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# ANNUAL REPORTS & FINANCIAL STATEMENTS 2012

Creating a better  
future everyday



2012 ANNUAL REPORTS & FINANCIAL STATEMENTS



Unilever Nigeria Plc RC 113



# UNILEVER SUSTAINABLE LIVING PLAN (USLP)

Unilever Sustainable Living Plan (USLP) was launched in 2010 as the first global initiative which brings together our suppliers, our consumers and our own employees and operations in taking action to build a sustainable business. Through USLP, Unilever set three ambitious goals for the year 2020. These are:

- ➔ To help 1 billion people improve their health and wellbeing,
- ➔ To halve the environmental footprint of our products,
- ➔ To source 100% of our agricultural raw materials sustainably.

In Unilever, we believe that our responsibility stretches across the full lifecycle of our products, from sourcing of raw materials through to manufacturing, consumer use and disposal. We believe that building a sustainable business is the key to long term growth and delivers a win-win for our suppliers, our consumers and our business.

The Unilever Foundation is a key action Unilever is taking globally to help meet the ambitious goal of helping more than 1 billion people improve their health and well-being, and in turn, create a sustainable future. Through the Unilever Foundation, the company seeks to improve quality of life through the provision of hygiene, sanitation, access to clean drinking water, basic nutrition and enhancing their self-esteem.

Globally, Unilever Foundation is partnering with five leading organisations – Oxfam, Population Services International (PSI), Save the Children, UNICEF and the World Food Programme – to tackle some of society's most pressing challenges.



**Enjoy the delicious goodness of your  
favourite margarine enriched with vitamins  
needed for your children's daily growth  
Go ahead and spread today**

**Daily Blue Band. Daily Growth**





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## Our Mission

### **WE WORK TO CREATE A BETTER FUTURE EVERYDAY**

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others

We will inspire people to take small everyday actions that can add up to a big difference for the world.

We will develop new ways of doing business that will allow us to double the size of our company while reducing our environmental impact.



## Our Brands



## Board of Directors, Officers and Other Corporate Information

### Directors

His Majesty Nnaemeka A. Achebe CFR, mni  
Obi of Onitsha  
Mr. Thabo Mabe (South African)  
Mallam Abba Kyari  
Mr. Sudarshan Kasturi (Indian)  
Mr. Ologbaraete K. Pinnick  
Mr. Atedo N. A. Peterside CON  
Sen. Udoma U. Udoma CON

- Independent Non-Executive Chairman
- Managing Director
- Independent Non-Executive Director
- Executive Director
- Executive Director
- Non-Executive Director
- Non-Executive Director

### General Counsel and Company Secretary

Mrs. Abidemi Ademola

### Registered Office

1 Billings Way  
Oregun  
Ikeja, Lagos  
Tel: 2793000  
Email: [Consumercare.nigeria@unilever.com](mailto:Consumercare.nigeria@unilever.com)

### Company Registration Number

RC 113

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants  
252E Muri Okunola Street  
Victoria Island  
Lagos.

### Registrar and Transfer Office

Union Registrars Limited  
2, Burma Road  
Apapa, Lagos  
Tel: 01-2793161- 2 & 01 -8131925



## Results at a glance

	Dec-12 N'000	Dec-11 N'000
Revenue	55,547,798	54,724,749
Operating profit	8,894,882	8,197,694
Profit before income tax	8,185,987	8,018,115
Taxation	(2,588,374)	(2,502,902)
Profit for the year after tax	5,597,613	5,515,213
Capital employed	10,043,523	9,634,650
Capital expenditure	5,853,353	4,203,296
Depreciation of property, plant and equipment	1,615,704	917,098
Cash and cash equivalents	(2,501,082)	2,942,372
Earnings per share (Naira)	1.48	1.45
Net assets per share (Naira)	2.65	2.55
NSE share price at 31 December	47.00	29.00

### Ratio % Revenue

Operating costs	84%	85%
Operating profit	16%	15%
Profit after tax	10%	10%

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eighty-Eighth (88<sup>th</sup>) Annual General Meeting of Unilever Nigeria Plc. will be held at the Shell Hall of the MUSON Centre, Onikan, Lagos on Thursday 16<sup>th</sup> May 2013 at 10.00am for the following purposes:

### Ordinary business:

1. To lay before the Members, the Report of the Directors, the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Audit Committee and the Independent Auditors thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the independent auditors.
5. To elect members of the Audit Committee.

### Special business:

6. To fix the remuneration of the Directors.

Dated this 14<sup>th</sup> day of March, 2013

By Order of the Board



**Mrs Abidemi Ademola**  
General Counsel and Company Secretary  
FRC/2013/NBA/00000001646

Registered Office  
1, Billings Way,  
Oregun, Ikeja,  
Lagos.

### Proxy

A member of the company entitled to attend and vote is entitled to appoint a proxy instead of him/her. A proxy need not also be a member. A detachable Proxy Form is on **page 123** and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrar, 2 Burma Road, Apapa, not later than 48 hours before the time of the Meeting.

### Dividend warrants and closure of register

The Board has recommended dividend payment which if approved, is payable less withholding tax. Dividend warrants will be payable on Friday 17<sup>th</sup> May 2013. **NOTICE** is therefore given that the Register of Members and Transfer books of the Company will be closed from Monday 8<sup>th</sup> April, 2013 to Friday 12<sup>th</sup> April, 2013 (both dates inclusive) to enable the preparation of payment of the dividend.

### Nominations for the Audit Committee

The Audit Committee comprises of three (3) shareholders and three (3) Directors. In accordance with Section 359 (5), any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the date of the Annual General Meeting.



## The Chairman

## Chairman's Statement

Esteemed Shareholders, Fellow Board members, representatives of Regulatory bodies present, distinguished ladies and gentlemen, I am delighted to welcome you all to the 88<sup>th</sup> Annual General Meeting of our Company and to present the Reports and Financial Statements for the year ended 31st December 2012.

### Business Environment

The business context during 2012 was tougher than ever before. The year started with a nation-wide strike in protest against increase in petroleum pump prices, grounding all commercial activities for a period of ten days. The challenges of poor infrastructure, floods and security continued to have a negative impact on free mobility of goods and people. High inflation continued to erode consumers' spending power. While the Central Bank of Nigeria (CBN) supported some sectors of the economy through subsidised credit in order to boost output, other critical sectors of the economy, such as wholesale and retail trade, manufacturing, construction and real estate, found it difficult to survive. Wholesale and Retail trade is the second largest sector of the Nigerian economy and these developments in this crucial sector negatively impacted other macroeconomic variables in Nigeria. CBN's target of single digit inflation was not achieved in 2012. In order to maintain price stability in Nigeria, CBN adopted a tight monetary policy, causing yields on fixed income securities to rise. In turn banks restructured their assets in favour of fixed income securities to take advantage of the attractive yields. The year-on-year inflation rate stood at 12.3% as at end-November 2012 and inflation rate throughout the year fluctuated between 11.3% and 12.9%.

### Results and performance

Within the context of continuing tough business operating environment, Unilever Nigeria Plc's fundamentals held strong in 2012. Our company defied the challenging national and economic circumstances with strategic actions and investments which enabled it to weather the storms and deliver continued value to all its stakeholders. Unilever Nigeria Plc has emerged a stronger business and more than ever fit to win in the market place. Against all odds, we succeeded at holding revenue and margins at previous year's level. Our compelling vision continues to drive focus that will guarantee our ability to continue to win into the future. Unilever Nigeria Plc proactively employed its four pronged strategy of Winning with Brands and Innovation, Winning in the Market Place, Winning through continuous Improvement and Winning with people. Strategic investments in our brands came in form of new product launches in Savoury, Tea and Hand and Body Categories. The company invested heavily in 'Go-to-market' capability and resourcing, successfully transited into Standard Accounting Program (SAP) business operating system and invested in additional machinery to enhance production capacities and efficiencies. Our people were at the crux of all these activities with the Company embedding Performance culture more than ever before and taking great strides in its Transformation Agenda.

**HIS MAJESTY NNAEMEKA A. ACHEBE CFR, mni**  
**OBI OF ONITSHA**

Within the context of a continuing tough business operating environment, Unilever Nigeria Plc's fundamentals held strong in 2012. Our company defied the challenging national and economic circumstances with strategic actions and investments which enabled it to weather the storms and deliver continued value to all its stakeholders. Unilever Nigeria Plc has emerged a stronger business and more than ever fit to win in the market place. Our compelling vision continues to drive focus that will guarantee our ability to continue to win into the future.



## Chairman's statement (continued)

### Dividends

In line with its dividend policy and subject to your approval at this Meeting, the Board of Directors recommends a dividend payout of N1.40 per share which is at par with previous year. The Board of Directors remains committed to implementing the electronic dividend and electronic bonus payment system in order to further help to reduce the incidence of unclaimed dividends and share certificates. I therefore, again on behalf of the Board, request shareholders to complete the e-dividend and e-bonus Application Form in the Annual Report and Accounts and deliver it to the Registrars, Union Registrars Limited.

### Board

There has been no change to the Board of Directors within 2012. However, the Board's Governance/Remuneration Committee was recently re-constituted with His Majesty N A Achebe and Senator U Udoma and will resume operations in 2013.

### Acknowledgements

The 2012 results would not have been possible without the unflinching support of all our stakeholders. Accordingly, we recognize the confidence you our Shareholders have in our Company and in its ability to deliver sustainable strong performance into the future. We acknowledge our Business Partners and our Employees for upholding the performance culture of the company. Our appreciation also goes to our consumers and customers for visibly demonstrating their preference for our brands and providing useful insights that enable us to continue to re-invent ourselves and realise our mission of creating a better future for them every day.

### Future outlook

2012 results further embed Unilever Nigeria Plc's positioning to win in the market place and withstand adverse business operating environment into the future. Our sustained investments will continue to yield strong results and bigger and better innovation which enables us to continue to meet and exceed consumer expectation at all times. The launch of Unilever Sustainable Living Plan in Nigeria will enable us to take strides which guarantee a big difference in the lives of members of the wider society.

Thank you for your attention.



**HIS MAJESTY NNAEMEKA A. ACHEBE CFR, mni**  
**OBI OF ONITSHA**  
 Chairman FRC/2013/NIM/00000001568

## Managing Director on Unilever Nigeria's Transformation Agenda

In 2010 we set out on a journey to double the size of our business and create a beacon of hope for Nigeria. This vision was inspired by our belief that it was time for Unilever Nigeria to take the tough but critical steps needed to move our company from good to great. We realised that doubling our business was not going to be easy, but we were undaunted by the magnitude of our ambition and the sacrifice it would require to be the best we can be. In articulating the vision, we reckoned that our journey from good to great needed to be underpinned by a drive to transform our business. We therefore launched a transformation initiative aimed at facilitating the cultural shift critical to the realization of our collective vision. 'Transformation' for us did not necessarily mean a sweeping revolution that would change our fortunes overnight. Rather, we believed that the hallmark of our transformation will involve inspiring our people to get better at what they do every day. This way, inch by inch, we will create the company of our dreams.

To this end, we have taken many steps to ensure that our people are the engine of our company's transformation. We have held a variety of employee engagement activities that have inspired our employees to take everyday actions that will move the needle and bring us closer to our dreams. Also as part of our transformation initiative, we are strengthening the capacity of our key stakeholders for example, suppliers and Key Distributors to play their parts in realising our vision. Just two years since we took the first big step to transform our business, it is evident that we are taking significant strides towards the realisation of our collective dream.

In 2012 Unilever Nigeria was twice named Unilever Central Africa's 'Business Unit of the Quarter'. Also in 2012 our business recorded a very successful migration to a new, Enterprise Resource Planning Tool – SAP. This tool has tremendously enhanced our efficiency and provided the leverage we need to win in the market place. The results of the 2012 Employee survey also shows renewed employee commitment and an overall improvement in the mood of our business. The survey revealed that our business improved across all measured dimensions (versus 2010 scores) – with some dimensions like "Reward and Recognition" recording a remarkable 30% increase over 2010 figures. The stock market also confirms that the wheels of positive change are turning in Unilever Nigeria. In the last two years, our company's share price has increased by over 80%. We are aware that the journey is far from finished, however; our successes so far have inspired us to sustain the momentum and keep our dream alive. The train has definitely left the station, and for us as a business, there is no other way to move but forward.



**Thabo Mabe**  
 Managing Director/CEO  
 FRC/2013/IODN/00000001741





## Igniting The Dream

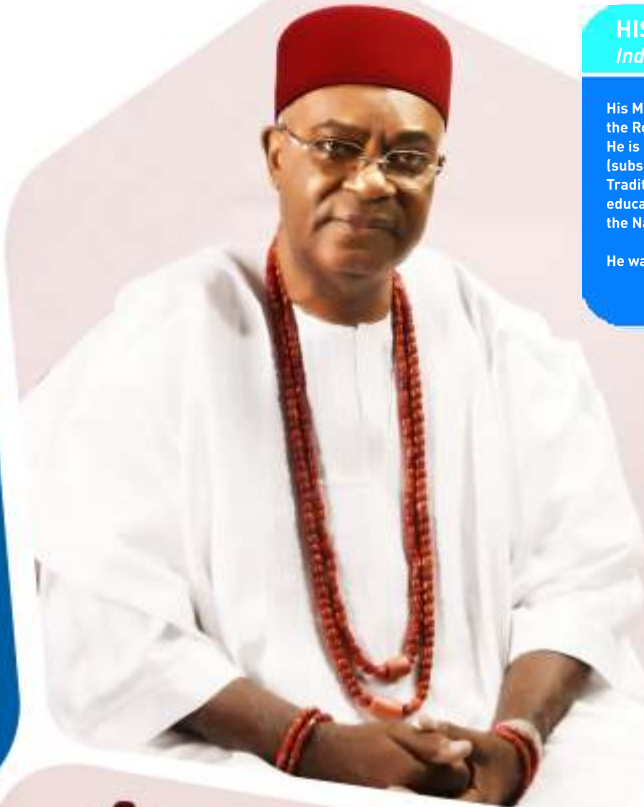


## The Board of Directors (Non-Executive)

### HIS MAJESTY NNAEMEKA A. ACHEBE CFR, mni Independent Non-Executive Chairman

His Majesty Nnaemeka A. Achébe, Ohi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is Chairman of Diamond Bank PLC and Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc.). He is also the Chairman of Anambra State Traditional Rulers Council, and Chancellor of Kogi State University. He was educated at Stanford and Columbia Universities in the U.S.A and also attended the National Institute for Policy and Strategic Studies, Kuru.

He was appointed to the Board of Unilever Nigeria Plc in March 2003



### MALLAM ABBA KYARI Independent Non Executive Director

Mallam Abba Kyari served on the old Borno State Executive Council and was the Commissioner for Forestry and Animal Resources. He was Managing Director and Chief Executive Officer of United Bank for Africa from January 1997 – December 2001. He served as a member of the Honourary Presidential Council on Foreign Investment from 2000 – 2005. He is currently a Non Executive Director, Mobil Oil Nigeria Plc. He also serves as a Trustee of the Aids Prevention Initiative in Nigeria (GTI) from 2010 till date.

He was appointed to the Board of Unilever Nigeria Plc. in October 2002.







## The Board of Directors (Non-Executive)



**MR ATEDO N. A. PETERSIDE CON.**  
*Non Executive Director*

Mr Peterside is the Founder and Chairman of Stanbic IBTC Bank PLC and is also the President and Founder of ANAP Foundation which is a non-profit organisation that is committed to the promotion of good governance. He is also the Chairman of Cadbury Nigeria Plc and sits on the Boards of Flour Mills of Nigeria Plc, Nigerian Breweries Plc, and Presco Plc. He is a Member of both the National Economic Management Team and the National Council on Privatisation (NCP) and is also the Chairman of the NCP's Technical Committee.

He was appointed to the Board of Unilever Nigeria Plc in January 2008.



**SENATOR UDOMA U. UDOMA, CON**  
*Non Executive Director*

Senator Udoma Udo Udoma is the Senior Partner in the leading commercial law firm of Udo Udoma & Belo-Osagie. He served as the first non-executive Chairman of the Corporate Affairs Commission. He was also the Chairman of the Presidential Committee on Incentives & Waivers. Senator Udoma served in the Senate of the Federal Republic of Nigeria for two terms i.e. 1999-2003 and 2003-2007, during which time he occupied various offices including serving as the Chairman of the Appropriation Committee, as well as the Senate Chief Whip. He is currently the non-executive Chairman of UAC of Nigeria Plc. and Union Bank of Nigeria Plc.

He was appointed to the Board of Unilever Nigeria Plc in January 2008.



## The Board of Directors (Executive)



**MR THABO MABE**  
*Managing Director (South African)*

Mr. Mabe holds a BSc. degree in Chemistry and Mathematics. He has over 23 years of international business experience in Unilever, with different experiences in Supply Chain (manufacturing, planning and distribution); Marketing (Brand Building) and General Management. He has had working experience in South Africa, Germany and Nigeria. Previous position held include: Factory manager, Works Director, VP Supply Chain, VP Marketing Spreads and Ice Cream, VP Marketing Homecare.

He was appointed to the Board of Unilever Nigeria Plc in May 2010.



**MR KASTURI SUDARSHAN**  
*Finance Director (Indian)*

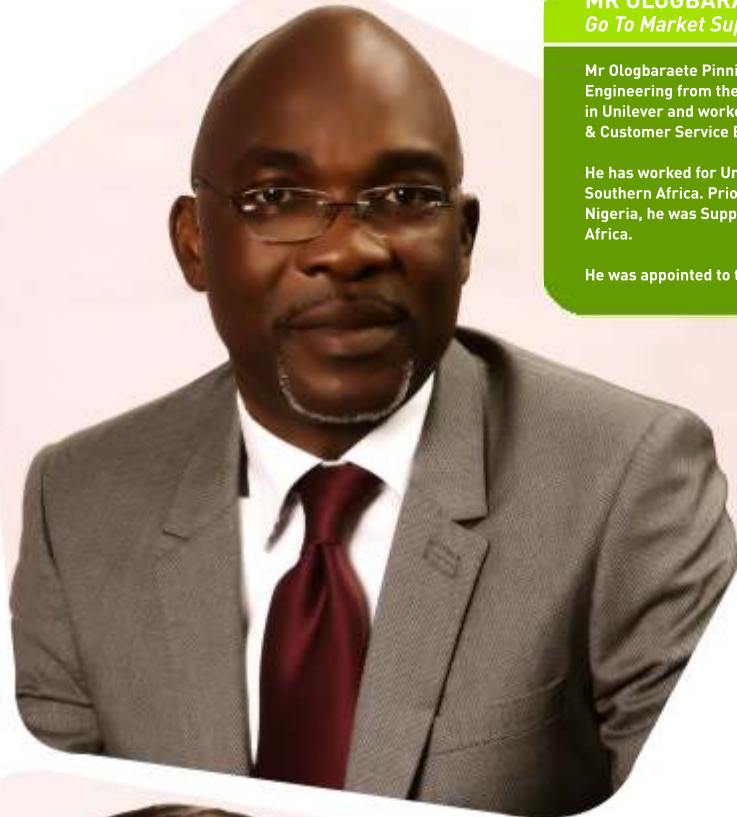
He holds BE (Hons) degree in Chemical Engineering and MBA in Finance. He joined Unilever as a Management Trainee in 1990. In a career spanning 22 years with Unilever in India and USA, he has assumed a variety of senior roles in Finance, Supply Chain, Audit and IT. Prior to his appointment to his current position, he was General Manager Finance with Hindustan Unilever, India.

