Nigerian Breweries Plc
RC: 613

2019 ANNUAL REPORT & ACCOUNTS

Winning with Nigeria

ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

Table of Content

Vision, Mission Statement and Core Values

VISION

Wow Nigerians with our great brands, passionate people and world class performance

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; Performance

Corporate Profile

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 out of its Lagos Brewery bottling lines.

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. Another malting plant (located in the Kudenda, Kaduna Brewery) 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 were added to the existing eight breweries as a result of the merger. The Onitsha and Makurdi locations were subsequently developed into Distribution Centres.

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 another malt drink, 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 malt drink 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 a malt drink, Hi Malt, became part of the Company's product offering. The Ace brand in the Ready-to-Drink (RtD) category was launched in 2015 while Tiger lager beer, an international premium brand was added to the portfolio of brands 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 parts of Africa and parts of the Middle East and Asia.

As a major brewing company, Nigerian Breweries Plc encourages, and continues to play 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, 2019, it had a market capitalisation of approximately ₦ 472 billion, making it one of the largest 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. In 2019, the Company was a recipient of the Institute of Chartered Secretaries and Administrators (ICSAN) Award for Excellence in Corporate Governance (Corporate Category) as well as the Institute of Directors' Nigeria Corporate Governance Award, 2019. These awards are a reflection of the Company's continued commitment to excellence in corporate governance matters.

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

Nationwide Presence

HEADQUARTERS
Iganmu House
Abebe Village Road, Iganmu
P.O. Box 545, Lagos
Tel: (01) 2717400 Ext. 1804

BREWERY/MALTING PLANT LOCATIONS

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

Ibadan Brewery
Ibadan/Ife Road
P.O. Box 12176, Ibadan
Tel: (01) 2717400 Ext. 5718

Kudenda Brewery/Malting Plant
1A, Kudenda Industrial Area
Plot A4 -C2, P.O. Box 6010
Kaduna South
Tel: (01) 2717400 Ext. 87719

Aba Brewery
Industry Road
P.O. Box 497, Aba
Tel: (01) 2717400 Ext. 3995

Ama Brewery
Amaeke Ngwo. 9th Mile Corner
P.M.B. 01781, Enugu
Tel: (01) 2717400 Ext. 7136

Awo -Omamma Brewery
Km 24, Owerri/Onitsha Road
Awo -Omamma, Imo State
Tel: (01) 2717400 Ext. 83711

Aba Malting Plant
Ohuru Village
Ogbor Hill Industrial
Obingwa, Aba
Tel: (01) 2717400 Ext. 6499

Kakuri Brewery
Industrial Layout, Kakuri
P.M.B. 2116, Kaduna
Tel: (01) 2717400 Ext. 4717

Ota Brewery
Km 38 Lagos/Abeokuta
Expressway
Sango Ota
Tel: (01) 271400 Ext.86734

Ijebu – Ode Brewery
Epe Road,
Imagbon Village, Ogun State
Tel: (01) 2717400 Ext. 84711

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. 5801

Benin Sales Office
1, Jalo Close
Off Aiguobansinmwin Road
GRA, Benin City
Tel: (01) 2717400 Ext. 6504

Jos Sales Office
1B, Gold and Base Junction
Rayfield, Jos

Abuja Sales Office
Plot 413,Idu Industrial Layout
Abuja
FCT
Tel: (01) 271400 Ext. 6201

Kaduna Sales Office
Industrial Layout, Kakuri
Kaduna
Tel: (01) 2717400 Ext. 4801

Port Harcourt Sales Office
Plot 130, Woji Road
G.R.A Phase 2
Port Harcourt

Onitsha Distribution Centre
87/89 Port Harcourt Road
P.O. Box 5417, Onitsha
Tel: (01) 2717400 Ext. 88732

Enugu Sales Office
Old Enugu Brewery
9th Mile Corner
Nsude, Enugu
Tel : (01) 2717400 Ext. 6319

Aba Sales Office
Industry Road
P.O. Box 496, Aba
Tel: (01) 2717400 Ext. 3801

Warri Sales Office
Kilometre 6, NPA Expressway
Ekpan, Effurun,
Warri

Makurdi Distribution Centre
Km 5, Gboko Road
Makurdi, Benue State

Directors and Other Corporate Information

Directors:	Chief Kolawole B. **Jamodu,** CFR	-	Chairman
	Mr. Jordi **Borrut Bel** (Spanish)	-	Managing Director/CEO
	Mrs. Adeyinka O. **Aroyewun**	-	Non-Executive
	Mr. Oluseyi T. **Bickersteth**	-	Non-Executive
	Mr. Sijbe (Siep) **Hiemstra** (Dutch)	-	Non-Executive
	Mr. Rob **Kleinjan** (Dutch)	-	Finance Director
	Mrs. Ndidi O. **Nwuneli,** MFR	-	Non-Executive
	Mrs. Ifueko M. Omoigui **Okauru**, MFR	-	Non-Executive
	Mr. Atedo N.A. **Peterside**, CON *(resigned wef 01/04/20)*	-	Non-Executive
	Mr. Roland **Pirmez** (Belgian)	-	Non-Executive
	Mr. Steven L.M. **Siemer** (Dutch)	-	Non-Executive

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
No 2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos
Tel (01) 2701079; 2799880
www.firstregistrarsnigeria.com

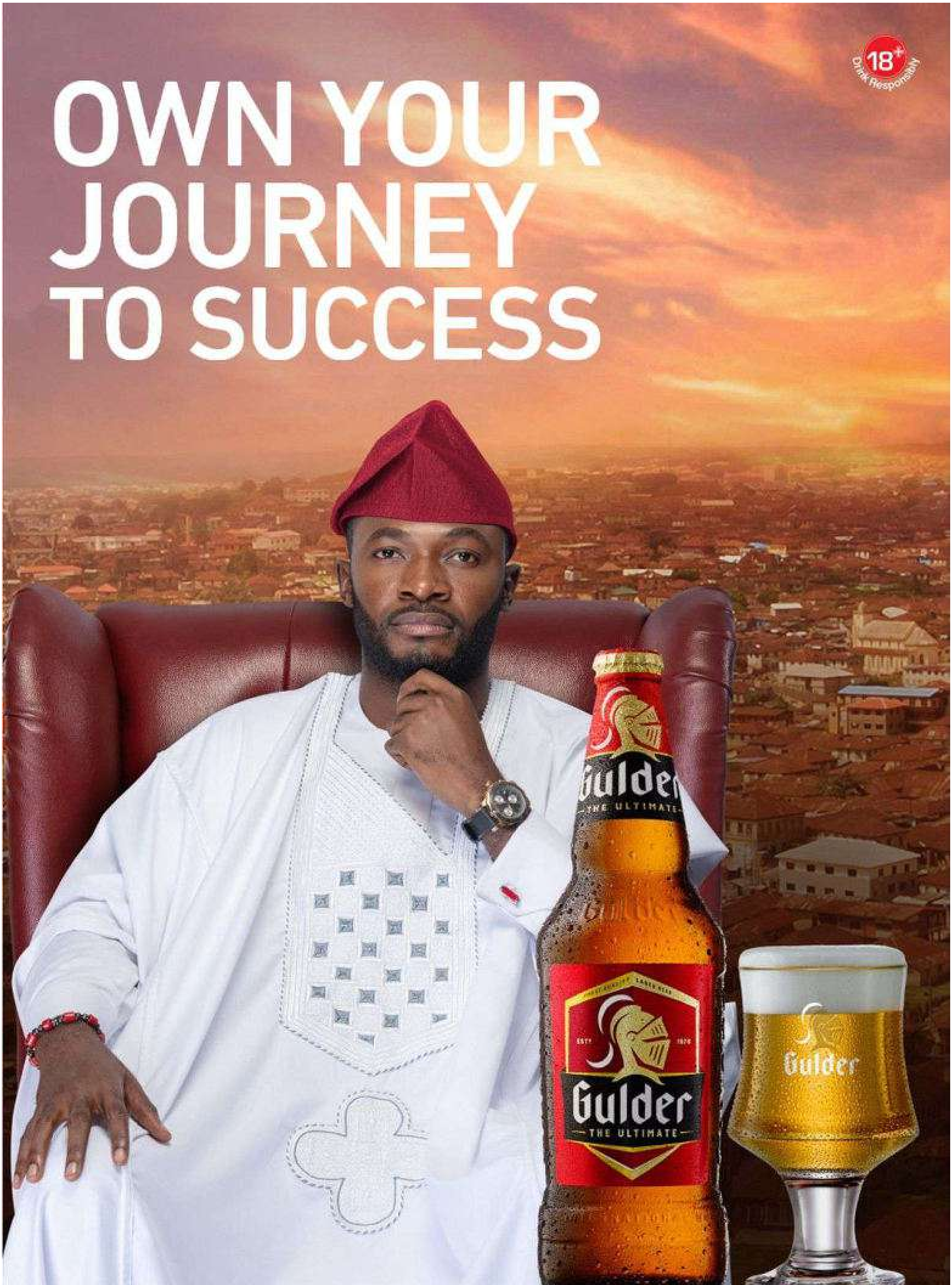
Company Results at a Glance

For the year ended 31st December:

	2019	2018	% Change
In millions of Naira			
Net Revenue	323,002	324,389	(0.4)
Results from operating activities	35,255	36,957	(4.6)
Profit for the year	16,105	19,401	(17.0)
Declared dividend*	18,633	29,828	(37.5)
Share capital	3,998	3,998	-
Total equity	167,565	166,644	0.6
Data per 50 kobo share in Kobo			
Earnings	201	243	(17.3)
Declared dividend*	233	373	(37.5)
Net Assets	2,095	2,084	0.5
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared	50	60	(16.7)
Final dividend proposed**	151	183	(0.2)
Stock Exchange Information			
Stock Exchange quotation in Naira per share	59	86	(31.4)
Number of shares issued	7,996,902	7,996,902	-
Market capitalisation in ₦: million	471,817	683,735	(31.0)
Number of employees	3,102	2,983	0.04
Ratios			
Declared dividend coverage			
(Earnings per share / declared dividends per share)	0.86	0.65	32.3
Current assets/current liabilities	0.52	0.61	(14.8)
Interest coverage Interest coverage (Results from operating activities/interest expense)	2.89	4.64	(37.7)

NOTE: * Declared dividend represents the final dividend per share proposed for the preceding year (183 kobo) but declared in the current year and the interim dividend per share declared during the year (50 kobo).

**The Directors propose a final dividend of 151 kobo per share (2018: 183 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 23rd June, 2020.



ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18.

Board of Directors

Back Row (L-R): **Mr. Atedo N.A. Peterside, CON** (Non-Executive); **Mr. Steven L.M. Siemer** (Non-Executive); **Mrs. Adeyinka O. Aroyewun** (Non-Executive); **Mr. Jordi Borrut Bel** (Managing Director/CEO); **Uaboi G. Agbebaku, Esq.** (Company Secretary); **Mr. Sijbe (Siep) Hiemstra** (Non-Executive); **Mrs. Ifueko M. Omoigui Okauru, MFR** (Non-Executive); and **Mr. Rob Kleinjan** (Finance Director)

Front Row (L-R): **Mr. Roland Pirmez** (Non-Executive); **Chief Kolawole B. Jamodu, CFR** (Chaiman); **Mrs. Ndidi O. Nwuneli, MFR** (Non-Executive); and **Mr. Oluseyi T. Bickersteth** (Non-Executive)

Board of Directors' Profile

Chief Kolawole B. Jamodu, CFR
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 of the Board effective the 1st of January, 2008.

An alumnus of the Harvard Business School, 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 Institute of the Chartered Institute of Management Accountants, London; and a Fellow of the Chartered Institute of Chartered Secretaries & Administrators. 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 rose to become the Chairman/Chief Executive and later, Non- Executive Chairman until he was appointed Minister of Industry of the Federal Republic of Nigeria. He returned to PZ as the Non-Executive Chairman in 2014. He is a former Chairman of Universal Trust Bank Plc and 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).

Mr. Jordi Borrut Bel
Managing Director/CEO

Mr. Jordi Borrut Bel was appointed the Managing Director/CEO and a member of the Board of Directors effective the 22nd of January, 2018.

Mr. Borrut Bel 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 NB, the Managing Director of Brarudi SA, Burundi.

Mrs. Adeyinka O. Aroyewun
Independent Non-Executive Director

Mrs. Aroyewun joined the Board of Directors effective the 1st of January, 2019.

Mrs. Aroyewun is a lawyer with over 33 years legal experience spanning various aspects of business and law. 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 an experienced trainer in Alternative Dispute Resolution 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.

Mrs. Aroyewun sits on the Governing Council of the University of Lagos; Negotiation and Conflict Management Group (NCMG) College of Negotiation; and the Edo State Multi-Door Courthouse. She is on the panel of Neutrals of the National Communications Commission, Nigeria.

Mr. Oluseyi T. Bickersteth
Non-Executive Director

Mr. Bickersteth became a member of the Board of Directors effective the 1st of January, 2019.

Mr. Bickersteth is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the 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. Bickersteth chaired a working group on "Nigerian Tax Reforms 2002 & Beyond" for the Federal Government of Nigeria.

He 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 was appointed the Finance Director and a member of the Board of Directors effective the 28th of July, 2018.

Prior to his appointment to the Board, Mr. Kleinjan was the Finance Director of the Brau Union Group, General Manager Brau Union Export and Ammersin in Austria, all part of the Heineken Group.

He joined Heineken in 1996 as Financial 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.

Board of Directors' Profile

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

Mrs. Nwuneli joined the Board of Directors effective the 5th of December, 2014.
Mrs. Nwuneli is an alumnus of the Wharton School, University of Pennsylvania (First Degree) and the Harvard University Graduate School of Business Administration (Master's Degree).
Mrs. Nwuneli is the Founder of LEAP Africa and Co-Founder of AACE Food Processing & Distribution, an indigenous agro- processing company.
She is the Managing Partner of Sahel Consulting which works across Africa, unlocking the agricultural and nutrition potential of the region. She has over two decades of private sector and international development experience. She is on the Boards of the Rockefeller Foundation, Godrej Consumer Products, India; Fairfax Africa Holdings Corp., Canada; and Alliance for a Green Revolution in Africa.

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

Mrs. Omoigui Okauru was appointed to the Board of Directors effective the 20th of February, 2013.
Mrs. Omoigui Okauru 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. Ifueko also served as 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, Seplat Petroleum Development Company Plc and MTN Nigeria Communications Plc.
Mrs. Omoigui Okauru 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 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 the 21st of August, 2008 and resigned effective the 1st of April, 2020.
Mr. Peterside 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 as well as the Chairman of Endeavour High Impact Entrepreneurship Ltd/Gte and Art X Lagos Collective Limited. He was the Chairman of the Committee that crafted the first Corporate Governance Code for Public Companies in Nigeria.

Mr. Peterside recently set up the Anap Foundation COVID-19 Think Tank, which he chairs. He also sits on the Boards of Standard Bank Group Limited, The Standard Bank of South Africa Limited and the West African Advisory Board of The Princess Trust International. He is 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 1st 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 position of the Regional President for Asia Pacific.

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

Mr. Siemer became a member of the Board of Directors effective the 25th of October, 2018. He is currently the Regional Finance Director for Africa, Middle East and Eastern Europe at Heineken N. V.
Mr. Siemer joined the Heineken N.V. Group in 1990 as Marketing Controller in Heineken Netherlands and thereafter held senior management positions within finance, distribution, business development and marketing in Spain, Austria, Ireland and The Netherlands.

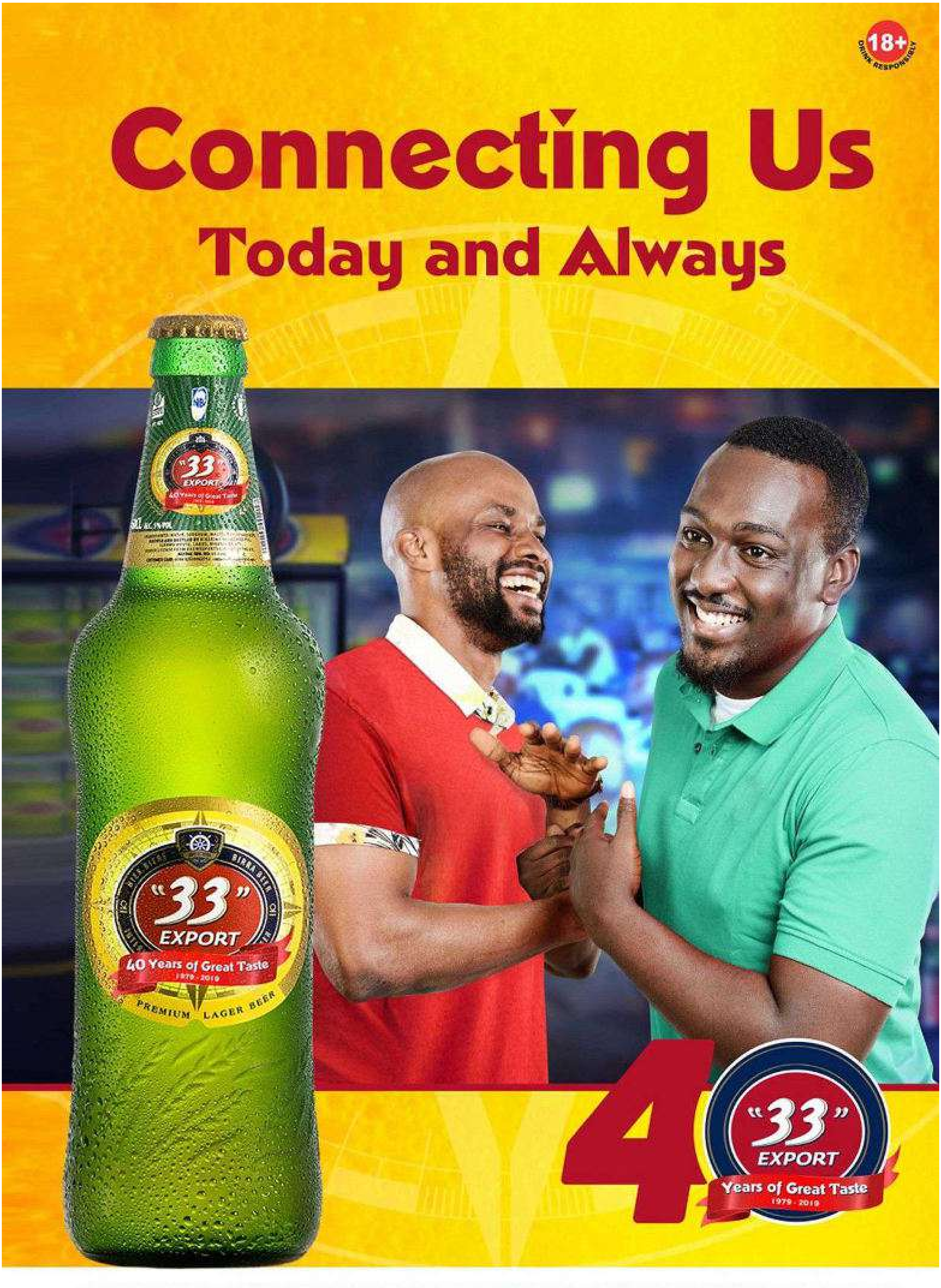
Uaboi G. Agbebaku, Esq.
Company Secretary

Mr. Agbebaku was appointed as Secretary to the Board of Directors and the Legal Adviser effective the 1st of January, 2008. He joined the Company in January, 2003 as the Legal Affairs Manager. Before then, he was in private practice 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

Back Row (L-R): **Mr. Rob Kleinjan** *Finance Director*; **Mr. Emmanuel Oriakhi** *Marketing Director*; **Mrs. Sade Morgan** *Corporate Affairs Director*; **Mr. Martin Kochl** *Supply Chain Director*; **Mrs. Chidum Ayeni** *Head, Digital and Business Transformation*; **Mr. Uche Unigwe** *Sales Director*

Front Row (L-R): **Mrs. Grace Omo-Lamai** *Human Resource Director*; **Mr. Jordi Borrut Bel** *Managing Director/ CEO*; **Uaboi G. Agbebaku Esq.** *Company Secretary / Legal Director*



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 74th Annual General Meeting of Nigerian Breweries Plc ("the Company") will be held in the Star Academy, NB's Accommodation Centre, Plot 14, Abebe Village Road, Iganmu, Lagos State, Nigeria, on **Tuesday, the 23rd of June, 2020** 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 2019, together with the Income Statement for the year ended on that date and the Reports of the Independent Auditor and the Audit Committee thereon.

2 To declare a dividend.

3 To re-elect Directors including Chief Kolawole B. Jamodu, who is over 70 years old, special notice to that effect having been received by the Company in accordance with Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

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.

Dated the 20th of May, 2020.

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**
Due to the Covid-19 pandemic and the attendant directives issued by relevant authorities on physical distancing and a limit on the maximum number of persons at a gathering (not more than 20 persons), Shareholders' attendance at this Annual General Meeting (AGM) shall be by Proxy only in accordance with the Corporate Affairs Commission's "Guidelines on Holding of Annual General Meetings (AGM) of Public Companies Using Proxies".

A Shareholder entitled to attend and vote at the Meeting can appoint a proxy to attend and vote in his/her/its stead. The proxy needs not be a shareholder. Consequently, Members are required to appoint a proxy of their choice from the following proxies to represent them at the Meeting: **(a) Chief Kolawole B. Jamodu, CFR (Chairman); (b) Mr. Jordi Borrut Bel (Managing Director/CEO); (c) Mrs. Ndidi O. Nwuneli (Independent Non-Executive Director); (d) Chief Timothy A. Adesiyan (Shareholders Representative, Audit Committee); (e) Sir Sunny Nwosu (Minority Shareholder); (f) Mr. Matthew Akinlade (Minority Shareholder); (g) Mr. Nornah Awoh (Minority Shareholder); and (h) Mrs Adebimpe Shoewu, JP (Minority Shareholder).**

For the appointment to be valid for the purposes of the Meeting, the duly completed proxy forms which must be deposited at the office of the Registrar, First Registrars and Investor Services Limited, No 2, Abebe Village Road, Iganmu, Lagos State or sent by e-mail to info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com, not later than **Friday, the 19th of June, 2020.** A blank Proxy Form is included in the 2019 Annual Report & Accounts, which will also be available on the Company's website: www.nbplc.com and that of the Registrar, www.firstregistrarsnigeria.com. The Company has made arrangements at its cost for stamp duty to be paid on the proxy forms.

