



Nigerian Breweries Plc
RC: 613

Winning with Nigeria



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Mission Statement

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





Nationwide Presence

HEADQUARTERS

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

BREWERY LOCATIONS

Lagos Brewery

Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400-20; 7733275

Aba Brewery

Industry Road
P.O. Box 496, Aba
Tel: (082) 875025-29

Kaduna Brewery

Industrial Layout, Kakuri
P.M.B. 2116
Kaduna
Tel: (062) 373758, 876706

Ibadan Brewery

Ibadan/Ife Road
P.O. Box 12176, Ibadan
Tel: (02) 8103474, 810348-9

Ama Brewery

Amaeke Ngwo
9th Mile Corner, P.M.B. 01781, Enugu
Tel: (042) 250480

MALTING PLANT

Aba Malting Plant

Ohuru Village
Ogbor Hill Industrial Layout
Obingwa, Aba
Tel: (082) 871360

SALES REGIONS

Lagos Business Unit

Headquarters Annex
Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400 Ext. 2800, 2808

Central Business Unit

5, Ganges Street
Off Alvan Ikoku Road
Maitama District, Abuja
Tel: (09) 4137054-6

East Business Unit

Plot 10, Ebeano Estate,
New Haven, Enugu
Tel: (042) 259335, 256155, 255688

West Business Unit

KM 3, Ibadan-Ife Road
P.O. Box 813, Ibadan
Tel: (02) 8101949, 711564 Ext: 5800-7

North Business Unit

Industrial Layout, Kakuri
Kaduna
Tel: (062) 231316

South Business Unit

Industry Road
P.O. Box 496, Aba
Tel: (082) 225596, 224071



Directors and Other Corporate Information

Directors:	Chief Kolawole B. Jamodu, OFR	- Chairman
	Mr. Michiel J. Herkemij (Dutch)	- Managing Director/Chief Executive Officer
	Mr. Olusegun S. Adebajani	
	Dr. Oladele O. Ajayi	
	Prof. (Mrs) Jadesola O. Akande, OFR	- Deceased - 29 th April 2008
	Mr. Anthonius J.M. Blüm (Dutch)	- Resigned wef. 29 th February, 2008
	Mr. Victor Famuyibo	- Appointed wef. 8 th September, 2008
	Mr. Wouter Fijnaut (Dutch)	- Resigned wef. 18 th April, 2008
	Mr. Paul Hamers (Dutch), MFR	
	Mr. Emmanuel E. Imoagene	- Resigned wef. 31 st May, 2008
	Mr. Laurent Le Couedic (French)	- Appointed wef. 1 st March, 2008
	Mr. Jan C. van der Linden(Dutch)	- Appointed wef. 1 st September, 2008
	Mr. Thomas A. de Man (Dutch)	
	Mr. Atedo N.A. Peterside, OON	- Appointed wef. 21 st August, 2008
Mrs. Nenadi E. Usman	- Appointed wef. 25 th February, 2009	
Mr. Evert J. van Willegen (Dutch)		
Mr. Ishmael E. Yamson (Ghanaian)		

Company Secretary/

Legal Adviser: Uaboi G. Agbebaku, Esq.

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

Registration No: RC: 613

Independent Auditors: KPMG Professional Services
22A, Gerrard Road
Ikoyi, Lagos
Tel: (01) 2696040-4
www.ng.kpmg.com

Registrars: First Registrars Nigeria Limited
Plot 2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos
Tel (01) 5456142, 5851418
www.firstregistrarsnigeria.com





Results at a Glance

	2008	2007	% Increase
Results in millions of Naira			
Turnover	145,462	111,748	30
Operating profit	36,778	27,357	34
Profit after taxation	25,701	18,943	36
Declared dividend*	36,678	12,024	205
Share capital	3,781	3,781	-
Shareholders' funds	32,229	43,183	(25)
Data per 50 kobo share in Kobo			
Earnings	340	250	36
Declared dividend*	485	159	205
Net assets	426	571	(25)
Stock Exchange Information			
Stock Exchange quotation			
as at 31 st December in Naira per share	40.85	49.00	(17)
Number of shares issued in million	7,563	7,563	-
Market capitalisation as at 31 st December in N: million	308,949	370,587	(17)
Number of Staff			
Number of employees as at 31 st December	2,360	2,273	4
Ratios			
Declared Dividend Cover	0.70	1.58	(56)
Current assets/current liabilities	0.74	1.36	(46)

*Declared dividend represents the two interim dividends declared during the year plus the final proposed for the preceding year but declared in the current year.

The Directors propose a final dividend of 50 kobo per share (2007: 195 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.

Board of Directors



Dr. Oladele O. Ajayi
Sales Director

Appointed to the Board of Directors on the 2nd of May, 2005. He joined the company in 1989 and served in production and marketing functions before going on internationalisation to Heineken International B.V., Amsterdam. He returned to the company in 2004 as Head of Customer Service before his subsequent appointment to the Board.



Mr. Evert J. van Willegen
Supply Chain Director

Appointed to the Board of Directors on the 21st of September, 2005. He joined the service of Heineken N.V. Group in 1989 and has held several technical positions in Europe and Asia prior to his appointment to the Board.



Chief Kolawole B. Jamodu, OFR
Chairman

Appointed to the Board of Directors as Non-Executive Director on the 1st of March, 2006 and became the Chairman of the Board of Directors on the 1st January, 2008. He is a chartered accountant, industrialist and former Minister of Industry of the Federal Government of Nigeria. He is a former Chairman and Group Chief Executive of the PZ Group and Universal Trust Bank Plc.



Mr. Michiel J. Herkemij
Managing Director/Chief Executive Officer

Appointed to the Board of Directors on the 28th of February, 2007 and became the Managing Director/Chief Executive Officer of the company on the 9th of April, 2007. His career has taken him through Asia, Europe and Africa. Prior to his joining the Board, he was the Managing Director/CEO of West Africa Milk (WAMCO) Plc.



Mr. Thomas A. de Man
Non-Executive Director

Appointed to the Board of Directors on the 27th of February, 2003 when he became the Managing Director, Heineken's Operating Companies in Sub-Saharan Africa. He joined the Heineken N.V. Group in 1971 and has worked in Europe, Asia and Africa. He is currently Heineken's Regional President for Africa and the Middle East.



Mrs. Nenadi E. Usman
Non-Executive Director

Appointed to the Board of Directors on the 25th of February, 2009. An experienced administrator, she is a former Commissioner in the Kaduna State Government and a former Minister of Finance of the Federal Government of Nigeria. She is an advocate of youth and women empowerment and is the Chairman of Thomas Wyatt & Sons (Northern Nigeria) Limited amongst others.



Mr. Jan C. van der Linden
Marketing Director

Appointed to the Board of Directors on the 1st of September, 2008. He joined the Heineken N.V. Group in July 1999 and has worked in various marketing and sales functions in Africa, Heineken Export, Netherlands and Ireland.



Mr. Victor Famuyibo
Human Resource Director

Appointed to the Board of Directors on the 8th of September, 2008. A lawyer and human resource expert, he joined the company in 1986 and has performed various Human Resource functions within the company. He was on internationalisation at Heineken International B.V., the Netherlands prior to his appointment to the Board.



Mr. Paul Hamers, MFR
Non-Executive Director

A recipient of the Nigerian National Honours Award of Member of the Order of the Federal Republic (MFR), he was initially on the Board of Directors between 1990 and 1991 and re-joined the Board in June 1998. He had his work experience in the Heineken N.V. Group in Europe, Africa and South America. He is a former Managing Director/Chief Executive Officer of our company.



Mr. Olusegun S. Adebajji
Non-Executive Director

Re-appointed to the Board of Directors as a Non-Executive Director in February 2007. He was initially on the Board as an Executive Director between 1996 and 1998 when he was the company's Finance Director. His career has taken him through Unilever and Heineken companies in Europe and Africa. He was at different times, the Managing Director of Ghana Breweries Limited and Namibian Breweries Limited.



Atedo N. A. Peterside, OON
Non-Executive Director

Appointed to the Board of Directors on the 21st of August, 2008. An experienced banker and apostle of corporate governance, he is the Founder and Chairman of Stanbic IBTC Bank Plc. He serves as an adviser in different capacities to the Federal Government of Nigeria as well as the Rivers State Government.



Mr. Laurent Le Couedic
Finance Director

Appointed to the Board of Directors on the 1st of March, 2008. He has extensive Finance and Audit experiences at top management level in various organisations in Europe and Africa. He was born and raised in Africa and joined the Heineken N.V. Group in August, 2001.



Mr. Ishmael E. Yanson
Non-Executive Director

Appointed to the Board of Directors on the 7th of April, 2004. A well respected figure in the Ghanaian corporate world, he had his work experience in the UAC and Unilever companies in Ghana, rising to the post of the Managing Director/Chief Executive of Unilever Ghana and Chairman of Unilever Tanzania. He is the Chairman of Standard Chartered Bank Ghana Limited.



Uaboi G. Agbebaku, Esq.
Company Secretary/Legal Adviser

Appointed as Secretary to the Board of Directors on 1st January, 2008. He joined the company in January, 2003. Before joining the company, he was in private practice as a legal practitioner.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 63rd Annual General Meeting of Nigerian Breweries Plc, will be held in the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Opposite 1004 Estates, Victoria Island, Lagos, on Wednesday, 20th May, 2009, at 10.00 a.m. for the following purposes:

A ORDINARY BUSINESS

1. To receive the Report of the Directors, the Balance Sheet as at 31st December, 2008, together with the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect/re-elect Directors.
4. To fix the remuneration of the Auditors.
5. To appoint members of the Audit Committee.

B. SPECIAL BUSINESS

6. To fix the remuneration of the Directors.
7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"That the draft Memorandum and Articles of Association initialed by the Chairman for the purpose of identification be adopted as the new Memorandum and Articles of Association of the Company in substitution for and to the exclusion of any other existing Memorandum and Articles of Association, subject to the approval of the appropriate authorities."

NOTES:

(a) PROXIES

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

(b) AUDIT COMMITTEE MEMBERS

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary/Legal Adviser, at least 21 days before the Annual General Meeting.