He was appointed to the Board of Unilever Nigeria Plc in March 2011.





## The Board of Directors (Executive)



**MR OLOGBARAETE K. PINNICK**  
*Go To Market Supply Chain Director*

Mr Ologbaraete Pinnick holds a BSc. (Hons) degree in Chemical Engineering from the University of Lagos. He has spent 11 years in Unilever and worked in various areas of Manufacturing, Planning & Customer Service Excellence and Regional Supply Chain.

He has worked for Unilever in Nigeria, South Africa, and East & Southern Africa. Prior to his appointment on the Board of Unilever Nigeria, he was Supply Chain Director for Unilever, East and Southern Africa.

He was appointed to the Board of Unilever Nigeria Plc in May 2011.



**MRS ABIDEMI ADEMOLA**  
*General Counsel and Company Secretary*

Abidemi Ademola holds a Bachelor of Laws degree from the Obafemi Awolowo University, Ile-Ife. She was called to Bar in 1995 and also holds a Master of Laws degree from the University of Lagos, Akoka. She is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria and United Kingdom and a member of the Nigerian Bar Association and the Society of Corporate Governance. Her work experience spans over 17 years of Corporate and Commercial Law practice.

She was appointed as Company Secretary in January 2012



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the closer, the better







## Report of the Directors

The Directors submit their Report together with the audited financial statements for the year ended 31 December 2012, which disclose the state of affairs of the company.

### Incorporation

Unilever Nigeria Plc is incorporated in Nigeria under the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 as a public limited liability company, and is domiciled in Nigeria. The company's shares are listed on the Nigerian Stock Exchange (NSE).

### Principal activities

The company is principally involved in the manufacture and marketing of foods and food ingredients, and home and personal care products. It has manufacturing plants in Lagos and Agbara, Ogun State.

### Results

The results for the year are summarized as follows:

	2012 N'000
Revenue	55,547,798
Operating profit	8,894,882
Profit before income tax	8,185,987
Taxation	(2,588,374)
Profit after tax	5,597,613
Other Comprehensive Income	107,875
Proposed dividend	5,296,614

### Dividend

The Directors are pleased to recommend to the shareholders the payment of a dividend in respect of the year of N5,296,614,400 that is, N1.40 kobo gross per share which is payable on Friday 17 May 2013. This is subject to the deduction of appropriate withholding tax.

### Corporate Governance Report

#### Framework

The Corporate Governance framework in Unilever Nigeria Plc devolves from the following:

1. The Unilever Code of Business Principles and Code Policies
2. The SEC Code of Corporate Governance for Public Companies 2011
3. Companies and Allied Matters Act [Cap C20] LFN 2004
4. Listing Rules of the Nigerian Stock Exchange
5. International Corporate Governance Best Practices



## Report of the Directors (continued)

Under the above framework, the Unilever Nigeria Plc's Policy on Corporate Governance is summed up as follows:

1. We conduct our operations with honesty, integrity and openness and with respect for the human rights and interests of the employees.
2. We shall similarly respect the legitimate interests of those with whom we have relationships.
3. As a Unilever Group company, we are required to comply with the laws and regulations of the countries in which we operate.
4. We will conduct our operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to our shareholders.

Compliance with the above principles is an essential element in our business success and all employees and business partners of Unilever are mandated to comply with the above principles.

During the year 2012, Unilever Nigeria Plc complied substantially with the provisions of the Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011 together with requirements of other good corporate standards listed above.

### Board composition

The Directors who held office during the year 2012 and up to the date of this report are:

• His Majesty Nnaemeka A. Achebe, CFR, mni	Independent Non-Executive Chairman
• Mr. Sudarshan Kasturi	Executive Director
• Mallam Abba Kyari	Independent Non-Executive Director
• Mr. Thabo Mabe	Managing Director
• Mr. Atedo N.A. Peterside, CON	Non-Executive Director
• Mr. Ologbaraete K. Pinnick	Executive Director
• Sen. Udoma U. Udoma, CON	Non-Executive Director

Since the last Annual General Meeting, there has been no change in the composition of the Board of Directors.

### Board responsibilities

The Board has the final responsibility for management, direction and performance of the company and has the powers, authorities and duties vested in it by the relevant Laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria Plc.



## Report of the Directors (continued)

The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the company.

The Board has delegated to the Chief Executive Officer/Managing Director all its powers, authorities and discretions which relate to the operational running of Unilever Nigeria Plc.

The powers, authorities and discretions exclusively within the remit of the Board and which currently have not been delegated include making or approving the following:

### 1. Structural and constitutional powers

- Alteration of Articles of Association
- Alteration of the capital of the company
- Significant asset disposal

### 2. Governance

- Convening of meetings of the shareholders of Unilever Nigeria Plc and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place
- Presentation of the annual report and financial statements to shareholders
- Reviewing and approving proposals from the Remuneration Committee
- Proposals to the general meetings of shareholders of Unilever Nigeria Plc on the Board remuneration policy and deciding on the individual packages of Directors, within the authority set by the general meeting of shareholders
- The review of the functioning of the Board and its committees
- Overall responsibility for compliance with all relevant laws, regulations and Code of Corporate Governance
- The Operating Framework

### Board appointment and evaluation process

Unilever Nigeria Plc recruits Directors in line with its Code of Business Principles and Code Policies relating to human resources recruitment. The basic principle of the Unilever's director recruitment process is that Directors are appointed on the basis of their qualifications, ability and skills required for the role and to make visible contribution to the governance of the relevant company in accordance with Unilever global and regional strategy and the relevant local legal requirements.

The recruitment process also provides for the induction and training of Directors by virtue of which Directors are taken through relevant and appropriate training programmes which equip them for the role. In accordance with its 70-20-10 principle Unilever believes that a major part of training will happen through on-the-job experience and exposure, 20% will happen through relationship building and interaction with the right calibre of people while the remaining 10% will result from formal training. Accordingly, Unilever Nigeria Plc provides the right atmosphere for its Directors to exhibit leadership and enhance their capabilities. Unilever provides relevant governance information to its Directors as the need arises and also facilitates circulation of essential governance documents to the Board from time to time to keep them updated on the trends.

## Report of the Directors (continued)

The Board of Directors of Unilever Nigeria Plc is evaluated locally and from the Unilever Africa Regional Office on an annual basis. The Board and individual Directors are benchmarked against the requirements of the Unilever Code of Business Principles, the Code Policies, the laws and regulations of Nigeria, the SEC Code of Corporate Governance and other relevant governance provisions. The scope of evaluation covers compliance, contribution to the Board agenda for the year, attendance at meetings, quality of discussions at Board meetings, level of engagement with government and the community and entrepreneurial acumen.

In line with the Code of Corporate Governance, the Board of Unilever Nigeria Plc. engaged KPMG Professional Services to carry out the Board evaluation exercise for the Board and its individual Directors in respect of the year ended 31 December 2012.

KPMG has submitted its report to the Board. The Report confirms that Unilever governance practices are largely in compliance with the provisions of the SEC Code of Corporate Governance for the year ended 31 December 2012. Specific provisions for further improving the Company's governance practices have been articulated in the report. The Board has noted these recommendations and will look into them.

### Directors retiring by rotation

In accordance with Article 90 of the company's Articles of Association, Sen. Udoma U. Udoma, Mr. Ologbaraete K. Pinnick and Mr. Sudarshan Kasturi will retire by rotation and being eligible, offer themselves for re-election.

The profiles of all the three Directors standing for re-election are contained on **pages 13 - 15**

### Board committees

In line with the Code of Best Practices in Corporate Governance, the Board of Directors works through the following committees:

#### a. Executive Committee (Exco)

The Exco is a sub-committee of the Board and it is empowered by the Board to take decisions on behalf of the Board, which are necessary for the smooth everyday running of the company.

The committee comprises the executive Directors of the company. The following are currently members of the committee:

- |                              |                                      |
|------------------------------|--------------------------------------|
| • Mr. Thabo Mabe             | - Managing Director                  |
| • Mr. Kasturi Sudarshan      | - Finance Director                   |
| • Mr. Ologbaraete K. Pinnick | - Go to Market Supply Chain Director |

#### b. Leadership Team (LT)

The Leadership Team comprises the executive Directors and senior executives who occupy strategic roles in the organization. This Committee is responsible for setting corporate targets for the company, establishing priorities, allocating resources, and seeing to the business of the company on a day to day basis. The Committee is chaired by the Managing Director/Chief Executive Officer of the company. The members of the Committee are



## Report of the Directors (continued)

- Mr. Thabo Mabe
  - Mr. Kasturi Sudarshan
  - Mr. Ologbaraete K. Pinnick
  - Mrs. Tolulope Agiri
  - Mr. Kwaku Boateng
  - Mr. David Okeme
  - Mr. Anil Gopalan
- Managing Director
  - Finance Director
  - Go to Market Supply Chain Director
  - Human Resources Executive
  - Customer Development Executive
  - Brand Building Executive
  - VP Operations

### c. The Audit Committee

The Audit Committee which has been established in accordance with the provisions of Section 359(4) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 comprises of three (3) shareholders' representatives and three (3) Directors' representatives (two of whom are non-executive Directors and the other an executive director not being the Finance Director). The chairman of the Audit committee is one of the shareholders' representatives. During the year under review, the committee met four (4) times.

The functions of the Audit Committee are governed by the provisions of Section 359(6) of the Companies and Allied matters Act Cap 20 Laws of the Federation of Nigeria 2004 and the SEC Code of Corporate Governance for public companies 2011. The Report of the Audit Committee to the members is contained on **page 35**.

### d. The Governance/Remuneration Committee

The Committee was recently re-constituted and comprises solely of non-executive Directors and chaired by the Non-executive Chairman of the Board. The Committee's roles and responsibilities are in line with Paragraph 11 of the SEC Code of Corporate Governance 2011. The Committee resumed operations with effect from January, 2013.

In 2012 the above committees (with the exception of the Governance/Remuneration Committee which resumed operations in 2013, discharged their roles creditably and in line with their terms of reference.

### Board meetings

During 2012, the Board held four meetings. The record of Directors' attendance is presented below:

Name	Meeting date 15 March 2012	Meeting date 12 April 2012	Meeting date 20 July 2012	Meeting date 12 October 2012	Total attendance
His Majesty N.A. Achebe	☺	☺	☺	☺	4 meetings
Mr. N.S. Mabe	☺	☺	☺	☺	4 meetings
Mr. S Kasturi	☺	☺	☺	☺	4 meetings
Mallam A Kyari	☺	X	☺	☺	3 meetings
Mr. A.N.A. Peterside	☺	☺	☺	☺	4 meetings
Sen. U.U. Udoma	☺	☺	☺	☺	4 meetings
Mr. O.K. Pinnick	☺	☺	X	☺	3 meetings

☺ Present  
x - Absent with apologies

## Report of the Directors (continued)

### Audit Committee meetings

During 2012, the Audit Committee held four meetings. The record of members' attendance is presented below:

Name	Meeting date 14 March 2012	Meeting date 19 July 2012	Meeting date 10 October 2012	Meeting date 6 December 2012	Total attendance
Chief SC Ezendu	☺	☺	☺	☺	4 Meetings
Prince B. Adebajo	☺	☺	☺	☺	4 Meetings
Alhaji W. Ajani	☺	☺	☺	☺	4 Meetings
Mallam A. Kyari	X	☺	☺	☺	3 Meetings
Mr. A.N.A Peterside	☺	X	☺	☺	3 Meetings
Mr. O.K. Pinnick	NYA	NYA	☺	X	1 Meeting

☺ Present X - Absent NYA - Not yet appointed

### Record of Directors' attendance at Board meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 the record of the Directors' attendance at Directors' meetings during 2012 as listed above is available for inspection at the Annual General Meeting.

### Directors' interests in contracts

Directors' interests in contracts for the year ended 31 December, 2012 were as follows:

Name of Director	Nature of the contract	Directors' Interest therein
Senator Udoma U. Udoma CON	Canteen Services contract with Kafetaria Enterprises (UAC Menu Masters) Franchise of UAC Restaurants Ltd	Chairman and Shareholder of UAC Plc Group company of UAC Restaurants Ltd.
Mr. Atedo N.A. Peterside CON	Pension Fund Administrator Service with Stanbic IBTC Pension Managers Ltd	Chairman and Shareholder of Stanbic IBTC Holdings Plc, The Holding Company of Stanbic Pension Managers Ltd



## Report of the Directors (continued)

No other Director has notified the company for the purpose of section 277 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

### Directors' shareholding

The Register of Directors' interests in the share capital of the company will be open for inspection at the Annual General Meeting. The direct and indirect interest of Directors in the issued share capital of the company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

Director	Number of shares held at 31 December 2012	Number of shares held at 31 December 2011
His Majesty Nnaemeka A. Achebe	55,976	55,976
Mr. Sudarshan Kasturi	Nil	Nil
Mallam Abba Kyari	68,084	68,084
Mr. Thabo Mabe	Nil	Nil
Mr. Atedo N.A. Peterside	5,000,000	5,000,000
Sen. Udoma U. Udoma- indirect	1,637,500	1,637,500
Mr Ologbaraete. K. Pinnick	16,649	16,649

According to the register of members at 31 December 2012, the following shareholder of the company held more than 5% of the issued share capital of the company:

Shareholder	Number of shares	Percentage held (%)
Unilever Overseas Holdings B.V.	1,893,006,656	50.04%

### Immediate and Ultimate Parent Companies

The immediate and ultimate parent companies of Unilever Nigeria Plc are Unilever Overseas Holdings B.V. and Unilever Plc, United Kingdom respectively.

### Employment Policy

At Unilever, we like to think of ourselves as a community where each employee has a valuable contribution to make. Our people are fundamental to the way we do business, which is why their professional fulfilment, work/life balance and their ability to contribute equally as part of a diverse workforce are issues to which we give priority. We are an equal opportunity employer and our values not only describe who we are as an organisation, but also the way we do business. Our core values are centred on our Standards of Leadership, which define the kind of people that make up our business; people with a Growth mindset, Consumer and Customer focus, a Bias for action; people who have a strong sense of Accountability and Responsibility and who have the ability to Build Talent and Teams.



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## Report of the Directors (continued)

We subscribe to more traditional values such as high professional integrity, making a positive impact in the society in which we operate, being committed to protecting the environment by managing our environmental impact and ensuring that our people follow the operational standards as set out in our Code of Business Principles. We are passionate about diversity, mutual trust and respect, developing individual skill and capability as well as encouraging vibrant communication and consultation between employees and the leadership team. Unilever does not discriminate against physically challenged people in its recruitment or retention processes.

### Employer Brand

Delivering a strong employer brand is fundamental to our desire to become the number one "Employer of Choice" in Nigeria as well as the most admired FMCG Company in West Africa. Attracting the right talent is one key focus area in our people strategy and we have continuously deployed the most innovative and rigorous methods in ensuring we hire top talent. In 2012 we recruited 17 Management Trainees; and to an already strong complement of managers, 37 new mid career recruits to consolidate on the foundation of previous years. Standing on our promise to deliver products that will make our customers feel good, look good and get the best out of life, including being able to offer premium service to our customers; we have maintained our retinue of talented and passionate individuals who are driven to deliver on this promise. Our commitment towards talent development has encouraged us to forge beyond sourcing alone but also rigorously develop talent and increasing our partnership with universities via our campus activation programmes. The second edition of the Ideatrophie competition took place in 2012 with 276 (828 students) entries from 19 Universities across Nigeria and the use of digital social media to drive the campaign for this year's competition ensured that over 650,000 students were reached. Our presence in the Nigerian educational sector has continued to grow with our increased participation in career fairs, sponsorship of awards to outstanding students, providing guest speakers at seminars and giving lectures on key subject areas. We were recently certified as a "Top Employer in Africa" in 2012, further enhancing our Employer Brand. We have continued to maintain the blend of youthfulness and experience in our business thereby sustaining the challenging and exciting work environment in Unilever; with the recently launched Unilever Internship Program (ULIP) being positioned as a platform to support the sourcing and engagement of young talent right from school then grooming them to imbibe our culture.

### Learning and Development

As a business, Unilever is committed to providing its employees with the best opportunities for learning and development. Our training and development programmes are designed to challenge our people and empower them to be more accountable to their goals and objectives. We have a wide range of general and professional skill courses delivered by best-in-class instructors, combined with a robust online learning management system which enables employees take ownership of their personal development through comprehensive web-based courses, online books and knowledge-sharing sites. We also use other forms of professional development including local and regional project participation, job rotations and short-term attachments to promote qualitative on-the-job learning and to act as powerful motivators for employee performance and engagement.

In 2012, 10 of our young managers proceeded on short term attachments to other Unilever offices in Asia, Europe and Africa; thereby bringing us closer to achieving our goal of being a net exporter of talent. Year on year, we continue to invest substantially in training and development initiatives; and with our focus on winning with people as well as becoming the number one "Employer of Choice", we are even more determined to putting employee development at the fore-front of our people strategy.



## Report of the Directors (continued)

### Employee engagement

Our belief at Unilever is that our employees are at the heart of our business. As a result, we consider listening to our people and acting based on their feedback key to driving our business in the desired direction. Having embarked on this journey in 2010, we remain deeply committed to employee engagement to support and enable our 2015 ambition. Our Leadership Team, along with other managers at different levels of the organisation have taken this to heart and directly lead this with their teams. Formal and informal channels are employed to drive heart connections which in turn drive discretionary efforts in the business. Management and Team Retreats, informal breakfast and lunch sessions with the Leadership Team, business-wide soccer tournaments are some of the practical ways we have brought engagement to life in the workplace.

Also, at Unilever, engagement goes beyond the four walls of our business. It touches the core of our mission – (making people feel good, look good and get more out of life) – in the way employees are brought on board and given unique opportunities to interact with the brands. Because our brands are not just products but brands with a social mission, our people are able to see the purpose of their work in the real sense as adding meaning and value to others – hence engagement at a personal level is enhanced. Employees' involvement at the Global Hand Washing Day and their passionate involvement in campaigns that help people take positive action to improve the quality of their lives (as seen in Unilever Connect \*) are some of the ways we have been able to do this.