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 twenty one (21) days before the date of the AGM.

c) **DIVIDEND & CLOSURE OF REGISTER**
A total dividend of **₦16,073,773,123** (Sixteen Billion, Seventy Three Million, Seven Hundred and Seventy Three Thousand, One Hundred and Twenty Three Naira only), that is, **₦2.01** (Two Naira and One Kobo only) per share for the 2019 financial year, has been recommended by the Board for approval. Having earlier paid an interim dividend of **₦3.9 billion** that is **50 kobo** per share which was declared in October 2019, the final dividend will be **₦12,075,322,097** (Twelve Billion, Seventy Five Million, Three Hundred and Twenty Two Thousand and Ninety Seven Naira only) that is, **₦1.51** (One Naira and Fifty One Kobo) per share. The total dividend for the year is composed of **₦10,073,773,123** (Ten Billion, Seventy Three Million, Seven Hundred and Seventy Three Thousand, One Hundred and Twenty Three Naira only) from the profits of the year and **₦6,000,000,000** (Six Billion Naira only) from the Company's pioneer profits from prior years.
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 24th of June, 2020, to all Shareholders whose names appeared on the Company's Register of Members (Register) at the close of business on the **4th of March, 2020.** The Register was closed between the **5th of March 2020** and the **11th of March, 2020.**

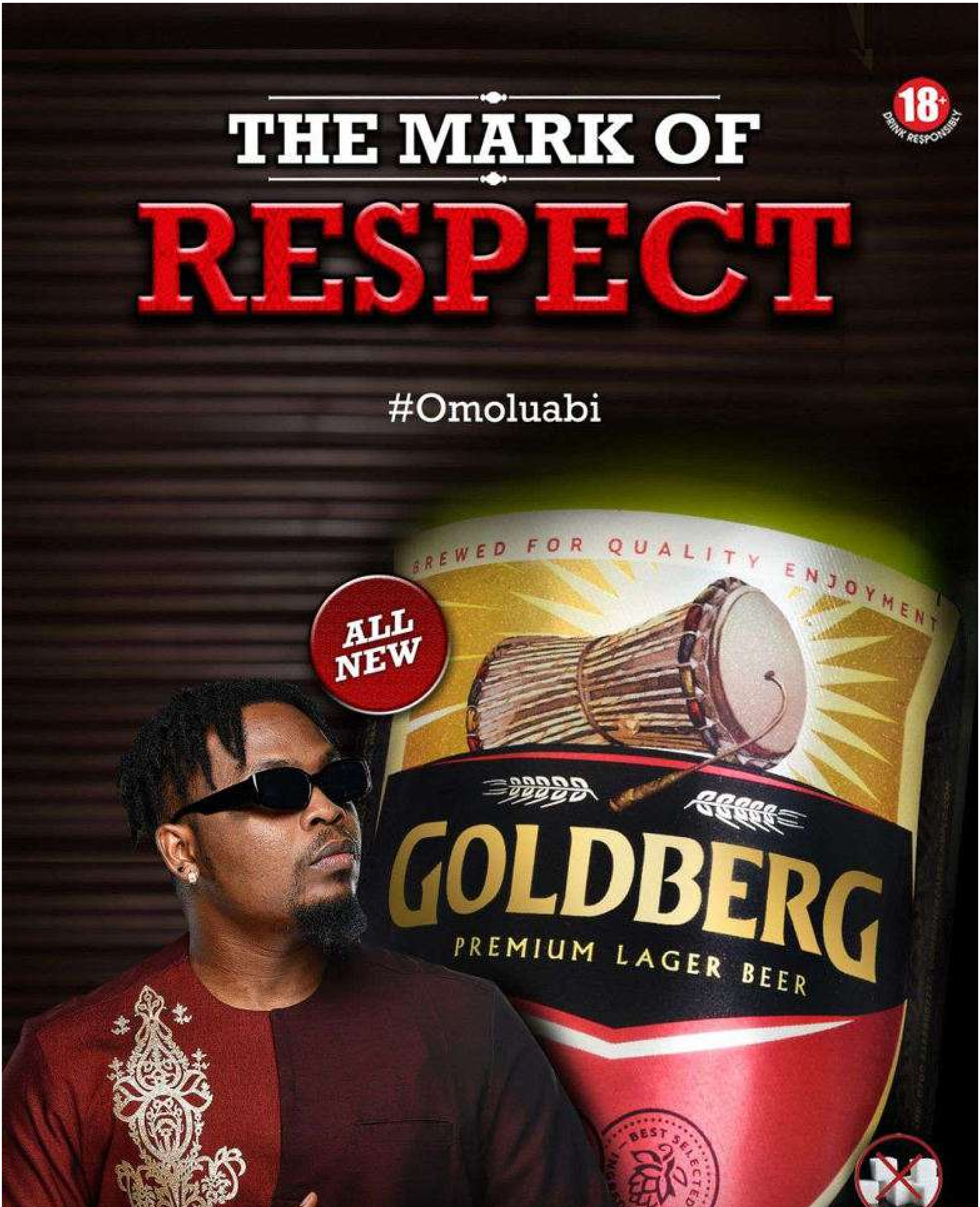
d) **SHAREHOLDERS' RIGHT TO ASK QUESTIONS**
A Shareholder has a right to ask questions prior to the AGM. Such questions should be submitted in writing to the Company Secretary not less than a week before the date of the AGM via the email address: mynbshares@heineken.com.

e) **ELECTRONIC VERSION OF THE ANNUAL REPORT AND ACCOUNTS**
Electronic versions of the 2019 Annual Report and Accounts are available online for viewing and download via the Company's website, www.nbplc.com and that of the Registrar, www.firstregistrarsnigeria.com.

f) **LIVE STREAMING OF THE AGM**
The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website: www.nbplc.com and by the Registrar, in due course.

g) **E-DIVIDEND MANDATE**
Shareholders who are yet to complete the e-Dividend Form or who need to update their records and relevant bank accounts are urged to complete the e-Dividend Form which can be detached/downloaded from the Annual Report and Accounts as well as from the website of the Company, www.nbplc.com or that of the Registrar, www.firstregistrarsnigeria.com. The duly completed form should be returned to First Registrars and Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos State.

h) **UNCLAIMED DIVIDEND**
Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of all unclaimed dividends will be circulated to all affected Shareholders and they are advised to contact the Registrar, First Registrars and Investor Services Limited, No 2, Abebe Village Road, Iganmu, Lagos State or via the e-mail address, info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com to resolve any issue they may have with claiming the dividends.


THE MARK OF
RESPECT
#Omoluabi
18+
DRINK RESPONSIBLY
ALL NEW
BREWED FOR QUALITY ENJOYMENT
GOLDBERG
PREMIUM LAGER BEER
BEST SELECTED INGREDIENTS
NO SUGAR
ADDED

Chairman's Address

Chief Kolawole B. JAMODU, CFR
Chairman, Board of Directors

My dear fellow Shareholders, distinguished ladies and gentlemen, I am excited to, once again, and on behalf of the Board of Directors, ("the Board") welcome you to the 74th Annual General Meeting ("AGM") of this great company of ours, Nigerian Breweries Plc. It is also my privilege to present to our Shareholders, the 2019 Annual Report and Accounts, including my address.

I will, as usual, do a quick review of the operating environment during the year under review, focusing on how businesses were impacted, then review our Company's performance during the year and conclude by briefly looking ahead to the expectations for the year 2020.

2019 Operating Environment

The operating environment in 2019 was not materially different from what we have seen in the last few years. It was another challenging year for businesses.

The start of the year was dominated by pre-election and election activities around the 2019 general elections. Nigeria continues to make strides in the deepening of our democracy with the conclusion of the elections and subsequent inauguration of governments at the Federal and State levels. Stability in government and governance remains a major factor in the growth of any economy and by implication, the business climate.

On the macro economic front, the economy continued on a moderate growth path, with the Gross Domestic Product (GDP) recording a full year growth of 2.27%, an improvement on the 1.91% growth recorded in 2018. While the non-oil sector was the driver of growth in the recent past, it was the turn of the oil sector in 2019, expanding by 4.59% (0.59% in 2018). The non-oil sector on the other hand was stagnant, expanding at 2.06% in the year under review (2% in 2018). The oil sector growth was boosted by an increase in oil production output which averaged 2.01 million barrels per day, up from 1.9 million barrels per day in 2018. Manufacturing, which grew slightly by 0.77% (2.09% in 2018), contributed to the stagnation of the non-oil sector, with our sub-sector, Food, Beverage and Tobacco, growing by 2.17% (2.93% in 2018). The rate of growth in the economy however, continued to trend below the population growth rate of about 2.6% thereby creating challenges of per capita income and unemployment. The GDP growth has not translated to higher consumer purchasing power.

One of the positives for businesses in 2019 was a gradual lowering of bank lending rates. The average lending rate was about 15% which however remained high. High cost of funds continues to hamper businesses. The expectations are that the trend witnessed in 2019 will continue leading to even lower lending rates with positive impact on business profitability. The stability in the Foreign Exchange market was sustained in the course of the year although the fear of a devaluation of the Naira pervaded the business world throughout the year. Inflation rate remained stable but at double digits with signs of upward climb in the closing months of the year.

In 2019, low purchasing power, growing unemployment and poverty rates, poor state of social infrastructures including road and power supply, multiple taxation, increasing levels of insecurity and challenges with getting imported items out of the Lagos port, remained the bane of businesses, particularly the Manufacturing Sector. Majority of companies in the sector struggled with dwindling profits thereby further raising the risk of business sustainability.

The Nigerian capital market ended in the negative in 2019 and was ranked as one of the worst performing markets in Africa, having

Chairman's Address (Cont'd)

recorded a 15% decline in the All Share Index. According to The Nigerian Stock Exchange (NSE), the negative performance was influenced by the macroeconomic landscape, fiscal and monetary policy direction, a wait-and-see attitude due to trends in Foreign Portfolio Investment and concerns over the fate of the Naira. The NSE Consumer Index was the worst hit with a year-on-year decline of 21%. The market capitalisation of our equity was not spared as we ended the year with a value of ₦472 billion as against ₦684 billion recorded at the end of 2018.

The Brewed Product Market

In June 2019, the Federal Government implemented the previously announced review of the Excise Duty rate, which raised the rate further from 30 kobo per centilitre (₦30.00 per litre) to 35 kobo per centilitre (₦35.00 per litre). Due to low purchasing power, it was difficult to pass on the increased cost to the consumer. This led to additional cost burden on companies with impact on profitability. Added to the already difficult operating environment, the entire Brewery industry recorded a loss in the Third Quarter (July to September) of 2019, being the quarter that followed the implementation of the new Excise Duty rate. It was the first time in about twenty years that the entire industry would record a loss as none of the main players recorded a profit in that quarter.

Review of Operations

Despite the challenges in the operating environment, we remained committed to *Winning with Nigeria*. We stayed on course with our strategy, focusing on our innovation agenda, defining a winning Route-to-Market, improving End-to-End productivity, developing our people and ensuring that sustainability remains at the core of everything we do.

We continued to be innovative in keeping our brands constantly relevant and appealing to the needs of our different consumers. Nigeria's foremost lager brand, ***Star***, the *Shine Shine Bobo*, was refreshed in 2019 with a reformulated smoother taste and a bold new look. It was accompanied by a new advertising campaign featuring Burna Boy, the brand's ambassador. **Star** lager is now available in draught in addition to the bottle and can offerings. We blazed the trail in sleek can packaging for lager with the double introduction of the ***Heineken®*** 33cl sleek and the ***Tiger*** 33cl sleek can. Still on innovation, ***Goldberg*** lager was relaunched with a new look, a reformulated smoother taste and new advertising campaigns with Olamide as the brand's ambassador. A 33cl can was added to the ***Goldberg*** product offering. Other innovations included a 45cl bottle offering for ***Legend Extra Stout***, a 50cl can offering for **Goldberg** lager and a 33cl can offering for ***Life Continental*** lager.

Connecting with the consumer is the driver for all our brand activities. Our consumer facing activities during the year included giving an opportunity to loyal consumers of ***Heineken®*** lager and our supportive customers to experience the thrills, frills and glamour of the 2019 UEFA Champions League (UCL) final in Madrid, Spain. Prior to that final in Madrid and courtesy of ***Heineken®*** lager, the *UCL Champions Tour* led by Carlos Puyol, the legendary Spanish footballer, made its stop in the cities of Lagos and Uyo. Also, we maintained our support for the creative industry with the ***Heineken®*** Lagos Fashion and Design Week and the Design Fashion Africa events. Together with one of our business partners and building on our long history of support for the music industry by the ***Star*** brand, we launched a talent hunt programme, *Access the Stars,* which will discover music talents and propel them into the world. We sustained the *Life Progress Booster* empowerment programme and the *Hi-Life Fest* talent show, two activities of the ***Life Continental*** lager brand. We also sustained the ***"33" Export*** *City of Friends* and *Friends Connect* parties, the **Gulder** *Red Night* parties and the fourth edition of the ***Maltina*** sponsored *NickFest*, the increasingly popular Nickelodeon family festival. Other activities included the continuation of ***Goldberg***'s *Ariya Repete* and *Ita Faaji* music carnivals, more support for the film industry through the sponsorship of stage plays and movie premieres by ***Amstel Malta*** as well as the African Cup of Nations and FIFA Female World Cup campaigns by ***Star*** lager and ***Amstel Malta*** respectively, leveraging on our partnership with the Nigeria Football Federation.

We also brought innovations into our systems and ways of working, including our Route to Market. Taking advantage of the digital age, our products are now available for purchase via online channels; our distributors are equally being introduced to the e-commerce space to offer them an additional channel of transacting business with their customers. Our investments in digital and technology will drive more seamless, convenient and agile ways of doing business as well as give us the opportunity to gather more insights that will enable us to react faster to changing consumer needs.

We continue to seek innovative ways in our End-to-End process with a view to improving our efficiencies and becoming more effective in how we work. Cost management remained an integral part of everything we did during the year under review; the Every Naira Counts programme and other cost consciousness initiatives contributed to a lower Cost of Goods Sold during the year. Beyond the brand and processes, we invested in our production assets thereby ensuring that the facilities are kept up to date with technology. This allows us to constantly meet the demands of our consumers, not just in terms of product availability but also in terms of the right quality; it also ensures that our operations are run in an environmentally sustainable way.

The focus of our sustainability agenda includes promoting health and safety, promoting responsible consumption, growing with communities, protecting water resources, reducing carbon emission and sourcing in a sustainable way. In 2019, we joined forces with others in the Beer Sectoral Group (BSG) of the Manufacturers Association of Nigeria and partnered with the Federal Road Safety Commission (FRSC) to launch the SMASHED programme. The programme is aimed at discouraging underage drinking and abuse of alcohol. The *Don't Drink and Drive* campaign, another collaboration between BSG and FRSC, was sustained. Together with other companies in the Food and Beverage Recycling Alliance, we embarked on massive awareness drives to encourage the reduction, reuse and recycling of plastic packaging materials. For more on our sustainability and other social intervention initiatives in 2019, please see pages 43 and 44 of the Annual Report and Accounts.

People remain our biggest asset. People development is a key pillar of our strategy and investment in it is part of our ways of working. We continue to take advantage of the HEINEKEN N.V. expatriation programme to develop our people. At the end of the year under review, we had thirty

Chairman's Address (Cont'd)

eight Nigerians working in different HEINEKEN operations across the globe, far more than the number of expatriates working in Nigeria. The Company continues to benefit from the skills and experience that these Nigerians bring back to the business and to the country. We appreciate HEINEKEN N.V. for the expatriation opportunity which also allows us to benefit from the expertise and experience of expatriates that are seconded to Nigeria.

Still on people development, more than two thousand three hundred employees underwent functional, leadership or soft skills training during the year. Investment in capacity building is necessary to keep our employees up to date with contemporary skills and knowledge thereby equipping them to perform at the highest level. Empowerment programmes in place include stretched projects and short term assignments. In 2019, the Board approved an Inclusion and Diversity Policy for the Company with the aim of reinforcing the power of diversity and an inclusive environment where everyone matters and has an equal opportunity to contribute to the success of the Company.

We sustained the collaboration with the Industrial Training Fund and the Nigeria Employers' Consultative Association in the development of manpower for the Nigerian industrial sector. Another set of twenty young Nigerians graduated from the programme in 2019. Since the start of that collaboration in 2010, more than three hundred students have graduated from the programme which includes training in computer technology, mechanical engineering and automation. Majority of those graduates have been absorbed in the Company.

Our passion for quality and excellence resonates in everything we do. In 2019, we received honours and awards for the quality of our products, our innovations and our operations. Our commitment to good corporate governance was recognised by two different organisations. The Institute of Directors, Nigeria honoured us with the *2019 Corporate Governance Award* while we received from the Institute of Chartered Secretaries & Administrators of Nigeria, an award for *Excellence in Corporate Governance*. Others included the *Best Kept Industrial Premises Awards* by the Manufacturers Association of Nigeria (Apapa Branch), the National Productivity Centre award for *Productivity and Innovation* as well as Jobberman Research award for being one of the *Best Places to Work*.

Awards and recognitions for our brands included the *2019 Advertisers Association of Nigeria (ADVAN) Awards for Excellence* which were received for **Heineken®** sleek can (product packaging), ***"33" Export*** (consumer experience), ***Amstel Malta*** (campaign of the year), ***Goldberg*** (consumer promotion and product packaging) and ***Life Continental*** (experiential). The Company received a special award at the Nigerian Technicians and Artisan Conference for *Enterprise Support for Artisans*. This was in recognition of the activities of ***Goldberg*** in support of artisans. To underline our World-Class performance and our passion for quality, three of our lager brands, ***Star***, ***Gulder*** and ***Goldberg***, each received the Monde Selection Gold Award in Belgium.

Company Results

The challenges that businesses in general and the brewed product sub-sector in particular faced in 2019 were mentioned earlier in my address. Despite the challenges, we were able to record positive results at the end of the year, although hugely impacted by the aforementioned factors. Our Net Revenue was **₦323 billion**, slightly lower than the ₦324 billion recorded in 2018. Results from Operating Activities (Operating Profit) was **₦35 billion** as against N37 billion in 2018, due in part to higher Excise Duties and other operating costs. Due to a much higher net finance cost, Profit After Tax was **₦16 billion** compared to ₦19 billion recorded in 2018. The increase in net finance cost was due to actions taken to reduce the backlog of foreign payables which had accumulated when there was scarcity of foreign exchange to meet those obligations.

Dividend

Fellow Shareholders, for the financial year ended 31st December, 2019, the Board is pleased to recommend for your approval, the payment of a total dividend of **₦16,073,773,123** (Sixteen Billion, Seventy Three Million, Seven Hundred and Seventy Three Thousand, One Hundred and Twenty Three Naira only), that is, **₦2.01 (Two Naira and One Kobo)** per share. The proposed total dividend is made up of **₦10,073,773,123 (Ten Billion, Seventy Three Million, Seven Hundred and Seventy Three Thousand, One Hundred and Twenty Three Naira only)** from the profits for the year and **₦6,000,000,000** (Six Billion Naira only) from the Company's pioneer profits from prior years.

In October of 2019, the Board approved the payment of a total interim dividend of **₦3,998,451,026** (Three Billion, Nine Hundred and Ninety Eight Million, Four Hundred and Fifty One Thousand and Twenty Six Naira only), that is, **₦0.50 (fifty kobo)** per share. The interim dividend was paid in December, 2019. In the light of that, the final dividend being proposed will be **₦12,075,322,097** (Twelve Billion, Seventy Five Million, Three Hundred and Twenty Two Thousand and Ninety Seven Naira only), that is, **₦1.51 (One Naira and Fifty One Kobo)** per share. Please note that if approved, the final dividend will be subject to the deduction of withholding tax at the appropriate rates and would become payable by the **24th of June, 2020** to Shareholders recorded in the Register of Members as at close of business on the **4th of March, 2020.**

Unclaimed dividend continues to be an issue in the Nigerian Capital Market. Thus, I cannot get tired of urging every Shareholder that is not yet on the e-dividend platform to do so. It will help to reduce in the short term, and eliminate in the long term, the issue of unclaimed dividend. In addition, it will help you to receive your dividend speedily and at all times, wherever you may be. Further, the Securities and Exchange Commission (SEC) has directed that dividend warrants should no longer be printed. As usual, an e-dividend form for your use is included in the Annual Report and Accounts. Please complete and return it to the Registrar (First Registrars & Investor Services Limited). The form is also available for download on our website (www.nbplc.com) and that of the Registrar (www.firstregistrarsnigeria.com).

Board of Directors

There was a change in the Board after the last AGM. Mr. Atedo N.A. Peterside, CON resigned as a Director of the Company effective the 1st of April, 2020, to enable him focus on fulfilling the objectives of the Anap Foundation COVID-19 Think Tank which he set up as part of the fight against COVID-19. Mr. Peterside joined the Board on the 21st of August, 2008 and was an invaluable contributor to the various progress made by the Company during that time. On behalf of the Shareholders, Board, Management and all employees, the

Chairman's Address (Cont'd)

Company is grateful to Mr. Peterside for his services to our Company and wish him the very best in his other endeavours.

Three Directors (including me) will retire at the forthcoming AGM and being eligible, we have offered ourselves for re-election. As required by Section 256 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, I have given to the Company, a special notice of my age (more than 70 years old). Other Directors seeking re-election are Mr. Sijbe (Siep) Hiemstra and Mrs. Ndidi O. Nwuneli, MFR.

Looking Ahead: 2020

Operating Environment

For the first time in a very long while, the Federal Government's budget for the year was approved and passed into law before the commencement of the year in question. We commend the Federal Government and the National Assembly for this achievement and look forward to the speedy implementation of all aspects of the budget with a view to stimulating the growth and development of the economy. The budget is to be financed partly by the introduction of new taxes and in furtherance of that, the Finance Act, 2019 was passed at the start of the year 2020. The Act has, amongst others, raised the Value Added Tax (VAT) rate from 5 to 7.5% and introduced some tax relief measures for small and medium scale businesses.

While we were all trying to adjust to the new VAT rate, the entire world was stunned by the outbreak of the Coronavirus/COVID-19 pandemic. There is hardly any part of the world that has not been affected by the pandemic which has so far, resulted in hundreds of thousand deaths and millions of people being infected. The impact of the virus is being felt in different aspects of the human race including international and local businesses as well as by Governments and World Bodies to the extent that staying alive has become the Number 1 target or goal for the year, 2020.

Already, the international crude oil price has been severely hit with the Federal Government having to drastically revise downward the 2020 budget. COVID-19 has impacted the earnings and profitability of companies as can be seen in the published Quarter 1 results of many manufacturing companies in particular. With the increasing number of infected persons and death coupled with restriction of movements across the country, the remaining part of the year looks set to be even more challenging.

Let me applaud the Government at both the Federal and State levels for the concerted efforts, alongside the private sector, to fight the pandemic. Indeed, all hands must remain on deck to be able to deal with the crisis.

Brewed Product Market

Following the introduction of a new VAT rate of 7.5%, players in the brewed product industry have implemented a price increase to take care of the new rate while simultaneously embarking on trade discounts and other forms of promotions. Thus, the expectations are that the competitive landscape will become even more aggressive with impact on profitability. Due to COVID-19 and the need to deal with the crisis that came with it, tough actions have been taken by the Government, including restriction of movements and a temporary shutdown of the hospitality sector. These necessary measures have naturally impacted heavily on our sector and would continue to impact it until the crisis is put under control. At this moment, the health and safety of our employees remain paramount.

Winning with Nigeria remains our long term focus which also means a commitment to delivering long-term sustainable value to our Shareholders. The Board is confident that we have the right strategy to do that and remain the market leader especially when things begin to return to normal.

Conclusion

In concluding, let me, on behalf of the Board, Management and other employees, thank you, our esteemed Shareholders for your unflinching support through the years. Together, we have kept the Company on top for more than seventy years and I am confident that together, we will continue to be on top in the foreseeable future.

I thank our parent company, HEINEKEN N.V., for its unwavering support for the Company and unshaken belief in Nigeria. The confidence with which it joined others to establish this Company more than seventy years ago, remains and continues. I will like to use this opportunity to give a special thanks to Mr. Jean-François van Boxmeer, the Heineken N.V. CEO and Chairman of the Executive Board, who will be bowing out at the end of May 2020. During his fifteen years at the helm of affairs, Mr. van Boxmeer helped to grow the Heineken business across the globe including facilitating the acquisitions and mergers that our Company undertook in the last decade. His support for our Company was total and it is well appreciated. We welcome his successor, Mr. Dolf van den Brink, himself a thorough bred HEINEKEN person. With his twenty two years career taking him to different HEINEKEN operations across the world, including Africa, the incoming CEO is well prepared to step in and take HEINEKEN N.V. even higher.

To our other stakeholders, some old and others new, I say thank you for your support. These include our transporters, distributors/customers, consumers, suppliers, agencies, professional advisers, the Government (and agencies of Government) at all levels and our host communities. We count on your continuing support. At the start of the year, we celebrated our transporters and distributors for their contributions to our performance in 2019. Over two hundred and forty awards and recognitions were given out to these trade partners. We look forward to their continuing support.

