report

1 Financial Statements

The directors present their unaudited financial statements on the affairs of Nestlé Nigeria Plc ("the Company") for the period ended 30 June 2024.

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 Directors and Their Interests

(a) The directors who served during the period and their interests in the shares of the Company at the period ended 30 June 2024 were as follows:

		Interest in the Ordinary Shares of the Company	
		2024	2023
Mr. Gbenga Oyebo	- Chairman	Nil	Nil
Mr. Wassim Elhousseini (Lebanese)	- MD/CEO	Nil	Nil
Mr. Namit Mishra (Indian)		Nil	Nil
Mr. Ibukun-olu Ipinmoye		2,328*	2,328*
Mr. Mauricio Alarcon (Mexican)		Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Dr. Juliet Ehimuan		2,146	2,146
Mrs. Adebisi Lamikanra		Nil	Nil
Mrs. Maryam Aliko Mohammed		Nil	Nil

*Out of the 2,328 shares of Nestle Nigeria Plc held by Mr. Ibukun-olu Ipinmoye, 2,250 shares are managed on his behalf by FBN Quest Trustees Limited, while the remaining 78 shares are registered in his name. Mr. Ipinmoye has 602 RSUP and 302 PSUP stock units of Nestle S.A. Switzerland.

- (b) Mr. Gbenga Oyebo is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers. Mrs. Adebisi Lamikanra is a director in Standard Chartered Bank Limited, one of our bankers. Dr. Juliet Ehimuan is a director of Zenith Bank Plc, one of our bankers. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria 2020, they have notified the Company of their position with CFAO Nigeria Plc, Standard Chartered Bank Limited and Zenith bank Plc respectively.
- (c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A. Switzerland, the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company.

Directors' Report-Continued

5 Analysis of Shareholdings as at 30 June 2024

			Number of shareholders	%	Number of shares	%
1	-	5000	28,982	90.68	21,274,030	2.68
5001	-	10000	1,520	4.76	10,438,016	1.32
10001	-	50000	1,187	3.71	23,637,621	2.98
50001	-	100000	109	0.34	7,677,169	0.97
100001	-	500000	109	0.34	22,090,508	2.79
500001	-	1000000	25	0.08	17,535,561	2.21
1000001	-	5000000	22	0.07	45,915,014	5.79
5000001	-	50000000	5	0.02	82,808,027	10.45
			31,959	100.00	231,375,946	29.19
Societe Des Produits Nestlé S.A			1	0.00	561,280,306	70.81
			31,960	100.00	792,656,252	100.00

Apart from Societe Des Produits Nestlé S.A, Switzerland with 561,280,306 ordinary shares (representing 70.81%), STANBIC IBTC held 48,841,131 ordinary shares (representing 6.16%), no other shareholder held 5% or more of the paid-up capital of the Company as at 30 June 2024.

** We hereby confirm that the free float of the Company is in compliance with The Nigerian Exchange Group's free float requirements of the Main Board on which the shares of Nestlé Nigeria Plc are listed.

6 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 9 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements.

Pursuant to IAS 8.14b which aims to provide a more relevant information to the users of the financial statement and ensure that the assets side of the Statement of the Financial Position of the Company reflects the true and fair market value, the Company in March 2024, undertook an independent valuation of the class of assets under Land, Buildings and Plant and Machinery through a certified valuer firm M/S NIYI FATOKUN & CO. Estate Surveyors & Valuers with FRC number FRC/2013/PRO/NIESV/004/00000001217 at all its factories and distribution centers except head office.

Based on the valuation report, the Board of Directors has decided to change the accounting policy on valuation of Land, Building and Plant and Machinery with effect from 16th March 2024.

7 Donations

In compliance with Section 43(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 period.

In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives. Nestlé Nigeria invested in technical and employability skills building for youth and in building the capacity of farmers to increase their productivity and income. The Company also worked alongside partners to improve the household nutrition of local farmers through trainings in grain quality improvement and food transformation/preservation techniques.

8 Nestlé Nigeria Trust (CPFA) Limited ("NNTL")

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

9 Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials such as soya bean, maize, cocoa, palm olein, sorghum, cassava and corn starch in its production processes in a number of its products.

10 Major Distributors

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

11 Suppliers

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

Directors' Report-Continued

12 General Licence Agreement

The Company has a general licence agreement with Societe des Produits Nestlé S.A., 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 007459 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Switzerland. The approval was for a period of three (3) years with effect from 1st January 2021 to 31st December 2023. Company has initiated approval process to cover another period of three years with the effect from 1st of January 2024.

13 Acquisition of Own Shares

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

14 Employment and Employees

a Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 12 (2023: 15) physically challenged persons in its employment as at 30 June 2024.

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 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 an ultra modern clinic at Agbara factory. The 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.

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.

The Nestlé Technical Training Center (NTTC) is a multi-skill engineering training program which runs for a period of 18 months. The content of the course is based on the syllabus of City and Guilds of London Technicians Examinations Certificates in Engineering, one of the world's leading vocational education organizations.

Directors' Report-Continued

The total number of those who have so far completed the programme in our Technical Trainee Centers in Agbara and Abaji factories from 2013 to 30 June 2024 is two hundred and twenty-nine (229). The cost of the training for the eight (8) sets of graduates was fully paid by our Company.

