



*Unilever*

**Unaudited Financial Statements for the Period ended 31st March 2011**

## Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### a) Basis of Preparation

The financial statements are prepared in compliance with Nigeria Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (₦), rounded to the nearest thousand, and prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on Directors' best knowledge of current events and actions, actual results ultimately may differ from these estimates.

### b) Revenue recognition

Sales of goods are recognised in the period in which the company delivers products to the customer, and collectability of the related receivables is reasonably assured.

Revenues represent the fair value of the consideration receivable for sales of goods, and is stated net of value-added tax (VAT), rebates and discounts.

Interest income is recognised on time proportion basis.

### c) Translation of foreign currencies

Transactions in foreign currencies during the period are converted into functional currency, Nigerian Naira, using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### d) Accounting for leases

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account and straight-line basis over the period of the lease.

### e) Dividends

In accordance with SAS 23, dividend distribution to the company's shareholders is recognised as liability in the financial statements in the period in which they are approved by the shareholders.

### f) Property, Plant and equipment

The carrying value of fixed assets is determined by reference to their cost/valuation less accumulated depreciation and impairment.

Depreciation is calculated to write-off the cost/valuation of fixed assets on straight –line basis over the expected useful lives of the assets. Depreciation is calculated by reference to the enhanced value of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of previous periods, are:

Buildings	-	2.5%
Plant, machinery and furniture	-	7%
Generators	-	20%
Motor vehicles	-	25%
Information Technology equipment	-	20%

Depreciation is not calculated on fixed assets until they are brought into use.

Profits and losses on disposal of fixed assets are determined by references to their carrying amounts and are included in operating results.

When an asset that was previously revalued is disposed of, the associated revaluation surplus in the revaluation reserve is transferred to income.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

**g) Inventories**

Inventories are stated at standard cost. The variances arising as a result of the standard costs are allocated over the quarter in which the standard operates. This is reviewed quarterly. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs.

**h) Receivables**

Receivables are recognised at fair value. A provision of impairment of receivables is established when there is objective evidence that the company will not be able to collect the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the expected cash flows. The amount of the provision is recognised in the profit and loss account.

**i) Employee Benefits**

In line with the Pension Reform Act 2004, the company operates a pension scheme. The contribution made towards securing the future benefits in the scheme is as follows:

	<b>Management staff</b>	<b>Non-management staff</b>
Employer	7.5%	16.0%
Employee	7.5%	10.0%

The Company operates a defined contribution retirement benefit scheme and an unfunded defined benefit service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual's years of service and terminal salary. Under the defined contribution plan, the Company pays fixed contributions into the separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the period to which they relate.

The liability recognised in the balance sheet in respect of the unfunded defined benefit service gratuity scheme is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity liability. Actuarial gains and losses arising from experience; adjustments and changes in actuarial assumptions are charged or credited to the profit and loss account.

**j) Income Tax**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA), Education tax is assessed at 2% of the chargeable profits.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that the future taxable profits will be available against which the temporary differences can be utilised.

**k) Segment Information**

A business segment is a group of asset and operations engaged in providing products or services that are subject to risks and returns that are deferent from those of other business segments. The Company's primary reporting is by business segments.

**l) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**Profit and Loss Account**  
**For 3 months ended 31st March**

	Notes	Period ended 31/3/2011 N '000	Period ended 31/3/2010 N '000
<b>Turnover</b>	1	<b>13,042,741</b>	<b>10,931,278</b>
Cost of sales		(8,172,019)	(6,699,844)
<b>Gross profit</b>		<b>4,870,722</b>	<b>4,231,434</b>
Distribution costs		(606,952)	(511,369)
Administrative expenses		(1,844,010)	(2,254,265)
Other Income		1,835	141
<b>Operating Profit</b>	2	<b>2,421,595</b>	<b>1,465,941</b>
Finance Costs		(68,036)	(81,162)
<b>Profit (Loss) before income tax</b>		<b>2,353,559</b>	<b>1,384,779</b>
Income tax expense	3	(723,832)	(426,785)
<b>Profit / (Loss) after tax</b>		<b>1,629,726</b>	<b>957,994</b>

The statement of significant accounting policies on pages 2 to 4 and the notes on page 8 to 12 form an integral part of these financial statements.