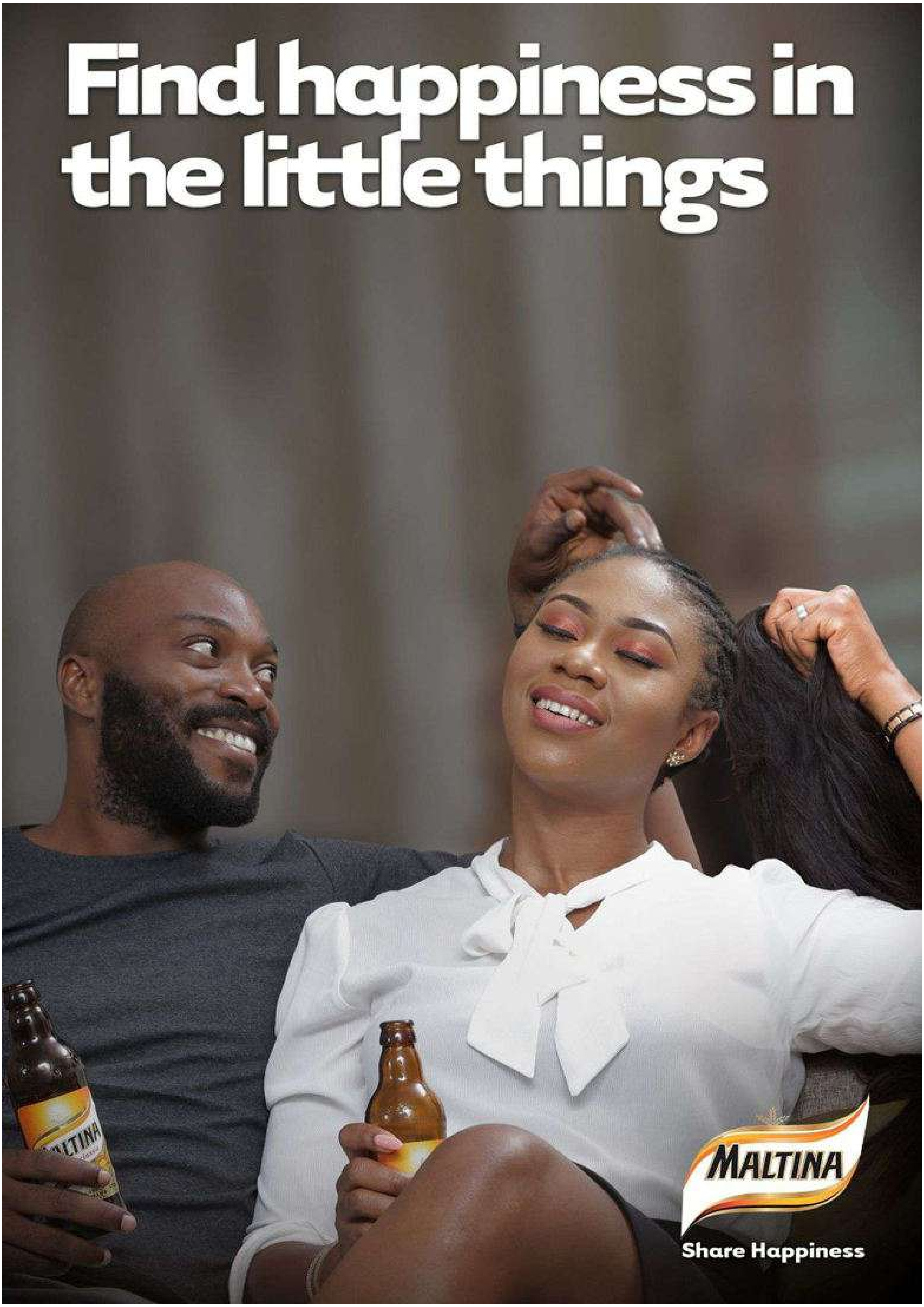
I equally thank my fellow Board Members, the Management Team and every employee for their individual and collective contributions for the year gone by and look forward to even more of that in year 2020.

Above all, I give glory to God.

I enjoin each of us to please stay safe and follow all measures being put in place by Government to stem the spread of Coronavirus.

Thank you and God bless you.

Chief Kolawole B. JAMODU, CFR
Chairman, Board of Directors.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Directors' Report

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, 2019.

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 ("CAMA") 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, 2019.

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 15 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 32 (c) 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. At the time of the acquisition, all productive assets were impaired.

6. **234 Stores Limited**
   234 Stores Limited is a subsidiary of the Company which was incorporated to explore opportunities in the route-to-market. The subsidiary was operated as a pilot scheme during the year under review. See Note 15 (c) to the financial statements.

7. **Review of Operations**
   In 2019, the results of the Company were adversely impacted by the increased excise duty rate which came into effect during the year coupled with a challenging operating environment. A summary of the results for the year is shown below:

	2019 ₦' millions	2018 ₦' millions	% Change
Net Revenue	323,002	324,389	(0.4)
Results From Operating Activities	35,255	36,957	(4.6)
Profit Before Taxation	23,327	29,360	(20.5)
Taxation	(7,222)	(9,959)	(27.5)
Profit after Tax	16,105	19,401	(17.0)

Directors' Report (Cont'd)

8. Dividend

The Board is pleased to recommend to Shareholders at the forthcoming Annual General Meeting ("AGM"), the declaration of a total dividend of **₦16,073,773,123** (Sixteen Billion, Seventy Three Million, Seven Hundred and Seventy Three Thousand, One Hundred and Twenty Three Naira only), that is, **₦2.01 (Two Naira and One Kobo only)** per ordinary share of fifty (50) kobo each. The Company had during the year under review paid an interim dividend of **₦3,998,451,026** (Three Billion, Nine Hundred and Ninety Eight Million, Four Hundred and Fifty One Thousand and Twenty Six Naira only), that is, **₦0.50 (fifty kobo)** per share to Shareholders. Thus, the final dividend will be **₦12,075,322,097** (Twelve Billion, Seventy Five Million, Three Hundred and Twenty Two Thousand and Ninety Seven Naira only), that is, **₦1.51 (One Naira and Fifty One Kobo)** per 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 **24th of June, 2020,** to all Shareholders whose names appear on the Company's Register of Members at the close of business on the **4th of March, 2020.**

9. Shareholding and Substantial Shareholders

The issued and fully paid-up Share Capital of the Company as at 31st December, 2019 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 13.14% held more than 10% of the Company's issued share capital as at the said date. The remaining 33.63% 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, 2019. 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 127 of this Annual Report and Accounts.

11. Board of Directors

The composition of the Board of Directors is as shown on page 5 hereof. The Board is at present made up of eight (8) Non-Executive Directors (including the Chairman) and two (2) Executive Directors.

Mr. Atedo N.A. Peterside, CON, resigned from the Board effective the 1st of April, 2020 to enable him focus on the activities of the Anap Foundation COVID-19 Think Tank which he set up as part of efforts to fight the COVID-19 pandemic. The Board is immensely grateful to Mr. Peterside for the contributions to the Board during his tenure.

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 Chief Kolawole B. Jamodu, CFR, Mr. Sijbe (Siep) Hiemstra and Mrs. Ndidi O. Nwuneli, MFR. As required by Section 256 of CAMA, Chief Jamodu has duly notified the Company that he is over 70 years old.

12. Statement of Directors' Responsibilities

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 54 to 116 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 years 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 for further information in that regard.

Directors' Report (Cont'd)

14. Director's 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 20th May, 2020	As at 12th February, 2020	As at 31st December, 2019	As at 31st December, 2018
Chief Kolawole B. Jamodu, CFR	766,704	766,704	766,704	576,704
Mr. Jordi Borrut Bel	Nil	Nil	Nil	Nil
Mrs. Adeyinka O. Aroyewun	1,666	1,666	1,666	N.A.
Mr. Oluseyi T. Bickersteth	Nil	Nil	Nil	N.A.
Mr. Sijbe (Siep) Hiemstra	Nil	Nil	Nil	Nil
Mr. Rob Kleinjan	19.302	19,302	19,302	Nil
Mrs. Ndidi Nwuneli, MFR	Nil	Nil	Nil	Nil
Mrs. Ifueko M. Omoigui Okauru, MFR	35,992	35,992	35,992	35,992
Mr. Atedo N.A. Peterside, CON*	N.A.	Nil	Nil	Nil
Mr. Roland Pirmez	Nil	Nil	Nil	Nil
Mr. Steven L.M. Siemer	Nil	Nil	Nil	Nil

N.A. - Not a Director as at that date

** Had indirect holding of 10 million units of the Company's shares via The First ANAP Domestic Trust. Apart from Mr. Peterside, no other Director had an indirect holding in the Company.*

15. Agricultural/Raw Materials Improvements

Nigerian Breweries Plc continues to look into 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 is also working on the introduction of new sorghum varieties and the reinvigoration of our existing non-hybrid sorghum varieties with the potential of sustaining higher yields and improving pest and/or disease tolerance. 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 13 to the financial statements.

17. Gifts and Donations

In 2019, the Company made gifts and donations amounting to ₦94,767,679 (2018: ₦57,700,667) as follows:

Beneficiary/Project	Naira
Health Care Facility, Sokoto	5,719,980
Don't Drink & Drive Campaign	2,465,505
Youth Empowerment (Skill Aquisition) in Awo-Omamma	9,998,750
Scholarship Scheme for Umuezeani Community	3,992,000
Kaduna Polo Tournament Sponsorship	1,910,528
Electrification Project in Imaka Town	9,274,618
Kakuri Health Centre Project	9,491,580
Sponsorship: Donation to Nigerian Institute of Public Relations Conference	1,000,000
Sponsorship: The Nigerian Stock Exchange Corporate Run for Cancer Challenge	1,684,000
Sponsorships: Ugo Touch of Life; Enugu BSS Women Conference; NAWOJ Girl Child Education	3,566,875
Mastersports Relay Support	515,725
Nigeria Conservative Foundation Sponsorship	526,750
Host Community Stakeholder Engagement Sponsorships	2,138,900
Sponsorship of Tennis Tourneys at Community Sport Clubs in Aba, Ibadan & Enugu	12,436,909
Repairs & Installation of Community Boreholes in Kaduna, Ibadan & Enugu	23,572,259
Umuezeani Primary School Project - Amaeke Ngwo, Enugu	6,473,300
	94,767,679

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

Directors' Report (Cont'd)

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 thirteen (13) 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:

- Produce and market 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 the Code of Business Conduct and the Community Involvement 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.

Directors' Report (Cont'd)

(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 and Sustainability Report detailing some of the ways we partnered with our various stakeholders during the year under review is on page 43.

(d) 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. The Board is aware of the Nigerian Code of Corporate Governance, 2018 ("the Code") released by the Financial Reporting Council of Nigeria on 15th January, 2019 and is fully committed to implementing the principles enshrined in the Code.

(a) The Board of Directors

The Board of Directors is made up of eight (8) Non-Executive Directors, including the Chairman, and two (2) Executive Directors. Three (3) of the Non-Executive Directors qualify as Independent Directors. They are 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 Directors is set out below:

	13/02/19	17/05/19	30/07/19	25/10/19	04/12/2019
Chief Kolawole B. **Jamodu**, CFR	P	P	P	P	P
Mr. Jordi **Borrut Bel**	P	P	P	P	P
Mrs. Adeyinka O. **Aroyewun**	P	P	P	P	P
Mr. Oluseyi T. **Bickersteth**	P	P	P	P	P
Mr. Sijbe (Siep) **Hiemstra**	P	P	P	P	P
Mr. Rob **Kleinjan**	P	P	P	P	A
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	A	P	P
Mr. Steven L.M. **Siemer**	P	P	P	A	P

P – Present
A – Absent with Apology

Directors' Report (Cont'd)

(b) Governance Committee

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 national and international best practices.

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

		12/02/19	15/05/19	24/10/19
Mr. Atedo N.A **Peterside**, CON	Chairman	P	P	P
Mr. Sijbe (Siep) **Hiemstra**	Member	P	P	P
Mrs Ndidi O. **Nwuneli**, MFR	Member	P	P	P

P – Present

(c) Risk Management and Ethics Committee

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.

The composition of the Committee as well as record of attendance at its meetings, during the year, were as follows:

		16/05/19	29/07/19	24/10/19	04/12/19
Mr. Roland **Pirmez**	Chairman	P	A	P	P
Mrs. Adeyinka O. **Aroyewun**	Member	P	P	P	P
Mrs. Ifueko M. Omoigui **Okauru**, MFR	Member	P	P	P	P

P – Present
A – Absent with Apology

(d) Audit Committee

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.

The Audit Committee is composed of three (3) Shareholders' representatives and three (3) Directors' representatives. See page 46 for details on members of the Committee

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

	13/02/19	16/05/19	29/07/19	04/12/19
Chief Timothy A. **Adesiyan**	P	P	P	P
Mr. Oluseyi T. **Bickersteth**	N/A	N/A	P	P
Mazi Samuel C. **Mpamaugo**	P	P	P	P
Mr. David O. **Oguntoye**	P	P	P	P
Mrs. Ifueko M. Omoigui **Okauru**, MFR	P	A	P	P
Mr. Steven L.M. **Siemer**	N/A	N/A	P	P
Mr Roland Pirmez	P	P	N/A	N/A

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

Directors' Report (Cont'd)

(e) Executive Committee

The Executive Committee ("ExCo") is the Management Team and is 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 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	16
Mrs. Chidum **Ayeni**	Head, Digital and Business Transformation	21	21
Mr. Rob **Kleinjan**	Finance Director	21	16
Mr. Martin **Kochl**	Supply Chain Director	21	20
Mrs. Sade **Morgan**	Corporate Affairs Director	21	18
Mrs. Grace **Omo-Lamai**	Human Resource Director	21	18
Mr. Emmanuel **Oriakhi**	Marketing Director	21	19
Mr. Uche **Unigwe**	Sales Director	21	17
Uaboi G. **Agbebaku**, Esq.	Company Secretary/Legal Director	21	20

(f) 2019 Board Evaluation

The results of the Board Evaluation showed that the Board was satisfied with the individual and collective contributions of the Directors, both at the Board and Committee levels, in providing strategic direction and support to Management during the year under review. The Board identified areas to focus on with a view to ensuring that the Company continues to deliver on its set goals.

(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 ("Closed 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 regularly notifies The Nigerian Stock Exchange of its Closed 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) Communication Policy

Nigerian Breweries Plc has in place a Communication 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).

(j) Inclusion & Diversity Policy

Our Ambition is to develop and embed Inclusion and leverage Diversity to create value in a fast-changing and complex environment, which positively impact our employees, customers and consumers. Wherever we operate and across every part of our business, we are passionate about creating an inclusive environment which caters to differences and fosters inclusion and equity through our core values of Respect for one another and the environment, Passion for Quality, Enjoyment and Performance.

Directors' Report (Cont'd)

(k) Whistle Blowing Framework

The Company has a whistleblowing system in place called, "Speak Up". This provides an avenue for employees and third parties dealing with the Company to report concerns about any suspected misconduct which may arise from the violation of laws and regulations, the Company's Code of Business Conduct or the various policies, rules, standards and procedures under which the Company operates. By creating the Speak Up channel (a safe, secured and confidential channel of communication) and an effective reporting system, the Company believes that it can promote a positive work environment.

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 20th day of May, 2020.

By Order of the Board.

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

Iganmu House
Abebe Village Road
Iganmu, Lagos, Nigeria

ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18.


Fun
Fiction
#Find Your Difference
PINEAPPLE
fayrouz
SOFT DRINK


18+
THE BREWERY,
YOUR GLASS
AND NOTHING
IN BETWEEN
STAR
LAGER BEER
STAR
DRAUGHT
Always Fresh. Great Taste.
1ST NIGERIAN
BEER
IN DRAUGHT

L-R: President, International Olympic Committee, Mr. Thomas Bach; Vice President, Federal Republic of Nigeria, Professor Yemi Osinbajo; Chairman, NB Plc, Chief Kola Jamodu and Corporate Affairs Director, NB Plc, Mrs. Sade Morgan at a State House dinner in honour of IOC President held in Abuja.

Mr. Jordi Borrut Bel, MD/CEO, NB Plc (2nd left); Mr. Babajide Sanwo-Olu, Governor of Lagos State (3rd left); Dr. Obafemi Hamzat, Deputy Governor of Lagos State and officials of NB Plc and the Lagos State Government during a visit by NB Plc to the Lagos State Governor.

His Excellency, Rt. Hon. Ifeanyi Ugwuanyi, Governor of Enugu State (2nd left), Jordi Borrut Bel, MD/CEO NB Plc (middle), officials of Enugu State and NB Plc during a visit to the Governor.

Mr. Jordi Borrut Bel, MD /CEO, NB Plc and team during a courtesy visit to Hon. Minister of Industry, Trade and Investment Otunba Niyi Adebayo, in Abuja.

Ben Umeh (middle), Regional Business Manager, Onitsha receiving the Inspirational Leader award 2019 from Marketing Director, Emmanuel Oriakhi (R) and Sales Director, Uche Unigwe (L).

L-R: Mr. Monday Omokakpo; Brewery Security Manager, Mr. Abiodun Ajayi, Brewery Manager, Kaduna; Mr. Mohammed Buhari; Divisional Police Officer and Mr. Dajuma John-Ekele, Public Affairs Manager, North at the handing over of a patrol van to Nigerian Police Force, Kakuri Division.

L-R: MD/CEO, NB Plc, Mr. Jordi Borrut Bel; Wife of the Governor of Lagos State, Dr. (Mrs.) Ibijoke Sanwo-Olu; Winner of the 2019 Maltina Teacher of the Year (MTOTY), Mr. Ezem Collins; Minister of State for Education, Hon. Chukwuemeka Nwajiuba and Corporate Affairs Director, NB Plc, Mrs. Sade Morgan.

L-R: Martin Kochl, Supply Chain Director, NB Plc; Uche Unigwe, Sales Director, NB Plc; Kenneth Maduakor, National Volume Champion; Patrick Achizoba, National Key Transporter and Jordi Borrut Bel, MD/CEO, NB Plc at the Distributors' award in Lagos.

Cross section of shareholders at the 73rd Annual General Meeting

L-R: President and Chairman, Governing Council, Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN), Bode Ayeku; Corporate Affairs Director, NB Plc, Sade Morgan and Rector, Yaba-Tech, Obafemi Omokungbe at the presentation of Award of Excellence in Corporate Governance (Corporate Category) to NB Plc.

L-R: The Consultant, Leadership and Professional Ethics Consult, Charles Olorunshola; DG, National Productivity Centre (NPC), Kashim Akor; Head, HR Business Partner, Supply Chain, NB Plc, Akpana Ahukannah and another official at the presentation of an award of Productivity and Innovation to NB Plc.

L-R: Michel de Carvalho; member of the Heineken Supervisory Board, Uche Unigwe, Sales Director, NB Plc and Charlene de Carvalho, daughter of Freddy Heineken at the presentation of the Commercial Courage Award won by NB Plc.

L-R: 1st Vice President, Institute of Directors(IoD), Ije Jidenma; President, IoD, Chris Okunowo; Corporate Affairs Director, NB Plc, Sade Morgan; Chief Executive, Nigerian Stock Exchange, Oscar Onyema and Past President, IoD Emmanuel Ijewere at the 2019 IOD Nigeria Corporate Governance Award.

L-R: Corporate Affairs Director, NB Plc, Sade Morgan; Community Marketing Lead, Jobberman, Princewill Akuma; Human Resource Director, NB Plc, Grace Omo-Lamai and Company Secretary/Legal Director, NB Plc, Uaboi Agbebaku at the presentation of a Best Place to Work Award by Jobberman.

NB Plc and Imo State Government officials at the presentation of start-up tools to graduands of the Youth Empowerment Programme.

NB Plc officials; Chief Whip, Lagos State House of Assembly, Rotimi Abiru and Principal, Eva Adelaja Girls Secondary Grammar School, Soyoye Oluyinka at the Commissioning of Renovated Block of Eight Classrooms by The Nigerian Breweries - Felix Ohiwerei Education Trust Fund.

L-R: Patrick De Halleux; Marketing Director, NB Plc, Emmanuel Oriakhi; Managing Director, Dimitri Delloye; and President of the Jury Beers, Claudine Lietar, at the conferment of the prestigious Gold Quality awards to Star, Gulder and Goldberg at the Monde Selection Awards Ceremony in Rome.

Hon. Commissioner of Education, Oyo State, Prof. Daud Sangodoyin unveiling the plaque at the commissioning of a block of four classrooms donated by NB Plc to Alalubosa Community Primary School, Ibadan.

Consumers having a good time at the Gulder Red Night party in Lagos

Chijioke Charles was crowned Winner of the 2019 Hi-Life Fest Edition in Onitsha

2019 Edition of the Maltina Nickfest: A host of guests having a great time

Fayrouz unveils new sleek can & Find Your Difference campaign. Emmanuel Oriakhi, Marketing Director, Nigerian Breweries Plc (middle), with the Fayrouz Marketing Team and Fayrouz Brand Influencers

The UCL Champions Tour in Lagos: Lagos State Governor, Babajide Sanwo-Olu, Chief Kola Jamodu, Chairman Board of Directors NB Plc., the Football Legend, Carles Puyol and JayJay Okocha with NB Plc. executives posing with the UEFA Champions League trophy

Amstel Malta unveiled a new Campaign in support of the Super Falcons 2019 FIFA Women's World Cup. Nigerian Breweries Plc Executives with First Vice President of the Nigeria Football Federation (NFF), Seyi Akinwunmi (2nd left), President of Nigeria Women Football League, Aisha Falode (3rd left), and Amstel Malta Brand Influencers

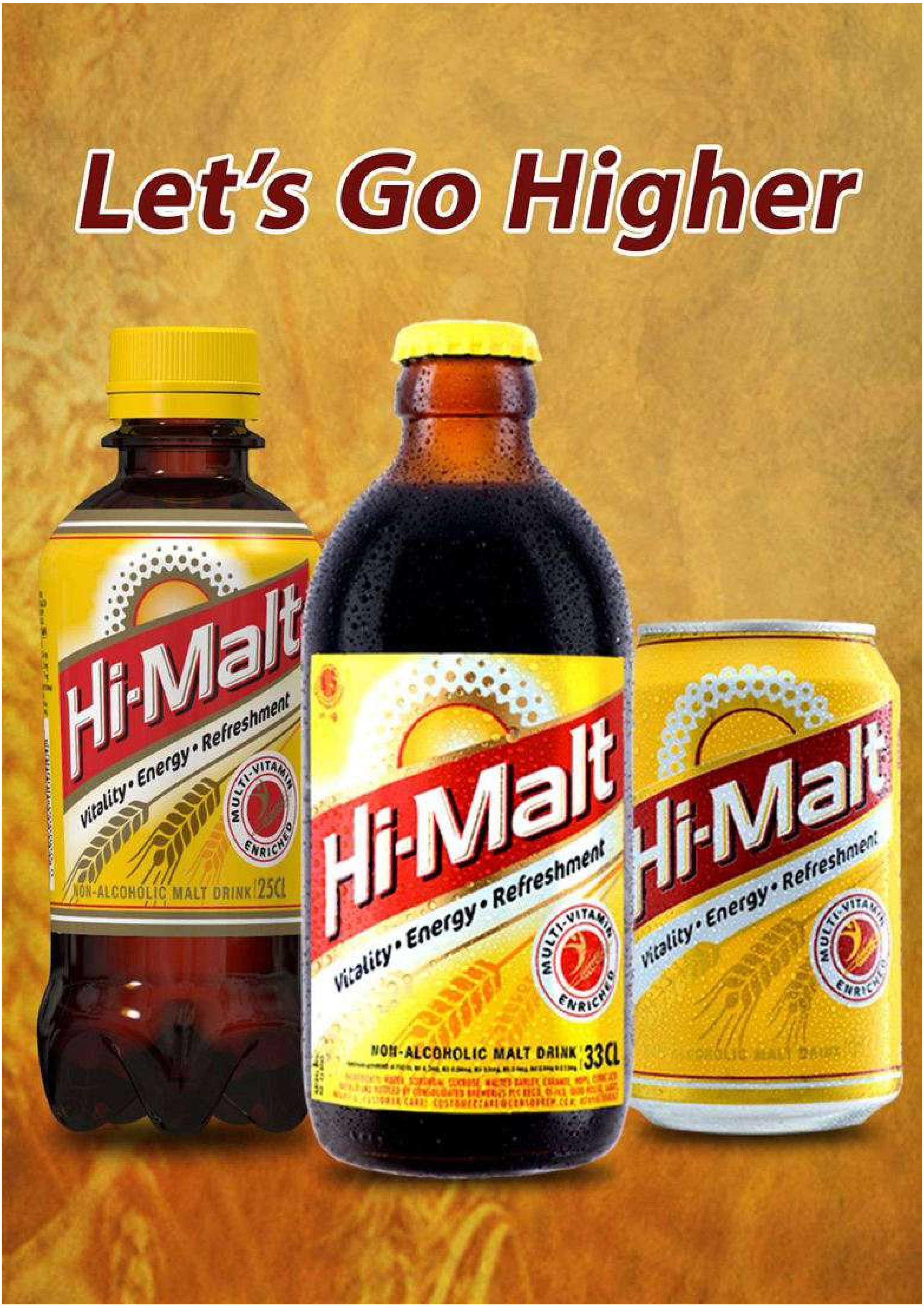
Goldberg unveiled its new look. Nigerian Breweries Plc Executives with the Goldberg brand team and ambassadors, Olamide and Odunlade Adekola.

