Nigerian Breweries Plc

RC: 613

2018
Annual Report and Accounts

Winning with Nigeria


A STAR FOR EVERYONE
STAR
Radler
STAR
Cold Filtered
STAR
LITE
PREMIUM QUALITY
STAR
Radler
PREMIUM QUALITY
STAR
Cold Filtered
FINEST LAGER BEER
STAR
LITE
ICE COLD FILTERED
PREMIUM QUALITY REFRESHMENT
18+
STAR
SHINE ON

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Vision

"To be a World-Class Company"

Mission Statement

"To be the leading beverage company in Nigeria, marketing high quality brands to deliver superior customer satisfaction in an environmentally friendly way"

Core Values

"Respect
Passion for Quality
Enjoyment
and Performance."

Nigerian Breweries Plc, the pioneer and largest brewing Company in Nigeria was incorporated in 1946 as Nigerian Brewery Limited. In June 1949, the Company recorded a landmark when the first bottle of STAR lager beer rolled off its Lagos Brewery bottling lines. This first brewery in Lagos has undergone several optimisation processes.

In 1957, the Company commissioned its second brewery in Aba and the name became Nigerian Breweries Limited. This was followed by Kaduna Brewery in 1963 and Ibadan Brewery in 1982. Following the coming into effect of the Companies and Allied Matters Act in 1990, the name of the Company was changed to Nigerian Breweries Plc to reflect its public limited liability status.

In 1993, the Company acquired its fifth brewery in Enugu and in 2003, a sixth brewery (Ama Brewery), sited at Amaeke Ngwo in Enugu State was commissioned. Operations in the old Enugu Brewery were discontinued in 2004 following the completion of Ama Brewery. An ultra-modern malting plant was acquired in Aba in 2008.

In October 2011, the Company acquired majority equity interests in two companies, Sona Systems Associates Business Management Limited (Sona Systems), with two breweries in Ota and Kudenda, Kaduna, and Life Breweries Company Limited (Life Breweries) with a brewery in Onitsha (now a Distribution Centre). Another malting plant (located in Kudenda Brewery, Kaduna) was acquired as part of the Sona Systems acquisition. Sona Systems and Life Breweries were merged with the Company in the middle of 2012. At the end of 2014, an enlarged Nigerian Breweries Plc emerged from a merger with Consolidated Breweries Plc. Three breweries at Imagbon, near Ijebu Ode, Awo-Omamma, near Owerri and Makurdi (now a Distribution Centre) were added to the existing eight breweries as a result of the merger.

Thus, from a humble beginning in 1946, the Company now has nine fully operational breweries from which its high quality products are produced and distributed to all parts of Nigeria, in addition to the two malting plants in Aba and Kaduna. It also has Sales Offices and Distribution Centres across the country.

Nigerian Breweries Plc has a rich portfolio of high quality brands: Star lager beer was launched in 1949, followed by Gulder lager beer in 1970. Maltina, the nourishing malt drink, was introduced in 1976, followed by Legend Extra Stout in 1992 and Amstel Malta in 1994. Heineken lager beer was re-launched into the Nigerian market in 1998. Fayrouz, the premium non-alcoholic soft drink, was launched in 2006 while Climax herbal energy drink was launched in 2010. Following the acquisition of Sona Systems and Life Breweries in 2011, Goldberg lager, Malta Gold and Life Continental lager, were added to the brand portfolio. The Company increased its portfolio of brands in 2014 with the addition of two line extensions of the Star brand - Star Lite and Star Radler. Also in 2014 as a result of the merger with Consolidated Breweries Plc, "33" Export lager beer, Williams dark ale, Turbo King dark ale, More lager beer and two malt drinks, Maltex and Hi Malt became part of the Company's product offering. The globally acclaimed premium apple cider, Strongbow (Gold Apple) as well as the Ace brand in the RtD category, were launched in 2015. Another international premium brand, Tiger lager beer was launched and added to the Company's brand portfolio in 2018.

The Company has an export business which dates back to 1986. The current export destinations are the United Kingdom, the Netherlands, United States of America, Canada, some part of Africa and parts of the Middle East and Asia.

As a major brewing company, Nigerian Breweries Plc encourages and has indeed played major roles in the establishment of ancillary businesses. These include manufacturers of bottles, cans, crown corks, labels, cartons and plastic crates as well as service providers including those in the hospitality sector, distribution, transport, event management, advertising and marketing communication.

The Company was listed on the floor of The Nigerian Stock Exchange (NSE) in 1973. As at 31st December, 2018, it had a market capitalisation of approximately ₦684 billion, making it one of the topmost companies in Nigeria by market capitalisation. It has received several awards in the capital market including, The NSE President's Merit Award in the Brewery Sector, The NSE Quoted Company of the Year Award, The NSE CEO's Distinguished Award for Compliance, and The NSE CEO's award as the Most Compliant Listed Company on The Nigerian Stock Exchange which the Company again received in 2018.

Nigerian Breweries is also a recipient of awards and recognitions in other areas of its operations including product quality, marketing excellence, corporate governance, corporate social responsibility and sustainability.

Headquarters

Iganmu House
Abebe Village Road, Iganmu
P.O. Box 545, Lagos
Tel: (01) 2717400-20

Brewery/Malting Plant Locations

Lagos Brewery
Abebe Village Road, Iganmu
P.O. Box 86, Apapa-Lagos
Tel: (01) 2717400-20 Ext: 2734

Ibadan Brewery
Ibadan/Ife Road
P.O. Box 12176, Ibadan
Tel: (01) 2717405

Kudenda Brewery/Malting Plant
1A, Kudenda Industrial Area
Plot A4-C2, P.O. Box 6010
Kaduna South
Tel: (01) 2717400 Ext: 87101

Aba Malting Plant
Ohuru Village
Ogbor Hill Industrial
Obingwa, Aba
Tel: (01) 2717403

Aba Brewery
Industry Road
P.O. Box 497, Aba
Tel: (01) 2717403

Ama Brewery
Amaeke Ngwo. 9th Mile Corner
P.M.B. 01781, Enugu
Tel: (01) 2717407

Awo-Omamma Brewery
Km. 24, Owerri/Onitsha Road
Awo-Omamma, Imo State
Tel: 0807 229 0955-6

Kakuri Brewery
Industrial Layout, Kakuri
P.M.B. 2116, Kaduna
Tel: (01) 2717404

Ota Brewery
Km. 38 Lagos/Abeokuta Expressway
Sango Ota
Tel: (01) 271400 Ext: 86101

Ijebu - Ode Brewery
Epe Road,
Imagbon Village, Ogun State
Tel: 0807 209 1310

Sales Offices and Distribution Centres

Lagos Sales Office
Headquarters Annex
Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400 Ext: 2816

Ibadan Sales Office
Km. 3, Ibadan-Ife Road
P.O. Box 813, Ibadan
Tel: (01) 2717400 Ext: 5807

Benin Sales Office
1, Jalo Close,
Off Aiguobansinmwin Road
GRA, Benin City
Tel: (01) 2717400 Ext: 6500

Onitsha Distribution Centre
87/89, Port Harcourt Road
P.O. Box 5417, Onitsha
Tel: (01) 2717400 Ext. 88101

Abuja Sales Office
Plot 413, Idu Industrial Layout
Abuja, FCT
Tel: (01) 2717400 Ext: 6210

Kaduna Sales Office
Industrial Layout, Kakuri
Kaduna
Tel: (01) 2717400 Ext: 4807

Port Harcourt Sales Office
Plot 130, Woji Road
G.R.A Phase 2
Port Harcourt
Tel: 0805 7435 646

Makurdi Distribution Centre
Km. 5, Gboko Road
Makurdi, Benue State
Tel: 0807 229 2427

Enugu Sales Office
Old Enugu Brewery
9th Mile Corner
Nsude, Enugu
Tel: (01) 2717400 Ext.6301

Aba Sales Office
Industry Road
P.O. Box 496, Aba
Tel: (01) 2717400 Ext. 3805

Directors and Other Corporate Information

Directors:	Chief Kolawole B. Jamodu, CFR	-	Chairman
	Mr. Jordi Borrut Bel (Spanish)	-	Managing Director/CEO
	Mrs. Adeyinka O. Aroyewun *(appointed wef 01/01/19)*	-	Non-Executive
	Mr. Oluseyi T. Bickersteth *(appointed wef 01/01/19)*	-	Non-Executive
	Mr. Sijbe (Siep) Hiemstra (Dutch)	-	Non-Executive
	Mr. Rob Kleinjan (Dutch) *(appointed wef 28/07/18)*	-	Finance Director
	Mrs. Ndidi O. Nwuneli, MFR	-	Non-Executive
	Mrs. Ifueko M. Omoigui Okauru, MFR	-	Non-Executive
	Mr. Atedo N.A. Peterside, CON	-	Non-Executive
	Mr. Roland Pirmez (Belgian)	-	Non-Executive
	Mr. Steven L.M. Siemer (Dutch) *(appointed wef 25/10/18)*	-	Non-Executive
	Mr. Olusegun S. Adebanji *(resigned wef 31/05/18)*	-	Non-Executive
	Chief Samuel O. Bolarinde *(resigned wef 31/12/18)*	-	Non-Executive
	Mr. Franco M. Maggi (Italian) *(resigned 31/08/18)*	-	Marketing Director
	Dr. Obadiah O. Mailafia *(resigned 25/10/18)*	-	Non Executive
	Mr. Mark P. Rutten (Dutch) *(resigned 27/07/18)*	-	Finance Director
	Mr. Hendrik A. Wymenga (Dutch) *(resigned 27/07/18)*	-	Supply Chain Director

Company Secretary: Uaboi G. Agbebaku, Esq.

Registered Office:
1, Abebe Village Road
Iganmu
P. O. Box 545, Lagos
Tel: (01) 2717400-20
www.nbplc.com

Registration No: RC: 613

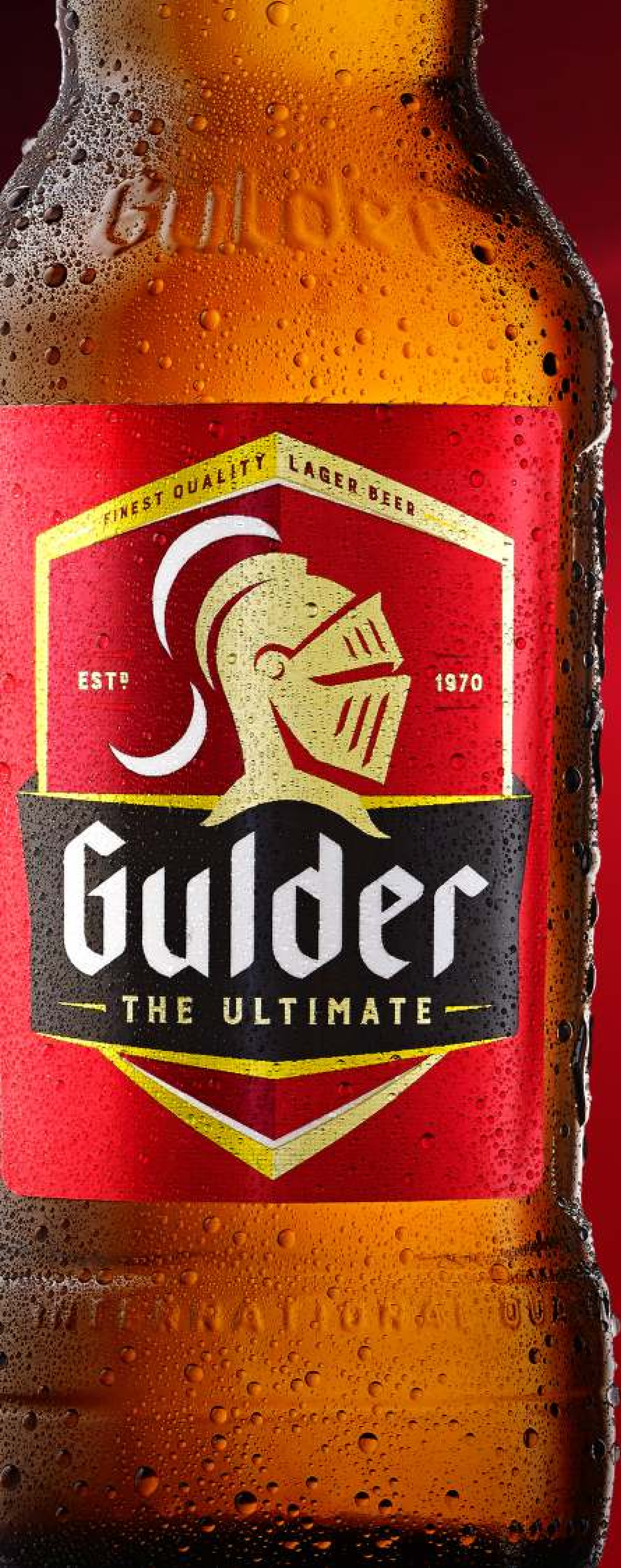
Independent Auditor:
Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Tel: (01) 9041700
www.deloitte.com.ng

Registrars:
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos
Tel (01) 2701079; 2799880
www.firstregistrarsnigeria.com

	2018	2017	% Change
In millions of Naira			
Net Revenue	324,389	344,527	(5.8)
Results from operating activities	36,957	57,126	(35.3)
Profit for the year	19,401	33,009	(41.2)
Declared dividend*	29,828	28,454	4.8
Share capital	3,998	3,998	-
Total equity	166,644	178,151	(6.5)
Data per 50 kobo share in Kobo			
Earnings	243	413	(41.2)
Declared dividend*	373	358	4.2
Net Assets	2,084	2,237	(6.8)
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared	60	100	(40.0)
Final dividend proposed**	183	313	(41.5)
Stock Exchange Information			
Stock Exchange quotation in Naira per share	86	134.90	(36.6)
Number of shares issued	7,996,902	7,996,902	-
Market capitalisation in ₦: million	683,735	1,078,782	(36.6)
Number of employees	2,983	3,328	(10.4)
Ratios			
Declared dividend coverage			
(Earnings per share/declared dividends per share)	0.65	1.16	(44.0)
Current assets/current liabilities	0.61	0.56	10.1
Interest coverage Interest coverage (Results from operating activities/interest expense)	4.64	5.33	(12.8)

NOTE:
* Declared dividend represents the final dividend per share proposed for the preceding year (313 kobo) but declared in the current year and the interim dividend per share declared during the year (60 kobo).

**The Directors propose a final dividend of 183 kobo per share (2017: 313 kobo per share) based on the issued share capital of 7,996,902,051 ordinary shares of 50 kobo each subject to approval by the shareholders at the Annual General Meeting fixed for 17th May, 2019.



INTRODUCING THE NEW LABEL

LOOK FORWARD

We raise a glass to all men with our new and modern Gulder look. With simpler elements and the Gulder knight now facing forward, we will continue to motivate you on your journey to success.

Gulder

Board of Directors

From L-R:

Mr. Sijbe (Siep) Hiemstra
Non-Executive

Chief Kolawole B. Jamodu, CFR
Chairman

Mrs. Ndidi O. Nwuneli, MFR
Non-Executive

Mr. Jordi Borrut Bel
Managing Director/CEO

Mr. Oluseyi T. Bickersteth
Non-Executive

Mrs. Adeyinka O. Aroyewun
Non-Executive

Mrs. Ifueko M. Omoigui Okauru, MFR
Non-Executive

Mr. Roland Pirmez
Non-Executive

Mr. Steven L.M. Siemer
Non-Executive

Mr. Atedo N.A. Peterside, CON
Non-Executive

Uaboi G. Agbebaku, Esq.
Company Secretary

Mr. Rob Kleinjan
Finance Director

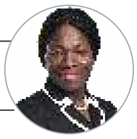
Chief Kolawole B. Jamodu, CFR
Independent Non-Executive Chairman

Chief Jamodu was appointed to the Board of Directors as a Non-Executive Director effective the 1st of March, 2006 and became the Chairman effective the 1st of January, 2008. An alumnus of the Harvard Business School, Boston, USA. Chief Jamodu is a Fellow of the Institute of Chartered Accountants, Nigeria; a Fellow of the Chartered Institute of Taxation Nigeria; a Fellow of the Chartered Institute of Management Accountants, London and a Fellow of the Institute of Chartered Secretaries & Administrators (ICSA), He is also a Distinguished Fellow of the Institute of Directors, Nigeria. Chief Jamodu had a stint with UAC/Unilever Nigeria Plc where he acquired varied production, commercial and financial experience before joining PZ Cussons Group where he became Chairman & Chief Executive and later Non-Executive Chairman, a position he held until he was appointed Minister of Industry of the Federal Republic of Nigeria. He is a former Chairman of Universal Trust Bank Plc, Former Non-Executive Director of United Bank for Africa Plc. He is a past President of the Harvard Business School Alumni Association of Nigeria and a past President of the Manufacturers Association of Nigeria (MAN). Chief Jamodu is a Honorary Member of the Nigerian Industrial Policy and Competitiveness Advisory Council.

Mr. Jordi Borrut Bel
Managing Director/CEO

Mr. Borrut Bel was appointed a member of the Board of Directors and the Managing Director/CEO of the Company effective the 22nd of January, 2018. He joined the Heineken N.V. group in 1997 as a Sales Representative at Heineken Spain. He has held various commercial positions, first as Distribution Project Manager in Slovakia and thereafter as Brand Manager at Heineken France followed by a Trade Marketing role at Group Commerce in Amsterdam. He returned to Heineken Spain first as the Regional Sales Director, later the On-Premise National Sales Director and subsequently the On-Premise Sales and Distribution Director. Mr. Borrut Bel was, until his appointment to his current position in Nigerian Breweries Plc, the Managing Director of Brarudi SA, the Heineken Operating Company in Burundi.

Mrs. Adeyinka O. Aroyewun
Independent Non-Executive Director

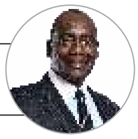


Mrs. Adeyinka Aroyewun joined the Board of Directors effective 1st of January, 2019. She is an internationally accredited mediator of the Centre for Effective Dispute Resolution (CEDR), UK; a Member of the Chartered Institute of Arbitrators, UK and an IMI Certified Mediator. She is currently the Director of the Lagos Multi-Door Courthouse. She is a lawyer with over 33 years post call experience spanning over various aspects of business and law.

She was a lead Consultant on ADR on the British Council Justice For All Program for improving the efficiency and respect for Human rights in the traditional justice system of Lagos State. She is an experienced trainer in Alternative Dispute Resolution (ADR) techniques and was part of a team of certified trainers on the World Bank project for the expansion of ADR mechanisms and institutions in Nigeria.

She sits on the Governing Council of the University of Lagos/NCMG College of Negotiation and the Edo State Multi-Door Courthouse. She is on the Panel of Neutrals of the National Communications Commission, Nigeria and the Lagos Multi-Door Courthouse.

Mr. Oluseyi T. Bickersteth
Non-Executive Director



Mr. Oluseyi T. Bickersteth became a member of the Board of Directors effective the 1st of January, 2019. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation of Nigeria (CITN). He was once the Chairman of the KPMG Africa Practice as well as a former National Senior Partner of the Nigerian Practice. He is currently the Chairman of Andersen Tax, Africa and a member of its Global Board of Directors. He also sits on the Board of other companies in Nigeria.

Mr. Oluseyi T. Bickersteth chaired a working group on "Nigerian Tax Reforms 2002 & Beyond" for the Federal Government of Nigeria. He also served on the working group on Nigeria's Vision 2020 as well as on the Technical Committee of the Federal Government of Nigeria that prepared the Petroleum Industry Bill (PIB).

Mr. Sijbe (Siep) Hiemstra
Non-Executive Director

Mr. Hiemstra joined the Board of Directors effective the 1st of August, 2011. He served as Regional President for Africa and Middle East of the Heineken N.V. group between August 2011 and August 2015 and had also occupied the position of Regional President for the Asia Pacific Region of Heineken N.V. between 2005 and 2011. Mr. Hiemstra started his Heineken career in January 1978 and held commercial, general management and technical positions in different parts of Europe, Africa and Asia/Pacific. He retired as an Executive from the Heineken N.V. group on 17th August, 2015 but has remained with the group in other capacities.

Mr. Rob Kleinjan
Finance Director

Mr. Kleinjan became a member of the Board of Directors effective the 28th of July, 2018. Prior to his appointment to the Board, he was the Finance Director of the Brau Union Group, Austria (a Heineken subsidiary) which consists of four operating companies (Brau Union Austria, Brau Union Export, Villacher Brewery and Ammersin), General Manager Brau Union Export and Ammersin and Board Member of Villacher Brewery. He joined Heineken in 1996 as Controller and thereafter held senior management positions in finance, control and accounting functions in Heineken operating companies in the Netherlands, Poland, Germany, Belgium and Finland.

Mrs. Ndidi O. Nwuneli, MFR
Independent Non-Executive Director

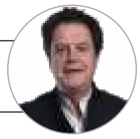
Mrs. Nwuneli joined the Board of Directors effective the 5^{th} of December, 2014. She is the Founder of LEAP Africa and Co-Founder of AACE Food Processing & Distribution, an indigenous agro-processing company. Mrs. Nwuneli is the Managing Partner of Sahel Consulting which works across West Africa unlocking the agriculture and nutrition potential of the region. She has over two decades of private sector and international development experience and sits on the Boards of Nestle Nigeria Plc, Godrej Consumer Products Limited headquartered in India, Fairfax Africa Holdings Corp., an investment company that operates out of Canada, and the World Vegetable Center headquartered in Taiwan.

Mrs. Ifueko M. Omoigui Okauru, MFR
Independent Non-Executive Director

Mrs. Omoigui Okauru was appointed to the Board of Directors effective the 20^{th} of February, 2013. She has over three decades of work experience with proven leadership ability at board and executive management levels in both private and public sectors. She was the Executive Chairman of the Federal Inland Revenue Service (FIRS) which she led meritoriously for two consecutive terms. Mrs. Omoigui Okauru was also a member of the National Economic Management Team headed by the President of the Federal Republic of Nigeria. She is currently the Managing Partner of Compliance Professionals Plc, a consultancy company and also sits on the Boards of Central Securities Clearing System Plc, ReStraL Ltd. and Seplat Petroleum Development Company Plc. She is a Commissioner of a non-partisan body, the Independent Commission for the Reform of International Corporate Taxation (ICRICT) and Chairman of the Lagos State Employment Trust Fund. In January 2019, she was appointed as a Member of the Technical Committee (representing the private sector) constituted by the Federal Government of Nigeria to work on the details and implementation of the new Minimum Wage for Nigerian workers.

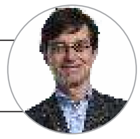
Mr. Atedo N. A. Peterside, CON
Non-Executive Director

Mr. Peterside was appointed to the Board of Directors effective 21^{st} August, 2008. He is the founder of Stanbic IBTC Bank Plc and the Chairman of Cadbury Nigeria Plc. He is also the Chairman and Founder of both ANAP Business Jets Limited and Anap Foundation and the Chairman of Endeavor High Impact Entrepreneurship Ltd/Gte. He was the Chairman of the Committee that crafted the first Corporate Governance Code for Public Companies in Nigeria. Mr. Peterside sits on the Boards of Flour Mills of Nigeria Plc, Standard Bank Group Limited, The Standard Bank of South Africa Limited and Unilever Nigeria Plc and is also the Alternate Vice Chairman (Private Sector) of the Nigerian Industrial and Competitiveness Advisory Council, which is chaired by the Vice President of the Federal Republic of Nigeria.



Mr. Roland Pirmez
Non-Executive Director

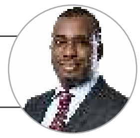
Mr. Pirmez joined the Board of Directors effective the 1^{st} of September, 2015 shortly after becoming the Heineken Regional President for Africa, Middle East and Eastern Europe. He started his Heineken career in 1995 and has held general management positions within the Heineken N.V. Group in Africa, Asia and Europe, including the Regional President for Asia Pacific.



Mr. Steven L. M. Siemer
Non-Executive Director

Mr. Siemer became a member of the Board effective the 25^{th} of October, 2018. He is currently the Regional Finance Director of Africa, Middle East and Eastern Europe at Heineken N. V.

Mr. Siemer joined the Heineken N.V. group in 1990 as Marketing Controller, Heineken Netherlands and thereafter held senior management positions within finance, distribution, business development and marketing in Heineken operating companies in Spain, Austria, Ireland and The Netherlands.



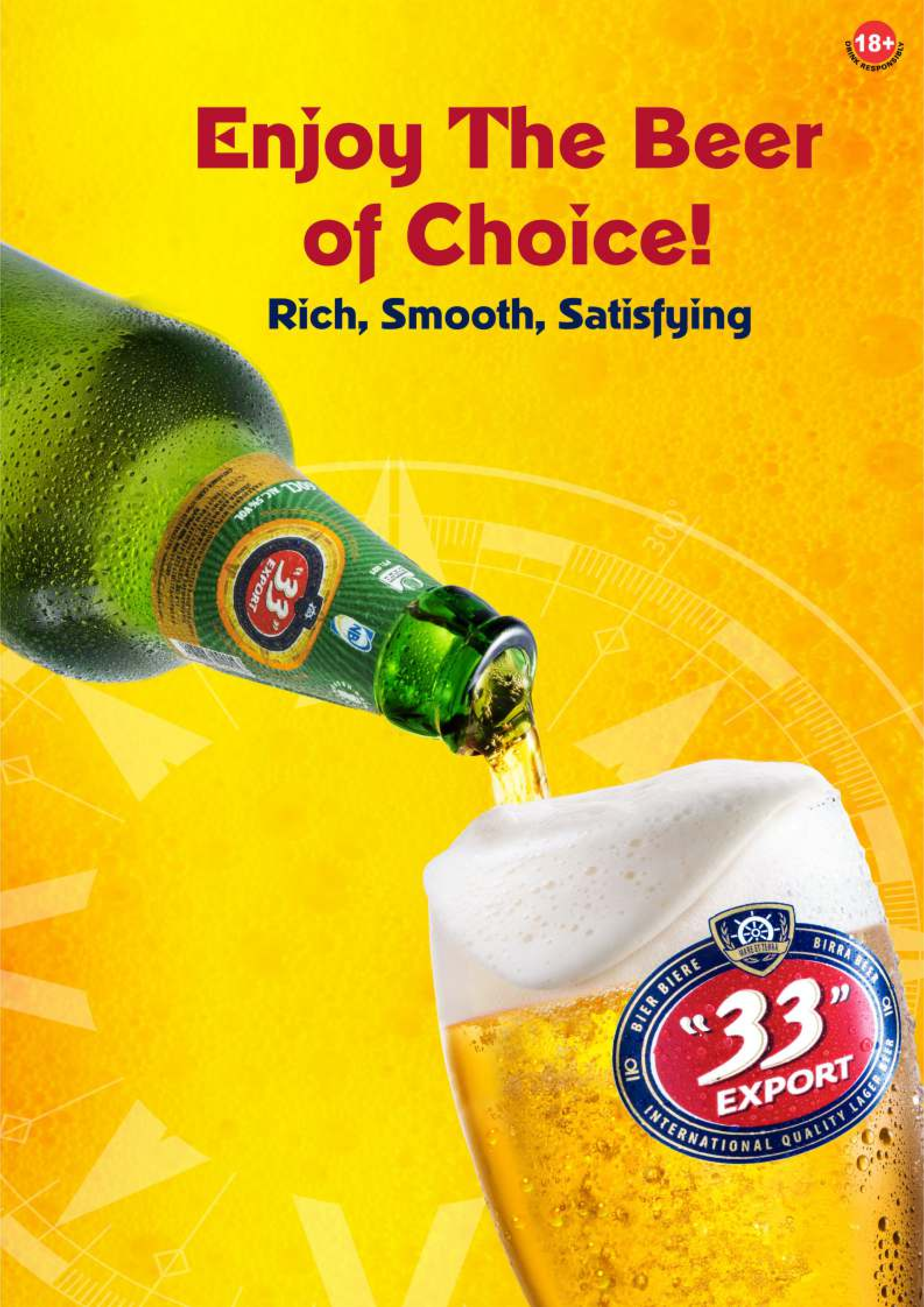
Uaboi G. Agbebaku, Esq.
Company Secretary

Mr. Agbebaku was appointed as Secretary to the Board of Directors and the Legal Adviser effective the 1^{st} of January, 2008. He joined the Company in January, 2003 as the Legal Affairs Manager. Before then, he was in private practice as a legal practitioner with the law firm of David Garrick & Co. He is a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria. Mr. Agbebaku is also the Company's Legal Director.