We value our people as individuals and not just a workforce – and this continues to be a driving force in the implementation of inclusive and people friendly policies and practices in the business. Some of the most recent examples include the flexible working policy (recognising the unique needs of every employee). The resultant effect of all these is a more positive & energising mood within the business and a major uplift in our Engagement scores from 47% (2010) to 68% (2012) as measured in our Global People Survey (GPS) – a survey Unilever conducts globally bi-annually. While we recognise that higher levels of employee engagement are associated with better business performance; we are genuinely interested in the benefits of employee engagement for the individuals who make up our business. We know that people are able to maximise their potential when they are engaged in work that provides positive emotional experiences, hence we are committed to creating an environment that endorses diversity, values employees' unique contributions, promotes team work, recognises and rewards outstanding performance and encourages work/life balance.

It is a journey and we are committed to seeing it through!

\* Unilever Connect scheme is our company's volunteering scheme. Under the aegis of this scheme, employees visit Olusosun Primary School, Ojota, Lagos weekly (on company time) to teach English Language, Mathematics and Computer Education

### Unilever Code of Business Principles

Unilever Nigeria Plc. has zero tolerance for corruption and unethical practices and mandates its employees and business partners to adhere to the relevant laws and regulations and the Unilever Code of Business Principles. Unilever Code of Business Principles (COBP) prescribes a uniform standard of conduct expected of every Unilever company, employee and business partners. The COBP covers matters such as Obeying the law, Conflict of interest, Business integrity, Business partners, Shareholders and public activities, Fair Competition and Responsibility to our consumers. In Unilever Nigeria Plc. employees go through periodic



## Report of the Directors (continued)

mandatory trainings to reinforce the COBP standards and ensure compliance. Compliance with the COBP is mandatory and is monitored at the highest level of leadership. Internal and external confidential reporting lines are available to encourage reporting of breaches and sanctions are consistently applied for breaches.

### Doing Well, Doing Good: Corporate Social Responsibility /Sustainability Investments 2012

Unilever Sustainable Living Plan (USLP) was launched in 2010 as the first global initiative which brings together our suppliers, our consumers and our own employees and operations in taking action to build a sustainable business. Through USLP, Unilever set three ambitious goals for the year 2020.

These are:

- To help 1 billion people improve their health and wellbeing.
- To halve the environmental footprint of our products,
- To source 100% of our agricultural raw materials sustainably.

The Unilever Foundation initiatives are the vehicles Unilever uses globally to help meet the ambitious goal of helping 1 billion people improve their health and well-being, and in turn, create a sustainable future. Through the Unilever Foundation, the company seeks to improve quality of life through the provision of hygiene, sanitation, access to clean drinking water, basic nutrition and enhancing self-esteem of communities.

In December 2012, the partnerships with UNICEF and Save The Children were launched by Unilever Nigeria. The partnerships are for 3 years. UNICEF will work on Community Approach to Total Sanitation (CATS), promote attainment of Open Defecation Free Status and Community Management of Acute Malnutrition (CMAM). The objectives of Unilever's partnership with Save The Children are:

- To create an enabling clinical environment in health facilities, and effective referral system to increase access to quality healthcare at the time of birth and in the immediate postnatal period.
- To ensure that health workers have the skills and support they need to provide quality health services to mothers and babies.
- To ensure that states and local governments' decision-makers implement key National Policies at state and local levels and enable communities to realise their right to quality Maternal and Newborn Health services.

In line with its enhancing self self-esteem objective, the company contributed to educational development at various levels. Computers were donated to Olusosun Primary School, thereby helping to inculcate the culture of modern information technology in the young children who are leaders of the future. Also employees of Unilever – about 20 of them – teach English, Mathematics and Computer Education to primaries 4 to 6 pupils of the school two days in a week. The company's sponsorship of Diamond Light Women Empowerment programme touched the lives of 18 University undergraduates through scholarship. This the company sees as a way of empowering young women who will be mothers of the nation at some times. As the saying goes "build the women; build the homes; build the nation". Also, 78 secondary school students also enjoyed the company's scholarship in year 2012.

To further demonstrate its commitment to the improvement of life of members of the communities in Nigeria, Unilever sponsored an HIV/AIDS radio enlightenment programme on 10 radio stations across the country using four languages – English, Hausa, Igbo and Yoruba. The programme reached about 16 million people.

## Report of the Directors (continued)

### Corporate Social Responsibility/Sustainability Investments 2012

	N'000
Sponsorship of HIV/AIDS Awareness Programme on Radio in collaboration with Positive Action for Treatment Access (PATA)	31,995
Products donations to schools, charity homes etc	6,816
Donation to Diamond Lights for Women Empowerment Programme	2,000
Construction work and donation of computers to Olusosun Primary School	5,739
Unilag Endowment Fund	1,000
Secondary School Scholarship	7,800
<b>Total:</b>	<b>55,350</b>

### Safe working, healthy employees and Quality Culture

Safety has remained an integral part of day to day activity of the company for employees, contractors and third party service providers. We continue to provide visible and inspiring safety leadership to protect and enhance the wellbeing of our employees, visitors and contractors. Safe working is 'non negotiable'. We continue to deliver this through an interdependent safety culture, balancing proactive and reactive measures, combined with uncompromising adherence to our Code Policy, Standards and Legislation. In this way, we will continuously manage occupational safety risk towards achieving our vision of ZERO. Safe travel and Behavioural Safety continues to be focus areas in our journey to zero injuries. Weekly behavioural safety audits (BSA) and monthly planned Safety inspections are major drivers. In 2012, employees completed a total of 13,250 BSAs and over 800 planned inspections. The various Safe Travel interventions continue to yield fruits as the last fatal accident happened 7 years ago. During our Safety week, employees' children and spouses were trained on Safe Travel as part of our commitment and duty of care to our employees and the larger society.

We continue to drive improvements towards meeting our commitment to doubling the size of our business while reducing our environmental impacts. The Agbara and Oregun sites were re-certified by the Standard Organisation of Nigeria in ISO 14001 Environmental Management system. In the year in review, we received award for the best Industry with well nurtured trees from Lagos State, won the Manufacturers Association of Nigeria's zonal award as the overall best kept premises and received commendations from various government and non-governmental organisations. The security of our people is of paramount importance. In the midst of present security challenges, we continue to put in place procedures and systems that safe guard our employees in the factories and on the field across the country. We are happy to report that no Unilever employee (including those working in highly volatile areas) is a victim of any of the security incidents in the country.

On Quality, we remain committed to superior brands that delight consumers in all their interactions. We continue to raise the bar on consumers perceived quality standards through a series of quality improvement projects. We have also strengthened our quality culture through cross functional market visits by employees. Regular visits by consumers and customers are now part of our Quality review process. These initiatives have yielded huge benefits.



## Report of the Directors (continued)

### HIV/AIDS Policy

Unilever Nigeria Plc. is committed to providing a healthy and safe work environment for all employees in accordance with its SHE policies and in compliance with current medical standards, public health regulations and international requirements as they relate to HIV/AIDS.

The Company is concerned about the HIV/AIDS pandemic and its HIV/AIDSs policy and programme are intended to ensure that all staff have sufficient awareness of the cause, consequences and prevention of the disease to adequately protect themselves and others. Employees with HIV/AIDS shall also work freely in a non-discriminatory environment

#### Unilever Key Distributors

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## Report of the Directors (continued)

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## Report of the Directors (continued)

### Modern Trade Outlets

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- SAHAD STORES
- MULTI-PRO ENTERPRISES LIMITED
- ADDIDE LIMITED
- CHERRIES SUPERMARKET & GIFT LTD
- SHOP DIRECT RESOURCES NIG LTD
- FOODCO SUPERMARKETS
- GROCERY BAZAAR LIMITED
- GOODIES SUPERMARKET
- GRAND PRODUCTS CO LTD
- MEGA INVESTMENT NIGERIA LTD
- ROBAN STORES LTD
- MAITAMA STORES
- EXCLUSIVE STORES LTD
- PRINCE EBEANO & CO
- MULTIKER NIGERIA LIMITED
- J.T CHANRAI & CO (PH) LTD
- CCD SUPERSTORES
- RETAIL SUPERMARKET NIG LTD

### Independent auditors

The company's independent auditors, PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with the provisions of Section 357(2) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

By order of the Board



**Mrs. Abidemi Ademola**

General Counsel and Company Secretary  
FRC/2013/NBA/00000001646

14 March 2013



## Jollof Karena



### Jollof Rice needs no invitation

The best gift you can give your family everyday is a memorable family mealtime. Trust me; I'm a happy wife, a mother and a career woman, so I know this too well. I also know that Knorr cubes give me the opportunity to make my Jollof rice extra special. You should see my family enjoy my delicious Jollof rice. I can't wait to see their happy faces at dinner tonight.

Amaka: Interior Designer. Wife and mother.



## Statement of Directors' responsibilities

The Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the statement of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- (a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company with the requirements of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004;
- (b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

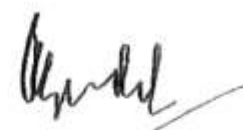
Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement



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



**Thabo Mabe**  
**Managing Director**  
FRC/2013/ IODN/00000001741



**Sudarshan Kasturi**  
**Finance Director**  
FRC/2013/IODN/00000001750

14 March 2013

## Financials

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## Report of the Audit Committee to the members of Unilever Nigeria Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, the members of the Statutory Audit Committee of Unilever Nigeria Plc hereby report as follows:

"We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and we acknowledge the cooperation of management and staff in the conduct of these responsibilities.

We confirm that:

- The accounting and reporting policies of the Company are consistent with legal requirements and ethical practices.
- The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal controls systems.
- We have considered the independent auditors' post-audit report and management responses thereon, and are satisfied thereto."

### Members of the Audit Committee are

- |                          |                                |
|--------------------------|--------------------------------|
| • Chief S. C. Ezendu .   | - Shareholder's Representative |
| • Prince B. Adebajo      | - Shareholder's Representative |
| • Alhaji W. A. Ajani     | - Shareholder's Representative |
| • Mallam A. Kyari        | - Non-Executive Director       |
| • Mr A.N.A. Peterside    | - Non-Executive Director       |
| • Mr Ologbaraete Pinnick | - Executive Director           |

Dated this 13<sup>th</sup> day of March, 2013



Chief S. C. Ezendu  
Chairman



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## Report of the Independent Auditors to the members of Unilever Nigeria Plc

### Report on the financial statements

We have audited the accompanying financial statements of Unilever Nigeria Plc. These financial statements comprise the statement of financial position as at 31 December 2012 and the income statement, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies and Allied Matters Act and the Financial Reporting Council Act.



### Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) The company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- (iii) The company's balance sheet and profit and loss account are in agreement with the books of account.

*PricewaterhouseCoopers*  
Chartered Accountants  
Lagos, Nigeria  
FRC/2013/ICAN/00000000647



28 March 2013



## Income Statement For the year ended 31 December 2012

	Note	2012 N'000	2011 N'000
Revenue	5	55,547,798	54,724,749
Cost of sales		(33,902,137)	(34,723,123)
<b>Gross profit</b>		21,645,661	20,001,626
Selling and distribution expenses		(2,699,869)	(2,530,513)
Administrative expenses		(10,039,052)	(9,234,439)
Non-operating expense		(11,858)	(38,980)
<b>Operating profit</b>		8,894,882	8,197,694
Interest income	9	227,072	248,229
Interest expense	10	(935,967)	(427,808)
<b>Profit before taxation</b>		8,185,987	8,018,115
Taxation	11	(2,588,374)	(2,502,902)
<b>Profit for the year</b>		5,597,613	5,515,213
<b>Attributable to:</b>			
Equity holders		5,597,613	5,515,213
<b>Earnings per share for profit attributable to the equity holders:</b>			
Basic and diluted earnings per share (Naira)	12	1.48	1.46

The notes on pages 46 to 94 form an integral part of these financial statements.

## Statement of Other Comprehensive Income For the year ended 31 December 2012

	Note	2012 N'000	2011 N'000
Actuarial gains/(losses) on pension schemes	20	154,107	(35,553)
Tax on actuarial (losses)/gains	11	(46,232)	10,666
<b>Other comprehensive income</b>		107,875	(24,887)
<b>Profit for the year</b>		5,597,613	5,515,213
<b>Total comprehensive income</b>		5,705,488	5,490,326
<b>Attributable to:</b>			
Equity holders		5,705,488	5,490,326

The notes on pages 46 to 94 form an integral part of these financial statements.



## Statement of Financial Position as at 31 December 2012

		31 December 2012	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	19,265,833	14,263,978	11,209,192
Intangible assets	14	1,962,124	1,151,815	-
Other non-current assets	28	259,986	55,720	55,871
Employee loan receivable	29	87,808	77,844	71,388
Pension scheme surplus	20	143,600	72,955	-
		<u>21,719,351</u>	<u>15,622,312</u>	<u>11,336,451</u>
Assets held for sale	13	-	501,106	501,106
<b>Current assets</b>				
Inventories	15	7,230,127	7,706,348	6,286,744
Trade and other receivables	16	5,637,668	5,425,893	5,053,930
Employee loan receivable	29	52,785	51,897	50,117
Cash and bank balances	17	1,857,693	2,942,372	2,677,715
		<u>14,778,273</u>	<u>16,126,510</u>	<u>14,068,507</u>
<b>Total assets</b>		<u>36,497,624</u>	<u>32,249,928</u>	<u>25,906,063</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	18	14,782,068	16,068,411	11,678,176
Current income tax liabilities	11	2,986,689	2,815,765	1,986,188
Bank overdraft	17	4,358,775	-	730,809
Current portion of long-term loan	26	23,317	8,000	-
Restructuring provision	21	181,727	-	-
		<u>22,332,576</u>	<u>18,892,176</u>	<u>14,395,173</u>
<b>Non-current liabilities</b>				
Deferred taxation liabilities	19	1,233,245	1,242,333	1,137,295
Retirement benefit obligation	20	2,595,222	2,450,269	2,067,646
Non-current portion of long-term loan	26	293,058	30,500	-
		<u>4,121,525</u>	<u>3,723,102</u>	<u>3,204,941</u>
<b>Total liabilities</b>		<u>26,454,101</u>	<u>22,615,278</u>	<u>17,600,114</u>

## Statement of Financial Position As at 31 December 2012 (continued)

		31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
	Note			
<b>Equity</b>				
Ordinary share capital	27	1,891,649	1,891,649	1,891,649
Share premium	27	45,717	45,717	45,717
Retained earnings		<u>8,106,158</u>	<u>7,697,284</u>	<u>6,368,583</u>
<b>Total equity</b>		<u>10,043,523</u>	<u>9,634,650</u>	<u>8,305,949</u>
<b>Net equity and liabilities</b>		<u>36,497,624</u>	<u>32,249,928</u>	<u>25,906,063</u>

The financial statements on pages 46 to 94 were approved for issue by the Board of Directors on 14 March 2013 and signed on its behalf by:

		
His Majesty N.A. Achebe CFR, mni Chairman FRC/2013/NIM/00000001568	Thabo Mabe Managing Director FRC/2013/ IODN/00000001741	Sudarshan Kasturi Finance Director FRC/2013/IODN/00000001750

The notes on pages 46 to 94 form an integral part of these financial statements



## Statement of Changes in Equity Year ended 31 December 2012

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2011	1,891,649	45,717	6,368,583	8,305,949
Profit for the year	-	-	5,515,213	5,515,213
<b>Other comprehensive income</b>				
Actuarial movement, net of tax	-	-	(24,887)	(24,887)
Dividend	-	-	(4,161,625)	(4,161,625)
At 31 December 2011	<u>1,891,649</u>	<u>45,717</u>	<u>7,697,284</u>	<u>9,634,649</u>
Balance at 1 January 2012	1,891,649	45,717	7,697,284	9,634,649
Profit for the year	-	-	5,597,613	5,597,613
<b>Other comprehensive income</b>				
Actuarial movement, net of tax	-	-	107,875	107,875
Dividend	-	-	(5,296,614)	(5,296,614)
Balance at 31 December 2012	<u>1,891,649</u>	<u>45,717</u>	<u>8,106,158</u>	<u>10,043,523</u>

The notes on pages 46 to 94 form an integral part of these financial statements.



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## Statement of Cash Flows Year ended 31 December 2012

	Note	2012 N'000	2011 N'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	23	9,973,106	12,320,791
Retirement benefits paid		(336,240)	(140,678)
Tax paid		(2,472,770)	(1,557,621)
<b>Net cash flow generated from operating activities</b>		<u>7,164,096</u>	<u>10,622,492</u>
<b>Cash flows from investing activities</b>			
Interest received		227,072	248,229
Purchase of intangible assets		(1,028,323)	(1,151,815)
Purchase of property, plant and equipment		(5,853,353)	(4,203,296)
Proceeds from sale of property, plant and equipment		6,376	43,520
<b>Net cash used in investing activities</b>		<u>(6,648,227)</u>	<u>(5,063,362)</u>
<b>Cash flows from financing activities</b>			
Drawdown of long-term loan		285,875	38,500
Repayment of long-term loan		(8,000)	-
Interest payment		(935,967)	(427,808)
Dividend paid		(5,301,230)	(4,174,356)
<b>Net cash flow used in financing activities</b>		<u>(5,959,322)</u>	<u>(4,563,664)</u>
Net increase in cash and cash equivalents		(5,443,454)	995,466
Cash and cash equivalents at the beginning of the year		<u>2,942,372</u>	<u>1,946,906</u>
Cash and cash equivalents at the end of the year	17	<u>(2,501,082)</u>	<u>2,942,372</u>

The notes on pages 46 to 94 form an integral part of these financial statements.

## Notes to the financial statements

### 1. Adoption of International Financial Reporting Standards (IFRS)

#### Explanation of transition to IFRS

As stated in Note 2.1, these financial statements are Unilever Nigeria Plc's ("Unilever" or "the company") first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Unilever has applied IFRS 1 (First-Time Adoption of International Financial Reporting Standards) in preparing these financial statements and the accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011, and the opening statement of financial position at 1 January 2011 (the date of the company's transition to IFRS).

In preparing its opening IFRS statement of financial position, Unilever has adjusted amounts reported previously in financial statements prepared in accordance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria ("Nigerian GAAP"). An explanation of how the transition from Nigerian GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out in the following explanatory notes. The significant impact the financial statements resulting from the adoption of IFRS have been explained in these notes.

In preparing these financial statements in accordance with IFRS 1, the company has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the company are summarised below.

#### Exceptions from full retrospective application - adopted by Unilever Nigeria Plc

The company applied the following mandatory exceptions from retrospective application:

##### Estimates exception

Estimates made under IFRS 1 at 1 January 2011 should be consistent with estimates made for the same date under Nigerian GAAP. No estimates were made in error.

##### Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS.

##### Hedge accounting exception

This exception requires the company to apply hedge accounting only if the hedge relationship meets all the hedge accounting criteria under IAS 39. Unilever Nigeria Plc has not applied hedge accounting under IFRS.

##### Non-controlling interests exception

From 1 January 2011 total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) from 1 May 2009.