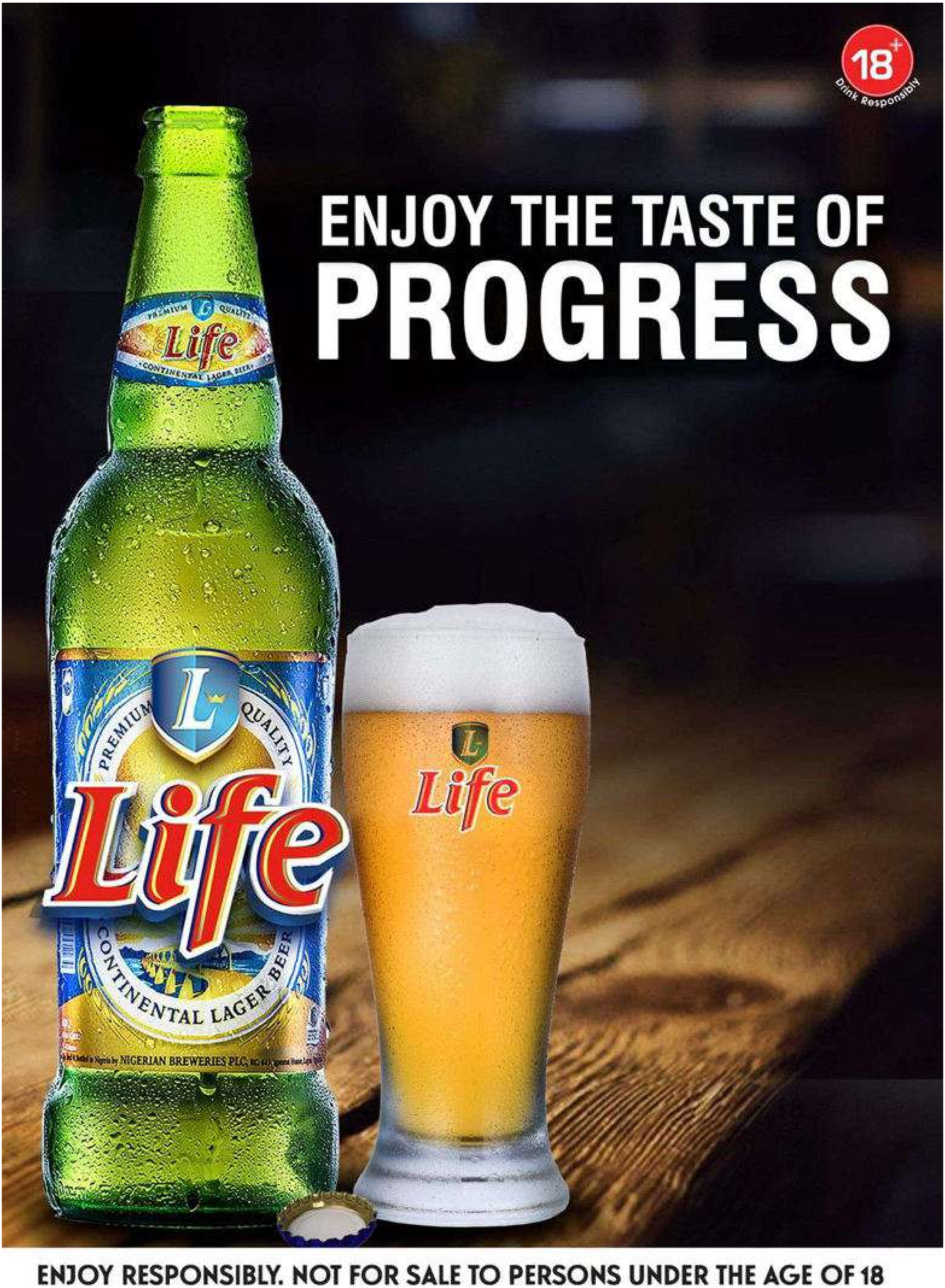
Star Lager Beer announced Burna Boy as Brand Ambassador: Nigerian Breweries Executives with Damini Ogulo (Burna Boy) at the official ceremony

Tiger Relaunch and Uncage Party: Music artiste, Skiibi, performing at the Event

Legend Extra Stout unveiled its 45cl bottle: Nigerian Breweries Plc Sales and Marketing Team pose with a cross-section of distributors, retailers and wholesalers


18+
DRINK RESPONSIBLY
BE YOURSELF
NO DULLING
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


18+
Drink Responsibly
ENJOY THE TASTE OF
PROGRESS
PREMIUM QUALITY
Life
CONTINENTAL LAGER BEER
NIGERIAN BREWERIES PLC
Life

2019 Corporate Social Responsibility and Sustainability Report

The sustainability agenda of Nigerian Breweries Plc is driven by our Brewing a Better World (BaBW) program and is embedded within our corporate strategy and corporate values. The Brewing a Better World program is our long term approach to creating shared, sustainable value for all stakeholders, the society and the planet. The program ensures the long-term sustainability of our business and represents our commitment to building a sustainable future for our nation.

Our goal remains the promotion of sustainable production, consumption, ethical and human right policies and practices.

We are pleased to provide our 2019 Sustainability Report highlighting our six (6) focus areas:

Every drop, protecting Water Resources

In line with our 2010 commitment to reduce our water consumption by 40%, we achieved a water consumption of 3.9 hl/hl produced in 2019, which represents a 39% improvement over our base year of 2010. 70% of our wastewater is treated onsite at our brewery locations through wastewater treatment plants (WWTP) installed onsite. We have successfully secured investment commitments to commence construction of WWTP's for three (3) outstanding locations in 2020. In 2019, we commenced our water balancing and water circularity initiatives. Detailed projects that would drive these programs have been articulated with commencement planned for 2020 and onwards.

Drop the C, Reducing Carbon emissions:

In 2019 in furtherance of our commitment towards renewable energy, we improved the re-use of biogas generated from our wastewater treatment plants for thermal heat generation in our boilers. We achieved 1.5% of our thermal energy consumption being derived from renewable sources. In 2019, we signed an agreement with Cross Boundary Energy Limited for a project to generate 650kw of Solar Power in our Ibadan Brewery. This will be expanded to our other breweries to further improve our renewable energy mix in 2020 and beyond. Our combined energy consumption for 2019 was 108 MJ/hl delivering a 29% improvement over our 2010 base year.

Sourcing Sustainably:

Local sourcing is a vital priority in our long -term sustainability agenda and we achieved 52.5% local sourcing of our raw materials in 2019. We continue to explore the use of locally grown raw materials in the production of our brands. We sustained our investment in the Sorghum value chain by funding seed improvement research for the development of existing and new sorghum varieties. To expand the use of sorghum, we have commenced the production of Sorghum Maltose Syrup in our Aba Brewery for our production process. Sourcing sustainably enriches value creation among local business owners and farmers in our value chain.

Promoting Health and Safety:

The health, well-being and safety of our employees remain a top priority in our corporate agenda. In 2019, we achieved 99.4% of Life Saving Rules compliance and 100% installation of telematics in all company vehicles. These results attest to our commitment to the health, safety and well-being of our people.

Advocating Responsible Consumption

In 2019, Nigerian Breweries in conjunction with other members of the Beer Sectoral Group (BSG) of the Manufacturers Association of Nigeria (MAN) and in partnership with the Federal Road Safety Corps (FRSC) launched the SMASHED program. Endorsed by the Federal Ministry of Health and supported by local health and education authorities in the country, the program is aimed at breaking the culture of underage drinking and reducing alcohol-related harm among Nigerian youths. It involves the delivery of key learning on the dangers of underage drinking and alcohol-related harm to secondary school students, using drama presentations, while engaging participants in a motivational learning environment and equipping them with the facts, skills and confidence to make responsible choices and develop responsible attitudes in health-related matters.

The Don't Drink and Drive awareness creation partnership between the Beer Sectoral Group and the Federal Road Safety Commission was sustained with several rallies, educational programs at Motor parks as well as a Media campaign. We also delivered on our commitment of utilizing 10% of our Heineken media budget on responsible consumption messaging through the 'When You Drive, Never Drink' campaign.

2019 Corporate Social Responsibility and Sustainability Report (Cont'd)

Growing With Communities

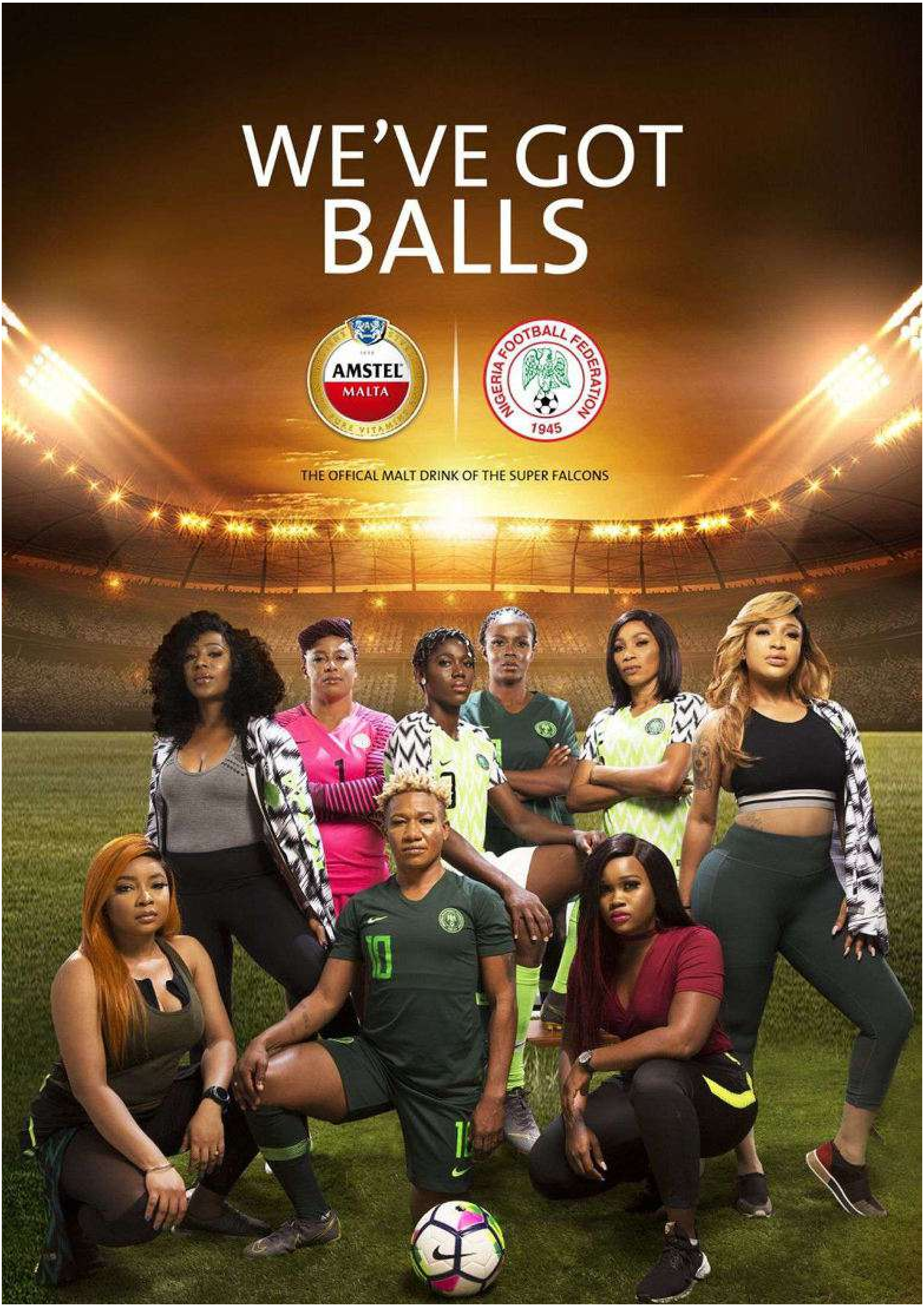
Through The Nigerian Breweries-Felix Ohiwerei Education Trust Fund, we have continued to play an active role in the development of the educational sector in Nigeria. In 2019, we purchased medical simulators, which will be donated to the Clinical Laboratory College of Medicine, University of Ibadan for training of medical doctors. In addition, we built and furnished sixteen classrooms in three schools (Government Day Secondary School, Karu, Abuja, Community High School, Alalubosa, Oyo State, Community School, Umuezeani, Enugu) with the provision of conveniences and well-equipped libraries. We also renovated 26 classrooms and provided them with new furniture and conveniences in 4 schools (Evergreen Grammar School, Yaba, Lagos, Local Government Education Authority 2 (Primary and Secondary), Central Primary School, Eke, Enugu State, Ahiaba High School Ahiaba, Obingwa, Abia State.

The fifth edition of the Annual Maltina Teacher of the Year program, which is organized to recognize and honor exceptional teachers in Nigeria, was held on 18th October, 2019. We recorded the highest number of total and valid entries since inception of the program in 2015 with a total number of 1,310 entries received. Mr. Collins Ezem from Royal Family Academy, Wuse, Abuja won the coveted prize. The first and second runners up emerged from Lagos and Kaduna States respectively.

Gifts / Donations	₦
Medical Simulators for the College of Medicine, University of Ibadan	40,596,450
Built and Renovated 42 Classrooms in schools at several communities across Nigeria	74,325,695
Maltina Teacher of the Year	129,469,079
Total	**244,391,224**

We carried out a poverty alleviation and skills acquisition workshop for 105 community youths in Awo-Omamma, Imo State. Successful graduates of the program, received tools and funds to commence their vocations. From this impactful pilot, the program will be extended to other regions/cities in 2020.

We donated a new solar-powered borehole to the Lapite community in Ibadan and Kudenda community in Kaduna, renovated existing boreholes in Majawe community in Ibadan, Imaka and Imagbon communities near Ijebu-Ode, Ogun State and Kakuri, Kaduna State to make potable water available to these communities. We donated transformers to communities in Imaka and Aba, built a new ward for a Primary Healthcare Center in Sokoto, built a new accident & emergency ward for the Dr. Awan General Hospital, Kakuri, Kaduna State. We also sustained our scholarship schemes for the students in Imagbon, Imaka and Ama-eke communities in Ogun and Enugu States respectively.


WE'VE GOT
BALLS
AMSTEL
MALTA
NIGERIA FOOTBALL FEDERATION
1945
THE OFFICAL MALT DRINK OF THE SUPER FALCONS

Audit Committee's Report

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, 2019 are satisfactory. The internal audit programmes reinforce the Company's internal control system; and

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. Oluseyi T. Bickersteth	(Directors' Representative)	Member
5)	Mrs. Ifueko M. Omoigui Okauru, MFR	(Directors' Representative)	Member
6)	Mr. Steven L.M. Siemer	(Directors' Representative)	Member
7)	Mr. Roland Pirmez	(Directors' Representative)	Member

The Company Secretary served as the Secretary to the Committee.

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Dated the 12th of February, 2020

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

**Messrs Bickersteth and Siemer were elected as Members of the Committee on the 17th of May, 2019. Mr. Pirmez ceased to be a Member of the Committee on the said date.*

Back Row (L-R): **Mazi Samuel C. Mpamaugo; Mr. Steven L.M. Siemer; and Mr. David O. Oguntoye**
Front Row (L-R): **Mrs. Ifueko M. Omoigui Okauru, MFR; Chief Timothy A. Adesiyan; and Mr. Oluseyi T. Bickersteth**

Not for persons under the age of 18.

Deloitte.

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Independent Auditor's Opinion

To the Shareholders of Nigerian Breweries Plc

Report on the audit of the financial statements

Opinion
We have audited the accompany consolidated and separate financial statements of **Nigerian Breweries Plc** ("the company") and its subsidiaries (together referred to as "the Group"),which comprise the consolidated and separate statement of financial position as at 31 December 2019, 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 2019 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 and separate 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 and separate financial statements.

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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 consolidated and separate financial statements is Deposit for Returnable Packaging Materials (RPMs) of about N31.6billion 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 of the company. 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 with the most significant impact in the assessment of outstanding liability for returnable packaging were: • The market loss rate, which is subjective since it is based on the Directors' experience and expectations in addition to lack of readily available market data. The market loss rates are estimated for bottle/crate sizes. • The cycle times of RPMs, i.e. the time it takes for RPM to be returned to the entity which is based on the Directors' estimates as RPMs are not tagged and are interchangeable which makes the calculation of the RPMs cycle times to be subjective.	In evaluating the value of the outstanding deposit liability our procedures incorporated a combination of test of the company's controls relating to the estimation of the deposit liability and the following substantive procedures: • Assess management judgements applied in determining the relevant base month to perform annual re-assessment of market loss and testing reasonability of data inputs (mainly market loss rates and cycle times) applied by management, in comparison to the company's policy in respect of the returnable packaging material. • Re-compute market loss rate and perform a retrospective assessment of market loss rate to assess the reasonableness of the assumptions and ensure consistency in the judgements applied by management • Reassess the adequacy of closing balance of deposit liability reported at period end. The market loss rates 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.

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Key Audit Matter	How the matter was addressed in the audit
Carrying value of Goodwill	
The Company has Goodwill of about N84.7billion as disclosed in Note 15 to the consolidated and separate 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 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 future market and economic conditions such as economic growth, expected inflation rates, demographic developments, expected market share, revenue and margin development.	In evaluating the impairment of Goodwill, we assessed and tested the assumptions, the discount rates, methodologies and data used by the Company, for example by comparing them to external data such as expected inflation rates, external market growth expectations and by analysing sensitivities in the Company's valuation model. We tested the adequacy and appropriateness of the recoverable amount for the CGUs, checked the sensitivity in the available headroom of CGUs to assess whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's forecast of projected future cash flows. We assessed the adequacy of the Company's disclosure in note 15 of the consolidated and separate 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 Corporate Social Responsibility Report, 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. 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 tha t fact. We have nothing to report in this regard.

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.

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Independent Auditor's Opinion

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 over ride 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.

We communicated with those Charged with Governance 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 those Charged with Governance 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 those Charged with Governance, 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
13 February 2020


NB
NON-ALCOHOLIC MALT DRINK
MALTA GOLD
NON-ALCOHOLIC MALT DRINK
MALTA GOLD
ENRICHED WITH VITAMINS AND MINERALS
FOR EXTRA ENERGY
33CL
NON-ALCOHOLIC MALT DRINK
MALTA GOLD
ENRICHED WITH VITAMINS AND MINERALS
FOR EXTRA ENERGY
For
Extra Energy

Consolidated and Separate Statements of Financial Position

As at 31st December

	Notes	Group 2019 N '000	Company 2019 N '000	Group 2018 N '000	Company 2018 N '000
ASSETS					
Property, plant and equipment	13(a,b)	201,907,332	201,362,280	203,492,850	203,317,850
Right of Use Assets	13(c)	11,073,782	10,992,267	-	-
Intangible assets and goodwill	14	96,465,642	96,465,642	97,135,708	97,135,708
Investments	15	150,000	929,625	150,000	829,625
Other receivables	16	651,781	651,781	662,022	662,022
Prepayments	17	-	-	538,187	538,187
Non-current assets		**310,248,537**	**310,401,595**	**301,978,767**	**302,483,392**
Inventories	18	38,520,328	38,492,789	32,506,824	32,506,824
Trade and other receivables	19	21,307,218	20,910,443	35,153,451	35,153,451
Prepayments	17	3,500,168	3,500,168	1,356,282	1,356,282
Deposit for imports	20	2,840,214	2,840,214	2,474,279	2,474,279
Cash and bank	21	6,361,057	6,358,606	14,793,266	14,792,088
Current assets		**72,528,985**	**72,102,220**	**86,284,102**	**86,282,924**
Total assets		**382,777,522**	**382,503,815**	**388,262,869**	**388,766,316**
EQUITY					
Share capital	22(b)	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		501,557	501,557	750,534	750,534
Retained earnings		89,382,366	89,294,198	88,216,674	88,124,843
Equity attributable to owners of the Company		**167,652,730**	**167,564,562**	**166,736,015**	**166,644,184**
Non-controlling interest		97,249	-	92,437	-
Total Equity		**167,749,979**	**167,564,562**	**166,828,452**	**166,644,184**
LIABILITIES					
Loans and borrowings	24(a)	38,893,313	38,893,313	31,412,283	31,412,283
Employee benefits	25	13,434,272	13,434,272	16,056,953	16,056,953
Deferred tax liabilities	27	23,171,027	23,171,027	24,554,471	24,554,471
Non-current liabilities		**75,498,612**	**75,498,612**	**72,023,707**	**72,023,707**
Loans and borrowings	24(b)	16,826,218	16,826,218	11,185,092	11,185,092
Current tax liabilities	11(c)	12,799,004	12,775,488	14,579,020	14,537,462
Dividend payable	23(b)	5,742,085	5,742,085	7,931,759	7,931,759
Trade and other payables	28(a)	102,782,561	102,717,787	114,151,861	114,881,134
Provisions	30	1,379,063	1,379,063	1,562,978	1,562,978
Current liabilities		**139,528,931**	**139,440,641**	**149,410,710**	**150,098,425**
Total liabilities		**215,027,543**	**214,939,253**	**221,434,417**	**222,122,132**
Total equity and liabilities		**382,777,522**	**382,503,815**	**388,262,869**	**388,766,316**

Approved by the Board of Directors on the 12th of February 2020 and signed on its behalf by:

Chief Kolawole B. Jamodu	**Mr. Jordi Borrut Bel**	**Mr. Rob Kleinjan**
Chairman	**Managing Director/CEO**	**Finance Director**
FRC/2013/ICAN/00000001617	**FRC/2018/IODN/00000018359**	**FRC/2019/ANAN/ 00000019433**

The notes on pages 63 to 116 are an integral part of these financial statements.

Consolidated and Separate Income Statements

For the year ended 31st December

	Notes	Group 2019 ₦' 000	Company 2019 ₦' 000	Group 2018 ₦' 000	Company 2018 ₦' 000
Net Revenue	6	**323,007,470**	**323,002,120**	**324,388,500**	**324,388,500**
Cost of sales	9(c)	(191,756,513)	(191,756,513)	(197,484,694)	(197,484,694)
Gross profit		**131,250,957**	**131,245,607**	**126,903,806**	**126,903,806**
Other income	7	1,005,286	1,005,286	885,364	885,364
Marketing and distribution expenses	9(c)	(77,695,289)	(77,695,289)	(70,052,363)	(70,052,363)
Administrative expenses	9(c)	(19,355,354)	(19,300,932)	(20,785,259)	(20,780,009)
Results from operating activities		**35,205,600**	**35,254,672**	**36,951,548**	**36,956,798**
Finance income	8(a)	260,700	260,700	361,923	361,923
Finance costs	8(b)	(12,114,546)	(12,188,282)	(7,891,519)	(7,958,893)
Net finance costs		**(11,853,846)**	**(11,927,582)**	**(7,529,596)**	**(7,596,970)**
Profit before tax	9	**23,351,754**	**23,327,090**	**29,421,952**	**29,359,828**
Income tax expense	11(a)	(7,245,842)	(7,222,327)	(9,984,008)	(9,958,659)
Profit after tax		**16,105,912**	**16,104,763**	**19,437,944**	**19,401,169**
Profit for the year attributable to:					
Owners of the Company		16,101,100	16,104,763	19,434,009	19,401,169
Non-controlling interest		4,812	-	3,935	-
Profit for the year		**16,105,912**	**16,104,763**	**19,437,944**	**19,401,169**
Earnings per share					
Basic earnings per share (kobo)	12(a)	201	201	243	243
Diluted earnings per share (kobo)	12(b)	201	201	243	243

The notes on pages 63 to 116 are an integral part of these financial statements.