Executive Committee

From L-R front **Mr. Martin Kochl** Supply Chain Director; **Mrs. Grace Omo-Lamai** Human Resource Director; **Mr. Jordi Borrut Bel** Managing Director/CEO; **Mrs. Chidum Ayeni** Business Transformation Manager

From L-R back **Mr. Emmanuel Oriakhi** Marketing Director; **Mr. Rob Kleinjan** Finance Director; **Mrs. Sade Morgan** Corporate Affairs Director; **Mr. Uche Unigwe** Sales Director; **Uaboi G. Agbebaku, Esq.** Company Secretary/Legal Director


18+
DRINK RESPONSIBLY
Enjoy The Beer of Choice!
Rich, Smooth, Satisfying
BIER BIERE
BIRRA BEER
"33"
EXPORT
INTERNATIONAL QUALITY LAGER BEER

NOTICE IS HEREBY GIVEN that the 73rd Annual General Meeting of Nigerian Breweries Plc will be held in the Shell Nigeria Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on **Friday, 17th May, 2019** at **10.00 a.m.** for the following purposes:

A ORDINARY BUSINESS

1 To lay before the meeting, the Report of the Directors and the Statement of Financial Position as at 31st December 2018, together with the Income Statement for the year ended on that date and the Reports of the Independent Auditors and the Audit Committee thereon.

2 To declare a dividend.

3 To elect/re-elect Directors

4 To authorise the Directors to fix the remuneration of the Independent Auditor.

5 To elect members of the Audit Committee.

B SPECIAL BUSINESS

6 To fix the remuneration of the Directors.

7 To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed."

Dated the 13th of February, 2019.

By Order of the Board.

Uaboi G. Agbebaku, Esq.
Company Secretary
FRC/2013/NBA/00000001003

Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.

NOTES:

(a) **PROXIES**
A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend instead of him. A proxy for a Corporation may vote on a show of hands and on a Poll. A proxy need not be a member. A Proxy Form is attached to the Annual Report and Accounts. If the Proxy Form is to be valid for the purposes of the meeting, it must be completed and deposited at the office of the Registrars, First Registrars and Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos not less than forty-eight (48) hours prior to the time of the meeting.

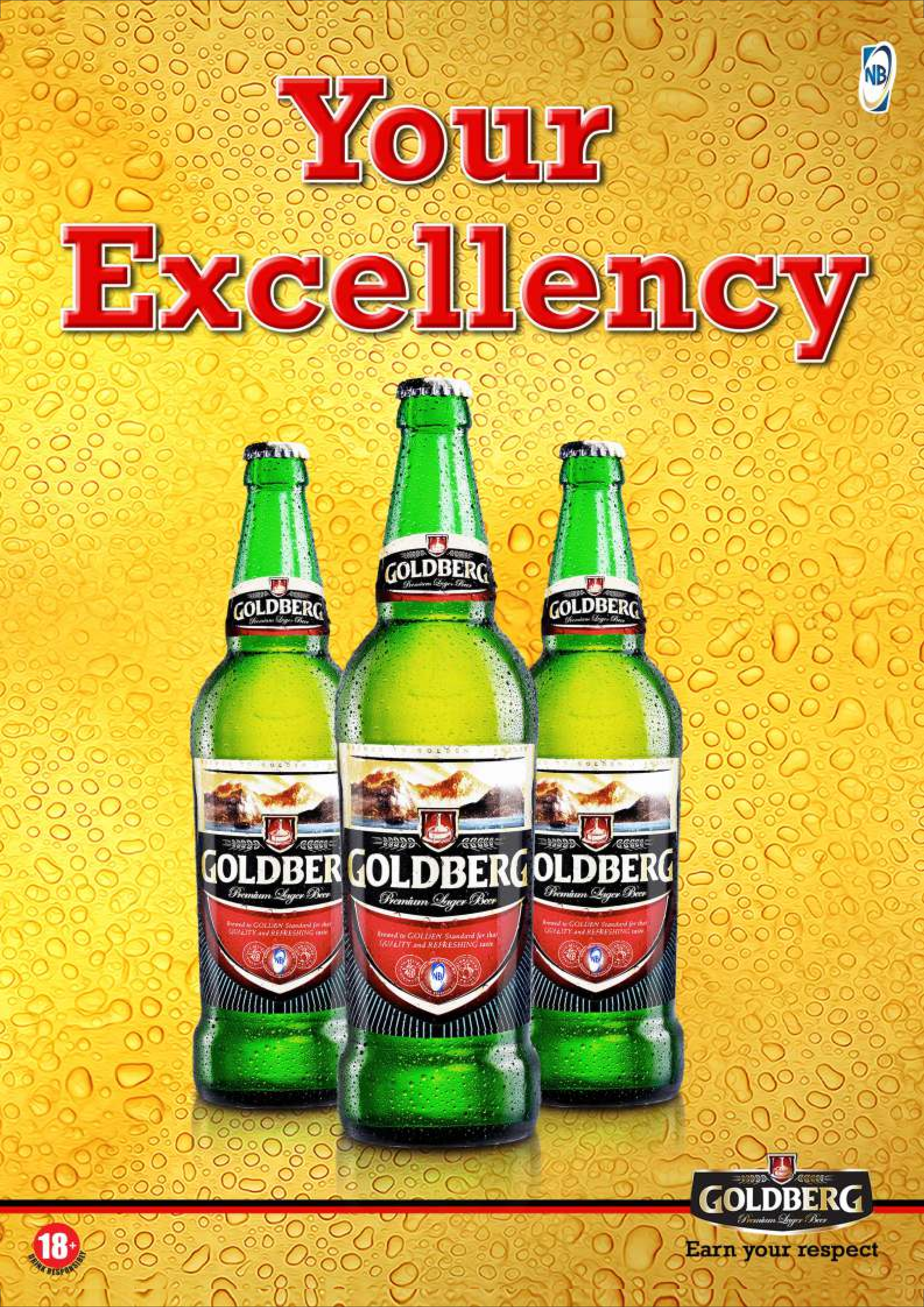
(b) **AUDIT COMMITTEE MEMBERS**
In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, a shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary, not later than 21 days before the Annual General Meeting.

(c) **DIVIDEND**
A total dividend of **₦19,401,169,121** (Nineteen Billion, Four Hundred and One Million, One Hundred and Sixty Nine Thousand, One Hundred and Twenty One Naira only), that is, **₦2.43** (Two Naira Forty Three Kobo only) per share for the 2018 financial year, has been recommended by the Board for approval. Having earlier paid an interim dividend of **₦4,798,141,231** (Four billion, seven hundred and ninety eight million, one hundred and forty one thousand and two hundred and thirty-one naira only) that is 60 kobo per share which was declared in October 2018, the final dividend will be **₦14,603,027,891** (Fourteen Billion, Six Hundred and Three Million, and Twenty Seven Thousand, Eight Hundred and Ninety One naira only) that is, **₦1.83** (One naira, eighty-three kobo) per share. If approved, the final dividend will be payable on **Monday, 20th May, 2019**, to shareholders whose names appear on the Company's Register of Members at the close of business on **Wednesday, 6th of March, 2019**.

(d) **CLOSURE OF REGISTER**
The Register of Members and Transfer Books of the Company will be closed from **Thursday, 7th March, 2019** to **Wednesday, 13th March, 2019** (both dates inclusive), for the purpose of preparing an up-to-date Register of Members.

(e) **GENERAL MANDATE**
In line with The Nigerian Stock Exchange Rules on Transactions with Related Parties, the Company is required to seek a renewal of the general mandate from shareholders as per item 7 of the agenda above. Members had unanimously given a general mandate to the Company at the last Annual General Meeting to enable it enter into related party transactions for the Company's day-to-day operations.

(f) **SHAREHOLDERS' RIGHT TO ASK QUESTIONS**
A Shareholder has a right to ask questions not only at the Annual General Meeting, but also in writing prior to the said Meeting. Such questions must be submitted to the Company through the Company Secretary on or before Friday, the 3rd day of May, 2019 .


Your Excellency
GOLDBERG
Premium Lager Beer
Earn your respect
18+

CHIEF KOLAWOLE B. JAMODU, CFR
Chairman

My dear fellow Shareholders, distinguished ladies and gentlemen, it is with great pleasure that I welcome you, on behalf of the Board of Directors, to the 73rd Annual General Meeting ("AGM") of our great Company, Nigerian Breweries Plc. Also, it is my privilege to present to our Shareholders the 2018 Annual Report and Accounts, including my address.

As usual, I will start with a quick review of the 2018 operating environment with focus on its impact on businesses followed by our performance during the year and then touch briefly on the expectations for 2019.

2018 Operating Environment

A summary of the 2018 operating environment would be that while there were improvements in the macro-economic indices, the full impact of these measures was yet to be reflected in our socio-economic development. The modest macro-economic growth that started in the later part of 2017 continued in 2018. According to the National Bureau of Statistics, the country's real Gross Domestic Product (GDP) grew in 2018 by 1.9%, an improvement on the 0.82% figure recorded in 2017. The growth recorded in GDP was driven more by the Non-Oil Sector which grew by 2% compared to 0.48% in 2017. The Oil Sector on the other hand, grew by 1.14% as against the 4.69% recorded in 2017. Foreign Exchange (Forex) stability and a tight monetary policy, played major roles in the growth of the Non-Oil Sector. The average inflation rate was 12.2% while the exchange rate remained relatively stable. Forex rate stability and improvement in availability brought about by the Investors and Exporters Window have improved access to Forex by businesses, including the manufacturing sector.

However, the unemployment rate remained high at more than 20% while the poverty rate was about 50% with consequences including poor education and poor health care. Purchasing power remained low just as the expected improvement in the state of social infrastructures such as access roads and power, did not materialise. In addition, businesses continued to battle with high interest (lending) rates, at double digits and multiple taxation. The difficulties with accessing the Lagos ports and getting imported materials out of the ports did not abate throughout the year.

The difficult operating environment was reflected in the performance of companies especially in the Fast Moving Consumer Goods sector. For most players, margins continued to fall, even when there were sales, with profitability constantly under pressure.

For the capital market, 2018 started with a bang but ended on a low. From a ten year high of ₦16.15 trillion in January, the equity market capitalisation crashed to ₦11.73 trillion at the end of the year, lower than the ₦13.62 trillion recorded at the end of 2017. The Nigerian Stock Exchange attributed the bearish trend that characterised the major part of 2018 to political risks, oil price volatility and global yields. The NSE Industrial Index was most impacted, declining by about 37% year on year. The market sentiments were equally reflected in the share price of our Company as we ended the year with a market capitalisation of ₦684 billion, down from the ₦1.1 trillion recorded at the end of 2017.

The Brewed Product Market

In the course of 2018, the Federal Government effected a change in the country's Excise Duty system. The implication of the change on the brewed product sector was two-fold. The first was a change to the method of calculating the Duty that is, moving from the Ad Valorem Rate to a transparent Specific Rate. The ambiguity that was associated with the former system was therefore removed. The second effect of the change however had more significant impact on revenue and profitability as the Excise Duty rate was raised to 30 kobo per centilitre (₦30.00 per litre) of beer effective the 4th of June, 2018. In view of the pressure on consumer purchasing power, it was difficult for brewers to pass on the increased cost arising from the Duty increase to the consumer. It was therefore an additional cost burden that companies in the sector had to bear.

Review of Operations

In line with our being a brand-led and consumer-focused Company, we continued in 2018 to invest in our brands as well as other activities that help to build the brands and excite consumers.

We started the year with the launch in Nigeria of one of the fastest growing international premium brands, ***Tiger***, in the lager category. For existing brands, the portfolio was made even more exciting and robust with new offerings including the ***Hi-Malt*** 25cl stubby can and 25cl PET bottle, the ***Amstel Malta*** 33cl PET bottle, the 50cl ***Life*** can and the nationwide introduction of the ***Star*** 45cl bottle. The Goldberg recipe was reformulated with *No Sugar Added* while ***Gulder***, always at the forefront of advancement, had a new, simpler but contemporary body and new neck labels that allowed the brand to retain its premium look. The ***More*** brand was also reformulated for a smoother and richer taste.

We continued with our support and sponsorship of activities that promoted the connection of our brands with the consumer in particular and communities in general. The collaboration between the iconic ***Star*** brand and the *Lagos State Government on the One Lagos Fiesta/Cross Over* event provided an opportunity for Lagosians to wind down the last week of the year in an atmosphere of all round fun and entertainment. Earlier in the year, and following a major sponsorship deal between our Company and the Nigerian Football Federation, the ***Star*** brand became the official Beer Drink of the National Football Team, the Super Eagles, with ***Amstel Malta*** being the official Malt Drink. The two brands, ***Star*** and ***Amstel Malta***, were also the flagship brands in the sponsorship deal between us and the Nigeria Olympic Committee. We were proud to be associated with the first ever Nigerian team, (the Bobsled and Skeleton team) to participate in a Winter Olympics games, at the 2018 games in Korea.

It was a rewarding experience for some customers and consumers of the ***Heineken***® brand as they embarked on an all-expense paid trip to Amsterdam, the home of ***Heineken***®. The international premium brand was also involved in music through the ***Heineken***® Live Your Music events and in fashion through the growing ***Heineken***® Lagos Fashion Week, with ***Fayrouz*** joining as the official soft drink of the event. As has been the practice over the years, the UEFA Champions League was a major activation platform for the ***Heineken***® brand.

Other activities around the brands in 2018 included the Born in Africa Festival of music, art, film and fashion, involving the ***Tiger*** brand; the ***Legend Extra Stout*** Real Deal Experience (music and other forms of entertainment); and the ***"33" Export*** Friendship Parties. ***Life*** Continental and ***Goldberg*** sponsored various festivals especially in the South East and South West respectively. The Life International empowerment programme, *Life Progress Booster*, was an opportunity to again improve the economic well-being of some lucky Nigerians who received grants to enable them build their businesses. ***Goldberg*** continued with the *Ariya Repete* programme, which is a talent discovery programme that also creates a unique fusion of *fuji* music and *juju* music.

The second edition of the Nickelodeon Festival, *NickFest*, in Nigeria was made possible by the collaboration between ***Maltina***, the nourishing Malt drink, and the international brand, Nickelodeon. It was another entertainment packed family event. ***Amstel Malta*** threw its weight behind theatre arts by supporting Terra Kulture in several live performances of the music and dance drama, Queen Moremi. ***Amstel Malta*** was also part of the 2018 Future Awards, an event to recognize outstanding young achievers.

During the year under review, we undertook a review of our internal processes and ways of working through a Simplification Project. Following from that project, we have commenced a transformation process that is aimed at increasing our agility as an organisation thereby helping us to respond faster to changing market dynamics. Other objectives of the transformation process are, aggressively pursuing the elimination of bad costs thereby freeing up money to be reinvested for business growth; a robust sales and distribution system that will drive brand penetration and profitability; and a balanced product portfolio in all categories where we choose to operate. In line with the objective of being an agile organisation, a refresh and reorganisation exercise was carried out in 2018 with a high one-off financial cost impact but with cost savings impact expected in the course of 2019. Still on cost management, our Every Naira Counts programme continued to deliver positive contributions to the bottom line especially in the face of pressure on revenue and increased cost associated with materials, commercial expenses and distribution.

Our Company has always invested ahead of the curve. This was sustained in 2018 with various investments in our production operations across the nine Breweries both in terms of efficiency as well as sustainability. The projects which have all been completed would, among other benefits, ensure that our products are consistently produced to meet the highest level of safety and quality. They will also support our top line growth through product availability, help our efficiency drive, support our sustainability agenda (Brew a Better World) and ensure that our production assets are up to date with modern technology.

Beyond our brands, our systems and our production assets, our people remain our biggest assets; thus, our people investment agenda was sustained. During the year under review, we had a total of twenty five Nigerians on both short and long term assignments with our parent company, HEINEKEN N.V. in its operations across the world. Our Company in particular, and the country in general, continue to derive unquantifiable benefits from the programme in terms of people development with regard to functional and soft skills as well as the exposure to international best practices. One of such benefits can be seen in our Management Team with the appointments of Mr. Uche Unigwe as Sales Director and Mr. Emmanuel Oriakhi as Marketing Director. Both of them, prior to the appointments, were on assignments with the parent company outside Nigeria. As part of that exchange programme, we equally have other expatriates seconded to us, who bring in their international experiences to bear on our operations. We appreciate Heineken N.V. for these opportunities.

Still on capacity building, close to two thousand employees received training in one form or the other in the course of the year. Also in the year, nineteen young Nigerians graduated from the collaborative training programme involving our Company, the Industrial Training Fund and the Nigeria Employers' Consultative Association. The programme which started in 2011, was taken to a higher level with the introduction of a new module, computer technology, to the previous mechanical and automation modules. The nineteen graduates are on the verge of being employed in our organisation.

We have always been recognised for our consistent world-class performance in every aspect of our operations. 2018 was another year of such recognitions. The Company was adjudged the *2018 Most Compliant Listed Company on The Nigerian Stock Exchange* during The NSE CEO's Award for 2018. That makes it four out of the last seven years that we have been so recognised. Other recognitions received include the *Best Kept Industrial Premises Awards* by the Manufacturers Association of Nigeria (Apapa Branch); and Highest Patronage in *Health Safety and Environment and Best Contributing Employer in Human Resource Development* within the Apapa Area Office of the Industrial Training Fund. The brands were not left out of the recognitions. These were received from the Advertisers Association of Nigeria (ADVAN) for ***Heineken***® (for digital marketing), ***"33" Export*** (for consumer promotion) and ***Goldberg*** (for experiential).

Please refer to page 40 of the Annual Report and Accounts for our Corporate Social Responsibility (CSR) and Sustainability report. Details of our social intervention in different areas are contained in the report.

Company Results

As earlier mentioned, a new Excise Duty rate of ₦30 per litre was introduced in June 2018, and particularly for our Company, it translated to approximately a 43% increase from the previous average rate of ₦21 per litre. It was difficult to pass on this extra cost to consumers in view of weak purchasing power. Added to the already challenging operating environment, the results for the year therefore reflected the challenges encountered in 2018. Indeed, in the third quarter (July to September, 2018), our Company, for the first time in a very long while, recorded a loss. We were however able to bounce back to a profitable position in the fourth quarter.

For the full year 2018, we recorded a Turnover of ₦324 billion compared to ₦345 billion recorded in 2017. Results from Operating Activities (Operating Profit) went down from ₦57 billion to ₦37 billion, due in part to higher Excise Duties and other operating costs. Despite the challenging operating environment, we were able to end the year with a Profit After Tax of ₦19 billion, although lower than the ₦33 billion recorded in 2017.

Dividend

Fellow Shareholders, the Board is pleased to recommend for your approval at the AGM, a total dividend payment in the sum of **₦19,401,169,121** (nineteen billion, four hundred and one million, one hundred and sixty nine thousand, one hundred and twenty one Naira only) that is, **₦2.43** (two naira forty three kobo) per ordinary share of 50 kobo each, for the 2018 financial year. The recommendation is in line with the dividend policy of 100% payout of total earnings, which the Board has adopted in the last few years.

My dear Shareholders will recall that in October of 2018, the Board had approved the payment of an interim dividend in the sum of **₦4,798,141,231** (four billion, seven hundred and ninety eight million, one hundred and forty one thousand and two hundred and thirty -one naira only) that is, **60 (sixty) kobo** only per share. Thus, the final dividend would be **₦14,603,027,891** (fourteen billion, six hundred and three million and twenty seven thousand, eight hundred and ninety one naira only) that is, **₦1.83** (one naira eighty three kobo) per share. Please note that if approved, the final dividend will be subject to the deduction of withholding tax at the appropriate rates. The qualifying Shareholders for the purpose of the final dividend, which is payable on the **20th of May, 2019**, would be those recorded in the Register of Members as at close of business on the **6th of March, 2019**.

May I, once again, use this opportunity to request all Shareholders that have not joined the e-dividend platform to do so. There are numerous benefits to be derived from the e-dividend platform including speed, convenience and elimination of the issue of unclaimed dividend. The Securities and Exchange Commission (SEC) has granted an extension period till the end of 2019 to enable everyone register for e-dividend. SEC has directed that after that date, dividend warrants should no longer be printed. An e-dividend form for your use is included in the Annual Report and Accounts. Please complete same and return it to the Registrar (First Registrars & Investor Services Limited). The form is equally available on our website (www.nbplc.com) and that of the Registrar (www.firstregistrarsnigeria.com).

Board of Directors

Dear Shareholders, you would have observed some movements on the Board after the last AGM. In the course of the year, the Board implemented some structural changes to its composition especially as it concerns Executive Directors. In line with contemporary practices and to clearly separate management of day to day affairs of the Company from the Board's main supervisory role, the number of Executives on the Board was reduced to two, being the Managing Director/CEO and the Finance Director. The transition to this new structure was smoothly managed.

For more on the movements on the Board including resignations, appointments and those to be presented to the Shareholders at the AGM for election/re-election, please see item 11 of the Directors Report on page 23 of the Annual Report & Accounts.

Looking Ahead: 2019

Operating Environment

A round of General Elections was concluded in the country in the first quarter of 2019 with the Government at the Centre re-elected for another term of four years. The party in Government also won majority seats in The Senate and in the House of Representatives. Thus, the expectations are that the broad policy direction of the Federal Government would be sustained and that there would be an increased pace in the implementation of the Ease of Doing Business initiatives.

The Federal Government has proposed a budget of about N8.7 trillion for 2019, lower than the 2018 budget of ₦9.1 trillion, an indication of a fiscal tightening measure. The Government has stated that it plans to finance the ₦1.9 trillion deficit in the budget through the introduction of new taxes and a concessionary financing system under the privatisation programme. Notwithstanding the elections and post-election activities, it is expected that the completion of the approval and signing processes would be faster than was the case with the 2018 budget, which process was only completed in June of that year. This is important as the early completion of the process goes a long way in determining the full implementation or otherwise of the budget. Investment in social infrastructure by the Government remains of great concern to the private sector since it is a catalyst for economic growth.

Brewed Product Market

The Federal Government has planned another wave of Excise Duty increase on beer for 2019. This is expected to come into effect in the middle of the year. The effect of the increase would be a rise in the rate from the ₦30 per litre introduced in 2018 to ₦35 per litre. For us therefore, it would mean an increased Excise Duty cost of about 67% over a 12 month period, that is, from ₦21 per litre in the first half of 2018 to ₦35 per litre in the second half of 2019.

The Board remains committed to making the necessary adjustments to ensure that our Company remains competitive with a view to delivering return on investment to our ever faithful Shareholders. The focus of our investments would remain long term as we believe in Winning with Nigeria. Despite the immediate challenges, we believe that any investment now will be for the Company's benefits in the medium to long term. We have recently entered into a long term solar-powered energy supply contract with a service provider. In due course, this will help reduce our energy cost and support our sustainability agenda. The Star brand has just engaged two of Nigeria's best music artistes as its ambassadors. While Burna Boy has been signed on as the Star ambassador, Tiwa Savage becomes the Star Radler ambassador.

Conclusion

This address will not be complete without appreciating our valued stakeholders.

My dear Shareholders, thank you for your support which has been immense over the years; you have stood with the Company, through thick and thin. I am therefore not in any doubt that you will continue to support the Company, the Board and Management as we all join hands to build on our achievements of more than seventy years.

A big thank you also to our parent company, HEINEKEN N.V., for the continuing support and for keeping faith with, and believing in, this country. HEINEKEN N.V. has continued to invest in the country since this Company was formed in 1946 and remains confident that Nigeria is a great country with a huge potential for economic growth.

I will not forget to thank our other stakeholders who, through their respective contributions, have supported our business over the years. These include our Transporters, Distributors, Customers, Consumers, Suppliers, Agencies, Professional Advisers, the Government at both the Federal and State levels and our host communities. Thank you even as we count on your continuing support.

To my fellow Board Members, the Management Team and every employee, I also say thank you for your individual contribution through the years and particularly for all the efforts in 2018. I urge you to remain resolute and focused to ensure that we deliver on our 2019 objectives.

Above all, I give glory to God for what we were able to achieve in 2018.

Thank you and God bless you.

CHIEF KOLAWOLE B. JAMODU, CFR
Chairman, Board of Directors.


HAPPINESS
IS JUST A
SIP AWAY
SHARE HAPPINESS
MALTINA
classic
MALTINA
classic
MALTINA
classic

MR. JORDI BORRUT BEL
Managing Director/CEO

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31st December, 2018.

1. **Legal Status**
Nigerian Breweries Plc, a public company quoted on The Nigerian Stock Exchange, was incorporated on the 16th of November, 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th of January, 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. of the Netherlands, which held approximately 56% interest in the equity of Nigerian Breweries Plc as at 31st December, 2018.

2. **Principal Activities**
During the year under review, the principal activities of the Company remained brewing, marketing and selling of lager, stout, non-alcoholic malt drinks and soft drinks.

3. **Progress Trust (CPFA) Limited**
Progress Trust (CPFA) Limited was incorporated by the Company and is a duly registered Closed Pension Fund Administrator. Its sole activity is the administration of the pension and the defined (employer's contribution) gratuity scheme for employees and former employees of Nigerian Breweries Plc. See Note 16 to the financial statements.

4. **The Nigerian Breweries-Felix Ohiwerei Education Trust Fund**
The Nigerian Breweries-Felix Ohiwerei Education Trust Fund was incorporated by the Company and is a sponsored charitable Trust. The proceeds from its investments are disbursed solely for the promotion of education. See Note 34 to the financial statements.

5. **Benue Bottling Company Limited**
Following the merger with Consolidated Breweries Plc, the enlarged Company acquired an 89.3% majority equity interest in Benue Bottling Company Limited (BBCL). The subsidiary, BBCL, is an entity with no business activities that holds land, buildings and some idle production assets. The financial position of the subsidiary has been consolidated in these financial statements.

6. **234 Stores Limited**
234 Stores Limited is a newly formed subsidiary of the Company which was incorporated in November 2018 for the purpose of giving the Company opportunities to increase its route to market. The new company had not commenced any substantial business as of the relevant reporting date.

7. **Review of Operations**
In 2018, the results of the Company were adversely impacted by the increased excise duty rates which came into effect during the year coupled with a challenging operating environment. A summary of the results for the year is shown below:

	2018 ₦' millions	2017 ₦' millions	% Change
Net Revenue	324,389	344,527	(5.8)
Results From Operating Activities	36,957	57,126	(35.3)
Profit Before Taxation	29,360	46,572	(37.0)
Taxation	(9,959)	(13,563)	26.6
Profit after Tax	19,401	33,009	(41.2)

8. Dividend

The Directors are pleased to recommend to Shareholders at the forthcoming Annual General Meeting (AGM), the declaration of a total dividend of **₦19,401,169,121** (Nineteen Billion, Four Hundred and One Million, One Hundred and Sixty Nine Thousand, One Hundred and Twenty One Naira only), that is, **₦2.43** (Two Naira Forty Three Kobo only) per ordinary share of fifty kobo each. The Company had earlier paid an interim dividend of **₦ 4,798,141,231** (Four billion, seven hundred and ninety eight million, one hundred and forty one thousand and two hundred and thirty-one naira only) that is, 60 (sixty) kobo only. Thus, the final dividend will be **₦14,603,027,891** (Fourteen Billion, Six Hundred and Three Million, and Twenty Seven Thousand, Eight Hundred and Ninety One naira only) that is, **₦1.83** (One naira eighty-three kobo) per ordinary share. If the proposed final dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate and the dividend will become payable on the **20th of May, 2019**, to all Shareholders whose names appear on the Company's Register of Members at the close of business on the **6th of March, 2019**.