**Balance Sheet**  
**As at 31st March 2011**

		31/3/2011 N '000	31/12/2010 N '000
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	5	12,451,708	11,739,578
Intangible assets		26,639	-
<b>Current assets</b>			
Inventories	6	6,958,006	6,286,744
Receivable and prepayments	7	5,582,994	5,231,304
Cash and bank balance	8	4,346,951	2,677,715
		<b>16,887,951</b>	<b>14,195,763</b>
<b>Current liabilities</b>			
Payables and accrued expenses	9	13,017,705	11,678,176
Current income tax	4	2,775,097	1,986,188
Bank overdraft and other borrowings		381,851	730,809
		<b>16,174,654</b>	<b>14,395,173</b>
<b>Net current (liabilities)/assets</b>		<b>713,296</b>	<b>(199,410)</b>
<b>Total assets less current liabilities</b>		<b>13,191,643</b>	<b>11,540,168</b>
<b>Non-current liabilities</b>			
Deferred income tax	10	1,072,222	1,137,295
Retirement benefits obligation		2,154,469	2,067,646
		<b>3,226,690</b>	<b>3,204,941</b>
<b>Net assets</b>		<b>9,964,953</b>	<b>8,335,227</b>
<b>Capital Employed</b>			
Share capital		1,891,649	1,891,649
Share premium		45,717	45,717
Revaluation Reserves	11	237,262	237,262
Retained Earnings	11	7,790,325	6,160,599
<b>Shareholders' funds</b>		<b>9,964,953</b>	<b>8,335,227</b>

The financial statement on pages 5 to 7 were approved for issue by the Board of Directors on ....., and signed on its behalf by:

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Finance Director

**Statement of Cash Flows**  
**For the period ended 31st March**

	<b>31/3/2011</b>	<b>31/03/2010</b>
	<b>N '000</b>	<b>N '000</b>
<b>Operating activities</b>		
Cash (used in)/generated from operations	3,492,581	4,891,867
Tax paid	-	-
Net VAT paid	(419,838)	(366,239)
Retirement benefits paid	(19,851)	(65,789)
	<u>3,052,892</u>	<u>4,459,838</u>
<b>Cash flow investing activities</b>		
Purchase of fixed assets	(937,491)	(195,829)
Purchase of intangible asset	(26,639)	-
Proceed on disposal of fixed assets	1,949	5,190
Interest Income	6,381	12,427
	<u>(955,799)</u>	<u>(178,212)</u>
<b>Cash flow from financing activities</b>		
Dividends paid	-	-
Repayment of ST Borrowing	-	(1,500,000)
Interest paid	(74,418)	(93,588)
Exchange gain (loss)	(4,481)	(16,703)
	<u>(78,899)</u>	<u>(1,610,291)</u>
Increase in cash and cash equivalents	<u>2,018,194</u>	<u>2,671,335</u>
<b>Movement in cash and cash equivalents</b>		
At at start of the period	1,946,906	480,736
Increase	<u>2,018,194</u>	<u>2,671,335</u>
<b>As at end of the period</b>	<u><b>3,965,100</b></u>	<u><b>3,152,071</b></u>

The statement of significant accounting policies on pages 2 to 4 and the notes on page 8 to 12 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31ST MARCH 2011**

Unilever Nigeria Plc is incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a public limited liability company and is domiciled in Nigeria. The Company's shares are listed on the Nigerian Stock Exchange (NSE). 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.

**1. Segment information**

The Company's primary segment reporting is by business segment. The business sector consist of Food products and Home and Personal Care products. There are no Intersegments sales. The Company only operates in one geographical segment.

