



**Nigerian Breweries Plc**

RC: 613

# Unaudited Interim Condensed Financial Statements

As at 30<sup>th</sup> September, 2014

<b>Contents</b>	<b>Page</b>
Condensed Statement of Financial Position	2
Condensed Income Statement	4
Condensed Statement Of Comprehensive Income	5
Condensed Statement Of Changes in Equity	6
Condensed Statement of Cash Flows	7
Notes to the Condensed Financial Statements	8

**Condensed Statement of financial position as at**

	Notes	30 <sup>th</sup> September, 2014 ₦'000	31 <sup>st</sup> December, 2013 ₦'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	11	156,496,927	153,366,133
Intangible assets and goodwill	12	53,244,561	53,563,357
Investments	13	150,000	150,000
Other receivables	14	303,101	158,884
Prepayments	15	185,640	235,790
<b>Total non-current assets</b>		<b>210,380,229</b>	<b>207,474,164</b>
Current assets			
Inventories	16	25,224,818	20,643,153
Trade and other receivables	17	21,825,184	14,212,062
Prepayments	15	1,981,806	764,588
Deposit for imports	18	438,273	136,818
Cash and cash equivalents	19	7,216,443	9,528,848
<b>Total current assets</b>		<b>56,686,524</b>	<b>45,285,469</b>
<b>Total assets</b>		<b>267,066,753</b>	<b>252,759,633</b>

The notes on pages 9 to 28 are an integral part of these interim financial statements.

**Condensed statement of financial position as at (continued)**

	Notes	30 <sup>th</sup> September, 2014 ₦'000	31 <sup>st</sup> December, 2013 ₦'000
<b>EQUITY</b>			
Share capital		3,781,353	3,781,353
Share premium		4,567,967	4,567,967
Share based payment reserve		108,303	50,114
Retained earnings		99,761,846	103,959,751
<b>Total equity</b>		<b>108,219,469</b>	<b>112,359,185</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Loans and borrowings	22	38,000,000	9,000,000
Employee benefits		10,098,560	9,274,733
Deferred tax liabilities		22,046,530	21,830,000
<b>Total non-current liabilities</b>		<b>70,145,090</b>	<b>40,104,733</b>
Current liabilities			
Current tax liabilities	10(b)	16,506,146	24,086,538
Dividend payable	21(b)	7,068,086	6,376,528
Trade and other payables	23	65,127,962	69,832,649
<b>Total current liabilities</b>		<b>88,702,194</b>	<b>100,295,715</b>
<b>Total liabilities</b>		<b>158,847,284</b>	<b>140,400,448</b>
<b>Total equity and liabilities</b>		<b>267,066,753</b>	<b>252,759,633</b>

Approved by the Board of Directors on the 22<sup>nd</sup> day of October, 2014 and signed on its behalf by:

(SIGNED)

\_\_\_\_\_  
Nicolaas A. Vervelde (Managing Director/CEO)  
FRC/2013/IODN/00000002016

(SIGNED)

\_\_\_\_\_  
Mark P. Rutten (Finance Director)  
FRC/2014/IODN/00000009921

*The notes on pages 9 to 28 are an integral part of these interim condensed financial statements.*

**Condensed income statement for the period ended**

	Notes	30 <sup>th</sup> September 2014 ₦'000	30 <sup>th</sup> September 2013 ₦'000
Revenue	5	194,739,091	190,303,589
Cost of sales		(99,777,240)	(97,924,870)
<b>Gross profit</b>		<b>94,961,851</b>	<b>92,378,719</b>
Other income	6	1,185,806	2,056,509
Marketing and distribution expenses		(29,908,915)	(30,416,045)
Administrative expenses		(20,233,664)	(20,210,744)
<b>Results from operating activities</b>		<b>46,005,078</b>	<b>43,808,439</b>
Finance income		633,849	418,498
Finance costs		(4,055,462)	(5,696,325)
<b>Net finance (costs)/income</b>	7	<b>(3,421,613)</b>	<b>(5,277,827)</b>
<b>Profit before taxation</b>	8	<b>42,583,465</b>	<b>38,530,612</b>
Taxation	10(a)	(12,756,530)	(11,728,721)
<b>Profit for the period</b>		<b>29,826,935</b>	<b>26,801,891</b>
<b>Earnings per share</b>			
<b>Basic earnings per share (kobo)</b>		<b>394</b>	<b>354</b>
<b>Diluted earnings per share (kobo)</b>		<b>394</b>	<b>354</b>

