



**Nigerian Breweries Plc**

RC: 613

**Unaudited Condensed Interim Financial Statements**

**For the nine months ended 30<sup>th</sup> September, 2019**

<b>Contents</b>	<b>Page</b>
Condensed interim income statement ended 30 <sup>th</sup> September	3
Condensed interim statement of other comprehensive income ended 30 <sup>th</sup> September	5
Condensed interim statement of financial position	7
Condensed interim statement of changes in equity	9
Condensed interim statement of cash flows	13
Notes to the condensed interim financial statements	14

**CONDENSED INTERIM INCOME STATEMENT**

	Notes	GROUP			
		Quarter to date	Year to date	Quarter to date	Year to date
		30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2018 ₦'000	30 <sup>th</sup> September 2018 ₦'000
Revenue		73,221,897	259,924,966	71,309,343	254,998,171
Excise duty expense		(7,733,648)	(24,245,533)	(5,903,287)	(16,932,486)
<b>Net Revenue</b>		<b>65,488,249</b>	<b>235,679,433</b>	<b>65,406,056</b>	<b>238,065,685</b>
Cost of Sales	5	(40,966,165)	(139,506,441)	(46,771,651)	(143,350,204)
<b>Gross Profit</b>		<b>24,522,084</b>	<b>96,172,992</b>	<b>18,634,405</b>	<b>94,715,481</b>
Other Income		352,879	775,360	227,612	658,309
Marketing and Distribution Expenses	5	(19,318,015)	(57,483,370)	(16,896,276)	(51,448,477)
Administrative Expenses	5	(4,847,294)	(14,292,135)	(5,840,357)	(16,183,780)
<b>Results from operating activities</b>		<b>709,654</b>	<b>25,172,847</b>	<b>(3,874,616)</b>	<b>27,741,533</b>
Finance income	6a	30,099	228,620	18,844	238,561
Finance costs	6b	(2,927,478)	(8,179,609)	(1,218,569)	(5,505,789)
<b>Net Finance costs</b>		<b>(2,897,379)</b>	<b>(7,950,989)</b>	<b>(1,199,725)</b>	<b>(5,267,228)</b>
Profit before tax		(2,187,725)	17,221,858	(5,074,341)	22,474,305
Income tax expenses	7	1,144,652	(4,946,663)	1,429,147	(7,684,630)
<b>Profit after tax</b>		<b>(1,043,073)</b>	<b>12,275,195</b>	<b>(3,645,194)</b>	<b>14,789,675</b>
Profit for the year attributable to:					
Owners of the Company		(1,044,317)	12,271,659	(3,646,319)	14,786,894
Non-controlling interest		1,244	3,536	1,125	2,781
<b>Profit for the period</b>		<b>(1,043,073)</b>	<b>12,275,195</b>	<b>(3,645,194)</b>	<b>14,789,675</b>
Earnings per share					
Basic Earnings per share (kobo)		(13)	153	(46)	185
Diluted earnings per share (kobo)		(13)	153	(46)	185

The notes on pages 14 to 18 are an integral part of these interim financial statements