Since the commencement of the training programme, 229 trainees have graduated from the NTTC Agbara, Abaji and Shagamu factories, and 96% (221 of 229) of the graduated trainees are gainfully employed as full-time employee of Nestlé Nigeria Plc to reduce unemployment, while others pursued personal objectives or were employed by other companies. Also, to empower the trainees with relevant skills, the top five (5) students in the scheme per batch were usually taken to Switzerland for further training within the Group's factories.

The table below contains information about the trainees who have passed through the Technical Training Centers:

BATCH NO.	YEAR OF GRADUATION	SITE	NO. ADMITTED	NO. OF GRADUATES	NO. EMPLOYED BY Nestlé	NO. EMPLOYED BY EXTERNAL PARTY
1	2013	AGBARA	16	13	9	4
2	2015		16	14	12	2
3	2017		20	20	20	0
4	2019		20	20	20	0
5	2021		20	20	20	0
6	2022		20	20	19	1
7A	2023		20	20	20	0
7B	2024		10	10	10	0
Total			142	137	130	7
1	2024	FLOWERGATE	20	20	20	0
Total			20	20	20	0
1	2019	ABAJI	12	12	11	1
2	2021		20	20	20	0
3	2023		20	20	20	0
4	2024		20	20	20	0
Total			72	72	71	1
GRAND TOTAL			234	229	221	8

15 Nomination, Governance and Remuneration Committee

Composition of Board Committees

The Nomination, Governance and Remuneration Committee is made up of three (3) directors appointed to make recommendations on the structure and composition of the Board and its Committees; governance issues and to submit proposals on the salaries of executive directors to the Board for approval. The members of the Committee are Mr. Mauricio Alarcon, Mr. Martin Kruegel and Dr. Juliet Ehimuan .

16 Audit Committee

In accordance with section 404 of the Companies and Allied Matters Act of Nigeria 2020, members that served on the audit committee during the period comprise:

Mr. Matthew Akinlade (Chairman)
Alhaji Kazeem Owonikoko Bello
Mr. Christopher Nwaguru
Mrs. Adebisi Lamikanra
Mrs. Maryam Aliko Mohammed

Shareholders' Representative
Shareholders' Representative
Shareholders' Representative
Directors' Representative
Directors' Representative

Directors' Report-Continued

17 Board Audit and Risk Management Committee

The Committee is to assist the Board in its oversight of audit, 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. The members of the Committee are Dr. Juliet Ehimuan, Mrs. Adebisi Lamikanra and Mrs. Maryam Aliko Mohammed.

18 Effectiveness of Internal Control System

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

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

19 Disclosures

a) Risk Management and Compliance System

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

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

b) Sustainability Initiatives

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

c) Related Party Transactions

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

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

Corporate Business Principles

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

(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.

Directors' Report-Continued

(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. Efforts are being made by the Management and the Safety, Health and Environment Officers at the various sites to avoid industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

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

(g) Supplier and Customer Relations

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

(h) Agriculture and rural development

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

(i) Environmental sustainability

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

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

(j) Water

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

Directors' Report-Continued

21 Number, diversity, training initiatives and development of employees

As at 30 June 2024, the staff strength of the Company was 2,425 (2023: 2,375). 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 30 (2023: 29) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun,Switzerland,Angola and Malaysia in order to give them the required exposure to enable them take up higher responsibilities.

22 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 Exchange Limited. 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 Exchange Limited. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

BY ORDER OF THE BOARD



Bode Ayeku,FCIS
Company Secretary/Legal Adviser
FRC/2012/PRO/NBA/OO2/00000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

Statement of Directors' Responsibilities

The Directors of Nestlé Nigeria Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 30 June 2024, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria (Amended) Act, 2023.

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 IFRS 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 records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

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

The financial statements of the Company for the period ended 30 June, 2024 were approved by directors on 26th July, 2024.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gbenga Oyebo
(Chairman)
FRC/2013/NBA/0000002546

Wassim Elhousseini
(Managing Director)
FRC/2020/PRO/DIR/003/00000022041

Namit Mishra
(Finance & Control Director)
FRC/2023/PRO/ANAN/002/864258

Statement of Profit or loss for the period ended 30 June 2024

In thousands of naira

	Notes	Jan - Jun 2024	Jan - Jun 2023
Revenue	5	406,972,172	261,769,509
Cost of sales	7 (b)	<u>(279,667,704)</u>	<u>(154,434,614)</u>
Gross Profit		127,304,468	107,334,896
Marketing and distribution expenses	7 (b)	(50,956,901)	(40,310,521)
Administrative expenses	7 (b)	(13,260,600)	(6,194,298)
Impairment of financial assets		(9,720)	(37,418)
Results from operating activities		63,077,247	60,792,659
Finance income	6	2,508,291	7,815,651
Finance costs	6	<u>(318,112,335)</u>	<u>(137,725,905)</u>
Net finance cost		<u>(315,604,044)</u>	<u>(129,910,255)</u>
(Loss)/ Profit before income tax		(252,526,797)	(69,117,595)
Income tax credit/(expense)		75,612,401	19,136,251
(Loss)/Profit for the period		<u>(176,914,397)</u>	<u>(49,981,345)</u>
Earnings per share		N	N
Basic earnings per share		<u>(223.19)</u>	<u>(63.06)</u>
Diluted earnings per share		<u>(223.19)</u>	<u>(63.06)</u>

