Nestlé Good Food, Good Life

Nestlé Nigeria Plc
(RC 6540)

Enhancing Quality Of Life And Contributing To a Healthier Future

2018 Annual Report & Accounts

Contents

Our Profile

Nestlé Nigeria – Nourishing Nigeria since 1961
Enhancing quality of life and contributing to a healthier future

Nestlé
Good Food, Good Life

ABOUT NESTLÉ NIGERIA PLC

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

For over 58 years, the company has been delighting consumers across Nigeria by consistently delivering high quality nutritious food. With a staff strength of over 2,100 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®.

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. Flowergate and Abaji factories were subsequently commissioned in 2011 and 2016 respectively.

Since Nestlé Nigeria started trading in the country 58 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 organization's growth objectives. From 2013 to 2018, Nestlé Nigeria has spent N52 billion on productive investment across its manufacturing operations and substantial amount in creating shared value.

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 locally, thanks to the investments we have made towards increasing local sourcing 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.

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 the 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. We have trained more than 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 over 2,100 direct employees motivated to deliver their best performance.

In the past 5 years, we have invested over N800 million 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.

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 health of our company is linked with the health and resilience of the communities we operate in.

In the light of this, our focus areas to help improve livelihoods in our communities include the creation of access to clean drinking water, 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. Every day, we touch thousands of lives as we work towards the attainment of our ambition to impact individuals and families, our communities and the environment.

Nestlé reaches several Nigerian 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.

Over
30,000
LOCAL FARMERS
empowered to improve grain quality in the last 3 years

Over
80%
LOCAL SOURCING
of raw and packaging materials

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 including MAGGI®, MILO®,GOLDEN MORN™, NESCAFÉ® and Nestlé PURE LIFE® 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 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 preferences 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 making this good nutrition available and affordable for every pocket size with the single serve packs.

We reach several households with micronutrient-fortified products.

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.

We have promoted an inclusive healthy lifestyles and the inclusion of more fresh ingredients, vegetables and fruits in daily diet to promote good health and reduce the impact of micronutrient deficiency.

In 2018, we delivered nutrition education through various programs including the ***Yelo Peppe***, a nutrition program delivered across digital platforms, 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).

Yelo Peppe is a unique online nutrition education series to celebrate contemporary African cuisine while promoting a healthy lifestyle.

The thirteen-week programme highlighted the numerous challenges that modern African women face when trying to balance providing nutritious and healthy food for their family, with all the other demands of a modern life. The series provided a variety of African recipes prepared in a healthier way, lifestyle discussion groups and nutrition tips.

Its aim was to connect with more than 10 million people on the importance of eating a nutritious diet, adopting healthy lifestyles and maintaining a sense of wellbeing.

We have promoted an inclusive healthy lifestyles and the inclusion of more fresh ingredients, vegetables and fruits in daily diet

Nutrition Education For Youth

In Nigeria, Nestlé helps children lead healthier lives through four main avenues: promoting healthy lifestyles in schools, fostering physical activity, educating parents on nutrition as well as improving the nutrient profile of its foods and beverages by fortifying them in vitamins and minerals while reducing sugar, fat and salt.

Over 80% of the total volume of Nestlé's foods and beverages is fortified with micronutrients including iron and vitamin A.

"Nestlé for Healthier Kids" is a global initiative, which includes further development of healthier products and advice for families on nutrition and exercise. It aims at helping 50 million children globally live healthier lives by 2030. In Nigeria, Nestlé for Healthier Kids (NH4K) reached 17,000 children and 350 teachers in primary schools in Ogun State and the Federal Capital Territory in 2018. Supported by the Federal Ministry of Health and the Federal Ministry of Education, the program achieves its objectives by teaching and promoting healthy nutrition, healthy hydration and hygiene.

The training and coaching are being implemented in collaboration with Universal Basic Education Board (UBEB) in Ogun State, Abaji, and the Federal Capital Territory.

Explaining the company's dedication to 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."

"Since its foundation, Nestlé has been committed to helping parents and caregivers provide the right nutrition to their children.

Nestlé for Healthier Kids is another addition to Nestlé Nigeria's efforts towards fulfilling this commitment in line with our purpose to enhance quality of life and contribute to a healthier future."

Mauricio Alarcon

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 several people in 2018 with nutrition information sessions, healthy lifestyle tips, healthy meal planning and cooking demos.

Promoting healthy lifestyles with MILO basketball Championships:

Nestlé has built a rich heritage of grassroots sports development in Nigeria through various programmes including the MILO Basketball Championship.

About 100,000 students from the 36 states of the federation participated in the MILO Basketball Championship 20th season in 2018. 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.

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 (excluding diary) come from local farmers and suppliers.

We work alongside partners including International Fertilizer Development Center (IFDC) and United States Agency for International Development (USAID) to build the capacity of the over 40,000 farmers who supply maize, soybean, sorghum and millet to our factories in sustainable farming practices thereby increasing productivity and improving crop 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 youth, a very significant part of our communities, Nestlé Nigeria is engaged in a number of activities including technical 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 the 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 participate in an additional three-month technical training in Switzerland supported by the Swiss Embassy.

As at 2018, a total of 46 technicians have completed the programme and 41 of them employed by Nestlé directly.

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 existing drinking water facilities, which already served over 5,800 people living in the communities closest to our business operations.

In 2018, the company built seven more water fountains to meet increasing demands.

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 initiatives and promoting the safe reuse of wastewater. We are also striving to reduce our environmental footprints by decreasing water consumption and gas emission.

In 2018, we reduced our water consumption by 11% and our gas emission by 7%. By October 2018, we attained zero waste to landfill across our factories. Our global objective is to ensure that 100% of our packaging is recyclable or reusable by 2025.

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.

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.

About Nestlé Worldwide

Nestlé is the world's largest food and beverage company with footprints in over 190 countries. Headquartered in Switzerland, Nestlé employs over 335,000 people worldwide. For over 150 years, the company has provided safe and quality nutrition through over 2,000 brands ranging from global icons to local favourites.

Our Purpose is enhancing quality of life and contributing to a healthier future. In line with this purpose, we want to help shape a better and healthier world while inspiring people to live healthier lives. This is how we contribute to society while ensuring the long-term success of our company.

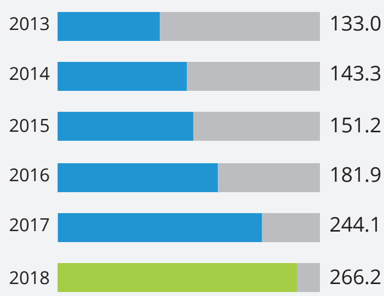
We have defined three overarching ambitions for 2030, which guide our work and support the achievement of the UN Sustainable Development Goals: to help 50 million children live healthier lives, help improve 30 million livelihoods in communities directly connected to our business activities and strive for zero environmental impact in our operations.

Our Values are founded on respect and this is reflected in the way we do business: always acting legally and honestly with respect both for our own people and for those we do business with. We strongly believe that it is only possible to create long-term sustainable value for our shareholders if we also create value for the communities where we operate.

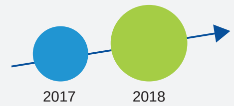
This is what drives our dedication to providing great tasting, healthier and trusted products.

Performance Indicators

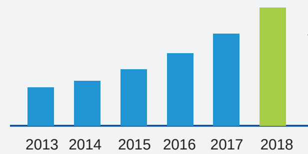
Turnover (NGN billion)



Turnover Development



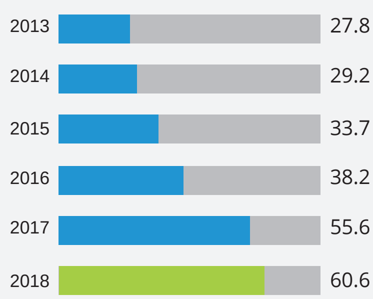
Turnover growth of **9%** from 2017 to 2018



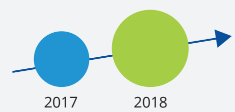
Turnover growth of **100%** over the last five years

- All Segments and Businesses with strong turnover development

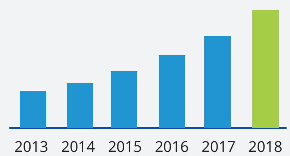
Operating Profit (NGN billion)



Operating Profit Development



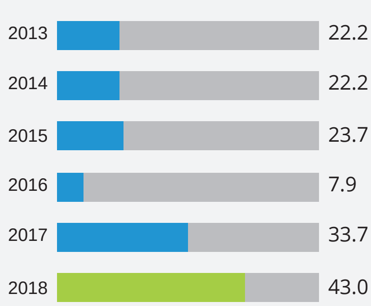
Operating profit growth of **9%** from 2017 to 2018 despite cost pressures



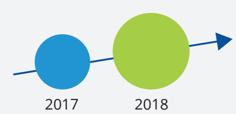
Operating Profit growth of **118%** over the last five years

- Higher investments in Marketing & Distribution to build basis for future growth

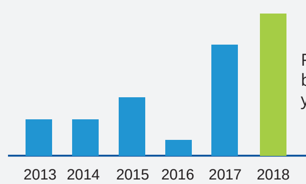
Profit After Tax (NGN billion)



Profit After Tax Development



Profit after tax increased by **28%** from 2017 to 2018 despite economic challenges

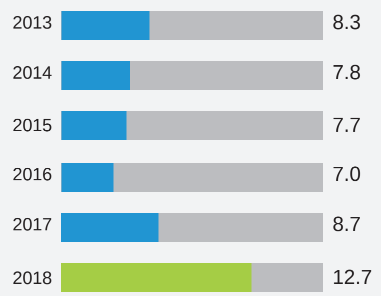


Profit after tax increased by **94%** over the last five years

Profit was impacted by currency devaluation in 2016.

Performance Indicators

Investments (NGN billion)



Investment

N12.7Billion

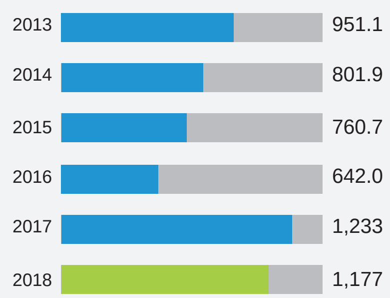
Investments of NGN 12.7Billion in year 2018

N52Billion

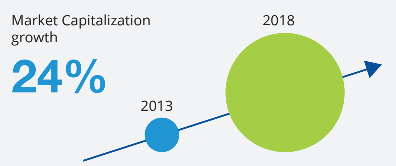
Investments of NGN 52Billion in the last six years

Capacity increases in our Agbara and Flowergate factories and distribution centre

Market Capitalization (NGN billion)

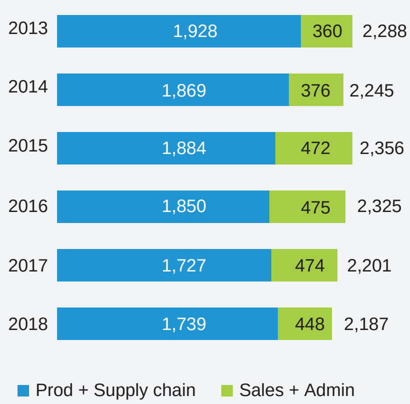


Market Capitalization Development



Growth of Market Capitalization by **24%** from 2013 to 2018

Staff Development



Staff Development

2,187

Total staff strength of 2,187 at the end of 2018

Annual total staff strength of more than 2,100 over the last six years.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 50^{th} Annual General Meeting of Nestlé Nigeria Plc will be held at the MUSON Centre, 8 / 9 Onikan, Lagos, on Tuesday, 28 May 2019 at 11 o'clock in the forenoon 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 2018 and the Reports of the Auditors and the Audit Committee thereon
2. To declare a Dividend
3. To elect / re-elect Directors
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-today 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, Greenwich Registrars & Data Solutions 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 on Wednesday, 29 May 2019 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 10 May 2019. Shareholders who have completed the e-dividend mandate forms will receive direct credit of the dividend into their bank accounts on 29 May 2019. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 13 May 2019 to Friday, 17 May 2019, 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 Registrars for revalidation.

A list of such members will be circulated with the Annual Report and Accounts. Members affected are advised to complete the e-dividend registration or write to or call at the office of the Company's Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P. M.B. 12717, Lagos during normal working hours.

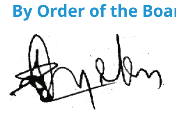
(e) **E-DIVIDEND/E-BONUS:** Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars (Greenwich Registrars & Data Solutions Limited) as soon as possible.

We request our shareholders to use the e-dividend payment portal that will serve as 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 Greenwich Registrars & Data Solutions Limited explaining the new initiative is included in the Annual Report and Accounts.

(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 4^{th} day of March 2019

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. Jagdish Singla (Indian)	Finance & Control Director (Appointed with effect from 1/1/2018)
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director
	Mr. Kais Marzouki (German)	Non-Executive Director (Resigned on 30/6/2018)
	Mr. Gbenga Oyebode	Independent Non-Executive Director
	Mrs. Ndidi Okonkwo Nwuneli	Independent Non-Executive Director
	Mr.Remy Ejel (French)	Non-Executive Director (Appointed with effect from 1 July 2018)
Company Secretary/ Legal Adviser	Mr. Bode Ayeku	
Registered Office	22-24, Industrial Avenue Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707	
Registrars	Greenwich Registrars & Data Solutions Limited 274 Murtala Muhammed Way Alagomeji, Yaba, Lagos Tel: 01- 5803369, 5451399, 5803367	
Independent Auditors	Deloitte & Touche 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 50th Annual General Meeting of Nestlé Nigeria Plc
on 28 May 2019

Dear shareholders, fellow board members, ladies and gentlemen of the media, welcome to the 50th Annual General Meeting of Nestlé Nigeria Plc.

For more than 50 years, Nestlé Nigeria has nourished families across the country with high quality nutritious food products adapted to local tastes and preferences. Our ability as a company to focus on delivering consistent value to our shareholders and consumers has contributed greatly to this sustained growth.

Our flexibility to change and adapt has also played a strong role in our business success.

Business Environment

2018 was a year of significant results in the face of unpredictable changes in the business environment. The influx of competing products presented both a challenge and an opportunity for innovation to continue to delight consumers.

Economic activity remained relatively weak in the fourth quarter of 2018 after the slight increase in activities in the third quarter occasioned by higher oil production. On the average, spending power further decreased due to the elevated inflationary pressures as we witnessed more value driven consumption decisions.

With competition intensifying and the digital revolution disrupting how consumers engage and interact with companies, we continued to focus on meeting consumer needs while increasing speed and efficiency to adapt to the changes in our environment.

Financial Results

Despite the above challenges, our revenue increased by 9% and profit after tax was 28% higher than our achievement in 2017. We are pleased with the results considering the high operating costs driven by the increased prices of raw materials and cost of doing business.

More highlights of our operating results are on page 32 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 N30,517,265,702.00 or N38.50 per ordinary share. If the shareholders approve the dividend, payment will be made on 29 May 2019, subject to the deduction of withholding tax at the applicable rate.

Marketing, Sales and Product Performance

As in the past years, Nestlé's brands remained leaders in their categories even with the influx of competitive brands in the market.

Our marketing initiatives focussed on creating nutrition awareness for our consumers who continue to trust us to deliver high quality nutritious products. The extension of single serve pack formats helped drive penetration of our well-loved brands.

We also invested in the expansion of our routes to market, working with a motivated and dedicated distribution network.

Employees

We are as always, dedicated to building the capability of our people to deliver at their full potential, investing in relevant people development initiatives.

Notwithstanding the challenging operating environment, our company engaged 92 new employees in 2018 in furtherance of our business objectives as we continue to drive greater efficiency across our operations.

We are pleased to report that as at 31 December 2018, our staff strength stood at 2,187.

Creating Shared Value

In 2018, we made progress towards our commitment to improving livelihoods in the communities closest to our business operations.

We strongly believe that we can ensure the long-term success of our business by creating value for our communities and all stakeholders across our value chain. Nestlé Nigeria's CSV impact programs in 2018 included providing access to clean drinking water in our communities, nutrition education for children through Nestlé for Healthier Kids and encouraging active lifestyles through MILO Secondary School Basketball Championship. Others are building the capacity of farmers through Nestlé and International Fertilizer Development Center (IFDC) Sorghum/Millet Partnership in Nigeria and Feed the Future Nigeria and Nestlé Maize Quality Improvement Partnership.

We also invested in building the technical skills of our youth through the Technical Training Program at our Agbara and Abaji sites.

These CSV programs cumulatively reached over 160,000 individuals and families. The personal success stories of some of the direct beneficiaries of these programs truly inspired us during the past year.

Outlook for 2019

Confident in the capability of our people, our dedication to deliver high quality, tasty nutrition choices to our consumers and the continuous support of our stakeholders, we look towards 2019 with cautious optimism. We will continue to leverage our research and development capabilities to delight our consumers while creating value for our business and everyone across our value chain.

Dear shareholders we value your continued support and trust in our company.

Thank you for having confidence in the ability of the leadership to continue to steer the affairs of Nestlé Nigeria in the right direction.

Thank you dear Shareholders, Ladies and Gentlemen.

Mr. David Ifezulike
Chairman

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 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.

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. He is the 2nd Vice President of Nigeria Employers' Consultative Association (NECA) and the Vice President of the Association of Food,Beverage and Tobacco Employers (AFBTE)

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 Finance & Control Director 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 of the company with effect from 1 January 2018.