## Notes to the financial statements

The guidance contained in IFRS on accounting for the loss of control of a subsidiary is applied prospectively from 1 January 2011. Unilever does not have a subsidiary entity.

### Classification and measurement of financial assets exception

The assessment of whether Unilever's financial assets meet the requirements to be measured at amortised cost, as set out in IFRS 9, was performed at 1 January 2011.

Unilever applied the following optional exemptions from retrospective application:

#### 1.1 Deemed cost of property, plant and equipment

This exemption is applicable to any individual item of property, plant and equipment, or intangible assets that meet the recognition criteria under IFRS (including the existence of an active market).

When the exemption is applied, the fair value or revalued amount is the deemed cost at the date of the revaluation for subsequent accounting under IFRS, if the revaluation (at revaluation date) was broadly comparable to fair value or cost or depreciation cost under IFRS.

Unilever has elected to apply the revaluation exemption on buildings only (i.e. use a previous revaluation as deemed cost). IFRS will apply retrospectively to other classes of property, plant and equipment and intangible assets.

At 31 December 1993, the Company revalued buildings under N-GAAP. On transition to IFRS, we have elected to apply the optional exemption to use that previous revaluation as deemed cost under IFRSs. The revaluation reserve of N237.2 million at 31 December 2012, 31 December 2011 and 1 January 2011 was reclassified to retained earnings. Except for the reclassification, there was no other impact on the financial statement.

The net impact arising from the change is summarised as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Revaluation reserve	237,262	237,262	237,262
<b>Reclassified to retained earnings</b>	<b>237,262</b>	<b>237,262</b>	<b>237,262</b>

#### 1.2 Leases

Unilever has elected not to reassess the determination of whether an agreement contains a lease, as the determination made under Nigerian GAAP would have given the same outcome as that resulting from applying IAS 17 Leases and IFRIC 4

## Notes to the financial statements (continued)

### 1.3 Explanatory notes to IFRS 1 adjustments

(ii) Under previous GAAP, Unilever recognised actual cash given to employees as loan receivable in the books. Therefore, cash outflow upon loan issue is not split between prepaid employee benefits and the loan receivable.

Under IFRS, a prepaid employee benefit is recognized on the same day the loan is issued. Both have been adjusted by splitting the loan amount into the fair value of N129.7 million as at 31 December 2011 (1 January 2011: N121.5 million), and the prepaid employee benefits of N90.6 million as at 31 December 2011 (1 January 2011: N90.4 million). The amounts recognised have been analysed into their current and non-current components in the statement of financial position.

The fair value of the loan is obtained by estimating the present value of discounted (at the market rate) cash flows which would be equal to the loan receivable balance on the issue date. The difference between the actual cash outflows to employee and the present value of estimated cash flow has been recognized as a prepaid employee benefit on the statement of financial position.

The prepaid employee benefit is amortized as an employee expense over the loan period while the interest on the fair value loan is recognised as interest income in the same period. The amounts recognised as income and expense in 2011 was N33.3 million.

(iii) Under the previous GAAP, Unilever recognised the surplus of N237.2 million arising from the revaluation of buildings as revaluation reserve. As part of its transition to IFRS, the company elected to use revalued amounts as the deemed cost of buildings. In addition, Unilever has adopted the cost model and accordingly, the company has reclassified the revaluation reserve of N237.2 million to retained earnings.

(iii) Under previous GAAP, Unilever recognised actuarial gains/ (losses) and the resulting tax impact in the income statement. The actuarial loss of N35.5 million and resulting tax credit of N10.6 million have been reclassified to the other comprehensive income as part of IFRS 1 adjustments for the year ended 31 December 2011 in compliance IAS19 Employee Benefits and IAS 12 - Income Taxes.

(iv) The company has interest in certain leasehold lands which were included in land and buildings under previous GAAP. These leases are for specific number of years but were not depreciated. The company has retained the significant risks and rewards deriving from the use of the leasehold lands, and is responsible for maintaining them. Accordingly, they have been recognised as finance leases in these financial statements in accordance with IAS 17 - Leases. The cost of acquiring the leases amounted to N67.6 million, and has been presented as a separate asset category within property, plant and equipment. The company has also retrospectively recognised the depreciation to 1 January 2011 of N29.2 million in retained earnings. The amortisation expense of N0.75 million for each of the years ended 31 December 2011 and 2012 have been recognised in administrative expenses. The outstanding terms of the leases as at 31 December 2012 were between 15 and 64 years.



## Notes to the financial statements (continued)

### 1.4 Reconciliation of Equity as at 1 January 2011 and 31 December 2011

31 December 2011					1 January 2011		
	Note	N-GAAP N'000	Adjustment N'000	IFRS N'000	N-GAAP N'000	Adjustment N'000	IFRS N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	1.3(iv)	14,294,006	(30,028)	14,263,978	11,238,472	(29,280)	11,209,192
Intangible assets		1,151,815	-	1,151,815	-	-	-
Other non- current assets	1.3(i)	-	55,720	55,720	-	55,871	55,871
Employee loan receivable	1.3(i)	-	77,844	77,844	-	71,388	71,388
Pension scheme surplus		72,955	-	72,955	-	-	-
		15,518,776	103,536	15,622,312	11,238,472	97,979	11,336,451
Assets held for sale		501,106	-	501,106	501,106	-	501,106
<b>Current assets</b>							
Inventories		7,706,348	-	7,706,348	6,286,744	-	6,286,744
Trade and other receivables	1.3(i)	5,611,356	(185,463)	5,425,893	5,231,304	(177,374)	5,053,930
Employee loan receivable	1.3(i)	-	51,897	51,897	-	50,117	50,117
Cash and bank balances		2,942,372	-	2,942,372	2,677,715	-	2,677,715
		16,260,076	(133,565)	16,126,510	14,195,763	(127,257)	14,068,506
<b>Total assets</b>		32,279,958	(30,029)	32,249,928	25,935,341	(29,278)	25,906,063
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables		16,068,411	-	16,068,411	11,678,176	-	11,678,176
Current income tax liabilities		2,815,765	-	2,815,765	1,986,188	-	1,986,188
Borrowings		-	-	-	730,809	-	730,809
		18,884,176	-	18,884,176	14,395,173	-	14,395,173

## Notes to the financial statements (continued)

### Non-current liabilities

Deferred taxation liabilities	1,242,333	-	1,242,333	1,137,295	-	1,137,295
Retirement benefit obligations	2,450,269	-	2,450,269	2,067,646	-	2,067,646
Borrowings	38,500	-	38,500	-	-	-
	<u>3,731,102</u>	<u>-</u>	<u>3,731,102</u>	<u>3,204,941</u>	<u>-</u>	<u>3,204,941</u>
<b>Total liabilities</b>	<u>22,615,278</u>	<u>-</u>	<u>22,615,278</u>	<u>17,600,114</u>	<u>-</u>	<u>17,600,114</u>

### Equity

Ordinary share capital	1,891,649	-	1,891,649	1,891,649	-	1,891,649
Share premium	45,717	-	45,717	45,717	-	45,717
Revaluation reserve	1.3(ii)	237,262	(237,262)	-	237,262	(237,262)
Retained earnings		<u>7,490,050</u>	<u>207,233</u>	<u>7,697,283</u>	<u>6,160,599</u>	<u>207,984</u>
		<u>9,664,678</u>	<u>(30,029)</u>	<u>9,634,649</u>	<u>8,335,227</u>	<u>(29,278)</u>
<b>Net equity and liabilities</b>	<u>32,279,957</u>	<u>(30,029)</u>	<u>32,249,928</u>	<u>25,935,341</u>	<u>(29,278)</u>	<u>25,906,063</u>



## Notes to the financial statements (continued)

### 1.5 Reconciliation of Income Statement For the year ended 31 December 2011

	Note	N-GAAP N'000	Adjustment N'000	IFRS N'000
Revenue		54,724,749	-	54,724,749
Cost of sales		(34,723,123)	-	(34,723,123)
<b>Gross profit</b>		20,001,626	-	20,001,626
Selling and distribution expenses		(2,530,513)	-	(2,530,513)
Administrative expenses	1.3(i)	(9,235,916)	1,477	(9,234,439)
Non-operating expense		(38,980)	-	(38,980)
<b>Operating profit</b>		8,196,217	1,477	8,197,694
Interest income	1.3(i)	214,903	33,326	248,229
Interest expense		(427,808)	-	(427,808)
<b>Profit before taxation</b>		7,983,312	34,803	8,018,115
Taxation	1.3(iii)	(2,492,236)	(10,666)	(2,502,902)
<b>Profit for the year</b>		5,491,076	24,137	5,515,213
<b>Attributable to:</b>				
Equity holders		5,491,076	24,137	5,515,213

### Reconciliation of Income Statement For the year ended 31 December 2011

Actuarial losses on pension schemes	1.3(iii)	-	(35,553)	(35,553)
Deferred tax on actuarial gain	1.3(iii)	-	10,666	10,666
<b>Other comprehensive income</b>		-	(24,887)	(24,887)
<b>Profit for the year</b>		5,491,076	24,137	5,515,213
<b>Total comprehensive income</b>		5,491,076	(750)	5,490,326
<b>Attributable to:</b>				
Equity holders		5,491,076	(750)	5,490,326

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Unilever Nigeria Plc ("Unilever" or "the company") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. IFRS 1 - First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These financial statements are the first Unilever Nigeria Plc financial statements to be prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, and adjusted for unrecognized actuarial gains, unrecognized past service cost and unrecognized actuarial losses. The plan assets for defined benefit obligations are also measured at fair value. The financial statements are prepared in Nigerian Naira, rounded to the nearest thousand (N'000).

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.1.1 Going concern

Nothing has come to the attention of the directors to indicate that Unilever will not remain a going concern for at least twelve months from the date of approval of these financial statements.

#### New accounting standards issued but not yet adopted

(a) The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ended 31 December 2012 and have not been early adopted:

##### (i) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

##### (ii) IAS 32 (Amendment) Offsetting of Financial Assets and Financial Liabilities

The amendment seeks to clarify that the right of set-off of financial assets and financial liabilities in the statement of financial position must be available today - that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.



## Notes to the financial statements (continued)

(iii) IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income  
The amendments to IAS 1 change grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on Unilever's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

(iv) IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Unilever has elected to recognise actuarial gains and losses in other comprehensive income (OCI) in the current period (see note 16) in line with the existing IAS 19. Unilever is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

(v) IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Unilever Nigeria Plc has neither associates nor subsidiaries. Hence, this amendment is not expected to have any impact on Unilever. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

(vi) IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Unilever has no associates or joint ventures. Hence, this amendment is not expected to have any impact on the company. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

(vii) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This has no impact on Unilever. The amendment becomes effective for annual periods beginning on or after 1 January 2013, but is not expected to have any impact on Unilever's performance or financial position.

(viii) Annual Improvements 2009 - 2011 Cycle

Improvements to IFRS are a collection of amendments to International Financial Reporting Standards (IFRSs). These amendments are the result of conclusions the Board reached on proposals made in its annual improvements project. The improvements become effective for annual periods beginning on or after 1 January 2013.

(ix) Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities

The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds,

## Notes to the financial statements (continued)

sovereign wealth funds and other investment funds. The amendment is effective for financial periods beginning on or after 1 January 2014. The amendment is not expected to have any impact on Unilever's performance or financial position.

(x) IFRS 1 (Amendment) - First-time Adoption of International Financial Reporting Standards - Guidance on Government Loans - The amendment provides guidance on how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. The amendment is effective for financial periods beginning on or after 1 January 2013. The entity does not have any government loan and therefore this amendment is not expected to have any impact on Unilever.

(xi) IFRS 7 (Amendment): Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities (effective for financial periods beginning on/after 1 January 2013) - The amended disclosures will require more extensive disclosures than are currently required under IFRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The amendment is effective for financial period beginning on or after 1 January 2013, but is not expected to have any significant impact on disclosures to the statement of financial position.

(xii) IFRS 7 (Amendment): Financial Instruments: Disclosures - IFRS 9 Transitional Disclosures  
The amendment requires additional disclosure on the transition from IAS 39 to IFRS 9. This additional disclosure is only required when an entity adopts IFRS 9 for financial periods beginning on or after 1 January 2013. If an entity adopts IFRS 9 for financial periods beginning on or after 1 January 2012 and before 1 January 2013, the entity can either provide the additional disclosure or restate prior periods. The additional disclosure highlights the changes in classification of financial assets and financial liabilities upon the adoption of IFRS 9.

(xiii) IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Unilever's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. Unilever will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

(xiv) IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. Unilever has no subsidiaries, therefore, this amendment is not expected to have any impact on the company.



## Notes to the financial statements (continued)

### (xvi) IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013. Unilever is not involved in any joint ventures, therefore, this amendment is not expected to have any impact on the company.

(xvii) IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities (Amendment) The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted ? for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition. The amendment is effective for financial periods beginning on or after 1 January 2013. This amendment will is not expected to have any Impact on Unilever as the company does not have joint arrangements or interests in other entities.

### (xviii) IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

## 2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Leadership Team of Unilever, comprising of the executive directors and other key management personnel.

## 2.3 Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of Unilever are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira, rounded to the nearest thousand, which is Unilever's functional currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the entity's functional currency are recognized in the income statement except when deferred in other comprehensive income as qualifying cashflow hedges and qualifying net investment hedges.

## Notes to the financial statements (continued)

## 2.4 Property, plant and equipment

### (i) Recognition and measurement

All property, plant and equipment are stated in the statement of financial position at deemed cost at the date of transition to IFRS less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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 and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other income in profit or loss.

### (ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### (iii) Depreciation

Leasehold Land	-	Over the lease term
Buildings	-	2.5%
Plant and machinery	-	7%
Furniture and equipment	-	7 - 20%
Motor vehicles	-	25%

The Capital work-in-progress represents buildings under construction and machinery yet to be installed. It is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### (iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.



## Notes to the financial statements (continued)

### 2.5 Intangible assets

#### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Unilever are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives, which does not exceed five years.

### 2.6 Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets not yet available for use are tested for impairment annually. All other assets are assessed for indicators of impairment at the end of each reporting period.

### 2.7 Financial assets and liabilities

Financial assets and liabilities (i.e. financial instruments) are recognized when Unilever becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Unilever has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## Notes to the financial statements (continued)

### 2.7.1 Classification

Management determines the classification of its financial instruments at initial recognition.

- (i) Financial assets and liabilities at fair value through profit or loss  
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

- (ii) Loans and receivables  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Unilever's loans and receivables comprise trade, employee loan receivables and other receivables in the statement of financial position.

- (iii) Financial liabilities at amortized cost  
Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts.

### 2.7.2 Recognition and measurement

- (i) Financial assets and liabilities at fair value through profit or loss  
Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the income statement. Gains and losses arising from changes in fair value are presented in the statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

- (ii) Loans and receivables  
Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- (iii) Financial liabilities at amortized cost  
Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Transaction costs are expensed in the income statement. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.



## Notes to the financial statements (continued)

### 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.9 Impairment of financial assets

Assets carried at amortised cost

Unilever assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that Unilever uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Unilever, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash

flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- Adverse changes in the payment status of borrowers in the portfolio; and
- National or local economic conditions that correlate with defaults on the assets in the portfolio.

Unilever first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### 2.10 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw

## Notes to the financial statements (continued)

materials, work in progress and finished goods are stated at standard cost while that of engineering spares and other stock is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### 2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that Unilever will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

### 2.12 Research and development

Research and development expenditure is charged against profits in the year in which it is incurred, unless it meets the criteria for capitalisation set out in IAS 38 'Intangible Assets'.

### 2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of Unilever's cash management.

### 2.14 Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis through the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed.

### 2.15 Trade and other current liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



## Notes to the financial statements (continued)

### 2.16 Provisions

Provisions are recognised when Unilever has a present legal or constructive obligation as a result of a past event, and it is probable that Unilever will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when Unilever has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

### 2.17 Current and deferred income tax

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Unilever's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Education tax is charged at 2% of the assessable profits

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Unilever intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

## Notes to the financial statements (continued)

### 2.18 Employee benefits

#### (a) Post-employment benefit plans

Unilever operates a defined contribution retirement benefit scheme, an unfunded defined benefit service gratuity scheme for its employees; and other post-employment benefit plans.

#### (i) Defined contribution scheme

Unilever operates a defined contribution plan in line with the Pension Reform Act 2004. The contributions are recognised as employee benefit expenses when they are due. Unilever has no further payment obligation once the contributions have been paid. The contribution made towards securing the future benefits in the scheme is as follows:

	Management staff	Non-management staff
Employer	7.5%	16.0%
Employee	7.5%	10.0%

#### (ii) Defined benefit plans

Unilever also operates both an unfunded defined benefit service gratuity scheme and a funded benefit plan. The level of benefit provided is based on the length of service and terminal salary of the person entitled. The defined benefit plan surplus or deficit in the balance sheet comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on federal government bonds).

The cost of defined benefit plans is determined using the projected unit credit method. The liability recognised in the statement of financial position in respect of the unfunded defined benefit service gratuity scheme is the present value of the defined benefit obligation at the reporting date. With respect to the funded benefit plan, the related pension liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets

Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the market yield on government bonds at the calculation date. And, it reflects the duration of the liabilities of the benefit plan.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the statement of income in subsequent periods. Current service cost, the recognized element of any past service cost and the interest expense arising on the pension liability are included in the same line items in the income statement as the related compensation cost.

#### (b) Profit-sharing and bonus plans

Unilever recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to Unilever's shareholders after certain adjustments. Unilever recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



## Notes to the financial statements (continued)

### 2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Discounts given by Unilever include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs.

Revenue for goods is recognised when:

- The significant risks and rewards of ownership have been transferred to the customer
- Unilever does not retain effective control over goods sold
- The amount of revenue can be reliably measured
- It is possible that the economic benefits associated with the transaction will flow to Unilever
- The costs incurred in respect of the sale can be measured reliably.

Sale of goods are recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer i.e. when Unilever delivers products to the customer and collectability of the related receivables is reasonably assured.

### 2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

All other leases are accounted for as finance leases. Finance leases relate to various leasehold land properties which company holds the right to use for between 50 and 99 years. The company has retained significant risks and rewards over the use of these properties, including construction of its offices and factories, and is responsible for maintaining the properties. The leasehold lands were acquired under the Land Use Act, and payment was made upfront. There are no annual lease repayments connected with these leases.

### 2.21 Dividend distribution

Dividend distribution to Unilever's shareholders is recognised as a liability in Unilever's financial statements in the period in which the dividends are approved by the shareholders.

### 2.22 Interest income and finance cost

Interest income and finance costs are recognised using the effective interest rate method.