Consolidated and Separate Statements of Other Comprehensive Income

For the year ended 31st December

	Notes	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Profit for the year		**16,105,912**	**16,104,763**	**19,437,944**	**19,401,169**
Actuarial (losses)/gains	25(f)	3,104,294	3,104,294	(1,473,076)	(1,473,076)
Other comprehensive income, net of tax		3,104,294	3,104,294	(1,473,076)	(1,473,076)
Total comprehensive income for the year		**19,210,206**	**19,209,057**	**17,964,868**	**17,928,093**
Total comprehensive income for the year attributable to:					
Owners of the Company		**19,205,394**	**19,209,057**	**17,960,933**	**17,928,093**
Non-controlling interest		4,812	-	3,935	-
Total comprehensive income for the year		**19,210,206**	**19,209,057**	**17,964,868**	**17,928,093**

The notes on pages 63 to 116 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2019

Group	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total Equity ₦'000
Balance at 1st January 2019		3,998,451	73,770,356	750,534	88,216,674	166,736,015	92,437	166,828,452
Profit for the year		-	-	-	16,101,100	16,101,100	4,812	16,105,912
Other comprehensive income for the year		-	-	-	3,104,294	3,104,294	-	3,104,294
Total comprehensive income for the year		-	-	-	19,205,394	19,205,394	4,812	19,210,206
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares	26	-	-	-	-	-	-	-
Share based payment charge		-	-	158,122	-	158,122	-	158,122
Share based payment recharge		-	-	(407,099)	-	(407,099)	-	(407,099)
Dividends	23(b)	-	-	-	(18,632,782)	(18,632,782)	-	(18,632,782)
Unclaimed dividends written back		-	-	-	593,080	593,080	-	593,080
Total contributions and distributions		-	-	**(248,977)**	**(18,039,702)**	**(18,288,679)**	-	**(18,288,679)**
Changes in ownership interest								
Total transactions with owners of the Company		-	-	**(248,977)**	**1,165,692**	**916,715**	**4,812**	**921,527**
Balance at 31st December, 2019		**3,998,451**	**73,770,356**	**501,557**	**89,382,366**	**167,652,729**	**97,249**	**167,749,979**

The notes on pages 63 to 116 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31st December 2019

Company

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2019		**3,998,451**	**73,770,356**	**750,534**	**88,124,843**	**166,644,184**
Profit for the year		-	-	-	16,104,763	16,104,763
Other comprehensive income for the year		-	-	-	3,104,294	3,104,294
Total Comprehensive income for the year		-	-	-	**19,209,057**	**19,209,057**
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Issue of Ordinary shares		-	-	-	-	-
Share based payment charge	26	-	-	158,122	-	158,122
Share based payment recharge		-	-	(407,099)	-	(407,099)
Dividends	23(a)	-	-	-	(18,632,782)	(18,632,782)
Unclaimed dividends written back	23(b)	-	-	-	593,080	593,080
Total contributions and distributions		-	-	**(248,977)**	**(18,039,702)**	**(18,288,679)**
Changes in ownership interest						
Total transactions with owners of the Company		-	-	**(248,977)**	**1,169,355**	**920,378**
Balance at 31st December, 2019		**3,998,451**	**73,770,356**	**501,557**	**89,294,198**	**167,564,562**

The notes on pages 63 to 116 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31st December 2018

Group

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total 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	26	-	-	-	-	-	-	-
Share based payment charge		-	-	676,877	-	676,877	-	676,877
Share based payment recharge		-	-	(674,793)	-	(674,793)	-	(674,793)
Dividends	23(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 63 to 116 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31st December 2018

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	26	-	-	676,877	-	676,877
Share based payment recharge		-	-	(674,793)	-	(674,793)
Dividends	23(a)	-	-	-	(29,828,444)	(29,828,444)
Unclaimed dividends written back	23(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 63 to 116 are an integral part of these financial statements.

Consolidated and Separate Statements of Cash Flows

For the year ended 31st December

	Notes	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Profit for the year		16,105,912	16,104,763	19,437,944	19,401,169
Adjustments for:					
Depreciation	13	31,402,434	31,397,431	29,499,038	29,494,038
Amortisation of intangible assets	14	1,327,628	1,327,628	1,358,353	1,358,353
Finance income	8(a)	(260,700)	(260,700)	(361,923)	(361,923)
Interest expenses	8(c)	8,311,073	8,384,809	4,078,787	4,146,161
Gratuity, employee benefit and share based payment charges	25(a,b)	3,457,239	3,457,239	3,026,619	3,026,619
Gain/(Loss) on sale of property, plant and equipment	9(a)	(978)	(978)	(465)	(465)
Income tax expense	11(a)	7,245,843	7,222,327	9,984,008	9,958,659
Non-cash items from Lease Liabilities		(316,501)	(316,501)	-	-
		67,271,950	**67,316,018**	**67,022,361**	**67,022,611**
Changes in:					
Inventories		(6,013,504)	(5,985,965)	10,222,038	10,222,038
Trade and other receivables		13,856,475	14,253,250	(13,223,216)	(13,223,216)
Prepayments		(2,003,571)	(2,003,571)	(329,753)	(329,753)
Trade and other payables	28(b)	(6,758,298)	(7,552,345)	(7,307,806)	(7,277,553)
Deposit for imports		(365,935)	(365,935)	4,999,748	4,999,748
Cash generated from operating activities		**65,987,117**	**65,661,452**	**61,383,372**	**61,413,875**
Changes in provisions	31	(183,915)	(183,915)	1,562,978	1,562,978
Income tax paid	11(c)	(11,474,026)	(11,432,468)	(16,492,332)	(16,455,461)
Gratuity paid	25(a)	(776,440)	(776,440)	(772,693)	(772,693)
Other long term employee benefits paid	25(b)	(710,652)	(710,652)	(834,326)	(834,326)
Share Based Payment		(407,099)	(407,099)	(674,793)	(674,793)
VAT paid*		(13,574,225)	(13,574,225)	(13,671,882)	(13,671,882)
Net cash from operating activities		**38,860,760**	**38,576,653**	**30,500,324**	**30,567,698**
Cash flows from investing activities					
Finance income	8	260,700	260,700	361,923	361,923
Proceeds from sale of property, plant and equipment		171,872	171,872	294,394	294,394
Acquisition of property, plant and equipment	13(g)	(29,915,879)	(29,459,309)	(30,239,380)	(30,239,380)
Investment on Subsidiaries		-	(100,000)	-	-
Acquisition of intangible assets	14	(657,562)	(657,562)	(181,902)	(181,902)
Net cash used in investing activities		**(30,140,869)**	**(29,784,299)**	**(29,764,965)**	**(29,764,965)**
Cash flows from financing activities					
Proceeds from/(Repayment of) loans and borrowing	24(a)	13,026,517	13,026,517	33,127,565	33,127,565
Interest paid	8(c)	(7,508,906)	(7,582,642)	(4,745,300)	(4,812,674)
Payment of Lease Commitments		(970,525)	(970,525)	-	-
Deposit at Registars related to unclaimed dividends**		(1,596,594)	(1,596,594)	(1,656,283)	(1,656,283)
Dividends paid	23(b)	(18,632,782)	(18,632,782)	(29,533,909)	(29,533,909)
Net cash used in financing activities		**(15,682,290)**	**(15,756,026)**	**(2,807,927)**	**(2,875,301)**
Net increase in cash and cash equivalents		**(6,962,399)**	**(6,963,672)**	**(2,072,568)**	**(2,072,568)**
Cash and cash equivalents at 1st January		13,323,456	13,322,278	15,396,024	15,394,846
Cash and cash equivalents at 31st December	21	**6,361,057**	**6,358,606**	**13,323,456**	**13,322,278**

The notes on pages 63 to 116 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.

** The deposit include prior years dividends made available to shareholders at the custodianship of the Registrars.

Notes to the Consolidated and Separate Financial Statements

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 (CAMA) 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 1, 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, fully impaired. 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 12th February 2020, and will presented at the Annual General Meeting of Shareholders on 22nd April 2020.

(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 judgments

The preparation of the financial statements in conformity with IFRS requires Management to make judgments, 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 judgments 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 3 (d) (iv) – Right of Use Assets – key assumptions on lease identification and measurement.
Note 14 - Intangible assets and goodwill - key assumptions underlying recoverable amount of CGU.
Note 25 - Measurement of defined benefit obligations - key actuarial assumptions.
Note 29 (a) – Expected Credit Losses – Assumptions related to expected losses on Trade and Other Receivables.
Note 31 - Contingencies - key assumptions about the likelihood and magnitude of an outflow of resources.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(d) Measurement of fair values

A number of the Group/Company's accounting policies and disclosures requires 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 notbased 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 29).

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(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 facilitates 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 15.

(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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) Financial instruments

(i) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

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

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or criteria as measured at fair value through the statement of profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through the statement of profit or loss.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

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 Section 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.

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 cost 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 when 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 account 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.

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

• 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.

(iv) **Right of Use (ROU) Assets**

Management judgment is required to determine the lease term. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities and ROU assets recognised. If the lease contains extension and termination options, these are included in the lease term if the Company is reasonably certain to exercise an extension option and reasonably certain not to exercise a termination option. Lease term determines the timing that the ROU are depreciated. Each single lease contract uses an incremental borrowing rate.

The Company defines if a contract is or contains a lease, if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor. The right to control the use of the identified asset exists when having the right to obtain substantially all of the economic benefits from use of that asset and when having the right to direct the use of that asset.

The Company applies the following practical expedients for the recognition of leases:

- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
- The low value lease exemption, meaning that leased assets with an individual value of Five Thousand Euros (€5,000) or less if bought new, are expensed in the income statement on a straight-line basis.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(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 ifdevelopment 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(f) 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.

(g) 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.

(h) 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 indicatesthat 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 judgment 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(i) Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit 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 periods.

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 National Pension Commission.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(ii) Gratuity

(c) Post-retirement medical benefit 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 represent 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 benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(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.

(j) 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(k) 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 contract with the customer, identifying the performance obligations in the contract, determining the transaction price and when 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.

(l) 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.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested, gains on the disposal 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.

(n) 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 judgments about future event. New information may become available that causes the company to adjust its judgments 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.

(o) 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.

(p) 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 does not operate in different business segments, segmentation is not presented.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(q) **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 it will comply with the conditions attached and that 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.

(r) **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.

(s) **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 requires the determination of fair value, for both financial and non-financial assets and liabilities.See note 31(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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 Changes in accounting policies

a Changed accounting policies in 2019

The following new standard has been adopted in 2019 and reflected in the consolidated financial statement:

IFRS 16 Leases

The Company has implemented IFRS 16 'Leases' per 1 January 2019, replacing existing guidance on leases, including IAS 17. The adoption of IFRS 16 has changed the accounting for leases as under the new standard all operating lease contracts are recognised on the Company's statement of financial position ('balance sheet') by recognising a Right Use of Asset (ROUA) and a Lease Liability, except for short term and low value leases. Lease expenses previously recorded in the income statement are replaced by depreciation and interest expenses for all lease contracts in scope of the standard. Refer to note 13 (Property, plant and equipment) and note 24 for the accounting policy on Loans and Borrowings and note 21 on Cash and cash equivalent.

The Company has implemented IFRS 16 per 1 January 2019 by applying the modified retrospective method, meaning that the 2018 comparative numbers are not restated. The Company has around 160 leases (mainly relating to leased land, depot offices and trucks).

In the transition to IFRS 16, the Company applied the following transition expedients:

- Use the option to grandfather the lease classification for existing contracts.
- Use the transition option for leases with a remaining contract period of less than one year, meaning that these leases will not be recorded on balance and the payments will be expensed in the income statement on a straight-line basis.
- Measure the ROUA based on the lease liability recognised.

As a result of applying IFRS 16, the Company recognised ₦10.9 billion of ROUAs, and ₦1.75 billion of lease liabilities as at 31 December 2019. The ROUAs are included under Property, plant and equipment. The lease liabilities are included under current and non-current Borrowings.

The lease payments are reported under 'Interest paid' (2019: ₦19.7 million) and 'Payments for lease liabilities' (2019: ₦971 million) in the cash flows statement. In 2018, the payments for lease liabilities were included in the cash flows from operations.

There is no material impact on retained earnings and taxes, hence no dilution on EPS.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

Other standards such as IFRS 3, IFRS 9, IFRS 11, IAS 12, IAS 19, IAS 23, IAS 28 and IFRIC 23 had no material impact in the Company.

b Upcoming changes in accounting policies for 2020

None of the standards and amendments to standards effective in 2020 will have a significant impact on the Company's consolidated financial statements, including IFRS 3, IFRS 10, IAS 1, IAS 8 and IAS 28.

6. Revenue

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Nigeria	322,808,950	322,803,600	324,198,017	324,198,017
Export	198,520	198,520	190,483	190,483
Net Revenue	**323,007,470**	**323,002,120**	**324,388,500**	**324,388,500**

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.

7. Other income

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Sale of scrap	793,649	793,649	777,934	777,934
Management services	60,000	60,000	45,000	45,000
Gain on sales - PP&E	16,805	16,805	62,430	62,430
Income from Insurance Claim	134,832	134,832	-	-
	1,005,286	**1,005,286**	**885,364**	**885,364**

8. Finance income and finance costs

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Interest income on bank deposits	260,700	260,700	361,923	361,923

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Interest expense on loans and borrowings	7,736,608	7,810,344	5,184,639	5,252,013
Interest expense on overdraft	535,065	535,065	220,541	220,541
Unwinding of discount on employee benefits	2,351,023	2,351,023	1,837,429	1,837,429
Interest expense on Lease Liabilities	19,700	19,700	-	-
Net loss on foreign exchange transactions*	1,472,150	1,472,150	648,910	648,910
Finance cost	**12,114,546**	**12,188,282**	**7,891,519**	**7,958,893**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) Interest expense in the statement of cash flows

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Finance cost per income statement	**12,114,546**	**12,188,282**	**7,891,519**	**7,958,893**
Unwinding of discount on employee benefits	(2,351,023)	(2,351,023)	(1,837,429)	(1,837,429)
Interest expense on Lease Liabilities	19,700	19,700	-	-
Loss on foreign exchange	(1,472,150)	(1,472,150)	(648,910)	(648,910)
Interest expense cost per statement of cash flows	**8,311,073**	**8,384,809**	**5,405,180**	**5,472,554**
Interest accrual	(802,167)	(802,167)	(659,880)	(659,880)
Interest paid per statement of cash flows	**7,508,906**	**7,582,642**	**4,745,300**	**4,812,674**

9 Profit before taxation

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

	Notes	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Depreciation of property, plant and equipment	13	31,402,432	31,397,432	29,499,038	29,494,038
Amortisation of intangible assets	14	1,327,628	1,327,628	1,358,353	1,358,353
Auditors' remuneration*		61,440	61,440	56,534	56,534
Personnel expenses	10	39,838,447	39,838,447	42,400,343	42,400,343
Directors' remuneration	9(b)	561,456	561,456	727,047	727,047
Gain on PP&E disposed		22,206	22,206	(465)	(465)
Royalty and technical assistance fees	33	7,620,125	7,620,125	7,644,465	7,644,465

* Apart from the statutory fee, Deloitte received ₦ 66.6 million (2018:-₦58.2 million) for the audit for group reporting and ₦ 4.7 million (2018: -₦4.0 million) for the 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:

	Company 2019 ₦'000	Company 2018 ₦'000
Fees:		
Chairman (Non-Executive)*	3,080	2,800
Other Non -Executive Directors	16,720	14,060
	19,800	16,860
Other emoluments**		
Chairman (Non-Executive)	13,472	2,937
Other Non-Executive Directors	84,215	19,165
	97,687	22,102
Remuneration as Executive Directors	443,758	688,085
	561,245	**727,047**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

The emolument (excluding pension contributions) of the highest paid Director was ₦270,542,286 (2018: ₦190,465,528).

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

	Group 2019 Number	Company 2019 Number	Group 2018 Number	Company 2018 Number
₦ 300,001 - ₦ 4,000,000	0	0	3	3
₦ 4,000,001 - ₦ 30,000,000	9	9	7	7
₦ 30,000,001 and above	2	2	6	6

*Excluding cost for the Chairman's office and other reimbursable expenses which amounts to ₦37.1 million in 2019 (2018: ₦43.0 million).

** Sitting allowance for meetings held in December 2019 were paid out in January 2020.

(b) Analysis of expenses by nature

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Raw materials and consumables	122,549,191	122,549,191	127,772,129	127,772,129
Advertising and sales promotion	28,849,136	28,849,136	23,704,811	23,704,811
Depreciation *	31,402,432	31,397,432	29,499,038	29,494,038
Amortisation	1,327,628	1,327,628	1,358,353	1,358,353
Employee benefits (see note 10)	39,838,447	39,838,447	42,400,343	42,400,343
Transportation	28,713,602	28,713,602	26,772,784	26,772,784
Repairs and maintenance	15,349,341	15,349,341	15,271,230	15,271,230
Royalty and technical service fees	7,620,125	7,620,125	7,644,465	7,644,465
Others	13,157,254	13,107,833	13,082,393	13,082,144
Total cost of sales, marketing & distribution and administration expenses	**288,807,156**	**288,752,735**	**287,505,546**	**287,500,297**

* 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.

10. Personnel expenses

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Salaries, wages and allowance	29,867,966	29,867,966	31,527,145	31,527,145
Pension and Gratuity	4,577,416	4,577,416	4,688,806	4,688,806
Expenses related to defined benefit plans	78,456	78,456	45,714	45,714
Training, recruitment and canteen expenses	1,430,626	1,430,626	1,573,073	1,573,073
Share based payments expenses	158,122	158,122	676,877	676,877
Medical expenses	842,628	842,628	883,075	883,075
Other personnel expenses*	2,883,233	2,883,233	3,005,653	3,005,653
	39,838,447	**39,838,447**	**42,400,343**	**42,400,343**

* Other personnel expenses include transportation benefits, cars, uniforms, relocation amongst others.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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

	Company 2019 Number	Company 2018 Number
Production	1,508	1,482
Distribution	256	193
Commercial	849	851
General administration	489	457
	3,102	**2,983**

(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:

	Company 2019 Number	Company 2018 Number
₦ 500,000 and below	22	1
₦ 500,001 - ₦ 600,000	22	0
₦ 600,000 - ₦ 700,000	24	0
₦ 700,001 - ₦ 800,000	42	0
₦ 800,001 - ₦ 900,000	14	1
₦ 900,001 - ₦ 1,000,000	4	0
₦ 1,000,001 - ₦ 1,100,000	0	0
₦ 1,100,001 - ₦ 1,200,000	61	4
₦ 1,200,001 - ₦ 1,300,000	3	1
₦ 1,300,001 - ₦ 1,400,000	9	1
₦ 1,400,001 - ₦ 1,500,000	0	1
₦ 1,500,001 - ₦ 1,600,000	3	1
₦ 1,600,001 - ₦ 1,700,000	4	1
₦ 1,700,001 - ₦ 1,800,000	1	2
₦ 1,800,001 - ₦ 1,900,000	0	1
₦ 1,900,001 - ₦ 2,000,000	0	2
₦ 2,000,001 - ₦ 2,250,000	2	2
₦ 2,250,001 - ₦ 2,500,000	4	21
₦ 2,500,001 - ₦ 2,750,000	8	67
₦ 2,750,001 - ₦ 3,000,000	73	142
₦ 3,000,001 - ₦ 3,500,000	249	323
₦ 3,500,001 - ₦ 4,000,000	355	534
₦ 4,000,001 - ₦ 5,000,000	745	603
₦ 5,000,001 - ₦ 6,000,000	369	281
₦ 6,000,001 - ₦ 8,000,000	391	419
₦ 8,000,001 - ₦ 10,000,000	142	138
₦ 10,000,001 - ₦ 15,000,000	292	234
₦ 15,000,001 - ₦ 20,000,000	141	98
₦ 20,000,001 - ₦ 30,000,000	78	70
₦ 30,000,001 and above	44	35
	3,102	**2,983**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

11. 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 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Current tax expense				
Income tax	8,653,797	8,630,282	10,426,502	10,401,153
Tertiary education tax	1,040,212	1,040,212	1,035,673	1,035,673
Others	265,689	265,689	-	-
	9,959,698	**9,936,183**	**11,462,175**	**11,436,826**
Deferred tax expense				
Origination and reversal of temporary differences	(2,713,856)	(2,713,856)	(1,478,167)	(1,478,167)
	7,245,842	**7,222,327**	**9,984,008**	**9,958,659**

(b) Reconciliation of effective tax rate

	%	Group 2019 N'000	%	Company 2019 N'000	%	Group 2018 N'000	%	Company 2018 N'000
Profit before income tax		**23,351,754**		**23,327,090**		**29,421,952**		**29,359,828**
Income tax using the statutory tax rate	30.0	6,805,178	30.0	6,781,663	30.0	9,060,819	30.0	9,035,470
Impact of tertiary education tax	2.0	452,111	2.0	452,111	2.0	587,379	2.0	587,379
Effect of tax incentives and exempted Income	(2.2)	(491,312)	(2.2)	(491,312)	(1.2)	(355,121)	(1.2)	(355,121)
Non-deductible expenses	0.1	24,071	0.1	24,071	0.6	186,927	0.6	186,927
Other items*	0.8	190,105	0.8	190,105	1.7	504,004	1.7	504,004
	30.8	**6,980,153**	**30.775**	**6,956,638**	**33.1**	**9,984,008**	**33.1**	**9,958,659**

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

(c) Movement in current tax liability

	Group 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Balance at 1st January	**14,579,020**	**14,537,462**	**19,606,270**	**19,553,190**
Payments during the year	(11,474,025)	(11,432,468)	(16,492,332)	(16,455,461)
Charge for the year	9,694,009	9,670,494	11,462,175	11,436,826
Reversal	-	-	2,907	2,907
Balance at 31st December	**12,799,004**	**12,775,488**	**14,579,020**	**14,537,462**

12. Earnings per share

(a) Basic earnings per share

Basic earnings per share of 201 kobo(2018: 243 kobo) is based on the profit attributable to ordinary shareholders of ₦16,104,763,000 (2018: ₦19,861,349,000), and on the 7,996,902,051 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2018: 7,996,902,051):

	Group 2019	Company 2019	Group 2018	Company 2018
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,996,902,051	7,996,902,051	7,964,580,401	7,964,580,401
Issued shares*	-	-	32,321,650	32,321,650
Weighted average number of ordinary shares at 31st December	**7,996,902,051**	**7,996,902,051**	**7,996,902,051**	**7,996,902,051**

* 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 201 kobo (2018: 24 3kobo) is based on the profit attributable to ordinary shar eholders of ₦16,104,763,000 (2018:₦19,861,349,000), and on the 7,996,902,051 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2018: 7,996,902,051) after adjustment for the effects of all dilutive potential or dinary shares:

	Group 2019	Company 2019	Group 2018	Company 2018
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,996,902,051	7,996,902,051	7,964,580,401	7,964,580,401
Issued shares	-	-	32,321,650	32,321,650
Weighted average number of ordinary shares at 31st December	**7,996,902,051**	**7,996,902,051**	**7,996,902,051**	**7,996,902,051**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) Dividend declared per share

Dividend declared per share of 243 kobo (2018: 373 kobo) is based on total declared dividend of ₦18,632,782,000 (2018: ₦29,828,444,650) and on 7,996,902,051 ordinary shares of 50 kobo each, being the ordinary shares in issue (2018: 7,996,902,051).