Statement of Other Comprehensive Income for the period ended 30 June 2024

Other comprehensive income

Revaluation surplus from Property, plant and equipment net of tax	9(b)	150,037,365	-
		150,037,365	-
Other Comprehensive income for the period is attributable to:			
Owners of the company		150,037,365	-

Statement of Profit or loss for the three months ended 30 June 2024

In thousands of naira

	Notes	Apr - Jun 2024	Apr - Jun 2023
Revenue		223,488,013	133,799,190
Cost of sales		(145,252,303)	(78,117,387)
Gross Profit		<u>78,235,710</u>	<u>55,681,804</u>
Marketing and distribution expenses		(31,218,363)	(20,974,167)
Administrative expenses		(4,974,401)	(2,569,091)
Impairment of financial assets		112,591	1,391
Results from operating activities		<u>42,155,537</u>	<u>32,139,937</u>
Finance income		747,477	6,220,942
Finance costs		(99,343,855)	(132,381,786)
Net finance cost		<u>(98,596,378)</u>	<u>(126,160,845)</u>
(Loss)/ Profit before income tax		(56,440,841)	(94,020,907)
Income tax credit/(expense)		22,210,852	27,830,375
(Loss)/Profit for the period		<u>(34,229,990)</u>	<u>(66,190,533)</u>
Earnings per share		N	N
Basic earnings per share		<u>(43.18)</u>	<u>(83.50)</u>
Diluted earnings per share		<u>(43.18)</u>	<u>(83.50)</u>

Statement of Financial Position As at 30 June 2024

In thousands of naira

	Notes	30 June. 2024	31 Dec. 2023
Assets			
Total non-current assets			
Property, plant and equipment	9 (a)	389,593,093	165,383,791
Right of Use Assets	9 (c)	5,013,691	5,437,253
Long term receivables	10	3,013,049	3,122,574
Deferred tax assets	8 (c)	135,610,745	46,487,437
Prepayments	13	73,174	97,566
		533,303,752	220,528,621
Total current assets			
Inventories	11	137,331,884	87,792,561
Right of return assets	11(c)	163,821	60,714
Trade and other receivables	12	148,093,868	102,227,370
Prepayments	13	12,331,550	3,430,134
Cash and short-term deposit	14	37,727,840	167,735,007
		335,648,963	361,245,786
Total assets		868,952,716	581,774,407
Equity			
Share capital	15(a)	396,328	396,328
Revaluation reserve	9 (b)	150,037,365	-
Share premium	15(b)	32,262	32,262
Share based payment reserve	15(c)	222,518	169,481
Retained earnings		(255,547,623)	(78,633,227)
		(104,859,150)	(78,035,156)
Liabilities			
Non- current liabilities			
Interest bearing loans and borrowings	19	634,033,643	365,127,523
Employee benefits	16	3,956,287	4,044,331
Deferred tax liabilities	9(b)	64,301,728	-
		702,291,658	369,171,855
Total current liabilities			
Trade and other payables	17	178,127,854	197,279,592
Contract liabilities	18	27,752,467	20,063,006
Refund liabilities	11(c)	238,935	99,931
Current tax liabilities		44,621,510	35,110,603
Lease liabilities	20	183,622	179,323
Interest bearing Loans and borrowings	19	19,882,607	37,192,043
Provisions		713,211	713,211
		271,520,207	290,637,709
Total liabilities		973,811,865	659,809,563
Total equity and liabilities		868,952,716	581,774,407

THE BOARD APPROVED THE FINANCIAL STATEMENTS ON 26TH JULY 2024



Gbenga Oyebo
(Chairman)
FRC/2013/NBA/0000002546



Wassim Elhusseini
(Managing Director)
FRC/2020/PRO/DIR/003/00000022041



Namit Mishra
(Finance & Control Director)
FRC/2023/PRO/ANAN/002/864258

The accompanying notes on pages 19 to 28 form an integral part of these financial statements.

Statement of Changes in Equity for the period ended 30 June 2024

In thousands of naira

Attributable to equity holders of the company

	Share Capital	Share Premium	Share based Payment reserve	Revaluation Reserve	Retained Earnings	Total equity
As at 1 January 2024	396,328	32,262	169,481	-	(78,633,227)	(78,035,156)
Loss for the period	-	-	-	-	(176,914,397)	(176,914,397)
Other comprehensive income for the period; net of taxation						
Revaluation gain net of deferred tax (Note 9b)	-	-	-	150,037,365	-	150,037,365
Total comprehensive loss for the period; net of taxation	-	-	-	150,037,365	(176,914,397)	(26,877,031)
Transactions with owners, recorded directly in equity						
Dividend to equity holders	-	-	-	-	-	-
Share based payment contribution	-	-	452,304	-	-	452,304
Share based payment recharge	-	-	(399,266)	-	-	(399,266)
Balance as at 30 June 2024	396,328	32,262	222,518	150,037,365	(255,547,623)	(104,859,150)
Balance as at 1 January 2023	396,328	32,262	90,127	-	29,772,507	30,291,224
Profit for the period						
Profit for the period	-	-	-	-	(49,981,345)	(49,981,345)
Other comprehensive income for the period; net of taxation	-	-	-	-	-	-
Total comprehensive income; net of taxation	-	-	-	-	(49,981,345)	(49,981,345)
Transactions with owners, recorded directly in equity						
Dividend to equity holders	-	-	-	-	(28,931,953)	(28,931,953)
Share based payment contribution	-	-	(95,497)	-	-	(95,497)
Share based payment recharge	-	-	74,912	-	-	74,912
Balance as at 30 June 2023	396,328	32,262	69,542	-	(49,140,791)	(48,642,659)