(c) CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from Monday, 30th March, 2009 to Friday, 3rd April, 2009 (both dates inclusive), for the purpose of preparing an up-to-date Register of Members.





Notice of Annual General Meeting (Cont'd)

(d) **DIVIDEND**

The Board of Directors of the Company has recommended the payment of a total dividend of ₦25,712,711,956 (twenty five billion, seven hundred and twelve million, seven hundred and eleven thousand, nine hundred and fifty six naira only), that is, ₦3.40 (three naira forty kobo) per ordinary share of fifty kobo each. Having earlier paid two interim dividends which were declared in October and December 2008 in the sum of ₦21,931,430,786 (twenty one billion, nine hundred and thirty one million, four hundred and thirty thousand, seven hundred and eighty six naira only), that is, ₦2.90 (two naira ninety kobo) per ordinary share of fifty kobo, the final dividend will be ₦3,781,281,170 (three billion, seven hundred and eighty one million, two hundred and eighty one thousand, one hundred and seventy naira only), that is, ₦0.50 (fifty kobo) per ordinary share of fifty kobo each, which if approved, is payable less withholding tax.

(e) **DIVIDEND WARRANT**

If the dividend recommended is approved, the warrants will be posted on 21st May, 2009, to shareholders whose names appear on the Company's Register of Members at the close of business on Friday, 27th March, 2009.

(f) **EXPLANATORY NOTES**

Explanatory Notes on the proposed resolution to amend the Memorandum and Articles of Association have been posted to each Member. Any Member who is yet to receive the Explanatory Notes may obtain a copy from the Registrars mentioned in Note (a) above.

Dated the 25th day of February, 2009.

By Order of the Board.

Uaboi G. Agbebaku, Esq.

Company Secretary/Legal Adviser
Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.





Chairman's Address

My fellow shareholders, distinguished ladies and gentlemen, once again, it is with great pleasure that I welcome you to this 63rd Annual General Meeting (AGM) of our great Company taking place at the Grand Banquet Hall, Civic Centre, Victoria Island, Lagos.

The Agenda for the AGM is contained in the Annual Reports and Accounts for the year ended 31st December, 2008, copies of which have been sent to all shareholders prior to this meeting.

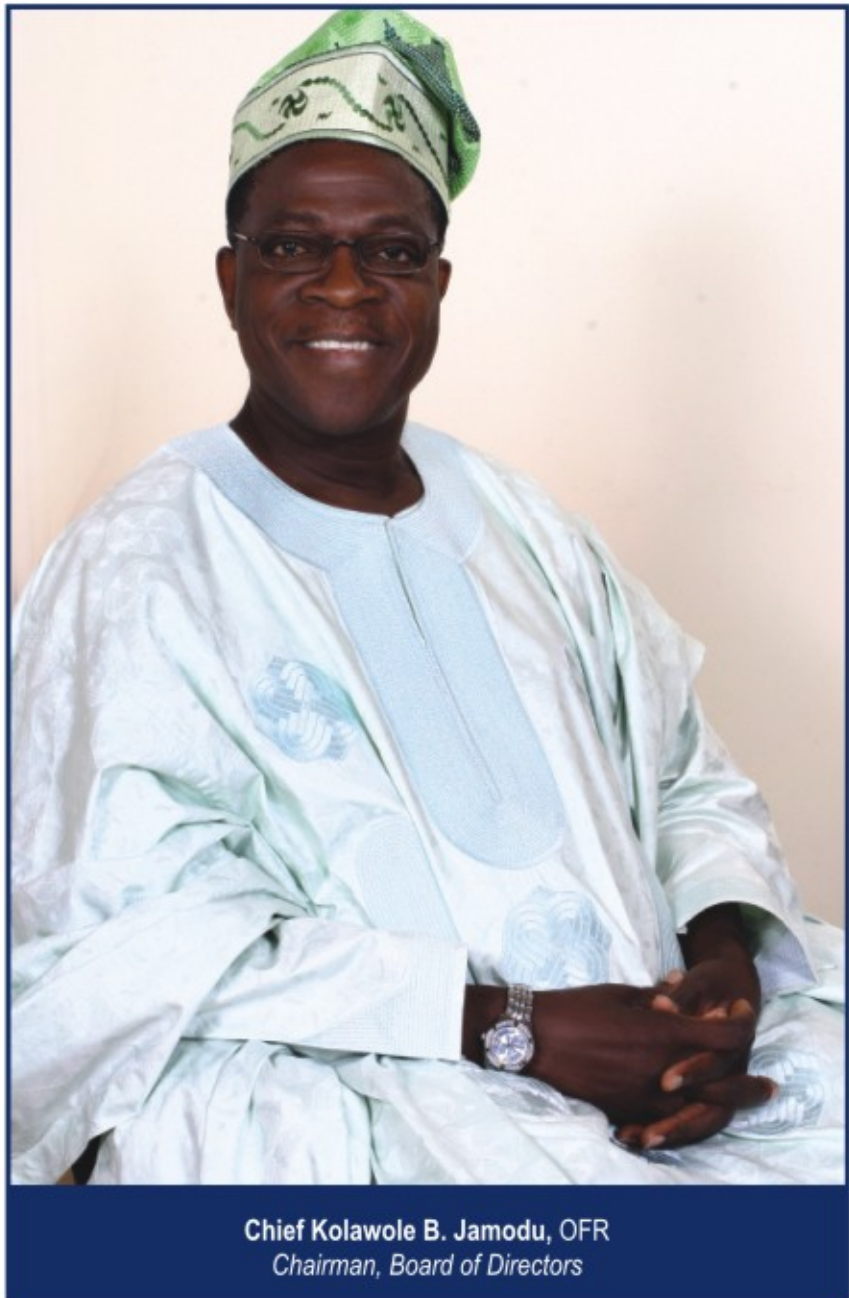
As usual, I will deal with some of the significant developments in the operating environment that impacted on our operations and performance during the year under review before we proceed to the main items on the Agenda. I will also present to you the future outlook for our Company.

Business Environment

The year 2008 was a very interesting one for Nigeria and the rest of the world.

On the political front, the year witnessed a continued emphasis on the rule of law. The judiciary exhibited what most Nigerians considered as fair play in resolving varied election petitions that were pending before the courts. It is hoped that with the

resolution of virtually all the election disputes, all hands will be on deck at all levels to improve on the very much needed infrastructural developments. Already, the 2009 budget has been passed by the Senate and the House of Representatives, signalling an improvement over similar exercises in the past. Nigerians look forward to an efficient and effective implementation of the budget for a positive impact on their lives.



Chief Kolawole B. Jamodu, OFR
Chairman, Board of Directors





Chairman's Address (Cont'd)

On the economic front, while the first half of the year witnessed some level of stability and growth in some cases, the second half of the year sprang a surprise with the global financial meltdown. Some of the big economies soon after, began to experience full-blown economic recessions. We also saw a phenomenal rise and equally very sharp fall in the price of oil in the international market. The oil price which peaked at about \$140 per barrel in the earlier part of the year, took a dive to about \$40 per barrel in November, 2008.

In Nigeria, our stock market which had become a reference point of growth internationally, crashed beyond the expectation of most people. On the average, the market has lost well over 65% over a period of one year with many investors badly affected. Sub-prime loans given by banks were invested in the stock market and with the current state of the market, the banking sector appears the most hit. The level of confidence investors have in the stock market is at an all time low. The market capitalisation has declined from a high of about ₦13 trillion to less than ₦5 trillion. The middle class that was gradually recovering due to the boom in the stock market is again threatened by the current crash.

Government revenue from the oil and gas sector has been seriously affected by the drop in prices and lower oil output due to security issues in the oil producing areas.

The Federal Government has announced plans to fully liberalise the oil and gas sector with the attendant implication being the removal of the subsidy which the Government has maintained over the years. Nigerians wait to see the implication of this on the sector in particular and the economy in general.

The situation in our ports has deteriorated. The number of days required to clear goods from the ports continues to rise with the attendant costs to importers of raw and other materials. Shippers prefer to go to other parts of the world than come to Nigeria while those who are prepared to come to the country do so at a premium. The efforts of the Government to remedy the situation are very much appreciated.

The Brewed Product Market

Despite the general economic downturn, the total brewed products market continued with the growth it has witnessed over the last couple of years and it is with great pleasure that I inform you fellow shareholders, that we maintained our leadership position during the year under review.

Review of Operations

Distinguished shareholders, you will recall that at the last AGM, I had informed you that we were in the process of investing in a key aspect of one of our raw materials. I am glad to report that in 2008, we concluded the process by acquiring a sorghum malting plant which will assure us of a steady supply of malted sorghum, an essential raw material for our operations. We commissioned a canning line in Ibadan Brewery to complement the one in Lagos Brewery. We also commissioned a production facility for our premium soft drink, Fayrouz, in Ibadan Brewery. Consequently, Fayrouz which was initially available in a few cities became more readily available all over the country. We had a successful re-launch for Legend Extra Stout which continues to grow in volume. Star remains the nation's favourite beer while the premium position of Heineken in the market was further enhanced. Maltina and Amstel Malta remain the malt beverages of choice for consumers. Our Aba Brewery operations which were scaled down a few years ago bounced back fully with the resumption of brewing and bottling of lager following the commissioning of a state-of-the-art packaging line in the brewery. A new brew-house was also commissioned in Kaduna Brewery while the construction of a new brew-house in Lagos Brewery has commenced. Our exchange programme with Heineken International on Human Resource development for technical and business expertise



Chairman's Address (Cont'd)

continued during the year under review. The programme has been of immense benefit to our company as the employees involved are exposed to international best practices across different parts of the world which are then translated to our operations.

Though we had to experience high increase of input cost due to unforeseen huge price increases for grains and distribution associated with diesel, we were able to put in place significant internal efficiency measures to reduce costs in other areas of our operations.

A combination of the above efforts contributed to the very impressive financial result we are about to discuss at this AGM. I am pleased to inform you that for the period ended 31st December, 2008, our Turnover grew by 30% from the ₦111.75 billion recorded in 2007 to ₦145.46 billion. Operating Profit grew by 34% from ₦27.36 billion in 2007 to ₦36.78 billion. While Profit Before Taxation increased by 35% from ₦27.88 billion in 2007 to ₦37.52 billion, Profit After Taxation increased by 36% from ₦18.94 billion in 2007 to ₦25.70 billion.