13. Property, plant and equipment

(a) The movement on these accounts during the year 2019 was as follows:

Group

	Freehold Land ₦'000	Buildings ₦'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 2019	**12,077,015**	**61,309,806**	**175,294,944**	**22,122,324**	**25,596,237**	**111,037,671**	**12,672,628**	**420,110,625**
Additions	340,320	1,910,413	6,724,153	3,781,117	5,281,243	10,106,463	9,781,618	38,015,327
Disposals	-	(18,341)	(2,400,741)	(671,426)	(138,229)	-	-	(3,228,737)
Transfered to ROUA	(8,582,523)	-	-	-	-	-	-	(8,582,523)
Transfers from Capital work-in-progress*	56,305	1,652,410	4,297,783	268,524	300,063	4,309,687	(10,884,772)	-
Balance at 31st December 2019	**3,891,117**	**64,854,288**	**183,916,139**	**25,590,539**	**31,039,314**	**125,453,821**	**11,569,474**	**446,314,692**
Depreciation and impairment								
Balance at 1st January 2019	**2,341,041**	**24,745,238**	**101,398,437**	**11,565,186**	**18,192,668**	**58,375,205**	-	**216,617,775**
Depreciation for the year	-	2,061,465	8,119,995	3,721,769	3,474,768	13,469,431	-	30,847,428
Disposals	-	(18,341)	(2,387,953)	(642,418)	(9,131)	-	-	(3,057,843)
Balance at 31st December 2019	**2,341,041**	**26,788,362**	**107,130,479**	**14,644,537**	**21,658,305**	**71,844,636**	-	**244,407,360**
Carrying amount								
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
At 31st December 2019	1,550,076	38,065,926	76,785,660	10,946,002	9,381,009	53,609,185	11,569,474	201,907,332

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(b) The movement on these accounts during the year 2019 was as follows:

Company

	Freehold Land ₦'000	Buildings ₦'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 2019	**12,077,015**	**61,064,378**	**175,294,944**	**22,122,324**	**25,596,237**	**111,037,672**	**12,672,627**	**419,865,197**
Additions	340,320	1,807,966	6,653,763	3,751,158	5,179,077	10,106,463	9,781,618	37,620,365
Disposals	-	(18,341)	(2,400,741)	(671,426)	(138,229)	-	-	(3,228,737)
Transfered to ROUA	(8,582,523)	-	-	-	-	-	-	(8,582,523)
Transfers from Capital work-in-progress*	56,305	1,652,410	4,297,783	268,524	300,063	4,309,687	(10,884,772)	-
Balance at 31st December 2019	**3,891,117**	**64,506,413**	**183,845,749**	**25,470,580**	**30,937,148**	**125,453,822**	**11,569,473**	**445,674,302**
Depreciation and impairment								
Balance at 1st January 2019	**2,341,041**	**24,679,810**	**101,393,437**	**11,565,186**	**18,192,668**	**58,375,206**	-	**216,547,348**
Depreciation for the year	-	2,057,645	8,109,337	3,716,238	3,469,866	13,469,431	-	30,822,517
Disposals	-	(18,341)	(2,387,953)	(642,418)	(9,131)	-	-	(3,057,843)
Balance at 31st December 2019	**2,341,041**	**26,719,114**	**107,114,821**	**14,639,006**	**21,653,403**	**71,844,637**	-	**244,312,022**
Carrying amount								
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**
At 31st December 2019	**1,550,076**	**37,787,299**	**76,730,928**	**10,831,574**	**9,283,745**	**53,609,185**	**11,569,473**	**201,362,280**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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

Group

	Leasehold/ Freehold Land ₦'000	Buildings ₦'000	and Machinery ₦'000	Motor Vehicles ₦'000	and Equipment ₦'000	Packaging materials ₦'000	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	-	-	-	-	-	-	-	-
Transfers from Capital work-in-progress*	-	1,086,485	3,919,692	65,749	408,378	11,079	(5,526,377)	(34,994)
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**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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

Company

	Leasehold/ Freehold Land ₦'000	Buildings ₦'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	-	-	-	-	-	-	-	-
Transfers from Capital work-in-progress*	-	1,086,485	3,919,692	65,749	408,378	11,079	(5,526,377)	(34,994)
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**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) **Right of Use Assets**

Group	**Leasehold Land** ₦'000	**Buildings** ₦'000	**Plant and Machinery** ₦'000	**Motor Vehicles** ₦'000	**Total** ₦'000
Gross Book Value					
Balance at					
1st January 2019	-	-	-	-	-
Transferred from PP&E /					
Prepayment	8,582,523	397,872	-	-	8,980,395
Additions	279,852	601,040	118,513	1,685,174	2,684,579
Balance at 31st December 2019	**8,862,375**	**998,912**	**118,513**	**1,685,174**	**11,664,974**
Depreciation and impairment					
Balance at 1st January 2019	-	-	-	-	-
Depreciation for the year	244,299	314,696	19,189	13,008	591,192
Balance at 31st December 2019	**244,299**	**298,418**	**35,467**	**13,008**	**591,192**
Carrying amount					
At 31st December 2018	-	-	-	-	-
At 31st December 2019	**8,618,076**	**684,216**	**99,324**	**1,672,166**	**11,073,782**

Right of Use Assets

Company	**Leasehold Land** ₦'000	**Buildings** ₦'000	**Plant and Machinery** ₦'000	**Motor Vehicles** ₦'000	**Total** ₦'000
Gross Book Value					
Balance at					
1st January 2019	-	-	-	-	-
Transferred from					
PP&E/Prepayment	8,582,523	397,872			8,980,395
Additions	279,852	503,247	118,513	1,685,174	2,586,786
Balance at 31st December 2019	**8,862,375**	**901,119**	**118,513**	**1,685,174**	**11,567,181**
Depreciation and impairment					
Balance at 1st January 2019					
Depreciation for the year	244,299	298,418	19,189	13,008	574,914
Balance at 31st December 2019	**244,299**	**298,418**	**19,189**	**13,008**	**574,914**
Carrying amount					
At 31st December 2018	-	-	-	-	-
At 31st December 2019	**8,618,078**	**602,701**	**99,324**	**1,672,166**	**10,992,267**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(d) Capital Work in Progress

Closing balance of Capital Work in Progress is analysed as follows:

	Company 2019 ₦'000	Company 2018 ₦'000
Plant and Machinery	10,462,825	8,143,009
Buildings	690,612	711,600
Others	416,036	3,818,018
	11,569,473	**12,672,627**

(e) Capital commitments

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Approved and contracted	10,462,168	10,462,168	7,122,787	7,122,787
Approved but not contracted	14,101,883	14,101,883	12,462,342	12,462,342
	24,564,051	**24,564,051**	**19,585,129**	**19,585,129**

(f) Additions in statement of cash flows

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Additions per note 14 a – c	37,620,365	37,620,365	38,090,416	38,090,416
PP&E in transit*	(8,161,056)	(8,161,056)	(7,851,036)	(7,851,036)
Acquisition of PPE per statement of cash flows	**29,459,309**	**29,459,309**	**30,239,380**	**30,239,380**

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

14. Intangible assets and goodwill

(a) **The movement on these accounts during the year 2019 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 2019	**84,722,719**	**2,544,624**	**17,381,436**	**133,762**	**104,782,541**
Additions	-	15,750	-	641,812	657,562
Disposals	-	-	-	-	-
Transfers In/Out	-	84,863	-	(84,863)	-
Balance at 31st December 2019	**84,722,719**	**2,645,237**	**17,381,436**	**690,711**	**105,440,103**
Amortisation					
Balance at 1st January 2019	-	**2,154,817**	**5,492,016**	-	**7,646,833**
Amortisation for the year	-	168,848	1,158,780	-	1,327,628
Disposal	-	-	-		-
Balance at 31st December 2019	-	**2,323,665**	**6,650,796**	-	**8,974,461**
Carrying amount					
At 31st December 2018	**84,722,719**	**389,807**	**11,889,420**	**133,762**	**97,135,708**
At 31st December 2019	**84,722,719**	**321,572**	**10,730,640**	**690,711**	**96,465,642**

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

Group/ Company	Goodwill N'000	Software N'000	Distribution Network N'000	Work in Progress N'000	Total N'000
Gross Book Value					
Balance at 1st January 2018	**84,722,719**	**2,461,491**	**17,381,433**	-	**104,565,646**
Additions	-	48,140	-	133,762	181,901
Disposals	-	-	-	-	-
Transfers from PP&E (note 14)	-	34,993	-	-	34,993
Balance at 31st December 2018	**84,722,719**	**2,544,624**	**17,381,433**	**133,762**	**104,782,538**
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**	**13,048,197**	-	**98,277,166**
At 31st December 2018	**84,722,719**	**389,807**	**11,889,417**	**133,762**	**97,135,708**

(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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 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:

	2019	2018
- WACC	19.82%	21.48%
- Terminal growth rate	(2028 and onwards) – 0%	(2027 and onwards) – 0%

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.

15. Investments

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Progress Trust (CPFA) Limited	150,000	150,000	150,000	150,000
Benue Bottling Company Limited	-	679,625	-	679,625
234 Stores Limited	-	100,000	-	-
Investments	**150,000**	**929,625**	**150,000**	**829,625**

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

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 Plc. 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 investment.

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 2019 (2018: ₦679.6 million).

(c) 234 Stores Limited

Investment of ₦100 million represents the cost of the Company's 99.99% equity investment in 234 Stores Limited, incorporated in Nigeria. The subsidiary was run as a pilot scheme during the year under review.

16. Other receivables

Non-current other receivables of ₦652 million (2018: ₦662 million) represent car grants and loans granted to the Company's employees, which are secured by the employees' retirement benefit obligations.

17. Prepayments

Non-current - Nil (2018: ₦538 million) and current prepayments - ₦3.5 billion (2018: ₦1.4million) represent insurance, short term leases, excise and other expenses prepaid by the Company. The amount transferred from Prepayment to ROUA was ₦398 million – see note 13 c (Buildings).

18. Inventories

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Raw materials	8,479,575	8,479,575	8,360,987	8,360,987
Products in process	3,267,503	3,267,503	1,494,235	1,494,235
Finished products	8,051,546	8,024,007	6,959,190	6,959,190
Non-returnable packaging materials	5,936,547	5,936,547	4,978,529	4,978,529
Spare parts	9,913,768	9,913,768	8,086,890	8,086,890
Goods in transit	2,871,389	2,871,389	2,626,993	2,626,993
	38,520,328	**38,492,789**	**32,506,824**	**32,506,824**

19. Trade and other receivables

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Trade receivables	16,379,515	16,379,515	21,874,589	21,874,589
Advances	2,596,478	2,596,478	8,535,033	8,535,033
Other receivables	910,330	513,555	4,207,616	4,207,616
Due from related parties	1,420,895	1,420,895	536,213	536,213
	21,307,218	**20,910,443**	**35,153,451**	**35,153,451**

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 29(a).

Notes to the Consolidated and Separate Financial Statements (Cont'd)

20. 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.

21. Cash and cash equivalents

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Bank balances	5,737,262	5,734,811	14,286,762	14,285,584
Call deposits	623,587	623,587	506,297	506,297
Cash in hand	208	208	207	207
Cash and Bank	**6,361,057**	**6,358,606**	**14,793,266**	**14,792,088**
Overdraft	-	-	(1,469,810)	(1,469,810)
Cash and cash equivalents in the statement of cash flows	**6,361,057**	**6,358,606**	**13,323,456**	**13,322,278**

22. Share capital

(a) Authorised ordinary shares of 50k each
In number of shares

	Company 2019	Company 2018
At 1st January	8,000,000,000	8,000,000,000
At 31st December	10,000,000,000	10,000,000,000

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

	Company 2019	Company 2018
In number of shares		
At 1st January	7,996,902,051	7,996,902,051
Share issuance	-	-
At 31st December	**7,996,902,051**	**7,996,902,051**
In Naira	₦'000	₦'000
At 1st January	3,998,451	3,998,451
Share issuance	-	-
Share Value in Naira	**3,998,451**	**3,998,451**

All shares rank equally with regard to the Company's residual assets.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

23. Dividends

(a) Declared dividends

The following dividends were declared and paid by the Company during the year:

	Company 2019 ₦'000	Company 2018 ₦'000
50 kobo Interim dividend declared (2018: 60 kobo)	3,998,451	4,798,141
183 kobo per qualifying ordinary share (2018: 313 kobo)	14,634,331	25,030,303
	18,632,782	**29,828,444**

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 2019 ₦'000	Company 2018 ₦'000
151 kobo per qualifying ordinary share (2018: 183 kobo)	12,075,322	14,634,331

(b) Dividend payable

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
At 1st January	7,931,759	7,931,759	8,028,742	8,028,742
Declared dividend (note 23 a)	18,632,782	18,632,782	29,828,444	29,828,444
Payments (Cash)	(20,229,376)	(20,229,376)	(29,533,909)	(29,533,909)
Unclaimed dividend transferred to retained earnings	(593,080)	(593,080)	(391,518)	(391,518)
At 31st December	**5,742,085**	**5,742,085**	**7,931,759**	**7,931,759**

(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 2019, ₦1.5 billion (2018: ₦1.7 billion) of the total dividend payable is held with the Company's Registrar, First Registrars and Investor Services Limited. The remaining dividend payable of ₦4.2 billion (2018:₦6.2 billion) holds Nil (2018: ₦6.5 million) due to foreign shareholders. The total remaining balance of ₦4.2 billion represents unclaimed dividends, which have been returned to the Company by the Registrar.

24. 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 29.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(a) Loans and borrowings (non-current)

	Non-Current		Non-Current	
	Group	Company	Group	Company
	2019	2019	2018	2018
	N'000	N'000	N'000	N'000
At 1st January	41,127,565	41,127,565	8,000,000	8,000,000
Interest on Loans	802,167	802,167	1,326,393	1,326,393
Lease Liabilities	1,565,450	1,565,450	-	-
Bank Loan Obtained/(repaid) during the year	(4,601,869)	(4,601,869)	31,801,172	31,801,172
Reclassification from non-current to current	-	-	(9,715,282)	(9,715,282)
At 31st December	**38,893,313**	**38,893,313**	**31,412,283**	**31,412,283**

(b) Loans and borrowings (current)

	Group	Company	Group	Company
	2019	2019	2018	2018
	₦'000	₦'000	₦'000	₦'000
Bank Overdraft (note 21)	-	-	1,469,810	1,469,810
Lease Liabilities	192,885	192,885	-	-
Bank Loan Obtained/(repaid) during the year	16,633,333	16,633,333	9,715,282	9,715,282
At 31st December	**16,826,218**	**16,826,218**	**11,185,092**	**11,185,092**
Proceeds from/(Repayment of) loans and borrowings in the statement of cash flow	**13,026,516**	**13,026,516**	**33,127,565**	**33,127,565**

The Company has reclassified a portion of non-current Loans and Borrowings to current, amounting to ₦9.7 billion in 2018.

(c) 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.

(d) 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 (2018:₦2.5 billion), of which ₦87 millionhas been released to income statement in 2019 (2018:₦95m), and ₦2.1 billion was recognised in Capex (2018: Nil) in accordance to the Company's accounting policies on Note 3(q).

25. Employee Benefits

	Group	Company	Group	Company
	2019	2019	2018	2018
	₦'000	₦'000	₦'000	₦'000
Recognised liability for defined benefit obligation (Note 25a)	9,939,030	9,939,030	13,016,781	13,016,781
Recognised liability for other long term employee benefits (Note 25c)	3,495,242	3,495,242	3,040,172	3,040,172
Total employee benefit liabilities	**13,434,272**	**13,434,272**	**16,056,953**	**16,056,953**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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

	Group 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Defined benefit obligations at 1st January	13,016,781	13,016,781	10,122,143	10,122,143
Benefits paid by the plan	(776,440)	(776,440)	(772,693)	(772,693)
Current service costs and interest (see below)	2,133,395	2,133,395	1,562,936	1,562,936
Actuarial (gains) and losses recognised in other comprehensive income (see note (f))	(4,434,706)	(4,434,706)	2,104,395	2,104,395
Defined benefit obligations at 31st December	**9,939,030**	**9,939,030**	**13,016,781**	**13,016,781**

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 ₦4.2 billion (2018: ₦8.1 billion). Defined benefit expense recognised in income statement for defined benefit obligation.

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Current service costs	206,294	206,294	146,181	146,181
Interest on obligation	1,927,101	1,927,101	1,416,755	1,416,755
	2,133,395	**2,133,395**	**1,562,936**	**1,562,936**

(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 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Obligation at 1st January	3,040,173	3,040,173	3,087,694	3,087,694
Charge for the year	1,165,722	1,165,722	786,806	786,806
Payments	(710,653)	(710,653)	(834,327)	(834,327)
Obligation at 31st December	**3,495,242**	**3,495,242**	**3,040,172**	**3,040,172**

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Current and past service costs	292,116	292,116	301,881	301,881
Interest on obligation	423,922	423,922	420,674	420,674
Actuarial (gains)/Losses	449,684	449,684	64,251	64,251
	1,165,722	**1,165,722**	**786,806**	**786,806**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) 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 year end. The movement on this account during the year was as follows:

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Obligation at 1st January	348,502	348,502	165,624	165,624
Charge for the year	1,998,805	1,998,805	2,000,594	2,000,594
Payments	(1,976,129)	(1,976,129)	(1,817,717)	(1,817,717)
Obligation at 31st December	**371,178**	**371,178**	**348,502**	**348,502**

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Obligation at 1st January	-	-	1,406	1,406
Charge for the year	2,378,776	2,378,776	2,467,960	2,467,960
Payments	(2,378,776)	(2,378,776)	(2,469,366)	(2,469,366)
Obligation at 31st December	-	-	-	-

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 29a).

(e)

	Cost of sales 2019 N'000	Cost of sales 2018 N'000	Marketing 2019 N'000	Marketing 2018 N'000	Administrative 2019 N'000	Administrative 2018 N'000	Total 2019 N'000	Total 2018 N'000
Defined benefit (PRM / URB)	89,437	64,610	72,951	50,189	43,906	31,381	206,294	146,181
Pension expense	866,566	1,090,827	706,832	847,332	425,407	529,800	1,998,805	2,467,960
Defined contribution plan	1,031,300	884,255	841,200	686,870	506,276	429,470	2,378,776	2,000,594
Long Service awards expense	505,390	347,765	412,231	270,136	248,101	168,905	1,165,722	786,806
	2,492,693	**2,387,457**	**2,033,214**	**1,854,527**	**1,223,690**	**1,159,556**	**5,749,597**	**5,401,541**

The Company included ₦2.4 billion (2018: ₦1.8 billion) of unwinding of discount relating to its employee benefits in finance costs (note 8b). The Company expects to pay about ₦773 million in respect of its defined benefit obligation in 2020.

(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 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Cumulative amount at 1st January	**5,530,043**	**5,530,043**	**4,056,967**	**4,056,967**
Loss/(Gain) Recognised during the year	(4,434,706)	(4,434,706)	2,104,395	2,104,395
Deferred tax	1,330,412	1,330,412	(631,319)	(631,319)
Recognised during the year net of tax	(3,104,294)	(3,104,294)	1,473,076	1,473,076
Amount accumulated in retained earnings at 31st December	**2,425,749**	**2,425,749**	**5,530,043**	**5,530,043**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

The Company recognised ₦ 4.4 billion (2018 ₦2.1billion) of actuarial gains in other comprehensive income during the period in respect of its defined benefit obligations. These gains 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 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Financial assumption – (gains)/Losses	3,955,270	3,955,270	(1,003,793)	(1,003,793)
Experience Assumption – (gains)/Losses	(8,389,976)	(8,389,976)	3,108,188	3,108,188
Recognised during the year	**(4,434,706)**	**(4,434,706)**	**2,104,395**	**2,104,395**

(g) **Actuarial assumptions**

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Discount rate (p.a.)	13.0%	13.0%	15.0%	15.0%
Average pay increase (p.a.)	5.0%	5.0%	12.5%	12.5%
Average rate of inflation (p.a.)	11.4%	11.4%	14.5%	14.5%
Weighted average duration of the plan (years)	8	8	8	8
Average medical rate of inflation	5.00%	5.0%	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	2019 Number of deaths in year out of 10,000 lives	2018 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

Sample age	Expectation of Life (Completed years) 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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

Withdrawals/Turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retie at age 60 (2018: 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 Long Service Awards N'000	Unfunded Retirement Benefit N'000	Post employment medical benefit N'000
Discount rate	+0.25%	(40,171)	(93,570)	(114,615)
	-0.25%	41,070	96,310	119,877
	+0.50%	(79,467)	(184,504)	(224,259)
	-0.50%	83,068	195,469	245,325
Salary increase	+0.25%	35,454	-	-
	-0.25%	(34,813)	-	-
	+0.50%	71,567	-	-
	-0.50%	(68,997)	-	-
Benefit Inflation rate	+0.25%	6,493	102,886	126,478
	-0.25%	(6,384)	(100,244)	(121,049)
	+0.50%	13,101	(409,628)	258,681
	-0.50%	(12,658)	(222,950)	(236,950)
Mortality experience	+1	4,572	162,714	102,418
	-1	(5,158)	(189,360)	(154,833)

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.

26. Share-based payment

Effective 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 payments 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 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
Share rights granted to key management personnel in 2019	7,939	77.2	Continued service, 100% internal performance conditions	3 years

* The number of shares is based on target performance.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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

	Weighted average share price (Euro)	Number of share rights	Weighted average share price (Euro)	Number of share rights
	2019	2019	2018	2018
Outstanding at 1st January	77.20	25,047	69.68	37,110
Granted during the year	77.20	7,939	86.93	3,698
Vested during the year	94.08	(10,722)	87.30	(11,606)
Forfeited during the year		(1,067)	-	(1,951)
Performance adjustment		4,336	-	(2,204)
		(820)	-	-
		3,741	-	-
Outstanding as at 31st December	**94.92**	**28,454**	**77.20**	**25,047**

Employee expenses	**2019**	**2018**
	₦'000	**₦'000**
Share rights granted in 2017	66,081	270,751
Share rights granted in 2018	24,276	234,913
Share rights granted in 2019	67,765	171,213
Total expense/(income) recognised as employee costs	**158,122**	**676,877**

27. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group/ Company		**Assets**		**Liabilities**		**Net**
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	-	-	(24,695,457)	(26,009,305)	(24,695,457)	(26,009,305)
Intangible assets	-	-	(3,429,348)	(3,436,720)	(3,429,348)	(3,436,720)
Inventories	269,616	352,794	-	-	269,616	352,794
Employee benefits	4,444,000	5,285,979	-	-	4,444,000	5,285,979
Other items	240,163	(747,219)	-	-	240,162	(747,219)
Net tax assets/(liabilities)	**4,953,779**	**4,891,554**	**(28,124,805)**	**(29,446,025)**	**(23,171,027)**	**(24,554,471)**

Movement in temporary differences during the year

	Balance 1st Jan 2018 ₦'000	**Income Statement and OCI ₦'000**	**Balance 31st Dec 2018 ₦'000**	**Income Statement and OCI ₦'000**	**Balance 31st Dec. 2019 ₦'000**
Property, plant and equipment	(27,813,718)	1,804,414	(26,009,305)	1,313,847	(24,695,457)
Intangible assets	(3,453,695)	16,974	(3,436,720)	7,372	(3,429,348)
Inventories	396,950	(44,156)	352,794	(83,178)	269,616
Employee benefits	3,962,951	1,323,028	5,285,979	(841,979)	4,444,000
Other items	240,649	(987,868)	(747,219)	987,382	240,163
Net tax assets/(liabilities)	**(26,666,863)**	**2,112,392**	**(24,554,471)**	**1,383,444**	**(23,171,027)**

The net movement during the year ended 31st December 2019, includes a debit amount of ₦1.3 billion (2018: ₦ 631 million) recorded in other comprehensive income as deferred tax on employee benefits.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

28 Trade and other payables

(a)

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Trade payables and related accrued expense	35,386,524	35,751,451	44,660,027	45,389,551
Deposit for RPM*	31,607,177	31,607,177	29,920,614	29,920,614
Non-trade payables and accrued expenses (c)	21,913,699	21,483,998	23,197,348	23,197,097
Amount due to related parties	13,875,161	13,875,161	16,373,872	16,373,872
	102,782,561	**102,717,787**	**114,151,861**	**114,881,134**

* Returnable Packaging Material

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

	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Movement in trade and other payables	(11,369,300)	(12,163,347)	(12,468,772)	(12,438,519)
Accrued additions to PP&E	(8,161,056)	(8,161,056)	(7,851,036)	(7,851,036)
Interest accrual	(802,167)	(802,167)	(659,880)	(659,880)
VAT paid	13,574,225	13,574,225	13,671,882	13,671,882
Changes in trade and other payables per statement of cash flows	**(6,758,298)**	**(7,552,345)**	**(7,307,806)**	**(7,277,553)**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29(b).

29 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 and Ethics Committee ("the 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 the Process and Control Improvement ("P&CI") Department which performs the internal audit and internal control functions in the Company.

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 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 Committee oversees how Management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The P&CI Department 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.

	Notes	Group 2019 ₦'000	Company 2019 ₦'000	Group 2018 ₦'000	Company 2018 ₦'000
Other receivables (non-current)	16	651,780	651,780	662,022	662,022
Trade and other receivables	19	20,910,443	20,910,443	35,153,451	35,153,451
		21,562,223	**21,562,223**	**35,815,473**	**35,815,473**
Cash and bank	21	6,361,057	6,358,606	14,793,266	14,792,088
		27,923,280	**27,920,829**	**50,608,739**	**50,607,561**

(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:

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.

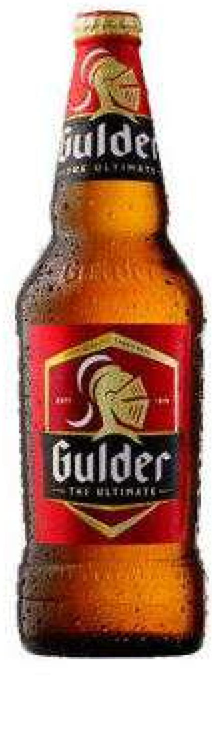
Notes to the Consolidated and Separate Financial Statements (Cont'd)

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 expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and customers with outstanding amounts but have not placed orders/traded for a prolonged period of time (usually one year).