9. Shareholding and Substantial Shareholders

The issued and fully paid-up Share Capital of the Company as at 31st December, 2018 was 7,996,902,051 Ordinary Shares of 50 kobo each. The Register of Members shows that three companies: Heineken Brouwerijen B.V. holding 37.76%, Distilled Trading International B.V. holding 15.47% and Stanbic Nominees Nigeria Limited holding 12.18% held more than 10% of the Company's issued share capital as at the said date. The remaining 34.59% of the issued shares were held by other individuals and institutions. Aside the aforementioned three companies, no other shareholder held more than 5% of the issued share capital of the Company as at 31st December, 2018. Heineken Brouwerijen B.V. and Distilled Trading International B.V. are part of the Heineken N.V. Group.

10. Distributors

The Company delivers most of its products nationwide through an extensive network of key distributors, wholesalers, bulk breakers and major retail stores. The names of the major customers are listed on page 119 of this Annual Report and Accounts.

11. Board of Directors

The composition of the Board of Directors since after the last AGM is as shown on page 8 hereof. The Board is at present made up of nine (9) Non-Executive Directors (including the Chairman) and two (2) Executive Directors.

The changes on the Board since after the last AGM included the resignations of Mr. Olusegun S. Adebanji (effective 31st of May, 2018), Mr. Mark P. Rutten (effective 27th of July, 2018), Mr. Hendrik A. Wymenga (effective 27th of July, 2018), Mr. Franco Maria Maggi (effective 31st of August, 2018), Dr. Obadiah O. Mailafia (effective 25th of October, 2018) and Chief Samuel O. Bolarinde (effective 31st of December, 2018). On behalf of Shareholders, the Board thanks the former Directors for their invaluable contributions to the growth of the Company during their respective tenures as members of the Board.

The other changes were the appointment of Directors to fill the casual vacancies on the Board in line with the provisions of our Articles of Association. They are, Mr. Rob Kleinjan (effective 27th of July, 2018); Mr. Steven L.M. Siemer (effective 25th of October, 2018), Mrs. Adeyinka O. Aroyewun (effective 1st of January, 2019) and Mr. Oluseyi T. Bickersteth (effective 1st of January, 2019). The Directors will be presented to Shareholders at the forthcoming AGM for the approval of their appointments, in line with Section 249(1) and (2) of CAMA.

The Directors to retire by rotation at the forthcoming AGM in conformity with the Articles of Association, and who, being eligible, have offered themselves for re-election at the meeting are Mrs. Ifueko M. Omoigui Okauru, MFR and Mr. Roland Pirmez.

12. Statement of Directors' Responsibilities

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 50 to 107 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by CAMA as well as the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the CAMA and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

13. Record of Directors' Attendance

Further to the provisions of Section 258(2) of CAMA, the Record of Directors' Attendance at Board Meetings during the year under review will be available at the Annual General Meeting for inspection. See also, item 21(a) below.

14. Directors' Interest in Shares

The interest of each current Director in the issued share capital of the Company, as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of CAMA and disclosed in accordance with Section 342 also of CAMA as well as the Listing Rules of The Nigerian Stock Exchange, is as follows:

Name	As at 13th February, 2019	As at 31st December, 2018	As at 31st December, 2017
Chief Kolawole B. Jamodu, CFR	576,704	576,704	536,704
Mr. Jordi Borrut Bel	Nil	Nil	N.A.
Mrs. Adeyinka O. Aroyewun	1,666	N.A	N.A
Mr. Oluseyi T. Bickersteth	10,664	N.A.	N.A.
Mr. Sijbe (Siep) Hiemstra	Nil	Nil	Nil
Mr. Rob Kleinjan	Nil	Nil	N.A
Mrs. Ndidi O. Nwuneli, MFR	Nil	Nil	Nil
Mrs. Ifueko M. Omoigui Okauru, MFR	35,992	35,992	35,992
Mr. Atedo N.A. Peterside, CON*	Nil	Nil	Nil
Mr. Roland Pirmez	Nil	Nil	Nil
Mr. Steven L.M. Siemer	Nil	Nil	N.A

*Has indirect holding of 10 million units of the Company's shares via The First ANAP Domestic Trust.

15. Agricultural/Raw Materials Improvements

Nigerian Breweries Plc had earlier initiated the commercialisation of the hybrid sorghum varieties developed and registered by the Company in order to improve the adoption and participation of the seed industry, agro-input dealers, large scale farmers and end-users. The Company also introduced new sorghum varieties with the potential of sustaining higher yields and improving pest and/or disease control. A study of the socio-economic impact of the sorghum varieties is currently being carried out.

16. Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 14 to the financial statements.

17. Gifts and Donations

In 2018, the Company made gifts and donations amounting to ₦57,700,667 (2017: ₦76,885,994) as follows:

Beneficiary/Project	Naira
Don't Drink and Drive Partnership with the Federal Road Safety Commission	10,391,760
Umuezeani Community Scholarship Scheme	3,475,000
Imagbon Community Scholarship Scheme	1,000,000
Lagos International Poetry Competition	6,000,000
Primary Health Centre Rehabilitation, Sokoto State	7,222,500
Abuja Brigade of Guards Polo Tournament	3,560,000
Construction of Classroom Block at Community Primary School, Umuezeani, Enugu	15,655,500
Borehole Project for Communities around Aba Brewery	3,683,810
Ibadan Recreation Club Lawn Tennis Tournament	2,000,000
Onitsha Sports Club Lawn Tennis Tournament	2,817,077
Kaduna Polo Tournament	1,895,020
	57,700,667

In accordance with Section 38(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

18. Employees and Employment

(a) **Employment of Physically-Challenged Persons**

Nigerian Breweries Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically-challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability. At present, we have eleven (11) physically-challenged persons in our employment.

(b) **Employee Involvement and Training**

In today's competitive business landscape, human capability has been found to be a key factor for corporate success. The critical challenge towards continuous performance improvement remains the capability and speed of response to changes in the business environment through people development. Thus, a drive in the right direction for employees' development is imperative for sustainable superior company performance. In Nigerian Breweries Plc, we believe strongly that we must win with our people. We must not only enable employees to perform in their day-to-day jobs, but must unlock their potentials and make it possible for them to unleash energy to achieve business goals.

Continuous training and upgrading of skills at all levels of the Company is therefore the key to achieving a meaningful competitive advantage and long-term business success.

We provide our employees both operational and leadership training within and outside Nigeria to expose them to best practices and improve knowledge transfer at international level.

(c) **Health, Safety and Welfare**

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, there are on-site clinics manned by qualified medical personnel in all our brewery locations that provide primary health care and some degree of secondary health care round the clock for employees at work. Furthermore, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters as well as providing the education required to enable compliance by employees. As a good corporate citizen, we recognise the threat of HIV/AIDS in sub-Saharan Africa. Hence, as an extension of our medical policy, Nigerian Breweries Plc operates a comprehensive workplace HIV/AIDS programme spanning the continuum of policy to treatment.

19. Integrated (QFHSE) Policy Statement

Nigerian Breweries Plc is a responsible corporate citizen and operating company of Heineken N.V., with a mission to be the leading beverage company in Nigeria marketing high quality brands to deliver superior customer satisfaction in a safe and environmentally friendly way. The management of Nigerian Breweries, through an Integrated Management System that meets internationally recognised standard for Quality, Food Safety, Environment and Occupational Health and Safety is committed to:

- Producing and marketing high quality beverages that are safe for consumption, consistently meet customer requirements and deliver consumer satisfaction.
- Protecting the environment and preventing pollution in all areas of our environmental impact.
- Preventing injuries and ill health of all our employees and those affected by our operations.
- Fulfilling all legal and other compliance obligations for the Integrated Management System.
- Continually improving our systems to enhance performance through the use of Total Productive Management and other relevant tools.

20. Business Conduct

Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders. As part of this, we have adopted policies such as Code of Business Conduct, Community Involvement Policy and Environmental Policy which provide amongst others for:

(a) **Respect for Law**

Nigerian Breweries Plc ensures that its existence and operations remain within the ambit of all applicable laws. Our employees are expected to comply with the laws and regulations of Nigeria.

(b) **Business Integrity**

We believe that corruption is evil in the business environment as it is in the society generally. We maintain appropriate anti-corruption policies and programmes in our business. Accordingly, Nigerian Breweries Plc does not give or receive, whether directly or indirectly, bribes or any other incentive to obtain improper advantages for business or financial gain.

(c) **Corporate Social Responsibility**

As an integral part of the Nigerian society playing varied roles as an employer, supplier, customer, partner, tax payer and competitor all at the same time, the Company impacts the society. Where possible, we aim to establish sustainable partnerships with our stakeholders within our policy guidelines on community involvement. A Corporate Social Responsibility report detailing some of the ways we partnered with our various stakeholders during the year under review is on page 40.

(d) **Environmental Policy**

This policy statement serves to demonstrate our responsibility to the environment and the pursuit of world-class vision in all aspects of our operations. We will strive to comply with all current and future environmental laws and regulations, and continuously improve the efficiency of our operations to minimise impact on the environment.

In order to meet this commitment, we are guided by the following regulations:

i. Strive to comply with relevant State and Federal laws and regulations, and also anticipate signals from the society in respect of future legislations;
ii. Use available technology and knowledge to prevent pollution, or continue to reduce pollution and seek savings in water and energy in a cost efficient manner;
iii. Develop cost effective strategies to ensure that residue/by-products generated in our operations are collected and processed in a manner suitable for recycling and/or disposal with the least possible impact on the environment;
iv. Assess the environmental impacts of new products, processes and major projects before development;
v. Encourage the necessary awareness among our employees on issues of the environment. This is to engender active involvement in maintaining a clean and tidy working environment and to act in an environmentally responsible way;
vi. Promote environmental sustainability by regular dialogue with our immediate communities and the regulating authorities on how to improve on environmental care;
vii. Publish a bi-annual environmental report.

(e) **Conflict of Interests**

Nigerian Breweries Plc recognises and respects the right of its employees to engage in external activities so long as these activities do not impair, interfere or conflict with the conscientious performance of their duties and do not involve damage to or misuse of the Company's name, trademarks, products, property, reputation, goodwill, confidential information or other resources.

When an employee is engaged in carrying out a task on behalf of the Company and that employee has a factual or potential private interest in the outcome of the task, which is contrary to the best interests of the Company or is substantial enough to affect the employee's unbiased judgment, the Company expects the employee to disclose this as appropriate. Failure to comply with this policy will have serious career consequences for the employee. Nigerian Breweries Plc maintains policies (for instance, on purchasing) that severely reduce the risk of harm to the Company due to a conflict of interest.

21. Corporate Governance

Nigerian Breweries Plc adopts a responsible attitude towards corporate governance. The Board continues to ensure that the Company complies with relevant corporate governance provisions and principles as well as adopt best corporate governance practices.

(a) **The Board of Directors**

The Board of Directors is made up of nine (9) Non-Executive Directors, including the Chairman, and two (2) Executive Directors. Four (4) of the Non-Executive Directors qualify as Independent Directors. They are Chief Kolawole B. Jamodu, CFR; Mrs. Adeyinka O. Aroyewun; Mrs. Ndidi O. Nwuneli; MFR and Mrs. Ifueko M. Omoigui Okauru, MFR. The Board has a formal guideline and process for appointment of persons as Directors.

The Board is inter alia, responsible for: supervising the conduct of business by Management as well as the general course of affairs in the Company; assessing the Company's corporate strategy and general policy; the development of the Company's financial position; the Company's risk management and other systems; the Company's organisational structure; and the Company's social policy.

The Board has a formal schedule of meetings each year and met five (5) times in the course of the year under review in line with that schedule. The record of attendance at those meetings by the current Directors who served during the year under review, is set out below:

	2/13/2018	4/20/2018	7/27/2018	10/25/2018	5/12/2018
Chief Kolawole B. Jamodu, CFR	P	P	P	P	P
Mr. Jordi Borrut Bel	P	P	P	P	P
Mr. Sijbe (Siep) Hiemstra	P	P	P	P	P
Mr. Rob Kleinjan	NA	NA	NA	P	P
Mrs. Ndidi O. Nwuneli, MFR	P	P	P	P	P
Mrs. Ifueko M. Omoigui Okauru, MFR	P	P	P	P	P
Mr. Atedo N.A. Peterside, CON	P	P	P	P	P
Mr. Roland Pirmez	P	P	P	P	P
Mr. Steven L.M. Siemer	NA	NA	NA	P	P

P - Present
NA - Not a member of the Board of Directors as at that date.

(b) **Governance Committee**

During the course of the year, the Governance Committee was put in place by the Board to combine the roles and responsibilities of the former Nomination Committee and the Remuneration Committee in addition to other responsibilities. Thus, the Nomination Committee and the Remuneration Committee ceased to exist during the year under review.

The composition of the Governance Committee as well as record of attendance at the Committee's meetings were as follows:

		5/21/2018	7/26/2018	10/23/2018	10/25/2018
Mr. Atedo N.A Peterside, CON	Chairman	A	P	P	P
Mr. Sijbe (Siep) Hiemstra	Membe	P	P	P	P
Mrs Ndidi O. Nwuneli, MFR	Member	P	P	P	P

P - Present
A - Absent with Apology

The responsibilities of the Committee include, making recommendations to the Board on candidates for appointment as Directors based on the guidelines set by the Board as well as reviewing executive remuneration and determining specific remuneration packages for Directors. Also, the Committee is responsible for ensuring the development of corporate governance policies and procedures in the Company in accordance with international best practices.

(c) **Risk Management and Ethics Committee**

The responsibilities of the erstwhile Risk Management Committee of the Company were expanded during the course of the year to include matters relating to Ethics. As a result of the expansion, the Committee was renamed the Risk Management and Ethics Committee. The composition of the Committee as well as record of attendance at its meetings, during the year, were as follows:

		4/19/2018	7/27/2018	10/25/2018	05/12/2018
Mr. Roland Pirmez	Chairman	A	P	P	P
Mr. Olusegun S. Adebanji*	Member	P	NA	NA	NA
Mrs. Ifueko M. Omoigui Okauru, MFR	Member	P	P	P	P

*In the course of the year, Mr. Adebanji resigned from the Board and ceased to be a member of the Committee.

P - Present
A - Absent with Apology
NA - Not a member of the Committee as at that date

The Committee determines the risk management and ethics standards, policies, procedures and processes of the Company (including the Code of Business Conduct) and is also responsible for assessing the adequacy and effectiveness of the Company's management of the risk and compliance function of the Company.

Members of the Executive Committee as well as the Head of Process & Control Improvement Department (responsible for internal audit), attend the meetings of the Committee that are dedicated to issues of Risk Management.

(d) **Audit Committee**

The Audit Committee is composed of three Shareholders' representatives and three Directors' representatives. See page 42 for details on members of the Committee.

The record of attendance at the Committee's meetings during the year is as follows:

	2/13/2018	4/19/2018	7/27/2018	05/12/2018
Chief Timothy A. Adesiyan	P	P	P	P
Mr. Olusegun S. Adebanji*	P	P	NA	NA
Dr. Obadiah O. Mailafia*	P	P	P	NA
Mazi Samuel C. Mpamaugo	P	P	P	P
Mr. David O. Oguntoye	P	P	P	P
Mrs. Ifueko M. Omoigui Okauru, MFR	NA	NA	P	P
Mr. Roland Pirmez	P	A	P	P

*During the course of the year, Mr. Adebanji and Dr. Mailafia resigned from the Board and ceased to be members of the Committee, while Mrs. Omoigui Okauru was elected a member of the Committee.

P - Present
A - Absent with Apology
N/A - Not a member of the Audit Committee as at that date

The Committee, as part of its functions, reviews the Company's overall control systems, financial reporting arrangements and standards of business conduct. Members of the Audit Committee have direct access to the Process & Control Improvement Department (responsible for internal audit functions) and the Independent Auditor.
The statutory functions of the Committee are provided for in Section 359(6) of CAMA.

(e) **Executive Committee**
The Executive Committee ("ExCo") is the Management Team responsible for agreeing priorities, allocating resources, setting overall corporate targets, agreeing and monitoring divisional strategies and plans. It has responsibilities for superintending the affairs of the business on a day-to-day basis. It is chaired by the Managing Director/Chief Executive Officer of the Company. The record of attendance at meetings by the current ExCo Members during the year under review is set out below:

Name	Role	No. of Meetings	No. Attended
Mr. Jordi Borrut Bel	Managing Director/CEO	21	19
Mrs. Chidum Ayeni	Business Transformation Manager	11**	11
Mr. Rob Kleinjan	Finance Director	10**	8
Mr. Martin Kochl	Supply Chain Director	10**	10
Mrs. Sade Morgan	Corporate Affairs Director	1**	1
Mrs. Grace Omo-Lamai	Human Resource Director	21	18
Mr. Emmanuel Oriakhi	Marketing Director	8**	8
Mr. Uche Unigwe	Sales Director	21	19
Uaboi G. Agbebaku, Esq.	Company Secretary/Legal Director	21	19

**After becoming a member of the Committee

(f) **Board Evaluation**
The members of the Board of Directors ("the Board") were generally pleased with the overall performance of the Board in providing strategic direction for the Company. Individually, the Directors were satisfied with their contributions to the Board.

(g) **Regulations for Dealing in Shares**
Nigerian Breweries Plc has in place Regulations to guide the Board and other employees when effecting transactions in the Company's shares. The Company's Regulations for Dealing in Shares and other Securities provide amongst others, the period when transactions are not allowed to be effected on the Company's shares ("Close Period") as well as disclosure requirements when effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares.

As required by the Listing Rules, the Company also regularly notifies The Nigerian Stock Exchange of its Close Periods.

(h) **Complaints Management Policy**
Nigerian Breweries Plc has in place a Complaints Management Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework for handling shareholder complaints in a fair, impartial, efficient and timely manner. The Policy can be accessed via the Company's website.

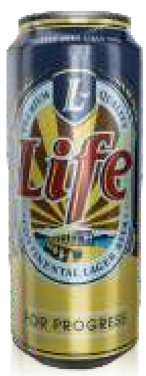
(i) **Communications Policy**
Nigerian Breweries Plc has in place a Communications Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission.

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Company to all relevant stakeholders (including Shareholders, regulatory authorities, media, analysts and the general public).

22. Independent Auditor
The firm of Deloitte & Touche served as the Independent Auditor during the year under review.
In accordance with Section 357(2) of CAMA, the firm has indicated its willingness to continue in office as the Independent Auditor to the Company.

Dated the 13th day of February, 2019.

By Order of the Board.



Uaboi G. Agbebaku, Esq.
Company Secretary
FRC/2013/NBA/00000001003

Iganmu House
Abebe Village Road
Iganmu, Lagos, Nigeria


18+
Drink Responsibly
UNCAGE YOUR EXPLORER
Step outside the box and chart your own course.
Explore the world with this internationally acclaimed lager beer.
Tiger
SINCE 1932
World Acclaimed
LAGER BEER
AWARD WINNING PREMIUM BEER
BORN IN SINGAPORE
UNCAGE

A cross section of shareholders at the 2018 Annual General Meeting in Lagos.

Dr. Boboye Oyeyemi, Corps Marshal/CEO, Federal Road Safety Corps, (FRSC) (2nd left) and Mr. Jordi Borrut Bel, Managing Director/CEO, Nigerian Breweries Plc (middle) with officials of the FRSC and NB Plc at the flag-off of the 2018 Don't Drink and Drive Campaign.

Mrs. Tinuade Awe, Executive Director, Regulation, The Nigerian Stock Exchange (4th from left) and Mr. Jordi Borrut Bel, Managing Director, Nigerian Breweries Plc (4th from right) with other officials of Nigerian Breweries and The Nigerian Stock Exchange when Mr. Borrut Bel rang the closing bell on the floor of the stock exchange on Tuesday, July 3, 2018.

Mr. Jordi Borrut Bel, Managing Director/CEO, Nigerian Breweries Plc (1st from left); Professor Ralph Akinfeleye, Chairman, Panel of Judges (1st from right) and winners of the 2018 Nigerian Breweries Golden Pen Awards at the ceremony in Lagos.

Mr. Jordi Borrut Bel, Managing Director/CEO, Nigerian Breweries Plc (1st from left); Professor Anthony Anwukah, Minister of State for Education (1st from right) and winners of the 2018 Maltina Teacher of the Year at the grand finale in Lagos.

Mr. Uaboi Agbebaku, Company Secretary/ Legal Adviser, Nigerian Breweries Plc; Mr. Oscar Onyema, Chief Executive Officer, The Nigerian Stock Exchange and Mr. Marcus Duarte Alves, Reporting and Accounting Manager, Nigerian Breweries, at the presentation of the 2018 NSE CEO's award as the Most Compliant Listed Company on NSE to NB Plc.

2018 regional and national award winners (Sales) with EXCO members at the Commercial Conference in Abuja.

Haruna Jalo-Waziri, Managing Director/CEO, Central Securities and Clearing Systems Plc (3rd from left); Mr. Jordi Borrut Bel, Managing Director/CEO, NB Plc (3rd from right) and other officials of the Central Securities and Clearing Systems and NB Plc at the visit of officials of the Central Securities and Clearing Systems to Nigerian Breweries.

Honourable David Jafaru, Commissioner for Water Resources, Plateau State (3rd from right) and former Corporate Affairs Adviser, Nigerian Breweries Plc, Mr. Kufre Ekanem (4th from left) and other guests at the commissioning of a borehole donated by Nigerian Breweries to the Police Staff College, Jos.

Mr. Abiodun Ajayi, Brewery Manager Kaduna (2nd left) explaining aspects of the brewing process to Dr. Lawrence Anukam, Director General, National Environmental Standards and Regulations Enforcement Agency (Middle), during a visit of the DG & his management team to Kakuri brewery.

Right Rev. Dr. Owen Chiedozie Nwokolo, Bishop on the Niger and other special guests at the commissioning of a block of 6 classrooms at Patterson Memorial Grammar School, Onitsha, Anambra state.

Mr. Chiedu Ebie, Honourable Commissioner for Education, Delta State (3rd from left); Mr. Felix Ariguzo 2017 Maltina Teacher of the Year (2nd from left) and officials of Nigerian Breweries at the commissioning of a block of 6 classrooms at Mastercare International school, Asaba in honour of Mr. Felix Ariguzo.

L-R: Elizabeth Adekanye, Permanent Secretary, Ministry of Education, Lagos State and Jordi Borrut Bel, Managing Director/CEO, Nigerian Breweries Plc with special guests at the commissioning of a block of classrooms and other facilities donated by The Nigerian Breweries/Felix Ohiwerei Education Trust Fund to Itolo Girls Junior Secondary School, Surulere, Lagos.

Mrs Fatoki Ibironke, Acting Permanent Secretary, Oyo State Ministry of Education with Mr. Tayo Ogundana, Brewery Manager, Ibadan and other education stakeholders at the commissioning of a block of classrooms and convenience donated by the Nigerian Breweries Felix Ohiwerei Education Trust Fund to Olaogun Comprehensive High School, Oyo State.

L-R: His Excellency, Deputy Governor Abia State-RT, Hon. Ude Oko Chukwu flanked by other special guests and officials of Nigerian Breweries Plc at the commissioning of a block of six classrooms, library, conveniences and borehole for Olokoro Girls Secondary School, Umuahia, Abia State.

The Chairman of MAN Apapa branch, Mr. Olakunle Obadina presenting the award for the best kept industrial premises to the Public Affairs Manager, Lagos, Grace Udensi who received on behalf of Nigerian Breweries Plc.

Amstel Malta sponsored the FitFam Festival
Excited and jubilant participants refreshing with Amstel Malta after their run.

Cross-section of Consumers and Customers who emerged as winners of the
Heineken 192 Countries Campaign on Arrival in Amsterdam for an All-expense paid trip courtesy Heineken.

Grand Finale of the Hi-Life Fest
Life Brand Ambassador Phyno thrilling consumers at the event.

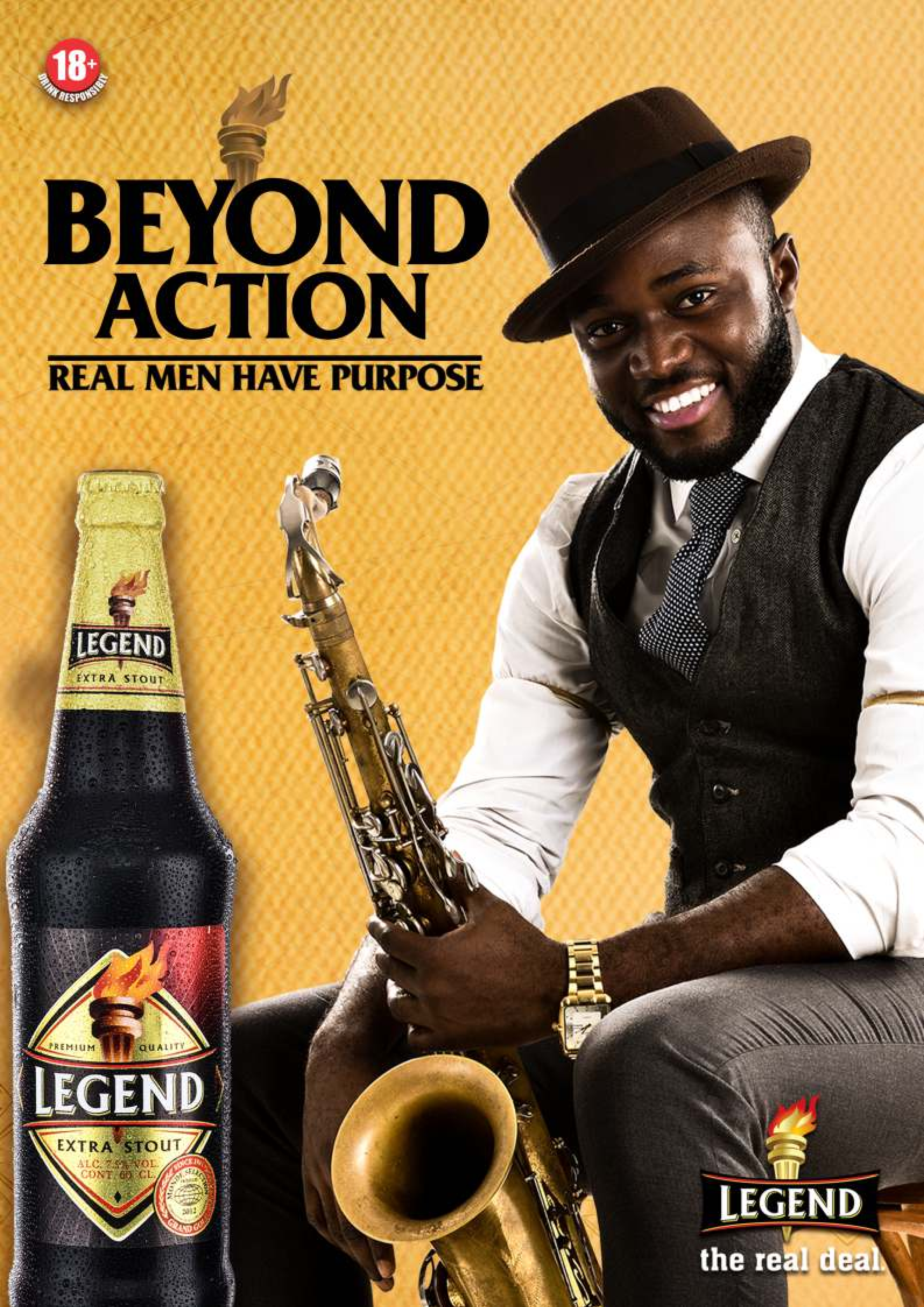
Legend Real Deal Experience Party
M.I. Abaga on stage delivering a stellar performance to Legend consumers.