Statement of Cash Flows for the period ended 30 June 2024

In thousands of naira

	Notes	30 June. 2024	30 June. 2023	31 Dec. 2023
Cash flows from operating activities				
(Loss)/ profit for the period before tax*		(252,526,797)	(69,121,047)	(104,025,429)
Adjustments to reconcile profit after tax to net cash flows from operating activities:				
Depreciation of property, plant and equipment and right of use asset	9	12,640,900	5,474,648	11,672,988
Impairment of RTD Line		1,316,103		
Interest income	6	(2,508,291)	(2,524,997)	(5,690,939)
Net foreign exchange difference on financing	7	231,815,759	113,348,380	172,975,554
Net foreign exchange difference on others	7	6,248,622	13,614,463	9,355,684
Finance cost	6	54,398,087	13,956,549	38,430,966
Equity settled share based payment transactions		399,266	74,912	202,882
Net Service Cost for other long term employee benefits	16	481,384	123,256	542,241
Actuarial gain on remeasurement of employee benefits		(206,949)	-	(922,216)
Loss/ (profit) on the disposal of property, plant and equipment	7	55,295	(26,651)	(41,862)
Expected credit loss/(write back) trade receivables		9,720	37,418	(613,019)
Expected credit loss on treasury bills		-	-	30,970
Expected credit loss on intercompany receivables		-	-	98,827
Bad debt recovered		-	-	(206,403)
Write down of inventories	11	990,162	88,323	1,168,227
(Gain)/loss on lease modification	20	-	228,273	204,426
		53,113,261	75,273,526	123,182,896
Increase/ (decrease) in long term receivables		109,525	(108,853)	(306,237)
(Increase)/decrease in inventories		(50,529,486)	5,041,600	(620,256)
Increase in right of return assets		(103,108)	(6,810)	12,165
Increase in trade and other receivables		(45,876,218)	(15,257,615)	(19,269,750)
Increase in prepayments		(8,901,415)	(2,311,351)	(1,598,663)
Increase / (decrease) in trade and other payables		21,471,477	(29,812,368)	6,599,834
Increase in contract liabilities		7,689,462	(661,835)	3,514,581
Increase/ (decrease) in refund liabilities		139,004	22,750	(12,402)
Increase/(decrease) in provisions		-	526,069	(312,797)
Net cash (used in)/ from operating activities		(22,887,499)	32,705,113	111,189,371
Income tax paid		(4,000,000)	(25,936,164)	(27,888,044)
Other long term employee benefit paid		(362,479)	(192,876)	(474,969)
Share based payment recharge paid		(399,266)	(95,497)	(123,528)
Net cash flows (used in)/ from operating activities		(27,649,244)	6,480,577	82,702,831
Cash flows from investing activities				
Finance income received	6	2,508,291	2,524,997	5,690,939
Proceeds from sale of property, plant and equipment	9	21,731	29,063	444,701
Acquisition of property, plant and equipment and right of use assets	9	(23,476,376)	(13,192,741)	(61,247,957)
Net cashflows used in investing activities		(20,946,355)	(10,638,682)	(55,112,317)
Cash flows from financing activities				
Proceeds from loans obtained				
-- Intercompany loan	19	12,305,045	10,015,500	58,166,740
- Import Trade Finance Facilities(ITFF)	19	56,953,708	35,658,905	90,159,897
Loan repayment				
- Import Trade Finance Facilities(ITFF)	19	(77,321,173)	(19,939,026)	(74,355,075)
Lease payment	19	-	(227,384)	(227,385)
Finance cost paid	19	(21,331,136)	(9,397,626)	(38,681,098)
Prior years dividends paid during the year		(52,875,593)	(11,204,779)	(13,769,740)
Net cashflows (used in)/ From financing activities		(82,269,150)	4,905,590	21,293,339
Net increase in cash and cash equivalents		(130,864,748)	747,485	48,883,853
Cash and cash equivalents at beginning		167,815,251	117,932,430	117,981,705
Effect of exchange rate fluctuations on cash held		857,580	(1,188,430)	949,693
Cash and cash equivalents at 30 June		37,808,084	117,491,485	167,815,251

Notes to the financial statements

	Page
1 Reporting entity	20
2 Basis of accounting	20
3 Significant accounting policies	20
4 Operating segments	20
5 Revenue	21
6 Net finance costs	21
7 Profit before income taxation	21
8 Taxation	22
9 Property, plant and equipment	23-24
10 Long term receivables	25
11 Inventories	25
12 Trade and other receivables	25
13 Prepayment	26
14 Cash and cash equivalent	26
15 Capital and reserves	26
16 Employee benefits	26
17 Trade and other payables	27
18 Contract balances	27
19 Interest bearing loans and borrowings	27
20 Lease Liabilities (Obligation under leases)	27
21 Currency risk	28
22 Subsequent event after balance sheet date	28

Notes to the financial statements

1 Reporting entity

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

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

2 Basis of accounting

(a) Basis of preparation

The interim condensed financial statements for the period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2023.