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

	2019 ₦'000	2018 ₦'000
Trade receivables		
- Major customers	18,801,412	23,430,026
- Other customers	2,083,558	2,596,497
- Impairment	(4,505,455)	(4,151,934)
	16,379,515	21,874,589
Non-trade receivables		
- Other receivables (non-current)	651,780	662,024
- Due from related parties	1,420,895	536,213
- Advances	2,596,478	8,535,034
- Others	513,555	4,207,615
	21,562,223	**35,815,475**



Notes to the Consolidated and Separate Financial Statements (Cont'd)

Impairment losses

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

	Gross 2019 ₦'000	Impairment 2019 ₦'000	Gross 2018 ₦'000	Impairment 2018 ₦'000
0-30 days	16,698,170	-	20,808,998	
31-60 days	151,982	12,546	189,398	47,349
61-180 days	275,943	290,634	343,875	257,907
More than 180 days	3,758,875	4,202,275	4,684,252	3,846,678
	20,884,970	**4,505,455**	**26,026,523**	**4,151,934**

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

	2019 ₦'000	2018 ₦'000
Balance at 1st January	(4,151,934)	(3,465,210)
Impairment loss recognised	(353,521)	(686,724)
Balance at 31st December	**(4,505,455)**	**(4,151,934)**

The impairment loss as at 31st December 2019 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, unless a specific risk is identified on the customer level. Trade receivables over 180 days are fully impaired. The Company's non-trade receivables are due from parties with no history of credit default. There has been no impairment loss 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 ₦6.4 billion as at 31st December 2019 (2018: ₦14.7 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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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	6-12 months ₦'000
Non-derivative financial liabilities				
31st December 2019				
Unsecured bank loans	43,102,167	43,494,460	43,494,460	-
Secured with Bank Guarantee	6,970,141	12,732,340	1,322,265	1,283,448
Secured with Bank Guarantee	3,888,889	4,472,239	1,052,832	1,002,843
Bank overdraft	-	-	-	-
Dividend payable	5,742,085	5,742,085	5,742,085	-
Trade and other payables	102,741,003	102,741,003	102,741,003	-
	162,444,285	**169,182,127**	**154,352,645**	**2,286,291**

Company	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000
Non-derivative financial liabilities				
31st December 2019				
Unsecured bank loans	43,102,167	43,494,460	43,494,460	-
Secured with Bank Guarantee	6,970,141	12,732,340	1,322,265	1,283,448
Secured with Bank Guarantee	3,888,889	4,472,239	1,052,832	1,002,843
Bank overdraft	-	-	-	-
Dividend payable	5,742,085	5,742,085	5,742,085	-
Trade and other payables	102,717,787	102,717,787	102,717,787	-
	162,421,069	**169,158,911**	**154,329,429**	**2,286,291**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

Group	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 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**	**1,913,640**

Company	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 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**	**1,913,640**

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 24, 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 ₦4,002,302,611 (2018: ₦3,730,204,179), which represents its maximum liquidity exposure. The guarantee provided by the Company is backed by the employees' gratuity.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which 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 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 2019			31st December 2018		
In thousands	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial asset						
Group receivables	364	19	82	477	19	80
Cash and cash equivalent	359	282	374	209	118	975
Deposit for imports	-	-	7,777	-	-	6,887
Financial liability						
Group payables	(19,413)	-	-	(21,896)	-	(34)
Trade Payables	76	(44)	(173)	(67)	(54)	417
Net exposure	**(18,615)**	**257**	**8,060**	**(21,277)**	**83**	**8,325**

	Increase/(decrease) in profit or loss N'000
31st December 2019	
EUR (5 percent weakening of the Naira)	(381,445)
GBP (5 percent weakening of the Naira)	6,184
USD (5 percent weakening of the Naira)	147,171
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

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

The following significant exchange rates were applied:

	Average rate 2019	2018	Reporting date spot rate 2019	2018
	₦	₦	₦	₦
Euro	405.47	410.24	409.84	411.52
GB Pounds	462.26	463.69	482.21	455.87
US Dollar	362.15	347.66	365.20	359.29

(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 2019	Company 2019	Group 2018	Company 2018
	₦'000	₦'000	₦'000	₦'000
Fixed rate instruments				
Unsecured bank loans	(43,102,167)	(43,102,167)	(26,222,788)	(26,222,788)
Secured bank loans	(10,859,030)	(10,859,030)	(15,000,000)	(15,000,000)
Bank overdraft	-	-	(1,469,810)	(1,469,810)
Financial liabilities	**(53,961,197)**	**(53,961,197)**	**(42,692,598)**	**(42,692,598)**

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(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.

Compliance with the Company's standards, established procedures and controls is supported by periodic reviews undertaken by P&CI. The results of P&CI 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 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Total liabilities	215,027,543	214,939,253	221,434,417	222,122,132
Less: cash and bank	(6,361,057)	(6,358,606)	(14,793,266)	(14,792,088)
Adjusted net debt	208,666,486	208,580,647	206,641,151	207,330,044
Total equity	167,652,730	167,564,562	166,736,015	166,644,184
Adjusted debt to capital ratio	**1.24**	**1.24**	**1.24**	**1.24**

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(g) Accounting classification and fair values

Fair values versus carrying amounts

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

Group		**2019**		**2018**	
	Note	**Carrying amount ₦'000**	**Fair value amount ₦'000**	**Carrying amount ₦'000**	**Fair value amount ₦'000**
Assets carried at fair value					
Other receivables (non-current)	16	651,780	651,780	662,022	662,022
Trade and other receivables	19	20,910,443	20,910,443	35,153,451	35,153,451
Cash and cash equivalents	21	6,361,057	6,361,057	14,793,266	14,793,266
		27,923,280	**27,923,280**	**50,608,739**	**50,608,739**
Liabilities carried					
at amortised cost					
Unsecured bank loans	24	43,102,167	43,102,167	26,350,353	26,350,353
Secured with Bank Guarantee	24	6,970,141	6,970,141	10,000,000	10,000,000
Secured with Bank Guarantee	24	3,888,889	3,888,889	5,000,000	5,000,000
at fair value					
Bank overdraft	21	-	-	1,469,810	1,469,810
Dividend payable	23b	5,742,085	5,742,085	7,931,759	7,931,759
Trade and other payables	28	102,741,003	102,741,003	114,151,861	114,151,861
		162,444,285	**162,444,285**	**164,903,783**	**164,903,783**

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

Company		**2019**		**2018**	
	Note	**Carrying amount ₦'000**	**Fair value amount ₦'000**	**Carrying amount ₦'000**	**Fair value amount ₦'000**
Assets carried at *fair value*					
Other receivables (non-current)	16	651,780	651,780	662,022	662,022
Trade and other receivables	19	20,910,443	20,910,443	35,153,451	35,153,451
Cash and cash equivalents	21	6,358,606	6,358,606	14,792,088	14,792,088
		27,920,829	**27,920,829**	**50,607,561**	**50,607,561**
Liabilities carried					
at amortised cost					
Unsecured bank loans	24	43,102,167	43,102,167	26,350,353	26,350,353
Secured with Bank Guarantee	24	6,970,141	6,970,141	10,000,000	10,000,000
Secured with Bank Guarantee	24	3,888,889	3,888,889	5,000,000	5,000,000
at fair value					
Bank overdraft	21	-	-	1,469,810	1,469,810
Dividend payable	23b	5,742,085	5,742,085	7,931,759	7,931,759
Trade and other payables	28	102,717,787	102,717,787	114,881,134	114,881,134
		162,421,069	**162,421,069**	**165,633,056**	**165,633,056**

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.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

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.

30 Provisions

The Company has ₦1.4 billion provision (2018: ₦ 1.6 billion) mainly related to pending litigation and claims from suppliers assessed as probable risk of loss.

31 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 ₦4.02 billion (2018: ₦3.7billion). 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 Excise duty on behalf of the Company amounted to ₦4.1 billion (2018: ₦3.6 billion) which represents its maximum liquidity exposure. In addition, guarantees provided to banks on behalf of the Company for BOI loans amounted to ₦3.3 billion naira (2018: Nil)

(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. In the opinion of the Directors and based on independent legal advice, risk of loss on the pending litigation and claims is remote, thus no provision has been made in these financial statements. For the pending litigation and claims assessed as probable risk of loss. See note 30 above.

(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 ₦8.1 billion. The total value committed to Right of Use Assets, not yet available for use was ₦62.2 billion.

Other commitments relate to Raw Material ₦18 billion, Marketing contracts ₦493 million, Spare Parts ₦12.3 billion.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

32. 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 2019, Heineken Brouwerijen B.V., Distilled Trading International B.V. and Heineken International B.V. owned 37.76%, 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	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Purchases - other related parties	(43,043,931)	(31,444,905)	(8,110,345)	(9,798,772)
Contract brewing services with:	-	-	-	-
- Other related parties	(1,815,429)	(1,702,353)	666,563)	(596,384)
Technical Service fees & royalties				
- Parent	(1,160,414)	(1,004,975)	(328,576)	(346,916)
- Other related parties	(6,459,711)	(6,639,490)	(1,951,594)	(1,679,366)
Total Technical and Royalty	**(7,620,125)**	**(7,644,465)**	**(2,280,170)**	**(2,026,282)**
Sales and others				
- Other related parties	427,924	1,098,605	(1,570,275)	(2,143,056)

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 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year. Included in the Other related parties is a loan amount to ₦860 million (2018: ₦787 million) from BBCL.

(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 26) 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:

	2019	2018
	₦'000	₦'000
Short term employee benefits	2,386,036	2,081,104
Long term employee benefits:		
Post-employment benefits	131,494	112,351
Share based payments	126,695	120,222
	2,644,225	2,313,678

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(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 (2018:32,451,680) number of shares in the Company.

33 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 2019 that have not been adequately provided for or disclosed in the financial statements.

34 Going concern

The financial statements have been prepared on a going concern basis which assures that the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

35. Condensed Financial Data of Consolidated Entities

(a) Condensed financial position

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries (234 Stores/BBCL) ₦'000
ASSETS				
Property, plant and equipment	201,907,333	-	201,362,281	545,052
Right of Use Asset	11,073,782	-	10,992,267	81,515
Intangible assets and goodwill	96,465,642	-	96,465,642	-
Investments	150,000	(779,625)	929,625	-
Other receivables	651,780	-	651,780	-
Prepayments	-	-	-	-
Non-current assets	**310,248,537**	**(779,625)**	**310,401,595**	**626,567**
Inventories	38,520,328	-	38,492,789	27,539
Trade and other receivables	21,307,218	(406,485)	20,910,443	803,260
Prepayments	3,500,168	-	3,500,168	-
Deposit for imports	2,840,214	-	2,840,214	-
Cash and cash equivalents	6,361,057	-	6,358,606	2,451
Current assets	**72,528,985**	**(406,485)**	**72,102,220**	**833,250**
Total assets	**382,777,522**	**(1,186,110)**	**382,503,815**	**1,459,817**
EQUITY				
Share capital	3,998,451	(105,220)	3,998,451	105,220
Share premium	73,770,356	(743)	73,770,356	743
Share based payment reserve	501,557	-	501,557	-
Retained earnings	89,382,366	(770,911)	89,294,198	859,079
Equity contribution reserve	-	-	-	-
Equity attributable to owners of the Company	**167,652,730**	**(876,874)**	**167,564,562**	**965,042**
Non-controlling interest	97,249	97,249	-	-
Total equity	**167,749,979**	**(779,625)**	**167,564,562**	**965,042**
LIABILITIES				
Loans and borrowings	38,893,313	-	38,893,313	-
Employee benefits	13,434,272	-	13,434,272	-
Deferred tax liabilities	23,171,027	-	23,171,027	
Non-current liabilities	**75,498,612**	**-**	**75,498,612**	**-**
Loans and Borrowings	16,826,218	-	16,826,218	-
Current tax liabilities	12,840,562	-	12,775,488	65,074
Dividend payable	5,742,085	-	5,742,085	-
Trade and other payables	102,741,003	(406,485)	102,717,787	429,701
Provisions	1,379,063	-	1,379,063	-
Current liabilities	**139,528,931**	**(406,485)**	**139,440,641**	**494,775**
Total liabilities	**215,027,543**	**(406,485)**	**214,939,253**	**494,775**
Total equity and liabilities	**382,777,522**	**(1,186,110)**	**382,503,815**	**1,459,817**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(b) Condensed Income Statement

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries (234 Stores/BBCL) ₦'000
Net Revenue	**323,007,470**	(22,288)	**323,002,120**	27,638
Cost of sales	(191,756,513)	22,288	(191,756,513)	(22,288)
Gross profit	**131,250,957**	-	**131,245,607**	**5,350**
Other income	1,005,286	-	1,005,286	-
Marketing and distribution expenses	(77,695,289)	-	(77,695,289)	-
Administrative expenses	(19,355,354)	-	(19,300,932)	(54,422)
Results from operating activities	**35,205,600**	-	**35,254,672**	**(49,072)**
Finance income	260,700	(73,736)	260,700	73,736
Finance costs	(12,114,546)	73,736	(12,188,282)	-
Net finance costs	**(11,853,846)**	-	**(11,927,582)**	**73,736**
Profit before tax	**23,351,754**	-	**23,327,090**	**24,664**
Income tax expense	(7,245,842)	-	(7,222,327)	(23,515)
Profit after tax	**16,105,912**	-	**16,104,763**	**1,149**
Profit for the year attributable to:				
Owners of the Company	16,101,100	-	16,104,763	1,149
Non-controlling interest	4,812	-	-	4,812
Profit for the year	**16,105,912**	-	**16,104,763**	**1,149**

(c) Condensed statement of comprehensive income

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries (234 Stores/BBCL) ₦'000
Profit for the year	16,105,912	-	16,104,763	1,149
Actuarial losses	3,104,294	-	3,104,294	
Total comprehensive income for the year	**19,210,206**	-	**19,209,057**	**1,149**
Total comprehensive income for the year attributable to:				
Owners of the Company	19,205,394	-	19,209,057	1,149
Non-controlling interest	4,812	-	-	4,812
Total comprehensive income for the year	**19,210,206**	-	**19,209,057**	**1,149**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(d) Condensed Statement of Cash Flows

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries (234 Stores/BBCL) ₦'000
Cash flows from operating activities				
Net profit	**16,105,912**	**-**	**16,104,763**	**1,149**
Adjustments for:				
Depreciation and impairment loss	31,402,431	-	31,397,431	5,000
Amortisation of intangible assets	1,327,628	-	1,327,628	-
Finance income	(260,700)	73,736	(260,700)	(73,736)
Finance expenses	8,311,073	(73,736)	8,384,809	-
(Gain)/loss on sale of property, plant and equipment	(978)	-	(978)	-
Gratuity, employee benefit and share based payment charges	3,457,239	-	3,457,239	-
Non-cash items from Lease Liabilities	(50,812)	-	(50,812)	-
Income tax expense	7,245,842	-	6,956,638	23,515
Change in inventories	(6,013,504)	-	(5,985,965)	(27,539)
Change in trade and other receivables	13,856,480	(396,775)	14,253,250	-
Change in prepayments	(2,003,571)	-	(2,003,571)	-
Change in trade and other payables	(6,758,298)	396,775	(7,552,345)	397,277
Change in deposit for imports	(365,935)	-	(365,935)	-
Cash generated from operating activities	**65,987,118**	**-**	**65,661,452**	**325,666**
Provisions	(183,915)	-	(183,915)	-
Income tax paid	(11,474,027)	-	(11,432,468)	-
Gratuity paid	(1,183,539)	-	(1,183,539)	-
Long service award paid	(710,652)	-	(710,652)	-
VAT paid	(13,574,225)	-	(13,574,225)	-
Net cash from operating activities	**38,860,760**	**-**	**38,576,653**	**284,107**
Cash flow from investing activities				
Finance income	260,700	73,736	260,700	73,736
Proceeds from sale of PP&E	171,872	-	171,872	-
Acquisition of PP&E	(29,915,879)	-	(29,459,309)	(456,567)
Investment on Subsidiary	-	-	(100,000)	100,000
Acquisition of intangible assets	(657,562)	-	(657,562)	-
Net cash (used)/from investing activities	**(30,140,869)**	**73,736**	**(29,784,299)**	**(282,834)**
Proceeds from loans and borrowings	12,224,349	-	12,224,349	-
Repayment of loans and borrowings	802,168	-	802,168	-
Interest paid	(7,508,906)	(73,736)	(7,582,642)	-
Repayment of Leas Commitment	(970,525)		(970,525)	
Deposit at registers' related to prior years unclaimed dividends	(1,596,594)	-	(1,596,594)	-
Dividends paid	(18,632,782)	-	(18,632,782)	-
Net cash used in financing activities	**(15,682,290)**	**(73,736)**	**(15,756,026)**	**-**
Net increase in cash and cash equivalents	(6,962,399)	-	(6,963,672)	1,273
Cash and cash equivalents at 1st January	13,323,456	-	13,322,278	1,178
Cash and cash equivalents at 31st December	**6,361,057**	**-**	**6,358,606**	**2,451**

Other National Disclosures

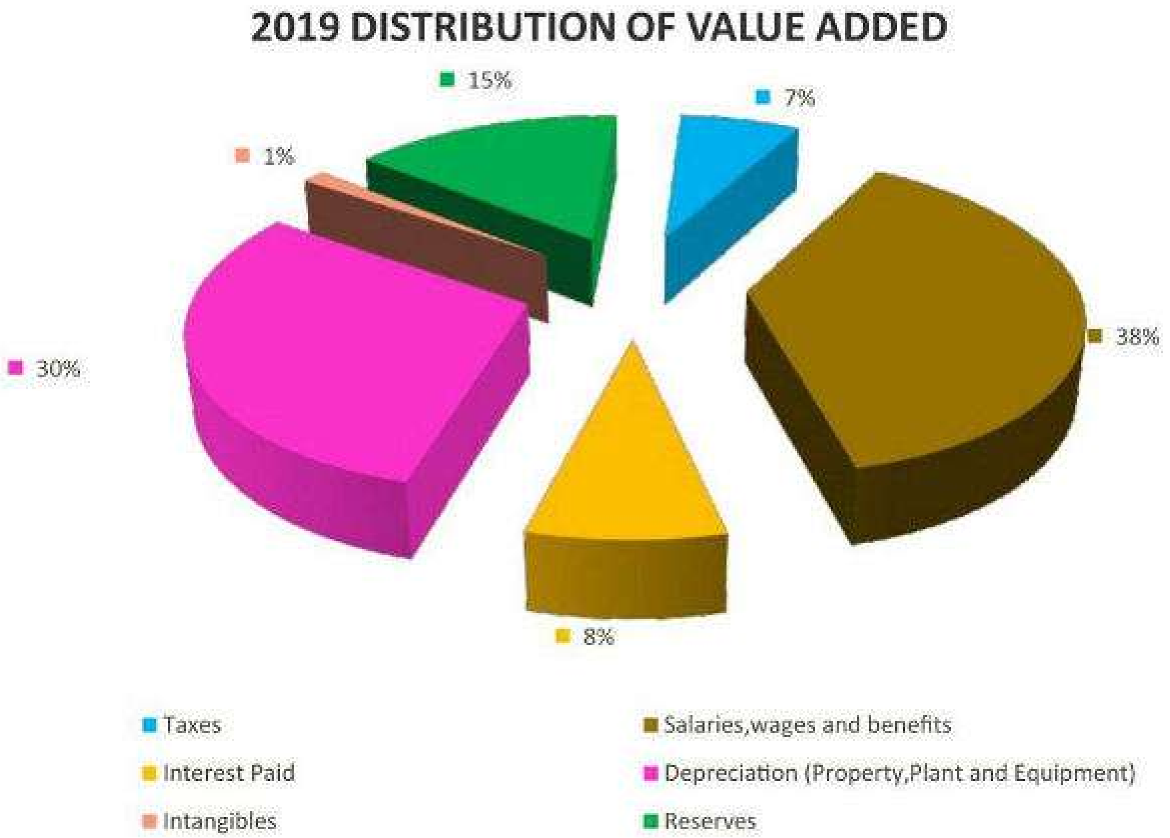
(a) Value Added Statement
For the year ended 31st December

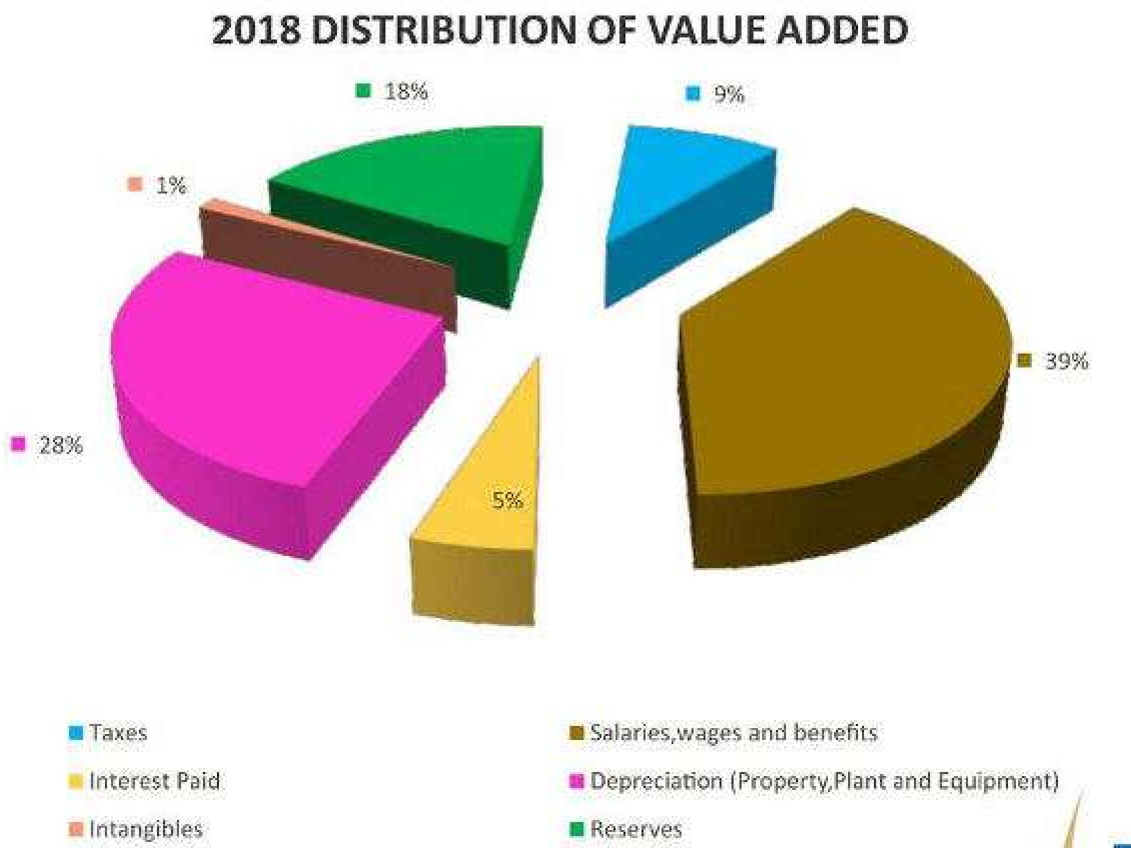
	2019 ₦'000	%	2018 ₦'000	%
Revenue	323,002,120		324,388,500	
Bought in materials and services				
- Imported	(43,043,931)		(31,444,905)	
- Local	(176,968,470)		(186,105,766)	
	102,989,719		**106,837,829**	
Other income	1,005,286		885,364	
Finance income	260,700		361,923	
Value added by operating activities	**104,255,705**	**100**	**108,085,116**	**100**
Distribution of Value Added				
To Government as:				
Taxes	7,222,327	7	9,958,659	9
To Employees:				
Salaries, wages, fringe and end of service benefits	39,838,447	38	42,400,343	39
To Providers of Finance:				
- Finance cost (interest expenses)	8,365,109	8	5,472,554	5
Retained in the Business				
To maintain and replace;				
-Property, plant and equipment	31,397,431	31	29,494,038	27
- Intangible assets	1,327,628	1	1,358,353	1
To augment reserves	16,104,763	15	19,401,169	18
Value added	**104,255,705**	**100**	**108,085,116**	**100**
Dividends to shareholders from reserves	**18,632,782**		**29,828,444**	

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.