Dividend

Dear shareholders, for the financial year ended 31st December, 2008, the Board of Directors is pleased to recommend to you at the AGM, the payment of a total dividend of ₦25,712,711,956 (twenty five billion, seven hundred and twelve million, seven hundred and eleven thousand, nine hundred and fifty six naira only), that is, ₦3.40 (three naira forty kobo) per ordinary share of fifty kobo each. Having earlier paid two interim dividends which were declared in October and December 2008 in the sum of ₦21,931,430,786 (twenty one billion, nine hundred and thirty one million, four hundred and thirty thousand, seven hundred and eighty six naira only), that is, ₦2.90 (two naira ninety kobo) per ordinary share of fifty kobo, the final dividend will be ₦3,781,281,170 (three billion, seven hundred and eighty one million, two hundred and eighty one thousand, one hundred and seventy naira only), that is, ₦0.50 (fifty kobo) per ordinary share of fifty kobo each. If approved, the final dividend, which is payable less withholding tax, will be paid to all shareholders whose names appear in the Register of Members at the close of business on the 27th of March, 2009. The dividend warrants will be posted to the affected shareholders on the 21st of May, 2009 while those who have chosen the e-dividend option will have their accounts credited same day. I use this opportunity to encourage all of you to choose the e-dividend option as this will not only ensure you receive your dividends immediately through your bank but also help to reduce and subsequently eliminate issues of unclaimed dividends.

Board of Directors

After the last AGM, some changes took place in the composition of the Board of Directors. Details of the changes on the Board are contained on page 4 of the Annual Reports and Accounts. On your behalf, we have expressed our profound gratitude to Mr. Emmanuel E. Imoagene for his contributions to the growth and development of the Company during his tenure on the Board.

The Directors who were appointed to the Board in accordance with the Articles of Association to fill the vacancies on the Board and who will resign at the AGM and have offered themselves for re-election are, Mrs. Esther N. Usman and Messrs Victor Famuyibo, Jan C. van der Linden and Atedo N. A. Peterside.

The Directors to retire by rotation at this AGM in accordance with the provisions of the Articles of Association of our Company are: Messrs Olusegun S. Adebajji, Paul Hamers and Evert J. van Willegen. Being eligible, they have offered themselves for re-election.





Chairman's Address (Cont'd)

Our Future Prospects

The year 2009 looks to be a challenging year for businesses all over the world due to the current economic climate. Interest rates have again gone up thereby making it difficult for businesses to have easy access to bank facilities. The exchange rate of the major currencies against the Naira is witnessing un-precended high levels thereby leading to increase in the cost of imported inputs.

On the business environment, the Federal Government has shown a conscious effort to deal with the economic issues with the setting up of the Presidential Committee on Global Economic Crises and the reinvigoration of the national Economic Management Team. With regard to power, a very vital infrastructure, the target of generating 6,000 megawatts by December, 2009 appears to be on course with all funding and logistics in place.

Nevertheless, the Nigerian brewed product market is expected to continue its growth, albeit at a lower rate. Our market therefore, remains attractive and is expected to become more competitive with the entry of more international and local players. As always, we will not only remain competitive, we aim to maintain our leadership position. The new brew-house in Lagos Brewery will be completed in 2009. Gulder, Maltina and Fayrouz cans were launched in the early part of 2009 thereby making the brands easily available to their loyal consumers. Maltina has also been fortified with Calcium. Other activities have been planned for other brands to meet the changing needs of our consumers. Our internal processes will be strengthened for greater efficiencies. Our investment in our human capital will continue as our people remain the bedrock of our success stories. Our valued employees will as always, be exposed to both local and international trainings. We will not cease to aim for improvements in all areas of our business.

My dear fellow shareholders, all the efforts above are aimed amongst others, to deliver superior performance in the company as well as ensure good returns on your investment.

Conclusion

I cannot end my address without saying thank you to our parent company, Heineken N.V. for their continuing support and co-operation. I also thank my colleagues on the Board, Management and employees at all levels for their contributions to our performances in 2008. My fellow shareholders, I thank you also for your interest and confidence in our Company.

Above all, I thank God for His grace and favour over us all and pray that our Company will continue to break new grounds and attain greater heights in the years ahead.

Chief Kolawole B. Jamodu, OFR
Chairman, Board of Directors.



Directors' Report

For the year ended 31st December, 2008

The Directors are pleased to present their annual report on the affairs of the Company to members of Nigerian Breweries Plc together with the financial statements for the year ended 31st December, 2008.

1. Legal Status

Nigerian Breweries Plc, a public company quoted on the Nigerian Stock Exchange, was incorporated on the 16th of November, 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th of January, 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. of the Netherlands, the latter having a 54.10% interest in the equity of Nigerian Breweries Plc.

2. Principal Activities

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

3. Progress Trust (CPFA) Limited

Progress Trust (CPFA) Limited was incorporated by the Company and is a duly registered Closed Pension Fund Administrator whose sole activity is the administration of the pension and the defined contribution gratuity scheme for both employees and former employees of Nigerian Breweries Plc.

The financial statements of Progress Trust (CPFA) Limited, "Progress Trust", have not been consolidated with that of the Company, as the Company does not have the power to govern the financial and operating policies of Progress Trust so as to obtain benefits from its activities. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom). The benefits arising from its activities accrue principally to members of the pension and gratuity schemes and the Company's residual interest in Progress Trust is immaterial. The Pension funds and assets are held by an Independent Licensed Pension Fund Custodian in line with the Pension Reform Act, 2004. Additionally, the Board of Progress Trust has approved the transfer of the gratuity funds and assets to an Independent Licensed Pension Fund Custodian. (See Note 9 to the financial statements).

4. Review of Operations

The growth witnessed in the brewed products market in the last couple of years continued in 2008. The leadership position of the Company in the market was strengthened during the year under review. Continued strong consumer demand for the Company's products, benefits from continuing investments and improved efficiencies resulted in improved performances for the year.



Mr. Michiel J. Herkemij
Managing Director/Chief Executive Officer





Directors' Report (Cont'd)

The following is a summary of the operating results as at 31st December:

	2008 N'000	2007 N'000
Turnover	145,461,762	111,748,297
Operating profit	36,777,860	27,357,040
Profit before taxation	37,519,114	27,876,336
Taxation	(11,818,521)	(8,933,480)
Profit after taxation	25,700,593	18,942,856

5. Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of ₦25,712,711,956 (twenty five billion, seven hundred and twelve million, seven hundred and eleven thousand, nine hundred and fifty six naira only), that is, ₦3.40 (three naira forty kobo) per ordinary share of fifty kobo each. Having earlier paid two interim dividends which were declared in October and December 2008 in the sum of ₦21,931,430,786 (twenty one billion, nine hundred and thirty one million, four hundred and thirty thousand, seven hundred and eighty six naira only) that is, ₦2.90 (two naira ninety kobo) per share, a final dividend of ₦3,781,281,170 (three billion, seven hundred and eighty one million, two hundred and eighty one thousand, one hundred and seventy naira only), that is, ₦0.50 (fifty kobo) per share is being proposed. If the proposed final dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate and the dividend warrants will be posted on the 21st of May, 2009, to all shareholders whose names appear in the Company's Register of Members at the close of business on the 27th of March, 2009.

6. Board of Directors

The Directors who served during the year are as shown on page 4 of these Annual Reports and Accounts. The Board is at present made up of six (6) Executive Directors and seven (7) Non-Executive Directors (including the Chairman). The list of the current Directors of the Company is as published on page 4 of these Annual Reports and Accounts. The Board has a formal schedule of meetings each year and met five (5) times in the course of the year under review (see details on Item 8 below).

Some changes have taken place in the composition of the Board since the last Annual General Meeting. Mr. Emmanuel E. Imoagene who joined the Board on the 18th of April, 1996, resigned from the Board with effect from the 31st of May, 2008 following his retirement from the Company after twenty two years of meritorious service to the Company. We thank Mr. Imoagene for his contributions to the growth and development of the Company during his tenure on the Board and wish him success and fulfilment in his future endeavours.

Further to the provisions of the Articles of Association, Mrs. Nenadi E. Usman and Messrs Victor Famuyibo, Jan C. van der Linden and Atedo N.A. Peterside were appointed to fill the vacancies on the Board. Thus, they will all retire at the forthcoming Annual General Meeting. Being eligible, they have offered themselves for re-election at the meeting.



Directors' Report (Cont'd)

The Directors to retire by rotation at the forthcoming Annual General Meeting in conformity with the Articles of Association of our Company and who, being eligible, have offered themselves for re-election are: Messrs Olusegun S. Adebanji, Paul Hamers and Evert J. van Willegen.

7. Responsibilities of the Directors

In accordance with the provisions of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, the Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and its results for that period comply with the Companies and Allied Matters Act.

The Directors' responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- (b) the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004;
- (c) the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis.

8. Record of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, the Record of Directors' Attendance at Board Meetings during the year under review is available at the Annual General Meeting for inspection. Further, and in line with Corporate Governance principles, details of attendance of the Directors at Board Meetings in 2008 are set out below:

Name	*Number of Meetings Held	Number of Meetings Attended
Chief Kolawole B. Jamodu, OFR	5	5
Mr. Michiel J. Herkemij	5	5
Mr. Olusegun Adebanji	5	5
Dr. Oladele O. Ajayi	5	5
Mr. Victor Famuyibo	2	1
Mr. Paul Hamers, MFR	5	5
Mr. Laurent Le Couedic	4	4
Mr. Jan C. van der Linden	2	2
Mr. Thomas A. de Man	5	5
Mr. Atedo N.A. Peterside, OON	2	1
Mr. Evert J. van Willegen	5	5
Mr. Ishmael E. Yamson	5	5

* During the time the Director was a member of the Board of Directors.