NickFest 2018 sponsored by Maltina
Kids have fun and games at Nickfest Happyland

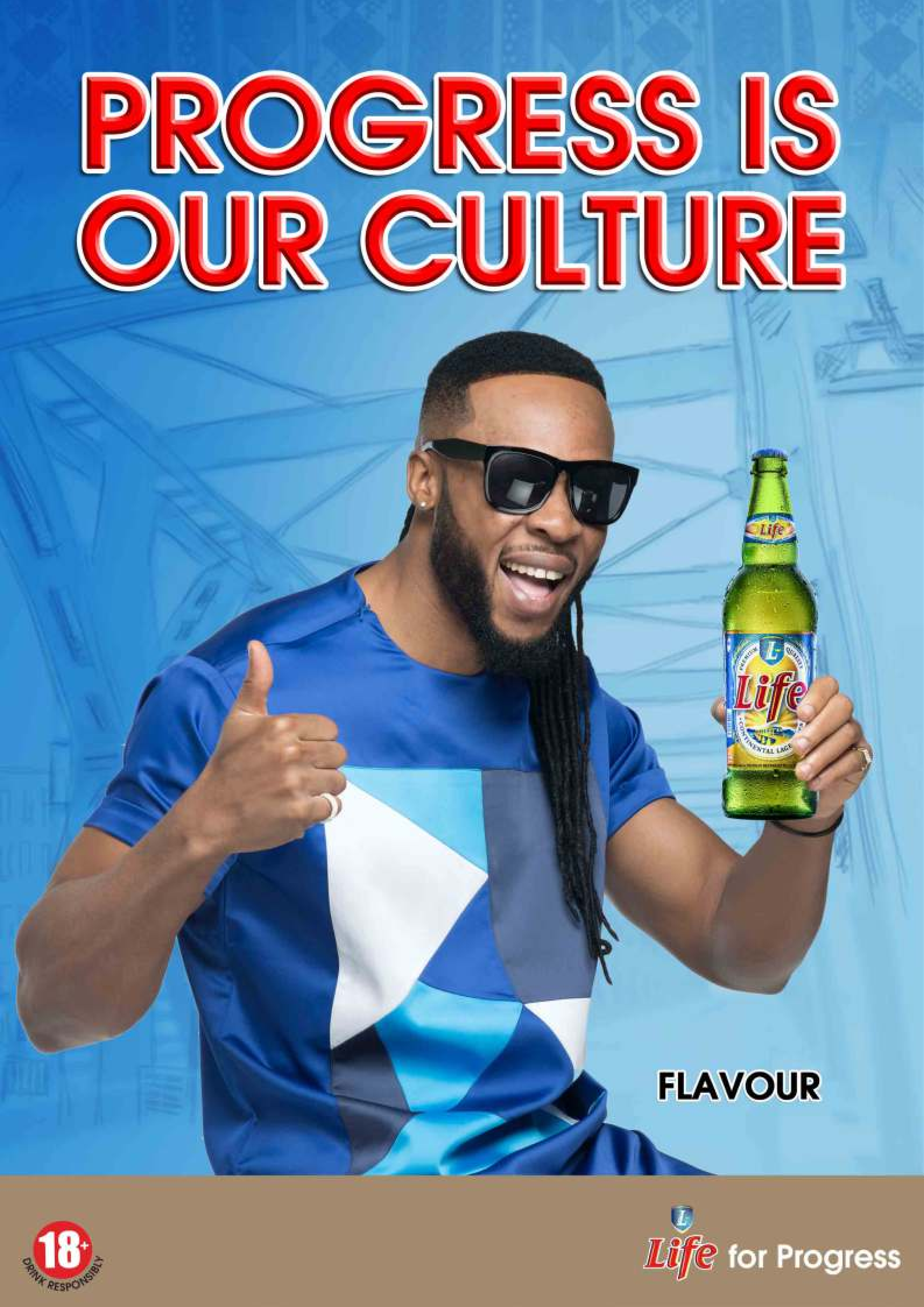
Star sponsored the Nigerian Female team of Bobsled and Skeleton to the 2018 Winter Olympics
Seun Adigun, Ngozi Onwumere, Akuoma Omeoga and Simi Adeagbo with Mr. Jordi Borrut Bel - MD CEO NB Plc.

Tiger Beer Hosted The Biggest Niche Party of The Year
The First Edition of the Tiger Uncage Party Series with Nigeria's budding music talents.

Jersey Exchange between Mr. Jordi Borrut Bel (MD/CEO Nigerian Breweries Plc) and Mr. Amaju Pinnick (President of the Nigeria Football Association) at the NB Plc & NFF Sponsorship Contract Signing.


18+
DRINK RESPONSIBLY
BEYOND ACTION
REAL MEN HAVE PURPOSE
LEGEND
EXTRA STOUT
PREMIUM QUALITY
LEGEND
EXTRA STOUT
LEGEND
the real deal.

Let's Go Higher
Hi-Malt
Vitality • Energy • Refreshment
MULTI-VITAMIN ENRICHED
NON-ALCOHOLIC MALT DRINK 25CL
Hi-Malt
Vitality • Energy • Refreshment
MULTI-VITAMIN ENRICHED
NON-ALCOHOLIC MALT DRINK 33CL
Hi-Malt
Vitality • Energy • Refreshment
MULTI-VITAMIN ENRICHED


PROGRESS IS
OUR CULTURE
FLAVOUR
18+
DRINK RESPONSIBLY
Life for Progress

In Nigerian Breweries Plc, our corporate social responsibility and sustainability programs are driven through our Brewing a Better World (BaBW) agenda. We are pleased to provide this update report on the six focus areas of our BaBW program as follows:

Protecting Water Resources

In line with our 2020 commitment to reduce our water consumption by 40%, we reached in 2018 a water consumption of 4.12 hl/hl which represents a 35% improvement on our base year of 2008. 70% of our waste water is treated onsite through our Wastewater Treatment Plants (WWTP). Our plan is to achieve 100% by 2020 through investing in the construction of waste water treatment plants in our outstanding brewery locations.

Reducing Carbon Emissions

To enhance our commitment toward renewable energy in 2018, we commenced the reuse of biogas generated from our effluent treatment plants for thermal heat generation in our boilers. As a result of this, we achieved 0.6MJ/hl of our 4MJ/hl 2020 target of biogas use in our energy mix.

Sourcing Sustainably

Local sourcing is an important part of our long term sustainability agenda. Our global target is to ensure that by 2020, 60% of our raw materials would be sourced locally. We are currently at 57%. We are also exploring the use of Maize and Rice as brewing adjuncts (sources of starch) in addition to what we have previously achieved with Sorghum and Cassava. This agenda enriches value creation among local business owners on the local sourcing value chain.

Advocating Responsible Consumption

In 2018, Nigerian Breweries in partnership with the Federal Road Safety Corps (FRSC), held four (4) Don't Drink and Drive campaign rallies across Nigeria. These campaigns are part of our continuous efforts in advocating responsible consumption. The rallies focused on promoting responsible consumption through our Don't Drink and Drive campaign. For the first time since the inception of the programme, the campaign debuted at a National Youth Service Corps camp where the youths were educated to become change agents in driving the message of "Don't Drink & Drive". The campaign has trained over 20,000 drivers in 46 cities across Nigeria.

Growing With Communities

Through our The Nigerian Breweries - Felix Ohiwerei Education Trust Fund, we remain on track in growing with the community through our support for the development of education in Nigeria. Through the Fund, we have built, renovated and donated teaching equipment to primary, secondary and tertiary educational institutions around the nation. In 2018, thirty six (36) furnished classrooms built were built and commissioned in six (6) schools, with the provision of conveniences and libraries. Another initiative executed through this platform is the annual Maltina Teacher of the Year award program, which identifies, honours and celebrates outstanding teachers in secondary schools in the country.

Promoting Health and Safety

The health, well-being and safety of our employee remains a top priority in our corporate agenda. In 2018, we achieved 82% of Life Saving Rules compliance through safe driving and installation of speed limiters in all our commercial vehicles in line with the recently introduced speed limit policy.

Conclusion

As we continue to wow Nigerians through our great brands, passionate people and world class performance, we remain equally committed to positively impacting through our corporate social responsibility and sustainability activities.

TO: THE MEMBERS OF NIGERIAN BREWERIES 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 Audit Committee of Nigerian Breweries Plc having carried out our statutory functions under the Act, hereby report that:

a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

b) the scope and planning of both the external and internal audit for the year ended 31st December, 2018 are satisfactory. The internal audit programmes reinforce the Company's internal control system;

c) having reviewed the Independent Auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of our duties.

*Members of the Audit Committee are:

1.	Chief Timothy A. Adesiyan	(Shareholders' Representative)	Chairman
2.	Mazi Samuel C. Mpamaugo	(Shareholders' Representative)	Member
3.	Mr. David O. Oguntoye	(Shareholders' Representative)	Member
4.	Mr. Roland Pirmez	(Directors' Representative)	Member
5.	Mrs. Ifueko M. Omoigui Okauru, MFR	(Directors' Representative)	Member

The Company Secretary served as the Secretary to the Committee.

Dated the 13th of February, 2019

Chief Timothy A. Adesiyan
FRC/2013/IODN/00000003745

**During the course of the year, Mr. Olusegun Adebanji (effective 31/05/2018) and Dr. Obadiah Mailafia (effective 25/10/2018) resigned from the Board of Directors and ceased to be members of the Committee, while Mrs. Omoigui Okauru (effective 20/04/2018) was elected a member.*

1. **Chief Timothy A. Adesiyan**
   Shareholders' Representative - Chairman
2. **Mazi Samuel C. Mpamaugo**
   Shareholders' Representative - Member
3. **Mr. David O. Oguntoye**
   Shareholders' Representative - Member
4. **Mr. Roland Pirmez**
   Directors' Representative - Member
5. **Mrs. Ifueko M. Omoigui Okauru, MFR**
   Directors' Representative - Member

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria.

Tel: +234 (1) 904 1700
www.deloitte.com.ng

Independent Auditor's Report

TO THE SHAREHOLDERS OF NIGERIAN BREWERIES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Nigerian Breweries Plc ("the Company") and its subsidiary (together referred to as "the Group"),which comprise the consolidated and separate statement of financial position as at 31 December 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Nigerian Breweries Plc as at 31 December 2018 and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS"), the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants, (ICAN code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical requirements applicable to performing audits in Nigeria. The ICAN code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the consolidated financial statements.

Deloitte.

Independent Auditor's Report (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Carrying value of deposit for Returnable Packaging Materials (RPMs)	
Included in the Trade and Other Payables disclosed in Note 29 to the Financial Statements is Deposit for Returnable Packaging Materials (RPMs) of about ₦29.9billion received as deposit from customers for breakable bottles and crates used to distribute products sold to them. The Company provides RPMs to its customers in which products are distributed for which in most instances the Company collects deposit. The deposit is in turn refunded to the customer upon returning of these packaging materials to the Company failing which the deposit is forfeited by the customer and released to the income statements. Judgement is required by the Directors in assessing the carrying value of the outstanding customers' deposit liability for RPMs. Accordingly, for the purposes of our audit, we identified the assessment of outstanding customers' deposit liability for RPMs as a key audit matter. The assumptions impacting the assessment of outstanding liability for returnable packaging are: - The market loss: This represents bottle and crates that are lost in the market as customers did not return these crates and bottles to the brewery at the time the shipment batch was returned. Management estimates market loss using data of shipments and returns. An annual assessment is done to check reasonability of deposit liability and this is based on the management's assessment of market possession after due consideration for circulation time. The market loss rates are estimated for bottle/crate. - The cycle times of RPMs, i.e. the time it takes for RPM to be returned to the entity. Determination of cycle time is based on actual assessment of circulation period for bottles and crates. Management performs a circulation count of how long the bottle and crates stay in the market before returning to the brewery. This is done on a sample basis and management applies the results of this assessments on all RPMs existing in the books in the period under review.	In evaluating the value of the outstanding deposit liability our procedures are as follow: • Testing the inputs (mainly market loss rates and cycle times) used in the assessment in comparison to the Company's policy in respect of the returnable packaging material. • Performing a retrospective assessment of the prior year computations to assess the reasonableness of the assumptions and estimates in light of new information discovered in the current year. • Reassessment of deposit liability position in line with the Company's policy The market loss rates and the cycle times used in the valuation were found to be appropriate. The rates used appeared to be reasonable in line with the supporting information provided. Overall, no material misstatement was noted.

Independent Auditor's Report (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Carrying value of Goodwill	
The Company has Goodwill of about ₦84.7billion as disclosed in Note 15 to the financial statements. Annual Goodwill impairment assessment for determination of recoverable amount, being the higher of fair value less costs to sell and value in use, requires judgement on the part of management to value the Cash Generating Unit (CGU). Accordingly, for the purposes of our audit, we have identified this assessment as a key audit area. Recoverable amounts are based on management's view of variables such as cash flows, volume growth, inflation rate, tax rate and Weighted Average Cost of Capital.	In evaluating the impairment of Goodwill we performed the following procedures: • We evaluated the appropriateness of the valuation model used by Management for the Goodwill impairment assessment. • We assessed and tested the assumptions used, such as cash flows, volume growth, inflation rate, tax rate and Weighted Average Cost of Capital. • We assessed the reasonableness of the assumptions used in line with the economic condition of the Nigerian market. • We performed retrospective review of cash flows to validate consistency in management assumptions. • We also assessed the historical accuracy of management's estimates. • We assessed the adequacy of the Company's disclosure in note 15 of the financial statements about those assumptions to which the outcome of the impairment test is most sensitive. No material misstatement was noted.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report as required by Companies and Allied Matters Act CAP C20 LFN 2004, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Independent Auditor's Report (Cont'd)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Company and / or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (Cont'd)

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

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

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

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

Michael Osinloye
FCA-FRC/2013/ICAN/00000000819

For: Deloitte & Touche,
Chartered Accountants
Lagos, Nigeria
15 February 2019


NB
NON-ALCOHOLIC MALT DRINK
MALTA GOLD
NON-ALCOHOLIC MALT DRINK
MALTA GOLD
ENRICHED WITH VITAMINS AND MINERALS
FOR EXTRA ENERGY
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NON-ALCOHOLIC MALT DRINK
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Consolidated and Separate Statement of Financial Position

As at 31 December 2018

ASSETS	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Property, plant and equipment	14(a-b)	203,492,850	203,317,850	195,230,394	195,050,394
Intangible assets and goodwill	15	97,135,708	97,135,708	98,277,166	98,277,166
Investments	16	150,000	829,625	150,000	829,625
Other receivables	17	662,022	662,022	551,862	551,862
Prepayments	18	538,187	538,187	525,831	525,831
Non-current assets		**301,978,767**	**302,483,392**	**294,735,253**	**295,234,878**
Inventories	19	32,506,824	32,506,824	42,728,862	42,728,862
Trade and other receivables	20	35,153,451	35,153,451	20,384,112	20,384,112
Prepayments	18	1,356,282	1,356,282	1,038,885	1,038,885
Deposit for imports	21	2,474,279	2,474,279	7,474,027	7,474,027
Cash and bank	22	14,793,266	14,792,088	15,866,954	15,865,776
Assets held for sale	14e	-	-	-	-
Current assets		**86,284,102**	**86,282,924**	**87,492,840**	**87,491,662**
Total assets		**388,262,869**	**388,766,316**	**382,228,093**	**382,726,540**
EQUITY					
Share capital	23b	3,998,451	3,998,451	3,998,451	3,998,451
Share Premium		73,770,356	73,770,356	73,770,356	73,770,356
Share based payment reserve		750,534	750,534	748,450	748,450
Retained earnings		88,216,674	88,124,843	99,692,668	99,633,677
Equity attributable to owners of the Company		**166,736,015**	**166,644,184**	**178,209,925**	**178,150,934**
Non-controlling interest		**92,437**	**-**	**88,502**	**-**
Total Equity		**166,828,452**	**166,644,184**	**178,298,427**	**178,150,934**
LIABILITIES					
Loans and borrowings	25(a)	41,127,565	41,127,565	8,000,000	8,000,000
Employee benefits	26	16,056,953	16,056,953	13,209,837	13,209,837
Deferred tax liabilities	28	24,554,471	24,554,471	26,666,864	26,666,864
Non-current liabilities		**81,738,989**	**81,738,989**	**47,876,701**	**47,876,701**
Bank overdraft	22	1,469,810	1,469,810	470,930	470,930
Current tax liabilities	12(c)	14,579,020	14,537,462	19,606,270	19,553,190
Dividend payable	24(b)	7,931,759	7,931,759	8,028,742	8,028,742
Trade and other payables	29(a)	114,151,861	114,881,134	127,947,023	128,646,043
Provisions	32	1,562,978	1,562,978	-	-
Current liabilities		**139,695,428**	**140,383,143**	**156,052,965**	**156,698,905**
Total liabilities		**221,434,417**	**222,122,132**	**203,929,666**	**204,575,606**
Total equity and liabilities		**388,262,869**	**388,766,316**	**382,228,093**	**382,726,540**

Approved by the Board of Directors on the 13th February 2019 and signed on its behalf by:

Chief Kolawole B. Jamodu
Chairman
FRC/2013/ICAN/00000001617

Mr. Jordi Borrut Bel
Managing Director/CEO
FRC/2018/IODN/00000018359

Mr. Rob Kleinjan
Finance Director*

The notes on pages 58 to 107 are an integral part of these financial statements.

* Mr Kleinjan has a waiver from the Financial Reporting Council of Nigeria to sign the 2018 Financial Statements while processing his FRC registration with the Council.

Consolidated and Separate Income Statement

	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Revenue		350,226,472	350,226,472	365,798,057	365,798,057
Excise duty expense		(25,837,972)	(25,837,972)	(21,270,841)	(21,270,841)
Net Revenue	**7**	**324,388,500**	**324,388,500**	**344,527,216**	**344,527,216**
Cost of sales	10c	(197,484,694)	(197,484,694)	(201,034,636)	(201,034,636)
Gross profit		**126,903,806**	**126,903,806**	**143,492,580**	**143,492,580**
Other income	8	885,364	885,364	2,239,867	2,239,867
Marketing and distribution expenses	10c	(70,052,363)	(70,052,363)	(66,863,604)	(66,863,604)
Administrative expenses	10c	(20,785,259)	(20,780,009)	(21,747,783)	(21,742,533)
Results from operating activities		**36,951,548**	**36,956,798**	**57,121,060**	**57,126,310**
Finance income	9(a)	361,923	361,923	172,074	172,074
Finance costs	9(b)	(7,891,519)	(7,958,893)	(10,663,076)	(10,726,071)
Net finance costs		**(7,529,596)**	**(7,596,970)**	**(10,491,002)**	**(10,553,997)**
Profit before tax	10	29,421,952	29,359,828	46,630,058	46,572,313
Income tax expense	12(a)	(9,984,008)	(9,958,659)	(13,581,499)	(13,563,021)
Profit after tax		**19,437,944**	**19,401,169**	**33,048,559**	**33,009,292**
Profit for the year attributable to:					
Owners of the Company		19,434,009	19,401,169	33,044,357	33,009,292
Non-controlling interest		3,935	-	4,202	-
Profit for the year		**19,437,944**	**19,401,169**	**33,048,559**	**33,009,292**
Earnings per share					
Basic earnings per share (kobo)	13(a)	243	243	413	413
Diluted earnings per share (kobo)	13(b)	243	243	414	414

The notes on pages 58 to 107 are an integral part of these financial statements.

Consolidated and Separate Statement of Other Comprehensive Income

	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Profit for the year		**19,437,944**	**19,401,169**	**33,048,559**	**33,009,292**
Actuarial (losses)/gains	26(f)	(1,473,076)	(1,473,076)	(1,449,678)	(1,449,678)
Other comprehensive income, net of tax		(1,473,076)	(1,473,076)	(1,449,678)	(1,449,678)
Total comprehensive income for the year		**17,964,868**	**17,928,093**	**31,598,881**	**31,559,614**
Total comprehensive income for the year attributable to:					
Owners of the Company		**17,960,933**	**17,928,093**	**31,594,679**	**31,559,614**
Non-controlling interest		3,935	-	4,202	-
Total comprehensive income for the year		**17,964,868**	**17,928,093**	**31,598,881**	**31,559,614**

The notes on pages 58 to 107 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Non-Controlling Total ₦'000	Total Interest ₦'000	Equity ₦'000
Balance at 1st January 2018		**3,998,451**	**73,770,356**	**748,450**	**99,692,668**	**178,209,925**	**88,502**	**178,298,427**
Profit for the year		-	-	-	19,434,009	19,434,009	3,935	19,437,944
Other comprehensive income for the year		-	-	-	(1,473,076)	(1,473,076)	-	(1,473,076)
Total comprehensive income for the year		-	-	-	17,960,933	17,960,933	3,935	17,964,868
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares	27	-	-	-	-	-	-	-
Share based payment charge		-	-	676,877	-	676,877	-	676,877
Share based payment recharge		-	-	(674,793)	-	(674,793)	-	(674,793)
Dividends	24(b)	-	-	-	(29,828,444)	(29,828,444)	-	(29,828,444)
Unclaimed dividends written back		-	-	-	391,518	391,518	-	391,518
Total contributions and distributions		**-**	**-**	**2,084**	**(29,436,926)**	**(29,434,842)**	**-**	**(29,434,842)**
Changes in ownership interest								
Total transactions with owners of the Company		**-**	**-**	**2,084**	**(11,475,993)**	**(11,473,909)**	**3,935**	**(11,469,974)**
Balance at 31st December, 2018		**3,998,451**	**73,770,356**	**750,534**	**88,216,675**	**166,736,015**	**92,437**	**166,828,452**

The notes on pages 58 to 107 are an integral part of these financial statements.

Company

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2018		**3,998,451**	**73,770,356**	**748,450**	**99,633,677**	**178,150,934**
Profit for the year		-	-	-	19,401,169	19,401,169
Other comprehensive income for the year		-	-	-	(1,473,076)	(1,473,076)
Total Comprehensive income for the year		**-**	**-**	**-**	**17,928,093**	**17,928,093**
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Issue of Ordinary shares		-	-	-	-	-
Share based payment charge	27	-	-	676,877	-	676,877
Share based payment recharge		-	-	(674,793)	-	(674,793)
Dividends	24(a)	-	-	-	(29,828,444)	(29,828,444)
Unclaimed dividends written back	24(b)	-	-	-	391,518	391,518
Total contributions and distributions		**-**	**-**	**2,084**	**(29,436,926)**	**(29,434,842)**
Changes in ownership interest						
Total transactions with owners of the Company		**-**	**-**	**2,084**	**(11,508,833)**	**(11,506,749)**
Balance at 31st December, 2018		**3,998,451**	**73,770,356**	**750,534**	**88,124,843**	**166,644,184**

The notes on pages 58 to 107 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Non-Controlling Total ₦'000	Total Interest ₦'000	Equity ₦'000
Balance at 1st January 2017		3,964,551	64,950,103	571,106	96,343,708	165,829,468	84,300	165,913,768
Profit for the year		-	-	-	33,044,357	33,044,357	4,202	33,048,559
Other comprehensive income for the year		-	-	-	(1,449,678)	(1,449,678)	-	(1,449,678)
Total comprehensive income for the year		-	-	-	31,594,679	31,594,679	4,202	31,598,881
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares	27	33,900	8,820,253	-	-	8,854,153	-	8,854,153
Share based payment charge		-	-	436,198	-	436,198	-	436,198
Share based payment recharge		-	-	(258,854)	-	(258,854)	-	(258,854)
Dividends	24(b)	-	-	-	(28,453,982)	(28,453,982)	-	(28,453,982)
Unclaimed dividends written back		-	-	-	208,263	208,263	-	208,263
Total contributions and distributions		**33,900**	**8,820,253**	**177,344**	**(28,245,719)**	**(19,214,222)**	**-**	**(19,214,222)**
Changes in ownership interest								
Total transactions with owners of the Company		**33,900**	**8,820,253**	**177,344**	**3,348,960**	**12,380,457**	**4,202**	**12,384,659**
Balance at 31st December, 2017		**3,998,451**	**73,770,356**	**748,450**	**99,692,668**	**178,209,925**	**88,502**	**178,298,427**

In 2017 the Company issued 67,801,163 ordinary shares as script dividend. The price allotted per share was ₦130.59 which consists of share capital of ₦33,900 (50k per share) and share premium of ₦8,820,253 (₦130.09 per share)

The notes on pages 58 to 107 are an integral part of these financial statements.

Company

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2017		**3,964,551**	**64,950,103**	**571,106**	**96,319,782**	**165,805,542**
Profit for the year		-	-	-	33,009,292	33,009,292
Other comprehensive income for the year		-	-	-	(1,449,678)	(1,449,678)
Total Comprehensive income for the year		-	-	-	31,559,614	31,559,614
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Issue of Ordinary shares		33,900	8,820,253	-	-	8,854,153
Share based payment charge	27	-	-	436,198	-	436,198
Share based payment recharge		-	-	(258,854)	-	(258,854)
Dividends	24(a)	-	-	-	(28,453,982)	(28,453,982)
Unclaimed dividends written back	24(b)	-	-	-	208,263	208,263
Total contributions and distributions		**33,900**	**8,820,253**	**177,344**	**(28,245,719)**	**(19,214,222)**
Changes in ownership interest						
Total transactions with owners of the Company		**33,900**	**8,820,253**	**177,344**	**3,313,895**	**12,345,392**
Balance at 31st December, 2017		**3,998,451**	**73,770,356**	**748,450**	**99,633,677**	**178,150,934**

In 2017 the Company issued 67,801,163 ordinary shares as script dividend. The price allotted per share was ₦130.59 which consists of share capital of ₦33,900 (50k per share) and share premium of ₦8,820,253 (₦130.09 per share)

The notes on pages 58 to 107 are an integral part of these financial statements.

Consolidated and Separate Statement of Cash Flows

	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Profit for the year		19,437,944	19,401,169	33,048,559	33,009,292
Adjustments for:					
Depreciation	14	29,499,038	29,494,038	32,691,135	32,686,134
Amortisation of intangible assets	15	1,358,353	1,358,353	1,435,727	1,435,727
Finance income	9(a)	(361,923)	(361,923)	(172,074)	(172,074)
Interest expenses	9(c)	5,405,180	5,472,554	4,162,828	4,225,823
Gratuity, employee benefit and share based payment charges		3,026,619	3,026,619	2,797,263	2,797,263
Gain/(Loss) on sale of property, plant and equipment	10(a)	(465)	(465)	492,949	492,949
Income tax expense	12(a)	9,984,008	9,958,659	13,581,499	13,563,021
		68,348,754	**68,349,004**	**88,037,886**	**88,038,135**
Changes in:					
Inventories		10,222,038	10,222,038	(11,484,159)	(11,484,159)
Trade and other receivables		(14,879,499)	(14,879,499)	(338,619)	(338,619)
Prepayments		(329,753)	(329,753)	(109,148)	(109,148)
Trade and other payables	29(b)	(7,307,806)	(7,277,553)	27,231,033	27,293,779
Provisions	32	1,562,978	1,562,978	(500,000)	(500,000)
Deposit for imports		4,999,748	4,999,748	955,021	955,021
Cash generated from operating activities		**62,616,460**	**62,646,963**	**103,792,014**	**103,855,009**
Income tax paid	12(c)	(16,492,332)	(16,455,461)	(15,587,752)	(15,587,752)
	26(a)	(772,693)	(772,693)	(718,305)	(718,305)
Other long term employee benefits paid	26(b)	(834,326)	(834,326)	(604,956)	(604,956)
Share Based Payment		(674,793)	(674,793)	(258,854)	(258,854)
VAT paid*		(13,671,882)	(13,671,882)	(14,571,625)	(14,571,625)
Net cash from operating activities		**30,170,434**	**30,237,808**	**72,050,522**	**72,113,517**
Cash flows from investing activities					
Finance income	9	361,923	361,923	172,074	172,074
Proceeds from sale of property, plant and equipment		294,394	294,394	106,890	106,890
Acquisition of property, plant and equipment	14(f)	(30,239,380)	(30,239,380)	(32,121,578)	(32,121,578)
Acquisition of intangible assets	15	(181,902)	(181,902)	(222,409)	(222,409)
Net cash used in investing activities		**(29,764,965)**	**(29,764,965)**	**(32,065,023)**	**(32,065,023)**
Cash flows from financing activities					
Proceeds from/(Repayment of) loans and borrowings	25(a)	31,801,172	31,801,172	(9,000,000)	(9,000,000)
Interest paid	9(c)	(4,745,300)	(4,812,674)	(2,836,435)	(2,899,430)
Dividends paid	24(b)	(29,533,909)	(29,533,909)	(24,038,861)	(24,038,861)
Net cash used in financing activities		**(2,478,037)**	**(2,545,411)**	**(35,875,296)**	**(35,938,291)**
Net increase in cash and cash equivalents		**(2,072,568)**	**(2,072,568)**	**4,110,203**	**4,110,203**
Cash and cash equivalents at 1st January		15,396,024	15,394,846	11,285,821	11,284,643
Cash and cash equivalents at 31st December	22	**13,323,456**	**13,322,278**	**15,396,024**	**15,394,846**

The notes on pages 58 to 107 are an integral part of these financial statements.