4. Mr. Remy Ejel (French) is a non-executive director of Nestlé Nigeria Plc with effect from 1 July 2018. He holds a Bachelor of Science degree from the American University of Lebanon, specialising in Marketing and Business Administration. He was the Market Head of Nestlé Southern Africa Region where he led the successful transformation of the Region from 2016 before his current appointment as the Market Head of Nestlé Central, Western and East Africa Region with effect from 1 July, 2018. He earlier worked in the Region from 2002 to 2005 leading the Diary category, and as Commercial Manager for Mali, Burkina Faso, Niger, Togo and Benin. He later worked as Assistant Regional Manager in the Zone, supporting all African countries for four years. Mr. Ejel's other experience includes assignments as Country Manager in Omar and Saudi Arabia, and as Business Executive Manager, Confectionery for Nestlé Middle East.

5. Mr. Ricardo Chavez (Mexican) is a non-executive director of the Company and the Head of Finance and Control of Nestlé Central, Western and East Africa Region. 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 before his current appointment as the Head of Finance and Control of Nestlé Central, Western and East Africa Region on 1st February 2017. He was appointed to the Board on 1February 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 the law firm of Aluko & Oyebode. 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, CFAO Nigeria 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 23 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 in 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
Good Food, Good Life

Corporate Governance Report 2018

Corporate Governance Report 2018

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 10 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				
Name	1 March, 2018	22 May, 2018	27 July, 2018	29 October, 2018	Total
Mr. David Ifezulike	✓	✓	✓	✓	4
Mr. Mauricio Alarcon	✓	✓	✗	✓	3
Mr. Jagdish Singla	✓	✓	✓	✓	4
Mr. Kais Marzouki	✓	✗	AR	AR	1
Mr. Remy Ejel	NYA	NYA	✓	✓	2
Mr. Ricardo Chavez	✓	✓	✓	✓	4
Mr. Gbenga Oyebode	✓	✓	✓	✓	4
Mrs. Ndidi Nwuneli	✓	✓	✓	✓	4

✓ Present ✗ Absent with apologies AR Already resigned NYA Not yet appointed

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 2018 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. Remy Ejel (French) was appointed a non-executive director of Nestlé Nigeria Plc with effect from 1 July 2018. He holds a Bachelor of Science degree from the American University of Lebanon, specialising in Marketing and Business Administration. He was the Market Head of Nestlé Southern Africa Region where he led the successful transformation of the Region from 2016 before his current appointment as the Market Head of Nestlé Central, Western and East Africa Region with effect from 1 July 2018. He earlier worked in the Region from 2002 to 2005 leading the Diary category, and as Commercial Manager for Mali, Burkina Faso, Niger, Togo and Benin. He later worked as Assistant Regional Manager in the Zone, supporting all African countries for four years. Mr. Ejel's other experience includes assignments as Country Manager in Omar and Saudi Arabia, and as Business Executive Manager, Confectionery for Nestlé Middle East.

b) Mr. Gbenga Oyebode (MFR) 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 the law firm of Aluko & Oyebode. 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, CFAO Nigeria 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.

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 01/03/2018 and 22/05/2018, and discharged their responsibilities excellently in 2018.

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. Meetings of the Committee were held on 01/03/2018 and 29/10/2018, and the Committee discharged their responsibilities excellently in 2018.

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 their responsibilities excellently.

Remuneration Committee Members and attendance at meetings

	Date of Meeting		
Name	1 March, 2018	22 May, 2018	Total
Mr. David Ifezulike	✓	✓	2
Mr. Kais Marzouki	✓	✗	1
Mr. Ricardo Chavez	✓	✓	2
Mr. Remy Ejel *	NYA	NYA	-

✓ Present ✗ Absent with apologies * Appointed with effect from 29 October 2018 NYA Not yet appointed

Risk Management Committee Members and attendance at meetings

	Date of Meeting		
Name	1 March, 2018	29 October, 2018	Total
Mr. Gbenga Oyebode	✓	✓	2
Mr. Ricardo Chavez	✓	✓	2
Mr. Jagdish Singla	✓	✓	2

✓ Present

Statutory Audit Committee Members and attendance at meetings

	Date of Meeting				
Name	1 March, 2018	26 April, 2018	27 July, 2018	29 October, 2018	Total
Mr. Matthew Akinlade	✓	✓	✓	✓	4
Mr. Christopher Nwaguru	✓	✓	✓	✓	4
Alhaji Kazeem Owonikoko Bello	✓	✓	✓	✓	4
Mr. Ricardo Chavez	✓	✓	✓	✓	4
Mr. Gbenga Oyebode	✓	✗	✓	✓	3
Mrs. Ndidi Nwuneli	✓	✓	✓	✓	4

✓ Present ✗ Absent with apologies

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

Our Company is one of the Corporate Governance Rating System (CGRS) certified listed companies in Nigeria after successfully completed the 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 directors' 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 are 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.

Nigerian Code of Corporate Governance 2018

The Financial Reporting Council of Nigeria unveiled the Nigerian Code of Corporate Governance 2018 on 15 January 2019. Thereafter, the Minister of Industry, Trade and Investment published the Regulation on Adoption and Compliance with the Code stating that all affected entities shall report on the application of the Code in their annual reports for financial years ending after 1 January, 2020 in the form and manner prescribed by the Financial Reporting Council of Nigeria. We will report on the application of the Code in the financial year stated in the Regulation.

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: 11021 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; work alongside partners including the IFCD 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 and organize 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 facilities at Agbara and Flowergate factories.

The facilities ensure 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 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, Greenwich Registrars & Data Solutions Limited, with their bank accounts and CSCS numbers. We request our shareholders to use the recently launched e-dividend payment portal that will serve as 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 or compact disk to be sent to them by post.

Independent Auditors

The Company's auditors are Messrs. Deloitte & Touche.

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 28 May 2019.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 116 and 117 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) Ernst & Young, the transfer pricing consultants of the Company, gave opinion that the method and procedure in (iv) above 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 Ernst & Young 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

Table Of Contents

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.

Further, 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).

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 and 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:
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos,
P.M.B. 12717 Apapa, Lagos
Telephone: +234 1 2793160-2
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 Accounts.

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

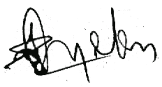
Nestlé may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback.

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



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Company Secretary/Legal Adviser

Greenwich Registrars and Data Solutions Limited

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 Greenwich Registrars & Data Solutions 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 Greenwich Registrars & Data Solutions Limited 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

BENIN BRANCH
5 Forestry Road Benin City Edo State Tel: 08159594382

IBADAN BRANCH
Omoor House Opposite Palms Shopping Mall Ring Road Oyo State. Tel: 08159594384

KANO BRANCH
1st Floor 37 Niger Street Murtala Mohammed Way Kano, Kano State. Tel: 08159594383

OWERRI BRANCH
Union Bank Building Owerri-Port Harcourt Road Owerri, Imo State
Tel: 08159594388

PORT HARCOURT BRANCH
No 26 Aba Road, Opp. Oando filling station Port Harcourt, Rivers State. Tel: 08159594386

Annual Report
And Financial Statements

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Financial Highlights

For the year ended 31 December 2018

In thousands of Naira	2018	2017	Increase/decrease %
Revenue	266,274,621	244,151,411	9%
Profit before income tax	59,750,846	46,828,682	28%
Profit for the year	43,008,026	33,723,730	28%
Declared dividend*	37,651,172	19,816,406	90%
Share capital	396,328	396,328	-
Total equity	50,220,486	44,878,177	12%
Data per 50k share			
Basic earnings	N54.26	N42.55	
Declared dividend	N47.50	N25.00	
Net assets	N63.36	N56.62	
Dividend per 50k share in respect of current year results only			
Interim dividend declared	N20.00	N15.00	
Final dividend proposed**	N38.50	N27.50	
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	1,485.00	1,555.99	-5%
Number of shares issued ('000)	792,656	792,656	-
Market capitalisation at 31 December (N: million)	1,177,095	1,233,365	-5%

* Declared dividend represents the interim dividend declared during the year (N20.00) and final dividend proposed (N27.50) for the preceding year but declared during the current year.

** The directors proposed a final dividend of N38.50 (N34.20 from the profit for the year ended 31 December 2018 and N4.30 from the after tax profit for the year ended 31 December, 2009) (2017:N27.50) per share on the issued share capital of 792,656,252 (2017:792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

Directors' Report

For the year ended 31 December 2018

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 2018.

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:

	2018 N'000	2017 N'000
Revenue	266,274,621	244,151,411
Results from operating activities	60,640,731	55,698,373
Profit before income tax	59,750,846	46,828,682
Profit for the year	43,008,026	33,723,730
Total comprehensive income for the year	43,008,026	33,723,730

4. Dividend

The Directors recommend the payment of a final dividend of N38.50 (2017: N27.50) per share having earlier declared an interim dividend of N20.00 (2017: N15:00 - 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) on the issued share capital of 792,656,252 (2017:792,656,252) ordinary shares of 50k each. The proposed final dividend is composed of N34.20 from the profit for the year ended 31 December, 2018 and N4.30 from the after tax profit for the year ended 31 December, 2009. If the proposed dividend of N38.50 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	
		2018	2017
Mr. David Ifezulike - Chairman		56,255	56,255
Mr. Mauricio Alarcon (Mexican) - MD/CEO		Nil	Nil
Mr. Jagdish Singla (Indian)	1/1/2018	Nil	Nil
Mr. Remy Ejel (French)	1/7/2018	Nil	Nil
Mr. Kais Marzouki (German)	(30/6/2018)	Nil	Nil
Mr. Ricardo Chavez (Mexican)		Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil
Mrs. Ndidi Okonkwo Nwuneli		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 24(a)(iv) 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 2018 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings

			Number of shareholders	%	Number of shares	%
1	-	5,000	25,511	88.69	21,302,538	2.69
5,001	-	10,000	1,599	5.56	10,954,998	1.38
10,001	-	50,000	1,303	4.53	26,044,344	3.29
50,001	-	100,000	153	0.53	10,350,212	1.31
100,001	-	500,000	135	0.47	30,524,135	3.85
500,001	-	1,000,000	24	0.08	17,830,676	2.25
1,000,001	-	5,000,000	27	0.09	58,461,812	7.38
5,000,001	-	10,000,000	7	0.02	46,502,304	5.87
10,000,001		and above	3	0.01	46,125,774	5.82
			28,762	99.997	268,096,793	33.82
Nestlé S.A, Switzerland *			1	0.003	524,559,457	66.18
			28,763	**100**	**792,656,252**	**100**

Apart from Nestlé S.A, Switzerland, with 524,559,457 ordinary shares (representing 66.18%) and Stanbic IBTC Nominees Limited with 8.37%, no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2018.

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 N33,965,000 (2017: N2,088,000) and analysed as follows:

	2018 N'000
Nestle for Kids rehabilitation project in Ogun State	13,520
Nestle for Healthy kids School rehabilitation project - Abaji	10,645
Community water projects in Flowergate	9,800
	33,965

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. 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

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 137 and 138 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 006577 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. The approval is for a period of three (3) years with effect from 1st January 2018 to 31st December 2020.

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 (2017: 18) physically challenged persons in its employment as at 31 December 2018.

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. We also have good clinics in our other facilities

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.

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 as at 2018 is forty-six (46). The cost of the training was fully paid by our Company. The success of the NTCC in our Agbara factory has spurred us on to replicate and adapt the NTCC model in our Nestle Waters factory in Abaji.

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. 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 batches are in full time employment with other organizations.

The current fourth batch of twenty students comprising eighteen(18) males and two(2) females were admitted into the training school on 10 July ,2017 for another 18 months programme. They have completed City and Guilds of London Levels 3 ,4 and 5 examinations as at December 2018 and are currently undergoing a 3 month practical exposure within the factory departments.

This NTTC 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 (resigned 30/6/2018) , Mr. Remy Ejel (appointed on 29/10/2018) 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 22 May 2018. 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 Singla served on the committee.

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 25 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 22,25,29 and 34 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 Communication	Human Rights & Labour Practices in our business activities	Leadership and personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

a. Nutrition, Health and Wellness

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

b. Quality Assurance and Product Safety

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

c. Consumer Communication

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

d. Human Rights in Our Business Activities

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

e. Leadership and Personal Responsibility

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

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

f. Safety and Health at Work

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

We have Clinics in our Factories, Distribution Centre and Head Office. The Clinics at the factories operate 24 hours service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. 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.

k. Number, diversity, training initiatives and development of employees

As at 31 December 2018, the staff strength of the Company was 2187 (2017: 2,201). 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 18 (2017: 22) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Switzerland, Senegal, Dubai, South Africa, Indonesia and Germany in order to give them the required exposure to enable them take up higher responsibilities.

l. 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 2018

As in previous years, Nestlé Nigeria distinguished itself in 2018 as best in class amongst its peers, receiving multiple awards for Good Corporate Governance and 2018 Highest Return on Equity. The recognitions came from the Performance Earnings and Returns Leadership (PEARL) and the Institute of Directors Nigeria (IOD).

The Company received other awards in 2018 including:

BusinessDay top 25 CEOs awards - Our MD, Mauricio Alarcon, was honored as one of the top 25 CEOs in Nigeria.

Capital Market Correspondents Association of Nigeria (CAMCAN) Awards - Best Return on Investment Stock (Consumer Goods Sector) on the NSE and 2018 Best Return on Investment Overall on the NSE

ADVAN Awards - Marketing Excellence 2018 - New Brand Category Winner (MILO)

National Industry Safety Council of Nigeria, Ogun State Branch - Special OSH Safety and Health Award 2018 for the Agbara Factory.

SERAS Award – 2018 Best Company in Stakeholder Engagement.

25. Independent Auditors

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 Act, CAP C20 , Laws of the Federation of Nigeria, 2004.

Dated this 4th day of March 2019.
BY ORDER OF THE BOARD

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

Audit Committee Members

for the year ended 31 December 2018

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 Industrial Avenue, Ilupeju
P.M.B 21164, Ikeja, Nigeria

Telephones: 01-279884, 2798168,
2790707

REPORT TO THE MEMBERS OF NESTLÉ NIGERIA PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Maters Act. (CAP. C20) Laws of the Federation of Nigeria, 2004, we have examined the Auditor's Report for the year ended 31 December 2018.

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 (Chartered Accountants), Management and staff of the Company in performing our duties.

Dated this 4th day of March, 2019.
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, Alh. K.O. Bello

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

Nestlé
Good Food, Good Life

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 2018, 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 fruad 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 2018 were approved by directors on 4th March, 2019

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

David Ifezulike (Chairman) FRC/2013/NIM/00000003355 4th March 2019	Mauricio Alarcon (Managing Director) FRC/2017/NIM/00000016043 4th March 2019	Jagdish Singla (Finance & Control Director) FRC/2018/ICAN/00000018560 4th March 2019

Deloitte.

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Civic Towers
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Victoria Island
Lagos
Nigeria

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 2018, 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 2018 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 financial statements in Nigeria. We have fulfilled 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 a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Impairment of property, plant and equipment	
As disclosed in Note 15, the impairment of property, plant and equipment amounted to N4.4 billion for the year, whilst the carrying value of property, plant and equipment was N73.4 billion as at 31 December 2018. Significant judgements were made by Directors in assessing the impairment of property, plant and equipment, which was determined using value in use, based on the discounted cash flow model for the assets, which resulted from impairment triggers noticed by the Directors. Accordingly, for the purposes of our audit, we identified the impairment of property, plant and equipment as significant in the audit of the company's financial statements. The Directors' judgements and assumptions with the most significant impact on the cash flow forecast were: • The growth rate, which is highly subjective since it is based on the directors' experience and expectations rather than observable market data. The growth rates are estimated for the products produced by each asset impaired. • The estimated cashflows which are based on growth rate assumptions. • The discount rate, which is based on the weighted average cost of capital. (Refer to Note 5.2.3 of the financial statements) In evaluating the impairment of property, plant and equipment, we reviewed the value in use calculations prepared by the directors, with a particular focus on the growth rate, discount rate and cashflow projections. We performed various procedures, including the following:	• Testing the entity's controls relating to the preparation of the cash flow forecasts. • Involving our Internal Specialists to assist with the testing of the weighted average cost of capital, discount rate and estimated cash flow. The specialist's procedures included: i. Considering the appropriateness of the valuation methodology adopted by management for the purpose of impairment of assets. ii. Testing of inputs into cash flow forecast against historical performance and in comparison to the director's strategic plans in respect of the assets being impaired. iii. Comparing the growth rates used to historical data regarding economic growth rates for the property, plant and equipment impaired. iv. Re-computation of the value in use of each asset being impaired. v. Performing sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use and the appropriateness of the directors' disclosures. The judgements, estimates and assumptions used by the Directors in the determination of the discount rate, growth rate and cash flow projections were found to be reasonable. Our audit review, including the review of our firm's experts, in respect of the impairment assessment did not result in any material misstatements.

Other Information

The director are responsible for the other information. The other information comprises the Directors ' Reports, 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.

Deloitte.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements, whether due to fraud or error, design and perform audit procedures 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 of 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 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.

We communicated 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 provided 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 regulations precludes public disclosures 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.

Deloitte.

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 explanations which to the best of our knowledge and belief 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.