Directors' Report (Cont'd)

9. Directors' Interest in Shares

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, and disclosed in accordance with Section 342 of the said Act and the requirements of the Listing Rules of the Nigerian Stock Exchange, is as follows:

Name	As at 25 th February, 2009	As at 31 st December, 2008	As at 31 st December, 2007
Chief Kolawole B. Jamodu, OFR	431,704	431,704	326,704
Mr. Michiel J. Herkemij	Nil	Nil	Nil
Mr. Olusegun Adebunji	18,000	18,000	18,000
Dr. Oladele O. Ajayi	328,760	328,760	103,760
Mr. Victor Famuyibo (appointed wef. 8 th September, 2008)	Nil	Nil	NA*
Mr. Paul Hamers, MFR	Nil	Nil	Nil
Mr. Laurent Le Couedic (appointed wef. 1 st March, 2008)	Nil	Nil	NA*
Mr. Jan C. van der Linden (appointed wef. 1 st September, 2008)	Nil	Nil	NA*
Mr. Thomas A. de Man	Nil	Nil	Nil
Mr. Atedo N.A. Peterside, OON (appointed wef. 21 st August, 2008)	15,000,000	15,000,000	NA*
Mrs. Nenadi E. Usman (appointed wef. 25 th February, 2009)	Nil	NA*	NA*
Mr. Evert J. van Willegen	Nil	Nil	Nil
Mr. Ishmael E. Yamson	Nil	Nil	Nil

* Not on the Board of Directors at that date.

10. Directors' Interest in Contract

In accordance with Section 277 of the Companies and Allied Matters Act, Cap.20, Laws of the Federation of Nigeria, 2004, no Director notified the Company of any disclosable interest in any contract in which the Company was involved during the year under review.

11. Analysis of Shareholding

The issued and fully paid-up Share Capital of the Company is 7,562,562,340 Ordinary Shares of 50 kobo each. The Register of Members show that only companies under the Heineken N.V. group having 4,091,260,852 shares (representing 54.1%), held more than 10% of the Issued Share Capital as at 31st December, 2008. The remaining 3,471,301,488 shares (representing 45.9%) were held by Nigerian and foreign individuals and institutions.

12. Technical Services & Know-How and Trademark License Agreements

The Company has valid and subsisting agreements with the following companies:

- Heineken International B.V.
- Heineken Supply Chain B.V.
- Heineken Brouwerijen B.V.
- Amstel Brouwerijen B.V.
- Premium Beverages International B.V.
- Fayrouz Manufacturing and Technology Centre GMBH.



Directors' Report (Cont'd)

The agreements have been duly registered with the National Office for Technology Acquisition and Promotion (NOTAP) in compliance with the provisions of the National Office for Technology Acquisition and Promotion Act, Cap. N.62, Laws of the Federation of Nigeria, 2004.

13. Fixed Assets

Information relating to changes in fixed assets is given in Note 8 to the Financial Statements. In the opinion of the Directors, the fair value of the Company's property is not less than the value shown in the financial statements.

14. Gifts and Donations

In 2008, the Company made gifts and donations amounting to ₦27,633,908 (2007: ₦44,942,024) as follows:

Beneficiary	Naira
2007 NIS Awards	300,000
Dermatological Society of Nigeria	300,000
82 Division, Nigerian Army Enugu	1,000,000
36 th AGM - Manufacturers Association of Nigeria	3,000,000
African Artists' Foundation	3,000,000
Science Laboratory Project – University of Nigeria, Nsukka	4,668,346
Renovation of Police Officers' Mess, Enugu	5,484,906
Renovation of Nsude Community Secondary School	9,880,656
	27,633,908

In accordance with Section 38(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

15. Employees and Employment

(a) Employment of Physically-Challenged Persons

Nigerian Breweries Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically-challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability. At present we have five (5) physically-challenged persons in our employment.

(b) Employee Involvement and Training

In today's competitive business landscape, human capability has been found to be a key factor for corporate success.

The critical challenge towards continuous performance improvement remains the capability and speed of response to changes in business environment through people development. Thus, a drive in the right direction for employees' development is imperative for sustainable superior company performance.





Directors' Report (Cont'd)

In Nigerian Breweries Plc, we believe strongly that we must win with our people. We must not only enable employees to perform in their day-to-day job but must unlock their potentials and make it possible for them to unleash energy for uncommon results to achieve business goals.

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

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

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

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, there are on-site clinics manned by qualified medical personnel in all our brewery locations that provide primary health care round the clock for employees at work. Furthermore, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters as well as providing the education required to enable compliance by employees.

As a good corporate citizen, we recognise the threat of HIV/AIDS in sub-Saharan Africa. Hence, as an extension of our medical policy, Nigerian Breweries Plc operates a comprehensive workplace HIV/AIDS programme spanning the continuum of policy to treatment.

16. **Food Safety Statement**

Nigerian Breweries Plc as a responsible corporate citizen and operating company of Heineken International BV., in conformity with the relevant legislations and regulations of Nigeria, is committed to the production and marketing of safe and high quality beverages.

Nigerian Breweries Plc provides adequate resources to establish and maintain a Food Safety Management System.

This system is based on Hazard Analysis Critical Control Point (HACCP) principles which ensure that our products fulfil customer/consumer food safety expectations through:

- (a) Implementation and sustenance of effective Good Manufacturing Practices as detailed in our pre-requisite programmes;
- (b) Prevention or elimination of food hazards;
- (c) Establishment of measurable food safety objectives;
- (d) Establishment and maintenance of a Food Safety Management System certified by an internationally recognised certifier against DS3027E:2002 or ISO 22000: 2005 Food Safety Standard;
- (e) Continuous internal and external communications regarding food safety with all parties from primary production to consumption.



Directors' Report (Cont'd)

17. Quality Policy Statement

Nigerian Breweries Plc is fully committed to producing and marketing consistently high quality brands of beverages for our customers/consumers.

Accordingly, we have established and continue to maintain, a quality management system which has been designed and structured to meet the requirements of international standards (ISO 9001: 2000) and is in consonance with statutory and regulatory requirements, while guaranteeing the ability to meet organisational goals.

This Quality Policy which shall be reviewed periodically for continuing suitability will assist to ensure that we:

- (a) Improve our ability to consistently meet our customers and consumers' expectations;
- (b) Increase customers and other stakeholders' confidence in our Company;
- (c) Improve our competitive position;
- (d) Improve employees' commitment to quality at all levels;
- (e) Are committed to continued quality improvement;
- (f) Communicate to the organisation the importance of meeting statutory and regulatory requirements.

The Quality Policy provides a framework for establishing measurable quality objectives at all levels of the Company. These objectives shall be reviewed on a regular basis. Nigerian Breweries Plc is committed to providing all resources necessary to achieve its quality objectives.

18. Corporate Social Responsibility

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

- (a) **Respect for Law**
Nigerian Breweries Plc ensures that its existence and operations remain within the ambit of all applicable laws. Our employees are expected to comply with the laws and regulations of Nigeria.
- (b) **Business Integrity**
We believe that corruption is evil in the business environment as it is in the society generally. We maintain appropriate anti-corruption policies and programmes in our business. Accordingly, Nigerian Breweries Plc does not give or receive, whether directly or indirectly, bribes or any other incentive to obtain improper advantages for business or financial gain.
- (c) **Our Role in Society**
As an integral part of the Nigerian society playing varied roles as an employer, supplier, customer, partner, tax payer and competitor all at the same time, the Company impacts the society. We strive to minimise negative impacts deriving from our operations while maximising the positive impacts through an open, meaningful and respectful dialogue with our stakeholders. Where possible, we aim to establish sustainable partnerships with our stakeholders within the policy guidelines on community involvement.





Directors' Report (Cont'd)

(d) Environmental Policy

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

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

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

19. Conflict of Interests

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

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



Directors' Report (Cont'd)

20. Corporate Governance/Board Committees

Nigeria Breweries Plc adopts a responsible attitude towards corporate governance. In conformity with the Code of Best Practice in Corporate Governance, the Directors have established the following Committees:

(a) Executive Committee

The Executive Committee comprises the Executive Directors and two other Senior Managers occupying strategic roles in the business. It is responsible for agreeing priorities, allocating resources, setting overall corporate targets, agreeing and monitoring divisional strategies and plans and has responsibilities for superintending the affairs of the business on a day-to-day basis. It is chaired by the Managing Director/Chief Executive Officer of the Company. The Committee is comprised as follows:

- | | | | |
|------|---------------------------|---|---|
| i. | Mr. Michiel J. Herkemij | - | Managing Director/Chief Executive Officer |
| ii. | Dr. Oladele O. Ajayi | - | Sales Director |
| iii. | Mr. Victor Famuyibo | - | Human Resource Director |
| iv. | Mr. Laurent Le Couedic | - | Finance Director |
| v. | Mr. Jan C. van der Linden | - | Marketing Director |
| vi. | Mr. Evert J. van Willegen | - | Supply Chain Director |
| vii. | Mr. Yusuf Ageni | - | Corporate Affairs Adviser |
| ix. | Mr. Robbert Mooij | - | Head of Logistics |

(b) Remuneration Committee

The Remuneration Committee is currently composed as follows:

- | | | | |
|------|-----------------------|---|----------|
| i. | Mr. Paul Hamers | - | Chairman |
| ii. | Mr. Ishmael E. Yamson | - | Member |
| iii. | Mr. Victor Famuyibo | - | Member |

This Committee has responsibility for reviewing executive remuneration and determines specific remuneration packages for Directors.

(c) Nomination Committee

The Nomination Committee is currently composed as follows:

- | | | | |
|------|-----------------------|---|----------|
| i. | Mr. Ishmael E. Yamson | - | Chairman |
| ii. | Mr. Victor Famuyibo | - | Member |
| iii. | Mr. Paul Hamers | - | Member |

This Committee is responsible for making recommendations to the Board on candidates for appointment as Directors.

21. Audit Committee

The Audit Committee is composed of three Shareholders' representatives and three Directors' representatives (two of whom are Non-Executive Directors and the other an Executive Director not being the Finance Director). It is chaired by a member representing the shareholders. The Committee met four times during the year under review.