### 2.23 Share capital

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

## Notes to the financial statements (continued)

### 2.24 Non-current assets held-for-sale

Non-current assets and groups of assets and liabilities which comprise disposal groups, are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell; the assets are available for sale immediately; the assets are being actively marketed; and a sale has been agreed or is expected to be concluded within twelve months of the balance sheet date. Immediately prior to classification as held for sale, the assets or groups of assets are remeasured in accordance with Unilever's accounting policies. Subsequently, assets and disposal groups classified as held for sale are valued at the lower of book value or fair value less disposal costs. Assets held for sale are not depreciated.

### 2.25 Other non-current assets

Other non-current assets represent the excess of cash outflow for prepaid employee benefits and the present value of amounts recoverable. The amortisation of the amount is charged to income statement annually. The current portion of the prepaid benefits is included in advances and prepayments.

### 2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

## 3 Financial risk management

### 3.1 Financial risk factors

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

Risk management is carried out by a Treasury Department under policies approved by the Finance Director. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. These policies are mostly Unilever Global Policies adopted for local use.

#### (a) Market risk

#### (i) Foreign exchange risk

Unilever is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 December 2012, if the Naira had weakened/strengthened by 6% against the Euros with all other variables held constant, post-tax profit for the year would have been N2.3 million higher/lower, mainly



## Notes to the financial statements (continued)

### 3 Financial risk management continued

as a result of foreign exchange gains/losses on translation of Euro-denominated trade receivables and financial assets at fair value through profit or loss.

\*6% represents the 5 year average change in the conversion rate of Euro to Naira.

#### (iii) Cash flow and fair value interest rate risk

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

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. At 31 December 2012, interest rates were floating on approximately 96% of the expected net debt for 2012 (2011: there were no floating rate debts). The average interest rate on short-term borrowings in 2012 was 14.90% (2011: 14.88%).

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

	2012 N'000	2011 N'000
Fixed rate (bank loans)	316,375	38,500
Floating rates (bank overdrafts)	4,358,775	-
	<u>4,675,150</u>	<u>38,500</u>

Assuming that all other variables remain constant, a 100bps increase in floating interest rates on a full year basis would lead to an additional N28.5 million charge to the income statement (2011: Nil). A 100bps decrease in floating interest rates on a full-year basis would have an equal but opposite effect.

#### (b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only parties classified as "International Golden Circle" (preferred choice for the Unilever group) are accepted. Exposure limits are set for the banks which is a maximum of N1.25 billion. Risk control assesses the credit quality of wholesale customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Concentration of credit risk with respect to trade receivables is limited, due to the company's customer base being large and diverse. Credit terms for customers are determined on individual basis. Credit risk relating to trade receivables is managed by reference to the customers' credit limit, inventory balance, cash position and secondary sales to final consumers. Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay.



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## Notes to the financial statements (continued)

### 3 Financial risk management continued

The disclosure in Note 16 specifically identifies a group of trade receivables i.e. the key distributors whose dealerships were terminated in 2008, and have been fully impaired. However the gross balances (and related impairment) have been retained in the books to enable management monitor ongoing litigation involving some of the distributors.

#### (c) Liquidity Risk

Liquidity risk is the risk that Unilever will face difficulty in meeting its obligations associated with its financial liabilities. Unilever's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine Unilever's credibility, impair investor confidence and also restrict the Unilever's ability to raise funds.

Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. Unilever seeks to manage its liquidity requirements by maintaining relationships with different financial institutions through short-term and long-term credit facilities.

Cash flow forecasting is performed in Unilever. Unilever's finance team monitors rolling forecasts of Unilever's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 17) at all times so that Unilever does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration Unilever's debt financing plans, covenant compliance and compliance with gearing ratios.

Where current liabilities exceed current assets, the company seeks to manage its liquidity requirements by maintaining access to bank lending which are renewable annually.

At the reporting date, Unilever held cash in bank of N1.8 billion (2011: N2.9 billion) that are expected to readily generate cash inflows for managing liquidity risk. Unilever also had N4.3 billion overdraft and undrawn facilities of N18.9 billion.

The table below analyses Unilever's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The company has no derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	N'000	N'000	N'000	N'000	N'000
At 31 December 2012					
Overdraft	4,358,775	-	-	-	-
Trade payables	5,348,871	68,545	5,040	8,320	-
Amount due to related companies	3,105,795	-	-	-	-
Long term loans	39,034	-	38,956	128,412	175,720

## Notes to the financial statements (continued)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	N'000	N'000	N'000	N'000	N'000
At 31 December 2011					
Overdrafts	-	-	-	-	-
Trade payables	3,763,759	1,059,791	-	-	-
Amount due to related companies	4,422,341	-	-	-	-
Long term loans	11,105	-	6,573	21,279	13,970

#### Financial instruments by category:

	At amortised cost	
	2012 N'000	2011 N'000
<b>Assets as per statement of financial position</b>		
Trade receivables	923,938	905,654
Employee loans	140,593	129,741
Cash and bank balances	1,857,693	2,942,372
	<u>2,922,224</u>	<u>3,977,767</u>
<b>Liabilities as per statement of financial position</b>		
Bank overdrafts	4,358,775	-
Trade payables	5,430,776	4,823,550
	<u>9,789,551</u>	<u>4,823,550</u>

This analysis is required only for financial instruments. Accordingly, trade receivables exclude advances, prepayments, other receivables and amounts due from related parties. In addition, trade payables exclude amounts due to related parties, unpaid dividends, accruals and other liabilities

### 3.2 Capital risk management

Unilever's objectives when managing capital are to safeguard Unilever's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Unilever may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Unilever monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets).





## Notes to the financial statements (continued)

### 3 Financial risk management continued

During 2012, Unilever's strategy, which was unchanged from 2011, was to maintain the gearing ratio within 65% to 75%. The gearing ratios at 31 December 2012 and 2011 were as follows:

	2012 N'000	2011 N'000
Total liabilities	26,454,101	22,615,278
Total assets	36,497,624	32,249,928
Gearing ratio (%)	72%	70%

### 4 Critical accounting estimates and judgements

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

#### (i) Defined benefit obligations

The cost of defined benefit gratuity plans and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria.

Further details about the assumptions are given in Note 20.



## Notes to the financial statements (continued)

### 4 Critical accounting estimates and judgements continued

#### (iii) Assets previously held for disposal

In 2009, the company concluded plans to dispose of its Aba Non-Soapy Detergents (NSD) factory comprising land, building, plant and equipment, furniture and motor vehicles. In December 2009, management commissioned independent external valuers to value the factory in readiness for sale, while the company's intention to sell was published in the media. No revaluation surplus was recognised in this regard. The company has not received any bids which are considered acceptable in view of its disposal plans and valuation. Management considers the absence of acceptable bids to reflect the current economic challenges, but is still actively searching for prospective buyers. In 2012, another independent external valuation was conducted, which put the forced sale value at N1.2 billion.

During 2012, the company reclassified the factory out of assets held for sale to property, plant and equipment. Accordingly the impairment charge recognised in results for the year ended 31 December 2009 of N347 million was reversed, and accumulated depreciation charge of N204.6 million for the three years ended 31 December 2012 was recognised.

The directors are of the opinion that the carrying value of the factory amounting to N643.5 million as at 31 December 2012 will be recoverable through disposal. Hence no additional impairment write-down has been recorded on the asset.

Further details have been provided in Note 13

### 5 Segment reporting

The chief operating decision-maker has been identified as the Leadership Team (LT) of Unilever Nigeria Plc. The Leadership Team reviews Unilever's monthly financial and operational information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Leadership Team consider the business from a product category perspective. Unilever is segmented into Food Products (FP) and Home and Personal Care (HPC) products.

Home and Personal Care - including sales of skin care and hair care products, and oral care products.

Foods - including sales of tea, sauces, margarines and spreads, and cooking products such as liquid margarines.

There are no intersegment sales. Unilever only operates in one geographical segment.

The Leadership Team assesses the performance based on operating profits for each operating segment that is reviewed. Total financing (including interest income and expense), income taxes and retirement benefit obligations are managed on an entity-wide basis and are not allocated to operating segments. Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of Financial Position.





## Notes to the financial statements (continued)

5 Segment reporting continued

	Food Products N'000	Home and Personal Care N'000	Total N'000
<b>31 December 2012</b>			
Revenue	24,793,059	30,754,739	55,547,798
Depreciation and amortisation	818,457	1,015,260	1,833,717
Restructuring charge	-	244,870	244,870
Impairment losses	-	65,661	65,661
Reversals of impairment losses	-	(347,000)	(347,000)
Segmental operating profit	3,987,771	4,946,660	8,934,431
Profit before taxation	3,653,712	4,532,276	8,185,988

	Food Products N'000	Home and Personal Care N'000	Total N'000
<b>31 December 2012</b>			
Property, plant and equipment	8,599,062	10,666,771	19,265,833
Inventories	3,227,076	4,003,051	7,230,127
Restructuring provision	-	(181,727)	(181,727)
	11,826,138	14,488,095	26,314,233
Other non-current assets			2,453,518
Cash and bank balances			1,857,693
Other current assets			5,690,453
Trade and other payables			(14,782,068)
Current income taxes			(2,986,689)
Bank overdrafts			(4,358,775)
Long term loans			(316,375)



## Notes to the financial statements (continued)

5 Segment reporting continued

	Food Products N'000	Home and Personal Care N'000	Total N'000
<b>31 December 2012</b>			
Deferred taxation liabilities			(1,233,245)
Retirement benefit obligation			(2,595,222)
Net assets			10,043,523
Capital expenditure	2,663,957	3,189,396	5,853,353

	Food Products N'000	Home and Personal Care N'000	Total N'000
<b>31 December 2011</b>			
Revenue	23,890,022	30,834,727	54,724,749
Depreciation and amortisation	423,279	493,819	917,098
Impairment losses	-	148,913	148,913
Segmental operating profit	3,593,242	4,637,778	8,231,020
Profit before taxation	3,500,298	4,517,817	8,018,115

	Food Products N'000	Home and Personal Care N'000	Total N'000
<b>31 December 2011</b>			
Property, plant and equipment	6,226,922	8,037,056	14,263,978
Inventories	3,364,197	4,342,151	7,706,348
	9,591,119	12,379,207	21,970,326
Other non-current assets			1,859,440
Cash and bank balances			2,942,372
Other current assets			5,477,790
Trade and other payables			(16,068,411)
Current income taxes			(2,815,765)
Long term loans			(38,500)
Deferred taxation liabilities			(1,242,333)
Retirement benefit obligation			(2,450,269)
Net assets			9,634,650
Capital expenditure	1,834,944	2,368,353	4,203,297





## Notes to the financial statements (continued)

5 Segment reporting continued

	31 December 2012 N'000	31 December 2011 N'000
Revenue by geographical location of customers:		
Domestic (within Nigeria)	54,476,305	53,602,185
Export (outside Nigeria)	1,071,493	1,122,564
	<u>55,547,798</u>	<u>54,724,749</u>

The company has over 110 customers, and no single customer accounted for more than 10% of the company's revenue.

All the company's non-current assets are located in Nigeria.

### 6 Profit before tax

The following items have been charged/(credited) in arriving at profit before tax:

	2012 N'000	2011 N'000
Depreciation of property, plant and equipment	1,615,704	917,098
Allowance for bad and doubtful debts	16,956	11,606
Staff costs (Note 8)	4,536,851	3,783,571
Asset impairment	65,661	48,913
Auditors' remuneration	27,539	17,852
Foreign currency gains	(21,995)	(32,572)
Loss on sales of property, plant and equipment	<u>11,858</u>	<u>38,980</u>

### 7 Compensation of key management and directors

Key management comprises the executive directors and other key management staff who are members of the Leadership Team

	2012 N'000	2011 N'000
(i) Compensation awarded to key management included:		
Salaries and short-term employee benefits	240,039	238,969
Post-employment benefits	<u>4,456</u>	<u>5,321</u>
	<u>244,495</u>	<u>244,290</u>



## Notes to the financial statements (continued)

7 Compensation of key management and directors continued

	2012 N'000	2011 N'000
(ii) Compensation awarded directors only included:		
Fees for services as directors	18,354	5,321
Salaries and short-term employee benefits	161,109	208,867
Post-employment benefits	<u>2,101</u>	<u>-</u>
	<u>181,564</u>	<u>214,188</u>
(iii) The emoluments (excluding pension contributions) of the Chairman of Board of Directors	1,332	1,250
(iv) The emoluments of the highest paid director	<u>80,986</u>	<u>87,289</u>

### 8 Employee benefits expense

	2012 N'000	2011 N'000
Salaries and wages	3,082,108	2,731,334
Pension costs - defined contribution plans	210,821	162,515
Pension costs - defined benefit plans	224,838	219,346
Other employee benefits	<u>1,019,084</u>	<u>670,376</u>
	<u>4,536,851</u>	<u>3,783,571</u>

Salaries and wages of employees directly involved in systems development and deployment of N252.9 million have been capitalised in intangible assets (Note 14).

Other employee benefits include long service awards, incentives, medical allowances, product packs and other benefits which are consistent with industry practice.

The average number of persons, excluding directors, employed by Unilever during the year was as follows:

	2012 Number	2011 Number
NumberNumber		
Administration	163	112
Technical and production	935	824
Sales and marketing	<u>142</u>	<u>134</u>
	<u>1,240</u>	<u>1,070</u>



## Notes to the financial statements (continued)

### 8 Employee benefits expense continued

The table in the previous page shows the numbers of direct employees of Unilever excluding directors, other than employees who discharged their duties wholly or mainly outside Nigeria, who earned over N250, 000 in the year and which fell within the bands stated

N		N	2012 Number	2011 Number
250,001	-	500,000	-	-
500,001	-	750,000	8	3
750,001	-	1,000,000	97	65
1,000,001	-	1,250,000	20	260
1,250,001	-	1,500,000	225	267
1,500,001	-	1,750,000	315	130
1,750,001	-	2,000,000	181	40
2,000,001	-	2,250,000	78	6
2,250,001	-	2,500,000	19	3
2,500,001	-	2,750,000	2	-
2,750,001	-	3,000,000	-	6
3,000,001	-	3,250,000	-	1
3,250,001	-	3,500,000	-	12
3,500,001	-	3,750,000	-	53
3,750,001	-	5,000,000	41	74
5,000,001	-	10,000,000	197	112
10,000,001	-	15,000,000	35	26
15,000,001	-	20,000,000	12	5
20,000,001	-	30,000,000	7	5
30,000,001	-	40,000,000	2	2
40,000,001	-	50,000,000	1	-
			1,240	1,070

### 9 Interest income

Expected return on pension assets  
Interest on call deposits and bank accounts  
Interest income from employee loans

	2012 N'000	2011 N'000
Expected return on pension assets	119,205	153,985
Interest on call deposits and bank accounts	68,318	60,918
Interest income from employee loans	39,549	33,326
	227,072	248,229
	2012 N'000	2011 N'000
Interest on third party bank loans	485,18	444,598
Interest on pension liability	450,783	383,210
	935,967	427,808

### 10 Interest expense

Interest on third party bank loans  
Interest on pension liability

## Notes to the financial statements (continued)

### 11 Taxation

Income statement	2012 N'000	2011 N'000
Current income tax	2,438,20	22,207,186
Education tax	205,493	180,012
	2,643,695	2,387,198
Deferred tax (write back)/provision on origination and reversal of temporary differences	(55,321)	115,704
Tax charge to income statement	2,588,374	2,502,902
Other comprehensive income	2012 N'000	2011 N'000
Deferred tax on temporary differences	46,232	(10,666)
<b>Total tax charge</b>	<b>2,634,606</b>	<b>2,492,236</b>

The amount provided for income tax was computed on the basis of the company income tax rate of 30% in line with section 15(a) of Companies Income Tax Act 1979 (as amended).

Education tax charge is at 2% of assessable profits in accordance with Decree No. 7 of 1993.

The movement in current tax balance is as follows:

	2012 N'000	2011 N'000	2010 N'000
At 1 January			
Current income tax	2,617,540	1,835,591	1,637,601
Education tax	198,226	150,597	131,716
Charge for the year			
Current income tax	2,438,202	2,207,186	1,827,101
Education tax	205,493	180,012	154,643
Tax paid			
Current income tax	(2,437,878)	(1,425,237)	(1,629,111)
Education tax	(34,892)	(132,384)	(135,762)
At 31 December	2,986,689	2,815,765	1,986,188



## Notes to the financial statements (continued)

11 Taxation continued

### Reconciliation of effective tax to the statutory tax

	2012 N'000	2011 N'000
Profit before tax	8,185,987	8,018,115
Tax calculated at the applicable statutory rate of 30% (2011: 30%)	2,455,796	2,405,434
Education Tax	205,493	180,012
Tax effects of expenses not deductible for tax purposes	(26,441)	
Net deferred tax (write-back)/charge	9,089	(105,038)
Others	(9,331)	11,828
<b>Tax charge</b>	<b>2,634,606</b>	<b>2,492,236</b>

### 12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of common shares outstanding during the year. The basic earnings per share is calculated using the number of shares in issue at balance sheet date.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potentially dilutive shares at the reporting date (2011: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2012 N'000	2011 N'000
Profit attributable to shareholders	5,597,613	5,515,213
Number of ordinary shares in issue	3,783,296	3,783,296
<b>Basic and diluted earnings per share (Naira)</b>	<b>1.48</b>	<b>1.46</b>

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

## Notes to the financial statements (continued)

### 13 Property, plant and equipment

Assets in use	Capital work-in-progress	Lease hold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost</b>							
At 1 January 2011	2,468,518	67,615	1,802,636	11,994,325	357,454	374,725	17,065,273
Additions	4,203,296	-	-	-	-	-	4,203,296
Capitalisation	(2,542,462)	-	81,078	2,121,232	90,938	249,214	-
Disposals	-	-	-	(247,699)	(1,827)	(71,635)	(321,161)
At 31 December 2011	4,129,352	67,615	1,883,714	13,867,858	446,565	552,304	20,947,408
<b>Depreciation / impairment</b>							
At 1 January 2011	145,255	29,279	267,744	4,761,565	320,448	302,511	5,856,081
Depreciation charge for the year	-	750	48,044	74,812	16,985	76,507	917,098
Impairment	-	-	-	148,913	-	-	148,913
Disposals	-	-	-	(178,708)	(1,800)	(58,154)	(238,661)
At 31 December 2011	145,255	30,029	345,068	5,506,582	335,633	320,864	6,683,430
<b>Net book value:</b>							
At 31 December 2011	3,984,097	37,586	1,538,647	8,361,276	110,932	231,440	14,263,978
At 31 December 2010	2,323,263	38,336	1,505,613	7,232,760	37,006	72,214	11,209,192

### Assets held for disposal

<b>Cost</b>							
At 1 January and 31 December 2011	-	-	450,129	909,970	619	10,815	1,371,533
<b>Depreciation / impairment</b>							
At 1 January and 31 December 2011	-	-	218,248	641,097	417	10,665	870,427
<b>Net book value:</b>							
At 1 January and 31 December 2011	-	-	231,881	268,873	202	150	501,106



## Notes to the financial statements (continued)

13 Property, plant and equipment continued

### Total net book value:

<b>As at 31 December 2011</b>	3,984,097	37,585	1,770,529	8,630,149	111,135	231,590	14,765,084
<b>As at 31 December 2010</b>	2,323,263	38,336	1,737,495	7,501,633	37,208	72,364	11,710,299

	Capital work-in- progress N'000	Lease hold land N'000	Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>							
At 1 January 2012	4,129,352	67,615	1,883,714	13,867,858	446,565	552,304	20,947,408
Additions	5,853,353	-	-	-	-	-	5,853,353
Capitalisation	(2,711,083)	-	375,927	2,101,425	81,721	152,010	-
Reclassification of assets held for disposal	-	-	450,129	909,970	619	10,815	1,371,533
Disposals	-	-	-	(306,266)	(36,199)	(58,654)	(401,119)
At 31 December 2012	7,271,622	67,615	2,709,770	16,572,987	492,706	656,475	27,771,175

### Depreciation / impairment

At 1 January 2012	145,255	30,029	345,067	5,506,582	335,633	320,864	6,683,430
Depreciation charge for the year	-	750	78,032	1,420,770	26,239	89,913	1,615,704
Reversal of impairment charge	-	-	-	(347,000)	-	-	(347,000)
Impairment	-	-	-	65,661	-	-	65,661
Reclassification of assets held for disposal	-	-	218,248	641,097	417	10,665	870,427
On disposals	-	-	-	(296,548)	(27,709)	(58,623)	(382,878)
At 31 December 2012	145,255	30,779	641,347	6,990,567	334,580	362,819	8,505,342

### Net book value:

At 31 December 2012	7,126,367	36,836	2,068,423	9,582,425	158,126	293,656	19,265,833
At 31 December 2011	3,984,097	37,585	1,538,647	8,361,276	110,932	231,440	14,263,978

The assets held for disposal in the prior year represent the company's Aba Non-Soapy Detergents (NSD) factory which is inoperative and was put up for disposal in 2009. The factory has been reclassified in the current year as management did not receive any offers that matched their valuation. Accordingly the factory does not meet the criteria for recognition under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

The reclassification has resulted in a reversal of prior year impairment charge of N347.0 million in the current year and the recognition of depreciation charge of N204.6 million in respect of the years 2010 - 2012

## Notes to the financial statements (continued)

in the current year. The factory's recoverable amount is the fair value less cost to sell. The factory is reported in Home and Personal Care segment. Current year impairment provision of N65.6 million represents impairment on the jelly production line of N45.4 million (Note 21) and N20.2 million impairment of other items of plant and equipment. The impairment charges recognised during the year have been included in cost of sales.