**CONDENSED INTERIM INCOME STATEMENT**

	Notes	COMPANY			
		Quarter to date	Year to date	Quarter to date	Year to date
		30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2018 ₦'000	30 <sup>th</sup> September 2018 ₦'000
Revenue		73,221,897	259,924,966	71,309,343	254,998,171
Excise duty expense		(7,733,648)	(24,245,533)	(5,903,287)	(16,932,486)
<b>Net Revenue</b>		<b>65,488,249</b>	<b>235,679,433</b>	<b>65,406,056</b>	<b>238,065,685</b>
Cost of Sales	5	(40,966,165)	(139,506,441)	(46,771,651)	(143,350,204)
<b>Gross Profit</b>		<b>24,522,084</b>	<b>96,172,992</b>	<b>18,634,405</b>	<b>94,715,481</b>
Other Income		352,879	775,360	227,612	658,309
Marketing and Distribution Expenses	5	(19,318,015)	(57,483,370)	(16,896,276)	(51,448,477)
Administrative Expenses	5	(4,846,044)	(14,288,135)	(5,839,107)	(16,179,780)
<b>Results from operating activities</b>		<b>710,904</b>	<b>25,176,847</b>	<b>(3,873,366)</b>	<b>27,745,533</b>
Finance income	6a	30,099	228,620	18,844	238,561
Finance costs	6b	(2,946,414)	(8,233,970)	(1,235,871)	(5,555,460)
<b>Net Finance costs</b>		<b>(2,916,315)</b>	<b>(8,005,350)</b>	<b>(1,217,027)</b>	<b>(5,316,899)</b>
Profit before tax		(2,205,411)	17,171,497	(5,090,393)	22,428,634
Income tax expenses	7	1,150,712	(4,929,347)	1,434,683	(7,664,946)
<b>Profit after tax</b>		<b>(1,054,699)</b>	<b>12,242,150</b>	<b>(3,655,710)</b>	<b>14,763,688</b>
Profit for the year attributable to:					
Owners of the Company		(1,054,699)	12,242,150	(3,655,710)	14,763,688
Non-controlling interest		-	-	-	-
<b>Profit for the period</b>		<b>(1,054,699)</b>	<b>12,242,150</b>	<b>(3,655,710)</b>	<b>14,763,688</b>
Earnings per share					
Basic Earnings per share (kobo)		(13)	153	(46)	185
Diluted earnings per share (kobo)		(13)	153	(46)	185

The notes on pages 14 to 18 are an integral part of these interim financial statements

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

	<b>GROUP</b>			
	Quarter to date	Year to date	Quarter to date	Year to date
	30 <sup>th</sup> September	30 <sup>th</sup> September	30 <sup>th</sup> September	30 <sup>th</sup> September
	2019	2019	2018	2018
Notes	N'000	N'000	N'000	N'000
<b>Profit for the period</b>	<b>(1,044,317)</b>	<b>12,271,659</b>	<b>(3,646,319)</b>	<b>14,786,894</b>
Other comprehensive income, net of tax				
Total comprehensive income for the period	<b>(1,044,317)</b>	<b>12,271,659</b>	<b>(3,646,319)</b>	<b>14,786,894</b>
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the Company	(1,044,317)	12,271,659	(3,646,319)	14,786,894
Total comprehensive income for the period	<b>(1,044,317)</b>	<b>12,271,659</b>	<b>(3,646,319)</b>	<b>14,786,894</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

	COMPANY			
	Quarter to date	Year to date	Quarter to date	Year to date
	30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2019 ₦'000	30 <sup>th</sup> September 2018 ₦'000	30 <sup>th</sup> September 2018 ₦'000
Notes				
<b>Profit for the period</b>	<b>(1,054,699)</b>	<b>12,242,150</b>	<b>(3,655,710)</b>	<b>14,763,688</b>
Other comprehensive income, net of tax				
Total comprehensive income for the period	<b>(1,054,699)</b>	<b>12,242,150</b>	<b>(3,655,710)</b>	<b>14,763,688</b>
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the Company	(1,054,699)	12,242,150	(3,655,710)	14,763,688
Total comprehensive income for the period	<b>(1,054,699)</b>	<b>12,242,150</b>	<b>(3,655,710)</b>	<b>14,763,688</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT:**