Other National Disclosures (Cont'd)

(a) Value Added Statement (Cont'd)





Other National Disclosures (Cont'd)

(b) Group Five - Year Financial Summary

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Statement of comprehensive income					
Revenue	**323,007,470**	**324,388,500**	**344,562,517**	**313,743,147**	**293,905,792**
Results from operating activities	35,205,600	36,951,548	57,121,060	52,903,161	35,642,520
Profit before taxation	23,351,754	29,421,952	46,630,058	39,674,518	54,508,368
Profit for the year	16,105,912	19,437,944	33,048,559	28,416,965	38,056,123
Comprehensive income for the year	19,210,206	17,964,868	31,598,881	29,721,094	37,218,500
Ratios					
Earnings per share (kobo)	201	243	413	358	482
Share price at year end (Naira)	59	86	135	136	136
Declared dividend per share (kobo)	233	373	358	460	470
Dividend coverage (times)	0.86	0.65	1.15	0.78	1.02
Net assets per share (kobo)	2,098	2,086	2,230	2,092	2,173
Statement of financial position					
Employment of Funds					
Property, plant and equipment	201,907,332	203,492,850	195,230,394	191,181,700	197,298,847
ROUA	11,073,782	-	-	-	-
Intangible assets	96,465,642	97,135,708	98,277,166	99,477,826	100,612,728
Investments	150,000	150,000	150,000	150,000	150,000
Other receivables	651,781	662,022	551,862	623,331	321,509
Prepayments	-	538,187	525,831	1,154,399	354,394
Net current liabilities	(66,999,946)	(53,411,326)	(68,560,125)	(69,695,915)	(82,597,907)
Loans and borrowings	(38,893,313)	(41,127,565)	(8,000,000)	(17,000,000)	-
Employee benefits	(13,434,272)	(16,056,953)	(13,209,837)	(10,101,065)	(11,903,504)
Deferred tax liabilities	(23,171,027)	(24,554,471)	(26,666,864)	(29,876,508)	(31,914,564)
Net assets	**167,749,979**	**166,828,452**	**178,298,427**	**165,913,768**	**172,321,503**
Funds Employed					
Share capital	3,998,451	3,998,451	3,998,451	3,964,551	3,964,551
Share premium	73,770,356	73,770,356	73,770,356	64,950,103	64,950,103
Share based payment reserve	501,557	750,534	748,450	571,106	365,695
Retained earnings	89,382,366	88,216,674	99,692,668	96,343,708	102,959,014
Non Controlling Interest	97,249	92,437	88,502	84,300	82,140
	167,749,979	**166,828,452**	**178,298,427**	**165,913,768**	**172,321,503**

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Other National Disclosures (Cont'd)

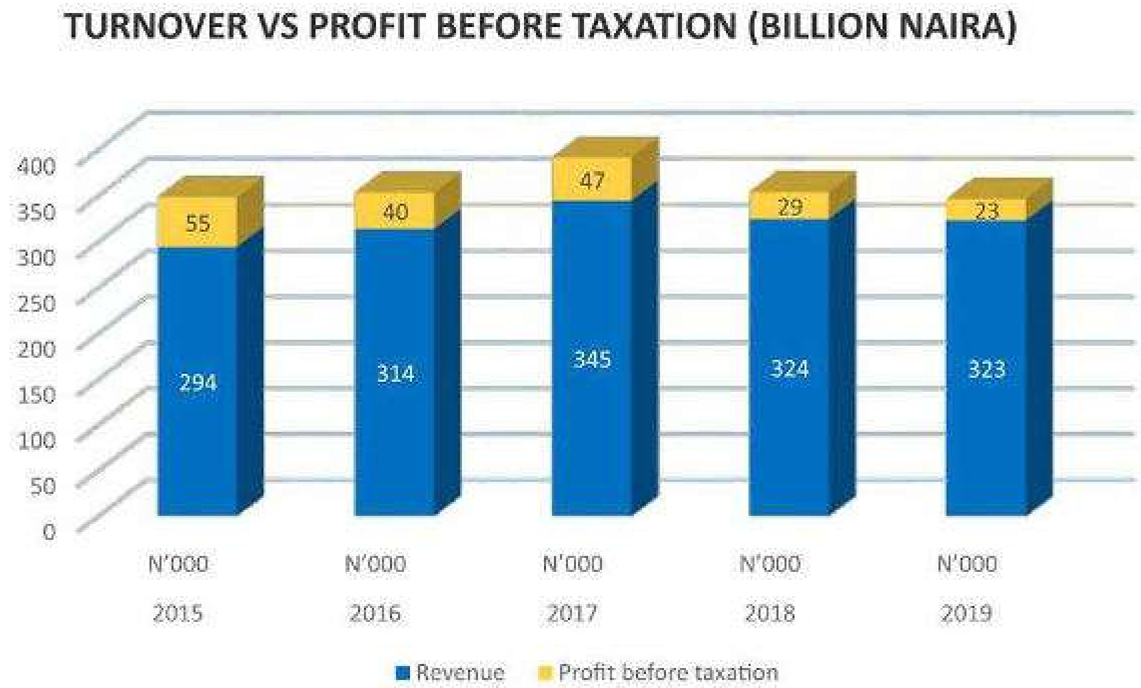
(c) Company Five - Year Financial Summary

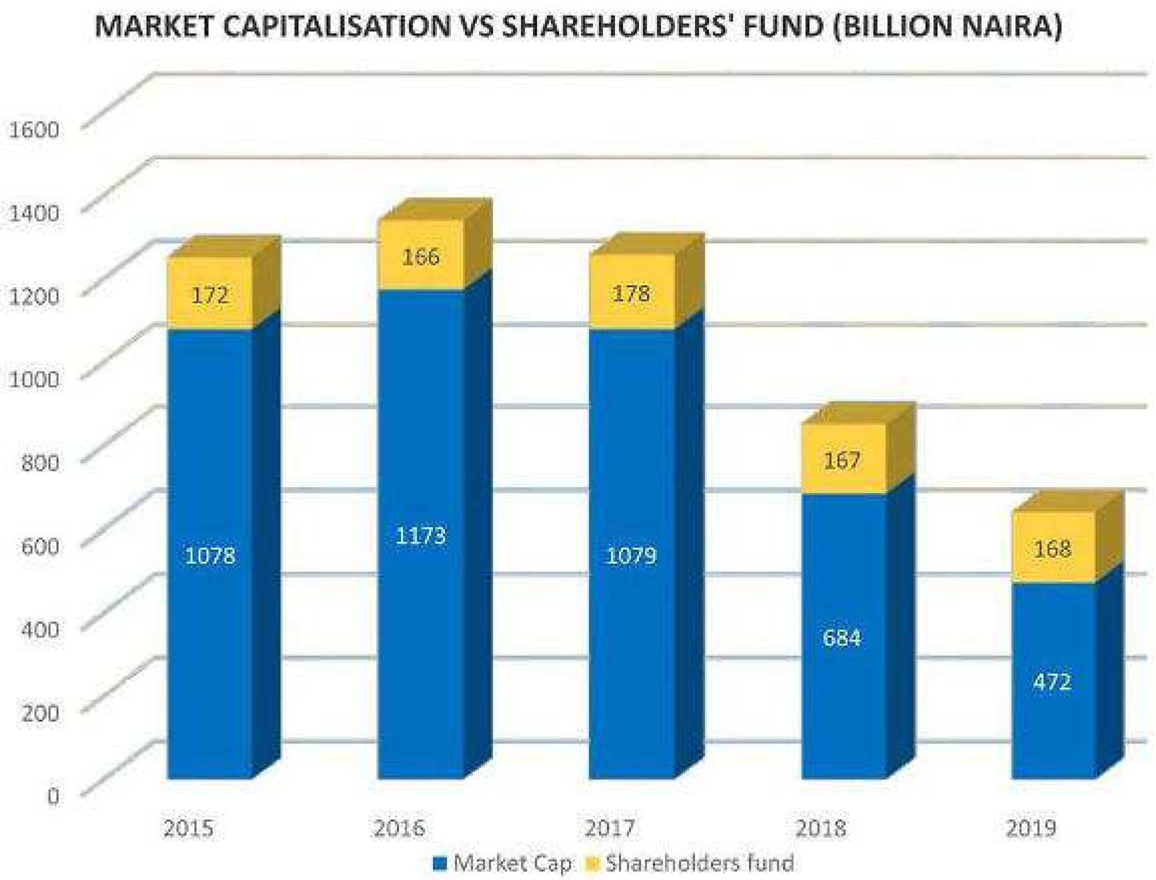
	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Statement of comprehensive income					
Revenue	**323,002,120**	**324,388,500**	**344,562,517**	**313,743,147**	**293,905,792**
Results from operating activities	35,254,672	36,956,798	57,126,310	52,908,411	62,269,368
Profit before taxation	23,327,090	29,359,828	46,572,313	39,622,914	54,508,368
Profit for the year	16,104,763	19,401,169	33,009,292	28,396,777	38,049,518
Comprehensive income for the year	19,209,057	17,928,093	31,559,614	29,700,906	37,211,895
Ratios					
Earnings per share (kobo)	201	243	413	358	482
Share price at year end (Naira)	59.00	85.50	135	148	136
Declared dividend per share (kobo)	233	373	358	460	470
Dividend coverage (times)	0.86	0.65	1.16	0.78	1.02
Net assets per share (kobo)	2,095	2,084	2,237	2,091	2,172
Statement of financial position					
Employment of Funds					
Property, plant and equipment	201,362,281	203,317,850	195,050,394	190,996,700	197,108,847
Right of use assets	10,992,267	-	-	-	-
Intangible assets	96,465,642	97,135,708	98,277,166	99,477,826	100,612,728
Investments	929,625	829,625	829,625	829,625	829,625
Other receivables	651,780	662,022	551,862	623,331	321,509
Prepayments	-	538,187	525,831	1,154,399	354,394
Net current liabilities	(67,338,421)	(54,100,219)	(69,207,243)	(70,298,766)	(83,175,570)
Loans and borrowings	(38,893,313)	(41,127,565)	(8,000,000)	(17,000,000)	-
Employee benefits	(13,434,272)	(16,056,953)	(13,209,837)	(10,101,065)	(11,903,504)
Lease Liability	-	-	-	-	-
Deferred tax liabilities	(23,171,027)	(24,554,471)	(26,666,864)	(29,876,508)	(31,914,564)
Net assets	**167,564,562**	**166,644,184**	**178,150,934**	**165,805,542**	**172,233,465**
Funds Employed					
Share capital	3,998,451	3,998,451	3,998,451	3,964,551	3,964,551
Share premium	73,770,356	73,770,356	73,770,356	64,950,103	64,950,103
Share based payment reserve	501,557	750,534	748,450	571,106	365,702
Retained earnings	89,294,198	88,124,843	99,633,677	96,319,782	102,953,109
Equity contribution reserve	-	-	-	-	-
	167,564,562	**166,644,184**	**178,150,934**	**165,805,542**	**172,233,465**

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Other National Disclosures (Cont'd)

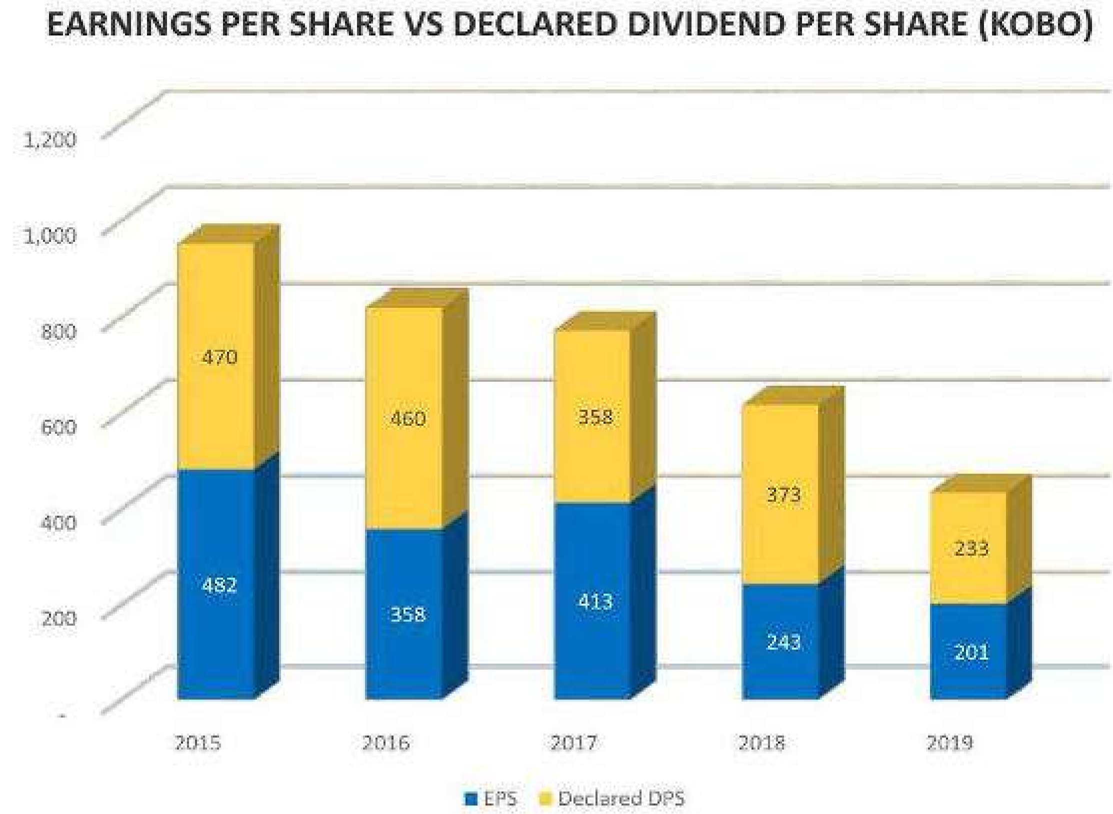
(d) Performance Indicators

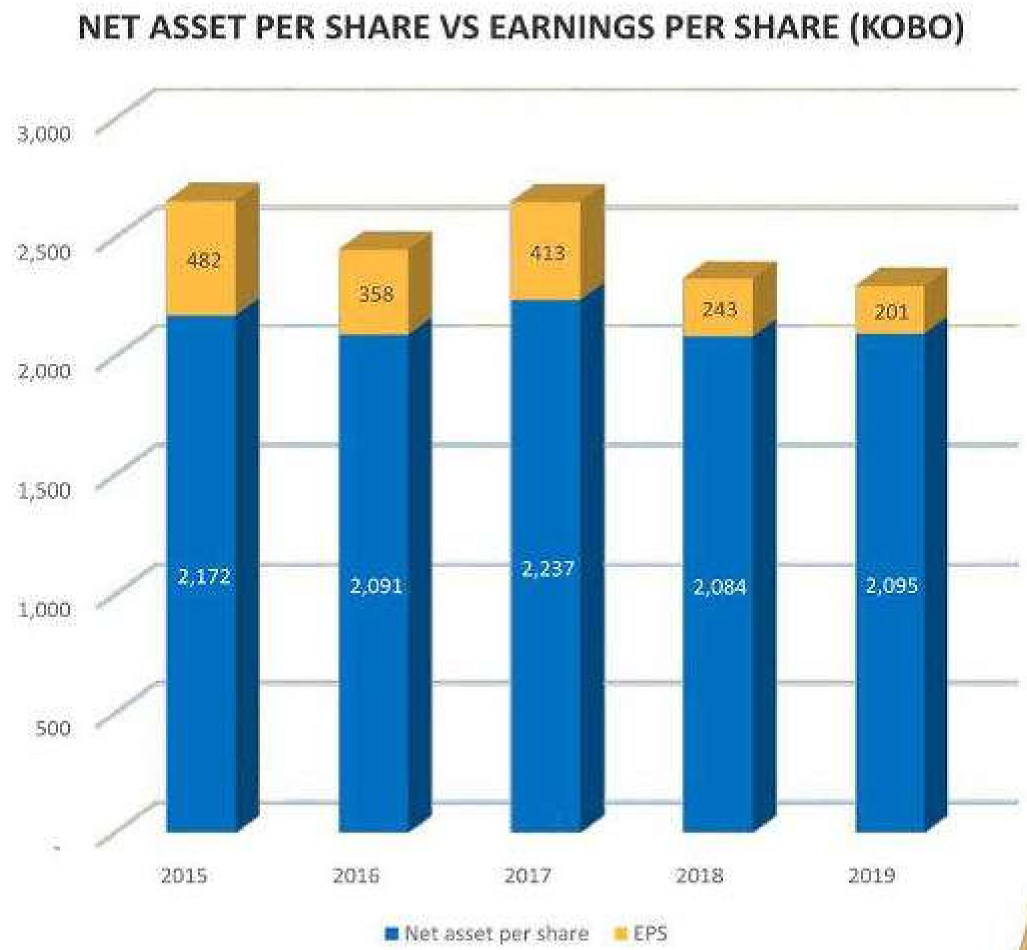




Other National Disclosures (Cont'd)

(d) Performance Indicators (cont'd)



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Shareholders' Information

(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, 2019.

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	1,051,124,133	13.14
Total	**5,307,988,097**	66.37

(b) Statistical Analysis of Shareholding

(I) The issued and fully paid-up Share Capital of the Company as at 31st December, 2019 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, 2019. The remaining 2,688,913,954 shares (representing 33.63%) were held by other individuals and institutions.

(ii) The Registrars advised that the range of shareholding as at 31st December, 2019, was as follows:

Range	No. of Holders	Holders%	Units	Units%
1 - 1000	46,178	41.68	20,990,267	0.26
1001 - 5000	30,722	27.73	77,323,341	0.97
5001 - 10000	9,504	8.58	70,114,869	0.88
10001 - 50000	17,682	15.96	432,367,236	5.41
50001 - 100000	4,435	4.00	317,997,443	3.98
100001 - 500000	1,897	1.71	369,439,451	4.62
500001 - 1000000	191	0.17	134,017,020	1.68
1000001 - 5000000	141	0.13	263,756,007	3.30
5000001 - 10000000	20	0.02	141,800,006	1.77
10000001 - 50000000	19	0.02	501,459,505	6.27
50000001 - 100000000	7	0.01	443,847,797	5.55
100000001 - 7996902051	7	0.01	5,223,789,109	65.32
	110,803	**100**	**7,996,902,051**	**100**

Shareholders' Information (Cont'd)

(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)
June 2000	-	-	12,000	1,890,601,827	Conversion
June 2001	-	-	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	33,990,582	3,998,451,026	Scrip Dividend

(d) Scrip / Bonus shares

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

Shareholders' Information (Cont'd)

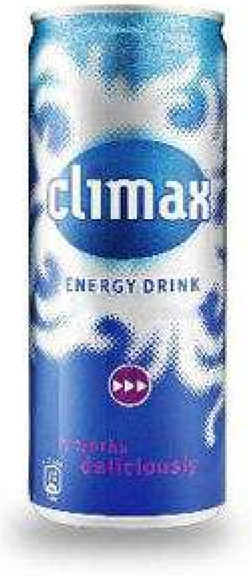
(e) Dividend Overview

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

Financial	Dividend No.	Profit after Taxation (₦'000)	Dividend (₦'000)	Dividend per Share (kobo)	Date approved
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
2019	109	19,401,169	14,603,028	243	17th May, 2019
2019	110 (Interim)		3,998,451	50	25th October, 2019

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

Not for Persons Under the Age of 18.

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

74[TH] ANNUAL GENERAL MEETING to be held in the Star Academy, NB's Accommodation Centre, Plot 14, Abebe Village Road, Lagos State, Nigeria on **Tuesday, 23[rd] June, 2020 at 10a.m.**

I/WE*...
(Name of Shareholder)

of ....

.... being a member/members of NIGERIAN BREWERIES Plc hereby appoint *(please see Note ii below for the list of proxies).*

....

or failing him/her, the Chairman of the Meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 23[rd] June, 2020.

Dated this........................ day of .... , 2020.

Shareholder's signature ....

**Delete as necessary.*

Notes:

i. In view of the health and safety measures put in place by Government including limiting the number of persons that can be in a gathering to 20, this Proxy Form has been prepared to enable Shareholders exercise the right to vote despite not being physically present at the Meeting.

*ii. Members may appoint a proxy of their choice from the following persons: **(a) Chief Kolawole B. Jamodu, CFR; (b) Mr. Jordi Borrut Bel (c) Mrs. Ndidi O. Nwuneli; (d) Chief Timothy Adesiyan (e) Sir Sunny Nwosu (f) Mr. Matthew Akinlade (g) Mr. Nornah Awoh; and (h) Mrs. Adebimpe Shoewu, JP.***

*iii. Please sign this Proxy Form and post or deliver it to reach the address overleaf or send via email to info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com or mynbshares@heineken.com not later than **10.00 a.m.** on the 19[th] of June, 2020.*

iv. 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.

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

vi. The Company shall bear the cost of the stamp duty payable on this Proxy Form.

No. of Shares	

Resolutions	For	Against	Abstain
To declare a dividend.			
To re-elect Chief Kolawole B. Jamodu, CFR as a Director			
To re-elect Mr. Sijbe (Siep) Hiemstra as a Director			
To re-elect Mrs. Ndidi O. Nwuneli, MFR 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.			

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

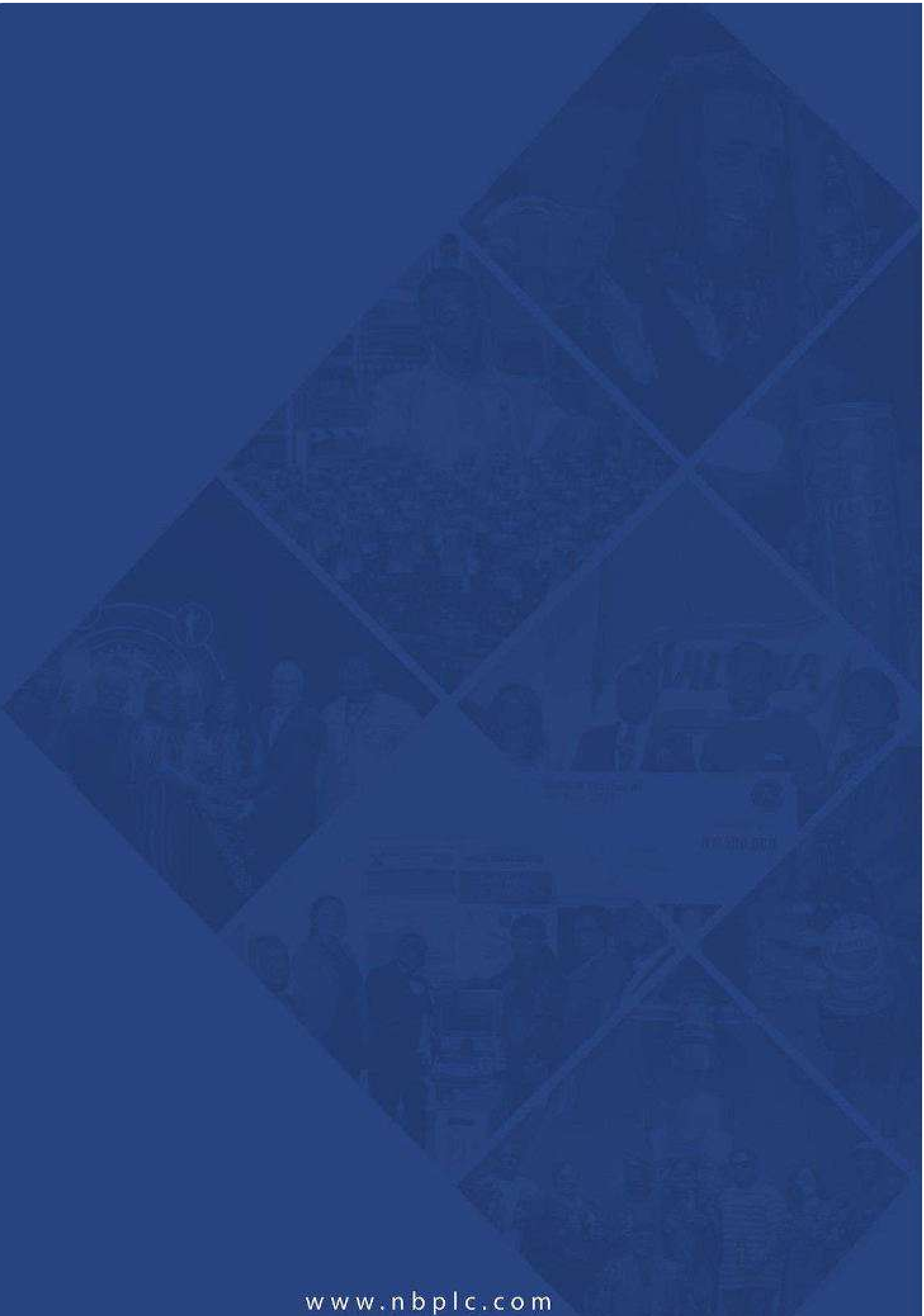
FIRST FOLD HERE

Please affix
postage stamp

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

THIRD FOLD HERE AND INSERT

ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18.



www.nbplc.com