The notes on pages 9 to 28 are an integral part of these interim condensed financial statements

***Condensed Statement of Comprehensive Income for the period ended***

	<b>30<sup>th</sup> September 2014</b>	<b>30<sup>th</sup> September 2013</b>
<b>Notes</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Profit for the period</b>	29,826,935	26,810,891
<b>Total comprehensive income for the period</b>	<u><b>29,826,935</b></u>	<u><b>26,810,891</b></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	29,826,935	26,810,891
<b>Total comprehensive income for the period</b>	<u><b>29,826,935</b></u>	<u><b>26,810,891</b></u>

*The notes on pages 9 to 28 are an integral part of these interim condensed financial statements*

**Condensed statement of changes in equity for the period ended 30<sup>th</sup> September 2014**

Notes	Share Capital ₦'000	Share premium ₦'000	Share based payment reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
<b>Balance at 1<sup>st</sup> January 2014</b>	<b>3,781,353</b>	<b>4,567,967</b>	<b>50,114</b>	<b>103,959,751</b>	<b>112,359,185</b>
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	29,826,935	29,826,935
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,826,935</b>	<b>29,826,935</b>
<b>Transaction with owners, recorded directly in equity</b>					
Share based payment charge	-	-	88,201	-	88,201
Share based payment recharge	-	-	(30,012)	7,330	(22,682)
Dividends to equity holders				(34,032,170)	(34,032,170)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>58,189</b>	<b>(34,024,840)</b>	<b>(33,966,651)</b>
<b>Balance at 30<sup>th</sup> September 2014</b>	<b>3,781,353</b>	<b>4,567,967</b>	<b>108,303</b>	<b>99,761,846</b>	<b>108,219,469</b>

The notes on pages 9 to 28 are an integral part of these interim condensed financial statements

**Condensed statement of cash flows for the period ended**

	Notes	30 <sup>th</sup> September 2014 N'000	30 <sup>th</sup> September 2013 N'000
<b>Cash flows from operating activities</b>			
Profit for the period		29,826,935	26,801,891
Adjustments for:			
Depreciation and impairment loss	11	18,875,052	15,917,239
Amortisation of intangible assets	12	350,254	437,802
Net finance costs	7	2,747,068	4,890,777
(Gain)/loss on sale of property, plant and equipment		(673,170)	718,192
Share based payment		65,519	(36,445)
Income tax expense	10(a)	12,756,530	11,728,721
		<b>63,984,188</b>	<b>60,458,176</b>
Change in inventories		(4,581,665)	2,933,059
Change in trade and other receivables		(7,613,121)	(1,432,692)
Change in prepayments		(1,167,068)	(773,921)
Change in trade and other payables		(4,704,687)	(3,764,016)
Change in other receivables		(144,217)	(11,565)
Changes in employees benefits		823,827	56,068
Change in deposit for imports		(301,455)	1,675,436
<b>Cash generated from operating activities</b>		<b>46,259,802</b>	<b>59,140,545</b>
Income tax paid	10(b)	(20,120,392)	(13,930,467)
<b>Net cash from operating activities</b>		<b>26,139,410</b>	<b>45,210,078</b>
<b>Cash flows from investing activities</b>			
Finance income		633,849	418,498
Proceeds from sale of property, plant and equipment		850,043	46,293
Acquisition of property, plant and equipment		(22,182,720)	(24,068,443)
Acquisition of intangible assets		(31,458)	(49,204)
<b>Net cash used in investing activities</b>		<b>(20,730,286)</b>	<b>(23,652,856)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	22	29,000,000	4,000,000
Interest paid		(3,380,917)	(5,309,274)
Dividends paid	21(b)	(33,340,612)	(21,481,767)
<b>Net cash used in financing activities</b>		<b>(7,721,529)</b>	<b>(22,791,041)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,312,405)</b>	<b>(1,233,818)</b>
Cash and cash equivalents at 1st January		9,528,848	9,514,205
<b>Cash and cash equivalents at 30<sup>th</sup> September</b>	19	<b>7,216,443</b>	<b>8,280,387</b>

The notes on pages 9 to 28 are an integral part of these interim condensed financial statements.