		30 <sup>th</sup> September 2019	30 <sup>th</sup> September 2019	31 <sup>st</sup> December 2018	31 <sup>st</sup> December 2018
	Notes	Group ₦'000	Company ₦'000	Group ₦'000	Company ₦'000
<b>ASSETS</b>					
Property, plant and equipment	8	193,986,434	193,815,184	203,492,850	203,317,850
Intangible assets and goodwill		96,523,650	96,523,650	97,135,708	97,135,708
Right of Use Asset (ROUA)		9,342,554	9,342,554	-	-
Investments		250,000	929,625	150,000	829,625
Other receivables		623,444	623,444	662,022	662,022
Prepayments		-	-	538,187	538,187
<b>Non-current assets</b>		<b>300,726,082</b>	<b>301,234,457</b>	<b>301,978,767</b>	<b>302,483,392</b>
Inventories		41,596,041	41,596,041	32,506,824	32,506,824
Trade and other receivables		29,832,251	29,832,251	35,153,451	35,153,451
Prepayments		3,610,096	3,610,096	1,356,282	1,356,282
Deposit for imports		3,756,370	3,756,370	2,474,279	2,474,279
Cash and cash equivalents		1,987,729	1,986,551	14,793,266	14,792,088
<b>Current assets</b>		<b>80,782,487</b>	<b>80,781,309</b>	<b>86,284,102</b>	<b>86,282,924</b>
<b>Total assets</b>		<b>381,508,569</b>	<b>382,015,766</b>	<b>388,262,869</b>	<b>388,766,316</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT: (Cont'd)

		30 <sup>th</sup> September 2019	30 <sup>th</sup> September 2019	31 <sup>st</sup> December 2018	31 <sup>st</sup> December 2018
	Notes	Group ₦'000	Company ₦'000	Group ₦'000	Company ₦'000
<b>EQUITY</b>					
Share capital		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		529,902	529,902	750,534	750,534
Retained earnings		85,854,003	85,732,663	88,216,674	88,124,843
<b>Equity attributable to</b>					
<b>owners of the company</b>	11	<b>164,152,712</b>	<b>164,031,372</b>	<b>166,736,015</b>	<b>166,644,184</b>
<b>Non-controlling interest</b>		<b>95,973</b>	<b>-</b>	<b>92,437</b>	<b>-</b>
<b>Total Equity</b>		<b>164,248,685</b>	<b>164,031,372</b>	<b>166,828,452</b>	<b>166,644,184</b>
<b>LIABILITIES</b>					
Loans and borrowings		40,007,626	40,007,626	41,127,565	41,127,565
Employee benefits		17,033,642	17,033,642	16,056,953	16,056,953
Deferred tax liabilities		22,505,797	22,505,797	24,554,471	24,554,471
Lease Liability		65,619	65,619	-	-
<b>Non-current liabilities</b>		<b>79,612,684</b>	<b>79,612,684</b>	<b>81,738,989</b>	<b>81,738,989</b>
Loans and borrowings		3,194,444	3,194,444	-	-
Bank overdraft and Commercial Papers		29,610,563	29,610,563	1,469,810	1,469,810
Current tax liabilities		14,849,235	14,790,361	14,579,020	14,537,462
Dividend payable		6,335,165	6,335,165	7,931,759	7,931,759
Trade and other payables		82,264,698	83,048,082	114,151,861	114,881,134
Provisions		1,379,063	1,379,063	1,562,978	1,562,978
Lease Liability		14,032	14,032	-	-
<b>Current liabilities</b>		<b>137,647,200</b>	<b>138,371,710</b>	<b>139,695,428</b>	<b>140,383,143</b>
<b>Total liabilities</b>		<b>217,259,884</b>	<b>217,984,394</b>	<b>221,434,417</b>	<b>222,122,132</b>
<b>Total equity and liabilities</b>		<b>381,508,569</b>	<b>382,015,766</b>	<b>388,262,869</b>	<b>388,766,316</b>

Approved by the Board of Directors on 25<sup>th</sup> October, 2019 and signed on its behalf by:

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

.....Mr. Rob Kleinjan (Finance Director)  
FRC/2019/ANAN/ 00000019433

The notes on pages 14 to 18 are an integral part of these interim financial statements