(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
- Zero depreciation for Land
- **Property, Plant and Equipment** : The Board of Directors have approved change in the measurement of Land, Building, Plant and Machinery from the historical cost model to the revaluation model with effect from 16th of March 2024. Accordingly, from Quarter one 2024 interim result, the company has adopted the revaluation model for Land, Building, Plant and Machinery at fair value less accumulated depreciation and impairment losses. Going forward, the revaluation of these assets will be performed every 3 years through an independent certified valuer to ensure that the carrying amount of the assets does not differ materially from its fair value. Further more, the assets which are under construction i.e., Capital Work in Progress (CWIP) will also follow the revaluation model at the time of the capitalization.

A revaluation surplus, net of deferred tax, is recorded in OCI and credited to the revaluation reserve in the Statement of Changes in Equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings."

(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.

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of Revaluation model for the measurement of Land, Building and Plant and Machinery effective from 16th of March 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 Operating segments

- (a) 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:

Segments	Description
Food	This includes the production and sale of Maggi, Cerelac, Nan, Lactogen, Golden Morn and Snacking and Biscuit (New)
Beverages	This includes the production and sale of Milo, Chocomilo, Nescafe, Milo ready-to-drink (RTD) and Nestlé Pure Life. Cofee ready to drink(RTD)

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.

(b) Information about reportable segment

In thousands of naira

	Food		Beverage		Unallocated		Total	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
External Revenues	260,653,218	166,272,022	146,318,954	95,497,488			406,972,172	261,769,510
Interest revenue	-	-	-	-	2,508,291	7,815,651	2,508,291	7,815,651
Interest expense	-	-	-	-	(318,112,335)	(137,725,905)	(318,112,335)	(137,725,905)
Depreciation	(8,180,262)	(3,377,638)	(4,460,638)	(2,097,010)	-	-	(12,640,900)	(5,474,648)
Reportable segment profit before income tax	36,918,150	42,386,025	26,159,096	18,406,634	(315,604,044)	(129,910,255)	(252,526,797)	(69,117,596)

Notes to the financial statements

5 Revenue

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

In thousands of naira	30 Jun. 2024	30 Jun. 2023
Nigeria	404,120,528	261,392,464
Export	2,851,644	377,045
Total Revenue	406,972,172	261,769,509

6 Net finance cost

In thousands of naira

In thousands of naira	30 Jun. 2024	30 Jun. 2023
Interest income on Securities and bank deposits	2,508,291	2,524,997
Finance Income	2,508,291	2,524,997
Interest expense on financial liabilities	(54,398,087)	(13,956,549)
Net exchange gain on translation of foreign currency denominated balances	(263,714,248)	(118,478,703)
Finance expense	(318,112,335)	(132,435,252)
Net finance income/ cost	(315,604,044)	(129,910,255)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N49.2 billion (June 2023: N13.9 billion) excluding the impact of foreign exchange differences.

7 Profit before income tax

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

In thousands of naira	30 Jun. 2024	30 Jun. 2023
Depreciation	12,640,900	5,474,648
Personnel expenses	26,963,508	19,035,616
(Write back)/expected credit loss trade receivables (profit)/Loss on property, plant and equipment disposed	9,720	37,418
Net foreign exchange difference on financing-(Realised)	55,295	(26,651)
Net foreign exchange difference on financing-(Unrealised)	31,898,489	5,130,322
* Net foreign exchange difference on others--(Realised)	231,815,759	113,348,380
* Net foreign exchange difference on others--(Unrealised)	13,099,796	6,090,080
General licence fees	6,248,622	13,614,463
	16,164,317	10,235,339

* Net financing exchange difference on others relates to the unrealised exchange difference on IG trade payables, 3rd parties trade payables and realised exchange difference on payments made during the period in foreign currency.

(b) Expenses by nature

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

In thousands of naira	30 Jun. 2024	30 Jun. 2023
Depreciation of property, plant and equipment and right of use asset	12,640,900	5,474,648
Loss on property, plant and equipment disposed	55,295	(26,651)
Personnel expenses	26,963,508	19,035,616
General licence fees	16,164,317	10,235,339
Raw materials,Purchased Finished goods and consumables	232,931,649	122,264,225
(Write back)/expected credit loss trade receivables	9,720	37,418
Distribution expense	12,738,927	11,656,771
IS/IT Cost	4,416,379	2,286,178
Advertising	8,841,572	7,316,930
Sales administrative and promotion expenses	9,211,602	5,562,633
Factory overheads	12,827,019	12,335,715
Donations	173	111
Other expenses	7,093,863	4,797,917
	343,894,926	200,976,851