The Company has non - cancellable finance lease agreements with the Federal Government of Nigeria which was paid once and in advance. There are no finance lease liabilities and no future finance charges to the income statement.

The lease terms are between 50 and 99 years. The following amounts represents owned land where the Company is a lessee under a finance lease:

	2012 N'000	2011 N'000
Cost - capitalised finance leases	67,615	67,615
Accumulated depreciation	(30,779)	(30,029)
Net book value	36,836	37,586

## 14 Intangible assets

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
<b>Cost:</b>			
At January 1	1,151,815	-	-
Additions	1,028,323	1,151,815	-
At 31 December	2,180,138	1,151,815	-
<b>Amortisation:</b>			
At January 1	-	-	-
Charge for the year	218,014	-	-
At 31 December	218,014	-	-
Net book value as at 31 December	1,962,124	1,151,815	-

The amounts recognised as intangible assets represents cost of finite lived software acquired 2011, including directly attributable personnel and other costs. The software became available for use in 2012. Amortisation commenced during the year and will occur over a period of five years being the economic useful life of the software.



## Notes to the financial statements (continued)

### 15 Inventory

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Raw materials	4,653,135	5,239,936	3,662,852
Work in progress	256,017	76,925	484,617
Finished goods	1,597,839	1,635,362	1,392,323
Engineering spares and other stocks	723,136	754,125	746,952
	<u>7,230,127</u>	<u>7,706,348</u>	<u>6,286,744</u>

The cost of inventories recognized as an expense and included in cost of sales was N136.5 million (2011: N231.7 million). This represents provision for obsolete, damaged and missing inventory identified during the monthly stock count exercises.

Included in administration expenses are write-downs of raw materials, engineering spares and other stocks of N17.6 million related to the production of jelly products in Nigeria. The write-downs are due to the planned cessation of the production of jelly products (Note 21). For segment reporting purposes, jelly products are included in Home and Personal Care segment.

### 16 Trade and other receivables

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Trade receivables: gross	1,998,273	2,815,111	3,985,737
Less allowances	<u>(1,074,336)</u>	<u>(1,909,457)</u>	<u>(2,240,105)</u>
Trade receivables: net	923,937	905,654	1,745,632
Advances and prepayments	1,758,848	1,347,489	833,821
Other receivables	1,119,679	1,265,199	1,327,187
Due from related parties (Note 25)	<u>1,835,204</u>	<u>1,907,551</u>	<u>1,147,291</u>
	<u>5,637,668</u>	<u>5,425,893</u>	<u>5,053,931</u>

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

## Notes to the financial statements (continued)

### 16 Trade and other receivables continued

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Analysis for trade receivables			
Carrying amount neither past due not impaired	884,108	1,678,683	3,937,097
Carrying amount of trade receivables past due not impaired, gross (1-365 days)	304,638	326,900	405,972
Carrying amount of trade receivables past due not impaired, gross (over 365 days)	809,528	809,528	818,470
Impairment (1 - 365 days)	<u>(264,808)</u>	<u>(1,099,929)</u>	<u>(1,421,636)</u>
Impairment (over 365 days)	<u>(809,528)</u>	<u>(809,528)</u>	<u>(818,470)</u>
	<u>923,938</u>	<u>905,654</u>	<u>2,921,434</u>

The amount due over 365 days relates to receivables key distributors whose dealerships were terminated in 2006. No collateral is held by Unilever as security for the amounts; a full allowance has been made for the total amount due.

All trade receivables are local customers.

	31 December 2012 N'000	31 December 2011 N'000
Movement in allowance for trade receivables:		
At 1 January	1,909,457	2,240,105
Charged to income statement	16,956	11,606
Unused amounts reversed	<u>(852,077)</u>	<u>(342,254)</u>
At 31 December	<u>1,074,336</u>	<u>1,909,457</u>

### 17 Cash and cash equivalents

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Cash at bank and in hand	1,682,833	1,963,651	2,233,262
Short term funds	<u>174,860</u>	<u>978,721</u>	<u>444,453</u>
Cash and bank balances	1,857,693	2,942,372	2,677,715
Bank overdraft	<u>(4,358,775)</u>	<u>-</u>	<u>(730,809)</u>
Cash and cash equivalents	<u>(2,501,082)</u>	<u>2,942,372</u>	<u>1,946,906</u>



## Notes to the financial statements (continued)

17 Cash and cash equivalents continued

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts.

Unilever had overdraft facilities up to a limit of N23.19 billion as at 31 December 2012 (2011: N22.19 billion). The facilities are unsecured and do not attract and cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

	31 December 2012	31 December 2011	1 January 2011
The effective interest rates on bank overdrafts at the year end was as follows:	14.90%	14.88%	11.25%
<b>18 Trade and other payables</b>	<b>31 December 2012 N'000</b>	<b>31 December 2011 N'000</b>	<b>1 January 2011 N'000</b>
Trade payables	5,430,776	4,823,550	3,655,744
Amount due to related companies (Note 25)	3,105,795	4,422,341	3,408,094
Unclaimed dividends (Note 13a)	474,401	479,017	491,748
Accrued liabilities	1,179,578	2,223,687	2,300,229
Accrued advertising and promotional expenses	2,154,644	2,670,460	1,367,426
Accrued shipping and freight charges	584,644	208,974	225,611
Other creditors and accruals	1,852,230	1,240,382	229,324
	<u>14,782,068</u>	<u>16,068,411</u>	<u>11,678,176</u>
<i>(a) Unclaimed dividends</i>			
As at 1 January	479,017	491,748	503,907
Dividend declared	5,296,614	4,161,625	4,048,127
Dividend paid during the year	<u>(5,301,230)</u>	<u>(4,174,356)</u>	<u>(4,060,286)</u>
As at 31 December	<u>474,401</u>	<u>479,017</u>	<u>491,748</u>

At the Annual General Meeting held on 10 May 2012, the shareholders approved a dividend of N1.40 gross per share (2011: N1.10 per share); amounting to N5.29 billion (2011: N4.16 billion).

The dividend is subject to deduction of withholding tax which will not be retained by Unilever but is payable to the federal and state revenue authorities. The directors have proposed a dividend of N1.40 per share, amounting to N5.29 billion which will be subject to the approval of the shareholders at the next Annual General Meeting.

## Notes to the financial statements (continued)

### 19 Deferred tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2011: 30%). The movement on the deferred income tax account is as follows:

	2012 N'000	2011 N'000	2010 N'000
The movement in deferred tax is as follows:			
Deferred tax liability:			
At start of year	1,242,333	1,137,295	1,147,804
Changes during the year:			
(Credit) / charge to income statement	(55,320)	115,704	(10,509)
Charge / (credit) to other comprehensive income	46,232	(10,666)	-
At end of year	<u>1,233,245</u>	<u>1,242,333</u>	<u>1,137,295</u>
The analysis of deferred tax liabilities is as follows:			
Deferred tax liability:			
To be recovered after more than 12 months	-	-	-
To be recovered within 12 months	1,233,245	1,242,333	1,137,295
<b>Net</b>	<u>1,233,245</u>	<u>1,242,333</u>	<u>1,137,295</u>

The movement in the deferred income tax account is as follows:

Deferred tax liabilities/(assets)	Accelerated tax depreciation N'000	Retirement benefit obligation N'000	Disallowed provisions N'000	Other liabilities N'000	Total N'000
At 1 January 2011	2,174,499	(655,820)	(370,874)	(10,508)	1,137,295
Charge / (credit) to income statement	534,420	(72,297)	(125,515)	(220,904)	115,704
Credit to other comprehensive income	-	(10,666)	-	-	(10,666)
At 31 December 2011 / 1 January 2012	2,708,919	(738,783)	(496,389)	(231,412)	1,242,333
(Credit) / charge to income statement	(72,846)	(5,960)	25,605	(2,119)	(55,320)
Charge to other comprehensive income	-	46,232	-	-	46,232
At 31 December 2012	<u>2,636,073</u>	<u>(698,511)</u>	<u>(470,784)</u>	<u>(233,533)</u>	<u>1,233,245</u>





## Notes to the financial statements (continued)

### 20 Retirement benefit obligations

Unilever operates defined benefit plan retirement scheme for employees under its gratuity scheme. The plan assets of the scheme are unfunded. In addition, Unilever also operates a funded benefit scheme for retired employees. For management staff, the benefit payable is 9% of total emolument for each year of service provided 5 years of service has been completed while for non-management staff, a graduated scheme was applied depending on the number of years of service.

The amounts recognised in the balance sheet are determined as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Present value of funded retirement benefit obligations	(1,186,878)	(1,120,706)	(1,285,853)
Fair value of plan assets	1,330,478	1,193,661	1,202,025
Surplus/ (deficit) on funded plans	143,600	72,955	(83,828)
Present value of unfunded obligations	(2,595,222)	(2,450,269)	(1,983,819)
Net liability in the statement of financial position	(2,451,622)	(2,377,314)	(2,067,647)

The movement in the defined benefit obligation over the year is as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
At 1 January	(1,120,704)	(1,285,852)	(2,450,269)	(1,983,819)
Current service charge	-	-	(233,077)	(185,568)
Interest cost	(118,625)	(132,515)	(332,158)	(250,694)
Employee contribution	(20,731)	-	-	-
Contributions to the scheme	(194,573)	-	-	-
Actuarial losses/(gains) - change in assumption	72,061	-	(291,515)	-
Actuarial losses - experienced	29,260	-	375,557	(35,553)
Benefits paid	166,434	162,350	336,240	140,678
Transfer between schemes	-	135,313	-	(135,313)
At 31 December	(1,186,878)	(1,120,704)	(2,595,222)	(2,450,269)



## Notes to the financial statements (continued)

### 20 Retirement benefit obligations continued

The movement in the fair value of plan assets of the year is as follows:

	2012 N'000	2011 N'000
At January 1	1,193,661	1,202,025
Expected return on plan assets	119,205	153,985
Actual less expected returns	(31,257)	-
Employee contributions	215,303	-
Benefits paid	(166,434)	(162,350)
At December 31	1,330,478	1,193,660

The amounts recognized in the statement of income are as follows:

	2012 N'000	2011 N'000
Current service costs	(233,077)	(185,568)
Interest cost	(450,783)	(383,209)
Expected return on plan assets	119,205	153,985
Net amount included in wages and employee benefits expense	(564,655)	(414,792)

The amounts recognized in other comprehensive income are as follows:

	2012 N'000	2011 N'000
Re-measurement (change in actuarial assumptions)	(219,454)	-
Actuarial gains/(losses)	404,817	(35,553)
Actual less expected returns	(31,256)	-
	154,107	(35,553)

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations	
	2012	2011	2012	2011
Discount rate	12%	12%	13%	14%
Inflation rate	10%	10%	10%	10%
Expected return on plan assets	16%	11%	-	-
Future salary increases	-	11%	13%	13%
Future pension increases	5%	-	-	-



## Notes to the financial statements (continued)

20 Retirement benefit obligations continued

Plan assets are comprised of:

	31 December 2012	31 December 2011	1 January 2011
Government securities	90%	77%	57%
Quoted stock	2%	14%	19%
Fixed deposit	6%	9%	22%
Uninvested cash	2%	0%	2%

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on government securities and quoted securities reflect long-term real rates of return experienced in the respective markets. The amount expected to be contributed to the scheme in 2013 is N568.6 million.

### Sensitivity analysis on liability as at 31 December 2012

A 1% change in assumed rates will result in the following balances to the unfunded retirement benefits.

	Gratuity		Medical		Pension Fund	
	N'000	Impact (%)	N'000	Impact (%)	N'000	Impact (%)
Base figures	2,485	-	141	-	1,192	-
Discount rate (-1%)	2,833	14%	164	16%	1,264	6%
Discount rate (+1%)	2,192	(12%)	122	(13%)	1,127	(5%)
Salary increase rate (-1%)	2,183	(12%)	-	-	-	-
Salary increase rate (+1%)	2,839	14%	-	-	-	-
Product/benefit inflation rate (-1%)	-	-	121	(14%)	1,192	0%
Product/benefit inflation rate (+1%)	-	-	165	17%	1,192	0%

## Notes to the financial statements (continued)

20 Retirement benefit obligations continued

### Sensitivity analysis on service and interest costs as at 31 December 2012

	Gratuity		Medical		Pension Fund
	Service Cost	Interest Cost	Service Cost	Interest Cost	Interest Cost
	N'000	N'000	N'000	N'000	N'000
Base figures	283	296	8	18	133
Discount Rate (-1%)	340	365	9	21	135
Discount Rate (+1%)	241	282	6	15	130
Salary increase rate (-1%)	239	281	N/A	N/A	N/A
Salary increase rate (+1%)	341	366	N/A	N/A	N/A
Product/Benefit inflation rate (-1%)	N/A	N/A	5	15	133
Product/Benefit inflation rate (+1%)	N/A	N/A	9	21	133

### Assumption

Discount rate (gratuity, long service award, medical and soap benefits)  
Discount rate (pension fund)  
Salary increase rate  
Product/benefit inflation rate

### Base rates

13%  
12%  
13%  
10%

### 21 Restructuring provision

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
At 1 January	-	-	-
Charge for the year	181,727	-	-
At 31 December	181,727	-	-

In December 2012, Unilever announced its decision to streamline certain production functions and eliminate redundancies in management and operations positions arising from the termination of jelly production in Nigeria. As part of this initiative, Unilever expects to incur restructuring charges of N244.8 million that are primarily related to termination benefits for employees and write-down of inventory, plant and equipment specifically related to jelly production. The implementation of the programme will commence in the second quarter of 2013. Restructuring costs are included within general and administrative expenses in the income statement.



## Notes to the financial statements (continued)

### 21 Restructuring provision continued

At the date of approval of these financial statements, the company is not aware of any events or circumstances that may change the planned timing of the program.

The aggregate restructuring cost charged to income statement is as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Staff restructuring	181,727	-	-
Impairment of plant and equipment (Note 13)	45,465	-	-
Impairment of inventory items (Note 15)	17,678	-	-
	<u>244,870</u>	<u>-</u>	<u>-</u>

### 22 Contingencies and commitments

There were no contingent liabilities in the ordinary course of business arising out of guarantees and agreements.

The company is involved in pending litigations arising in the ordinary course of business. In the opinion of the directors, the risk of materials claims crystallising against the company from those litigations is assessed as low.

Non-cancellable operating lease rentals included in income statement amounted to N620 million (2011: N400 million). Non-cancellable operating lease rentals at 31 December 2012 are payable as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Less than 1 year	-	-	-
Between 1 and 5 years	3,011,757	2,396,357	2,407,651
More than 5 years	-	-	-
<b>Total</b>	<u>3,011,757</u>	<u>2,396,357</u>	<u>2,407,651</u>

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Capital commitments contracted for at the balance sheet date but not recognised in the financial statements:	<u>2,550,624</u>	<u>502,586</u>	<u>1,380,672</u>

## Notes to the financial statements (continued)

### 23 Cash flows from operating activities

	2012 N'000	2011 N'000
Profit before tax	8,185,987	8,018,115
Adjustment for non cash items:		
Depreciation of fixed assets	1,615,704	917,098
Net impairment (write-back)/charge	(281,339)	148,913
Amortisation of intangible assets	218,014	-
Loss on disposals on fixed assets (Note 6)	11,858	38,980
Interest income (Note 9)	(227,072)	(248,229)
Interest expense (Note 10)	935,967	427,808
Inventory write-down (Note 15)	17,678	-
Net charge in retirement benefit obligations	564,653	414,792
Increase in employee loan receivable	(10,852)	(8,236)
Increase in restructuring provision	181,727	-
Changes in working capital:		
Increase in trade and other receivables	(211,776)	(371,962)
Decrease/(increase) in inventory	458,544	(1,419,604)
(Decrease)/increase in payables and accrued expenses	(1,281,720)	4,402,966
(Increase)/decrease in other non-current assets	(204,267)	151
<b>Cash flows from operating activities</b>	<u>9,973,106</u>	<u>12,320,791</u>

### 24 Fair values, including valuation methods and assumptions

The carrying values of cash and cash equivalents, trade receivables, employee loans receivables, trade payables and bank indebtedness approximate their fair values.

#### Fair value hierarchy

These fair values shown above have been classified into three categories depending on the inputs used in the valuation technique. The categories used are as follows:

- Level 1: quoted prices for identical instruments;
- Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: inputs which are not based on observable market data.