* Value Added Tax (VAT) paid shown separately above has been adjusted for in deriving the change in trade and other payables.

Notes to the Consolidated and Separate Financial Statements

1. **Reporting entity**

Nigerian Breweries Plc (the 'Company'), a public company quoted on the Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. of the Netherlands, the latter having approximately 56% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is Abebe Village Road, Iganmu, Lagos. The Company is primarily involved in the brewing, marketing and selling of lager, stout, non-alcoholic drinks and soft drinks.

As a consequence of the merger with Consolidated Breweries Plc in 2014, the Group comprises of the Company and its 89.3% majority equity interest in Benue Bottling Company Limited (BBCL). The subsidiary, BBCL, is an entity with no business activities that holds land, buildings and some idle production assets. The financial position of the subsidiary has been consolidated in these financial statements.

2. **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the Board of Directors on 13th February 2019, and will presented at the Annual General Meeting of Shareholders on 17th May 2019.

(a) **Basis of measurement**
The financial statements have been prepared on the historical cost basis except for the following:

- Liabilities for equity-settled share-based payment arrangements - stated at fair value
- Defined benefit obligations - stated at present value of the obligation
- Inventory - stated at lower of cost or net realisable value
- The methods used to measure fair values are discussed further in note 4

(b) **Functional and presentation currency**
These financial statements are presented in Naira, which is the Group/Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise.

(c) **Use of estimates and judgements**
The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:
Note 13 - Intangible assets and goodwill - key assumptions underlying recoverable amount of CGU
Note 24 - Measurement of defined benefit obligations - key actuarial assumptions
Note 31 - Contingencies - key assumptions about the likelihood and magnitude of an outflow of resources

(d) **Measurement of fair values**
A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments - Financial risk management and fair values (note 30).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) **Basis of consolidation**

(i) **Business combinations**

The Company measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

The Company has applied IFRS 3 on business combinations involving entities under common control.

(ii) **Acquisitions of non-controlling interests**

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognised as a result of such transactions.

(iii) **Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are modified where necessary to align them with the policies adopted by the Company. Separate disclosure is made for non-controlling interest.

(iv) Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) **Structured entities**

Structured entities are entities in which the Company is involved and which are designed so that their activities are not governed by way of voting rights. The Company either holds an interest, or does not hold an interest but is a sponsor. The Company considers itself a sponsor of a structured entity when it facilities the establishment of that structured entity. In assessing whether the Company has power over such entities in which it has an interest, the Company considers factors such as the purpose and design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

For additional disclosures on the Company's involvement in unconsolidated structured entities, see notes 16 and 34(c).

(vi) **Loss of control**

On the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or at cost less impairment losses depending on the level of influence retained.

(b) **Foreign currency transactions**

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) **Financial instruments**

(i) **Non-derivative financial assets**

The Group/Company initially recognises financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) where necessary are recognised initially on the trade date at which the Group/Company becomes a party to the contractual provisions of the instrument.

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

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

The following are classes of non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group/Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group/Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables as well as deposit for imports.

Cash and cash equivalents

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

(ii) **Non-derivative financial liabilities**

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group/Company becomes a party to the contractual provisions of the instrument.

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

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

The Group/Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables as well as dividend payable.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) **Share capital**
The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by S.120(3) of CAMA. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

(d) **Property, plant and equipment**

(i) **Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to the previous (Nigerian) GAAP revaluation on 30th June 1995 by Knight Frank (Nigeria) - Chartered Surveyors.

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) **Subsequent costs**
Subsequent expenditure is capitalised only it is probable that the future economic benefits associated with the expenditure will flow to the Group/Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

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

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

- Leasehold Land - Lease period
- Buildings and Infrastructure - 15 to 40 years
- Plant and Machinery - 5 to 30 years
- Motor Vehicles - 5 years
- Furniture and Equipment - 3 to 5 years
- Returnable Packaging Materials - 7 to 8 years

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

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

(e) **Intangible assets**

(i) **Goodwill**
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 3a(i).
Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

(ii) **Research and development**
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group/Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after 1st January 2010. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) **Other Intangible assets**
Other intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Group/Company's intangible assets with finite useful lives comprise acquired software and a distribution network acquired as part of a business combination. The acquired distribution network provides the Company with opportunities for increased market penetration.

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

(v) **Amortisation of Intangible assets other than goodwill**
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised. The estimated useful life for the current and comparative period is as follows:

Computer software - 3 to 7 years
Distribution network - 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) **Leases**

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group/Company determines whether the arrangement is or contains a lease and performs an assessment of whether:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets ; and
(b) the arrangement conveys a right to use the asset

At inception or on reassessment of an arrangement that contains a lease, the Group/Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group/Company's incremental borrowing rate.

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

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

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(g) **Inventories**
Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials	-	purchase cost on a weighted average basis including spare parts and purchased finished goods transportation and clearing costs.
Brewed finished products and products-in-process	-	weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating capacity.
Inventory-in-transit	-	purchase cost incurred to date.

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

(h) **Assets held for sale**
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group/Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) **Impairment**

(i) **Non-derivative financial assets**
A financial asset subsequently measured at amortised cost, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

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

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

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

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group/Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

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

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(j) **Employee benefits**

(i) **Defined contribution plan**

A defined contribution plan is a post-employment benefits plan (pension fund) under which the Group/Company pays fixed contributions into a separate entity. The Group/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 employee service in the current and prior period.

In line with the provisions of the Pension Reform Act 2014, the Group/Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group/Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

Employees (non-management and management respectively) contribute 7% and 8% of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Group/Company's contribution is 12% and 10% of each employee's Basic salary, Transport & Housing Allowances for non-management and management employees respectively.

(ii) **Gratuity**

The Group/Company currently operates two gratuity schemes, a defined benefit scheme and a defined contribution scheme:

(a) **Defined benefit gratuity scheme**

The Company has a defined benefit gratuity scheme for certain employees. The Company's net obligation in respect of defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognised fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in the profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(b) **Defined contribution gratuity scheme**

The Company has a defined contribution scheme for certain employees which is funded through fixed contributions made by the Company over the service life of the employees and charged accordingly as employee benefit expense in profit or loss. The funds are managed and administered by Progress Trust (CPFA) Limited. Progress Trust (CPFA) Limited is a duly registered closed Pension Fund Administrator whose sole activity is the administration of the pension and gratuity (defined benefit contribution) schemes for employees and former employees of the Company. Nigerian Breweries Plc has no recourse to the funds, which is managed in accordance with the Pension Reform Act of 2014 and regulated by the Pension Commission.

(c) **Post-retirement medical benefits scheme**

The Company has a post-employment medical benefits scheme for its pensioners and employees, including their spouses.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognised fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in the profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(iii) **Other long-term employee benefits**

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees and post-employment medical benefit for pensioners and employees on the defined benefit gratuity scheme including their spouses. The Company's obligations in respect of these schemes are the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Any actuarial gains and losses are recognised in profit or loss.

(iv) **Termination benefits**

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

(v) **Short-term employee benefits**

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

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

(vi) **Share-based payment transactions**

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions. All other share based payment arrangements are accounted for as cash settled. As from 1st January 2006 Heineken N.V, the parent Company, established a share based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (Share-based payment reserve) as a capital contribution from Heineken N.V, over the period that the employees become unconditionally entitled to the share rights.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees' by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in equity (Share-based payment reserve) for the capital contribution recognised in respect of the share-based payment.

At each reporting date, the estimate of the number of share rights that are expected to vest is revised for internal performance conditions. The impact of the revision of original estimates (only applicable for internal performance conditions), if any, is recognised in profit or loss, with a corresponding adjustment to equity. The fair value of the share plan is measured at grant date taking into account the terms and conditions of the plan.

(k) **Provisions and contingent liabilities**

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

A provision for restructuring is recognised when the Group/Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract and taking into consideration any reasonably obtainable sub-leases for onerous lease contracts. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(l) **Net Revenue**
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, sales returns, trade discounts and volume rebates. Revenue is recognised by identifying the contractwith the customer, identifying the performance obligations in the contract, determining the transaction price and when we the performance obligation is satisfied.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. As the customers have a right to return goods under specific conditions agreed on contract, an estimation of probable returns is recognised as the sales are recognised.

(m) **Other Income**
Income other than sale of goods is recognised as 'Other Income' when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(n) **Finance income and finance costs**
Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on employee benefits, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, are recognised in profit or loss using the effective interest method.

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

(o) **Income and deferred tax**

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

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

Deferred tax is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

iii. temporary differences arising on the initial recognition of goodwill.
In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest maybe due. The assessment relies on estimates and assumptions and may involve a series of judgements about future event. New information may become available that causes the company to adjust its judgements regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expenses in the period that such a determination is made.

(p) **Earnings per share (EPS)**

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

(q) **Segment reporting**

An operating segment is a distinguishable component of the Group/Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

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

All operating segments' operating results are reviewed regularly by the Executive Committee, which is considered to be the chief operating decision maker for the Group/Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Where applicable, Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. As the Company do not operate on different business segments, segmentation is not presented.

(r) **Loans and borrowings**
Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Loans obtained at below market rate are treated as governments grants, if the Company has reasonable assurance that will comply to the conditions attached and grants will be received. These loans are recorded at fair value at inception and the benefits, if any, are included in deferred income.

Loans and borrowings, for which the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, are classified as non-current liabilities.

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

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

4.a Determination of fair values

A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. See note 28 (g) for basis of determination of fair value for financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) **Trade and other receivables**
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

(ii) **Share-based payment transactions**
The fair value of the share based payment plan is measured at the grant date taking into account the terms and conditions of the plan.

(iii) **Non-derivative financial instruments**
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.b. Fair value as a result of business combinations

(i) **Property, plant and equipment**
The fair value of property, plant and equipment recognised as a result of a business combination is based on the quoted market prices for similar items when available and depreciated replacement cost based on independent valuation when appropriate.

(ii) **Intangible assets**
The fair value of the distribution network acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) **Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5. Exceptional items and amortisation of acquisition-related intangibles (EIA) in net profit

The table below provides an overview of the exceptional items and amortisation of acquisition-related intangibles in the Company's net profit:

	2018 ₦'000	2017 ₦'000
Profit attributable to equity holders of the Company (net profit)	19,401,169	33,009,292
Personnel - Redundancy	3,800,000	2,233,000
(Gain)/Loss on Sale PP&E	(465)	492,949
Depreciation and Impairment losses	106,000	1,941,000
Income from Insurance Claim	-	(1,571,331)
Amortisation Customer Relation	-	231,000
Other	-	(1,462,048)
Total EIA	3,905,535	1,864,570
Profit before EIA	**23,306,704**	**34,873,862**

6. Changes in accounting policies

(a) **Changed accounting policies in 2018**

The following new standards have been adapted in 2018 and reflected in the consolidated financial statement:

IFRS 9 Financial instruments

- With regard to the revised classification and measurement principles, IFRS 9 contains three classification categories: 'measured at amortised cost', 'fair value through other comprehensive income' (FVTOO) and 'fair value through profit and loss' (FVTPL).The standard eliminates the existing IAS 39 categories: 'loans and receivables' 'held to maturity' and 'available-for-sale'. For the Company this new classification only means that the assets currently classified as available-for-sale will be measured at FVTOCI which constitutes no significant change, except for the accounting for cumulative gains or losses when equity securities measured at FVTOCI are disposed of. These cumulative gains or losses are not recognised in the income statement upon disposal but kept in the fair value reserve. The Company has no investments classified as held to maturity and the other categories Involve no change in measurement for the Company.

- With regard to the impact of the expected loss model on trade receivables and both advances and loans to customers the Company concluded that the impact is immaterial. The impact on the Company's future consolidated income statement is also expected to be immaterial as the standard requires provisions to be recorded earlier and the initial impact of this timing difference is recorded In equity upon Implementation.

IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15 'Revenue from Contracts with Customers' as per 1 January 2018. For Implementation the full retrospective method is applied, meaning that the 2017 comparative financial information has been restated. The Company concluded that IFRS 15 did not impact the timing of revenue recognition. However, the amount of recognised revenue is impacted by payments to customers and excise taxes as explained in the changes in accounting policy below. The Company has evaluated the available practical expedients for application of the standard and concluded that these options have no significant impact on the Company's revenue recognition.

The adoption of IFRS 15 has changed the accounting for certain payments to customers, such as listing fees and marketing support expenses. Most of these payments were recorded as operating expenses, but are now considered to be a reduction of revenue. Only when these payments relate to a distinct service the amounts continue to be recorded as operating expenses.

IFRS 15 has also changed the accounting for excise tax. Excise tax is borne by the Company since increases in excise tax are not always (fully) passed on to customers, excise tax is included in revenue.

To provide full transparency on the impact of the accounting for excise, the Company presents the excise tax expense on a separate line below revenue in the consolidated Income statement. A new subtotal called 'Net revenue' is added. This 'Net revenue' subtotal is 'revenue' as defined in IFRS 15 (after discounts) minus the excise tax expense since the excise tax is borne by the Company.

The IFRS 15 changes have no impact on profit before tax and profit after tax. In below table the Impact of IFRS 15 on the 2017 figures is reflected:

For the year ended 31 December	**2017 Reported ₦'000**	**Impact IFRS 15 ₦'000**	**2017 Restated ₦'000**
Revenue	344,562,517	21,235,540	365,798,057
Excise tax expense	-	(21,270,841)	(21,270,841)
Net revenue	**344,562,517**	**-**	**344,527,216**
Other Income	2,218,588	-	2,218,588
Cost of Sales	(201,013,357)	-	(201,013,357)
Marketing and distribution expenses	(66,898,905)	35,301	(66,863,604)
Administration expenses	(21,742,533)	-	(21,742,533)
Results from Operating Expenses	**57,126,310**	**-**	**57,126,310**
Profit before tax	**46,572,313**	**-**	**46,572,313**
Income tax expenses	(13,563,021)	-	(13,563,021)
Profit after tax	**33,009,292**	**-**	**33,009,292**

(b) **Upcoming changes in accounting policies for 2019**

IFRS 16 Leases

IFRS 16 'Leases' replaces existing guidance on leases, including IAS 17. The Company will implement IFRS 16 per 1 January 2019 by applying the modified retrospective method, meaning that the 2018 comparative numbers in the 2019 financial statements will not be restated. Under the new standard lease contracts will be recognised on the Company's balance sheet. Lease expenses currently recorded in the income statement will be replaced by depreciation and interest expenses for all lease contracts in scope of the standard.
The Company will apply the following practical expedients:
Recognition (permanent):

- apply the short-term (less than one year) and low value (less than ₦2 million) exemptions;
- apply the option to include non-lease components from the lease liability for equipment leases.

Transition:
- use the option to grandfather classlflcatlon as a lease for existing contracts
- use the transition option for leases with a remaining contract period of less than one year
- measure the Right-of-Use Asset based on the lease liability recognised

The Company has around 120 operating leases mainly relating to offices, warehouses, land and machineries. Based on the contracts that will be capitalised as per 1 January 2019, the estimated impact would be ₦794 million increase in total assets and total liabilities as a result of the recognition of the Right-of-Use assets and lease liabilities. For these contracts the cash flows from operating activities are expected to increase by ₦794 million with a corresponding decrease in cash flow from financing.The impact on tax, operating profit and net profit are estimated to be immaterial. This estimate only reflects the contracts to be capitalised as per 1 January 2019 and therefore does not include new leases in 2019. In addition, the potential impact of embedded leases is still under review.

Other standards and interpretations

The following new or amended standards are not expected to have a significant impact on the Company's consolidated financial statements:

- Classification and measurement of Share-based Payments (amendments to IFRS 2)
- Foreign Currency Transactions and Advance Consideration (IFRIC 22)

For the amendments on IFRS 9 and IAS 19 that may impact employee benefits, the Company is yet to assess the impact.

7. Revenue

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Nigeria	324,198,017	324,198,017	344,441,486	344,441,486
Export	190,483	190,483	121,031	121,031
	324,388,500	**324,388,500**	**344,562,517**	**344,562,517**

Nigeria is the Group/Company's primary geographical segment as over 99% of the Group/Company's sales are made in Nigeria. Additionally, all of the Group/Company's sales comprise of brewed products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

8. Other Income

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Sale of scrap	777,934	777,934	597,757	597,757
Management services	45,000	45,000	49,500	49,500
Gain on Sales - PP&E	62,430	62,430	21,279	21,279
Income from Insurance Claim	-	-	1,571,331	1,571,331
	885,364	**885,364**	**2,239,867**	**2,239,867**

9. Finance income and finance costs

(a) Finance income represents interest income earned on bank deposits.

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Interest income on bank deposits	361,923	361,923	172,074	172,074

(b) Finance cost represents charges paid on bank loans and overdraft facilities utilised during the year.

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Interest expense on loans and borrowings	5,184,639	5,252,013	4,069,920	4,132,915
Interest expense on overdraft	220,541	220,541	92,908	92,908
Unwinding of discount on employee benefits	1,837,429	1,837,429	1,471,342	1,471,342
Net change in fair value of Unrealised Hedge instruments:	-	-	-	-
Net loss on foreign exchange transactions*	648,910	648,910	5,028,906	5,028,906
Finance cost	**7,891,519**	**7,958,893**	**10,663,076**	**10,726,071**

9. Finance income and finance costs (cont')

(c) Interest expense in the statement of cash flows

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Finance cost per income statement	**7,891,519**	**7,958,893**	**10,663,076**	**10,726,071**
Unwinding of discount on employee benefits	(1,837,429)	(1,837,429)	(1,471,342)	(1,471,342)
Loss on foreign exchange	(648,910)	(648,910)	(5,028,906)	(5,028,906)
Interest expense cost per statement of cash flows	**5,405,180**	**5,472,554**	**4,162,828**	**4,225,823**
Interest accrual	(659,880)	(659,880)	(1,326,393)	(1,326,393)
Interest paid per statement of cash flows	**4,745,300**	**4,812,674**	**2,836,435**	**2,899,430**

10. Profit before taxation

(a) Profit before taxation is stated after charging/(crediting)

	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Depreciation of property, plant and equipment	14	29,499,038	29,494,038	32,691,135	32,686,134
Amortisation of intangible assets	15	1,358,353	1,358,353	1,435,727	1,435,727
Auditors' remuneration*		56,534	56,534	56,534	56,534
Personnel expenses	11	42,400,343	42,400,343	41,640,292	41,640,292
Directors' remuneration	10(b)	727,047	727,047	1,386,557	1,386,557
Gain on property, plant and equipment disposed		(465)	(465)	492,949	492,949
Lease rental payments	31	841,589	841,589	765,000	765,000
Royalty and technical assistance fees	34	7,644,465	7,644,465	8,943,880	8,943,880

* Apart from the statutory fee, Deloitte received ₦58.2 million (2017: - ₦49.4 million) for the audit for group reporting and ₦4.0 million (2017: - ₦4.0 million) quarterly certification of National Office for Technology Acquisition and Promotion (NOTAP) related payments.

(b) Remuneration, excluding certain benefits of Directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

Fees:	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Chairman (non-executive)*	2,800	2,800	2,540	2,540
Other non-executive Directors	14,060	14,060	13,317	13,317
	16,860	16,860	15,857	15,857
Other emoluments:				
Chairman (non-executive)	2,937	2,937	3,383	3,383
Other Non-executives Directors	19,165	19,165	24,412	24,412
	22,102	22,102	27,795	27,795
Remuneration as executive Directors	688,085	688,085	1,342,905	1,342,905
	727,047	**727,047**	**1,386,557**	**1,386,557**

The emolument (excluding pension contributions) of the highest paid Director was ₦190,465,528 (2017: ₦340,207,345).

10. Profit before taxation (b) (cont'd)

The number of other Directors (excluding the Chairman and highest paid Director) who received emoluments excluding were within the following ranges:

	Group 2018 Number	Company 2018 Number	Group 2017 Number	Company 2017 Number
₦300,001 - ₦4,000,000	3	3	-	-
₦4,000,001 - ₦30,000,000	7	7	8	8
₦30,000,001 and above	6	6	5	5

*Excluding cost for the Chairman's office

(c) **Analysis of expenses by nature**

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Raw materials and consumables	127,772,129	127,772,129	128,857,254	128,857,254
Advertising and sales promotion	23,704,811	23,704,811	22,438,092	22,438,092
Depreciation *	29,499,038	29,494,038	32,691,135	32,686,134
Amortisation	1,358,353	1,358,353	1,435,727	1,435,727
Employee benefits (see note 11)	42,400,343	42,400,343	41,640,292	41,640,292
Transportation	26,772,784	26,772,784	28,255,474	28,255,474
Repairs and maintenance	15,271,230	15,271,230	15,308,886	15,308,886
Royalty and technical service fees	7,644,465	7,644,465	8,943,880	8,943,880
Others	13,082,393	13,082,144	10,089,305	10,089,056
Total cost of sales, marketing & distribution and administration expenses	**287,505,546**	**287,500,297**	**289,660,045**	**289,654,795**

* A market loss of Returnable Packaging Material (RPM) is calculated with sufficient data for a reliable estimation and the respective release of deposit liability is recognised as a reduction of depreciation expenses.

11. Personnel expenses

(a) Staff costs including the provision for gratuity liabilities and other long term employee benefits:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Salaries, wages and allowance	31,527,145	31,527,145	30,054,342	30,054,342
Pension and Gratuity	4,688,806	4,688,806	4,530,258	4,530,258
Expenses related to defined benefit plans	45,714	45,714	74,457	74,457
Training, recruitment and canteen expenses	1,573,073	1,573,073	2,233,463	2,233,463
Share based payments expenses	676,877	676,877	436,198	436,198
Medical expenses	883,075	883,075	894,892	894,892
Other personnel expenses*	3,005,653	3,005,653	3,416,682	3,416,682
	42,400,343	**42,400,343**	**41,640,292**	**41,640,292**

* Other personnel expenses regard transportation benefits, cars, uniforms, relocation etc.

11. Personnel expenses (cont'd)

(b) The number of persons employed as at 31st December are:

	Group/Company 2018 Number	Group/Company 2017 Number
Production	1,482	1,626
Distribution	193	203
Commercial	851	917
General administration	457	582
	2,983	**3,328**

(c) Number of employees of the Company as at 31st December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group/Company 2018 Number	Group/Company 2017 Number
₦500,000 and below	1	16
₦500,001 - ₦600,000	0	-
₦600,000 - ₦700,000	0	1
₦700,001 - ₦800,000	0	4
₦800,001 - ₦900,000	1	-
₦900,001 - ₦1,000,000	0	1
₦1,000,001 - ₦1,100,000	0	2
₦1,100,001 - ₦1,200,000	4	11
₦1,200,001 - ₦1,300,000	1	-
₦1,300,001 - ₦1,400,000	1	2
₦1,400,001 - ₦1,500,000	1	1
₦1,500,001 - ₦1,600,000	1	-
₦1,600,001 - ₦1,700,000	1	1
₦1,700,001 - ₦1,800,000	2	1
₦1,800,001 - ₦1,900,000	1	4
₦1,900,001 - ₦2,000,000	2	-
₦2,000,001 - ₦2,250,000	2	12
₦2,250,001 - ₦2,500,000	21	82
₦2,500,001 - ₦2,750,000	67	206
₦2,750,001 - ₦3,000,000	142	173
₦3,000,001 - ₦3,500,000	323	620
₦3,500,001 - ₦4,000,000	534	468
₦4,000,001 - ₦5,000,000	603	486
₦5,000,001 - ₦6,000,000	281	312
₦6,000,001 - ₦8,000,000	419	355
₦8,000,001 - ₦10,000,000	138	133
₦10,000,001 - ₦15,000,000	234	228
₦15,000,001 - ₦20,000,000	98	96
₦20,000,001 - ₦30,000,000	70	68
₦30,000,001 and above	35	45
	2,983	**3,328**

12. Taxation

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Current tax expense				
Income tax	10,426,502	10,401,153	14,285,632	14,267,154
Tertiary education tax	1,035,673	1,035,673	1,325,309	1,325,309
	11,462,175	**11,436,826**	**15,610,941**	**15,592,463**
Deferred tax expense				
Origination and reversal of temporary differences	(1,478,167)	(1,478,167)	(2,029,442)	(2,029,442)
	9,984,008	**9,958,659**	**13,581,499**	**13,563,021**

(b) Reconciliation of effective tax rate

	%	Group 2018 ₦'000	%	Company 2018 ₦'000	%	Group 2017 ₦'000	%	Company 2017 ₦'000
Profit before income tax		29,421,952		29,359,828		46,630,058		46,572,313
Income tax using the statutory tax rate	30.0	9,060,819	30.0	9,035,470	30.0	13,990,172	30.0	13,971,694
Impact of tertiary education tax	2.0	587,379	2.0	587,379	2.0	931,446	2.0	931,446
Effect of tax incentives and exempted Income	(1.2)	(355,121)	(1.2)	(355,121)	(4.0)	(200,661)	(4.0)	(200,661)
Non-deductible expenses	0.6	186,927	0.6	186,927	4.0	203,146	4.0	203,146
Other items*	1.7	504,004	1.7	504,004	(2.9)	(1,342,604)	(2.9)	(1,342,604)
	33.1	**13,581,499**	**33.1**	**9,958,659**	**29.1**	**13,581,499**	**29.1**	**13,563,021**

*Other items relate mainly to additional deferred tax asset on Returnable Packaging Material (RPM).

(c) Movement in current tax liability

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Balance at 1st January	**19,606,270**	**19,553,190**	**19,024,168**	**18,989,567**
Payments during the year	(16,492,332)	(16,455,461)	(15,587,752)	(15,587,752)
Charge for the year	11,462,175	11,436,826	15,610,942	15,592,463
Reversal	2,907	2,907	558,912	558,912
Balance at 31st December				
	14,579,020	**14,537,462**	**19,606,270**	**19,553,190**

13. Earnings per share

(a) **Basic earnings per share**

Basic earnings per share of 248 kobo (2017: 414 kobo) is based on the profit attributable to ordinary shareholders of ₦19,861,349,000 (2017: ₦33,009,292,000), and on the 7,996,902,051 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2017: 7,964,580,401):

	Group 2018	Company 2018	Group 2017	Company 2017
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,964,580,401	7,964,580,401	7,929,100,888	7,929,100,888
Issued shares*	32,321,650	32,321,650	35,479,513	35,479,513
Weighted average number of ordinary shares at 31st December	**7,996,902,051**	**7,996,902,051**	**7,964,580,401**	**7,964,580,401**

* On 23rd June 2017, the Company issued 67,801,163 ordinary shares to shareholders as scrip dividend.