***Notes to the financial statements***

	<b>Page</b>		<b>Page</b>
1. Reporting entity	9	13. Investments	25
2. Basis of preparation	9	14. Other receivables	25
3. Significant accounting policies	9	15. Prepayments	25
4. Determination of fair values	20	16. Inventories	25
5. Revenue	21	17. Trade and other receivables	25
6. Other income	21	18. Deposit for imports	26
7. Finance income and finance costs	21	19. Cash and cash equivalents	26
8. Profit before taxation	21	20. Share capital	26
9. Personnel expenses	22	21. Dividends	27
10. Taxation	22	22. Loans and borrowings	27
11. Property, plant and equipment	23	23. Trade and other payables	28
12. Intangible assets and goodwill	24	24. Subsequent events	28

**1. Reporting entity**

Nigerian Breweries Plc, a public company quoted on the Nigerian Stock Exchange, was incorporated on the 16<sup>th</sup> November 1946, under the name, Nigerian Brewery Limited. The name was changed on the 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. of the Netherlands, the latter having a 54.09% 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.

**2. Basis of preparation****(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**(b) 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
- Defined benefit obligations

The methods used to measure fair values are discussed further in note 4.

**(c) Functional and presentation currency**

These financial statements 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.

**(d) Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the appropriate notes.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

**(a) Basis of consolidation****i. Business combinations**

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized 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 recognized 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 recognized 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.

**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 recognized as a result of such transactions.

**iii. Subsidiaries**

Subsidiaries are entities controlled by the Company. 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.

**iv. 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 at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(c) Financial instruments**

**i. Non-derivative financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables.

*Cash and cash equivalents*

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

*Financial assets at fair value through profit or loss*

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

*Loans and receivables*

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

**ii. Non-derivative financial liabilities**

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables.

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

**iii. Share capital**

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

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

**(d) Property, plant and equipment****i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to the previous (Nigerian) GAAP revaluation on 30<sup>th</sup> June 1995 by Knight Frank (Nigeria) – Chartered Surveyors. The Company elected to apply the optional exemption to use the previous revaluation as deemed cost at 1<sup>st</sup> January 2011, the date of transition to IFRS.

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

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

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

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

**ii. Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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 recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

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

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

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

**(e) Intangible assets**

**i. Goodwill**

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

**Subsequent measurement**

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

**ii. Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized 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 capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized 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 capitalization is on or after 1<sup>st</sup> January 2010. Other development expenditure is recognized in profit or loss as incurred.

Capitalized 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 Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The 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 capitalized 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 recognized in profit or loss as incurred.

**v. Amortisation of Intangible assets other than goodwill**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, except Goodwill from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative period is as follows:

Computer software	-	7 years
Distribution network	-	15 years

**(f) Leases****Leased assets**

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

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

**Lease payments**

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

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

**(g) Inventories**

Inventories are measured at the lower of cost and net realizable 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, spare parts and purchased finished goods	Purchase cost on a weighted average basis including 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.

**(h) Impairment****i. Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss, including an equity accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the 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 Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized 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 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 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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized 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 recognized 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 recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized 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.

**(i) Employee benefits**

**i. Defined contribution plan**

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 6% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is



11% and 9% of each employee's Basic salary, Transport & Housing Allowances for non-management and management employees respectively.

## ii. **Gratuity**

The 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 recognized fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in the statement of comprehensive income 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 2004 and regulated by the Pension Commission.

### (c) *Post-retirement medical benefit scheme*

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

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

## iii. **Other long-term employee benefits**

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

the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Any actuarial gains and losses are recognised in other comprehensive income.

**iv. Termination benefits**

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

**vi. Share-based payment transactions**

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions. All other share based payment arrangements are accounted for as cash settled. As from 1<sup>st</sup> 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.

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 for the capital contribution recognized 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 recognized if, as a result of a past event, the 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 recognized as finance cost.

A provision for restructuring is recognised when the 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.

**(k) 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 recognized 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.

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.

**(l) Finance income and finance costs**

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized 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 recognized in profit or loss using the effective interest method.

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

**(m) Income and deferred tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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 realized simultaneously.

Deferred tax is recognized 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 recognized 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.

**(n) Earnings per share (EPS)**

The 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.

**(o) Segment reporting**

An operating segment is a distinguishable component of the 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 Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the 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 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.

**(p) 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 and borrowings, for which the 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.