For assets and liabilities which are carried at fair value, the classification of fair value calculations by category is summarised below:

	2012 N'000 Level 1	2011 N'000 Level 1	2012 N'000 Level 2	2011 N'000 Level 2	2012 N'000 Level 3	2011 N'000 Level 3
Financial assets						
Cash at bank and in hand	-	-	1,857,693	2,942,372	-	-
Loans and receivables	-	-	-	-	2,193,728	2,891,049



## Notes to the financial statements (continued)

24 Fair values, including valuation methods and assumptions continued

	2012 N'000 Level 1	2011 N'000 Level 1	2012 N'000 Level 2	2011 N'000 Level 2	2012 N'000 Level 3	2011 N'000 Level 3
<b>Financial liabilities</b>						
Bank overdrafts	-	-	4,358,775	-	-	-
Long Term Loans	-	-	316,375	38,500	-	-

The fair values of the financial assets and liabilities are defined as being the amounts at which the instruments could be exchanged or liability settled in an arm's length transaction between knowledgeable, willing parties. Cash and cash equivalents, trade and other current receivables, bank loans and overdrafts, trade payables and other current liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

### 25 Related party transactions

Unilever Nigeria Plc is controlled by Unilever Plc incorporated in the United Kingdom which is the ultimate parent of Unilever. There are other companies that are related to Unilever Nigeria Plc through common shareholdings or common directorships.

The following transactions were carried out with related parties:

#### (i) Trade mark, technology and patent licences

Unilever Plc, United Kingdom has given Unilever Nigeria Plc exclusive right to the know-how, manufacture, distribution and marketing of its international brands namely: Omo, Close-Up, Lipton, Sunlight, Blue Band, Vaseline, Lux, Knorr, Royco, Lipton, Lifebouy, Pepsodent etc in Nigeria. In consideration of this, a royalty of 2.5% of net sales value is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom. The royalty payable under this agreement for the year is N1,288 million (2011: N1,256 million). Terms of trade of related party sales and purchase of goods are at arms length.

#### (ii) Central support and management services

Unilever Nigeria Plc has a Management Services Agreement with Unilever Plc, United Kingdom for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom. The fee payable under this agreement in 2012 was N192.9 m (2011: N191 million).

#### (iii) Sale of finished goods to related parties

	2012 N'000	2011 N'000
Unilever Ghana Limited	372,297	-
Unilever Cote D'Ivoire	699,196	1,122,564
	<u>1,071,493</u>	<u>1,122,564</u>

## Notes to the financial statements (continued)

25 Related party transactions continued

(iv) Purchases of finished goods for resale from related parties	2012 N'000	2011 N'000
Unilever Ghana Limited	2,212,392	-
Unilever Market Development (Pty) Limited	413,216	2,734,842
	<u>2,625,608</u>	<u>2,734,842</u>

#### (v) Outstanding related party balances as at 31 December 2012 were:

	2012 N'000	2011 N'000
Receivables from related parties:		
Unilever Plc	32,142	140,455
Unilever Cote D'Ivoire	502,169	553,790
Unilever Ghana Limited	1,218,798	1,062,869
Other related parties (settlement on behalf of related entities)	82,095	150,437
	<u>1,835,204</u>	<u>1,907,551</u>

	2012 N'000	2011 N'000
Payables to related parties:		
Unilever Plc	1,394,820	1,379,984
Unilever Cote D'Ivoire	292,980	292,131
Unilever Ghana Limited	1,275,548	1,860,322
Other related parties (settlement on behalf of the company)	525,793	889,904
	<u>3,489,141</u>	<u>4,422,341</u>

During the year, there were no transactions between the company and its key management personnel. Compensation paid to key management personnel have been disclosed in Note 7.

### 26 Long-term loan

Long-term loan represents bank facilities obtained by the company to fund housing loans extended to employees. The facility is unsecured and is for a maximum period of ten years. Interest rate is charged at 11% per annum. A portion of the outstanding principal amount is repaid annually. The current portion is the principal repayable in 2013.



## Notes to the financial statements (continued)

### 26 Long-term loan continued

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Current portion	23,317	8,000	-
Non-current portion	293,058	30,500	-
	<u>316,375</u>	<u>38,500</u>	<u>-</u>
The movement on the facility is as follows:			
		2012 N'000	2011 N'000
At 1 January		38,500	-
Additional drawdown		285,875	38,500
Repayments		(8,000)	-
At 31 December		<u>316,375</u>	<u>38,500</u>

### 27 Share capital and premium

	Number of ordinary shares (thousands)	Ordinary shares N'000	Share premium N'000
Balance at 1 January 2011, 31 December 2011 and 31 December 2012	3,783,296	1,891,649	45,717

The authorised number of ordinary shares is 6,053,274,000 with a par value of 50kobo per share. Of these, 3,783,296 ordinary shares have been issued and fully paid.

### 28 Other non-current assets

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Balance as at 31 December	<u>259,986</u>	<u>55,720</u>	<u>55,871</u>

Other non-current assets represents long term portion of the grants, prepaid loan benefit and housing loan provided to employees. The tenor of the facilities range from a period of 2 years to maximum period of 10 years.

### 29 Employee loan receivable

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Current portion	52,785	51,897	50,117
Non-current portion	87,808	77,844	71,388
	<u>140,593</u>	<u>129,741</u>	<u>121,505</u>

## Notes to the financial statements (continued)

This represents the fair value of interest free loans given to staff of Unilever Nigeria Plc. These are amortised annually and recognised in the income statement as interest expense. They are also disclosed as part of the employee benefit for the period. The terms are:

1. The fair value (i.e. present value of the future cash flow) of the loan is calculated using the market interest rate or the central bank prime lending rate.
2. A monthly deduction is made from payroll over the tenor of the loan.
3. Terms of repayment are agreed with any staffs that are exiting the business but have outstanding loan receivables.





## Statement of Value Added

	2012 % N'000	2011 % N'000	
Revenue	55,547,798	54,724,749	
Bought in materials and services:			
local	(16,156,994)	(16,740,509)	
Imported	(24,235,492)	(25,110,764)	
	(40,392,486)	(41,851,273)	
Interest income	15,155,312	12,873,476	
	227,072	248,229	
Value added	15,382,384 100.0	13,121,705 100.0	
Applied as follows:			
To pay employees' salaries, wages and benefits	4,536,851 29.5	3,783,571 28.8	
To provide for maintenance of assets	1,615,704 10.5	917,098 7.0	
To pay taxes	2,588,374 16.8	2,502,902 19.1	
To pay dividends to shareholders	5,296,614 34.4	4,161,625 31.7	
To pay interest on borrowings and deposits	935,967 6.1	427,808 3.3	
Retained for company's growth	408,874 2.7	1,328,701 10.1	
	15,382,384 100.0	13,121,705 100.0	



# 12-hour Anti-Cavity Protection

Pepsodent Anti-cavity toothpaste is a fluorideated toothpaste containing a clinically proven anti-cavity system. It also has active Micro-calcium which helps deliver 50% more calcium to the mouth, helps repair early signs of tooth decay and uses contemporary technology to give oral health benefits



\*From Pepsodent.  
Creative dramatization of mineral loss and the efficacy to help fill tiny invisible holes under high magnification.  
FDI recognizes that twice daily brushing with a fluoride toothpaste such as Pepsodent is beneficial to oral health.

\*Vs non-fluoridated toothpaste.  
\*Vs Normal calcium levels in mouth.



## Five Year Financial Summary

	IFRS 2012 N'000	IFRS 2011 N'000	N-GAAP 2010 N'000	N-GAAP 2009 N'000	N-GAAP 2008 N'000
Financial performance					
Revenue	55,547,798	54,724,749	46,807,860	44,481,277	37,377,492
Gross profit	21,645,661	20,001,626	17,446,194	17,388,840	13,016,943
Operating expenses	(12,738,921)	(11,764,952)	(10,644,141)	(10,327,794)	(8,544,647)
Other (expenses)/income	(11,858)	(38,980)	4,834	-	-
Exceptional items	-	-	(405,097)	(563,495)	-
Net finance cost	(708,895)	(179,579)	(249,935)	(836,499)	(327,447)
Profit before taxation	8,185,987	8,018,115	6,151,855	5,661,052	4,144,849
Taxation	(2,588,374)	(2,502,902)	(1,971,235)	(1,567,230)	(1,548,316)
Profit for the year	5,597,613	5,515,213	4,180,620	4,093,822	2,596,533
Other comprehensive income	107,875	(24,887)	-	-	-
Total comprehensive income	5,705,488	5,490,326	4,180,620	4,093,822	2,596,533
Earnings per share (Basic and diluted)					
- Naira	1.48	1.46	1.11	1.08	0.69

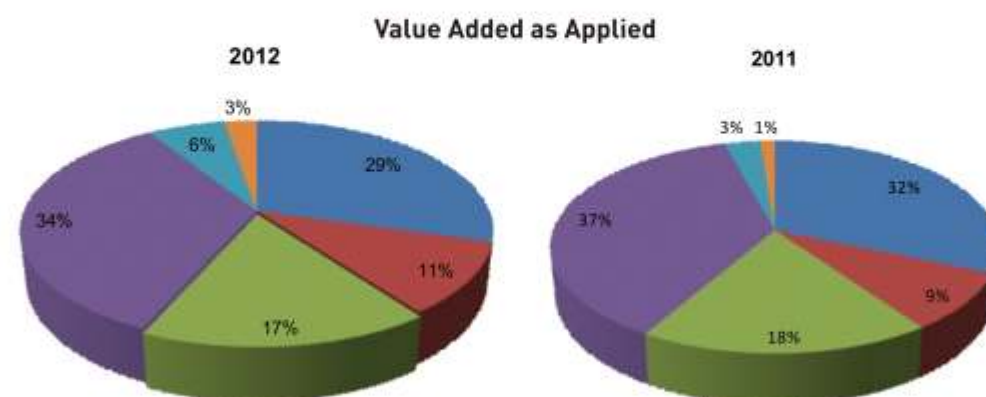
## Five Year Financial Summary (continued)

	IFRS 2012 N'000	IFRS 2011 N'000	N-GAAP 2010 N'000	N-GAAP 2009 N'000	N-GAAP 2008 N'000
Capital employed					
Share capital	1,891,649	1,891,649	1,891,649	1,891,649	1,891,649
Share premium	45,717	45,717	45,717	45,717	45,717
Reserves	8,106,158	7,697,284	6,397,861	6,265,368	4,744,187
Shareholders' funds	10,043,524	9,634,650	8,335,227	8,202,734	6,681,553
Employment of capital					
Non-current assets	21,719,351	16,123,418	11,739,578	9,975,242	9,056,190
Net current (liabilities)/assets	(7,554,303)	(2,765,666)	(199,410)	1,301,828	693,748
Non-current liabilities	(4,121,525)	(3,723,102)	(3,204,941)	(3,074,336)	(3,068,385)
	10,043,523	9,634,650	8,335,227	8,202,734	6,681,553
Net assets per share (Naira)	2.65	2.55	2.20	2.17	1.77

The balances for 2012 and 2011 have been stated in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2010 the balances have been stated in accordance with Nigerian Generally Accepted Accounting Principles (N-GAAP).



## Charts



- To pay employees' salaries, wages and fringe benefits including terminal benefits
- To provide for maintenance of assets
- To pay taxes to Government
- To pay dividend to shareholders
- To pay interest on borrowings and deposits
- Retained for Company's growth



**SWITCH ON WITH LIPTON, EVERYDAY.**  
LIPTON TEA CAN DO THAT



## Shareholders' Information

Active shareholders summary  
as at December 31, 2012

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1 - 1,000	34,489	35.79	15,472,213	0.41
1,001 - 5,000	34,335	35.63	91,058,670	2.41
5,001 - 10,000	10,486	10.88	81,235,275	2.15
10,001 - 50,000	12,412	12.88	281,152,482	7.43
50,001 - 100,000	2,564	2.66	184,855,525	4.89
100,001 - 1,000,000	1,927	2.00	401,365,119	10.61
1,000,001 - 5,000,000	128	0.13	239,738,896	6.34
5,000,001 - 10,000,000	16	0.02	102,931,986	2.72
10,000,001 - And above	12	0.01	2,385,486,084	63.05
<b>TOTAL</b>	<b>96,369</b>	<b>100</b>	<b>3,783,296,250</b>	<b>100</b>

## Shareholders' Information (continued)

Unilever Nigeria Plc Share Capital History

S/N	YEAR	BONUS RATIO	SHARE CAPITAL
1	1976	1:2	21,522,752
2	1977	3:2	53,806,880
3	1978	1:2	80,710,320
4	1979	1:4	100,887,900
5	1980	1:15	107,613,760
6	1981	NIL	107,613,760
7	1982	NIL	107,613,760
8	1983	NIL	107,613,760
9	1984	NIL	107,613,760
10	1985	1:4	134,517,200
11	1986	NIL	134,517,200
12	1987	NIL	134,517,200
13	1988	NIL	134,517,200
14	1989	1:2	201,775,800
15	1990	1:3	269,034,400
16	1991	NIL	269,034,400
17	1992	NIL	269,034,400
18	1993	1:3	358,712,533
19	1994	1:2	538,068,800
20	1995	1:4	672,586,000
21	1996	1:2	1,008,879,000
22	1997	NIL	1,008,879,000
23	1998	1:5	1,210,654,800
24	1999	NIL	1,210,654,800
25	2000	NIL	1,210,654,800
26	2001	NIL	1,210,654,800
27	2002	3:2	3,026,637,000
28	2003	NIL	3,026,637,000
29	2004	NIL	3,026,637,000
30	2005	NIL	3,026,637,000
31	2006	1:4	3,783,296,250
32	2007	NIL	3,783,296,250
33	2008	NIL	3,783,296,250
34	2009	NIL	3,783,296,250
35	2010	NIL	3,783,296,250
36	2011	NIL	3,783,296,250
37	2012	NIL	3,783,296,250





## Shareholders' Information (continued)

### Unclaimed Dividends & Share Certificates

Currently, our unclaimed Dividends Account indicates that some Dividend Warrants have not been presented to the Bank for payment while others have been returned to the Registrar as unclaimed because the addresses could not be traced. A help desk is available to handle Shareholders' enquiries at:

Company Secretary's Office  
Unilever Nigeria Plc.  
1 Billingsway  
Oregun,  
Lagos  
Tel: 01-2793000

### Consolidation of Holdings

Any Shareholder desirous of consolidating his/her holdings should please contact the Registrar's office at:

The Registrar  
Union Registrars Limited  
2, Burma Road  
Apapa  
Lagos.  
Tel: 01 -2793160-4



## Shareholders' Information (continued)

### Electronic Circulation of Annual Report and Financial Statements and other Shareholder Information

In line with Unilever's ambition to double its business size while reducing its environmental impact, Unilever recently launched the Unilever Sustainable Living Plan (USLP) at the World Economic Forum in Davos. A major part of Unilever's sustainability agenda is to contribute its small actions geared to make a big difference in reduction of trees felling and de-afforestation and support the global move to a 'paperless society'. Accordingly, Unilever Nigeria Plc will commence the circulation of its Annual Report and Financial Statements and other Shareholder information in electronic format via its website, e mail or in an environmentally and user friendly Compact Disk (CD) format as an alternative to the customary printed Annual Report and Financial Statements Booklet.

With effect from 1st January, 2014, the Annual Report and Financial Statements for year ended 31st December, 2013, List of Unclaimed Dividends and other Shareholder information will be circulated in CD format which can be accessed only through electronic means. A pdf version of the Annual Report and Financial Statements will also be available for download from our website [www.Unilevernigeria.com](http://www.Unilevernigeria.com)

The above initiative is expected to provide the following benefits:

- Contribute to the sustainability of our environment
- Ensure convenient storage of your Company's information for longer periods than on paper.
- Timely production and circulation of shareholder information
- Improved profitability as a result of lower production cost

However, a Shareholder who wishes to receive a paper copy of the 2013 Annual Report and Financial Statements, should kindly complete and sign the Request Form below and deliver it to the Registrar (Union Registrars Ltd.) either at the venue of the Annual General Meeting or to their offices located at 2 Burma Road, Apapa, Lagos.

### Unilever Nigeria Plc.

#### Request For Paper Copies of 2013 Annual Report and Financial Statements

I request that Unilever Nigeria Plc. send me a paper copy of the 2013 Annual Report and Financial Statements and all related shareholder notices and information.

Name of Shareholder: .....  
Address of Shareholder: .....  
Signature of Shareholder: .....  
Date: .....





## Shareholders' Information (continued)

### Electronic Dividend and Electronic Bonus

The Company is already implementing payment of e-Dividend. E-Dividend is the electronic crediting of Shareholder's bank Accounts with the Dividend due to them once this has been approved at the Annual General Meeting.

The Company supports the introduction of e-dividend in order to reduce the incidence of unclaimed dividends, avoid the incidence of stolen warrants, eliminate the delay or loss associated with postage as well as the inconveniences associated with revalidation of dividend warrants currently being encountered by Shareholders. With the introduction and implementation of the e-Dividend Scheme, Shareholders will have immediate access to their dividends once their bank Accounts have been credited.

We also intend to implement the use of e-Bonus for all future bonus shares issued by the Company. The implementation of the e-bonus payment will eliminate risk of fraud that is prevalent in the Stock Market and enable the Shareholder to be more confident about his investment in stocks as well as making trading in shares faster and easier for them. Shareholders are urged to take advantage of this and dematerialize all their share certificates.

Consequently, all shareholders are required to complete the detachable Form for e-Bonus and e-Dividend and deliver it to the Registrar (Union Registrars Ltd) either at the venue of the Annual General Meeting or to their offices located at 2 Burma Road, Apapa, Lagos.



## Shareholders' Information (continued)

### Application Form for Electronic Dividend and Electronic Bonus

Dear Shareholder,

SAHREHOLDER'S DATA UPDATE:

In our quest to update shareholders data with the current technology in the Capital Market-e-Dividend and e-Bonus we kindly request you to complete this form with the following information

#### NAME OF SHAREHOLDER/ CORPORATE SHAREHOLDER

No of Units held .....

Current address.....

Telephone Nos.....

CSCS Account No. .... Email address .....

Name and address of Stock Broking firm .....

Shareholder's Bank Name and branch address .....

Bank Account No..... Bank branch code(if any).....

Please notify the Registrars, Union Registrars Limited of any change in the above information as soon as it occurs

Yours faithfully

**UNILEVER NIGERIA PLC**

Note: By filling and sending this form to our Registrars: Union Registrars Limited of 2 Burma Road Apapa Lagos, you have applied for e-Dividend and e-Bonus thereby authorizing UNILEVER NIGERIA PLC to credit your account in respect of dividends and bonuses electronically.

**Please complete and return to  
UNION REGISTRARS LIMITED  
2, BURMA ROAD, APAPA**

COMPANY SEAL(IN CASE OF CORPORATE SHAREHOLDER)

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER)

#### FOR REGISTRARS USE ONLY

NAME: .....