Condensed interim statement of changes in equity

For the nine-month period ended September 2019  
Group

Notes	Share Capital N'000	Share Premium N'000	Share Based Payment Reserve N'000	Retained Earnings N'000	Total N'000	Non- Controlling Interest N'000	Total Equity N'000
Balance as at 1 <sup>st</sup> 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	-	-	-	12,271,659	12,271,659	3,536	12,275,195
Other comprehensive income for the year	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	12,271,659	12,271,659	3,536	12,275,195
Transaction with owners, recorded directly in equity							
<b>Contributions and distributions</b>							
Issue of ordinary shares	-	-	-	-	-	-	-
Share based payment charge	-	-	186,043	-	186,043	-	186,043
Share based payment recharge	-	-	(406,675)	-	(406,675)	-	(406,675)
Dividends	-	-	-	(14,634,330)	(14,634,330)	-	(14,634,330)
Unclaimed dividends written back	-	-	-	-	-	-	-
<b>Total contributions and distributions</b>	-	-	(220,632)	(14,634,330)	(14,854,962)	-	(14,854,962)
<b>Changes in ownership interest</b>							
<b>Total transactions with owners of the company</b>	-	-	(220,632)	(14,634,330)	(14,854,962)	-	(14,854,962)
<b>Balance as at 30<sup>th</sup> September, 2019</b>	<b>3,998,451</b>	<b>73,770,356</b>	<b>529,902</b>	<b>85,854,003</b>	<b>164,152,712</b>	<b>95,973</b>	<b>164,248,685</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

**Condensed interim statement of changes in equity**

**For the nine-month period ended September 2019**  
**Company**

Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance as at 1 <sup>st</sup> January 2019	3,998,451	73,770,356	750,534	88,124,843	166,644,184
Profit for the year	-	-	-	12,242,150	12,242,150
Other comprehensive income for the year	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	-	-	-	12,242,150	12,242,150
Transaction with owners, recorded directly in equity	-	-	-	-	-
<b>Contributions and distributions</b>					
Issue of ordinary shares	-	-	-	-	-
Share based payment charge	-	-	186,043	-	186,043
Share based payment recharge	-	-	(406,675)	-	(406,675)
Dividends	-	-	-	(14,634,330)	(14,634,330)
Unclaimed dividends written back	-	-	-	-	-
<b>Total contributions and distributions</b>	-	-	(220,632)	(14,634,330)	(14,854,962)
<b>Changes in ownership interest</b>					
<b>Total transactions with owners of the company</b>	-	-	(220,632)	(14,634,330)	(14,854,962)
<b>Balance as at 30th September, 2019</b>	3,998,451	73,770,356	529,902	85,732,663	164,031,372

The notes on pages 14 to 18 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

For the nine-month period ended September 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 as at 1 <sup>st</sup> 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	-	-	-	14,786,894	14,786,894	2,781	14,789,675
Other comprehensive income for the year	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	14,786,894	14,786,894	2,781	14,789,675
Transaction with owners, recorded directly in equity							
<b>Contributions and distributions</b>							
Issue of ordinary shares	-	-	-	-	-	-	-
Share based payment charge	-	-	614,062	-	614,062	-	614,062
Share based payment recharge	-	-	(632,866)	-	(632,866)	-	(632,866)
Dividends	-	-	-	(25,030,303)	(25,030,303)	-	(25,030,303)
Unclaimed dividends written back	-	-	-	-	-	-	-
<b>Total contributions and distributions</b>	-	-	(18,804)	(25,030,303)	(25,049,107)	-	(25,049,107)
<b>Changes in ownership interest</b>							
<b>Total transactions with owners of the company</b>	-	-	(18,804)	(25,030,303)	(25,049,107)	-	(25,049,107)
<b>Balance as at 30<sup>th</sup> September, 2018</b>	<b>3,998,451</b>	<b>73,770,356</b>	<b>729,646</b>	<b>89,449,259</b>	<b>167,947,712</b>	<b>91,283</b>	<b>168,038,995</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