Stella Mba ACA – FRC/2013/ICAN/00000001382
For Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
4 March, 2019

Statement of Profit or Loss and Comprehensive Income

For the year ended 31 December 2018
Together with Directors' and Auditor's Reports

Nestlé *Good Food, Good Life*

In thousands of naira

	NOTES	2018 NGN	2017 NGN
Revenue	9	266,274,621	244,151,411
Cost of sales	11(b)	(152,354,445)	(143,280,260)
Gross Profit		113,920,176	100,871,151
Marketing and distribution expenses	11(b)	(43,489,890)	(35,157,152)
Administrative expenses	11(b)	(9,789,555)	(10,015,626)
Results from operating activities		60,640,731	55,698,373
Finance income		1,716,889	6,239,371
Finance costs		(2,606,774)	(15,109,062)
Net finance cost	10	(889,885)	(8,869,691)
Profit before income tax	11	59,750,846	46,828,682
Income tax expense	13(a)	(16,742,820)	(13,104,952)
Profit for the year		**43,008,026**	**33,723,730**
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**43,008,026**	**33,723,730**
Profit for the year is attributable to: Owners of the company		**43,008,026**	**33,723,730**
Total comprehensive income for the year is attributable to: Owners of the company		43,008,026	33,723,730
Earnings per share		NGN	NGN
Basic earnings per share	14 (a)	54.26	42.55
Diluted earnings per share	14 (b)	54.26	42.55

The accompanying notes to the financial statements and other National disclosures form an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 December 2018

Together with Directors' and Auditor's Reports

Nestlé
Good Food, Good Life

In thousands of naira	Notes	2018	2017
Assets			
Property, plant and equipment	15	73,365,523	72,377,943
Long term receivables	17	2,237,105	1,921,232
Long Term Prepayments	18	3,997,477	234,170
Total non-current assets		**79,600,105**	**74,533,345**
Inventories	20	23,124,020	23,910,303
Right of return assets	21	351,995	-
Trade and other receivables	22	42,175,062	31,430,450
Contract Assets	9.2	93,179	-
Prepayments	18	1,228,025	1,791,176
Cash and cash equivalents	23	15,762,036	15,138,854
Total current assets		82,734,317	72,270,783
Total assets		**162,334,422**	**146,804,128**
Equity			
Share capital	24 (a)(ii)	396,328	396,328
Share premium	24 (a)(iii)	32,262	32,262
Share based payment reserve	24 (a)(iv)	154,788	147,236
Retained earnings		49,637,108	44,302,351
Total Equity		**50,220,486**	**44,878,177**
Liabilities			
Loans and borrowings	25	5,921,494	9,564,664
Employee benefits	26	2,700,673	2,275,921
Deferred tax liabilities	19	11,374,268	10,404,871
Total non- current liabilities		**19,996,435**	**22,245,456**
Trade and other payables	29	60,384,454	45,668,363
Contract liabilities	30	3,858,793	3,387,261
Refund liabilities	21	615,211	-
Bank Overdraft	23	1,393,678	3,714,087
Current tax liabilities	13(b)	23,629,987	15,098,670
Loans and borrowings	25	1,026,458	10,913,246
Provisions	28	1,208,920	898,868
Total current liabilities		**92,117,501**	**79,680,495**
Total liabilities		112,113,936	101,925,951
Total equity and liabilities		**162,334,422**	**146,804,128**

The financial statements were approved by the Board of Directors, authorised for issue on 4 March 2019 and signed on its behalf by:

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

Mauricio Alarcon
Managing Director
FRC/2017/NIM/00000016043

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

The accompanying notes to the financial statements and other National disclosures form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

Together with Directors' and Auditor's Reports

In thousands of naira

	Note	Share capital	Share premium	Share based payment reserve	Total equity	Retained earnings
Balance as at 31 December 2017		396,328	32,262	147,236	44,302,351	44,878,177
Adjustment on initial application of IFRS 9, net of tax		-		-	(10,100)	(10,100)
Adjustment on initial application of IFRS 15, net of tax					(89,162)	(89,162)
As at 1 January 2018 (restated)		**396,328**	**32,262**	**147,236**	**44,203,089**	**44,778,915**
Profit for the year						
Profit for the year		-	-	-	43,008,026	43,008,026
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**43,008,026**	**43,008,026**
Transactions with owners, recorded directly in equity						
Dividend to equity holders	24 (b) (i)	-	-	-	(37,651,172)	(37,651,172)
Unclaimed dividend written back	24 (b) (ii)	-	-	-	77,165	77,165
Share based payment contribution	24 (a) (iv)			80,326	-	80,326
Share based payment recharge		-	-	(72,774)	-	(72,774)
Balance as at 31 December 2018		**396,328**	**32,262**	**154,788**	**49,637,108**	**50,220,486**
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
Total comprehensive income		**-**	**-**	**-**	**33,723,730**	**33,723,730**
Transactions with owners, recorded directly in equity						
Dividend to equity holders	24 (b) (i)	-	-	-	(19,816,406)	(19,816,406)
Unclaimed dividend written back	24 (b) (ii)	-	-	-	72,022	72,022
	24 (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**

The accompanying notes to the financial statements and other National disclosures form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

Together with Directors' and Auditor's Reports

Nestlé
Good Food, Good Life

In thousands of naira	Notes	2018	2017
Cash flows from operating activities			
Profit for the year		43,008,026	33,723,730
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	15	11,354,763	6,485,547
Net foreign exchange differences	10	96,069	11,168,652
Net finance cost/(income)	10	793,815	(2,298,961)
Equity settled share based payment transactions	24a(iv)	80,326	78,832
Provisions for other long term employee benefits	26	699,084	556,369
Loss/(Gain) on disposal of property, plant and equipment		358,819	(19,281)
Income tax expense	13(a)	16,742,820	13,104,952
		73,133,722	**62,799,840**
Change in long term receivables		(315,873)	(242,981)
Change in Long term prepayments		(3,763,307)	(234,170)
Change in inventories		786,284	(3,272,553)
Change in right of return assets		(209,526)	-
Change in trade and other receivables		(10,833,138)	(7,395,039)
Change in contract asset		(50,002)	-
Change in prepayments		563,151	(79,334)
Change in trade and other payables (excluding dividend payable)		21,696,280	(23,944,368)
Change in contract liabilities		471,532	22,016
Change in refund liabilities		372,116	-
Change in provisions		310,052	302,121
Cash generated from operating activities		**82,161,291**	**27,955,532**
Income tax paid	13 (b)	(7,195,394)	(8,277,383)
Other long term employee benefit paid	26	(274,332)	(384,192)
Share based payment recharge paid	24a(iv)	(72,774)	(58,076)
Net cash in flow from operating activities		**74,618,791**	**19,235,881**
Cash flow from investing activities			
Finance income	10	1,716,889	6,239,371
Proceeds from sale of property, plant and equipment		26,138	42,931
Acquisition of property, plant and equipment	15	(12,727,302)	(8,715,614)
Net cash used in investing activities		**(10,984,275)**	**(2,433,312)**
Cash flow from financing activities			
Proceeds from loans obtained - Intercompany loan	25 c	-	4,886,800
Repayments of borrowings - Intercompany loan	25 c	(12,543,788)	(41,241,015)
Repayments of borrowings - Bank loan	25 c	(1,114,742)	(1,502,620)
Finance cost paid		(2,478,200)	(7,289,033)
Dividends paid	24(b)	(44,554,195)	(11,428,504)
Net cash used in financing activities		**(60,690,925)**	**(56,574,372)**
Net increase/(decrease) in cash and cash equivalents		2,943,591	(39,771,803)
Cash and cash equivalent at January 1		11,424,767	51,196,570
Cash and cash equivalent at December 31	**23**	**14,368,358**	**11,424,767**

The accompanying notes to the financial statements and other National disclosures form an integral part of these financial statements.

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2018

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Notes to the Financial Statements

For the year ended 31 December 2018

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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) 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 4 March 2019.

(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 policies and disclosures

The Company applied IFRS 9 and IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described in Note 4.1.

This change in accounting policies was applied in accordance with transitional requirements of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contract with customers).

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

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

I) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognised in profit or loss and is included in the "finance income – interest.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost (trade receivables and short-term deposits). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument."

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations."

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

• an actual or expected significant deterioration in the operating results of the debtor;

• significant increases in credit risk on other financial instruments of the same debtor;

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations."

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations."

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.
The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due."

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor; or

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit￾impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(iv) Write off policy

The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when all economic attempts to recover the outstanding amount have failed or when the period within which the debt can be legally enforced has expired or unable to locate debtor or debtor passed away leaving no asset, whichever occurs sooner."

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.
The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

II) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities measured subsequently at amortised cost.

Financial liabilities that are not:

(i) contingent consideration of an acquirer in a business combination,
(ii) held for trading, or
(iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method."

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest (EIR) amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
This category generally applies to interest-bearing loans and borrowings.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.
The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

(1) the carrying amount of the liability before the modification; and
(2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses."

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

lll) 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:

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 - (IAS 17)

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:

Inventories	
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 of 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 Defined contribution gratuity scheme

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

2 Pension fund scheme

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. Contigent 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 contracts with customers IFRS 15
Sale of goods

The Company is into manufacturing, marketing and distribution of food products including purified water. Sales are recognized when control of the products has transferred to the customer. Sales occur when the products have been shipped to the specific location, and either the Distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied."

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and trade incentives. The rights of return and trade incentives give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Trade Incentives

The Company provides incentives to all customers on the achievement of the performance criteria on the signed incentive guide. Incentives are credited to the customer's account, available for purchase of products. To estimate the variable consideration for the expected future incentives, the Company applies the maximum achievement criteria of set targets. The Sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a liability for the expected future incentives.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.
The Company updates its estimates of refund liabilities and the corresponding change in the transaction price at the end of each reporting period. Refer to above accounting policy on variable consideration."

Cost to obtain a contract

The Company pays sales commission to its employees for certain contracts that they obtain for sales of products. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under personnel expenses) because the amortisation period of the asset that the Company otherwise would have used is one year or less."

m. Advance payment to contractors

Advance payments represents 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.

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 Changes in accounting policies and disclosures

Changes in accounting policies and disclosures from new and amended standards adopted in current year

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below;

(i) Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 introduced a 5 step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related Interpretations.

The effect of adopting IFRS 15 as at 1 January 2018 was, as follows:

Notes to the Financial Statements

For the year ended 31 December 2018

In thousands of naira	Reference	Increase/(decrease)
Assets		
Contract Asset	c	43,177
Right of return assets	a	142,470
Trade receivables	a	(73,673)
Total assets		**111,974**
Liabilities		
Deferred tax liabilities	a, c	(41,959)
Trade and other payables	a, b	(3,387,261)
Refund liabilities	a	243,095
Contract liabilities (current)	a, b	3,387,261
Total liabilities		**201,136**
Total adjustment on equity:		
Retained earnings	c	(89,162)
		(89,162)

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Statement of profit or loss for the year ended 31 December 2018

		Amounts prepared under		
In thousands of naira	**Reference**	**IFRS 15 NGN**	**Underprevious IAS 18**	**"Increase/ (decrease) "**
Revenue	a, c	266,274,621	266,735,920	(461,299)
Cost of sales	a, c	(152,354,445)	(152,613,972)	(259,527)
Gross profit		**113,920,176**	**114,121,948**	**(201,772)**
Marketing and distribution expenses		(43,489,890)	(43,489,890)	-
Administrative expenses		(9,789,555)	(9,789,555)	-
Results from operating activities		**60,640,731**	**60,842,503**	**(201,772)**
Finance income		1,716,889	1,716,889	-
Finance costs		(2,606,774)	(2,606,774)	-
Net finance cost		**(889,885)**	**(889,885)**	**-**
Profit before income tax		59,750,846	59,952,618	(201,772)
Income tax expense	c	(16,742,820)	(16,807,387)	(64,567)
Profit for the year		**43,008,026**	**43,145,231**	**(137,205)**
Earnings per share				
Basic earnings per share		54.26	54.43	
Diluted earnings per share		54.26	54.43	

Statement of Financial Position As At 31st December 2018

	Reference	Amounts prepared under		
		IFRS 15	Under previous IAS 18	Increase/ (decrease)
In thousands of naira				
Assets				
Right of Return Asset	a	351,995	-	351,995
Contract Assets	a, c	93,179	-	93,179
Trade and other receivables	a	42,175,062	42,337,918	(162,856)
Total current assets		82,734,317	82,451,999	282,318
Total assets		**162,334,422**	**162,052,104**	**282,318**
Equity				
Retained earnings	c	49,637,108	49,863,475	(226,367)
Total Equity		50,220,486	50,446,853	(226,367)
Liabilities				
Deferred Tax	c	11,374,268	11,374,268	-
Total non- current liabilities		**19,996,435**	**19,996,435**	**-**
Contract liabilities	a,b	3,858,793	-	3,858,793
Refund liabilities	a	615,211	-	615,211
Trade and other payables	a,b	60,384,454	64,243,247	(3,858,793)
Current tax payable		23,629,987	23,736,513	(106,526)
Total current liabilities		**92,117,501**	**91,608,816**	**508,685**
Total liabilities		**112,113,936**	**111,605,251**	**508,685**
Total equity and liabilities		**162,334,422**	**162,052,104**	**282,318**

Reconciliation of movement in retained Earnings	
IFRS 15 adjustment to relating to balance as at 1 January, 2018	(89,162)
IFRS 15 adjustment relating to balance as at 31 December, 2018	(137,205)
Total IFRS 15 impact on retained earnings as at 31 December, 2018	**(226,367)**

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(a) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with a right of return and trade incentives. Before adopting IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and sales returns. If revenue could not be reliably measured, the Company deferred recognition of revenue until the uncertainty was resolved. Under IFRS 15, rights of return and sales incentive give rise to variable consideration.

• Rights of return

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. Upon adoption of IFRS 15, the remeasurement resulted in Refund liabilities of N243 million and Right of return assets N142million as at 1 January 2018. As a result of these adjustments, deffered tax asset increased by N32.2 million and Retained earnings as at 1 January 2018 decreased by N68.4 million. As at 31 December 2018, IFRS 15 increased Right of return assets and Refund liabilities by N352 million and N615 million, respectively. As a result of this adjustment, tax expense decreased by N84.2 million and retained earnings decreased by N179 million net of tax.

• Trade Incentives

Before adoption of IFRS 15, The Company provides incentives to certain customers on the achievement of the performance criteria on the signed incentive guide. Incentives are credited to the customer's account, available for purchase of products. Unpaid portion of trade incentive as at the end of a financial year was accounted for as part of trade and other payables in the Financial Statements.

Under IFRS 15, trade incentives give rise to variable consideration. To estimate the variable consideration for the expected future incentives, the Company applies the maximum achievement criteria of set targets. The Sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a liability for the expected future incentives. Upon adoption of IFRS 15, the Company reclassified the outstanding incentives included in Trade and other payables of N2,470 million as at 1 January 2018 to contract liabilities.

As at 31 December 2018, N2,704 million was reclassified from trade and other payables to contract liabilities in respect of unsettled incentives.

(b) Advances received from customers

Cash Customers pay purchase consideration to the Company before the transfer of goods to the customer. Before the adoption of IFRS 15, the Company presented these advances as part of trade and other payable in the statement of financial position and no interest was accrued on the advances received. Under IFRS 15, the Company concluded that contract liability should be recognised for amount received as advances from customer for which goods are yet to be transferred. Upon the adoption of IFRS 15, the Company reclassified N917 million from trade and other payables (current) to Contract liabilities (current) as at 1 January 2018 in respect of advances received from Customers. As at 31 December 2018, N1,154 million was reclassified from trade and other payables to contract liabilities in respect of advances from customers.

(c) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as deferred taxes, trade receivables, contract assets and retained earnings were adjusted as necessary.

ii. Impact of application of IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the

In thousands of naira	Adjustments	1 January 2018
Assets		
Trade and other receivables	b	(14,853)
Total assets		**(14,853)**
Liabilities		
Deferred tax liabilities	c	(4,753)
Total Liabilities		**(4,753)**
Total adjustment on equity:		
Retained Earnings	c	(10,100)
		(10,100)

The nature of these adjustments are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Company's financial assets:

Trade receivables and Other non-current financial assets (i.e., Loan to key management personnel and Loan to staffs) classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

The Company has not designated any financial liabilities at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018.

		IFRS 9 measurement category
In thousands of Naira		Amortised cost
IAS 39 measurement category		
Loans and receivables		
Trade and other receivables	note 9.2	**31,341,924**
		31,341,924

* The change in carrying amount is a result of IFRS 15 adjustment and additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Company recognised additional impairment on the Company's Trade and other receivables of N14.9 million, which resulted in a decrease in Retained earnings of N10.1 million (net of tax) as at 1 January 2018.

In thousands of naira			
	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
Loans and receivables under IAS 39/ Financial assets at amortised cost under IFRS 9:			
Trade and other receivables	3,521,115	14,853	3,535,968

(c) Other adjustments

In addition to the adjustments described above, other items such as deferred taxes and retained earnings were adjusted as necessary upon adoption of IFRS 9 as at 1 January 2018.

4.2 Other New and amended Standards effective in the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments did not have any significant impact on the Company.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.
An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments are not applicable to the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Deletion of short-term exemptions for first-time adopters

• Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

• The amendment is effective from 1 January 2018. This amendment is not applicable to the Company.
These amendments did not have any significant impact on the Company.