**3 MONTHS ENDED**

	<b>March 2011 N'000</b>	<b>March 2010 N'000</b>
<b>Turnover by business sector</b>		
Food products	5,028,096	4,267,889
Home and Personal Care	8,014,645	<u>6,663,389</u>
Total Turnover	<u>13,042,741</u>	<u>10,931,278</u>

As required by the Companies and Allied Matters Act 1990 turnover by location of customers is presented below.

**Turnover by geographical location of customers**

Domestic (within Nigeria)	12,860,916	10,723,861
Export (outside Nigeria)	181,825	<u>207,417</u>
	<u>13,042,741</u>	<u>10,931,278</u>

**2. Operating profit**

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

	<b>3/31/2011 N '000</b>	<b>3/31/2010 N '000</b>
Depreciation of property, plant and equipment	(225,248)	(206,653)
Salaries and wages	(908,290)	(806,899)
Provision (Write back of bad & Doubtful Debts)	(789)	(49,852)
(Loss) /gain on disposal of property, plant and equipment	<u>1,835</u>	<u>141</u>



### 3. Income tax expenses

#### 3 MONTHS ENDED

	<b>3/31/2011</b>	<b>3/31/2010</b>
	<b>N'000</b>	<b>N'000</b>
Current income tax	(732,237)	(410,468)
Education tax	(56,670)	(34,026)
	<u>(788,907)</u>	<u>(444,494)</u>
Deferred Tax	65,074	17,709
Prior year over provision	-	-
Income tax expense	<u>(723,832)</u>	<u>(426,785)</u>

### 4. Income Tax per balance sheet

	<b>3/31/2011</b>	<b>3/31/2010</b>
	<b>N'000</b>	<b>N'000</b>
At 1st January		
Income tax	1,835,591	1,637,601
Education tax	150,597	131,716
	<u>1,986,188</u>	<u>1,769,317</u>
Charge for the period:		
Income tax	732,238	410,468
Education tax	56,670	34,026
Prior year over provision	-	-
	<u>788,908</u>	<u>444,495</u>
Payments during the period		
Income tax	-	-
Education tax	-	-
At 31 March	<u>2,775,096</u>	<u>2,213,812</u>

## 5. Property, plant and equipment

(i) These comprise:	Capital Work-in-Progress N'000	Land and buildings N'000	Plant & Machinery N'000	Furniture & Equipments N'000	Motor Vehicles N'000	Total N'000
<b>Assets in use</b>						
<b>Cost/Valuation</b>						
At 1 January, 2011	2,468,518	1,870,251	11,994,325	357,454	374,725	17,065,273
Additions	937,491	-	-	-	-	937,491
Disposals	-	-	-	(415)	(19,315)	(19,730)
Reclass to HFD	-	-	-	-	-	-
Reclass between Headings	-	-	-	-	-	-
Capitalisation	(418,630)	(1,202)	170,412	23,646	225,774	-
<b>At 31st March, 2011</b>	<b>2,987,379</b>	<b>1,869,049</b>	<b>12,164,737</b>	<b>380,685</b>	<b>581,184</b>	<b>17,983,034</b>
<b>Depreciation/Impairment Provision</b>						
At 1 January, 2011	145,255	297,023	4,761,565	320,448	302,511	5,826,802
Charge/(Write back) for the year	-	11,817	199,013	2,468	11,950	225,248
On disposals	-	-	-	(299)	(19,318)	(19,617)
Reclass & w/off Prov	-	-	-	-	-	-
<b>At 31st March, 2011</b>	<b>145,255</b>	<b>308,840</b>	<b>4,960,578</b>	<b>322,617</b>	<b>295,143</b>	<b>6,032,433</b>
<b>Net Book Values:</b>						
<b>At 31st March, 2011</b>	<b>2,842,124</b>	<b>1,560,209</b>	<b>7,204,159</b>	<b>58,068</b>	<b>286,041</b>	<b>11,950,601</b>
At 31 December, 2010	832,601	1,525,688	7,015,639	49,151	51,056	9,474,135
<b>Assets held for disposal</b>						
Cost/ Valuation	-	450,129	909,970	619	10,815	1,371,533
Depreciation	-	218,248	641,097	417	10,665	870,426
Net Book Value	-	231,881	268,873	202	150	501,107
<b>At 31st March, 2011</b>	<b>-</b>	<b>231,881</b>	<b>268,873</b>	<b>202</b>	<b>150</b>	<b>501,107</b>
As at 31st Dec 2010	-	231,881	268,873	202	150	501,107
<b>Total Assets Net Book Value</b>						
<b>At 31st March, 2011</b>	<b>2,842,124</b>	<b>1,792,090</b>	<b>7,473,032</b>	<b>58,270</b>	<b>286,191</b>	<b>12,451,708</b>
As at 31 December 2010	2,323,263	1,805,109	7,501,633	37,209	72,364	11,739,578