Directors' Report (Cont'd)

The Committee in the conduct of its affairs reviews the Company's overall risk management and control systems, financial reporting arrangements and standards of business conduct. Members of the Audit Committee have direct access to the Internal Audit Department and the Independent Auditors.

The statutory functions of the Committee are provided for in Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

22. Independent Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, Messrs KPMG Professional Services have indicated their willingness to continue in office as Independent Auditors to the Company.

Dated the 25th day of February, 2009.

By Order of the Board.

Uaboi G. Agbebaku, Esq.

Company Secretary/Legal Adviser
Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.



Mr. Tom de Man, Heineken Regional President, Africa and Middle East, (left) presenting an award to Mr. Dimeji Alabi, the youngest amongst the 10 winning artists, while Mr Frank Okonta one of the judges looks on.

NB Empowers Local Artists

Artists in the country had the opportunity of showcasing their talents at the maiden edition of the international art competition and exhibition put together by Nigerian Breweries Plc and the African Artists' Foundation (AAF). The competition produced 10 winners who exhibited their works in Lagos, Abuja and Amsterdam.



(R-L) Dr. Oladele Ajayi, Sales Director, NB Plc; Lady Joy Igwe, MD, Ifeoma Chukwuka Nig. Ltd. (Customer of the Year); Mr. Michiel Herkemij, MD/CEO, NB Plc; and Sir Gabriel Igwe, Chairman of Ifeoma Chukwuka Nig. Ltd. at the Customer Awards.

Nigerian Breweries Rewards Outstanding Partners

Loyal distributors and transporters of Nigerian Breweries Plc smiled home with fantastic prizes, for their contributions to the Company's performance in 2008.

Ifeoma Chukwuka Nigeria Limited emerged the No.1 Distributor. The Distributor received a Mercedes 1518 Steel Pallet Carrier truck, a gold trophy and N3 million cash.

E.O. Nnabugwu and Sons Ltd was adjudged the Transporter of the Year and was rewarded with 30,000 litres of diesel.



Engr. E.O. Nnabugwu, MD/CEO Nnabugwu & Sons Nig. Ltd (Transporter of the Year) with Mr. Robbert Mooij, Head of Logistics, NB Plc during the Customer Awards.



Mr. Eugene Odikanwa, the then Aba Brewery Manager, taking guests on a tour of the new lager line.

Aba Brewery Returns to stardom

After three years of scaling down operations, Aba Brewery bounced back to full operations with the commissioning of a state-of-the-art lager line. The brewery, which is the second oldest in the Nigerian Breweries Plc family, now brews Star and Gulder in addition to other non-alcoholic beverages.



Alhaji Rafiu Olorunwa, Lagos State Chairman, NURTW cutting the tape to flag off the campaign in Lagos, supported by Mr. Robert Mooij, Head of Logistics, NB Plc (left) and Mr. Osita Chidoka, Corps Marshal/Chief Executive, FRSC (right).

NB/FRSC Launch Don't Drink and Drive Campaign

Nigerian Breweries Plc in collaboration with the Federal Road Safety Commission (FRSC), flagged off the Don't Drink and Drive campaign on 1st September, 2009, to create awareness on the dangers of drunk-driving. The project is under the banner of the Company's Corporate Social Responsibility initiatives.



Mrs I. C. Ojei, representing Dr. John Akanya (D-G of SON), presenting the MANCAP Certificate to Mr. Michiel Herkemij, MD/CEO of NB Plc.

Fayrouz Gets MANCAP Certification

Fayrouz, the premium non-alcoholic soft drink from the stable of Nigerian Breweries Plc, has received the prestigious MANCAP certificate and logo from the Standards Organisation of Nigeria. It is a confirmation of the quality of the fast-growing premium soft drink from the Company's stable.



The Diamonds in their hour of Stardom.

Diamonds Wins **STAR** *Quest* 2008

Diamonds, a musical group made up of six talented youths, won the 2008 edition of Star Quest beating other contestants in a pulsating grand finale held in Lagos. The group got a sports utility vehicle and a recording deal worth millions of Naira for winning the competition, which has helped to discover music stars in the country.



Nas and Nelly thrill music lovers at the 2008 edition of Star Mega Jam

STAR **MEGA-JAM**

'08: Nelly, Nas Thrill Nigerians

Nelly and Nas, two American artistes stormed Nigeria for the ninth edition of Star Mega Jam where they entertained music lovers. The show, which held in Lagos and Abuja, was adjudged a huge success in terms of massive turnout of the crowd and water-tight security arrangements put in place by the company.



Top officials of NB Plc, government officials and other dignitaries at the commissioning of the water borehole.

NB Donates Water Borehole to Kakuri Community

Kakuri Community in Kaduna State, the host of Nigerian Breweries Plc's Kaduna Brewery, benefited from a borehole built and donated by the Company, as part of its Corporate Social Responsibility initiatives. Prominent traditional rulers from the locality and some top officials of the Company witnessed the commissioning of the project.



NB Plc's customers posing with the UEFA Champions League trophy in Moscow.

Nigerian Breweries Takes Heineken Customers to Moscow

As part of its commitment to rewarding its loyal customers, Nigerian Breweries Plc took four of its customers to Moscow, Russia, to watch the final football match of the Heineken-sponsored 2008 UEFA Champions League.



Another Premium Viewing Experience at Heineken Champions Planet

Football fans in Nigeria were for the fourth consecutive year given another opportunity by Heineken to watch and experience the 2007/2008 UEFA Champions League matches in a premium viewing location. The viewing experience called "Heineken Champions Planet", located in upscale Victoria Island provided a relaxing ambience for Heineken Consumers and fans to enjoy the matches with celebrities and captains of industry. Four lucky consumers were taken to South Africa as part of the Heineken Champions Planet.



Again, NB Wins NSE Award

Nigerian Breweries Plc once again, emerged the winner of the Nigerian Stock Exchange (NSE) President's Merit Award in the Brewery Sector. The award, the 16th by the Company, was given in recognition of the company's outstanding performance, quality/clarity of its Annual Reports and Accounts as well as compliance with NSE Rules.

Mr. Yusuf Ageni, Corporate Affairs Adviser, NB Plc (centre) displaying the award. With him are Obong Ufot Ekaette, Special Guest at the NSE Award (left) and Mr. Oba Otudeko, President, Nigerian Stock Exchange (right).



The Opuwari family celebrating their victory.

The Opuwaris Win **MALTINA** Dance All (Opuwari family)

The second edition of the Maltina Dance All reality television show witnessed a huge participation from contestants and followers. Ten families got to the final stage of the competition and the Opuwari family emerged winners. The family smiled home with a Toyota family car and a cash prize of ₦2.5 million. The show is aimed at strengthening family ties.



Miss Chisom Okpala, making her remarks at the award ceremony.

14-Year Old Wins National Reading Competition

The third edition of the National Reading Competition sponsored by the Nigerian Breweries-Felix Ohiwere Education Trust Fund, produced a 14-year old winner, Miss Chisom Okpala, a student of Dority International School, Aba. She received a cash prize of ₦200,000 and one personal laptop computer. She also won for her school, two desktop computers and books worth ₦750,000.



Excited consumers and customers at the re-launch. The new Legend Extra Stout label (inset).

LEGEND

Extra Stout

Re-launched With New Label

Legend Extra Stout, the favourite excitingly bitter stout was in 2008 relaunched with a brand new label and logo. It is now wearing a new look - a new neck and body label and for the first time, a back label bearing all the information required to enjoy a good stout. The golden flame symbol in the logo symbolizes the strength and warmth that has made this great brew the Legend that it is today. The re-launch was witnessed by customers and consumers of this fast-growing brand.



Prince Adewole Ojo, (middle) receiving his cheque from Mr. Michiel Herkemij, MD/CEO, NB Plc (left) and Mr. Jacco van der Linden, Marketing Director, NB Plc (right).

Ojo Wins AMSTEL MALTA BOX OFFICE 4

Prince Adewole Ojo, a 24-year old undergraduate of Creative Arts, from the University of Lagos, emerged the winner of the fourth edition of the Amstel Malta Box Office (AMBO 4), beating nine other contestants that were short listed out of more than 20,000 applicants. He won a Honda City car, a cash prize of ₦2.5million and a movie role.



Michael Nwachukwu Wins GUS V

Michael Nwachukwu, a 27-year old graduate of the University of Ibadan discovered the Lost Chronicle, hidden in the undulating Awgu Hills in Enugu State, to emerge winner of the fifth edition of the Gulder Ultimate Search.



The ultra-modern Malting Plant

Nigerian Breweries Acquires Malting Plant

Nigerian Breweries Plc acquired a malting plant in Aba in 2008. The ultra-modern plant will significantly boost the supply of malted sorghum, one of the essential ingredients for the Company's brewing process.



Independent Auditors' Report



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To the Members of Nigerian Breweries Plc

Report on the Financial Statements

We have audited the accompanying financial statements of **Nigerian Breweries Plc** ("the Company") which comprise the balance sheet as at 31 December 2008, and the profit and loss account, statement of cash flows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 32 to 51 and page 53.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Nigerian Breweries Plc** as at 31 December 2008, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

KPMG

25th February, 2009.
Lagos, Nigeria



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Registered in Nigeria No BN 986925

Abayomi D. Sanni
Adetola P. Adeyemi
Chibuzor N. Anyanechi
Oladapo R. Okubadejo
Oluseyi T. Bickersteth
Adebisi O. Lamikanra
Adewale K. Ajayi
Goodluck C. Obi
Oladimeji I. Salaudeen
Victor U. Onyenkpa
Adekunle A. Elebute
Ayodele H. Othihiwa
Joseph O. Tegbe
Olumide O. Olayinka





Audit Committee's Report

To the Members of Nigerian Breweries Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, we, the Members of the Audit Committee of Nigerian Breweries Plc, having carried out our statutory functions under the Act, hereby report that:

- a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b) the scope and planning of both the external and internal audit for the year ended 31st December, 2008, are satisfactory. The internal audit programmes reinforce the Company's internal control system;
- c) having reviewed the independent auditors' memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

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

Members of the Audit Committee are:

- | | |
|------------------------------|---|
| 1) H.R.H. Ufuwai Bonet | - Shareholders' Representative (Chairman) |
| 2) Chief Timothy A. Adesiyan | - Shareholders' Representative |
| 3) Mr. Samuel C. Mpamaugo | - Shareholders' Representative |
| 4) Mr. Olusegun S. Adebajji | - Directors' Representative |
| 5) Dr. Oladele O. Ajayi | - Directors' Representative |
| 6) Mr. Thomas A. de Man | - Directors' Representative |

The Company Secretary/Legal Adviser serves as the Secretary to the Committee.