IAS 28 Investments in Associates and Joint Ventures -Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice

The amendments clarifies that:
- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.
• The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. This amendment is not applicable to the Company.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when onsideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non‑monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Company's current practice is in line with the Interpretation, there was no significant impact on the Company's financial statements."

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. This amendment has no significant effect on the Company's Financial Statement.

4.3 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
"Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
The main effect to the Company is the increase of N4.4 billion in property plant and equipment and a corresponding decrease in prepayment. Management do not expect a significant impact in liabilities or net profit as all rentals are prepaid and there is currently no right of renewal in any of the Company's leases. The preliminary assessment indicates that N148 million of the Company's lease arrangements relate to short term leases and leases of low-value assets.The Company is currently finalising the precise impact of this new standard.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

IFRS 17 Insurance Contracts

"The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.
For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

"The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests.
Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019.
Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:
• determine whether uncertain tax positions are assessed separately or as a group; and
• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

– If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
– If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.
The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.
The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

"The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.
The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied.

The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.
The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements."

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 11 Joint Arrangements

"The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.
The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements.

IAS 12 – Income taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its

Significant accounting judgements, estimates and assumptions

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:

5.1 Critical accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

• Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.
The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.
Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

• Determining the timing of satisfaction of sales of goods

The Company concluded that revenue for sales of goods is to be recognised as a point in time; when the customer obtains control of the goods. The Company assess when control is transfer using the indicators below:

• The Company has a present right to payment for the goods;

• The Company has transferred physical possession of the asset ;

• The customer has the significant risks and rewards of ownership of the goods; and

• The customer has accepted the asset

5.2 Key sources of estimation uncertainty

5.2.1 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 26.

5.2.2 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 2018 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.

5.2.3 Impairment testing

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available unobservable inputs that are developed based upon the best information available under the circumstances, which might include the Company's own data less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next fifteen years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs is disclosed and further explained in Note 15b.

5.2.4 Provision for expected credit losses (ECL)of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Company’s trade receivables is disclosed in Note 31(aii).

5.2.5 Estimating variable consideration for returns

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and trade incentives.
The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each year to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.
The Company’s expected trade incentives are analysed on a per customer basis. Determining whether a customer will be likely entitled to trade incentive will depend on the customer’s historical incentive entitlement and accumulated performance to date.

Company applied a statistical model for estimating expected trade incentives. The model uses the historical purchasing patterns and incentive entitlement of customers to determine the expected incentive percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and incentive entitlements of customers will impact the expected incentive percentages estimated by the Company.

The Company updates its assessment of expected returns periodically and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company’s past experience regarding returns may not be representative of customers’ actual returns in the future. As at 31 December 2018, the amount recognised as refund liabilities for the expected returns is as astated in note 21

5.2.6 Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 31(ii).

- A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as: Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

6 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®, SMA®, NAN®, LACTOGEN®, AND GOLDEN MORN™
Beverages	This includes the production and sale of MILO®, CHOCOMILO®, NIDO®, NESCAFE®, MILO®, Ready-to-Drink (RTD) 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 in Note 7.

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.

7 Information about reportable segment

In thousands of Naira	Food		Beverage		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
External Revenues	168,171,774	154,226,251	98,102,847	89,925,160	-	-	266,274,621	244,151,411
Interest revenue	-	-	-	-	1,716,889	6,239,371	1,716,889	6,239,371
Interest expense	-	-	-	-	(2,606,774)	(15,109,062)	(2,606,774)	(15,109,062)
Depreciation	(4,442,657)	(4,123,574)	(2,463,630)	(2,361,973)	-	-	(6,906,287)	(6,485,547)
Impairment loss	(1,036,584	-	(3,411,892)	-	-	-	(4,448,476)	-
Reportable segment profit before income tax	41,235,697	38,596,540	19,405,034	17,101,833	(889,885)	(8,869,691)	59,750,846	46,828,682

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	**2018**	**2017**
Total profit or loss for reportable segments	60,640,731	55,698,373
Other corporate expenses and income	(889,885)	(8,869,691)
Profit before income tax	*59,750,846*	*46,828,682*

Other material items 2018
There are no significant reconciling items between other material items for the reportable segments and Company total.

8 Geographical information

In thousands of naira	**2018**		**2017**	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Nigeria	262,804,669	79,600,105	241,122,642	74,299,175
Niger	1,481,007	-	135,773	-
Chad	-	-	-	-
Togo	66,463	-	-	-
Ghana	1,686,124	-	2,648,664	-
Senegal	-	-	-	-
Guinea	-	-	-	
Other countries	*236,358*	-	244,332	-
Total revenue from contracts with customers	*266,274,621*	*79,600,105*	**244,151,411**	**74,299,175**

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	2018	2017
Nigeria	262,804,669	241,122,642
Export	3,469,952	3,028,769
Total Revenue	**266,274,621**	**244,151,411**

9.1 Disaggregated revenue information

	For the year ended 31 December 2018		
Goods transferred at a point in time	Food	Beverage	Total
Total Revenue	**168,171,774**	**98,102,847**	**266,274,621**

Disaggregation of revenue—quantitative disclosure
The Company has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker (CODM) in order to evaluate the financial performance of the entity.

The Company determines that the categories used in the investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

9.2 Contract balances

	31 December 2018	1 January 2018
In thousands of Naira		
Trade and other receivables (Note 22)	42,175,062	31,341,924
Contract assets	93,179	43,177
Contract liabilities (Note 30)	3,858,793	3,387,261

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. In 2018, N199,860 was recognised as provision for expected credit losses on trade receivables. As at 1 January, 2018, trade receivables was impacted by IFRS 15 (N73,673) and IFRS 9 (N14,853) bringing the balance to N31,341,924 (December 2017;N31,430,450) Contract liabilities include incentives yet to be paid to customers and advances received from cash customers. This amount was included in trade and other payables in prior year and have now been reclassified to contract liabilities in current year. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Upon adoption of IFRS 15 on 1 January, 2018, contract asset of N43,177 was recognised, this amount was not restated in the balance sheet but was directly adjusted in retained earnings.

9.3 Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon transfer of control to customers and payment is generally due within the customers credit days . Some contracts provide customers with a right of return and incentives which give rise to variable consideration subject to constraint.

10 Net finance cost

In thousands of naira	2018	2017
Interest income on bank deposits	1,716,889	6,239,371
Finance income	**1,716,889**	**6,239,371**
Interest expense on financial liabilities	(2,510,705)	(3,940,410)
Net foreign exchange loss	(96,069)	(11,168,652)
Finance expense	**(2,606,774)**	**(15,109,062)**
Net finance cost	**(889,885)**	**(8,869,691)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N1,130 million (2017: N2,233 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	2018	2017
Depreciation	15(a)	6,906,287	6,485,547
Impairment	15(a)	4,448,476	-
Auditor's remuneration		35,000	35,000
Directors' remuneration	12 (c)	313,438	289,531
Personnel expenses	12 (a)	23,506,643	22,758,609
Loss/(Gain) on property, plant and equipment disposed		358,819	(19,281)
Net foreign exchange loss	10	96,069	11,168,652
General licence fees	34(b)	9,934,947	9,204,212

(b) Expenses by nature			
In thousands of naira	**Note**	**2018**	**2017**
Depreciation	15(a)	6,906,287	6,485,547
Impairment loss on property, plant and equipment	15(a)	4,448,476	-
Auditor's remuneration		35,000	35,000
Personnel expenses	12(a)	23,506,644	22,758,609
General licence fees	34(b)	9,934,947	9,204,212
Raw materials and consumables		104,147,275	97,524,898
Distribution expense		9,761,273	8,698,034
Advertising		4,491,770	2,987,477
Sales Promotion		13,488,566	12,437,875
Factory overheads		15,028,619	16,218,612
Other expenses		13,885,033	12,102,775
		205,633,890	**188,453,039**
Summarised as follows:			
Cost of Sales		152,354,445	143,280,260
Marketing and distribution expenses		43,489,890	35,157,152
Administrative expenses		9,789,555	10,015,626
		205,633,890	**188,453,038**

12 Personnel expenses

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

In thousands of naira		**2018**	**2017**
Salaries, wages and allowances		12,300,255	11,322,223
Contributions to compulsory pension fund scheme		1,142,803	1,104,584
Contributions to defined contribution gratuity scheme		1,107,927	1,213,670
Employee short term bonus		944,879	1,470,175
Training, recruitment and canteen expenses		1,421,360	1,319,165
Medical expenses		572,134	495,828
Equity-settled share-based payment transactions	24(iv)	80,326	78,832
Other personnel expenses		5,936,960	5,754,132
	11	**23,506,644**	**22,758,609**

(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	2018 Number	2017 Number
1,400,001	-	1,600,000	-	22
1,600,001	-	1,800,000	20	8
1,800,001	-	2,000,000	-	-
2,000,001	-	2,500,000	74	12
2,500,001	-	3,000,000	98	110
3,000,001	-	3,500,000	119	230
3,500,001	-	4,000,000	264	509
4,000,001	-	4,500,000	408	287
4,500,001	-	5,000,000	158	193
5,000,001	-	7,000,000	567	402
7,000,001	and	above	479	428
			2,187	**2,201**

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

	2018 Number	2017 Number
Production	1,674	1,657
Supply chain	65	70
Sales and marketing	313	318
Administration	135	156
	2,187	**2,201**

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of Naira	**2018**	**2017**
Directors Emoluments:		
Non Executive directors	28,200	15,100
Executive directors	285,238	274,431
	313,438	**289,531**

The directors' emoluments shown above includes:

In thousands of Naira	**2018**	**2017**
Chairman	13,500	8,300
Highest paid director	210,478	169,616

Other directors received emoluments in the following ranges:

N		N	2018 Number	2017 Number
-	-	1,000,000	2	2
1,000,001	-	25,000,000	2	2
25,000,001	-	35,000,000	-	-
Above 35,000,000			1	1
			5	**5**

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	2018	2017
Current tax expense		
Current period income tax	15,008,378	7,364,786
Current period tertiary education tax	1,266,327	742,171
Reversal of over-provision of prior year tax	(547,994)	(220,538)
	15,726,711	7,886,419
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	1,016,109	5,218,533
Total income tax expense	**16,742,820**	**13,104,952**

(b) Current tax liabilities

In thousands of naira	2018	2017
Movement in current tax liabilities account during the year was as follows		
At 1 January	15,098,670	15,489,634
Charge for the year	15,726,711	7,886,419
Payments in the year	(7,195,394)	(8,277,383)
At 31 December	23,629,987	15,098,670

(c) Reconciliation of effective tax rate

In thousands of naira	2018	2018	2017	2017
Profit for the year		43,008,026		33,723,730
Total income tax expense		16,742,820		13,104,952
Profit excluding income tax		59,750,846		46,828,682
Income tax using the Company's domestic tax rate	30.00%	17,925,254	30.00%	14,048,605
Non-deductible expenses*	0.36%	213,970	0.12%	55,127
Tax exempt income	(0.68%)	(407,322)	0.00%	-
Tax incentives	(0.24%)	(140,827)	(0.48%)	(223,387)
Recognition of previously unrecognised tax credits	(2.23%)	(1,334,516)	(1.16%)	(545,066)
Other income related taxes	2.12%	1,266,327	1.58%	742,171
Prior year (over)/under provision of CIT	(0.92%)	(547,994)	(0.47%)	(220,538)
Tax effect of changes in pioneer tax relief status	0.00%	-	(1.96%)	(918,550)
Other tax differences	(0.39%)	(232,072)	0.36%	166,590
	28.02%	**16,742,820**	**27.98%**	**13,104,952**

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 N43,008,026 (2017: N33,723,730) and declared dividend of N37,651million (2017: N19,816 million) respectively and on 792,656,252 (2017: 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.

Revenue for the year which arose from sales of goods comprise:			
In thousands of naira	**Note**	**2018**	**2017**
		N'000	**N'000**
Earnings from continuing operations for the purpose of basic earnings per share		43,008,026	33,723,730
Earnings from continuing operations for the purpose of diluted earnings per share		43,008,026	33,723,730
		Number ('000)	Number ('000)
Weighted average number of ordinary shares as at 31 December	24	792,656	792,656
Basic (Naira)		54.26	42.55
Diluted (Naira)		**54.26**	**42.55**

(b) Diluted earnings per share of N54.26 (2017: N42.55) is based on the profit attributable to ordinary shareholders of N43,008,026 (2017: N33,723,730), and on the 792,656,252 (2017: 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, 2017: 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 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)
Reclassification		521,848	5,050,047	184,827	650,290	111,852	(6,518,866)	0
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
Balance at 1 January 2018		31,879,120	62,674,207	2,823,927	8,128,949	1,192,957	5,780,835	112,479,995
Additions		380,365	1,350,095	711,490	1,379,449	172,982	8,732,921	12,727,302
Disposals		(297,618)	(219,697)	(265,124)	(61,648)	(185,701)	-	(1,029,787)
Reclassification		632,821	2,356,469	247,649	1,698,536	220,640	(5,156,114)	(0)
Balance at 31 December 2018		32,594,688	66,161,074	3,517,942	11,145,286	1,400,878	9,357,642	124,177,510
Accumulated depreciation and impairment losses								
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 31st December 2017		5,645,971	25,724,018	1,619,024	6,091,795	1,021,245	-	40,102,053
Balance at 1 January 2018		5,645,971	25,724,018	1,619,024	6,091,795	1,021,245	-	40,102,053
Depreciation	11 (a)	819,408	4,141,967	507,644	1,244,304	192,965	-	6,906,288
Impairment		1,867,843	2,575,092	-	5,541	-	-	4,448,476
Disposals		(813)	(136,768)	(260,894)	(60,822)	(185,533)		(644,830)
Balance at 31st December 2018		8,332,409	32,304,309	1,865,774	7,280,818	1,028,677		50,811,987
Carrying amounts								
At 1 January 2017		**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**
At 31 December 2018		**24,262,279**	**33,856,765**	**1,652,168**	**3,854,468**	**372,201**	**9,357,642**	**73,365,523**

(b) Impairment loss recognised in property, plant and equipment

(i) Abaji Factory

In the current year, due to the low capacity utilisation of the Abaji water Factory when compared to the forecast, the Company tested the entire Factory for impairment and recorded an impairment of N3.4 billion in respect of the assets in the cash generating unit (CGU). Accordingly, management estimated the recoverable amount of the CGU in the year.

The recoverable amount was estimated based on the value in use of the asset using a discount rate of 17.2% . This impairment loss was recorded in the cost of goods sold in the statement of profit or loss and other comprehensive income.

(ii) Extruder

The impairment of this asset was triggered by the low capacity utilisation of the asset. The Company tested the CGU for impairment and an impairment loss of N995 million was recorded. The recoverable amount was determined based on its value in use using a discount rate of 19.5%. This impairment loss was recorded in the cost of goods sold in the statement of profit or loss and other comprehensive income.

(iii) Schmuker Line

The impairment of this asset was triggered by the low capacity utilisation of the asset. The Company tested the CGU for impairment and an impairment loss of N42 million was recorded. The recoverable amount was determined based on its fair value less cost of disposal. In determining the fair value less cost of disposal, management has used level 3 fair value hierarchy. The estimated cost of disposal (including dismantling costs) when set off against the selling price (fair value less costs of disposal)was considered negligible and determined to be zero.

This is based on the assumption that the asset will be sold via a broker for a minimal price, this reflects the most likely means of disposing the asset as at the date of assessment. This impairment loss was recorded in the cost of goods sold in the statement of profit or loss and other comprehensive income.

(c) 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	2018	2017
Cost	4,243,210	4,216,760
Additions	85,899	26,450
Disposal during the year	-	-
Accumulated depreciation	(1,444,271)	(1,212,150)
Carrying amount	2,884,838	3,031,060

(d) Capital Commitments

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

In thousands of Naira	2018	2017
Approved and contracted	3,422,287	5,097,267
Approved but not contracted	11,106,471	10,988,234
	14,528,758	16,085,501

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 2017		526,950
Balance at 31 December 2017		526,950
Balance at 1 January 2018		526,950
Balance at 31 December 2018		526,950
Amortisation		
Balance at 1 January 2017		526,950
Amortisation for the year		-
Balance at 31 December 2017		526,950
Balance at 1 January 2018		526,950
Amortisation for the year		-
Balance at 31 December 2018		526,950
Carrying amounts		
Balance at 1 January 2017		-
Balance at 31 December 2017		-
Balance at 31 December 2018		-

There were no additions or disposal during the year.

17 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:

	2018	2017
Long term Staff receivable	1,989,120	1,921,232
Amount receivable from Customers on account of trade assets deployed	247,985	-
	2,237,105	1,921,232

18 Prepayments

Prepayment comprises:

In thousands of Naira	2018	2017
Rent prepaid	4,497,437	524,370
Insurance prepaid	517,837	267,308
Other prepayment	210,228	1,233,668
	5,225,502	**2,025,346**

Prepayments are analysed into short and long term assets based on the period covered by the prepayment:

In thousands of Naira	2018	2017
Current Asset	1,228,025	1,791,176
Non-current Asset	3,997,477	234,170
	5,225,502	2,025,346

Other prepayment represents payments made for goods and services which will be consumed within the next financial year.