Other expenses include marketing expenses, product related overheads and trade asset related expenses

Summarised as follows:

Cost of Sales	279,667,704	154,434,614
Marketing and distribution expenses	50,956,901	40,310,521
Administrative expenses	13,260,600	6,194,298
Impairment of financial assets	9,720	37,418
	343,894,926	200,976,851

(c) Welfare and other personnel expenses

In thousands of naira

In thousands of naira	30 Jun. 2024	30 Jun. 2023
Salaries and wages	13,538,578	9,266,103
Welfare and end of service benefit	13,424,931	9,769,513
	26,963,508	19,035,616

Notes to the financial statements

8 Taxation

(a) Income tax expense

The tax charge for the period 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

	30 Jun. 2024	30 Jun. 2023
Current period income tax	11,924,801	19,589,237
Current period tertiary education tax	1,586,107	1,931,315
Current period tertiary education tax	13,510,907	21,520,552
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(89,123,308)	(40,660,254)
Total income tax expense	(75,612,401)	(19,139,702)

(b) Current tax liabilities

Movement in current tax liabilities account during the year was as follows

In thousands of naira

	30 Jun. 2024	30 Jun. 2023
At 1 January	35,110,603	26,208,706
Charge for the year	13,510,907	36,789,941
Payments in the year	(4,000,000)	(27,888,044)
At 30 June	44,621,510	35,110,603

(c) Deferred tax (assets) liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2024	31 Dec. 2023	30 Jun. 2024	31 Dec. 2023
In thousands of naira						
Property, plant and equipment	-	-	22,424,990	22,178,247	22,424,990	22,178,247
Employee benefits	(1,305,575)	135,374	-	-	(1,305,575)	135,374
Unrealised exchange loss	(156,656,728)	(68,785,892)	-	-	(156,656,728)	(68,785,892)
Share based payment	(73,431)	(15,166)	-	-	(73,431)	(15,166)
Tax (asset)/liabilities	(158,035,734)	(68,665,685)	22,424,990	22,178,247	(135,610,744)	(46,487,438)

	Balance 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2023	Balance 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2024
Property, plant and equipment	19,147,830	3,030,417	-	22,178,247	22,178,247	246,743	-	22,424,990
Employee benefits	(1,395,087)	1,530,461	-	135,374	135,374	(1,440,949)	-	(1,305,575)
Unrealised exchange difference	(2,854,482)	(65,931,410)	-	(68,785,892)	(68,785,892)	(88,073,592)	-	(156,656,728)
Share based payment	(44,109)	28,943	-	(15,166)	(15,166)	(58,265)	-	(73,431)
	14,854,152	(61,341,589)	-	(46,487,438)	(46,487,438)	(89,326,063)	-	(135,610,745)

9 Property, plant and equipment (PPE)

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

In thousands of naira

Note	Land	Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2023	1,214,588	36,931,013	98,587,215	5,753,903	14,596,501	2,850,630	33,709,622	193,643,473
Additions	-	833,324	4,515,042	2,264,874	501,252	341,214	51,217,340	59,673,045
Disposals	-	-	(722,011)	(556,972)	(229,487)	(33,521)	-	(1,541,992)
Reclassification	-	3,745,553	11,298,985	401,709	1,800,871	229,454	(17,476,572)	-
Balance at 31 December 2023	1,214,588	41,509,890	113,679,231	7,863,514	16,669,137	3,387,776	67,450,390	251,774,526
Balance at 1 January 2024	1,214,588	41,509,890	113,679,231	7,863,514	16,669,137	3,387,776	67,450,390	251,774,526
Additions	-	57,857	318,470	-	413,731	215,449	22,475,167	23,480,675
Disposals	-	-	(624,185)	(203,640)	(125,252)	(889,591)	-	(1,842,667)
Reclassification	-	860,699	8,629,473	1,191,655	1,308,868	386,203	(12,376,897)	-
Revaluation gain*	13,729,911	10,037,004	122,478,787	-	-	-	-	146,245,701
Balance at 30 June 2024	14,944,499	52,465,449	244,481,776	8,851,529	18,266,484	3,099,838	77,548,660	419,658,236
Accumulated depreciation and impairment losses								
Balance at 1 January 2023	-	11,880,694	48,887,476	3,503,569	10,533,990	2,098,375	-	76,904,103
Depreciation	-	1,106,700	6,559,464	1,178,444	1,316,562	464,615	-	10,625,785
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	(340,941)	(554,561)	(210,130)	(33,521)	-	(1,139,153)
Balance at 31 December 2023	-	12,987,393	55,105,998	4,127,453	11,640,421	2,529,469	-	86,390,734
Balance at 1 January 2024	-	12,987,393	55,105,998	4,127,453	11,640,421	2,529,469	-	86,390,734
Depreciation	-	878,793	9,594,240	705,054	763,550	275,701	-	12,217,338
Impairment loss	-	-	1,315,120	-	984	-	-	1,316,103
Disposals	-	-	(548,469)	(203,640)	(123,942)	(889,591)	-	(1,765,642)
Accumulated Depreciation reversal **	-	(12,987,393)	(55,105,998)	-	-	-	-	(68,093,392)
Balance at 30 June 2024	-	878,793	10,360,891	4,628,867	12,281,012	1,915,579	-	30,065,143
Carrying amounts								
At 1 January 2023	1,214,588	25,050,319	49,699,739	2,250,334	4,062,512	752,254	33,709,622	116,739,370
At 31 December 2023	1,214,588	28,522,496	58,573,233	3,736,061	5,028,716	858,308	67,450,389	165,383,791
At 30 June 2024	14,944,499	51,586,657	234,120,885	4,222,662	5,985,472	1,184,259	77,548,660	389,593,093