**(o) 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.

**(p) Dividends**

Dividends are recognized 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 the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

**(q) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these interim condensed financial statements. Those which may be relevant to the Company are IFRS 13 *Fair Value Measurement* and IFRS 9 *Financial Instruments*, which is expected to impact the classification and measurement of financial assets. These standards will become mandatory for the Company's 2015 financial statements. The Company does not plan to adopt these standards early.

**4. Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(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 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 is 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.

**(iv) 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.

**(v) 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.

**5. Revenue**

	<b>30<sup>th</sup> September 2014</b>	<b>30<sup>th</sup> September 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Nigeria	194,553,024	190,155,073
Export	186,067	148,516
	<b>194,739,091</b>	<b>190,303,589</b>

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

**6. Other income**

	<b>30<sup>th</sup> September 2014</b>	<b>30<sup>th</sup> September 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Sale of scrap	349,751	413,900
Contract brewing services	836,055	1,642,609
	<b>1,185,806</b>	<b>2,056,509</b>

**7. Finance income and costs**

	<b>30<sup>th</sup> September 2014</b>	<b>30<sup>th</sup> September 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Interest income on bank deposits	(633,849)	(418,498)
Interest expense on loans and borrowings	2,511,596	4,042,147
Unwinding of discount on employee benefits	674,545	387,051
Net loss on foreign exchange transactions	869,321	1,267,127
	<b>3,421,613</b>	<b>5,277,827</b>

**8. Profit before taxation**

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

	<b>Notes</b>	<b>30<sup>th</sup> September 2014</b>	<b>30<sup>th</sup> September 2013</b>
		<b>₦'000</b>	<b>₦'000</b>
Depreciation of property, plant and equipment	12	18,875,052	15,917,239
Amortization of intangible assets	13	350,254	437,802
Personnel expenses	9	23,783,697	20,769,805
(Gain)/loss on property, plant and equipment disposed		(673,170)	718,192
		<b>(673,170)</b>	<b>718,192</b>

**9. Personnel expenses**

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

	30 <sup>th</sup> September 2014 N'000	30 <sup>th</sup> September 2013 N'000
Salaries, wages and allowances	12,341,951	11,789,126
Contributions to defined contribution plans	2,458,856	2,191,025
Expenses related to defined benefit plans	153,703	40,009
Provisions for other long term employee benefits	456,953	359,691
Training, recruitment and canteen expenses	693,229	923,564
Medical expenses	505,159	458,002
Other personnel expenses	7,173,866	5,008,388
	<b>23,783,697</b>	<b>20,769,805</b>

**10. 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:

	30 <sup>th</sup> September 2014 N'000	30 <sup>th</sup> September 2013 N'000
Current tax expense		
Income tax	11,692,284	11,133,097
Tertiary education tax	847,716	754,150
	<b>12,540,000</b>	<b>11,887,247</b>
Deferred tax expense		
Origination and reversal of temporary differences	216,530	(158,526)
	<b>12,756,530</b>	<b>11,728,721</b>

**(b) Movement in current tax liability**

	30 <sup>th</sup> September 2014 N'000	31 <sup>st</sup> December 2013 N'000
Balance at 1st January	24,086,538	19,493,550
Payments during the year	(20,120,392)	(14,443,534)
Charge for the year	12,540,000	19,036,522
	<b>16,506,146</b>	<b>24,086,538</b>

## 11. Property, plant and equipment

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

<b>Cost Property, plant and equipment</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Motor vehicles</b>	<b>Furniture and equipment</b>	<b>Returnable Packaging Materials</b>	<b>Capital work- in- progress</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Cost or deemed cost</b>								
<b>Balance at 1<sup>st</sup> January 2014</b>	<b>6,988,809</b>	<b>37,214,461</b>	<b>114,822,320</b>	<b>10,501,499</b>	<b>12,453,446</b>	<b>75,916,994</b>	<b>17,217,189</b>	<b>275,114,718</b>
Additions	-	753,059	5,834,436	1,567,875	1,229,547	8,707,550	4,090,253	<b>22,182,720</b>
Disposals	(440)	(49,194)	(896,804)	(319,582)	(73,323)	-	-	<b>(1,339,343)</b>
Transfers	-	3,507,272	9,352,258	41,116	67,719	(88,274)	(12,880,091)	-
<b>Balance at 30<sup>th</sup> Sept 2014</b>	<b>6,988,369</b>	<b>41,425,598</b>	<b>129,112,210</b>	<b>11,790,908</b>	<b>13,677,389</b>	<b>84,536,270</b>	<b>8,427,351</b>	<b>295,958,095</b>