For the nine-month period ended September 2018  
Company

Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance as at 1 <sup>st</sup> January 2018	3,998,451	73,770,356	748,450	99,633,677	178,150,934
Profit for the year	-	-	-	14,763,688	14,763,688
Other comprehensive income for the year	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	-	-	-	<b>14,763,688</b>	<b>14,763,688</b>
Transaction with owners, recorded directly in equity	-	-	-	-	-
<b>Contributions and distributions</b>					
Issue of ordinary shares	-	-	-	-	-
Share based payment charge	-	-	614,062	-	614,062
Share based payment recharge	-	-	(632,866)	-	(632,866)
Dividends	-	-	-	(25,030,303)	(25,030,303)
Unclaimed dividends written back	-	-	-	-	-
<b>Total contributions and distributions</b>	-	-	<b>(18,804)</b>	<b>(25,030,303)</b>	<b>(25,049,107)</b>
<b>Changes in ownership interest</b>					
<b>Total transactions with owners of the company</b>	-	-	<b>(18,804)</b>	<b>(25,030,303)</b>	<b>(25,049,107)</b>
<b>Balance as at 30<sup>th</sup> September, 2018</b>	<b>3,998,451</b>	<b>73,770,356</b>	<b>729,646</b>	<b>89,367,062</b>	<b>167,865,515</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

**Condensed interim statement of cash flows**

**For the nine-month period ended 30th September**

	Group 2019 N'000	Company 2019 N'000	Group 2018 N'000	Company 2018 N'000
Notes				
Profit for the year	12,275,195	12,242,150	14,789,675	14,763,688
Adjustments for:				
Depreciation	23,503,834	23,500,084	22,143,591	22,139,841
Amortization of intangible assets	996,220	996,220	1,027,028	1,027,028
Finance income	(228,620)	(228,620)	(238,561)	(238,561)
Interest expenses	5,638,373	5,692,734	3,718,182	3,767,853
Gratuity, employee benefit and share based payment charges	2,385,203	2,385,203	2,516,656	2,516,656
Loss on sale of property, plant and equipment	22,206	22,206	14,523	14,523
Income tax expense	4,946,663	4,929,347	7,684,630	7,664,946
	<b>49,539,074</b>	<b>49,539,324</b>	<b>51,655,724</b>	<b>51,655,974</b>
Changes in:				
Inventories	(9,089,217)	(9,089,217)	8,063,911	8,063,911
Trade and other receivables	5,359,779	5,359,779	(6,228,924)	(6,228,924)
Prepayments	(1,715,627)	(1,715,627)	337,865	337,865
Trade and other payables	(23,191,470)	1,253,192	(28,884,376)	(28,871,826)
Provisions	(183,915)	(183,915)	1,411,838	1,411,838
Changes in Lease Liability	79,651	79,651	-	-
Deposit for imports	(1,282,091)	(1,282,091)	4,381,575	4,381,575
<b>Cash generated from operating activities</b>	<b>19,516,184</b>	<b>43,961,096</b>	<b>30,737,613</b>	<b>30,750,413</b>
Income tax paid	(6,725,122)	(6,725,122)	(11,816,589)	(11,779,718)
Gratuity paid	(996,334)	(996,334)	(1,193,244)	(1,193,244)
Other long term employee benefits paid	(632,812)	(632,812)	(641,040)	(641,040)
VAT paid*	(10,164,175)	(10,164,175)	(8,678,226)	(8,678,226)
<b>Net cash from operating activities</b>	<b>997,741</b>	<b>25,442,653</b>	<b>8,408,514</b>	<b>8,458,185</b>
<b>Cash flows from investing activities</b>				
Finance income	228,620	228,620	238,561	238,561
Proceeds from sale of property, plant and equipment	19,015	19,015	87,528	87,528
Acquisition of property, plant and equipment	(23,381,193)	(23,381,193)	(15,180,714)	(15,180,714)
Acquisition of intangible assets	(384,164)	(384,164)	(31,541)	(31,541)
Acquisition of Subsidiary	(100,000)	(100,000)	-	-
<b>Net cash used in investing activities</b>	<b>(23,617,722)</b>	<b>(23,617,722)</b>	<b>(14,886,166)</b>	<b>(14,886,166)</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings	91,974,488	91,974,488	54,000,000	54,000,000
Repayment of loans and borrowings	(89,899,983)	(89,899,983)	(35,605,408)	(35,605,408)
Interest paid	(4,169,890)	(4,224,251)	(2,997,196)	(3,046,867)
Dividends paid	(16,230,924)	(16,230,924)	(26,833,920)	(26,833,920)
<b>Net cash used in financing activities</b>	<b>(18,326,309)</b>	<b>(18,380,670)</b>	<b>(11,436,524)</b>	<b>(11,486,195)</b>
Net increase/(decrease) in cash and cash equivalents	<b>(40,946,290)</b>	<b>(16,555,739)</b>	<b>(17,914,177)</b>	<b>(17,914,177)</b>
Cash and cash equivalents as at 1 <sup>st</sup> January	13,323,456	13,322,278	15,396,024	15,394,846
<b>Cash and cash equivalents as at 30<sup>th</sup> September</b>	<b>(27,622,834)</b>	<b>(3,233,461)</b>	<b>(2,518,153)</b>	<b>(2,519,331)</b>
Represented by:				
Cash balance	1,987,729	1,986,551	9,413,144	9,411,966
Bank Overdraft and Commercial Papers	(29,610,563)	(29,610,563)	(11,931,297)	(11,931,297)
	<b>(27,622,834)</b>	<b>(27,624,012)</b>	<b>(2,518,153)</b>	<b>(2,519,331)</b>