SIGNATURE: .....

DATE: .....





Photo Gallery  
CSR Investments



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Photo Gallery  
Brand Activities



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## Photo Gallery (continued)

### Brand Activities



## Product Range



### CLOSE UP

Clear leader in Oral care

As one of Unilever's leading brands and Nigeria's biggest toothpaste brand, Closeup continues to drive the market with consumer led innovation and market activities. That is why the improved Closeup formulation, Closeup Deep Action Red Hot and Deep Action Menthol Fresh was launched into the market. This is in addition to the other variants like White Now, Herbal, Complete 8, Complete 8 White which come in many sizes to suit the financial situations of all its loyal consumers.

Closeup continued market development activities by partnering with other Unilever brands (Lifebuoy soap and Blue Band margarine) to drive behavioural hygiene changes on oral care, nutrition and health and sampling over 700,000 pupils across several states in the process.

Closeup also celebrated 38 years of success in Nigeria by executing the 'Closeup Loves Naija' campaign between July and September. This campaign celebrated the Nigerian Spirit and reached millions of Nigerians of all ages all over the country with the message of hope and celebration. As part of this campaign, four charity homes (Little Saints Orphanage, Red Cross Society, Heart of Gold Hospice and Motherless Babies home) were visited and many Closeup consumers were also rewarded with gift items across the country.

### PEPSODENT

Cavity Fighter



Pepsodent Cavity Fighter which was launched to cater to the needs of consumers who require and appreciate specialist anti cavity preventive care continues to play this role for Unilever.

In line with its ambition to free Nigerian consumers from teeth holes, Pepsodent continued to execute markets storms to educate consumers about oral health care.

Pepsodent also continued with its free dental checks and sampling programme, also partnering with the Nigerian Dental association, NDA to reach people all over. Pepsodent Cavity Fighter which comes in two pack sizes will continue to drive awareness on the importance of preventing teeth cavities through preventive oral health care.





# Get Covered!...



## GERM PROTECTION is here



Germes outside can cause diseases inside, that's why Lifebuoy gives you cover against germs. With it's **active 5** ingredients Lifebuoy soap protects you and your family from germs your eyes can't see, leaving you super clean and healthy.

Give your family the Lifebuoy cover today.

with **ACTIVE 5**



**GERM PROTECTION FORMULA**



Product Range (continued)

## OMO & SUNLIGHT



### OMO

2012 was an iconic year for our tested and trusted laundry brand Omo as it clocked 50 years in Nigeria. To celebrate this great milestone, Omo was re-launched to satisfy our consumers' need and expectations of a premium top clean detergent. This re-launched Omo removes dried in stains in 1 Step, making laundry easier for our consumers as they no longer need to scrub and scrub to remove stubborn stains. Further to celebrate Omo's 50th anniversary, we launched a consumer promotion where lots of prizes were given to consumers. 50 consumers to be taken to Dubai for a 3day all expense paid trip, 100 units of N50,000 shopping card, 50 units of N100,000 shopping card, 150 Washing machines, 100 Blackberry phones, 50 I-pad, 100 LCD TV and lots of other smaller prizes.

### SUNLIGHT

Sunlight continues to offer great cleaning and a sensational laundry experience with its great long lasting fragrance. To 'cement' Sunlight's positioning as the no. 1 value and fragrance brand via its long lasting fragrance benefits, we relaunched the brand, and introduced a new variant: Pink Tropical Sensations!; thereby offering our consumers an opportunity between two great fragrances : the Spring sensation (Yellow) and the Tropical sensation (Pink)

We are poised to continually offer Nigerians the best laundry experience; giving mothers the luxury and confidence to allow their kids to learn and explore while Omo removes the stains in 1 step , and a fun and sensational washing experience with Sunlight.

## KNORR Your Tastemaker



In line with Knorr's positioning as Nigeria's premium seasoning, the brand expanded its offering to its consumers with the launch of the new Knorr Soup and Stew seasoning powders. The seasoning mixes which contain "16 ingredients for natural taste" promises to deliver rich flavour in consumers' dishes. The launch of the mixes saw hundreds of colleagues, consumers, celebrities and lovers of the brand join in a short 2KM walk within Ikeja, Lagos, tagged "Walk for Taste".

Also, as a leading innovative brand, Knorr introduced its cooking show called Knorr Taste Quest, to search for Nigeria's best culinary aficionado. The show which pitches 12 contestants against each other in the Knorr Taste Quest Kitchen in a battle for the star prize of 1million naira, a brand new Hyundai accent 2012, kitchen equipment worth 300,000 naira and the bragging rights to be called "Nigeria's Best". The response from consumers was impressive, with over 6100 entries submitted and well over 37000 fans following on Facebook, Youtube, other social media and millions more watching and participating on tv. Knorr is undoubtedly YOUR TASTEMAKER and will continue to bring rich flavour to your cooking and make meal times special for Nigerian families!!! Bon appetite!!!





## Product Range (continued)

### ROYCO Aroma you can't resist



The introduction of the Royco soup and stew seasoning powders to the Nigerian market at N5 is consistent with the Royco promise of making great tasting meals affordable. Royco also sponsored the Benue Food Festival, which is one of Nigeria's grandest celebrations of local cuisine. The Royco Aroma Challenge saw the First Lady of Benue State, Arch. Yemisi Suswan, leading by example as she prepared a mouth-watering soup that was devoured right there by the governor.

The star prize winner got a brand new car, with the first and second runners up going away with a motor bike and deep freezer respectively, courtesy Royco. The irresistible aroma of Royco is sure to bring your husband home, as demonstrated by Benue's First Couple.



### BLUEBAND MAGARINE

Blue Band is the one margarine that offers a combination of good taste and high nutrition and ensures a strong and healthy future. Leading scientists recommend that for healthy growth, every child requires a balanced diet which should contain fats and vitamins. Blue Band provides fat needed to meet the daily energy requirement of children. It is advisable that 30% of children's daily energy intake come from fats. Blue Band contains essential fats and vitamins necessary for children's growth and we recommend a minimum usage of 20g of Blue Band Original for Spreading and Cooking daily to get at least 15% RDA of vitamins A, D and E. Our Blue Band is fortified with other essential nutrients, such as B-vitamins, to further promote the healthy growth and development of children and remains an important daily source of essential vitamin A which aids growth, vision and immune response, Vitamin D for strong bones; Vitamin E helps to protect body cells and Vitamin B which helps convert food into energy. The Niacine in Blue Band assists in the formation of blood and body cells and Fats provide energy.

Blue Band is available in two variants, Blue Band Original and Blue Band Spread for Bread. The differences in the two variants are in the fat levels and recommended applications. Blue Band Original has a higher fat content and is for multiple uses, Spreading, Cooking and Baking. This is especially recommended for Children's growth. Blue Band Spread for Bread is lower in fat content and is for Spreading only. Blue Band's special quality blends are essential for the development of the eyes, bones and teeth. With the Blue Band smaller packs, the whole family can enjoy the goodness and nourishment of the margarine by spreading it on their bread at an affordable price.

We continued our Growth Campaign with the 'Spread on Every Yummy Slice' execution in 2012. We also implemented the Grow Fm campaign as part of our multi brand schools programme to bring Health, Hygiene and Nutrition awareness to school children across Nigeria. We aim to drive awareness and behaviour change amongst children, parents and teachers on the need to consume a variety of food with all six nutrients and at the right quantity and also do some physical activity for a healthier future.



## Product Range (continued)

### LIPTON YELLOW LABEL TEA



Lipton Yellow Label Tea is Nigeria's largest Tea brand and also the world's largest. It is a powerful super drink that contains Theanine which helps to sharpen the mind, Flavonoids which gives natural defences, Nice Aroma which instils a positive mood, and Flavour which gives a pleasure to the taste buds. It contains low doses of caffeine, but enough to increase alertness and Water for adequate hydration. Lipton tea is healthier than coffee & carbonated soft drinks, more pleasurable than water and has more drinkability than fruit juices.

Lipton Tea is pleasurable, invigorating and uplifting. It brightens your outlook and sharpens your mind; At Lipton we are absolutely dedicated to bringing out the best from our tea; from the moment our leaves are picked, to the moment our Tea is brewed, we go to extraordinary lengths to bring you a Tea Based Beverage full of natural goodness. We are on a mission to unlock the Goodness of Tea, hence allowing you to drink Better & to Live Positive.

In 2012, we continued our Lipton Switch on your mind campaign and implemented this across different consumer touch points. We organized the first Lipton Tea party, a networking event targeted at young professionals to awaken the tea drinking culture and show case Lipton Tea as a fun drink, capable of helping people achieve success in their chosen endeavours. We also implemented the Out of Home activation using the Mai Shai's with the aim of bringing Lipton at arm's reach to consumers.

A cup of Lipton will kick start your day and switch on your mind so you can cope with the everyday challenges and distractions and still achieve your set goals. Take that step today, start your day with a cup of premium quality Lipton Yellow Label Tea and enjoy the inherent goodness of tea.



### LIFEBUOY

Winning in health & Hygiene across Nigeria

2012 will be remembered strongly as the year Lifebuoy Health Soap made a difference in the lives of children aged 5 years old. In 2012 Global Hand washing Day would be celebrated for the 5th time across the world, with the aim to help children reach the age of "5" while also promoting the act of Hand wash "5" times a day. It indeed was a unique year of "5"s.

And Lifebuoy Health soap went out celebrate 5 year old children and educate hundreds of Nigerians on the benefits of Hand washing with soap. Part of the Lifebuoy's social mission is to curb this by educating and





## Product Range (continued)

encouraging kids to wash their hands 5 times a day. This we did with Global Handwashing Day in 2012. Lifebuoy Hosted a party for 500 selected 5year old kids in Lagos state. Unilever employees also visited schools in Lagos state to contribute time towards saving the lives of precious children. In Nigeria, 1 out of 6 children lose their lives before the age of 5 due to illnesses which could have been prevented by the simple act of Handwashing with soap. Lifebuoy is strongly determined to reduce this. Now and in the years to come...

Formulated with a special ingredient called "Active 5", Lifebuoy Health Soap gives Ultimate Protection from Germs. It exists in 4 variants and has protected millions of families across the world and in Nigeria.

### LUX

tempting him with soft & smooth skin for over 40 years



LUX Beauty soap still remains the highest selling soap in the world and is largely recognised as the No.1 beauty soap for celebrities all over the world. Over the years, LUX has continued to deliver on its promise and holds its place in the Nigerian market.

The LUX beauty soap comes in 5 exciting variants: LUX White, LUX Strawberry and Cream, LUX Peach and Cream, LUX Nuts and Cream and LUX Even Glow. Each variant is perfectly formulated to address the woman's desire for beautiful skin. LUX also contains moisturizing oils and Vitamin E which keeps the skin soft, smooth and beautiful. Trust LUX to nurture your skin to give it that irresistible tempting look and feel. Every woman deserves to be beautiful.....Every woman deserves LUX.



### VASELINE & PEARS

Mothers nurturing their babies from generation to generations.

Vaseline and Pears baby products are strategic brand portfolios in Unilever Nigeria. These Nigerian heritage



## Product Range (continued)

brands or local jewels are trusted and most often recommend by hospitals and medical professionals as the ideal baby care products. The Pears brand consisting of baby powder, baby oil, moisturising cream, baby jelly and baby lotion, continued its trusted performance and growth. The brand remains to enjoy strong consumer patronage and a favourite household brand across the country

However 2012 was one the most exciting years for the Vaseline brands long history with a refurbishment and re-launch of the iconic classic. A true Icon was given a fresh start. The team did not just change the packaging but also introduce a superior quality product that is triple purified to deliver superior results compared to cheaper versions. The traditional variants of Original and Baby have been joined by Coca butter and Aloe fresh. A total of 13 new pack sizes were launched during a very successful internal and external launch "As pure as a Mothers touch".

The Skin Care category is looking forward to an exciting 2013 with focus on growing the Vaseline brand with the new great products and future innovations.





**There is no jelly purer**  
Now triple purified

Your original Vaseline jelly is now triple purified. The jelly is so pure, it keeps your skin perfectly soft, smooth and protected all day long.

Available in four variants, now you're sure of getting a purer, cleaner and more effective petroleum jelly.



#### ORIGINAL

Restores and renews your skin, naturally.



#### ALOE FRESH

Lightly hydrates and retains moisture in your skin, making you feel refreshed all day.



#### COCOA BUTTER

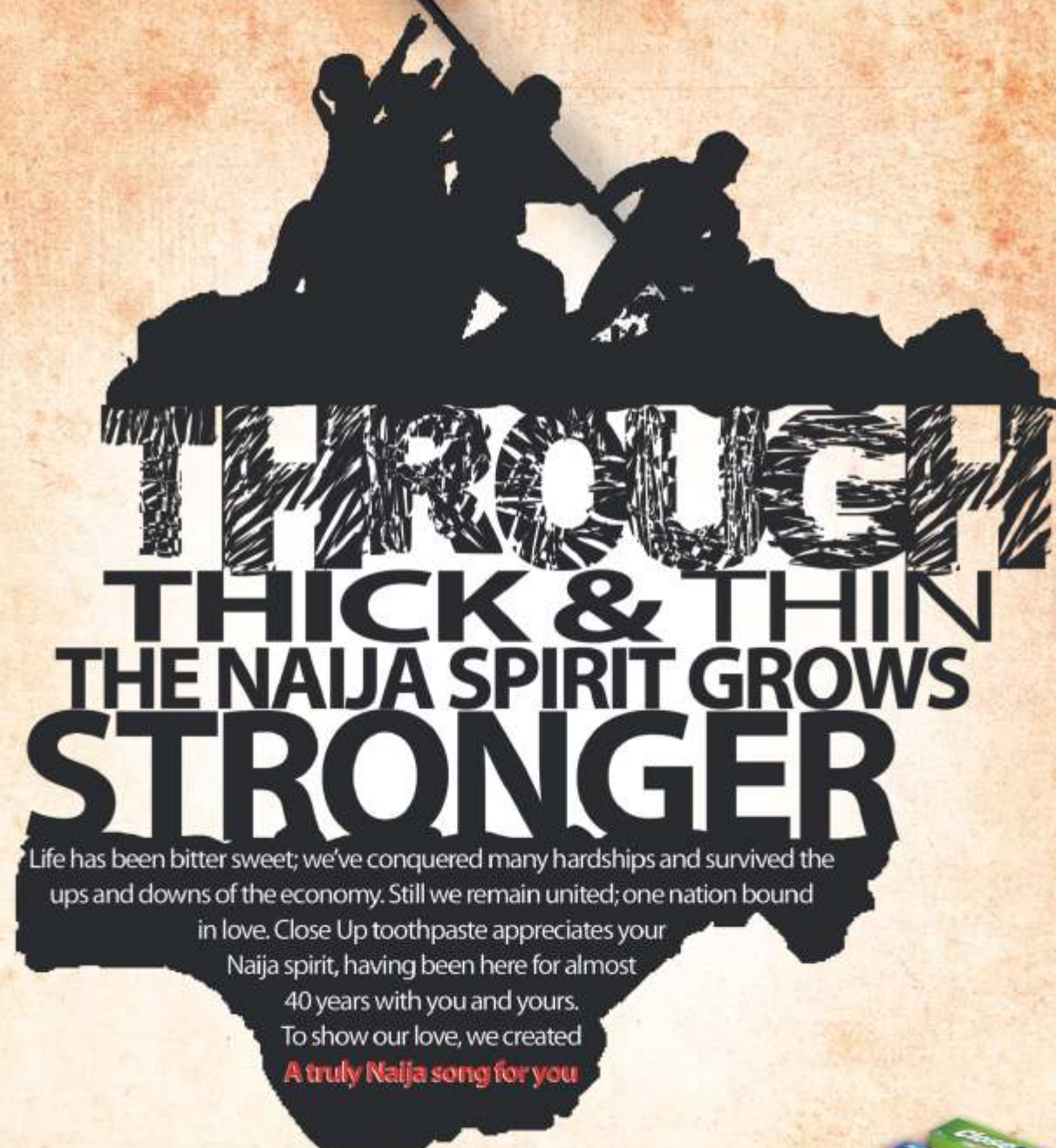
Gives your skin a healthy glow, all day long.



#### BABY

Protects your baby's skin, keeping it soft and smooth.

**closeup**  
**loves**  
**Naija**



Life has been bitter sweet; we've conquered many hardships and survived the ups and downs of the economy. Still we remain united; one nation bound in love. Close Up toothpaste appreciates your Naija spirit, having been here for almost 40 years with you and yours. To show our love, we created **A truly Naija song for you**

**f** Download, Listen & Share  
[www.facebook.com/closeupng](http://www.facebook.com/closeupng)



the closer, the better



Vaseline Blueseal...there is no jelly purer





88<sup>th</sup>

Annual General Meeting

## Shareholder ADMISSION FORM

Please admit shareholder whose name appears on this Form or his/her duly appointed proxy to the Annual General Meeting to be held at the Shell Hall of the MUSON Centre, Onikan, Lagos on Thursday 16th May, 2013 at 10.00 am.

Name of Shareholder.....

[Or Name of Proxy .....

.....

Number of Shares Held

Signature of person attending

THIS FORM MUST 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.

Mrs A Ademola  
General Counsel & Company Secretary





Notes

Notes





## Proxy Form

88<sup>th</sup> ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON THURSDAY 16<sup>th</sup> MAY 2013 AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS.

I/WE ..... being a member/ Members of UNILEVER NIGERIA PLC, hereby appoint\*\* ..... of ..... or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 16<sup>th</sup> May, 2013 and at any adjournment thereof:

Dated this ..... day of ..... 2013

Shareholder's Signature.....

RESOLUTION	FOR	AGAINST
To declare a dividend		
To re-elect MR SUDARSHAN KASTURI as a Director		
To re-elect MR OLOGBARAETE KENT PINNICK as a Director		
To re-elect SENATOR UDOMA UDO UDOMA as a Director		
To authorise Directors to fix the Auditor's Remuneration		
To elect Shareholders' Representatives on the Audit Committee		
To fix the Directors' Fees		
Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

### IF YOU ARE UNABLE TO ATTEND THE MEETING

A member [Shareholder] who is unable to attend the Annual General Meeting is allowed by law to vote on a poll by proxy. The above proxy form has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the meeting.

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

Please sign this proxy form and send it, so as to reach the address shown overleaf not later than 10.00am on 13th May, 2013. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.

The Proxy must produce the Admission Form within the Annual Report and Accounts booklet to obtain entrance to the Meeting. A member voting in his own right as a member and also voting as a proxy 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.

For Company's use only	No. of Shares	
------------------------	---------------	--

SECOND FOLD HERE

Please  
affix  
postage  
stamp

THE REGISTRAR  
UNION REGISTRARS LIMITED,  
2, BURMA ROAD,  
LAGOS

THIRD FOLD HERE AND INSERT