### *Depreciation*

<b>Balance at 1<sup>st</sup> January 2014</b>	<b>867,473</b>	<b>10,118,777</b>	<b>51,411,265</b>	<b>7,648,619</b>	<b>5,722,535</b>	<b>45,979,916</b>	-	<b>121,748,585</b>
Depreciation/ for the year	185,420	2,475,127	7,483,458	953,869	1,663,066	6,114,112	-	<b>18,875,052</b>
Disposals	(136)	(15,917)	(816,913)	(266,813)	(62,690)	-	-	<b>(1,162,469)</b>
Transfers	-	-	4,454	(3,479)	(975)	-	-	-
<b>Balance at 30<sup>th</sup> Sept 2014</b>	<b>1,052,757</b>	<b>12,577,987</b>	<b>58,082,264</b>	<b>8,332,196</b>	<b>7,321,936</b>	<b>52,094,028</b>	-	<b>139,461,168</b>

### *Carrying amount*

<b>Balance at 1<sup>st</sup> January 2014</b>	<b>6,121,336</b>	<b>27,095,684</b>	<b>63,411,055</b>	<b>2,852,880</b>	<b>6,730,911</b>	<b>29,937,078</b>	<b>17,217,189</b>	<b>153,366,133</b>
<b>Balance at 30<sup>th</sup> Sept 2014</b>	<b>5,935,612</b>	<b>28,847,611</b>	<b>71,029,946</b>	<b>3,458,712</b>	<b>6,355,453</b>	<b>32,442,242</b>	<b>8,427,351</b>	<b>156,496,927</b>

(b) The Company holds various pieces of land under lease arrangements. The maximum tenor of the lease arrangements is 99 years in line with the Land Use Act. The lease amounts were fully paid at the inception of the lease arrangements.



**12. Intangible assets and goodwill**

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

	<b>Goodwill</b>	<b>Software</b>	<b>Distribution Network</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Cost</b>				
<b>Balance at 1<sup>st</sup> January 2014</b>	<b>50,021,531</b>	<b>1,708,309</b>	<b>3,469,433</b>	<b>55,199,273</b>
Additions	-	31,458	-	<b>31,458</b>
<b>Balance at 30<sup>th</sup> September 2014</b>	<b>50,021,531</b>	<b>1,739,767</b>	<b>3,469,433</b>	<b>55,230,731</b>
<b>Amortization and impairment losses</b>				
<b>Balance at 1<sup>st</sup> January 2014</b>	<b>-</b>	<b>1,010,334</b>	<b>625,582</b>	<b>1,635,916</b>
Amortization for the year		176,769	173,485	350,254
<b>Balance at 30<sup>th</sup> September 2014</b>	<b>-</b>	<b>1,187,103</b>	<b>799,067</b>	<b>1,986,170</b>
<b>Carrying amount</b>				
<b>Balance at 1<sup>st</sup> January 2014</b>	<b>50,021,531</b>	<b>697,975</b>	<b>2,843,851</b>	<b>53,563,357</b>
<b>Balance at 30<sup>th</sup> September 2014</b>	<b>50,021,531</b>	<b>552,664</b>	<b>2,670,366</b>	<b>53,244,561</b>

- (a) Effective 17<sup>th</sup> 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.

Goodwill arising from the combination in 2011 was computed as follows:

	<b>17<sup>th</sup> October 2011</b>
	<b>₦'000</b>
Purchase consideration	65,235,106
Net identifiable assets and liabilities attributable to Nigerian Breweries Plc as at 17 <sup>th</sup> October 2011	(15,213,575)
<b>Goodwill</b>	<b>50,021,531</b>

For the purpose of impairment testing, goodwill is allocated to the Company as the cash generating unit, which represents the lowest level at which the goodwill is monitored for internal management purpose which is not higher than the operating segment.

Goodwill is tested for impairment annually. The recoverable amount of the CGU is based on value in use calculations and was determined by discounting the future cash flows generated from the continuing use of the unit. The value in use in 2013 was determined on a similar basis.