Dated the 25th day of February, 2009.

H.R.H. Ufuwai Bonet
Chairman, Audit Committee.



Statement of Accounting Policies

The following are the principal accounting policies which have been applied consistently throughout the current and preceding years:

(a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention except for fixed assets which are carried at revalued amounts based on a revaluation in 1995.

(b) **Basis of Consolidation**

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases. Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing consolidated financial statements. Consolidation is not required when ownership interest does not constitute control.

This policy is in line with Statement of Accounting Standard No 27 – Consolidated and Separate Financial Statements, issued by the Nigerian Accounting Standards Board in November 2007 and effective for financial statements covering periods beginning on or after 1st January 2008. (See Note 9 to the financial statements).

(c) **Turnover**

Turnover represents the invoiced value of products delivered to customers during the year, including excise duty, net of Value Added Tax and discounts.

(d) **Fixed Assets**

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation.

- i. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing cost continues up to the date that the assets are capable of producing.
- ii. Fixed assets under construction are disclosed as capital work-in-progress.

(e) **Depreciation**

Depreciation is provided for at the following annual rates such that the cost or valuation, less the estimated residual value of each asset, is written-off on a straight-line basis over its estimated useful life:

Freehold land	-	no depreciation is provided
Leasehold land and buildings	-	equal annual instalments over the period of the lease with a minimum of 3% per annum.
Plant and machinery	-	7%
Motor vehicles	-	33.3%
Furniture and equipment	-	20%
Computer software	-	33.3%



Statement of Accounting Policies (Cont'd)

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.

Gains or losses on disposal of fixed assets are included in the profit and loss account.

(f) **Fixed Assets Revaluation Reserve**

Surpluses/deficits arising on the revaluation of individual fixed assets are credited/debited to a non-distributable reserve known as the fixed assets revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same assets are charged to the profit and loss account.

On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from the fixed assets revaluation reserve to general reserve.

(g) **Investments**

Investments are stated at the lower of cost or net realisable value.

(h) **Stocks**

Stocks are valued at the lower of cost and net realisable value.

Cost incurred in bringing the stock to its present location and condition is based on:

Raw, sundry and non-returnable packaging materials and spare parts	- purchase cost on a weighted average basis including transportation and clearing costs.
Finished products and products in process	- weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal level of activity.
Returnable packaging materials	- deposit value which is equal to the net realisable value.
Stock in transit	- purchase cost incurred to date.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Stock values are adjusted for obsolete, slow-moving or defective items.

(i) **Income Tax**

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected income tax payable on the taxable income for the year, using applicable statutory tax rates.

(j) **Deferred Taxation**

Deferred taxation is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values. 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.



Statement of Accounting Policies (Cont'd)

Deferred tax is charged to the profit and loss account except to the extent that it relates to a transaction that is recognised directly in equity.

(k) **Foreign Currencies**

Transactions denominated in foreign currencies are 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 balance sheet date are recorded at the rates of exchange prevailing at that date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(l) **Debtors**

Debtors are stated net of allowances for debts considered bad or doubtful of recovery.

(m) **Provisions**

A provision is recognised 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.

(n) **Impairment**

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognised in the profit and loss account.

(o) **Unclaimed Dividends**

Unclaimed dividends are amounts payable to shareholders in respect of dividends previously declared which have remained unclaimed by the shareholder. In compliance with Section 385 of the Companies and Allied Matters Act Cap. C20, Laws of the Federation of Nigeria 2004, unclaimed dividend after twelve (12) years are transferred to general reserves.

(p) **Retirement Benefits**

i. *Pension Fund:*

The Company, in line with the provisions of the Pension Reform Act 2004, 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 charged to the profit and loss account.



Statement of Accounting Policies (Cont'd)

ii. *Gratuity:*

Gratuity payable on retirement or resignation of employment is accrued over the service life of the employees. The past service cost of current pay rises is charged to the profit and loss account as pay rises are awarded. The Company currently operates two gratuity schemes, a defined benefit scheme and a defined contribution scheme.

(a) *Defined Benefit Scheme*

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 or losses arising from valuations are charged to the profit and loss account over a period of five years, while the effect of any curtailment is charged in full to the profit and loss account immediately the curtailment occurs. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(b) *Defined Contribution Scheme*

The Company has a defined contribution gratuity scheme for certain employees, which is funded. Under this scheme, a specified amount is contributed by the Company and charged to the profit and loss account over the service life of the employees.

(q) **Other Long Term Employee Benefits**

Other long term employee benefits are accrued over the service life of the employees. The charge to the profit and loss account is based on an independent actuarial valuation performed using the projected unit credit method.

(r) **Segment Reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Segment information is presented in respect of the Company's business and geographical segments, where applicable. The Company's primary format for segment reporting is based on geographical segments. The geographical segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(s) **Cash and Cash Equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, cash balances with banks, short-term commercial papers and investments in money market instruments.



Profit and Loss Account

For the year ended 31st December, 2008

	<u>Notes</u>	<u>2008</u> N'000	<u>2007</u> N'000
TURNOVER	1	145,461,762	111,748,297
Cost of sales		(74,561,945)	(52,558,213)
GROSS PROFIT		70,899,817	59,190,084
Selling and distribution expenses		(21,542,383)	(17,820,500)
Administrative expenses		(12,771,831)	(14,128,657)
Other Income	2	192,257	116,113
OPERATING PROFIT		36,777,860	27,357,040
Net interest	3	741,254	519,296
PROFIT BEFORE TAXATION	4	37,519,114	27,876,336
Taxation	5(a)	(11,818,521)	(8,933,480)
PROFIT AFTER TAXATION		25,700,593	18,942,856
APPROPRIATION:			
Transferred to general reserve	20	25,700,593	18,942,856
Earnings per share (kobo)	7	340	250
Declared Dividend per share (kobo)	7	485	159

The Directors propose a final dividend of 50 kobo per share (2007: 195 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting. This is in addition to the two interim dividends totalling 290 kobo per share (2007: 55 kobo per share) already declared.

The accounting policies on pages 32 to 35 and notes on pages 39 to 50 form an integral part of these financial statements.





Balance Sheet

As at 31st December, 2008

	Notes	2008 N'000	2007 N'000
NON CURRENT ASSETS			
Fixed assets	8(a)	63,557,667	50,194,644
Investment	9	150,000	150,000
Long term debtors	10	79,557	272,383
TOTAL NON CURRENT ASSETS		63,787,224	50,617,027
CURRENT ASSETS			
Stocks	11	20,741,461	16,156,788
Debtors and prepayments	12	3,849,950	7,585,753
Foreign currencies purchased for imports		420,681	392,957
Bank and cash balances	13	15,613,324	15,795,757
TOTAL CURRENT ASSETS		40,625,416	39,931,255
CURRENT LIABILITIES			
Taxation	5(b)	(9,245,540)	(7,297,562)
Dividend	6(b)	(19,666,950)	(4,169,720)
Other current liabilities	14	(25,862,961)	(17,946,249)
NET CURRENT (LIABILITIES)/ASSETS		(14,150,035)	10,517,724
TOTAL ASSETS LESS CURRENT LIABILITIES		49,637,189	61,134,751
LONG TERM LIABILITIES			
Deferred taxation	15	(14,109,681)	(11,360,359)
Gratuity and other long term employee benefits	16	(3,298,327)	(6,591,350)
NET ASSETS		32,229,181	43,183,042
CAPITAL AND RESERVES			
Share capital	17	3,781,282	3,781,282
Fixed assets revaluation reserve	18	7,240,108	7,324,530
Share premium	19	4,568,038	4,568,038
General reserve	20	16,639,753	27,509,192
SHAREHOLDERS' FUNDS		32,229,181	43,183,042

Approved by the Board of Directors on 25th February, 2009 and signed on its behalf by:

Michiel J. Herkemij (Managing Director/Chief Executive Officer)

Laurent Le Couedic (Finance Director)

The accounting policies on pages 32 to 35 and notes on pages 39 to 50 form an integral part of these financial statements.





Statement of Cash Flows

For the year ended 31st December, 2008

	Notes	2008 N'000	2007 N'000
Cash Flows from Operating Activities			
Operating profit before working capital changes	21(a)	44,543,448	36,413,973
Working capital changes	21(b)	7,250,909	(4,157,701)
Income tax paid	5(b)	(7,121,221)	(3,348,416)
Gratuity paid	16	(4,754,500)	(3,618,572)
Net cash inflow from operating activities		39,918,636	25,289,284
Cash Flows from Investing Activities			
Purchase of fixed assets	8(a)	(20,140,509)	(6,183,505)
Proceeds from sale of fixed assets		473,375	72,289
Interest received	3	1,007,149	545,413
Net cash outflow from investing activities		(18,659,985)	(5,565,803)
Cash Flows from Financing Activities			
Dividend paid	6(b)	(21,157,224)	(11,081,593)
Interest paid	3	(265,895)	(26,117)
(Decrease)/Increase in bank overdraft		(17,965)	17,965
Net cash outflow from financing activities		(21,441,084)	(11,089,745)
Net (decrease)/increase in cash and cash equivalents		(182,433)	8,633,736
Cash and cash equivalents at 1st January		15,795,757	7,162,021
Cash and cash equivalents at 31st December	13	15,613,324	15,795,757

The accounting policies on pages 32 to 35 and notes on pages 39 to 50 form an integral part of these financial statements.



Notes to the Financial Statements

For the year ended 31st December, 2008

1. Turnover

Turnover represents the invoiced value of products delivered to customers during the year, including excise duty, net of Value Added Tax and discounts. All sales were made from brewing activities.