The notes on pages 14 to 18 are an integral part of these interim financial statements

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

## **Notes to the condensed interim financial statements**

### **1. REPORTING ENTITY**

Nigerian Breweries Plc, a public Company quoted on The Nigerian Stock Exchange, was incorporated in Nigeria on the 16<sup>th</sup> November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7<sup>th</sup> January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. a company domiciled in the Netherlands, the latter having a 55.95% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1, Abebe Village Road, Iganmu, Lagos. The condensed interim financial statements of the Company as at and for the nine-month period ended 30<sup>th</sup> September 2019 comprise the Company and its subsidiaries.

The financial statements of Nigerian Breweries Plc as at and for the year ended 31<sup>st</sup> December 2018 are available on the Company's registered website [www.nbplc.com/investor-relations.html](http://www.nbplc.com/investor-relations.html)

### **2. BASIS OF PREPARATION**

#### **a. Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Nigerian Breweries Plc as at and for the year ended 31<sup>st</sup> December 2018.

#### **b. Functional and presentation currency**

These condensed interim financial statement are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise.

#### **c. Use of estimates and judgements**

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31<sup>st</sup> December 2018.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **a. General**

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31<sup>st</sup> December 2018.

**b. Income tax**

Income tax expenses are recognised based on management's best estimation of the weighted average expected full year income tax rate.

**4. SEASONALITY**

The performance of the Company is subject to seasonal fluctuations as a result of weather conditions and festivities. The Company's full year results and volumes are dependent on the performance in the peak-selling season, typically resulting in higher revenue and profitability in the last quarter of the year. The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

**5. ANALYSIS OF EXPENSES BY NATURE**

For the nine-month period ended 30<sup>th</sup> September

	<b>Group 2019 ₦'000</b>	<b>Company 2019 ₦'000</b>	<b>Group 2018 ₦'000</b>	<b>Company 2018 ₦'000</b>
Raw materials and consumables	86,629,133	86,629,133	90,638,574	90,638,574
Advertising and sales expenses	21,308,289	21,308,289	17,506,495	17,506,495
Depreciation	23,503,834	23,500,084	22,143,591	22,139,841
Amortization	996,220	996,220	1,027,028	1,027,028
Employee benefits	29,233,360	29,233,360	32,760,648	32,760,648
Distribution	21,342,506	21,342,506	19,274,372	19,274,372
Repairs and Maintenance	13,042,448	13,042,448	11,785,509	11,785,509
Royalty and technical service fees	5,637,538	5,637,538	5,993,738	5,993,738
Others	9,588,618	9,588,368	9,852,506	9,852,256
<b>Total cost of sales, marketing &amp; distribution and administration expenses</b>	<b>211,281,946</b>	<b>211,277,946</b>	<b>210,982,461</b>	<b>210,978,461</b>

**6. INTEREST INCOME, INTEREST EXPENSES AND OTHER NET FINANCE EXPENSES**

Net finance income and expenses for the nine-month period ended 30th September 2019 amounted to ₦8 billion (nine-month period ended 30th September 2018: ₦5.3billion).