The Company's property, plant and equipment other than other than motor vehicles were revalued on 31st December, 1993, by Knight Frank and Rutley (Nigeria), external independent valuers. Valuations were on the basis of open market value. The book values of the revalued assets were adjusted to the revaluations and the resultant surplus was credited to the revaluation reserves in shareholders' equity. Revaluation is carried out as the need arises.

## 6. Inventories

The amounts attributable to the different categories are as follows:

	<b>3/31/2011</b> <b>N'000</b>	<b>12/31/2010</b> <b>N'000</b>
Raw materials	3,869,482	3,662,852
Work in progress	360,199	484,617
Finished goods	1,928,993	1,392,323
Engineering spares and other stocks	799,333	746,952
	<u>6,958,007</u>	<u>6,286,744</u>

## 7. Receivables and prepayments

These comprise the following which are all due within one year of the balance sheet date:

	<b>3/31/2011</b> <b>N'000</b>	<b>12/31/2010</b> <b>N'000</b>
Trade receivables	2,945,114	2,813,401
Due from related Companies	1,049,118	1,147,291
Other receivables and prepayments	1,588,762	1,270,612
	<u>5,582,994</u>	<u>5,231,304</u>

## 8 Cash and bank balances

Short term bank deposits  
Cash at bank and in hand

	<b>3/31/2011</b> <b>N'000</b>	<b>12/31/2010</b> <b>N'000</b>
Short term bank deposits	1,894,473	444,453
Cash at bank and in hand	2,452,476	2,233,262
	<u>4,346,950</u>	<u>2,677,715</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

## 9 Payables and accrued expenses

Amounts falling due within one year of the balance sheet date

	<b>3/31/2011</b> <b>N'000</b>	<b>12/31/2010</b> <b>N'000</b>
Amount due to related companies	3,403,874	3,408,094
Trade payables	4,033,018	3,655,744
Unclaimed dividends	485,913	491,748
Other creditors and accruals	5,094,900	4,122,590
	<u>13,017,705</u>	<u>11,678,176</u>

## 10 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% .

The movement on the deferred income tax accounts is as follows:

	<b>3/31/2011 N'000</b>
As at 1st January 2011	1,137,295
Charge/(credit) to profit and loss account	(65,075)
As at 31st March 2011	<u>1,072,220</u>

## 11. Reserves

The movement in reserves during the period is as follows:

	<b>Revaluation reserves N'000</b>	<b>Retained Earnings N'000</b>	<b>Total N'000</b>
As at 1st January 2011	237,262	6,160,599	6,397,861
			-
Profit for the period	-	1,629,726	1,629,726
Declared Dividend	-	-	-
Retained for the period	-	1,629,726	1,629,726
As at 31st March. 2011	<u>237,262</u>	<u>7,790,325</u>	<u>8,027,587</u>