(b) **Diluted earnings per share**

Diluted earnings per share of 248 kobo (2017: 414 kobo) is based on the profit attributable to ordinary shareholders of ₦19,861,349,000 (2017: ₦33,009,292,000), and on the 7,996,902,051 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2017: 7,964,580,401) after adjustment for the effects of all dilutive potential ordinary shares:

	Group 2018	Company 2018	Group 2017	Company 2017
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,964,580,401	7,964,580,401	7,929,100,888	7,929,100,888
Issued shares	32,321,650	32,321,650	35,479,513	35,479,513
Weighted average number of ordinary shares at 31st December	**7,996,902,051**	**7,996,902,051**	**7,964,580,401**	**7,964,580,401**

(c) **Dividend declared per share**

Dividend declared per share of 373 kobo (2017: 358 kobo) is based on total declared dividend of ₦29,828,444,650 (2017: ₦28,453,982,337) and on 7,996,902,051 ordinary shares of 50 kobo each, being the ordinary shares in issue (2017: 7,996,902,051).

14. Property, plant and equipment

(a) The movement on these accounts during the year 2018 was as follows:

Group

	Leasehold Land ₦'000	Building ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at								
1st January 2018	**11,771,462**	**58,427,640**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,399**	**9,735,641**	**388,445,727**
Additions	305,553	1,865,551	4,651,161	4,987,450	2,646,798	15,170,539	8,463,364	38,090,416
Disposals	-	(69,870)	(2,874,481)	(1,564,921)	(1,172,906)	(708,346)	-	(6,390,524)
Transfers from Held for Sale	-	1,086,485	3,919,692	65,749	408,378	11,079	(5,526,377)	(34,994)
Transfers from Capital work-in-progress*	-	-	-	-	-	-	-	-
Balance at 31st December 2018	**12,077,015**	**61,309,806**	**175,294,944**	**22,122,324**	**25,596,237**	**111,037,671**	**12,672,628**	**420,110,625**
Depreciation and impairment								
Balance at 1st January 2018	**2,035,850**	**22,606,575**	**95,812,095**	**9,835,736**	**16,486,120**	**46,438,957**	**-**	**193,215,333**
Depreciation for the year	305,191	2,208,533	8,460,794	3,151,080	2,878,076	12,495,363	-	29,499,037
Disposals	-	(69,870)	(2,874,452)	(1,421,630)	(1,171,528)	(559,115)	-	(6,096,595)
Balance at 31st December 2018	**2,341,041**	**24,745,238**	**101,398,437**	**11,565,186**	**18,192,668**	**58,375,205**	**-**	**216,617,775**
Carrying amount								
At 31st December 2017	**9,735,612**	**35,821,065**	**73,786,477**	**8,798,310**	**7,227,847**	**50,125,442**	**9,735,641**	**195,230,394**
At 31st December 2018	**9,735,974**	**36,564,568**	**73,896,507**	**10,557,138**	**7,403,569**	**52,662,466**	**12,672,628**	**203,492,850**

*see note 15

14. Property, plant and equipment (cont'd)

(b) The movement on these accounts during the year 2018 was as follows:

Company

	Leasehold Land ₦'000	Building ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at 1st January 2018	**11,771,462**	**58,182,212**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,400**	**9,735,640**	**388,200,299**
Additions	305,553	1,865,551	4,651,161	4,987,450	2,646,798	15,170,539	8,463,364	38,090,416
Disposals	-	(69,870)	(2,874,481)	(1,564,921)	(1,172,906)	(708,346)	-	(6,390,524)
Transfers from Held for Sale	-	1,086,485	3,919,692	65,749	408,378	11,079	(5,526,377)	(34,994)
Transfers from Capital work-in-progress*	-	-	-	-	-	-	-	-
Balance at 31st December 2018	**12,077,015**	**61,064,378**	**175,294,944**	**22,122,324**	**25,596,237**	**111,037,672**	**12,672,627**	**419,865,197**
Depreciation and impairment								
Balance at 1st January 2018	2,035,850	22,541,147	95,812,094	9,835,736	16,486,120	46,438,958	-	193,149,905
Depreciation for the year	305,191	2,208,533	8,455,795	3,151,080	2,878,076	12,495,363	-	29,494,038
Disposals	-	(69,870)	(2,874,452)	(1,421,630)	(1,171,528)	(559,115)	-	(6,096,595)
Balance at 31st December 2018	**2,341,041**	**24,679,810**	**101,393,437**	**11,565,186**	**18,192,668**	**58,375,206**	**-**	**216,547,348**
Carrying amount								
At 31st December 2017	**9,735,612**	**35,641,065**	**73,786,478**	**8,798,310**	**7,227,847**	**50,125,441**	**9,735,641**	**195,050,394**
At 31st December 2018	**9,735,974**	**36,384,568**	**73,901,505**	**10,557,138**	**7,403,570**	**52,662,468**	**12,672,627**	**203,317,850**

*see note 15

14. Property, plant and equipment (cont'd)

(a) The movement on these accounts during the year 2017 was as follows:

	Leasehold Land ₦'000	Building ₦'000	Plant and Machinery ₦'000	Furniture Motor Vehicles ₦'000	Returning and Equipment ₦'000	Capital Packaging materials ₦'000	Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at 1st January 2017	**10,922,090**	**57,074,461**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,252,646**
Additions	231,967	206,902	2,313,960	3,999,595	2,318,107	18,841,112	6,986,844	34,898,487
Disposals	-	(145,345)	(2,118,907)	(6,169,001)	(1,326,344)	(5,386,989)	-	(15,146,586)
Transfers from Held for Sale	617,405	1,200,947	628,593	-	6,891	-	-	2,453,836
Transfers from Capital work-in-progress*	-	90,675	1,178,659	18,416	243,397	4,866	(1,548,669)	(12,656)
Balance at 31st December 2017	**11,771,462**	**58,427,640**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,399**	**9,735,641**	**388,445,727**
Depreciation and impairment								
Balance at 1st January 2017	**1,675,838**	**18,142,745**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,070,946**
Depreciation for the year	360,012	4,545,176	11,198,853	2,909,813	2,997,470	10,679,811	-	32,691,135
Disposals	-	(81,346)	(2,116,275)	(6,056,888)	(1,322,688)	(4,969,551)	-	(14,546,748)
Balance at 31st December 2017	**2,035,850**	**22,606,575**	**95,812,095**	**9,835,736**	**16,486,120**	**46,438,957**	**-**	**193,215,333**
Carrying amount								
At 31st December 2016	**9,246,252**	**38,931,716**	**80,866,750**	**7,802,225**	**7,660,578**	**42,376,713**	**4,297,466**	**191,181,700**
At 31st December 2017	**9,735,612**	**35,821,065**	**73,786,477**	**8,798,310**	**7,227,847**	**50,125,442**	**9,735,641**	**195,230,394**

*see note 15

14. Property, plant and equipment (cont'd)

(b) The movement on these accounts during the year 2017 was as follows:

Company

	Leasehold Land ₦'000	Building ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at								
1st January 2017	**10,922,090**	**56,829,033**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,007,218**
Additions	231,967	206,902	2,313,960	3,999,595	2,318,107	18,841,112	6,986,844	34,898,487
Disposals	-	(145,345)	(2,118,907)	(6,169,001)	(1,326,344)	(5,386,989)	-	(15,146,586)
Transfers from Held for Sale	617,405	1,200,947	628,593	-	6,891	-	-	2,453,836
Transfers from Capital work-in-progress*	-	90,675	1,178,659	18,416	243,397	4,866	(1,548,669)	(12,656)
Balance at 31st December 2017	**11,771,462**	**58,182,212**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,399**	**9,735,641**	**388,200,299**
Depreciation and impairment								
Balance at 1st January 2017	**1,675,838**	**18,082,317**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,010,518**
Depreciation for the year	360,012	4,540,176	11,198,852	2,909,813	2,997,470	10,679,811	-	32,686,134
Disposals	-	(81,346)	(2,116,275)	(6,056,888)	(1,322,688)	(4,969,550)	-	(14,546,747)
Balance at 31st December 2017	**2,035,850**	**22,541,147**	**95,812,094**	**9,835,736**	**16,486,120**	**46,438,958**	**-**	**193,149,905**
Carrying amount								
At 31st December 2016	**9,246,252**	**38,746,716**	**80,866,750**	**7,802,225**	**7,660,578**	**42,376,713**	**4,297,466**	**190,996,700**
At 31st December 2017	**9,735,612**	**35,641,065**	**73,786,478**	**8,798,310**	**7,227,847**	**50,125,441**	**9,735,641**	**195,050,394**

*see note 15

(c) **Capital Work in Progress**
Closing balance of Capital Work in Progress is analysed as follows:

	Company 2018 ₦'000	Company 2017 ₦'000
Plant and Machinery	8,143,009	8,270,022
Buildings	711,600	662,655
Others	3,818,018	802,964
	12,672,627	**9,735,641**

14. Property, plant and equipment (cont'd)

(d) **Capital commitments**

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

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Approved and contracted	7,122,787	7,122,787	4,625,530	4,625,530
Approved but not contracted	12,462,342	12,462,342	10,711,250	10,711,250
	19,585,129	**19,585,129**	**15,336,780**	**15,336,780**

(e) **Assets held for sale**

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Cost	-	-	2,453,836	2,453,836
Carrying amount	-	-	2,453,836	2,453,836
Transfer to PP&E	-	-	(2,453,836)	(2,453,836)
Carrying amount	-	-	-	-

(f) **Additions in statement of cash flows**

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Additions per note 14 a - b	38,090,416	38,090,416	34,898,487	34,898,487
PP&E in transit*	(7,851,036)	(7,851,036)	(2,776,909)	(2,776,909)
Acquisition of PPE per statement of cash flows	**30,239,380**	**30,239,380**	**32,121,578**	**32,121,578**

*PP&E in transit relates to purchases which the Company has control but not yet available for use.

15. Intangible assets and goodwill

(a) The movement on these accounts during the year 2018 was as follows:

Group/Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Work in Progress ₦'000	Total ₦'000
Gross Book Value					
Balance at 1st January 2018	**84,722,719**	**2,461,491**	**17,381,436**	**-**	**104,565,646**
Additions	-	48,140	-	133,762	181,902
Disposals	-	-	-	-	-
Transfers from PP&E (note 14)	-	34,993	-	-	34,993
Balance at 31st December 2018	**84,722,719**	**2,544,624**	**17,381,436**	**133,762**	**104,782,541**
Amortisation					
Balance at 1st January 2018	**-**	**1,955,244**	**4,333,236**	**-**	**6,288,480**
Amortisation for the year	-	199,573	1,158,780	-	1,358,353
Disposal	-	-	-	-	-
Balance at 31st December 2018	**-**	**2,154,817**	**5,492,016**	**-**	**7,646,833**
Carrying amount					
At 31st December 2017	**84,722,719**	**506,247**	**13,048,200**	**-**	**98,277,166**
At 31st December 2018	**84,722,719**	**389,807**	**11,889,420**	**133,762**	**97,135,708**

(b) The movement on these accounts during the year 2017 was as follows:

Group/Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Work in Progress ₦'000	Total ₦'000
Gross Book Value					
Balance at 1st January 2017	**84,722,719**	**2,488,007**	**17,381,436**	**-**	**104,592,162**
Additions	-	222,409	-	-	222,409
Disposals	-	(261,581)	-	-	(261,581)
Transfers from PP&E (note 14)	-	12,656	-	-	12,656
Balance at 31st December 2017	**84,722,719**	**2,461,491**	**17,381,436**	**-**	**104,565,646**
Amortisation					
Balance at 1st January 2017	-	1,939,878	3,174,455	-	5,114,333
Amortisation for the year	-	276,946	1,158,781	-	1,435,727
Disposal	-	(261,580)	-	-	(261,580)
Balance at 31st December 2017	**-**	**1,955,244**	**4,333,236**	**-**	**6,288,480**
Carrying amount					
At 31st December 2016	**84,722,719**	**548,129**	**14,206,981**	**-**	**99,477,826**
At 31st December 2017	**84,722,719**	**506,247**	**13,048,200**	**-**	**98,277,166**

15. Intangible assets and goodwill (cont'd)

(c) The amortisation charge of all intangible assets is included in administrative expenses in the income statement.

(d) Effective 31st December 2014, Nigerian Breweries Plc acquired all the shares of Consolidated Breweries Plc through an effected Scheme of Merger. The goodwill arising from this transaction represents synergies that can be derived from increased economies of scale, deepened brand portfolio, access to new markets and enhanced operating and administrative efficiencies.

Effective 17th October 2011, Nigerian Breweries Plc acquired Sona Systems Associates Business Management Limited and Life Breweries Company Limited from Heineken International B.V.. The goodwill arises from numerous synergies that can be harnessed from the breweries acquired to maximise value for the Company's shareholders and other stakeholders.

For the purpose of impairment testing, goodwill is allocated to the Company as the Cash Generating Unit (CGU), which represents the lowest level at which the goodwill is monitored for internal management purpose.

Goodwill is tested for impairment annually. Impairment is determined by comparing the carrying amount of the (CGU) (including goodwill) with the recoverable amount. The recoverable amount of the CGU is the higher of the value in use and the fair value less cost of disposal. The value in use was determined on a similar basis. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a three year business plan. Cash flows for a further seven year period were extrapolated using expected annual volume growth rates. Management believes that this forecast period is justified due to the long-term nature of the brewery business and past experiences.
- The revenue growth per year after the first three year period is assumed to be at the expected annual long-term inflation, based on external sources.
- A pre-tax Weighted Average Cost of Capital (WACC) was applied in determining the recoverable amount of the unit. The WACC represents the Group/Company's weighted average cost of capital.

The values assigned to the key assumptions (level 2 Inputs) used for the value in use calculations are as follows:

	2018	2017
- Pre-tax WACC -	19.82%	20.40%
- Terminal growth rate	(2027 and onwards) - 0%	(2027 and onwards) - 0%
- Expected volume growth rates	(2019 - 2023) - 2.31%	(2018 - 2022) - 4.61%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). Management's estimate of the fair value less cost to sell is based on the market capitalisation which is dependent on the Company's share price.

The useful life of Goodwill at the reporting date is assessed to be indefinite with no impairment losses.

16. Investments

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Progress Trust (CPFA)	150,000	150,000	150,000	150,000
Benue Bottling Company Limited	-	679,625	-	679,625
Investments	**150,000**	**829,625**	**150,000**	**829,625**

(a) **Progress Trust (CPFA)**

"Investment of ₦150 million represents the cost of the Group/Company's 100% equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension Commission to conduct the business of a closed pension fund administrator and manages the pension and gratuity funds of employees and former employees of Nigerian Breweries. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom) rather than by voting rights and the funds are managed in accordance with the Pencom guidelines. The benefits arising from the activities of Progress Trust (CPFA) Limited accrue principally to members of the pension and gratuity schemes and the Group/Company has no exposure to variable returns arising from its involvement.

The Group/Company's residual interest in Progress Trust (CPFA) Limited is immaterial. The funds and assets of both the pension and defined contribution gratuity scheme are held by an Independent Licensed Pension Fund Custodian in line with the Pension Reform Act, 2014. As a result of the above, Progress Trust (CPFA) Limited has not been consolidated."

The Company supports the sourcing of resources to Progress Trust (CPFA) Limited at cost and intends to continue to provide support into the future.

(b) **Benue Bottling Company Limited**

Through the effected merger with Consolidated Breweries on 31st December 2014 the Company obtained an 89.3% shareholding in Benue Bottling Company Limited, an entity with no business activities. The Investment of ₦679.6 million represents the Company's historical cost of the 89.3% share in the equity of Benue Bottling Company Limited as at 31st December 2018 (2017: ₦679.6 million).

17. Other receivables

Non-current other receivables of ₦1,091 million (2017: ₦552 million) represent loans granted to the Company's employees, which are secured by the employees' retirement benefit obligations. At the year end, the current portion of other receivables amounting to ₦610 million (2017: ₦182 million) was reclassified to current asset and included in trade and other receivables on the statement of financial position (note 20).

18. Prepayments

Non-current - (₦538 million (2017: ₦526 million) and current prepayments - ₦1,356 million (2017: ₦1,038 million) mainly represent rental expenses prepaid by the Company.

19. Inventories

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Raw materials	8,360,987	8,360,987	17,561,707	17,561,707
Products in process	1,494,235	1,494,235	2,377,722	2,377,722
Finished products	6,959,190	6,959,190	7,667,094	7,667,094
Non-returnable packaging materials	4,978,529	4,978,529	6,020,382	6,020,382
Spare parts	8,086,890	8,086,890	5,740,475	5,740,475
Goods in transit	2,626,993	2,626,993	3,361,482	3,361,482
	32,506,824	**32,506,824**	**42,728,862**	**42,728,862**

20. Trade and other receivables

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Trade receivables	21,874,589	21,874,589	13,137,794	13,137,794
Advances*	8,535,033	8,535,033	3,802,857	3,802,857
Other receivables	4,207,616	4,207,616	1,944,447	1,944,447
Due from related parties	536,213	536,213	1,499,014	1,499,014
	35,153,451	**35,153,451**	**20,384,112**	**20,384,112**

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 30(a).
* Advances include Other Assets amounting to ₦0.6 billion (2017: Nil).

21. Deposit for imports

Deposits for imports represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards, as well as futures. All related to imported raw materials, spare parts and machinery.

22. Cash and cash equivalents

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Bank balances	14,292,441	14,291,263	15,730,855	15,729,677
Call deposits	506,297	506,297	134,528	134,528
Cash in hand	(5,472)	(5,472)	1,571	1,571
Cash and Bank	**14,793,266**	**14,792,088**	**15,866,954**	**15,865,776**
Bank Overdraft	(1,469,810)	(1,469,810)	(470,930)	(470,930)
	(1,469,810)	**(1,469,810)**	**(470,930)**	**(470,930)**
Cash and cash equivalents in the statement of cash flows	**13,323,456**	**13,322,278**	**15,396,024**	**15,394,846**

23. Share capital

(a) Authorised ordinary shares of 50k each

In number of shares

	Company 2018	Company 2017
In number of shares		
At 1st January	7,996,902,051	7,929,100,888
Share issuance	-	67,801,163
At 31st December	**7,996,902,051**	**7,996,902,051**
In Naira	₦	₦
At 1st January	3,998,451	3,964,550
Share issuance	-	33,901
Share Value in Naira	**3,998,451**	**3,998,451**

All shares rank equally with regard to the Company's residual assets.
The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

24. Dividends

(a) **Declared dividends**
The following dividends were declared and paid by the Company during the year:

	Company 2018 ₦'000	Company 2017 ₦'000
60 kobo Interim dividend declared (2017: 100 kobo)	4,798,141	7,996,902
313 kobo per qualifying ordinary share (2017: 258 kobo)	25,030,303	20,457,080
	29,828,444	**28,453,982**

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	Company 2018 ₦'000	Company 2017 ₦'000
183 kobo per qualifying ordinary share (2017: 313 kobo)	**14,603,028**	**25,030,303**

24. Dividends (cont'd)

(b) **Dividend payable**

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
At 1st January	8,028,742	8,028,742	12,676,038	12,676,038
Declared dividend (note 24 a)	29,828,444	29,828,444	28,453,982	28,453,982
Payments paid (Cash)	(29,533,909)	(29,533,909)	(24,038,861)	(24,038,861)
Payments paid (Bonus)	-	-	(8,854,154)	(8,854,154)
Unclaimed dividend transferred to retained earnings	(391,518)	(391,518)	(208,263)	(208,263)
At 31st December	**7,931,759**	**7,931,759**	**8,028,742**	**8,028,742**

(i) Unclaimed dividend transferred to general reserve represents dividend which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with Section 383 of CAMA.

(ii) As at 31st December 2018, ₦1.7 billion (2017: ₦1.4 billion) of the total dividend payable is held with the Company's registrar, First Registrars and Investor Services Limited. The remaining dividend payable of ₦6.2 billion (2017: ₦6.6 billion) holds ₦6.5 million (2017: Nil) due to foreign shareholders. The total remaining balance of ₦5.6 billion represents unclaimed dividends, which have been returned to the Company by the Registrar.

25. Loans and Borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. The borrowings are unsecured. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 30.

(a)

	Group 2018 ₦'000	Non Current Company 2018 ₦'000	Group 2017 ₦'000	Non Current Company 2017 ₦'000
At 1st January	8,000,000	8,000,000	17,000,000	17,000,000
Reclassification of 2017 interest payables (d)	1,326,393	1,326,393	-	-
Bank Loan Obtained/(repaid) during the year	31,801,172	31,801,172	(9,000,000)	(9,000,000)
At 31st December	**41,127,565**	**41,127,565**	**8,000,000**	**8,000,000**

(b) The Company has revolving credit facilities with five Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks range from ₦6 billion to ₦15 billion (total of ₦66 billion). Each of the agreements were signed in 2016 with a tenor of five years.

(c) The Bank of Industry (BoI), a Government Parastatal, provides mid to long term financing for establishment, expansion or diversification of large, medium and small projects which may be new or existing. The Company obtained Capital and Working capital finance from the BoI during the year. The loan has been recognised at fair value in line with the provisions of IAS 20. Included in Bank Loan obtained/(repaid) during the year is related deferred income amounting to ₦2.5 billion (2017: Nil), of which ₦95 million has been released to income statement in 2018 (2017: Nil), in accordance to our accounting policies on Note 3(r).

(d) In 2017, the interest payable balance related to Loans and Borrowings was disclosed as part of Trade and Other Payables. This has been reclassified to Loans and Borrowings in 2018.

26. Employee Benefits

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Recognised liability for defined benefit obligation (Note 26 a)	13,016,781	13,016,781	10,122,143	10,122,143
Recognised liability for other long term employee benefits (Note 26 b)	3,040,172	3,040,172	3,087,694	3,087,694
Total employee benefit liabilities	**16,056,953**	**16,056,953**	**13,209,837**	**13,209,837**

(a) Movement in the present value of the defined benefit obligation

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Defined benefit obligations at 1st January	10,122,143	10,122,143	7,580,834	7,580,834
Benefits paid by the plan	(772,693)	(772,693)	(718,305)	(718,305)
Current service costs and interest (see below)	1,562,936	1,562,936	1,188,645	1,188,645
Actuarial (gains) and losses recognised in other comprehensive income (see note (f))	2,104,395	2,104,395	2,070,969	2,070,969
Defined benefit obligations at 31st December	**13,016,781**	**13,016,781**	**10,122,143**	**10,122,143**

In 2011, the Company introduced a post-employment medical benefit for pensioners and employees on the defined benefit gratuity scheme including their spouses. The liability for this scheme in the current year amounted to ₦8.1 billion (2017: ₦4.9 billion). Defined benefit expense recognised in income statement for defined benefit obligation.

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Current service costs	146,181	146,181	74,457	74,457
Interest on obligation	1,416,755	1,416,755	1,114,188	1,114,188
	1,562,936	**1,562,936**	**1,188,645**	**1,188,645**

(b) Movement in other long-term employee benefits

The movement on the long service awards benefit plan liability during the year was as follows:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Obligation at 1st January	3,087,694	3,087,694	2,520,231	2,520,231
Charge for the year	786,806	786,806	1,172,419	1,172,419
Payments	(834,327)	(834,327)	(604,956)	(604,956)
Obligation at 31st December	**3,040,173**	**3,040,173**	**3,087,694**	**3,087,694**

26. Employee Benefits (cont'd)

Defined benefit expense recognised in the income statement for long service awards obligation.

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Current and past service costs	301,881	301,881	308,105	308,105
Interest on obligation	420,674	420,674	353,333	353,333
Actuarial (gains)/Losses	64,251	64,251	510,981	510,981
	786,806	**786,806**	**1,172,419**	**1,172,419**

(c) **The movement on the defined contribution plan obligation during the year was as follows:**

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Obligation at 1st January	165,624	165,624	89,020	89,020
Charge for the year	2,000,594	2,000,594	1,946,341	1,946,341
Payments	(1,817,717)	(1,817,717)	(1,869,737)	(1,869,737)
Obligation at 31st December	**348,501**	**348,501**	**165,624**	**165,624**

The obligation represents the amount yet to be remitted at the year end to the defined benefit contribution plan and has been included in non-trade and accrued expenses (note 29 a).

(d) **Pension payable**

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

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Obligation at 1st January	1,406	1,406	21,176	21,176
Charge for the year	2,467,960	2,467,960	2,457,576	2,457,576
Payments	(2,469,366)	(2,469,366)	(2,477,346)	(2,477,346)
Obligation at 31st December	**-**	**-**	**1,406**	**1,406**

26. Employee Benefits (cont'd)

(e) The employee benefits related expense are recognised in the following line items in the income statement:

	Cost of sales		Marketing		Administrative expenses		Total	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Defined benefit obligation expense	64,610	32,909	50,189	25,564	31,381	15,984	146,181	74,457
Pension expense	1,090,827	1,086,238	847,332	843,767	529,800	527,571	2,467,960	2,457,576
Defined contribution plan	884,255	860,275	686,870	668,243	429,470	417,823	2,000,594	1,946,341
Long Service award expense	347,765	518,204	270,136	402,530	168,905	251,685	786,806	1,172,419
	2,387,457	**2,497,626**	**1,854,527**	**1,940,104**	**1,159,556**	**1,213,063**	**5,401,541**	**5,650,793**

The Company included ₦1.8 billion (2017: ₦1.5 billion) of unwinding of discount relating to its employee benefits in finance costs (note 9b). The Company expects to pay about ₦672 million in respect of its defined benefit obligation in 2018.

(f) Actuarial gains and losses on defined benefit obligation are recognised in other comprehensive income. The movement on the cumulative amount included in retained earnings as at the year-end was as follows:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Cumulative amount at 1st January	**4,056,967**	**4,056,967**	**2,607,289**	**2,607,289**
Loss/(Gain) Recognised during the year	2,104,395	2,104,395	2,070,969	2,070,969
Deferred tax	(631,319)	(631,319)	(621,291)	(621,291)
Recognised during the year net of tax	1,473,076	1,473,076	1,449,678	1,449,678
Amount accumulated in retained earnings at 31st December	**5,530,043**	**5,530,043**	**4,056,967**	**4,056,967**

The Company recognised ₦2.1 billion (2017 ₦2.0 billion gains) of actuarial losses in other comprehensive income during the period in respect of its defined benefit obligations. These losses primarily relate to the changes in observed salary increases, changes in benefits payments and the change in discount rate. The actuarial gains and loses recognised during the year are analysed as follows:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Demographic Assumptions (gains)/Losses	-	-	526,241	526,241
Financial assumption - (gains)/Losses	(1,003,793)	(1,003,793)	637,968	637,968
Experience Assumption - (gains)/Losses	3,108,188	3,108,188	906,760	906,760
Recognised during the year	**2,104,395**	**2,104,395**	**2,070,969**	**2,070,969**

26. Employee Benefits (cont'd)

(g) **Actuarial assumptions**
Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Discount rate (p.a.)	15.0%	15.0%	14.5%	14.5%
Average pay increase (p.a.)	12.5%	12.5%	12.5%	12.5%
Average rate of inflation (p.a.)	14.5%	14.5%	14.5%	14.5%
Weighted average duration of the plan (years)	8	8	9	9
Average medical rate of inflation	5.00%	5.00%	5.00%	5.00%

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK as follows:

Mortality in service

Sample age	2018 Number of deaths in year out of 10,000 lives	2017 Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Mortality in Retirement

Expectation of Life (Completed years)

Sample age	Management	Non-Management	PA 90
50	29	28	27
55	24	24	22
60	20	20	19
65	17	16	15
70	13	13	12
75	10	9	9

Mortality in service

Sample age	2018 Number of deaths in year out of 10,000 lives	2017 Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

26. Employee Benefits (cont'd)

(g) **Actuarial assumptions** (cont'd)

Mortality in Retirement

Expectation of Life (Completed years)

Sample age	Management	Non-Management	PA 90
50	29	28	27
55	24	24	22
60	20	20	19
65	17	16	15
70	13	13	12
75	10	9	9
80	6	6	7

Withdrawals/Turnover
It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2017: age 60).