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-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Property, plant and equipment	-	-	12,760,600	13,647,062	12,760,600	13,647,062
Employee benefits	(864,215)	(728,295)	-	-	(864,215)	(728,295)
Unrealised exchange loss	(472,585)	(2,479,992)	-	-	(472,585)	(2,479,992)
Share based payment	(49,532)	(33,904)	-	-	(49,532)	(33,904)
Tax (asset)/liabilities	(1,386,332)	(3,242,191)	12,760,600	13,647,062	11,374,268	10,404,871
Net tax liabilities	**(1,386,332)**	**(3,242,191)**	**12,760,600**	**13,647,062**	**11,374,268**	**10,404,871**

Movement in temporary differences during the year

In thousands of Naira	Balance 1 January 2017	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2017	Effect of adoption of new accounting standards	Balance 1 January 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2018
Property, plant and equipment	12,132,646	1,514,416	-	13,647,062	-	13,647,062	(886,462)	-	12,760,600
Employee benefits	(435,194)	(293,101)	-	(728,295)	-	(728,295)	(135,920)	-	(864,215)
Unrealised exchange difference	(6,493,223)	4,013,231	-	(2,479,992)	-	(2,479,992)	2,007,407	-	(472,585)
Share based payment	(17,891)	(16,013)	-	(33,904)	-	(33,904)	(15,628)	-	(49,532)
Trade and other receivables	-	-	-	-	**(4,753)**	(4,753)	4,753	-	-
Right of return asset	-	-	-	-	**(41,959)**	(41,959)	41,959	-	-
	5,186,338	**5,218,533**	-	**10,404,871**	**46,712**	**10,358,159**	**1,016,109**	-	**11,374,268**

At 31 December 2018 (2017: Nil), there was no unrecognised deferred tax asset or liability.

20 Inventories

In thousands of Naira	2018	2017
Raw and packaging materials	8,112,500	10,888,704
Product in process	841,045	1,011,414
Finished products	6,797,789	8,005,726
Engineering spares	4,141,920	3,910,687
Goods in transit	3,230,766	93,772
	23,124,020	**23,910,303**

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 N104.147 billion (2017: N97.524 billion). In 2018, the write-down of inventories to net realisable value amounted to N2.295 billion (2017: N1.413 billion) and the movement is included in cost of sales.

21 Right of return assets and refund liabilities

	31 December	1 January
In thousands of Naira	2018	2018
Right to returned goods asset	**351,995**	**142,470**
Refund liabilities		
Arising from rights of return	**615,211**	**243,095**

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 year using the expected value method. See Note 4.1. Upon adoption of IFRS 15 on 1 January, 2018, right of returned goods asset of N142,470 was recognised. This amount was not restated but rather adjusted through retained earnings. Consequently, a refund liability of N243,095 was recognised as amount payable in respect of the returned goods asset. This was also adjusted through retained earnings.

22 Trade and other receivables

In thousands of Naira	Note	2018	2017
Trade receivables	22(a)	18,897,443	13,449,878
Loans to key management personnel	22(b)	17,181	39,754
Staff loans	22(b)	2,469,219	2,361,785
Trade receivables due from related parties	34(e)(i)	2,533,699	2,768,999
Deposit with Company registrars for dividend	24(b)(ii)	2,154,383	1,724,951
Allowance for expected credit losses	31(a)(ii)	(3,709,060)	(3,521,115)
		22,362,865	**16,824,253**
Advance payment to suppliers		11,778,913	10,380,123
Deposit for Import		9,365,047	5,248,908
Other receivables		905,342	898,399
		44,412,167	**33,351,682**
Non-current - reclassified to long term receivables	17	2,237,105	1,921,232
Current		42,175,062	31,430,450
		44,412,167	**33,351,682**

22a Trade receivables

In thousands of Naira	2018	2017
Receivables from third-party customers	18,897,443	13,449,878
Allowance for expected credit losses	(3,705,990)	(3,521,115)
	15,191,453	**9,928,763**

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 31.
For terms and conditions relating to related party receivables, refer to Note 34.

22(b) Loans to key management personnel and staff loans

In thousands of Naira	2018	2017
Loans to key management personnel	17,181	39,754
Staff Loans	2,469,219	2,361,785
	2,486,400	**2,401,539**
Allowance for expected credit losses	(3,070)	-
	2,483,330	**2,401,539**

23 Cash and cash equivalents

In thousands of Naira	2018	2017
Cash and bank balances	10,898,112	11,583,410
Short term investment	4,863,924	3,555,444
Cash and cash equivalents in the statement of financial position	**15,762,036**	**15,138,854**
Bank overdrafts used for cash management purposes	(1,393,678)	(3,714,087)
Cash and cash equivalents in the statement of cash flows	**14,368,358**	**11,424,767**

The Company's exposure to credit risk for cash and cash equivalents and impairment losses related to short-term investment are disclosed in Note 31.

24 Capital, reserves and dividends

(a) Ordinary shares

(i) Authorised Terms and conditions of the Restricted Share Unit Plan

In number of shares	2018	2017
At 31 December	792,656,252	792,656,252

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

In number of shares	2018	2017
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	2018	2017
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 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 Restricted Share Unit Plan (RSUP). Under the RSUP, Nestlé S.A. awards Restricted Stock Units (RSU) 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 RSUP are as follows;

	Number of instruments	Vesting Conditions
Shares awarded to key management on 3 March 2016	4111	3 years' service
Shares awarded to key management on 1 March 2017	3442	3 years' service
Shares awarded to key management on 1 March 2018	4028	3 years' service

The fair value of the RSU 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 2018 is N118,500,287 (2017:N85,215,108)

Total share based payment expense recognised in the profit or loss for the year amounted to N80,326,199 (2017: N78,832,117).

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 year.

The movement in share based payment is as follows:

In thousands of naira	2018	2017
At 1 January	147,236	126,480
Share based payment contribution	80,326	78,832
Share based payment recharge	(72,774)	(58,076)
At 31 December	**154,788**	**147,236**

(b) Dividends

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

(b) Expenses by nature	2018		2017	
	Per Share (N)	N'000	Per Share (N)	N'000
Final dividend	27.50	21,798,046	10.00	7,926,563
Interim dividend	20.00	15,853,126	15.00	11,889,843
	47.50	**37,651,172**	**25.00**	**19,816,406**

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.

	2018	2017
Naira per qualifying ordinary share	N38.50	N27.50

(ii) Movement in dividend payable

In thousands of naira	Notes	2018	2017
At 1 January		12,554,561	4,238,681
Declared dividend		37,651,172	19,816,406
Unclaimed dividend transferred to retained earnings		(77,165)	(72,022)
Payments		(44,554,195)	(11,428,504)
At 31 December	29	**5,574,373**	**12,554,561**

"As at 31 December 2018, N2.154 billion (2017: N1.725 billion) of the total dividend payable is held with the Company's registrar, Greenwich Registrars and Data Solutions Limited. The balance of 3.420 billion represents unclaimed dividend (2017: N3.066 billion) which was returned to the Company by the Registrar and has been invested in treasury bills.

25 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 31.

Loans and borrowing as at 31 December is as follows:		
In thousands of Naira	**2018**	**2017**
Secured bank loans	1,347,399	2,462,140
Loans from related party	5,600,553	18,015,770
	6,947,952	**20,477,910**

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

	2018	2017
Current liabilities	1,026,458	10,913,246
Non-current liabilities	5,921,494	9,564,664
	6,947,952	**20,477,910**

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Terms and debt repayment schedule

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

					2018		2017	
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 + 4.2%	2018	-	-	9,797,149	9,797,149
Loan from related party	(ii)	USD	LIBOR + 7.6%	2017	-	-	2,746,620	2,746,620
Loan from related party	(iii)	USD	LIBOR + 7.83%	2024	5,600,553	5,600,553	5,472,000	5,472,000
Secured bank loan	(iv)	NGN	5.50%	2018	-	-	163,636	163,636
Secured bank loan	(v)	NGN	10%	2020	1,347,399	1,347,399	2,298,505	2,298,505
Total Interest bearing liabilities					**6,947,952**	**6,947,952**	**20,477,910**	**20,477,910**

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

(i) A loan facility of US$ 26 million was 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. The facility which is unsecured attracts interest at 6 months USD LIBOR plus a margin of 300 basis points. The loan was fully repaid during the current year.

(ii) A working capital loan facility of US$ 40 million was also made available to the Company in 2016 by Nestlé S.A. with a tenure of one year. The loan was fully drawn down as at 31 December 2016. It was fully repaid during the current year.

(iii) 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 31 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.

(iv) 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. The loan was fully repaid during the current year.

(v) A N5.7 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.

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

	2018	2017
At 1 January	20,477,910	50,514,716
Addition	-	4,886,800
Repayment -- Intercompany loan	(12,543,788)	(41,241,015)
Repayment -- Bank loan	(1,114,742)	(1,502,620)
Accrued Interest	75,353	438,506
Exchange loss	53,219	7,381,523
At 31 December	**6,947,952**	**20,477,910**
Analysed as follows		
Current	1,026,458	10,913,246
Non-Current	5,921,494	9,564,664
	6,947,952	**20,477,910**

26 Employee Benefits

Other long term employee benefits

Other long term employee benefit 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	2018	2017
Balance at 1 January	2,275,921	2,103,744
Expense for the year	699,084	556,369
Payments during the year	(274,332)	(384,192)
Balance at 31 December	**2,700,673**	**2,275,921**

Actuarial Assumptions

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

Financial Assumptions	2018	2017
Long term average Discount rate (p.a.)	16%	14%
Average Pay Increase (p.a.)	12%	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	
	2018	**2017**
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	
	2018	**2017**
Less than or equal to 30	4.0%	4.0%
31-34	4.0%	4.0%
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 2018	Employee benefit obligation	
Effect in thousands of Naira	Increase	Decrease
Discount Rate (1% movement)	(140,302)	154,861
Future salary growth (1% movement)	161,633	(148,075)
Life Expectancy (1% movement)	(7,804)	7,013

The table below indicates the maturity profile for defined benefit obligations:	Employee benefit obligation
In thousands of Naira	**2018**
Within the next 12 months (next annual reporting period)	381,707
Between 2 and 5 years	1,872,249
Beyond 5 years	3,827,659
Total expected payments	**6,081,615**

27 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	2018	2017
Balance at 1 January	15,266	5,328
Charge for the year	2,244,733	1,988,275
Payments during the year	(2,248,209)	(1,978,337)
Balance at 31 December	**11,790**	**15,266**
Pension Payable is included in other payables and accruals in Note 29		

28 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	2018	2017
Balance at 1 January	898,868	596,747
Provisions made during the year	422,284	397,997
Provisions used during the year	(112,232)	(95,876)
Balance at 31 December	**1,208,920**	**898,868**
Current	1,208,920	898,868
	1,208,920	**898,868**

29 Trade and other payables

In thousands of Naira	Note	2018	2017
Trade payables		27,086,058	14,209,270
Other payables and accruals		15,926,161	9,858,321
Trade payables due to related parties	34 (e) (i)	11,797,862	9,046,212
Dividend payable	24 (b) (ii)	5,574,373	12,554,561
		60,384,454	**45,668,363**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 31.

30 Contract Liabilities

Certain liabilities arose as a result of the Company's contract with the Customers in line with IFRS 15 as analysed below. These amounts were stated as part of trade and other payables in prior year when revenue was reported under IAS 18. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results.See note 4.1

In thousands of Naira	2018	2017
Customer's down payment	1,154,109	916,931
Trade incentives	2,704,684	2,470,330
	3,858,793	**3,387,261**

31 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 that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

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

In order to minimise credit risk, the Company has tasked its Credit Management Committee to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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.

Credit risk from balances with banks and financial institutions is managed by Nestle Treasury Center in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed periodically, and may be updated at any point in the year subject to approval of Management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. 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**	**2018**	**2017**
Trade and other receivables	22	22,362,865	16,824,253
Cash	23	15,762,036	15,138,854
		38,124,901	**31,963,106**

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

		Carrying amount	
In thousands of Naira	**Note**	**2018**	**2017**
Distributors	22	15,191,453	9,928,763
Related parties	22	2,533,699	2,768,999
Loans to key management personnel	22	17,147	39,754
Staff loans and advances	22	2,466,182	2,361,785
Registrar	22	2,154,383	1,724,951
		22,362,866	**16,824,253**

The Company's most significant customer accounts for N713.9million (2017: N520 million) of the trade and other receivables carrying amount at 31 December 2018 .

ii Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 31(i).

The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2018 using a provision matrix:

31 December 2018	Trade Receivables Days Past Due						
In thousands of Naira	**Current**	**1-30 days**	**30 -60 days**	**61 - 90 days**	**91-120 days**	**>120 days**	**Total**
Expected credit loss rate	0.1%	0.1%	0.1%	50.4%	75.6%	100.0%	-
Estimated total gross carrying amount at default	9,914,792	5,098,978	166,779	31,428	63,450	3,622,016	18,897,443
Expected credit loss	(13,242)	(6,721)	(217)	(15,847)	(47,947)	(3,622,016)	(3,705,990)
	9,901,550	5,092,257	166,562	15,581	15,503	-	15,191,453

31 December 2017	Trade receivables Days past due						
In thousands of Naira	**Current**	**1-30 days**	**30 -60 days**	**61 - 90 days**	**>91days**	**>120 days**	**Total**
Expected credit loss rate	0.1%	0.1%	0.1%	-50.1%	100.0%	100.0%	-
Estimated total gross carrying amount at default	6,694,828	3,078,063	147,753	16,240	12,788	3,500,207	13,449,878
Expected credit loss	(8,703)	(4,001)	(192)	(8,131)	(12,788)	(3,500,207)	(3,534,022)
	6,686,125	**3,074,062**	**147,560**	**8,109**	**-**	**-**	**9,915,856**

Set out below is the movement in the allowance for expected credit losses of trade receivables:

In thousands of Naira	2018
Balance as at 1 January 2018 under IAS 39	3,521,115
Adjustment upon application of IFRS 9	12,907
Balance as at 1 January 2018 – As restated	3,534,022
Provision for expected credit losses	199,860
Write-off	(27,891)
Changes in credit risk parameters	-
Balance at 31 December	3,705,991

The aging of trade receivables as at 31 December 2017 was: In thousands of Naira	Gross 2017	Impairment 2017
Not Past due (0-30 days)	6,694,828	-
Past due (>30 days)	6,755,050	(3,521,115)
	13,449,878	**(3,521,115)**

The movement in the allowance for impairment under IAS 39 for trade receivables during the year was as follows:

In thousands of Naira	2017
Balance at 1 January 2017	3,333,405
Prior year impairment loss reversed	(120,038)
Impairment loss recognized	307,748
Balance at 31 December 2017	**3,521,115**

The impairment loss as at 31 December 2018 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.

Expected credit loss measurement - other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for its other receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). "

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Based on management's assessment, there has not been a significant increase in credit risk of investment in treasury bills and expected credit loss is immaterial and hence no provision was made for expected credit loss.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.b(ii) Summary of significant accounting policies and in Note 5 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.)

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2018	Management loan	Staff loan	Total
Upside (10%)	3	324	327
Base (80%)	27	2,410	2,437
Downside (11%)	4	302	306
Total	**34**	**3,036**	**3,069**
1 January 2018	**Management loan**	**Staff loan**	**Total**
Upside (10%)	7	207	214
Base (79%)	50	1,468	1,518
Downside (11%)	7	207	214
Total	**64**	**1,882**	**1,946**

Loan to key management personnel

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

In thousands of Naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2018	39,754	-	-	39,754
New asset purchased	10,400	-	-	10,400
Asset derecognised or repaid	(32,973)	-	-	(32,973)
As at 31 December 2018	**17,181**	**-**	**-**	**17,181**

In thousands of Naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance as at 1 January 2018	64	-	-	64
New asset purchased	34	-	-	34
Asset derecognised or repaid	(64)	-	-	(64)
	34	**-**	**-**	**34**

Loan to staff

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

In thousands of Naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2018	2,361,785	-	-	2,361,785
New asset purchased	1,658,094	-	-	1,658,094
Asset derecognised or repaid	(1,531,209)	-	-	(1,531,209)
At 31 December 2018	**2,488,670**			**2,488,670**

-

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance as at 1 January 2018	1,882	-	-	1,882
New asset purchased	3,036	-	-	3,036
Asset derecognised or repaid	(1,882)	-	-	(1,882)
At 31 December 2018	**3,036**	-	-	**3,036**

(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 2018

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	1,347,399	1,347,399	(475,553)	(475,553)	(396,294)	-	-
Unsecured intercompany loans	5,600,553	5,600,553	-	-	-	(5,600,553)	
Trade and other payables	60,384,454	60,384,454	(60,384,454)	-	-	-	-
	67,332,406	**67,332,406**	**(60,860,007)**	**(475,553)**	**(396,294)**	**(5,600,553)**	

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)**

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 N96.1 million (2017: N11.2 billion). They are allocated to the appropriate headings of expenses by function.