Revaluation gain* represents difference between the fair value of the Land, Building and Plant and Machinery and their historical cost arising from the change in the Historical Cost model to the Revaluation model as a basis of measurement effective from this interim reporting. The company has undertaken an independent revaluation of Land, Building and Plant and Machinery through an independent certified valuer. Accumulated depreciation reversal ** represents reversal of the accumulated depreciation of the revalued assets prior to 16th June 2024, the date of transition for valuation of Land, Building and Plant and Machinery from the Historical Cost model to the Revaluation model

As at 30 June 2024, none of these assets have been used as loan collateral or are encumbered. However, the bank loan are secured by non-specific pledge on the asset in line with their relative exposures.

9 Property, plant and equipment (PPE)

(b) The reconciliation of revaluation gain and deferred tax liability

<i>In thousands of naira</i>	<u>30 Jun. 2024</u>	<u>29 February 2024</u>
	Market value of the assets as per independent valuation	Carrying Value of the assets
Land	14,944,499	1,214,588
Building	51,401,957	28,377,560
Plant and Machinery	239,118,410	61,533,625
	<u>305,464,866</u>	<u>91,125,773</u>
Total Revaluation Gain	214,339,093	
Defferred Tax @ 30%	(64,301,728)	
Revaluation gain in the statement of comprehensive income (OCI)	<u>150,037,365</u>	

9 Right of Use Assets

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

<i>In thousands of naira</i>	Land N'000	Building N'000	Total N'000
Cost			
At 1 January 2023	4,133,280	2,351,869	6,485,149
Additions	-	1,574,912	1,574,912
Modification	-	(66,365)	(66,365)
Derecognition	-	(453,171)	(453,171)
Balance at 31st December 2023	<u>4,133,280</u>	<u>3,407,245</u>	<u>7,540,525</u>
At 1st January 2024	4,133,280	3,407,245	7,540,525
Additions	-	-	-
Modification	-	-	-
Derecognition	-	(101,404)	(101,404)
Balance at 30 June 2024	<u>4,133,280</u>	<u>3,305,841</u>	<u>7,439,121</u>
Accumulated depreciation and impairment losses			
At 1 January 2023	346,087	1,162,641	1,508,728
Depreciation	70,460	976,743	1,047,203
Modification	-	511	511
Derecognition	-	(453,171)	(453,171)
Balance at 31 December 2023	<u>416,547</u>	<u>1,686,724</u>	<u>2,103,271</u>
As at 1 January 2024	416,547	1,686,724	2,103,271
Depreciation	49,746	373,815	423,561
Modification	-	-	-
Derecognition	-	(101,404)	(101,404)
Balance at 30 June 2024	<u>466,293</u>	<u>1,959,135</u>	<u>2,425,428</u>
Carrying amounts			
As at 1 January 2023	3,787,193	1,189,228	4,976,421
As at 31 December 2023	3,716,733	1,720,521	5,437,254
Balance at 30 June 2024	<u>3,666,987</u>	<u>1,346,706</u>	<u>5,013,691</u>

Notes to the financial statements

10 Long term receivables

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

In thousands of naira	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
Long term Staff receivable	2,690,903	2,692,073
Amount due from Customers on account of trade assets deployed	322,146	430,501
	<u>3,013,049</u>	<u>3,122,574</u>

11 Inventories

(a) In thousands of naira

In thousands of naira	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
Raw and packaging materials	60,494,132	38,235,636
Product in process	4,456,546	2,737,059
Finished products	30,205,475	21,178,655
Engineering spares	15,502,690	12,277,378
Goods in transit	26,673,041	13,363,832
	<u>137,331,884</u>	<u>87,792,561</u>

(b) Write-down of inventory to net realisable value

In thousands of naira

In thousands of naira	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
Technical Spare Parts	4,787,143	4,259,600
Raw materials	433,270	51,310
Finished Goods	176,086	95,427
	<u>5,396,500</u>	<u>4,406,338</u>

(c) Right of return assets and refund liabilities

In thousands of naira

In thousands of naira	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
Right to returned goods asset	163,821	60,714
Refund liabilities		
Arising from rights of return	238,935	99,931

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

12 Trade and other receivables

In thousands of naira	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
Trade receivables	3,080,915	9,251,627
Loans to key management personnel	88,994	24,993
Staff loans	3,254,040	3,142,448
Trade receivables due from related parties	4,014,320	2,846,337
Deposit with Company registrars for dividend	1,241,162	1,800,010
Allowance for expected credit losses	(4,309,295)	(4,299,807)
Expected credit loss on intercompany	-	(149,647)
Loans and receivables	<u>7,370,136</u>	<u>12,615,961</u>
Advance payment to suppliers	106,352,719	81,647,212
Deposit for Import (Letter of Credit)	32,213,566	3,707,313
Other receivables	5,170,497	7,379,458
	<u>151,106,918</u>	<u>105,349,944</u>
Non-current - reclassified to long term receivables	3,013,049	3,122,574
Current	148,093,868	102,227,370
	<u>151,106,918</u>	<u>105,349,945</u>

13 Prepayments

Prepayments represent payments made in advance for expected future economic benefits.