(h) **Sensitivity analysis**
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		Long Service Awards ₦'000	Unfunded Retirement Benefit ₦'000	Post employment medical benefit ₦'000
Discount rate	+0.25%	(37,829)	(70,716)	(103,625)
	-0.25%	41,650	78,663	121,179
	+0.50%	(75,660)	(141,432)	(207,250)
	-0.50%	83,300	157,327	242,358
Salary increase	+0.25%	35,183	N/A	N/A
	-0.25%	(32,475)		
	+0.50%	70,366	N/A	N/A
	-0.50%	(64,951)		
Benefit Inflation rate	+0.25%	5,530	85,351	131,772
	-0.25%	(5,170)	(77,456)	(113,243)
	+0.50%	11,060	170,702	263,544
	-0.50%	(10,339)	(154,912)	(226,486)
Mortality experience	+1	3,930	114,733	81,764
	-1	(4,436)	(120,358)	(84,596)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

27. Share-based payment

Since the 1st of January 2006 Heineken N.V, the parent Company, established a share based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (equity-settled) as a capital contribution from Heineken N.V, over the period that the employees become unconditionally entitled to the share rights. All equity settled share based payment transactions are accounted for in the share based payment reserve account.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognised in respect of the share-based payment.

All rights are to be settled by delivery of shares. The terms and conditions relating to the grants of the rights are as follows:

Grant date/employees entititled	Number*	Based on share price (Euro)	Vesting conditions	Contractual life of rights
Share rights granted to key management personnel in 2016	12,177	78.77	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2017	12,029	71.26	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2018	3,698	86.93	Continued service, 100% internal performance conditions	3 years

* The number of shares is based on target performance.

The number and weighted average share price per share is as follows:

	Weighted average share price (Euro) 2018	Number of share rights 2018	Weighted average share price (Euro) 2017	Number of share rights 2017
Outstanding at 1st January	69.68	37,110	60.51	34,327
Granted during the year	86.93	3,698	71.26	12,029
Vested during the year	87.30	(11,606)	49.08	(20,284)
Forfeited during the year	-	(1,951)	63.59	(3,423)
Performance adjustment	-	(2,204)		14,461
Outstanding as at 31st December	77.20	25,047	69.68	37,110

Employee expenses	**2018 ₦'000**	**2017 ₦'000**
Share rights granted in 2015		-
Share rights granted in 2016	270,751	160,651
Share rights granted in 2017	234,913	148,435
Share rights granted in 2018	171,212	127113
Total expense/(income) recognised as employee costs	**676,876**	**436,199**

28. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group/Company	Assets		Liabilities		Net	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Property, plant and equipment	-	-	(26,009,305)	(27,813,718)	(26,009,305)	(27,813,718)
Intangible assets	-	-	(3,436,720)	(3,453,695)	(3,436,720)	(3,453,695)
Inventories	352,794	396,950	-	-	352,794	396,950
Employee benefits	5,285,979	3,962,951	-	-	5,285,979	3,962,951
Other items	(747,219)	240,648	-	-	(747,219)	240,648
Net tax assets/(liabilities)	**4,891,554**	**4,600,549**	**(29,446,025)**	**(31,267,413)**	**(24,554,471)**	**(26,666,864)**

Movement in temporary differences during the year

	Balance 1st Jan 2017 ₦'000	Income Statement and OCI ₦'000	Balance 31st Dec 2017 ₦'000	Income Statement and OCI ₦'000	Balance 31st Dec. 2018 ₦'000
Property, plant and equipment	(31,285,603)	3,471,885	(27,813,718)	1,804,413	(26,009,305)
Intangible assets	(3,746,637)	292,942	(3,453,695)	16,975	(3,436,720)
Inventories	258,661	138,289	396,950	(44,156)	352,794
Employee benefits	2,621,407	1,341,544	3,962,951	1,323,028	5,285,979
Other items	2,275,664	(2,035,016)	240,648	(987,867)	(747,219)
Net tax assets/(liabilities)	**(29,876,508)**	**3,209,645**	**(26,666,864)**	**2,112,393**	**(24,554,471)**

The net movement during the year ended 31st December 2018, includes a debit amount of ₦631 million (2017: debit ₦621 million) recorded in other comprehensive income as deferred tax on employee benefits.

29. Trade and other payables

(a)

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Trade payables and related accrued expense	44,660,027	45,389,551	38,898,324	39,597,344
Deposit for RPM*	29,920,614	29,920,614	29,930,949	29,930,949
Non-trade payables and accrued expenses (c)	23,197,348	23,197,097	23,234,670	23,234,670
Amount due to related parties	16,373,872	16,373,872	35,883,080	35,883,080
	114,151,861	**114,881,134**	**127,947,023**	**128,646,043**

* Returnable Packaging Material

(b) Reconciliation of changes in trade and other payables included in consolidated statement of cash flows:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Movement in trade and other payables	(12,468,772)	(12,438,519)	16,762,710	16,825,456
Accrued additions to PP&E	(7,851,036)	(7,851,036)	(2,776,909)	(2,776,909)
Interest accrual	(659,880)	(659,880)	(1,326,393)	(1,326,393)
VAT paid	13,671,882	13,671,882	14,571,625	14,571,625
Changes in trade and other payables per statement of cash flows	**(7,307,806)**	**(7,277,553)**	**27,231,033**	**27,293,779**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28(b).

(c) In 2017, the interest payable balance related to Loans and Borrowings was disclosed as part of Trade and Other Payables. This has been reclassified to Loans and Borrowings in 2018. See Note 25.

30. Financial instruments - financial risk management and fair values

The Company has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Operational risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management framework

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

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

The Company's Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company at Assurance meetings.

30. Financial instruments - financial risk management and fair values (cont'd)

(a) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Other receivables (non-current)	17	662,022	662,022	551,862	551,862
Trade and other receivables	20	35,153,451	35,153,451	20,384,112	20,384,112
		35,815,473	**35,815,473**	**20,935,974**	**20,935,974**
Cash and bank	22	14,793,266	14,792,088	15,866,954	15,865,776
		50,608,739	**50,607,561**	**36,802,928**	**36,801,750**

Trade and other receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes specified cash deposits by new customers. Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Credit Committee reviews each customer's credit limit in line with the customers' performance in the preceding quarter and perceived risk factor assigned to the customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a key distributor or retail distributor, geographic location, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers with no trading activities for a period of up to one year are placed on a dormant customer list, and future sales are made on a prepayment basis only with approval of management.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, customers with outstanding amounts but have not placed orders/traded for a prolonged period of time (usually one year) and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

30. Financial instruments - financial risk management and fair values (cont'd)

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

	2018 ₦'000	2017 ₦'000
Trade receivables		
- Major customers	23,430,026	14,946,630
- Other customers	2,596,497	1,656,374
- Impairment	(4,151,934)	(3,465,210)
	21,874,589	**13,137,794**
Non-trade receivables		
- Other receivables (non-current)	662,024	551,862
- Due from related parties	536,213	1,499,014
- Advances	8,535,034	3,802,857
- Others	4,207,615	1,944,447
	13,940,886	7,798,180
	35,815,475	**20,935,974**

Impairment losses

The aging of trade receivables for the Group and Company at the reporting date was:

	Gross 2018 ₦'000	Impairment 2018 ₦'000	Gross 2018 ₦'000	Impairment 2018 ₦'000
0-30 days	20,808,998	-	13,274,607	-
31-60 days	189,398	47,349	120,822	30,206
61-180 days	343,875	257,907	219,367	164,525
More than 180 days	4,684,252	3,846,678	2,988,208	3,270,479
	26,026,523	**4,151,934**	**16,603,004**	**3,465,210**

	Gross 2018 ₦'000	Impairment 2018 ₦'000	Gross 2018 ₦'000	Impairment 2018 ₦'000
0-30 days	20,808,998	-	13,274,607	-
31-60 days	189,398	47,349	120,822	30,206
61-180 days	343,875	257,907	219,367	164,525
More than 180 days	4,684,252	3,846,678	2,988,208	3,270,479
	26,026,523	**4,151,934**	**16,603,004**	**3,465,210**

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

	2018 ₦'000	2017 ₦'000
Balance at 1st January	(3,465,210)	(3,024,916)
Impairment loss recognised	(686,724)	(440,294)
Balance at 31st December	**(4,151,934)**	**(3,465,210)**

30. Financial instruments - financial risk management and fair values (cont'd)

The impairment loss as at 31st December 2018 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings. The impairment loss is included in administrative expenses in profit or loss.

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due by up to 30 days. The Company's non-trade receivables are due from parties with no history of credit default. There has been no impairment losses incurred by the Company in respect of amounts due from the relevant parties. Accordingly, management considers the amounts due from the relevant parties at year end as recoverable.

Cash and bank

The Group/Company held cash and bank of ₦15.6 billion as at 31st December 2018 (2017: ₦15.9 billion), which represents its maximum credit exposure on these assets. The Company mitigates its credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

(b) **Liquidity risk**

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

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks which can be utilised to meet its liquidity requirements.

Typically the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

Group	**Carrying amount ₦'000**	**Contractual cash flows ₦'000**	**6 months or less ₦'000**	**12-Jun months ₦'000**
Non-derivative financial liabilities				
31st December 2018				
Unsecured bank loans	26,350,353	26,990,940	26,990,940	-
Secured with Bank Guarantee	10,000,000	14,058,591	520,890	805,361
Secured with Bank Guarantee	5,000,000	6,222,503	641,985	1,108,280
Bank overdraft	1,469,810	1,469,810	1,469,810	-
Dividend payable	7,931,759	7,931,759	7,931,759	-
Trade and other payables	114,151,861	114,151,861	114,151,861	-
	164,903,783	**170,825,464**	**151,707,245**	**1,913,641**

Company	**Carrying amount ₦'000**	**Contractual cash flows ₦'000**	**6 months or less ₦'000**	**12-Jun months ₦'000**
Non-derivative financial liabilities				
31st December 2018				
Unsecured bank loans	26,350,353	26,990,940	26,990,940	-
Secured with Bank Guarantee	10,000,000	14,058,591	520,890	805,361
Secured with Bank Guarantee	5,000,000	6,222,503	641,985	1,108,280
Bank overdraft	1,469,810	1,469,810	1,469,810	-
Dividend payable	7,931,759	7,931,759	7,931,759	-
Trade and other payables	114,881,134	114,881,134	114,881,134	-
	165,633,056	**171,554,737**	**152,436,518**	**1,913,641**

30. Financial instruments - financial risk management and fair values (cont'd)

Group	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	12-Jun months ₦'000
Non-derivative financial liabilities				
31st December 2017				
Unsecured bank loans	9,326,393	9,822,009	9,822,009	-
Bank overdraft	470,930	470,930	470,930	-
Dividend payable	8,028,742	8,028,742	8,028,742	-
Trade and other payables	127,947,023	127,947,023	127,947,023	-
	145,773,088	**146,268,704**	**146,268,704**	**-**

Company	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	12-Jun months ₦'000
Non-derivative financial liabilities				
31st December 2017				
Unsecured bank loans	9,326,393	9,822,009	9,822,009	-
Bank overdraft	470,930	470,930	470,930	-
Dividend payable	8,028,742	8,028,742	8,028,742	-
Trade and other payables	128,646,043	128,646,043	128,646,043	-
	146,472,108	**146,967,724**	**146,967,724**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. However, as disclosed in note 25, the Company may, by 5 days written notice prior to the final maturity date of the unsecured bank loans, rollover any outstanding loans. If this written notice is not provided as required, the payment of any outstanding loan amount may fall due immediately on maturity.

The Company has contingent liabilities in respect of guarantees provided to certain bankers relating to loans obtained by the staff from the banks amounted to ₦3,730,204,179 (2017: ₦3,754,195,156), which represents its maximum liquidity exposure. The guarantee provided by the Company is backed by the employees' gratuity.

(c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low through various cost optimisation programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

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

In 2018, the year-end exchange rate of the Naira against the US dollar at the NIFEX which was the primary market utilised by the Company moved to approximately ₦360 vs the year-end 2017 rate of ₦332. This devaluation had negative translational and transactional impact on the Company's financial statements. With the cessation in the publication of NIFEX effective 31st December 2018, the Company will, apply the Nigerian Autonomous Foreign Exchange Fixing in the translation of transactions denominated in foreign currencies.

30. Financial instruments - financial risk management and fair values (cont'd)

(c) **Market risk** (cont'd)

In managing foreign currency risk, the Company aims to ensure the availability of these foreign currencies and to reduce the impact of short-term fluctuations on earnings. The Company participates in financial instruments provided by the Central Bank of Nigeria including forward contracts and futures. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, will have an impact on profit.

Exposure to currency risk
The Company's transactional exposure to British Pounds (GBP), US Dollar (USD) and Euro (EUR) is as follows:

	31st December 2018			31st December 2017		
In thousands	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial asset						
Group receivables	477	19	80	577	19	9
Cash and cash equivalent	209	118	975	146	124	971
Deposit for imports	-	-	6,887	-	-	20,183
Financial liability						
Group payables	(21,896)	-	(34)	(81,140)	-	(2,665)
Trade Payables	(67)	(54)	417	(1,444)	(235)	(129)
Net exposure	(21,277)	83	8,325	(81,861)	(92)	18,369

	Increase/(decrease) in profit or loss ₦'000
31st December 2018	
EUR (5 percent weakening of the Naira)	(437,803)
GBP (5 percent weakening of the Naira)	1,901
USD (5 percent weakening of the Naira)	149,551
31st December 2017	
EUR (5 percent weakening of the Naira)	(1,630,712)
GBP (5 percent weakening of the Naira)	(2,062)
USD (5 percent weakening of the Naira)	304,620

A strengthening of the Naira against the above currencies at 31st December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied:

	Average rate		Reporting date spot rate	
	2018 ₦	**2017 ₦**	**2018 ₦**	**2017 ₦**
Euro	410.24	365.93	411.52	398.41
GB Pounds	463.69	417.38	455.87	448.32
US Dollar	347.66	323.82	359.29	331.6

30. Financial instruments - financial risk management and fair values (cont'd)

(d) **Interest rate risk profile**

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit. The Company opts for a mix of fixed and variable interest rates in its financing operations, combined with the use of other financial instruments. Currently, The Company's interest rate position is more weighted towards floating than fixed. Financial instruments used during the period include commercial papers.

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

	Carrying amount Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Fixed rate instruments				
Unsecured bank loans	(26,222,788)	(26,222,788)	9,326,393	9,326,393
Secured bank loans	(15,000,000)	(15,000,000)	-	-
Bank overdraft	(1,469,810)	(1,469,810)	470,930	470,930
Financial liabilities	**(42,692,598)**	**(42,692,598)**	**9,797,323**	**9,797,323**

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

(e) **Operational risk**

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management and the executive committee. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorisation of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof.

30. Financial instruments - financial risk management and fair values (cont'd)

(e) **Operational risk** (cont'd)

Compliance with the Company's standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate, with summaries submitted to the Audit Committee and senior management of the Company at Assurance Meetings.

(f) **Capital management**

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

The Company monitors capital using adjusted debt to equity ratio. At the end of the reporting period, adjusted net debt to capital ratio was as follows:

	Group 2018 ₦'000	Company 2018 ₦'000	Group 2017 ₦'000	Company 2017 ₦'000
Total liabilities	221,434,417	222,122,132	203,929,666	204,575,606
Less: cash and bank	(14,793,266)	(14,792,088)	(15,866,954)	(15,865,776)
Adjusted net debt	206,641,151	207,330,044	188,062,712	188,709,830
Total equity	166,736,015	166,644,184	178,209,925	178,150,934
Adjusted debt to capital ratio	1.24	1.24	1.06	1.06

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

(g) **Accounting classification and fair values**

Fair values versus carrying amounts

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

Group	Note	2018 Carrying amount ₦'000	2018 Fair value amount ₦'000	2017 Carrying amount ₦'000	2017 Fair value amount ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	17	662,022	662,022	551,862	551,862
Trade and other receivables	20	35,153,451	35,153,451	20,384,112	20,384,112
Cash and cash equivalents	22	14,793,266	14,793,266	15,866,954	15,866,954
		50,608,739	**50,608,739**	**36,802,928**	**36,802,928**
Liabilities carried at amortised cost					
Unsecured bank loans	25	26,350,353	26,350,353	8,000,000	8,000,000
Secured with Bank Guarantee	25	10,000,000	10,000,000	-	-
Secured with Bank Guarantee	25	5,000,000	5,000,000	-	-
Bank overdraft	22	1,469,810	1,469,810	470,930	470,930
Dividend payable	24b	7,931,759	7,931,759	8,028,742	8,028,742
Trade and other payables	29	114,151,861	114,151,861	127,947,023	127,947,023
		164,903,783	**164,903,783**	**144,446,695**	**144,446,695**

30. Financial instruments - financial risk management and fair values (cont'd)

(g) Accounting classification and fair values (cont'd)

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

Company	Note	2018 Carrying amount ₦'000	2018 Fair value amount ₦'000	2017 Carrying amount ₦'000	2017 Fair value amount ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	17	662,022	662,022	551,862	551,862
Trade and other receivables	20	35,153,451	35,153,451	20,384,112	20,384,112
Cash and cash equivalents	22	14,792,088	14,792,088	15,865,776	15,865,776
		50,607,561	**50,607,561**	**36,801,750**	**36,801,750**
Liabilities carried at amortised cost					
Unsecured bank loans	25	26,350,353	26,350,353	8,000,000	8,000,000
Secured with Bank Guarantee	25	10,000,000	10,000,000	-	-
Secured with Bank Guarantee	25	5,000,000	5,000,000	-	-
Bank overdraft	22	1,469,810	1,469,810	470,930	470,930
Dividend payable	24b	7,931,759	7,931,759	8,028,742	8,028,742
Trade and other payables	29	114,881,134	114,881,134	128,646,043	128,646,043
		165,633,056	**165,633,056**	**145,145,715**	**145,145,715**

Trade and other receivables, bank overdrafts dividend payables and trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The discounted cash flow valuation technique has been used to determine the fair value of the unsecured bank loans and other long term receivables. The valuation model considers the present value of expected cash flows discounted using market related interest rates.

The future cash flows are based on contractual amounts and considers the probability of occurrence of the cash flow. There are no significant unobservable inputs. The fair values were determined on the same basis in prior year and there have been no transfers between levels during the year.

31. Operating leases

Leases as lessee

The Company leases a number of offices, warehouse and factory facilities under non-cancellable operating leases. During the year ended 31st December 2018, an amount of ₦842 million was recognised as an expense in profit or loss in respect of operating leases (2017: ₦765 million). Lease rentals are paid upfront and included in prepayments, which are amortised to the profit or loss over the life of the lease. Also see note 14(c).

32. Provision

The Company has ₦1.4 billion provision (2017: ₦1.4 billion reported under Trade and Other Payables) related to claims from suppliers.

33. Contingencies

(a) **Guarantees and contingent liabilities**

Contingent liabilities in respect of guarantees provided to certain banks in respect of loans obtained by the staff from the banks amounted to ₦3.7 billion (2017: ₦3.8billion). This guarantee is backed by employees' gratuity. Accordingly, management believes that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities in respect of guarantees provided to the Nigerian Customs in respect of customs duty on behalf of the Company amounted to ₦3.6 billion (2017: ₦3.6 billion) which represents its maximum liquidity exposure.

(b) **Pending litigation and claims**

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to ₦15.9 billion (2017: ₦9 billion) as at 31st December 2018. In the opinion of the Directors and based on independent legal advice, the Company's liabilities are not likely to be material, but the amount cannot be determined with sufficient reliability thus no provision has been made in these financial statements.

(c) **Financial commitments**

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

In the normal course of business, the Company uses letters of credit to import materials. The total value of open letters of credit as at 31st December was ₦9.5 billion.

34. Related parties

(a) **Parent and ultimate controlling entity**

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

As at the year ended 31st December 2018 Heineken Brouwerijen B.V., Distilled Trading International B.V. and Heineken International B.V. owned 37.76% and 15.47%, and 2.72% respectively of the issued share capital of Nigerian Breweries Plc. The ultimate holding company is Heineken N.V.

The Company has transactions with its parent, and other related parties who are related to the Company only by virtue of being members of the Heineken Group. The total amounts due to related parties by the nature of the transaction are shown below:

	Transaction value		Balance due (to)/from	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Purchases - other related parties	(31,444,905)	(32,974,346)	(9,798,772)	(14,841,226)
Contract brewing services with:	-	-	-	-
- Other related parties	(1,702,353)	(1,759,707)	(596,384)	(596,889)
Technical Service fees & royalties				
- Parent	(1,004,975)	(809,685)	(346,916)	(233,926)
- Other related parties	(6,639,490)	(8,134,195)	(1,679,366)	(1,826,280)
Total Technical and Royalty	**(7,644,465)**	**(8,943,880)**	**(2,026,282)**	**(2,060,206)**
Sales and others				
- Other related parties	1,098,605	752,703	(2,143,056)	(9,481,569)

All outstanding balances with these related parties are to be settled in cash within twelve months of the reporting date. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil). This assessment is undertaken each financial year.

34. Related parties (cont'd)

(b) **Key management personnel compensation**

In addition to their salaries, the Company also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, Directors and executive officers retire at age 60 and are, including their spouses, entitled to receive post- employment benefits.

Executive officers also participate in the Heineken Group share-based payment plan (see note 27) and the Company's long service awards scheme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service. Key management personnel compensation comprised:

	2018 ₦'000	2017 ₦'000
Short term employee benefits	2,081,104	2,557,896
Long term employee benefits:		
Post-employment benefits	112,351	116,349
Share based payments	120,222	58,154
	2,313,677	2,732,399

(c) **The Nigerian Breweries-Felix Ohiwerei Education Trust Fund**

The Nigerian Breweries-Felix Ohiwerei Education Trust Fund (The Trust Fund) is an unconsolidated sponsored structured entity incorporated by Nigerian Breweries Plc in November 1994 as a charitable Trust for the advancement of education at all levels in Nigeria. The Company made a capital grant of ₦100 million to The Trust Fund in 1994 which The Trust Fund has continued to invest in quoted shares and fixed deposits. The capital grant was recognised as an expense by the Company in the year it was made. The proceeds from the investments are disbursed solely for the promotion of education in Nigeria. The Company is not exposed to variability of returns from its involvement in The Trust Fund. According to the constitution of The Trust Fund, the Company has no residual interest in The Trust Fund on its dissolution. As a result of the above, The Trust Fund has not been consolidated.

The Company provides managerial support to The Trust Fund at no cost and intends to continue to provide the support into the future. During the year, the Company paid for certain expenses of The Trust Fund for which it was reimbursed at cost.

As at year end The Trust Fund held 25,451,680 (2017:32,451,680) number of shares in the Company.

(d) **Other related parties**

The Company has entered into a 1 year rental agreement with ANAP Holdings Limited, an entity controlled by Mr. Atedo N.A. Peterside, a non-executive Director of the Company, for a yearly rental fee of ₦25 million, ended in September 2018.

35. Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group as at 31st December 2018 that have not been adequately provided for or disclosed in the Financial Statements.

	Group ₦'000	Elimination ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
ASSETS				
Property, plant and equipment	203,492,850	-	203,317,850	175,000
Intangible assets and goodwill	97,135,708	-	97,135,708	-
Investments	150,000	(679,625)	829,625	-
Other receivables	662,022	-	662,022	-
Prepayments	538,187	-	538,187	-
Non-current assets	**301,978,767**	**(679,625)**	**302,483,392**	**175,000**
Inventories	32,506,824	-	32,506,824	-
Trade and other receivables	35,153,451	(729,524)	35,153,451	729,524
Prepayments	1,356,282	-	1,356,282	-
Deposit for imports	2,474,279	-	2,474,279	-
Cash and cash equivalents	14,793,266	-	14,792,088	1,178
Assets held for sale	-	-	-	-
Current assets	**86,284,102**	**(729,524)**	**86,282,924**	**730,702**
Total assets	**388,262,869**	**(1,409,149)**	**388,766,316**	**905,702**
EQUITY				
Share capital	3,998,451	(5,220)	3,998,451	5,220
Share premium	73,770,356	(743)	73,770,356	743
Share based payment reserve	750,534	-	750,534	-
Retained earnings	88,216,674	(766,099)	88,124,843	857,931
Equity contribution reserve	-	-	-	-
Equity attributable to owners of the Company	**166,736,015**	**(772,062)**	**166,644,184**	**863,894**
Non-controlling interest	92,437	92,437	-	-
Total equity	**166,828,452**	**(679,625)**	**166,644,184**	**863,894**
LIABILITIES				
Loans and borrowings	41,127,565	-	41,127,565	-
Employee benefits	16,056,953	-	16,056,953	-
Deferred tax liabilities	24,554,471	-	24,554,471	
Non-current liabilities	**81,738,989**	**-**	**81,738,989**	**-**
Bank Overdraft	1,469,810	-	1,469,810	-
Current tax liabilities	14,579,020	-	14,537,462	-
Dividend payable	7,931,759	-	7,931,759	41,558
Trade and other payables	114,151,861	(729,524)	114,881,134	-
Provisions	1,562,978	-	1,562,978	250
Current liabilities	**139,695,428**	**(729,524)**	**140,383,143**	**41,808**
Total liabilities	**221,434,417**	**(729,524)**	**222,122,132**	**41,808**
Total equity and liabilities	**388,262,869**	**(1,409,149)**	**388,766,316**	**905,702**

	Group ₦'000	Elimination ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Revenue	350,226,472	-	350,226,472	-
Excise duty expense	(25,837,972)		(25,837,972)	
Net Revenue	**324,388,500**		**324,388,500**	
Cost of sales	(197,484,694)	-	(197,484,694)	-
Gross profit	**126,903,806**	**-**	**126,903,806**	**-**
Other income	885,364	-	885,364	-
Marketing and distribution expenses	(70,052,363)	-	(70,052,363)	-
Administrative expenses	(20,785,259)	-	(20,780,009)	(5,250)
Results from operating activities	**36,951,548**	**-**	**36,956,798**	**(5,250)**
Finance income	361,923	(67,374)	361,923	67,374
Finance costs	(7,891,519)	67,374	(7,958,893)	-
Net finance costs	**(7,529,596)**	**-**	**(7,596,970)**	**67,374**
Profit before tax	**29,421,952**	**-**	**29,359,828**	**62,124**
Income tax expense	(9,984,008)	-	(9,958,659)	(25,349)
Profit after tax	**19,437,944**	**-**	**19,401,169**	**36,775**
Profit for the year attributable to:				
Owners of the Company	19,434,009	-	19,401,169	32,840
Non-controlling interest	3,935	-	-	3,935
Profit for the year	**19,437,944**	**-**	**19,401,169**	**36,775**

Condensed statement of comprehensive income

	Group ₦'000	Elimination ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Profit for the year	19,437,944	-	19,401,169	36,775
Actuarial losses	(1,473,076)	-	(1,473,076)	-
Total comprehensive income for the year	**17,964,868**	**-**	**17,928,093**	**36,775**
Total comprehensive income for the year attributable to:				
Owners of the Company	17,960,933	-	17,928,093	32,840
Non-controlling interest	3,935	-	-	3,935
Total comprehensive income for the year	**17,964,868**	**-**	**17,928,093**	**36,775**