The analysis of turnover by geographical area is as follows:

	2008	2007
	N'000	N'000
Nigeria	145,240,281	111,517,113
Export	221,481	231,184
	145,461,762	111,748,297

2. Other Income

Other Income represents amount realised from the sale of scrap materials and by-products.

3. Net Interest

	2008	2007
	N'000	N'000
Interest income on bank deposits	1,007,149	545,413
Interest expense on overdrafts	(265,895)	(26,117)
	741,254	519,296

4. Profit Before Taxation

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

	Notes	2008	2007
		N'000	N'000
Depreciation	8(a)	6,331,785	5,499,222
Auditors' remuneration		27,059	24,160
Staff costs	4(c)	12,820,792	12,826,763
(Profit)/Loss on assets disposed		(27,674)	95,267
Royalty and Technical Assistance fees	24	4,818,125	3,691,838
Loss in foreign exchange transactions		133,348	168,732
		24,003,235	22,085,982



Notes to the Financial Statements (Cont'd)

(b) Directors' Remuneration:

Remuneration, excluding certain benefits of directors of the Company, who discharged their duties mainly in Nigeria was paid as follows:

	2008 N'000	2007 N'000
Fees:		
- Chairman (non-executive)	1,250	1,250
- Other non-executive directors	3,000	4,250
	4,250	5,500
Remuneration as executive directors	162,526	162,621
	166,776	168,121
End of service benefits	179,073	-

The emolument (excluding pension contributions) of the highest paid director was ₦48,229,674 (2007: ₦45,947,526).

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

	2008 Number	2007 Number
₦ 100,001 - ₦ 300,000	2	-
₦ 300,001 - ₦ 4,000,000	5	5
₦ 7,000,001 - ₦ 8,000,000	3	-
₦ 8,000,001 - ₦ 9,000,000	1	-
₦15,000,001 - ₦20,000,000	1	2
₦20,000,001 - ₦30,000,000	1	2
₦30,000,001 and above	1	1



Notes to the Financial Statements (Cont'd)

(c) Staff Costs

i. Staff costs including the provision for gratuity liabilities:

	2008	2007
	N'000	N'000
Salaries, wages and allowances	6,208,981	6,446,785
Gratuity Charge (see Note 16)	1,461,477	3,462,444
Pension fund contribution	390,351	358,515
Training, recruitment and canteen costs	755,760	521,266
Reorganisation and restructuring costs	501,861	159,158
Other personnel expenses	3,502,362	1,878,595
	12,820,792	12,826,763

The Pension Fund Contribution represents the Company's contribution to the employee pension managed on behalf of the employees by the Company's wholly owned Closed Pension Fund Administrator - Progress Trust (CPFA) Limited during the year.

ii. The number of persons employed as at 31st December is:

	2008	2007
	Number	Number
Production	1,350	1,247
Distribution	217	194
Commercial	416	391
General Administration	377	441
Total	2,360	2,273

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



Notes to the Financial Statements (Cont'd)

	2008 Number	2007 Number
N 240,001 - N 360,000	10	111
N 360,001 - N 370,000	2	19
N 370,001 - N 380,000	-	57
N 380,001 - N 390,000	82	7
N 390,001 - N 400,000	9	34
N 400,001 - N 410,000	8	6
N 410,001 - N 420,000	1	6
N 420,001 - N 430,000	5	50
N 430,001 - N 440,000	14	14
N 440,001 - N 450,000	1	9
N 450,001 - N 460,000	54	33
N 460,001 - N 470,000	9	25
N 470,001 - N 480,000	33	13
N 480,001 - N 490,000	4	7
N 490,001 - N 500,000	8	18
N 500,001 - N 550,000	165	266
N 550,001 - N 600,000	65	184
N 600,001 - N 650,000	201	239
N 650,001 - N 700,000	91	174
N 700,001 - N 750,000	139	105
N 750,001 - N 800,000	179	106
N 800,001 - N 850,000	141	58
N 850,001 - N 900,000	98	88
N 900,001 - N 950,000	92	82
N 950,001 - N 1,000,000	176	69
N 1,000,001 - N 1,050,000	64	23
N 1,050,001 - N 1,100,000	50	10
N 1,100,001 - N 1,200,000	76	35
N 1,200,001 - N 1,500,000	156	101
N 1,500,001 - N 2,000,000	149	66
N 2,000,001 - N 3,000,000	58	66
N 3,000,000 - N 4,000,000	54	66
N 4,000,001 - N 6,000,000	97	71
N 6,000,001 - N 8,000,000	38	34
N 8,000,001 - N10,000,000	16	8
N10,000,001 - N15,000,000	11	7
N15,000,001 - N20,000,000	1	2
N20,000,001 - N30,000,000	1	2
N30,000,001 and above	2	2
	2,360	2,273





Notes to the Financial Statements (Cont'd)

5. Taxation

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:

	Notes	2008 N'000	2007 N'000
(a) Per profit and loss account:			
Income tax		8,247,732	5,685,769
Education tax		821,467	672,068
Deferred tax	15	2,749,322	2,575,643
		11,818,521	8,933,480
(b) Per balance sheet:			
At 1st January		7,297,562	4,288,141
Payments during the year		(7,121,221)	(3,348,416)
Provision for the year:			
Income tax	5(a)	8,247,732	5,685,769
Education tax	5(a)	821,467	672,068
At 31st December		9,245,540	7,297,562
6. Dividend			
(a) Per profit and loss account:			
Interim dividends declared current year		21,931,431	4,159,409
Final dividend declared previous year		14,746,997	7,865,065
Declared dividend		36,678,428	12,024,474

The Directors propose a final dividend of 50 kobo per share (2007: 195 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.

	Notes	2008 N'000	2007 N'000
(b) Per balance sheet:			
At 1st January		4,169,720	3,242,106
Declared dividend	6(a)	36,678,428	12,024,474
Payments		(21,157,224)	(11,081,593)
Unclaimed dividend transferred to general reserve	20	(23,974)	(15,267)
At 31st December		19,666,950	4,169,720
(c) 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.			



Notes to the Financial Statements (Cont'd)

7. Earnings Per Share and Declared Dividend Per Share

Earnings per share of 340 kobo (2007: 250 kobo) and declared dividend per share of 485 kobo (2007: 159 kobo) are based on profit after taxation of ₦25,700,593,000 (2007: ₦18,942,856,000) and total declared dividend of ₦36,678,428,000 (2007: ₦12,024,474,000) (Note 6(a)). The number of ordinary shares of 50 kobo each in issue as at 31st December, 2008, was 7,562,562,340. (2007: 7,562,562,340 ordinary shares of 50 kobo each).

8. Fixed Assets

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

	Land and buildings N'000	Plant and machinery N'000	Motor Vehicles N'000	Furniture & equipment N'000	Computer software N'000	Capital work in progress N'000	Total N'000
Cost or Valuation							
At 1 st January, 2008	17,452,965	54,011,567	6,399,675	2,451,054	272,524	1,488,808	82,076,593
Additions	2,901,832	15,344,487	773,010	261,692	125,342	734,146	20,140,509
Disposals	(65,917)	(583,968)	(329,793)	(26,780)	(6,405)	-	(1,012,863)
Transfers	10,074	55,250	-	-	-	(65,324)	-
At 31st December, 2008	20,298,954	68,827,336	6,842,892	2,685,966	391,461	2,157,630	101,204,239
Depreciation:							
At 1 st January, 2008	4,243,563	21,329,434	4,409,160	1,689,636	210,156	-	31,881,949
Charge for the year	672,246	3,958,222	1,389,006	291,068	21,243	-	6,331,785
Disposals	(49,681)	(176,259)	(317,331)	(23,731)	(160)	-	(567,162)
At 31st December, 2008	4,866,128	25,111,397	5,480,835	1,956,973	231,239	-	37,646,572
Net Book Value:							
At 31 st December, 2008	15,432,826	43,715,939	1,362,057	728,993	160,222	2,157,630	63,557,667
At 31 st December, 2007	13,209,402	32,682,133	1,990,515	761,418	62,368	1,488,808	50,194,644

Plant, machinery and buildings were professionally revalued as at 30th June, 1995, by Knight Frank (Nigeria) - Chartered Surveyors on the basis of open market values. The values were incorporated in the books at that date. The surplus that arose on the revaluation was credited to the fixed assets revaluation reserve. All subsequent additions are stated at cost.



Notes to the Financial Statements (Cont'd)

The net book value of the revalued assets included in the above is as shown below:

	2008 N'000	2007 N'000
Land and buildings	1,128,647	1,347,352
Plant and machinery	17,216	67,182
	1,145,863	1,414,534

(b) **Capital commitments**

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

	2008 N'000	2007 N'000
Contracted but not provided for	3,183,087	1,537,254
Approved but not contracted	3,371,174	9,972,000
	6,554,261	11,509,254

9. Investment

Investment of ₦150,000,000 represents the cost of the Company's 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 also manages the gratuity fund of employees of Nigerian Breweries Plc. The financial statements of Progress Trust (CPFA) Limited, "Progress Trust", have not been consolidated with that of the Company, as the Company does not have the power to govern the financial and operating policies of Progress Trust so as to obtain benefits from its activities. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom). The benefits arising from its activities accrue principally to members of the pension and gratuity schemes and the Company's residual interest in Progress Trust is immaterial. The Pension funds and assets are held by an Independent Licensed Pension Fund Custodian in line with the Pension Reform Act, 2004. Additionally, the Board of Progress Trust has approved the transfer of the gratuity funds and assets to an Independent Licensed Pension Fund Custodian.

10. Long Term Debtors

Long term debtors represent loans granted to the Company's employees, which is backed by employees' retirement benefit obligations.