Prepayment comprises:

In thousands of naira

	30 Jun. 2024	31 Dec. 2023
Rent prepaid	746,184	489,395
Insurance prepaid	1,562,288	2,376,292
Other prepayment	10,096,251	662,013
	12,404,724	3,527,700

Notes to the financial statements

14 Cash and cash equivalents

In thousands of naira

	30 Jun. 2024	31 Dec. 2023
Cash in Hand	25,770	38,770
Cash at Bank	27,149,847	25,171,308
Treasury Bills	10,456,864	142,522,557
Time Deposits	175,603	82,616
Cash and cash equivalents in the statement of cash flows	37,808,084	167,815,251
Allowance for expected credit losses:		
Short term Investments	(80,244)	(80,244)
Cash and short-term deposit in the statement of financial position	37,727,840	167,735,007

15 Capital and reserves

(a) Ordinary shares

	30 Jun. 2024	31 Dec. 2023
Issued and fully paid ordinary shares of 50k each		
In number of shares	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

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

(b) Share premium

In thousands of Naira

The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:

	30 Jun. 2024	31 Dec. 2023
Share premium	32,262	32,262

(c) Share based payment reserves

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

16 Employee Benefits

Other long term employee benefits

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

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

	30 Jun. 2024	31 Dec. 2023
In thousands of Naira		
Balance at 1 January	4,044,331	4,359,648
Net service cost /(credit) for the year	211,571	542,241
Interest expense for the year	269,813	539,627
Revaluation loss/(Gain)	(206,949)	(922,216)
Payments during the year	(362,479)	(474,969)
Balance at Period end	3,956,287	4,044,331

17 Trade and other payables

	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
In thousands of naira		
Trade payables	46,918,333	35,620,775
Other payables and accruals	41,479,190	32,417,384
Trade payables due to related parties	80,406,538	119,685,625
Dividend payable	9,323,793	9,555,808
	<u>178,127,854</u>	<u>197,279,591</u>

Notes to the financial statements

18 Contract liabilities

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

	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
In thousands of naira		
Customer's down payment	13,435,141	11,893,376
Trade incentives	14,317,326	8,169,630
	<u>27,752,467</u>	<u>20,063,006</u>

19 Interest bearing loans and borrowings

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

	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
In thousands of naira		
At 1 January	402,319,567	155,300,068
Addition -- Intercompany loan	12,305,045	58,166,740
Addition-- Bank loan	56,953,708	90,159,897
Repayment -- Bank loan	(77,321,173)	(74,355,075)
Interest expense	49,174,481	37,803,788
Interest paid	(21,331,136)	(38,681,098)
Exchange loss	231,815,759	173,925,247
At 30 June	<u>653,916,250</u>	<u>402,319,567</u>

Interest bearing loans and borrowings are analysed into short and long term liabilities based on the time the repayment obligation falls due as at

	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
In thousands of naira		
Current liabilities	19,882,607	37,192,043
Non-current liabilities	634,033,643	365,127,523
	<u>653,916,250</u>	<u>402,319,567</u>

20 Lease Liabilities (Obligation under leases)

The company recognised lease liabilities in line with IFRS 16 as analysed below.

	<u>30 Jun. 2024</u>	<u>31 Dec. 2023</u>
In thousands of naira		
As at 1 January	179,323	181,607
Additions	4,299	-
Modification	-	137,550
Interest Expense	-	87,551
Payments	-	(227,385)
At 30 June	<u>183,623</u>	<u>179,323</u>

Notes to the financial statements

21 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.

Financial instruments analysed by currency is as follows

Amounts in thousands	As at 30 June 2024				
	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans		(426,346)	-	-	-
Import Trade Finance Facilities(ITFF)	(7,807)	(6,184)			
Amount due from related parties	888	1,632	10	-	-
Amount due to related parties	(4,892)	(17,894)	(3,686)	(70)	-
Trade payables	(477)	(161)	(0)		(1)
Net exposure	(12,288)	(448,953)	(3,675)	(70)	(1)

Amounts in thousands	As at 31 December 2023				
	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans	-	(402,517)	-	-	-
Amount due from related parties	1,182	1,790	7	-	-
Amount due to related parties	(8,234)	(38,633)	(3,477)	(31)	(6)
Trade payables	(16,300)	(11,321)	(108)	-	(1)
Net exposure	(23,351)	(450,682)	(3,578)	(31)	(8)

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

	Period/Year end closing rate	
	30 Jun. 2024	31 Dec. 2023
Euro	1,592	1,003
USD	1,488	907

22 Subsequent Events

There are no significant subsequent events which could have a material effect on the results of the Company as at June 30 2024 that has not been adequately provided for or disclosed in these unaudited interim financial statements.