**a. Finance income**

Interest income for the nine-month period ended 30th September 2019 amounted to ₦229 million (nine-month period ended 30th September 2018: ₦239 million).

**b. Finance expense**

Interest expenses for the nine-month period ended 30th September 2019 amounted to ₦8.2 billion (nine-month ended 30th September 2018: ₦5.6 billion).

Other net finance expenses for the nine-month period ended 30th September 2019 amounted to ₦2.5 billion (nine-month ended 30th September 2018: ₦1.8 billion). The interest expenses on the net pension liability for the period ended 30th September 2019 amounted to ₦1.8 billion (nine-month period ended 30th September 2018: ₦1.4 billion).

**7. INCOME TAX EXPENSES**

The Company's effective tax rate in respect of continuing operations for the nine-month period ended 30th September 2019 was 28.42 per cent (for the nine-month period ended 30th September 2018: 32.64 per cent).

**8. PROPERTY PLANT AND EQUIPMENT**

**Acquisitions**

During the nine-month period ended 30th September 2019 the Company acquired, plant and equipment with a cost of ₦22.2 billion (nine-month period ended 30th September 2018: ₦15.1 billion).

**Capital commitments**

As at 30th September 2019, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦30 billion (30th September 2018: ₦27.4 billion).

**9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**Financial risk management**

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31<sup>st</sup> December 2018.



**10. EQUITY**

**Reserves**

The reserves consist of share premium, share-based payment, equity contribution reserves and retained earnings.

**Weighted average number of shares (basic and diluted)**

For the nine-month period ended 30<sup>th</sup> September  
 In shares

	<b>2019</b>	<b>2018</b>
1 <sup>st</sup> January		
Weighted average number of shares	7,996,902,051	7,996,902,051
Bonus issues	-	-
<hr/>		
30 <sup>th</sup> September		
Weighted average number of shares	7,996,902,051	7,996,902,051
<hr/> <hr/>		

## 11. NET CASH COVERAGE /INTEREST BEARING DEBT POSITION

For the nine-month period ended 30<sup>th</sup> September

	<b>Group</b> <b>30<sup>th</sup> September</b> <b>2019</b> <b>₦'000</b>	<b>Company</b> <b>30<sup>th</sup> September</b> <b>2019</b> <b>₦'000</b>	<b>Group</b> <b>31<sup>st</sup> December</b> <b>2018</b> <b>₦'000</b>	<b>Company</b> <b>31<sup>st</sup> December</b> <b>2018</b> <b>₦'000</b>
Loans and borrowings	40,007,626	40,007,626	41,127,565	41,127,565
Bank overdrafts	7,012,918	7,012,918	1,469,810	1,469,810
Commercial papers/Other Short Term Loan	25,792,089	25,792,089	-	-
Cash, cash equivalents and current	(1,987,729)	(1,986,551)	(14,793,266)	(14,792,088)
<b>(Net cash coverage position)/interest bearing debt position</b>	<b>70,824,904</b>	<b>70,826,082</b>	<b>30,239,138</b>	<b>30,240,316</b>

The company has revolving credit facilities with five Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks range from ₦6 billion to ₦15 billion (total of ₦66 billion). ₦40 billion was utilized as at 30<sup>th</sup> September, 2019 (2018: ₦27 billion).

## 12. CONTINGENCIES

No material updates in comparison with 2018 year-end reporting were identified that need to be reported.

## 13. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first nine-month period ended 30<sup>th</sup> September 2019 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31<sup>st</sup> December 2018.

## 14. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30<sup>th</sup> September 2019 that have not been adequately provided for or disclosed in these condensed interim financial statements.