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

**13. Investments**

Investment of ₦150,000,000 represents the cost of the Company's 100% equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is licensed by the National Pension Commission to conduct the business of a closed pension fund administrator and manages the pension and gratuity funds of employees and former employees of Nigerian Breweries. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom) 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 Company has no exposure to variable returns arising from its involvement. The 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, 2004.

**14. Other receivables**

Non-current other receivables represent loans granted to the Company's employees, which are secured by the employees' retirement benefit obligations. The short term portion of the non-current other receivables previously stated was reclassified to trade and other receivables.

**15. Prepayments**

Non-current and current prepayments mainly represent rental expenses prepaid by the Company.

**16. Inventories**

	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> December 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Raw materials	9,018,962	5,876,313
Product in process	3,368,197	2,508,735
Finished products	3,969,592	3,313,792
Non-returnable packaging materials	5,082,758	3,620,162
Spare parts	3,196,007	3,845,080
Goods in transit	589,302	1,479,070
	<b>25,224,818</b>	<b>20,643,153</b>

**17. Trade and other receivables**

	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> December 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Trade receivables	15,847,653	8,035,165
Other receivables	4,054,605	4,191,856
Due from related parties	1,922,926	1,985,041
	<b>21,825,184</b>	<b>14,212,062</b>

**18. Deposit for imports**

Deposits for imports represent foreign currencies purchased for funding of letters of credit in respect of imported raw materials, spare parts and machinery

**19. Cash and cash equivalents**

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
	N'000	N'000
Bank balances	6,825,923	7,958,359
Call deposits	385,743	1,561,960
Cash in hand	4,777	8,529
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>7,216,443</b>	<b>9,528,848</b>

**20. Share capital**

**(a) Authorised ordinary shares of 50k each**

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
In number of shares		
At 1st January	8,000,000,000	8,000,000,000
<b>At 30<sup>th</sup> September/31<sup>st</sup> December</b>	<b>8,000,000,000</b>	<b>8,000,000,000</b>

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

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
At 1st January	7,562,704,432	7,562,704,432
<b>At 30<sup>th</sup> September/31<sup>st</sup> December</b>	<b>7,562,704,432</b>	<b>7,562,704,432</b>

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

**21. Dividends**

**(a) Declared dividends**

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

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
	N'000	N'000
450 kobo per qualifying ordinary share (2013:300 kobo)	34,032,170	22,688,113
	34,032,170	22,688,113

**(b) Dividend payable**

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
	N'000	N'000
At 1st January	6,376,528	5,648,226
Declared dividend	34,032,170	22,688,113
Payments	(33,340,612)	(21,756,348)
Unclaimed dividend transferred to retained earnings	-	(203,463)
<b>At 30<sup>th</sup> September/31<sup>st</sup> December</b>	<b>7,068,086</b>	<b>6,376,528</b>
	<b>7,068,086</b>	<b>6,376,528</b>

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 385 of the Companies and Allied Matter Act, Cap. C20, Laws of the Federal Republic of Nigeria, 2004.

**22. Loans and Borrowings**

	30 <sup>th</sup> September 2014	31 <sup>st</sup> December 2013
	N'000	N'000
Opening balance	9,000,000	45,000,000
Bank loans repaid		(36,000,000)
Bank loans obtained	29,000,000	
	<b>38,000,000</b>	<b>9,000,000</b>
	<b>38,000,000</b>	<b>9,000,000</b>

In 2011, the Company entered into loan agreements with six Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks is ₦10 billion (total of ₦60 billion). Each of the loans has a one year revolving tenor for a maximum of five years. Based on the loan agreement, the Company has the option to roll over the loans by giving five days written notice to the banks prior to the anniversary of the final maturity date. The interest rate on the loans during the period ranged from 11.5 percent to 12.5 percent per annum. As at period end, the total amount drawn down on the facilities by the Company amounted to ₦38 billion (2013: ₦9 billion). The facility is secured by a negative pledge on the assets of the Company.

**23. Trade and other payables**

	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> December 2013</b>
	<b>₦'000</b>	<b>₦'000</b>
Trade payables and accrued expenses	47,373,618	47,821,328
Non-trade payables and accrued expenses	8,323,340	10,625,683
Amount due to related parties	9,431,004	11,385,638
	<b>65,127,962</b>	<b>69,832,649</b>
	<b>65,127,962</b>	<b>69,832,649</b>

**24. 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 2014 that have not been adequately provided for or disclosed in the interim financial statements.