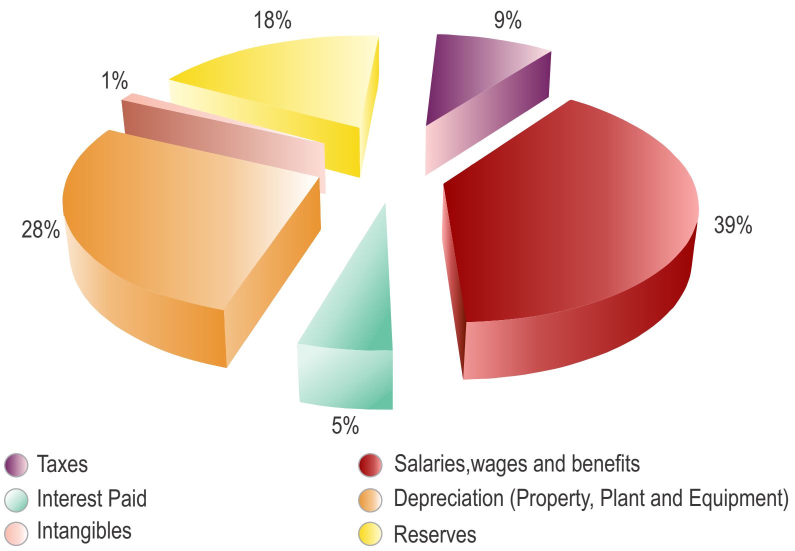
	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Cash flows from operating activities				
Net profit	**19,437,944**	**-**	**19,401,169**	**36,775**
Adjustments for:				
Depreciation and impairment loss	29,499,038	-	29,494,038	5,000
Amortisation of intangible assets	1,358,353	-	1,358,353	-
Finance income	(361,923)	67,374	(361,923)	(67,374)
Finance expenses	5,405,180	(67,374)	5,472,554	-
(Gain)/loss on sale of property, plant and equipment	(465)	-	(465)	-
Gratuity, employee benefit and share based payment charges	3,026,619	-	3,026,619	-
Income tax expense	9,984,008	-	9,958,659	25,349
Change in inventories	10,222,038	-	10,222,038	-
Change in trade and other receivables	(14,879,499)	-	(14,879,499)	-
Change in prepayments	(329,753)	-	(329,753)	-
Provisions	1,562,978	-	1,562,978	-
Change in trade and other payables	(7,344,676)	-	(7,277,552)	(67,124)
Change in deposit for imports	4,999,748	-	4,999,748	-
Cash generated from operating activities	**62,579,590**	**-**	**62,646,964**	**(67,374)**
Income tax paid	(16,455,461)	-	(16,455,461)	-
Gratuity paid	(1,447,486)	-	(1,447,486)	-
Long service award paid	(834,327)	-	(834,327)	-
VAT paid	(13,671,882)	-	(13,671,882)	-
Net cash from operating activities	**30,170,434**	**-**	**30,237,808**	**(67,374)**
Cash flow from investing activities				
Finance income	361,923	67,374	361,923	67,374
Proceeds from sale of PP&E	294,394	-	294,394	-
Acquisition of PP&E	(30,239,380)	-	(30,239,380)	-
Acquisition of intangible assets	(181,902)	-	(181,902)	-
Net cash (used)/from investing activities	**(29,764,965)**	**67,374**	**(29,764,965)**	**67,374**
Repayment of loans and borrowings	31,801,172	-	31,801,172	-
Interest paid	(4,745,300)	(67,374)	(4,812,674)	-
Dividends paid	(29,533,909)	-	(29,533,909)	-
Net cash used in financing activities	**(2,478,037)**	**(67,374)**	**(2,545,411)**	**-**
Net increase in cash and cash equivalents	(2,072,568)	-	(2,072,568)	-
Cash and cash equivalents at 1st January	15,396,024	-	15,394,846	1,178
Cash and cash equivalents at 31st December	**13,323,456**	**-**	**13,322,278**	**1,178**

Value Added Statement

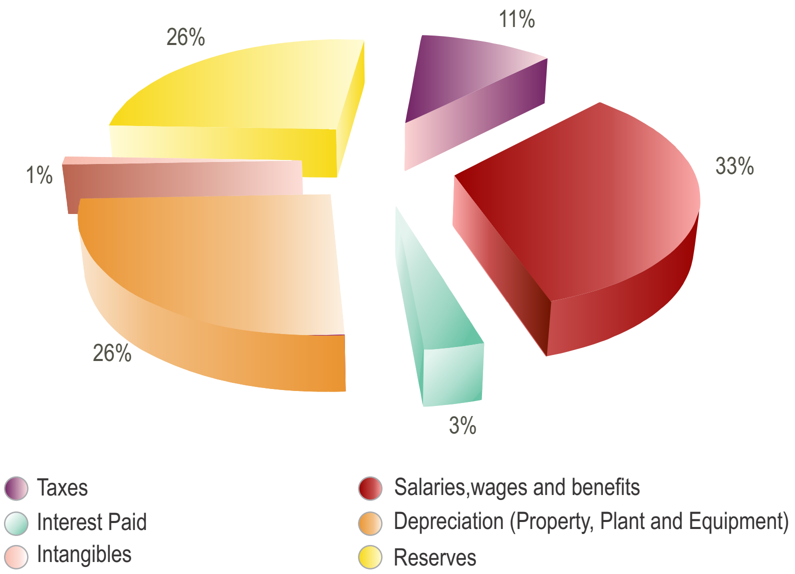
	2018 ₦'000	%	2017 ₦'000	%
Revenue	324,388,500		344,562,517	
Bought in materials and services				
- Imported	(31,444,905)		(32,974,346)	
- Local	(186,105,766)		(187,418,544)	
	106,837,829		**124,169,627**	
Other income	885,364		2,218,588	
Finance income	361,923		172,074	
Value added by operating activities	**108,085,116**	**100**	**126,560,289**	**100**
Distribution of Value Added				
To Government as:				
Taxes	9,958,659	**9**	13,563,021	**11**
To Employees:				
Salaries, wages, fringe and end of service benefits	42,400,343	**39**	41,640,292	**33**
To Providers of Finance:				
- Finance cost (interest expenses)	5,472,554	**5**	4,225,823	**3**
Retained in the Business				
To maintain and replace;				
- Property, plant and equipment	29,494,038	**27**	32,686,134	**26**
- Intangible assets	1,358,353	**1**	1,435,727	**1**
To augment reserves	19,401,169	**18**	33,009,292	**26**
Value added	**108,085,116**	**100**	**126,560,289**	**100**
Dividends to shareholders from reserves	**29,828,444**		**28,453,982**	

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between government, employees, providers of capital and that retained for future creation of more wealth.

2018 DISTRIBUTION OF VALUE ADDED



2017 DISTRIBUTION OF VALUE ADDED

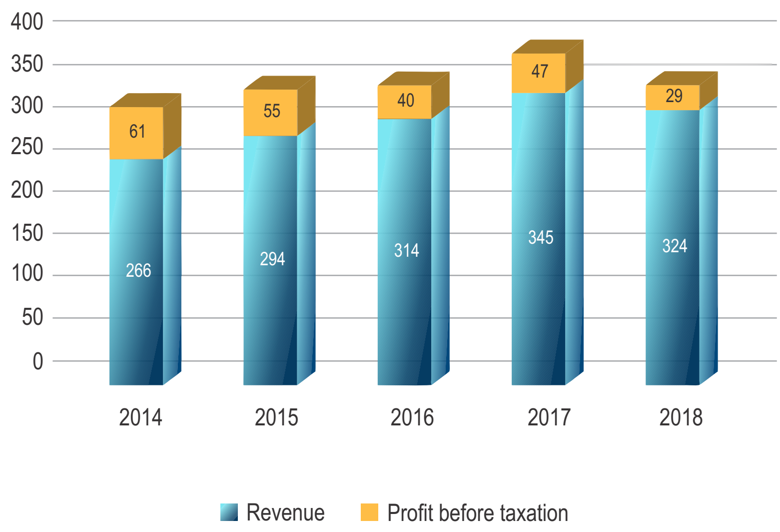


Company Five-Year Financial Summary

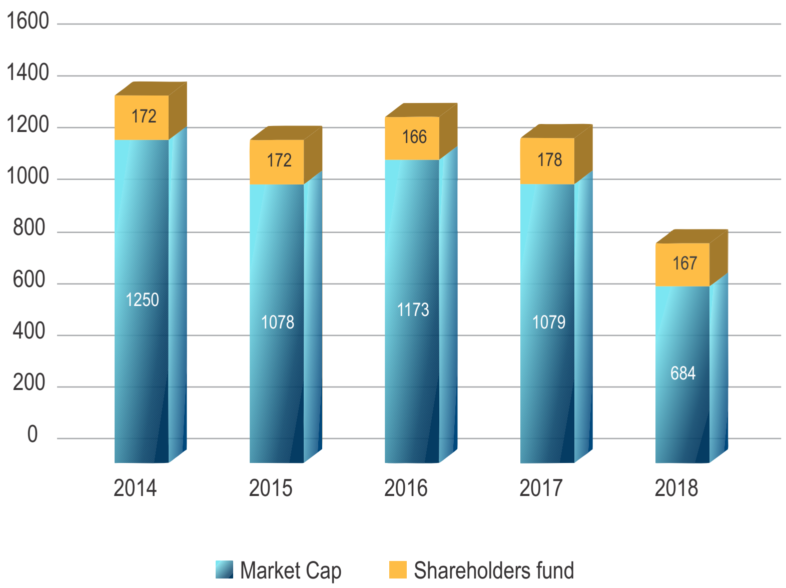
	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000
Statement of comprehensive income					
Revenue	**324,388,500**	**344,562,517**	**313,743,147**	**293,905,792**	**266,372,475**
Results from operating activities	36,956,798	57,126,310	52,908,411	62,269,368	66,860,899
Profit before taxation	29,359,828	46,572,313	39,622,914	54,508,368	61,461,821
Profit for the year	19,401,169	33,009,292	28,396,777	38,049,518	42,520,253
Comprehensive income for the year	17,928,093	31,559,614	29,700,906	37,211,895	42,104,674
Ratios					
Earnings per share (kobo)	243	413	358	482	562
Share price at year end (Naira)	85.50	135	148	136	165
Declared dividend per share (kobo)	373	358	460	470	575
Dividend coverage (times)	0.65	1.16	0.78	1.02	0.98
Net assets per share (kobo)	2,084	2,237	2,091	2,172	2,273
Statement of financial position					
Employment of Funds					
Property, plant and equipment	203,317,850	195,050,394	190,996,700	197,108,847	193,569,624
Intangible assets	97,135,708	98,277,166	99,477,826	100,612,728	97,969,253
Investments	829,625	829,625	829,625	829,625	829,625
Other receivables	662,022	551,862	623,331	321,509	189,710
Prepayments	538,187	525,831	1,154,399	354,394	187,889
Net current liabilities	(54,100,219)	(69,207,243)	(70,298,766)	(83,175,570)	(57,623,943)
Loans and borrowings	(41,127,565)	(8,000,000)	(17,000,000)	-	(24,670,000)
Employee benefits	(16,056,953)	(13,209,837)	(10,101,065)	(11,903,504)	(10,735,596)
Deferred tax liabilities	(24,554,471)	(26,666,864)	(29,876,508)	(31,914,564)	(27,833,732)
Net assets	**166,644,184**	**178,150,934**	**165,805,542**	**172,233,465**	**171,882,830**
Funds Employed					
Share capital	3,998,451	3,998,451	3,964,551	3,964,551	3,781,353
Share premium	73,770,356	73,770,356	64,950,103	64,950,103	4,567,967
Share based payment reserve	750,534	748,450	571,106	365,702	234,340
Retained earnings	88,124,843	99,633,677	96,319,782	102,953,109	102,733,836
Equity contribution reserve	-	-	-	-	60,565,334
	166,644,184	**178,150,934**	**165,805,542**	**172,233,465**	**171,882,830**

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Historical financial information for the Group has not been presented.

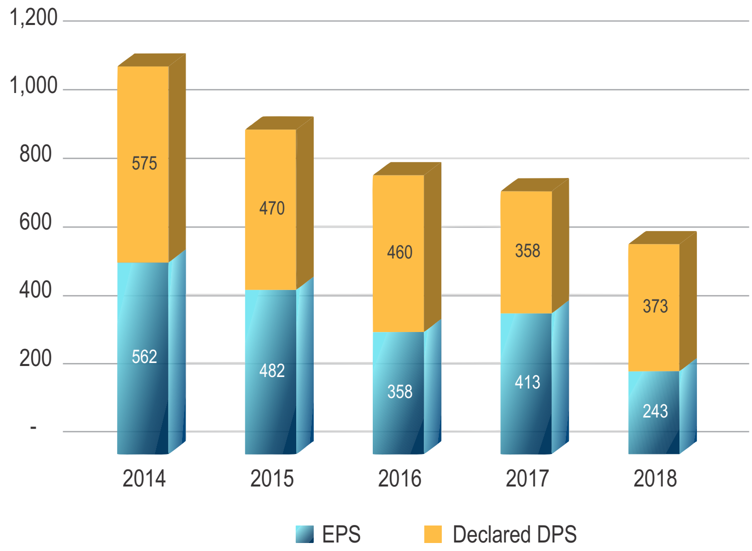
TURNOVER VS PROFIT BEFORE TAXATION (BILLION NAIRA)



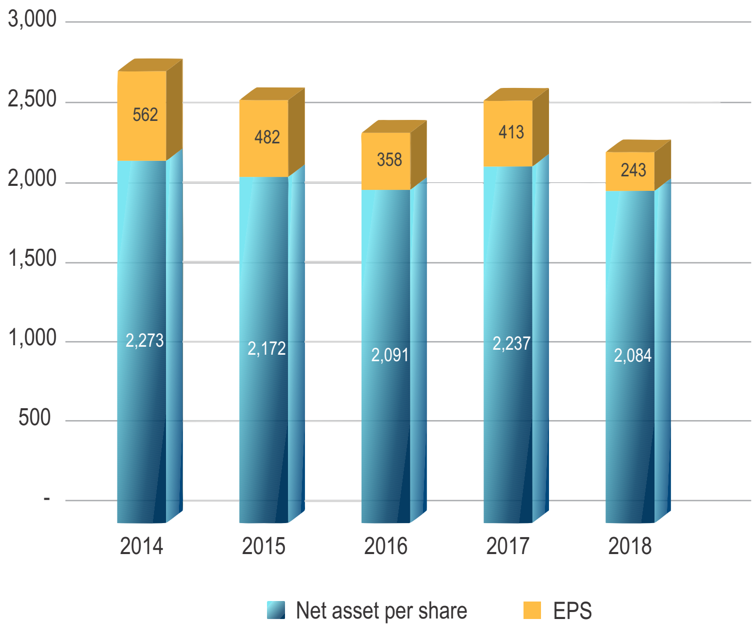
MARKET CAPITALISATION VS SHAREHOLDERS' FUND (BILLION NAIRA)



EARNINGS PER SHARE VS DECLARED DIVIDEND PER SHARE (KOBO)



NET ASSET PER SHARE VS EARNINGS PER SHARE (KOBO)

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(a) **Substantial Interest in Shares**

According to the Register of Members, the following shareholders held more than 5% of the issued share capital of the Company on 31st December, 2018:

Shareholder	Number of Shares	Percentage
Heineken Brouwerijen B.V.	3,019,363,804	37.76
Distilled Trading International B.V.	1,237,500,160	15.47
Stanbic Nominees Nigeria Limited	973,688,880	12.18
Total	**5,230,552,844**	**65.41**

(b) **Statistical Analysis of Shareholding**

(i) The issued and fully paid-up Share Capital of the Company as at 31st December, 2018 was 7,996,902,051 Ordinary Shares of 50 kobo each. According to the Register of Members, the same three companies listed in the last paragraph above, held more than 10% of the Issued Share Capital as at 31st December, 2018. The remaining 2,766,349,207 shares (representing 34.59%) were held by other individuals and institutions.

(ii) The Registrars advised that the range of shareholding as at 31st December, 2018, was as follows:

Range			No. of Holders	Holders%	Units	Units%
1	-	1,000	45,945	41.38	20,996,063	0.26
1,001	-	5,000	30,810	27.75	77,567,368	0.97
5,001	-	10,000	9,518	8.57	70,197,930	0.88
10,001	-	50,000	17,853	16.08	437,608,952	5.47
50,001	-	100,000	4,535	4.09	325,651,618	4.07
100,001	-	500,000	1,934	1.74	378,596.810	4.74
500,001	-	1,000,000	202	0.18	141,750,654	1.77
1,000,001	-	5,000,000	165	0.15	327,983,753	4.10
5,000,001	-	10,000,000	22	0.02	156,752,852	1.96
10,000,001	-	50,000,000	23	0.02	526,733,616	6.59
50,000,001	-	100,000,000	7	0.01	506,403,470	6.33
100,000,001	-	7,996,902,051	7	0.01	5,026,658,965	62.86
			111,021	**100.00**	**7,996,902,051**	**100.00**

(c) **Share Capital History**

Date	Authorised (₦)		Issued and fully paid (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
Jan 1976	-	8,000,000	-	6,100,000	Cash
June 1976	1,150,000	9,150,000	3,050,000	9,150,000	Scrip (1:2)
Feb 1977	9,150,000	18,300,000	9,150,000	18,300,000	Scrip (1;1)
Feb 1978	3,660,000	21,960,000	3,660,000	21,960,000	Scrip (1:5)
July 1979	7,320,000	29,280,000	7,320,000	29,280,000	Scrip (1:3)
June 1980	7,320,000	36,600,000	7,320,000	36,600,000	Scrip (1:4)
June 1981	9,150,000	45,750,000	9,150,000	45,750,000	Scrip (1:4)
June 1983	11,437,750	57,187,000	11,437,500	57,187,500	Scrip (1:4)
June 1986	28,593,750	85,781,250	28,593,750	85,781,250	Scrip (1:2)
June 1990	28,593,750	114,375,000	28,593,750	114,375,000	Scrip (1:3)
June 1993	114,375,000	228,750,000	114,375,000	228,750,000	Scrip (1:1)
June 1995	228,750,000	457,500,000	228,750,000	457,500,000	Scrip (1:1)
June 1999	305,000,000	762,500,000	305,000,000	762,500,000	Scrip (2:3)
June 2000	737,500,000	1,500,000,000	182,225,000	944,725,000	Conversion
Dec 2001	-	-	570,000	945,295,000	Conversion
June 2002	500,000,000	2,000,000,000	945,294,827	1,890,589,827	Scrip (1:1)
Dec 2002	-	-	12,000	1,890,601,827	Conversion
Dec 2003	-	-	39,000	1,890,640,827	Conversion
June 2004	2,000,000,000	4,000,000,000	1,890,640,827	3,781,281,170	Scrip (1:1)
May 2012	-	4,000,000,000	71,046	3,781,352,216	Merger
Dec 2014	-	4,000,000,000	183,198,228	3,964,550,444	Merger
June 2017	1,000,000,000	5,000,000,000	33,900,582	3,998,451,026	Scrip Dividend

(d) **Scrip/Bonus Issues**

Date Issued	Ratio
19-Jun-76	One for two
26-Feb-77	One for one
25-Feb-78	One for five
11-Jul-79	One for three
28-Jun-80	One for four
19-Jun-81	One for four
29-Jun-83	One for four
25-Jun-86	One for two
27-Jun-90	One for three
30-Jun-93	One for one
28-Jun-95	One for one
30-Jun-99	Two for three
27-Jun-02	One for one
30-Jun-04	One for one

(e) **Dividend Overview**

Members are hereby informed that Nigerian Breweries Plc declared the following dividends in the last twelve years:

Financial Year	Dividend No.	Profit after Taxation (₦'000)	Dividend (₦'000)	Dividend per Share (kobo)	Date approved
2006	85 (Interim)		3,025,025	40	3rd October, 2006
2006	86	10,900,524	7,865,064	104	23rd May, 2007
2007	87 (Interim)		4,159,409	55	19th September, 2007
2007	88	18,942,856	14,746,997	195	28th May, 2008
2008	89 (interim)		7,562,752	100	16th September, 2008
2008	90 (Interim)		14,368,868	190	4th December, 2008
2008	91	25,700,593	3,781,281	50	20th May 2009
2009	92 (Interim)		9,831,331	130	20th May 2009
2009	93 (Interim)		11,343,844	150	13th January, 2010
2009	94	27,910,091	6,730,680	89	19th May, 2010
2010	95 (Interim)		8,696,497	115	19th May, 2010
2010	96	30,332,118	9,453,203	125	18th May, 2011
2011	97	38,408,846	22,687,687	300	16th May, 2012
2012	98	38,042,714	22,668,113	300	15th May, 2013
2013	99	43,080,349	34,032,170	450	14th May, 2014
2014	100 (Interim)		9,453,381	125	22nd October, 2014
2014	101	42,520,253	27,751,853	350	13th May, 2015
2015	102 (Interim)		9,514,921	120	21st October, 2015
2015	103	38,059,684	28,544,763	360	11th May, 2016
2016	104 (Interim)		7,929,101	100	26th October, 2016
2016	105	28,396,777	20,457,080	258	3rd May, 2017
2017	106 (Interim)		7,996,902	100	25th October, 2017
2017	107	33,009,292	25,030,303	313	20th April, 2018
2018	108 (Interim)		4,798,141	60	25th October, 2018

(f) **Unclaimed dividend warrants and share certificates**

We hereby notify our numerous shareholders that some dividends arising from the list above have remained unclaimed as per our records. Also, a number of share certificates have been returned to us as unclaimed because the addresses on them could not be traced or the shareholders did not collect them from the Post Office in good time. The affected shareholders are hereby requested to contact the Registrars, First Registrars and Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, P.M.B. 12693, Marina, Lagos, Nigeria.

Major Customers

1 Ken Maduakor Group Limited
2 Ifeoma Chukwuka Nig. Ltd.
3 Nathan Ofoma and Sons Limited
4 Magulf Global Enterprises
5 C.N. Anyoha and Sons Limited
6 J. Ogungbola & Sons Ltd.
7 Chrisemua and Sons Nigeria Ltd.
8 Bufa Investment Company Ltd.
9 Cele O Que Enterprises Nig. Ltd
10 Moses & Kossy Nig. Enterprise
11 Chidi Ndupu Enterprises Limited
12 Thames Aghedo Enterprises Ltd.
13 R N Okeke & Sons
14 Tasho Nigeria Limited
15 Skyward Resources Ltd.
16 Fortunes Renaissance Enterprises
17 Paddymann Nigeria Limited
18 Senna Atlantic Limited
19 Anaebo Global Services Limited
20 Ensik Global Ventures
21 Jekok Nigeria Limited
22 Retail Supermarkets Nig. Ltd.
23 Eso-Penco International Ltd.
24 De Chimax Enterprises Nigeria
25 Marcellinus and Brothers Elite Ltd.
26 M.O. Nkala Nigeria Limited
27 G.A. Dike and Sons Limited
28 Pauline-Chimex Nigeria Limited
29 Abikka Trading Company Limited
30 Redemption Resources International
31 Anason Associates Nigeria Limited
32 J. Jocac Company Nigeria Limited
33 Innovation Era Nig. Ltd.
34 Franklouse Nig. Ltd.
35 Lexican Investments Ltd.
36 A.O. Amuta & Sons Trading Co. Ltd.
37 J. C. Moghalu & Sons Nigeria Ltd.
38 Ifekwesi Ventures Limited
39 Oficon Nigeria Limited
40 Sammy Mautin Nig. Ltd.
41 Steve Imafidon & Sons Limited
42 O-Fage Ent. Nig. Ltd.
43 J.O. Azubogu & Co. Nig. Ltd.
44 Hotels De James Nig. Ltd.
45 Wilson Obioha and Sons Limited
46 Omotayo Stores
47 O. E. Investment
48 P.N. Dibor and Company Ltd.
49 MGB Integrated Ventures Nig. Ltd.
50 Onike Stores Limited
51 Emma Star Enterprises (Nigeria) Ltd.
52 Momoreoluwa Nig. Ltd.
53 D - Dey Limited
54 Eze Libra Limited
55 J. Egwumba & Sons Nig. Ltd.
56 Muscle Group of Company Nigeria Ltd.
57 Patrick Telford and Company Limited
58 Innovation Era Nigeria Limited
59 Eja Golden Motel Ltd.
60 Achison Resources Ltd.
61 Modupe Folarin Nigeria Limited
62 J.O. Akushie & Sons Nigeria Limited
63 Fidelity Structures Ltd.
64 R.A. Olaiya Limited
65 Rayd Global Solution Ltd.
66 Ifejiofor and Sons
67 Denike Agoro Enterprises
68 A.S. Yakubu & Sons (Nigeria)
69 Isimemene Okoh Business Venture
70 Edioson Integrated Services Ltd.
71 Nkob & Fnmgbab Stores Limited
72 Alhaji Y. Usman Co. Ltd.
73 Chuks & UC Nwaubani Investment Ltd.
74 Bolaji Karounwi
75 Prinwat Ventures Nigeria Ltd.
76 K.C. Investment Nigeria Limited
77 Auscatec Merchants Ltd.
78 Austino Enterprises
79 Ngozi Global Stores Ltd.
80 Sufaye Investments Ltd.
81 Modafe Global Resources Nigeria
82 Mathtrice Nigeria Limited
83 Everyday Mukon Enterprises
84 Kele Geo & Sons Limited
85 Chibidon Authentic Prize Ventures
86 Immaculate Beverages Ltd.
87 Anayo Ejike and Sons Nigeria Ltd.
88 Ashade Joseph
89 JB Ent.
90 Ginika Store
91 Folky Merchant (Nig) Limited
92 Ma-Zanas Nigeria Ltd.
93 Mekus Stores Nigeria Ltd.
94 Omane Global Resources Ltd.
95 Joacson Multi Concept Ltd.
96 Ogedegbe Abunukeke and Sons Nigeria
97 Glopet Resort Ltd.
98 Edla Stores Limited
99 Chibros Multi Resources Ltd.
100 King Paddy Investment Company Ltd.


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E-DIVIDEND FORM

To:

The Registrar
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road, Iganmu
P.M.B. 12692
Lagos, Nigeria.

Only Clearing Banks are acceptable

I/We hereby request that from now on, all dividend warrant(s) due to me/us from my/our holding(s) in **NIGERIAN BREWERIES Plc**, be paid directly to my/our Bank named below.

Shareholder's Full Name:

Surname first

Shareholder's Address:

Shareholder's E-mail:

Shareholder's GSM Number:

Single Shareholder's Signature:

Joint Shareholders'/Company Signatures:

(1)

(2)

Company Seal:

Name of Bank:

Branch Address of Bank:

Bank Account No.

Bank Sort Code:

Bank Authorised Signatures & Stamp:

(1)

Please include Page No.

(2)

Please include Page No.

Proxy Form

Nigerian Breweries Plc
RC: 613

73RD ANNUAL GENERAL MEETING to be held in the Shell Hall, Muson Centre, Onikan, Lagos State on **Friday, 17rth May, 2019** at **10.00 a.m.**

I/WE*...

of ....

....
being a member/members of NIGERIAN BREWERIES Plc hereby appoint**

....
or failing him **CHIEF KOLAWOLE B. JAMODU,** CFR or failing her **MRS. IFUEKO M. OMOIGUI OKAURU**, MFR 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 Friday, 17th May, 2019.

Dated this.................. day of ...., 2019.

Shareholder's signature ....

**Delete as necessary.*
This Proxy Form should NOT be completed and sent to the address overleaf if the member will be attending the meeting.

Notes:

i. *A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and this Proxy Form has been prepared to enable such shareholder exercise the right to vote despite not being physically present at the meeting.*

ii. *The names of two Directors of the Company have 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 member (shareholder) of the Company or not who will attend the Meeting and vote on your behalf instead of one of the Directors.*

iii. *Please sign this Proxy Form and post or deliver it to reach the address overleaf not later than **10.00 a.m.** on the15th of May, 2019. If executed by a Corporation, the form must be sealed with the Common Seal or under the hand of an officer or attorney duly authorised.*

iv. *The proxy must produce the Admission Card issued by the Registrar to obtain entry to the meeting.*

No. of Shares	

Resolutions	For	Against	Abstain
To declare a dividend.			
To re-elect Mrs. Ifueko M. Omoigui Okauru, MFR as a Director.			
To re-elect Mr. Roland Pirmez as a Director.			
To approve the appointment of Mrs. Adeyinka O. Aroyewun as a Director.			
To approve the appointment of Mr. Oluseyi T. Bickersteth as a Director.			
To approve the appointment of Mr. Rob Kleinjan as a Director.			
To approve the appointment of Mr. Steven L.M. Siemer as a Director.			
To authorise the Directors to fix the remuneration of the Independent Auditor.			
To elect members of the Audit Committee.			
To fix the remuneration of the Directors.			
To renew the general mandate for related party transactions.			

Please indicate with an "x" in the appropriate box 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/her discretion.

SECOND FOLD HERE

FIRST FOLD HERE

Please affix
postage stamp

First Registrars and Investor Services Limited
Plot 2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos

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