Financial instruments analysed by currency is as follows

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

	31 December 2018									
Amounts in thousands	**NGN**	**Euro**	**USD**	**CHF**	**XOF**	**ZAR**	**SGD**	**GBP**	**GHS**	**XAF**
Unsecured intercompany loans	-	-	(15,200)	-	-	-	-	-	-	-
Amount due from related parties	80,485	2,960	3,269	-	-	-	-	16	-	-
Amount due to related parties	(93,842)	(14,130)	(14,103)	(1,544)	-	-	-	(6)	-	(20,466)
Trade payables	(22,071,658)	(13,604)	(985)	(1,133)	(1,285,315)	-	-	(88)	-	-
Net exposure	(22,085,014)	(24,774)	(27,020)	(2,677)	(1,285,315)	-	-	(77)	-	(20,466)

	31 December 2017									
Amounts in thousands	**NGN**	**Eur**	**USD**	**CHF**	**XOF**	**ZAR**	**SGD**	**GBP**	**GHS**	**JPY**
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)

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

	Average rate		Year end spot rate	
	2018	**2017**	**2018**	**2017**
Euro	426.61	374.01	350.76	430.33
United states dollar (USD)	361.92	331.00	306.50	360.00

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 2018, 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, 2018		
Euro (10 percent strengthening)	868,971	868,971
USD (10 percent strengthening)	828,158	828,158
31 December, 2017		
Euro (10 percent strengthening)	557,849	557,849
USD (10 percent strengthening)	1,907,223	1,907,223

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:

in thousands of Naira	2018	2017
Fixed rate instruments		
Financial assets	4,863,924	3,555,444
Financial liabilities	1,347,399	2,462,140
	6,211,323	**6,017,584**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	5,600,553	18,015,770
	5,600,553	**18,015,770**

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 2018.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2018				
Variable rate instruments	(56,006)	(56,006)	(56,006)	(56,006)
Cash flow sensitivity (net)	(56,006)	(56,006)	(56,006)	(56,006)
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)

(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	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	2,237,105	2,237,105	1,921,232	1,921,232
Loans and receivables	20,125,760	20,125,760	14,903,021	14,903,021
Cash Balance	15,762,036	15,762,036	15,138,854	15,138,854
	38,124,901	**38,124,901**	**31,963,107**	**31,963,107**

Financial liabilities measured at amortized cost	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Unsecured intercompany loan	5,600,553	5,600,553	18,015,770	18,015,770
Secured bank loans	1,347,399	1,347,399	2,462,140	2,462,140
Bank overdraft	1,393,678	1,393,678	3,714,087	3,714,087
Trade and other payables	60,384,454	60,384,454	49,055,624	49,055,624
	68,726,085	**68,726,085**	**73,247,621**	**73,247,621**

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	2018	2017
Total liabilities	112,113,936	101,925,951
Cash Balance	(15,762,036)	(15,138,854)
Net Debt	96,351,900	86,787,097
Total Equity	50,220,486	44,878,177
Debt to capital ratio at December 31	1.92	1.93

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.

32 Operating leases

The Company leases a number of land, offices, warehouse and accommodation facilities under operating leases. The leases typically run for a period of 2 to 58 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 N4,497 million (2017: N524 million)

During the year ended 31 December 2018 an amount of N500 million (2017: N269 million) was recognized as an expense in profit or loss in respect of operating leases. Contingent rent recognized as an expense amounted to Nil (2017: Nil).
The warehouse and office leases were entered into at different times as 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.

33 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 N514 million as at 31 December 2018 (2017: N2,798 million). While the contingent assets in respect of pending litigations amounted to N584.3 million for the year then ended (2017:N565.9 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 N354.8 million (2017: N846.5 million). The Company also obtained a bank guarantee with a value of N423.1 million (2017: N434.9 million).

34 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2018, Nestlé Switzerland (Nestlé S.A.), the ultimate holding Company owned 66.18% (2017: 66.18%) 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 2018 for a period of three (3) years, with effect from January 1, 2018. The technical fee recognised in the current year was N9.935 billion (2017: N9.204 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 N10.4 million was issued to key management personnel during the year ended 31 December 2018 (2017: N51.174 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 2018, the balance outstanding was N17.147 million (2017: N39.754 million) and is included in trade and other receivables. (See note 22)

(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	**2018**	**2017**
Short-term employee benefits	135,841	98,195
Contribution to compulsory pension fund scheme	8,567	9,890
Defined contribution gratuity scheme	9,456	10,732
Other long term benefit	17,934	-
Share based payments	72,774	58,076
	244,572	176,893

(e) Other related party transactions

(i) Intercompany payables

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;

In thousands of Naira	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party		**2018**	**2017**	**2018**	**2017**
Nestlé Ghana Limited	Finished goods	2,001,528	1,925,623	811,516	61,122
Nestlé World Trade Corporation Limited	PPE/ Services	5,964,140	5,414,430	-	-
Nestlé Netherlands	Finished goods	-	1,299,036	1,905,122	2,251,984
Nestlé France Limited	Finished goods	698,045	2,120,310	980,819	262,709
Societe Des Produits Nestlé SA	Services	8,626,137	7,965,512	3,515,539	3,145,496
Nestlé Central and West Africa	Finished goods	6,596,605	5,266,051	1,694,434	1,392,497
Wyeth Nutritional Singapore	Finished goods	1,785,706	1,834,378	1,305,650	-
Others	Finished goods and services	7,967,831	5,752,356	1,584,782	1,932,404
		33,639,993	**31,577,696**	**11,797,862**	**9,046,212**

(ii) Intercompany receivables

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. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

In thousands of Naira	Nature of transaction	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party		**2018**	**2017**	**2018**	**2017**
Nestle Burkina	Finished goods and Services	1,729,361	152,871	1,354,744	143,785
Nestlé Togo	Finished goods and Services	66,463	3,077	-	-
Nestlé Ghana	Finished goods and Services	1,686,124	2,093,226	136,881	582,189
Nestlé Niger	Finished goods and Services	1,481,007	297,341	110,781	116,896
Nestlé Senegal	Finished goods and Services	11,221	8,334	-	-
Nestlé Cameroun	Finished goods and Services	9,558	12,081	-	38,578
Nestle Middle East	Services	-	-	27,848	133,840
CP Nigeria	Services	263,865	240,633	617,814	894,990
Others	Finished goods and Services	208,809	1,115,201	285,631	858,721
		5,456,408	**3,922,764**	**2,533,699**	**2,768,999**

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 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.

35 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 2018 that has not been adequately provided for or disclosed in the financial statements.

Other National Disclosures

Other National Disclosures

Value Added Statement

In thousands of Naira	2018	%	2017	%
Revenue	266,274,621		244,151,411	
Brought in materials and services				
Local	(93,662,012)		(92,341,151)	
Imported	(77,110,471)		(66,867,731)	
	95,502,138		84,942,529	
Finance Income	1,716,889		6,239,371	
Value Added	**97,219,027**	**100**	**91,181,900**	**100**
Distribution of Value Added:				
To Employees:				
Employees as wages and salaries and end of service benefits	23,506,644	24	22,758,609	25
To Providers of Finance:				
Finance Costs	2,606,774	3	15,109,062	17
Company tax	15,726,711	16	7,886,419	9
Retained in the business:				
Depreciation of tangible assets	6,906,287	7	6,485,547	7
Deferred tax	1,016,109	1	5,218,533	5
Impairment loss on tangible assets	4,448,476	5		
Profit transfered to reserves	43,008,026	44	33,723,730	37
	97,219,027	**100**	**91,181,900**	**100**

Financial Summary

In thousands of naira	*2018*	*2017*	*2016*	*2015*	*2014*
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	154,788	147,236	126,480	150,466	44,637
Retained Earnings	49,637,108	44,302,351	30,323,005	37,428,018	35,466,416
Shareholder's Fund	**50,220,486**	**44,878,177**	**30,878,075**	**38,007,074**	**35,939,643**
Current Liabilities	92,117,501	79,680,495	121,033,434	59,731,857	44,638,052
Non-current Liabilities	19,996,435	22,245,456	17,674,423	21,476,122	25,484,372
	162,334,422	**146,804,128**	**169,585,932**	**119,215,053**	**106,062,067**
Asset Employed					
Non Current assets	79,600,105	74,299,175	71,849,777	70,500,367	68,672,737
Current assets	82,734,317	72,504,953	97,736,155	48,714,686	37,389,330
	162,334,422	**146,804,128**	**169,585,932**	**119,215,053**	**106,062,067**

In thousands of naira	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue	**266,274,621**	**244,151,411**	**181,910,977**	**151,271,526**	**143,328,982**
Profit before income tax	59,750,846	46,828,682	21,548,408	29,322,477	24,445,978
Profit for the year	43,008,026	33,723,730	7,924,968	23,736,777	22,235,640
Other comprehensive income, net of tax		-	-	-	-
Declared dividend*	37,651,172	19,816,406	15,060,469	21,798,049	26,950,313
Per 50k share data:					
Basic earnings per share (N)	54.26	42.55	10.00	29.95	28.05
Diluted earnings per share (N)	54.26	42.55	10.00	29.95	28.05
Declared dividend per share (N)	47.50	25.00	19.00	27.50	34.00
Net assets per share(N)	63.36	56.62	38.96	47.95	45.34

* Declared dividend represents the interim dividend declared during the year (N20.00) and final dividend proposed for the preceeding 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

Nestlé
Good Food, Good Life

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type
2009	49	9,783,578	1.288,066	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	Final
2018	66	43,008,026	15,853,125	2000	Interim
	67		30,517,265,702	3850	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)"
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
2018	266,274,621	59,750,846	16,742,820	43,008,026

Shareholders Information (cont'd)

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 2018 is N396,328,126.00

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 N1
					each
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)

Shareholders Information (cont'd)

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Div. Number	Date of Payment	Unclaimed Dividend (₦)
44	April 24, 2007	65,679,531.83
45	November 26, 2007	18,812,015.02
46	April 22, 2008	61,404,958.35
47	December 1, 2008	22,918,216.21
48	April 29, 2009	127,301,034.96
49	December 7, 2009	24,583,985.69
50	April 28, 2010	156,073,884.84
51	January 10, 2011	63,407,054.34
52	April 29, 2011	290,700,743.04
53	December 12, 2011	35,295,484.05
54	April 27, 2012	259,794,077.66
55	December 24, 2012	41,988,936.60
56	May 10, 2013	460,727,977.50
57	December 9, 2013	37,101,555.00
58	May 13, 2014	623,355,459.67
59	December 8, 2014	212,997,186.00
60	May 12, 2015	434,746,830.00
61	December 7, 2015	257,228,260.00
62	May 24, 2016	492,221,924.00
63	May 24, 2017	257,557,746.00
64	December 11, 2017	381,764,368.80
65	May 22, 2018	836,937,978.25
66	December 10, 2018	627,833,104.00

Since becoming a public company in 1978, Nestlé Nigeria has declared sixty-six Dividends, issued ten scripts and made one rights issue.

Our records show that dividend warrants in respect of these unclaimed dividends 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,
Greenwich Registrars & Data Solutions 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 for 1
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, 5D 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 Harcourt, Rivers State. Tel. 08052797034
	Ota Distribution Centre: Km 7, Idi-Iroko Road, Sango-Ota, Ogun State Tel: 01-7912764, 7944658, 7924502.	**Enugu** 40, Okpara Avenue, Opp First Bank Main Branch, Enugu 08052797144
	Agbara Distribution Centre: Km 32, Lagos-Badagry Express Road, Agbara Industrial Estate, Ogun State.	**Lagos Extension** Flowergate Factory, Along Abeokuta – Sagamu Expressway, by RIYE Roundabout, Ogun State. Tel: 08052797143
		Jos NICON Building, 1 floor 4 State Secretarial Road, Jos. Tel: 08052797093.
		Abuja Plot 1479, Oro Ago Crescent, Union Homes Mega Mall Garki, Abuja. Tel: 08052797092

Nestlé
Good Food, Good Life

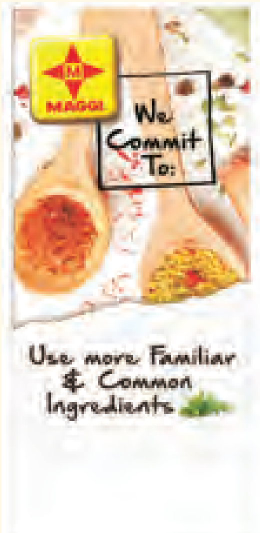
Our Leading Brands

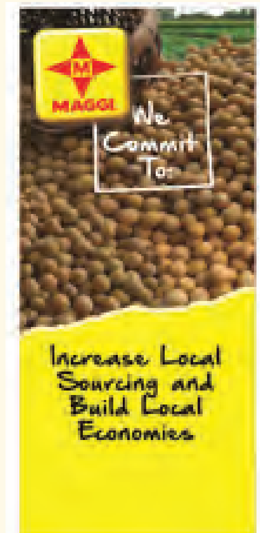

MUMMY. TEACHER.
TASTE MASTER.
She makes the difference
MAGGI.
STAR SEASONING
With MAGGI., cook the difference.
Nestlé.
Good Food, Good Life

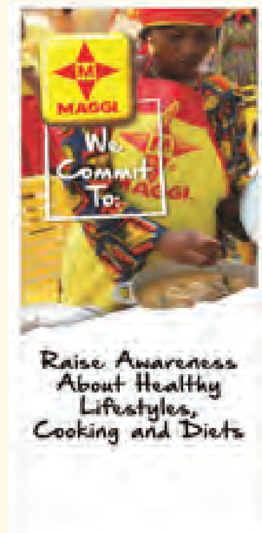
MAGGI continues to reinforce its commitment to creating good food moments. The “reiMAGGIne” journey we started has defined a set of values and commitments that impact the way we support individuals and families to make healthier and tastier food choices. “Simply good commitment”

Our Simply good philosophy: “Maggi is committed to inspire and help you cook good food with fresh ingredients every day for your family”

We are driving our evolution based on a set of values that impact the way we craft products and services. Anchored in taste and balance principles, the objective of Simply good commitment 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, which was developed based on the strong understanding of local cuisine. It aims at amplifying the authentic Nigerian essence of food.

Today NAIJA POT is the only seasoning cube in Nigeria full of fish flavor with the unique combination of natural smoked fish, stock fish and crayfish to give soups and pottages that bottom-pot taste that Nigerians love. It is also a source of iodine for higher nutritional value.

With over 53 years year in Nigeria, MAGGI, will continue to be the no 1 partner/ally to our consumers and enable them to make a difference through their everyday cooking and everyday life


Nestlé
Pure Life

At Nestlé Waters, we belief that WATER brings the world to life. It has the power to transform us. Our health, our communities, our planet. Because water is among the most critical challenges of our time, doing the right thing means doing more. Doing more to inspire people to drink better to lead healthier lives. Doing more to help develop thriving, resilient communities. Doing more to steward resources for future generations, with a focus on water, plastic and environment.

Our mission in Nigeria remain "To bring safe drinking water to the Nigerian consumers combined with our innovative healthy solutions aimed at improving the quality of life of our consumers and their families" We drive this mission through our Nestlé Pure Life brand which has two variants – Nestlé Pure Life Regular and Nestlé Pure Protect fortified with Zinc.

Nestlé Pure Life has been globally relaunched with a new identity and purpose. The relaunch comes with a new logo, brand colors, transparent label and a new brand signature off ""PURE LIFE® BEGINS NOW""

Our new brand purpose "Championing Pure Quality Water for Healthier Generations" is rooted in the belief that "water is the essence of life and should be valued, not taken for granted".

The new blue planet logo is a symbol of Nestle Water's commitment to the environment and quality of water offered to consumers guaranteed by its13 steps quality process.

"Pure Life" represents the potential for a healthier life by drinking pure quality water. That is why we want to inspire families to start making healthier beverages choices today.

When you choose Nestlé Pure Life®, you are taking an active step towards a healthier future for your children and the world we live in. You are choosing progress and innovation to ensure the most essential element for their future - pure water.

Access to clean drinking water

Nestlé Waters is committed to improving livelihoods in communities closest to its operations by providing clean, safe drinking water to communities around the water factories in Agbara and Abaji close to the Federal Capital Territory (FCT).

We recently commissioned another borehole water facility for LEA Community primary in Maderegi village in Abaji within 100meters from our factory. By this action, over 1,500 villagers and 460 schoolchildren now have access to free safe water every day through the water tap available at the Nestlé Water factory as well as a borehole commissioned as part of the refurbishment of the primary school close to the Nestlé Waters factory in Abaji.

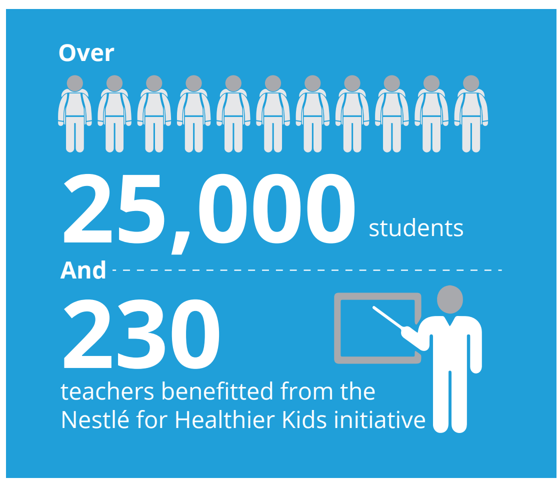
Building understanding of water issues

Knowledge sharing is part of our approach to sustainable and inclusive water management. We play a key role in promoting water consumption by sharing water knowledge through collaboration with the Nestlé for Healthier Kids initiative. Over 25,000 students and 230 teachers have benefited from this program.

Water: stewarding resources for future generations

Water is a shared and precious resource that must be managed sustainably through collective actions. In line with our water management strategy, we undertake groundwater assessment in all our catchment areas every 5 years to understand the impact of water abstraction and identify potential contaminants to the targeted aquifers. Wastewater is discharged effectively from all our factories; all effluent are monitored from the factory and the quality verified by third party laboratories in order to guarantee that only safe water is sent back into the environment.

Nestlé Waters Nigeria will undergo Alliance for Water Stewardship (AWS) certification by 2020 to benchmark our operations with global water stewardship best practices.



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.

NESCAFÉ

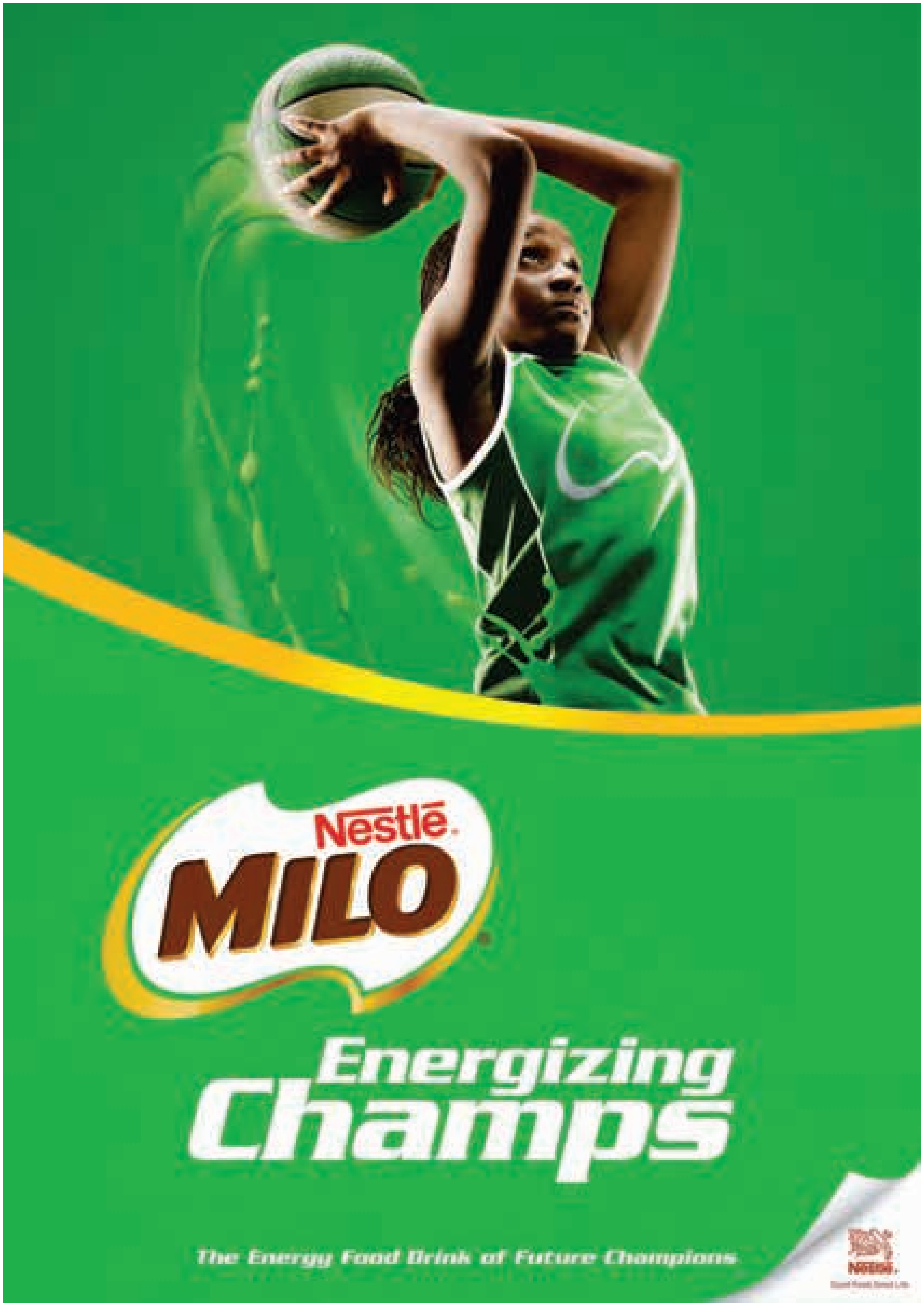
Our NESCAFÉ has long been known and loved for its mild stimulating attributes, appealing aroma and satisfying taste which consistently enriches life's simple moments.

With over 80 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 and deliver great tasting Cups of Coffee.


Nestlé
MILO
Energizing Champs
The Energy Food Drink of Future Champions

For over half a century, MILO has been nourishing future champions in Nigeria with its unique delicious cocoa-malt taste and nutritious winning energy. A dependable partner, enabling mums equip their champions for greatness every day.

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

MILO believes that every child can attain her dreams if given the right opportunities. This is why MILO has been at the forefront of sports development in Nigeria for decades. The brand has been working alongside partners using sports as a metaphor to teach school children important life values, leadership skills, ability to work in teams, perseverance, courage, self-belief, and respect that will help them succeed in life. There are two of such sports platforms; the MILO Sports Development Program in schools (MSDP) and the MILO Basketball Championship (MBC).

The MILO Sports Development Programmme (MSDP) is a platform for educating children on the foundational skills for selected sport and therefore encouraging participants to learn and participate in sports as a vehicle for a child's overall psychomotor, social and mental development. The programme has reached millions of beneficiaries across the country. MILO Secondary School Basketball Championship started in 1999 when Nestle MILO and the National Collegiate Sports Foundation (NCSF) laid the foundation of what is today a legacy tournament. In year 2000, the Nigerian Schools Sports Federation (NSSF) joined the ambitious partnership to encourage sports as part of education in schools. These strategic partnerships have taken the championship from just a handful of schools in Lagos in 1999 to 9,728 schools nationwide in the 20th edition in 2018.

Our partners include the Ministries of Education as well as the Ministry of Sports, Youth Development across all States of the Federation. Others are Nigeria School Sports Federation (NSSF), the National Collegiate Schools Foundation (NCSF), and the Nigeria Basketball Federation (NBBF). The MILO Secondary School Basketball Championship helps to train about 150,000 students in sports clinics annually during the Championship

Over

1.5 Million

children benefit from the MILO Sports Development Programmes annually.

Nestlé GOLDEN MORN

A Nutritious Family Cereal

Nestlé GOLDEN MORN has been nourishing Nigerian families for over 33 years, and continuously plays a key role in fulfilling Nestlé Nigeria PLC's purpose of "Enhancing quality of life and contributing to a healthier future".

With GOLDEN MORN Maize & Soya and GOLDEN MORN NutriPuffs, Nestlé Nigeria PLC has two reference products that deliver on convenience with a unique signature taste that Nigerian consumers love. They are available in different pack sizes including an affordable single serve sachet so all Nigerian families can enjoy their favorite cereal.

Our special recipes include a smart combination of the natural goodness of carefully selected locally grown high quality cereal grains, specially crafted with relevant vitamins and minerals to provide individuals and families a well-balanced nutritious and delicious meal, thus providing them the energy to make the most of their day.

The nutritional credentials of **Nestlé GOLDEN MORN** make it a strong ally of families looking for the best way to start their day and make it successful. Nestlé Golden Morn provides the right balance of Protein, Fiber and Carbohydrates well combined with key Vitamins, Iron and Calcium.

Nestlé GOLDEN MORN continues to positively impact on Society in Nigeria through local sourcing of grains and local production as part of our core business strategy. 100% of the Maize, Millet and Soya used in the production of Nestlé GOLDEN MORN is sourced locally, and farmers are continuously empowered with the right knowledge to increase yield and to improve grain quality.

Nestlé collaborates with NGOs, government and other stakeholders to work towards its local sourcing objectives. Some of the programs include Feed the future Nigeria and Nestlé Maize Quality Improvement Partnership (M-QIP) a program leveraging the expertise of volunteers to train farmers, workers and small agricultural businesses in Kaduna state to reduce crop contaminants. Between 2017 and 2018, farmers in over 90 communities have been trained to reduce aflatoxin and other contaminants in grains. M-QIP is a partnership between USAID and Nestlé, implemented by CNFA. 100% of Nestlé GOLDEN MORN is produced at Nestlé's Agbara Factory in Ogun State, Nigeria. We are contributing to the growth of the local economy by providing job opportunities to Nigerians.

Nestlé Golden Morn™

KEY FACTS

321Million

fortified bowls served

24,000

farmers trained on best practices, **22%** of these are women

2.9 Million

additional consumers recruited in **1 year**

380 People

directly working on Nestle GOLDEN MORN production

13,230 Tons

of grains sourced locally for Golden Morn production

List Of Distributors

Adebukola And Sons Limited	De Impress Mart	J.O.Adegboyega
A. D. Basharu And Sons Nigeria	De Favours Store and Confectionaries	Joc Dona Investments Limited
A. E. Chrismerchants Ltd	Nig Ltd.	Joe Best Akor Enterprises Nigeria
A.M Ibrahim Maizare	De Majok Global	JV 901 Nigeria LIMITED
Achida Saidu Usman And Sons	De Naza Ken Business	Kaima Integrated Network Ventures
Ade Distribution And Investment	Dei Fille Consult LIMITED	Keem David Limited
Adetimehin Integrated Investment	Dile Nigeria Limited	Kofaj Nigeria Enterprises
Ajoke Stores Limited	Divine Dopacy Limited	Kwesifin Ventures
Al -Babello Trading Company Limted	Dokkalhairu Inv Nig Ltd	Lady V Stores
Al-Wadud Ventures Limited	Dolat Multi Enterprises	LivingSpring Bulk Purchase Nig Ltd
Albawa International Investment Ltd	E V Okpalaoka And Sons Nig Ltd	M. A. Onigbinde And Sons Limited
Alburhan Rahana Gen. Ent.	E.H.Okika	Maihadisi Multi Investment Nig. LTD
Alh Abubakar Zamau	Ejide Ayinde Enterprise	Makemx Nigeria Limited
Alh Ibrahim Usman Achida & Sons	EK Glory Limited	Matazu & Sons
Alh Usman Muazu	Elymay Nigeria Limited	Mazaf Honest Concept Limited
Alh. Ali Balarabe	Emmanuel Bakeries Limited	Mazek Resources Ltd
Alh. Rufai Mohammad Nig Enterp.	Eunima Global Resources	MD Mart Nigeria LTD
Alhaji Amadu Hussaini & Sons Multi	Everest Sales and Stores	Mjie Enterprises
Alhaji Garba Dankane Jega	Fola Global Quest Ltd	Modu Director And Sons Limited
Alhaji Mohammad Monguno	Fortunes	Muabsa Intergrated Services
Alhaji Tukur Sabaru & Sons	Franco International West Africa	Muhammad Nafiu Brothers & Sisters
Ali Sa'adu Muhammed	Fusaha Ventures	Muna and Zara Enterprises
Allanka Nigeria Limited	G. N Chukwu Nig Ltd	Mut-Keem
Anike Faseyintan Trading	Gbolade Invest	Nortex Business Link
Ashialin Corporate Shop	Glomo Integrated Services	Ochiagha Udo Ventures
B. A. International Investment	Great Possiblizer LTD	Olaniyi Badmus Nig Ltd
Basrose Stores	Hamir Investment Nigeria LTD.	Olayiwola Stores
Bukola Oshinaike	Hammer Smith	Omofade Ventures
C I Obioha And Sons	Hussaini Umar General Enterprises	Otosi Nigeria Enterprises
C N Honesty Enterprise	Ife Oluwa	Oyingold Nig Ltd
C. Ifeanyi Onyema & Sons	IFJANE Nigeria Limited	PUO Assets Ltd
CEC Global Ventures	Innovation Era	Royal Diamond Invt Ltd
Center Stage Merchants Ltd	Iyanu Business Ventures Ltd.	RSL International Ltd. Lekki
Clean Page Int'l Ltd	J. J. Nnoli And Sons	RSL Ventures Capital Limited
CVC Consult LTD	J. O. Adebiyi And Sons Nigeria	S C Okafor NIG LTD

List Of Distributors (cont'd)

S.C.Okonkwo Nigeria Limted	So-Blue Limited	Umar Faruk
Saadu Ali Mai Silifas Nigeria Ltd	Solid Choice Nig. Ltd.	Viceri Dynamic Investment
Sambajo General Enterprises Ltd.	Square Bee Four Nig Ltd	W.J. Ukaonu & Sons Nig Ltd
Seddt Nigeria Limited	Technology Distributions Limited	Wet Sample Enterprises
Sidi And Sons	Tivo Corporate Services Intl Ltd	Zarri Investment
SIMAK N. Trading Company		

Nestlé
Good Food, Good Life

Year 2018 in Retrospect

Table of Contents

Nestlé Nigeria, Improving livelihoods

Every day, we touch millions of lives across our business, from the farmer who produces the grains to the family who enjoys the nutritious food in their home.

In 2018, we made progress towards our commitment to improving livelihoods in the communities closest to our business operations. We strongly believe that we can ensure the long-term success of our business by creating value for our communities and all stakeholders across our value chain.

Nestlé Nigeria's CSV impact programs in 2018 included providing access to clean drinking water in our communities, nutrition education for children through Nestlé for Healthier Kids and encouraging active lifestyles through MILO Secondary School Basketball Championship. Others are building the capacity of farmers through Nestlé and IFDC Sorghum/Millet Partnership in Nigeria and Feed the Future Nigeria and Nestlé Maize Quality Improvement Partnership. We also invested in building the technical skills of our youth through the Technical Training Program at our Agbara and Abaji sites. These CSV programs cumulatively reached several individuals and families. The personal success stories of some of the direct beneficiaries of these programs truly inspired us during the past year.

For Individuals & Families:

Helping Nigerian families live healthier lives

For our communities:

Improving livelihoods in communities directly connected to our activities

For the planet:

Striving for zero impact in our operations in Nigeria

NESTLÉ for HEALTHIER KIDS

17,000
STUDENTS
Provided with nutrition education

30
SCHOOLS
in the FCT and Ogun State

34m
HOUSEHOLDS
reached with micronutrient fortified products

GOLDEN MORN Puff Launch

GOLDEN MORN Puff, produced in Nigeria with 98 percent locally sourced raw materials is a healthy, delicious and convenient breakfast meal, made from the wholesome goodness of multi-grains – maize, millet, oats, soya, and GRAINSMART® - a smart combination of vitamins and iron for cereals which helps provide children with nutritious energy and support in the normal learning function.
It was launched in 2018 across sales outlets nationwide.

Launched in Sales outlets nationwide


Golden Morn Puff launch event at the Head Office by the Regional Leadership Team

Commemorating World Health Day 2018 in Ogun State

In the past years, the Nestlé Nutrition Institute Africa (NNIA) has taken particular interest in the state of malnutrition in Nigeria. To mark the World Health Day, 2018, NNIA partnered with the Ogun state government, through its Ministry of Health. 110 primary health care professionals from Abeokuta North local government area were trained on the assessment and management of malnutrition in the first 1000 days of life. Going by the theme for 2018: 'Universal Health Coverage: Everyone, Everywhere', the World Health Day was an opportunity to raise awareness of the risk that malnutrition poses to the country.

The Ogun State Commissioner of Health, Dr. Babatunde Ipaye, during the Press conference, expressed his appreciation to Nestlé Nutrition Institute Africa (NNIA) for providing support towards empowering health care professionals, through diverse initiatives in the state.

Nutritious Food Fair

Nutrition-related factors contribute to about 45% of deaths in children under-5 years of age and about 100 million people in Central and West Africa are undernourished.

Micronutrient Deficiencies also abound with 62% of children <5years and 38% of women suffering from anemia. Another 30% in West Africa and 32.1% in Central Africa suffer from stunting. While there is 20-45% obesity in women.

As a leading Nutrition, Health and Wellness company, Nestlé had the opportunity of speaking during the 2018 Nutritious Food Fair to create awareness of these nutrition issues and intimate the public with our efforts in responding to them. Nestlé has made efforts in providing affordable nutrition for all, providing food fortification, improved quality of grains, improved livelihoods of food workers and research & development to tackle the nutritional issues.

45%

of deaths in children under-5 years of age are caused by nutrition related factors. Nestlé created awareness on these issues at the Food Fair

Dr Chris Isokpunwu, Head of Nutrition, Federal Ministry of Health with Corporate Communications and Public Affairs (CCPA) Manager, Mrs Victoria Uwadoka and Nestlé Waters Marketing Manager and other dignitaries at N4HK signing ceremony

Chef Shine, Mrs Victoria Uwadoka (Corporate Communications and Public affairs Manager) and Mr Jubril Oladipupo (of Nestlé professional) with a cross section of children learning how to prepare ingredients for a healthy meal.

NUJ Chairman, Lagos Council: Dr. Qasim Akinreti, Nestlé MD/CEO: Mauricio Alarcon, DAME Trustee: Mr. Lanre Idowu, DAME Programme Director: Mr. Kehinde Idowu, Nestlé Corporate Communications and Public Affairs Manager: Mrs Victoria Uwadoka.

Empowering children for a healthier life through N4HK

Since its foundation, Nestlé has been committed to helping parents and caregivers provide the right nutrition for their children. Nestlé for Healthier Kids (N4HK) is an initiative which aims at promoting healthy lifestyles in schools by educating children and parents on nutrition, as well as fostering physical activity.

International Chef's Day 2018 is one of the opportunities the company leveraged to fulfil its commitment. The theme, 'Healthy Foods for Growing Up', aligned with the three Nestlé for Healthier Kids (N4HK) action pillars – Build, Share and Apply Nutrition Knowledge; Offer Tastier and Healthier Choices; and Inspire Families to Raise Healthier Kids.

Launched in Nigeria in collaboration with the Federal Ministry of Education and the Federal Ministry of Health in 2018, N4HK reaches over 60 teachers and 17,000 children in 30 schools closest to Nestlé Nigeria's operations in Ogun State and the Federal Capital Territory.

Promoting Nutrition Reporting in Nigeria

For the first time, an award for Nutrition Reporting was presented at the Diamond Awards for Media Excellence (DAME) in collaboration with Nestlé Nigeria. Mr. Ololade Olatunji, Associate Editor of The Nation newspaper emerged winner. Now in its 27th year, DAME promotes and rewards excellence in journalism. The 'Nestlé Prize for Nutrition Reporting' has created an opportunity for nutrition writers to also be recognized and celebrated among their peers. Nestlé is also providing training opportunities for nutrition and health writers who participated in this year's DAME.

CCPA Manager with winner and runners up of Nutrition Reporting award

Our Communities

Our Communities
People, Human Rights and Compliance

Over 2,100 microbusinesses started through MyOwBu

Enhancing our competitive advantage

Sales Academy

In line with the company's commitment to the development of human capacity in each country where it operates, Nestlé Nigeria has collaborated with Lagos Business School (LBS) to run a Sales Academy to train and equip its employees.

The Sales Academy is expected to contribute towards transforming our Sales Managers into Business Managers with a competitive advantage in the market place. We are confident that this partnership with the LBS will give each employee the opportunity to develop to the maximum of his or her potential.

LBS International Sustainability Conference

Nestlé's Managing Director, Mauricio Alarcon gave the keynote address titled 'Leveraging Corporate Action for Africa's Sustainable Development' at this year's International Sustainability Conference by the Lagos Business School. He went on to reveal how Nestlé drives sustainability through its Creating Shared Value (CSV) principle.

We believe that our company will be successful in the long term by creating value for both our shareholders and for society as a whole. This approach, called Creating Shared Value (CSV), remains the fundamental guiding principle for how we do business.
Nestlé has carried out activities in the areas of Nutrition, Water, Rural Development & Responsible Sourcing, Environmental Sustainability, and People, Human Rights and Compliance all in line with the Sustainable Development Goals (SDGS).

Ogun State Investors' Forum:

For many years, Nestlé Nigeria has immensely contributed to the development of the country through job creation, capacity building and community development, with viable investment in the Nigerian economy starting from Ogun State. This is borne out of Nestlé's commitment to Nigeria as well as the improvement of livelihoods across the communities in which it operates.

The Ogun State investor's forum presented a platform for major investors like Nestlé to discuss on ways to consolidate the growth of the Ogun state economy. The MD/CEO of Nestlé Nigeria was a guest panelist at the 'Feed Nigeria, Feed Africa: Completing the Value Chain' panel, where he underscored possible areas of collaboration between government and industry in the quest to accelerate development of the agriculture value chain.
The event created an opportunity for us to contribute by sharing best practices and expertise in that area.

MD/CEO of Nestlé Nigeria, Mauricio Alarcon, speaking at the plenary

CCPA Manager, Mrs. Victoria Uwadoka, MD/CEO of Nestlé Nigeria, Mr. Mauricio Alarcon, Marketing Manager Nestlé Waters, Mrs. Gloria Nwabuike and Supply Chain Manager, Mr. Nestor Finalo

The Vice President's inauguration of MILO RTD plant

In February 2018, the Vice President of the Federal Republic of Nigeria, Professor Yemi Osinbajo, officially inaugurated the MILO Ready-To-Drink (RTD) beverage production plant to meet the growing consumer demand. Our 4.1 billion Naira investment is targeted at creating 100 additional jobs for the community. The new plant is part of the existing Agbara factory, which has been successfully operating for 37 years. The beverage production plant is equipped with the latest state of the art technology and adopts high safety and environmental standards.

Rural Development and Responsible Sourcing

Over
30,000
LOCAL FARMERS
empowered to improve grain quality in the last 3 years

Over
80%
LOCAL SOURCING
of raw and packaging materials

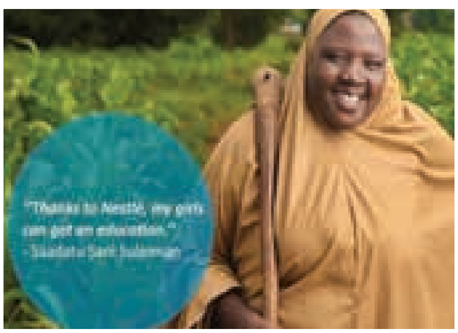
Local Sourcing

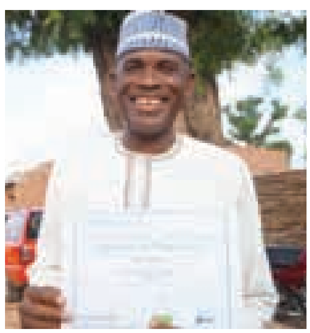
Nestlé Nigeria PLC, in collaboration with International Fertilizer Development Centre (IFDC) / 2Scale, is helping farmers improve their livelihoods by empowering smallholder farmers on sustainable farming practices under the initiative, Nestlé Nigeria & IFDC/2Scale Project Sorghum & Millet. The partnership aims to improve grain quality and productivity.

This partnership is consistent with Nestlé's business approach of Creating Shared Value for the company and for society. On one side, the project ensures that the local supply of grains and legumes meet the company's high food safety and quality standards, while it helps increase the revenue of farmers who have higher yields by applying good agricultural practices.

One of our beneficiaries, Sa'adatu Sani said that her family had been farming for 5 years without making commensurate income to justify all the hard work. Thanks to her participation in the SMS project, the yield from their farm increased from less than 1 ton/hctr to more than 2 tons/hctr in one year.

Emphasizing on the impact of the project on the livelihoods of farmers and on the company, Mr. Mauricio Alarcon, MD/CEO Nestlé Nigeria said, "Currently, we source about 80% of our raw and packaging materials in the country. As we work towards increasing this percentage, we remain committed to working alongside our partners to further improve the quality and quantity of grains and legumes".





Responsible Sourcing

Responsible sourcing has always been at the core of Nestlé Nigeria's operations, especially in a society where consumers and stakeholders increasingly want to know what is in their food, where it comes from and how it is made. Nestlé Nigeria has responded to these demands by ensuring transparency and compliance in its supply chain.

Nestlé Nigeria restated its commitment to responsible sourcing at its last Supplier's Day event held in Lagos. The event united all key players who supply raw materials, packaging materials, services and indirect materials to Nestlé. This was an opportunity to consolidate existing relationships as well as ensure best practices in sourcing. With about 80% local sourcing reached in 2018, the company is poised to increase the percentages where possible in the coming years.

We work with more than 1,000 direct suppliers, 700 of which are local suppliers and we hope to invest more in local suppliers who are able to meet with the quality requirements of Nestlé.

The Supply Chain Manager, Mr. Nestor Finalo, urged suppliers to adhere to the highest ethical standards and procedures. Mr. Finalo said that "All our suppliers must imbibe and adhere to good ethical practices whether in terms of labour laws, working hours or relationship with the environment. We have also put structures in place to ensure that quality is not compromised".

Mr. Nestor Finalo, Supply Chain Manager Nestlé Nigeria with Mrs Victoria Uwadoka, CCPA Manager and key suppliers at Supplier's Day event in Lagos.

Mr. Nestor Finalo, Supply Chain Manager Nestlé Nigeria

Water

Over
18,000
CHILDREN
reached in 13 years

Over
5,800
PEOPLE
provided with access to clean drinking water

Commissioning of Water Projects in Sagamu Community

Nestlé Nigeria reiterated the company's focus on improving livelihoods in the communities where it operates. The company has developed three commitments encapsulated in its core purpose of 'enhancing quality of life and contributing to a healthier future.' The first is helping Nigerian families lead healthier lives, the second is working alongside stakeholders and partners to improve livelihoods, and the third, providing access to clean drinking water in its host communities. It is in line with this third commitment that Nestlé collaborated with RIDSCO to provide access to one of the basic necessities of life – clean and safe drinking water to the Sagamu community.

Over the years, Nestlé has built various drinking water facilities around its factories located in Agbara, Ogun State and Abaji in the FCT. These water fountains channel more than seven million litres of clean potable water annually to over 5,800 people in the communities closest to Nestlé's factories. The same source of water which goes into the production of Nestlé Pure Life goes into these communities.

Commissioning of Nestlé for Healthier Kids (N4HK) school project in Abaji

Nestlé Nigeria restated its commitment to improving livelihoods by commissioning Nestlé for Healthier Kids (N4HK) school project in LEA Primary School Manderegi, Abaji-FCT. The school project, carried out in collaboration with the Federal Ministry of Water Resources, the Federal Ministry of Health and the Universal Basic Education Board (UBEB), comprises rehabilitation of a block of classrooms, and a playground, as well as the provision of toilet and water facilities in the community.

This school project also aims at creating a hygienic and sanitary environment for primary school students targeted by the Nestlé for Healthier Kids (N4HK) initiative.

Refurbishment of Nestlé for Healthier Kids school in Abaji

Agribusiness and Food Security Summit

As a key player in the agriculture industry and a champion of local sourcing in Nigeria, Nestlé Nigeria was a key participant and sponsor of the 2018 edition of Business Day's Agribusiness and food security summit. We collaborated with the Minister of Agriculture, Chief Audu Ogbeh to hold a Youth in Agriculture forum. The meeting was set up to discuss a partnership possibility between Nestlé and the Federal Ministry of Agriculture towards improving the livelihoods of women and youth in the agriculture value chain, through fostering gender and youth inclusion in agriculture.

Nestlé Nigeria MD/CEO Mauricio Alarcon with Minister of Agriculture, Chief Audu Ogbeh.


Panel Discussion at the Agro business & Food Security Summit 2018

Youth Empowerment

Nestlé Celebrates International Youth Day

Nestlé needs YOUth is a global initiative built around 4 pillars: Get Hired, Get Skilled, Get Support and Get More Opportunities. Nestlé Nigeria works alongside partners and stakeholders to achieve these objectives. Some of the activities so far in 2018 include: 4 youth events, 1 career fair and 2 university collaborations which provide opportunities for youth to learn practical technical skills to prepare them towards their chosen careers.

Ready Set Work

Ready Set Work (RSW) is an innovative employability and entrepreneurship program that prepares final year students for immediate entry into the workforce as employees and employers of labour by equipping them with soft skills, business tools, and a mindset re-orientation to the world of work. Nestlé Nigeria has partnered with the Lagos State Government to present this year's Ready Set Work.

Technical Training Centres (TTC)

As part of our commitment to create jobs and encourage entrepreneurship through our Global Youth Initiative, Nestlé Needs YOUth, we opened another Technical Training Centre (TTC) at the Abaji factory in addition to the one at Agbara factory.

The Technical Training Centre (TTC) aims at bridging the technical skills gap amongst youths in our communities and to make them more employable. It is an 18-month multi-skilled vocational training in machining, mechanical fitting operations, electrical operations, instrumentation operations and automation.

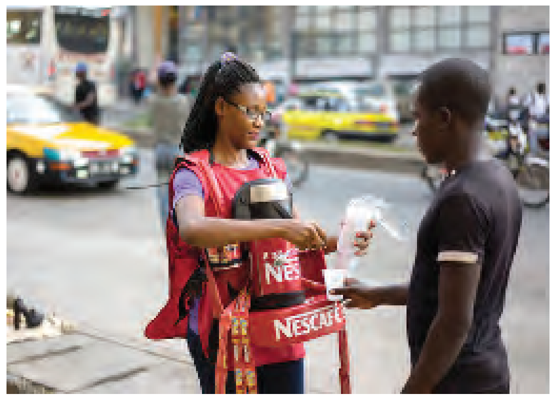
The top five graduating students each year participate in a 3-month all-expense paid internship in a Nestlé factory in Switzerland.

MYOWBU

We promote youth entrepreneurship through My Own Business (MyOwBu) initiative, which has helped create over 2,100 businesses in the past 3 years in the South-West. Participants receive business training including sales, marketing and leadership skills. At the end of the training, they receive start-up kits, are supported by coaches and mentors until their businesses stabilize, and they in turn mentor others.

One of our beneficiaries, Wasiu Adeyeye, tells his story of how MYOWBU changed his life. Wasiu leveraged the opportunity provided by MYOWBU and was trained by the NESCAFÉ team in sales, business management, hygiene, quality and safety.

Wasiu who started his business as a NESCAFÉ vendor seven years ago, now sells up to 100 cups of coffee daily in Oshodi, one of Lagos' most populated areas.



Empowering Healthcare Practitioners

PGPN Graduation

With almost half the world's population now affected by either over nutrition or undernutrition, getting nutrition right from the start has never been more important. Healthcare professionals (HCP$_s$) are in a unique position to influence the nutrition, health and overall wellbeing of infants and young children, which is crucial during the first 1000 days of life. This is why Nestlé Nutrition Institute (NNIA) in collaboration with Federal Ministry of Health trained 600 healthcare professionals through its Post Graduate Program for Pediatric Nutrition (PGPN) Graduation. The program provides the most current information in nutrition and healthy lifestyles, highlights evidence-based practice, and ultimately provides the necessary foundation to integrate pediatric nutrition into clinical practice.


Environmental Sustainability

Reduced water consumption by

11%

Nestle aims at

100%

RECYCLABLE

or reusable packaging by 2025

Food Beverage Recycling Alliance (FBRA) MEMBERSHIP

Nestlé Nigeria is a leading member of the Food and Beverage Recycling Alliance (FBRA). The aim of this alliance is to drive industry collaboration on post consumption waste management and Recycling. As part of the Extended Producers Responsibility and commitment to the environment, FBRA recently signed a three-year MoU with Lagos State Government to clean-up and prevent waste pollution from plastics and other food and beverage packaging, on Lagos State's inland waterways.

Our Planet

World Clean Up Day

To commemorate the annual World Clean Up Day, Nestlé Nigeria joined other partners in the Food and Beverage Recycling Alliance (FBRA) to create awareness on the need for proper disposal of used post-consumer packaging waste with special focus on polyethylene terephthalate (PET) bottles to avoid environmental pollution.
It was an opportunity for the company to reiterate its commitment to zero environmental impact by 2030 and its ambition of making 100% of its packaging recyclable or reusable by 2025, as announced earlier in the year. The company is also committed to stewarding resources for future generations as well as shaping sustainable consumption.

To mark the day, volunteers from the alliance came together to clean up and sanitize the environs of the Nigerian Army Shopping Arena, Oshodi.

Recognition

Top 25 CEO's awards

Nestlé Nigeria was recognized as one of 25 top performing Nigerian companies in 2018.

The award was received by the MD/CEO, Mauricio Alarcon, at BusinessDay Top 25 CEO's Awards 2018.

This annual event identifies, recognises and celebrates CEOs behind the successful performance of their organisations and their positive impact on the Nigerian Economy. This year's event paraded captains of industry and leaders from various sectors of the Nigerian Business Community.

MD/CEO of Nestlé Nigeria Appointed 2nd VP of NECA

In recognition of the Nestlé Nigeria's commitment to people, human rights and compliance, the company's MD/CEO, Mr. Mauricio Alarcon, was appointed as second Vice President of Nigeria Employers Consultative Association (NECA).

NECA is committed to building a vibrant and sustainable Business Membership Organisation that is responsive to the needs of its members. It works towards this commitment by providing advice, guidance, training and development programs. Since its inception, the association has grown to become the voice of business in the promotion of an enabling environment for enterprise competitiveness and growth.

From Left: The former Director General of NECA, Mr. Olusegun Oshinowo, the President of NECA, Mr. Mohammed Yinusa, 2nd Vice President of NECA, Mr.Mauricio Alarcon and the Director General of NECA, Mr. Timothy Olawale

Application Form for e-Bonus and e-Dividend

Dear Shareholder(s)

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 Shareholder

In case of Corporate Shareholder, use company seal

Please notify our Registrars, Greenwich Registrars & Data Solutions 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 to our Registrars, Greenwich Registrars & Data Solutions 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
Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Affix N50.00
Postage Stamp
Here

The Managing Director,
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Proxy Form

50TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 a.m.

on Tuesday, 28 May 2019 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 28 May 2019 and at any adjournment thereof.

Dated this ________ day of ______________ 2019

Signature __________________________

Ordinary Business	For	Against
To declare a Dividend		
To elect/re-elect Directors:		
• Mr. Remy Ejel		
• Mr. Gbenga Oyebode		
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 27 May 2019. 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 50TH 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, 28 May 2019.

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,
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Nestlé Nigeria Plc

Nestlé
Good Food, Good Life

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
Greenwich Registrars & Data Solutions 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,
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
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Nestlé