Notes to the Financial Statements (Cont'd)

	2008	2007
	N'000	N'000
11. Stocks		
Raw materials	2,608,775	1,534,521
Finished products and product in process	2,449,000	2,153,569
Returnable packaging materials	4,433,173	4,131,353
Non-returnable packaging materials	2,232,228	1,253,669
Spare parts	3,493,821	4,632,966
Sundry materials	186,473	62,178
Stock in transit	5,337,991	2,388,532
	20,741,461	16,156,788
12. Debtors and prepayments		
Trade debtors	1,608,012	6,039,761
Other debtors	1,521,869	279,702
Advances and Prepayments	305,836	1,101,277
Due from group companies	414,233	165,013
	3,849,950	7,585,753
13. Bank and cash balances		
Cash at bank	7,966,956	2,506,803
Cash in hand	6,089	3,954
Short-term deposits	7,640,279	13,285,000
	15,613,324	15,795,757
14. Other current liabilities		
Bank overdraft	-	17,965
Creditors and accruals/customer deposits	21,893,752	14,648,032
Due to group companies	3,969,209	3,280,252
	25,862,961	17,946,249
15. Deferred taxation		
At 1st January	11,360,359	8,784,716
Charge for the year (see Note 5(a))	2,749,322	2,575,643
At 31st December	14,109,681	11,360,359



Notes to the Financial Statements (Cont'd)

	2008 N'000	2007 N'000
16. Gratuity and Other Long Term Employee Benefits		
At 1st January	6,591,350	6,747,478
Charge for the year (see Note 4(c)i)	1,461,477	3,462,444
Payments during the year	(4,754,500)	(3,618,572)
At 31st December	3,298,327	6,591,350
<p>The Company concluded the conversion of the defined benefit gratuity scheme to the defined gratuity contribution scheme for certain categories of its management and non-management employees on 1st January 2008. Included in the payments during the year is an amount of ₦3.5 billion representing the funding of the liability for the non-management staff migrated to the funded defined contribution scheme at the above date. The management portion of the gratuity liability had earlier been funded and transferred on 1st January 2007. The defined contribution scheme is managed by the Company's licensed Closed Pension Fund Administrator- Progress Trust (CPFA) Limited. See Note 9.</p>		
	2008 N'000	2007 N'000
17. Share Capital		
(a) Authorised		
At 1st January	4,000,000	4,000,000
At 31st December		
8,000,000,000 ordinary shares of 50 kobo each	4,000,000	4,000,000
(b) Issued and fully paid ordinary shares of 50 kobo each		
At 1st January	3,781,282	3,781,282
At 31st December		
7,562,562,340 ordinary shares of 50 kobo each	3,781,282	3,781,282
18. Fixed Assets Revaluation Reserve		
At 1st January	7,324,530	7,353,600
Transfer to General Reserve in respect of disposals for the year (see Note 20)	(84,422)	(29,070)
At 31st December	7,240,108	7,324,530
19. Share Premium		
At 1st January	4,568,038	4,568,038
At 31st December	4,568,038	4,568,038



Notes to the Financial Statements (Cont'd)

	Notes	2008 N'000	2007 N'000
20. General Reserve			
At 1st January		27,509,192	20,546,473
Transfer from profit and loss account		25,700,593	18,942,856
Interim dividends declared current year	6(a)	(21,931,431)	(4,159,409)
Final dividend declared previous year	6(a)	(14,746,997)	(7,865,065)
Transfer from unclaimed dividend	6(b)	23,974	15,267
Transfer from fixed assets revaluation reserve	18	84,422	29,070
At 31st December		16,639,753	27,509,192

21. Notes to the Statement of Cash Flows

The cash flow statement has been drawn up using the indirect method. Working capital changes comprises stocks, debtors, prepayments and current liabilities. The cash flows from investing activities relate to the net amount of investments and disposals. The cash flows from financing activities relate to the net amount of payments made for financing business activities in the year and changes in short term borrowings. The net cash position consists of cash in hand and at bank.

(a) Reconciliation of net profit to operating profit before working capital changes

	Notes	2008 N'000	2007 N'000
Net profit after taxation		25,700,593	18,942,856
Taxation	5(a)	11,818,521	8,933,480
Net Interest	3	(741,254)	(519,296)
Operating profit		36,777,860	27,357,040
Adjustments for non-cash items:			
Depreciation	8(a)	6,331,785	5,499,222
(Profit)/Loss on assets disposed	4(a)	(27,674)	95,267
Gratuity and other long term employee benefits	4(c), 16	1,461,477	3,462,444
Operating profit before working capital changes		44,543,448	36,413,973
(b) Working capital changes			
Increase in stocks		(4,584,673)	(3,484,985)
Decrease/(Increase) in debtors and prepayments		3,735,803	(2,652,657)
Decrease in long term debtors		192,826	639,552
Increase in foreign currencies purchased for imports		(27,724)	(242,667)
Increase in creditors and accrual/customer deposits (excl. bank overdrafts)		7,245,720	66,241
Increase in amount due to group companies		688,957	1,516,815
		7,250,909	(4,157,701)





Notes to the Financial Statements (Cont'd)

22. Guarantees and other Financial Commitments

(a) Contingent liabilities

- i. Contingent liabilities in respect of guarantees given for staff loans amounted to ₦2,312,855,532 (2007: ₦1,749,061,97). This guarantee is backed by employees' retirement benefit obligations.
- ii. Bank guarantees and bonds granted to the Company in respect of Nigerian Customs duty and Nigerian Export Promotion Council duty amounted to ₦815,025,000. (2007: Nil)
- iii. Bank guarantee granted to the Company in favour of the Chief Registrar of the Federal Court of Appeal in respect of the judgement sum of ₦11,233,213 (2007: ₦11,233,213) in a lawsuit being appealed by the Company.

(b) Pending litigation

There are law suits pending against the Company in various courts of law which are being handled by external legal counsel. The contingent liabilities in respect of pending litigation amounted to ₦3,157,022,919 (2007: ₦2,636,400,631) as at 31st December, 2008. In the opinion of the Directors and based on independent legal advice, the Company's liability is not likely to be significant, thus no provision has been made in the financial statements.

(c) Financial commitments

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

23. Post Balance Sheet Events

There were no significant post balance sheet events, which could have had a material effect on the state of affairs of the Company as at 31st December, 2008, which have not been adequately provided for.

24. Related Parties

Group Companies

The Company sources majority of its raw materials and fixed assets from companies related to its ultimate holding company, Heineken N.V. incorporated in the Netherlands. At year end, the total amounts due to Heineken N.V. and other related companies have been shown in Notes 12 and 14 to the financial statements.

Additionally, the Company has a Technical Service & Know-How Agreement and Trademark Licence Agreements with its ultimate holding company Heineken N.V. and other related companies for which payments are made and/or provided for. The fees are computed as a percentage of net sales and profit before tax as applicable. Royalties payable are computed as a percentage of the net sales of the related product.

	2008	2007
	N'000	N'000
Technical service and know-how fees	4,154,776	3,190,270
Royalties	663,349	501,568
	4,818,125	3,691,838



Notes to the Financial Statements (Cont'd)

25. Segment Reporting

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.

26. Comparative Figures

Where necessary, certain comparative prior year figures have been reclassified in line with the presentation format adopted this year.





Value Added Statement

For the year ended 31st December, 2008

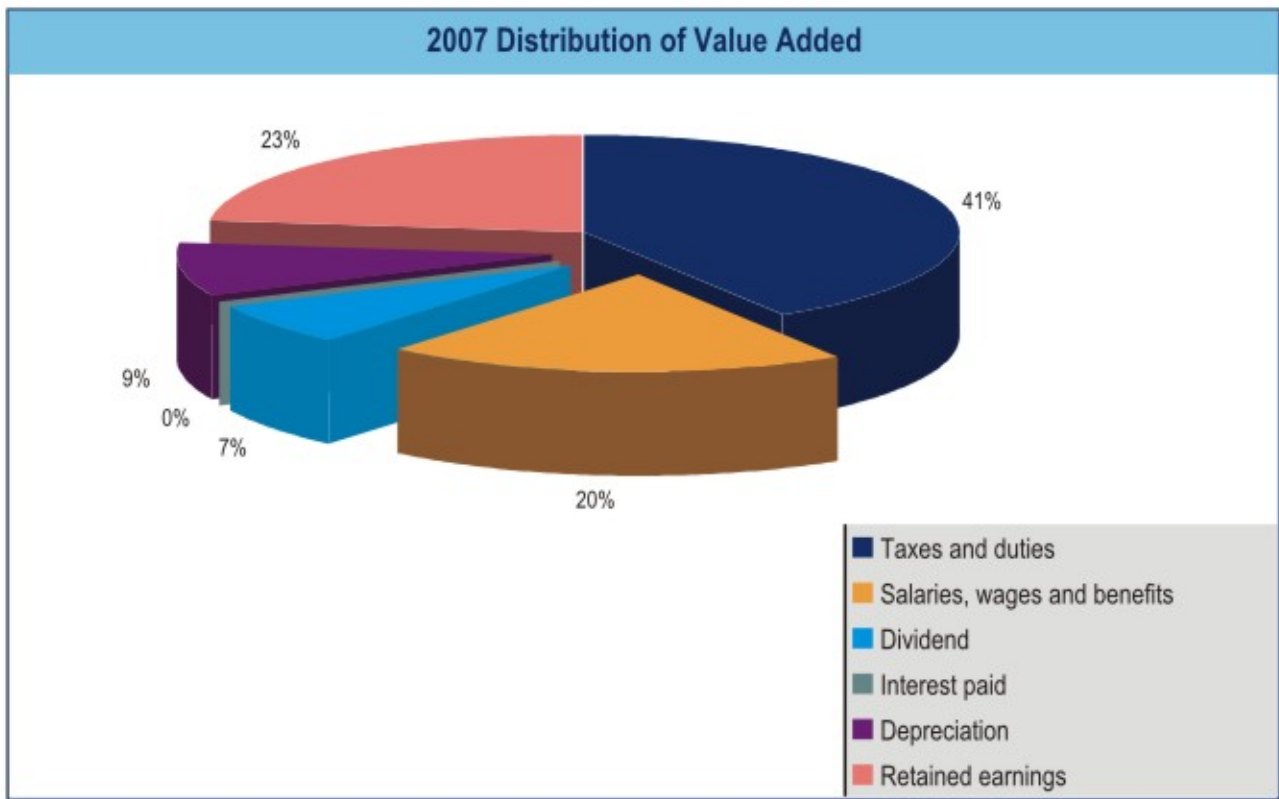
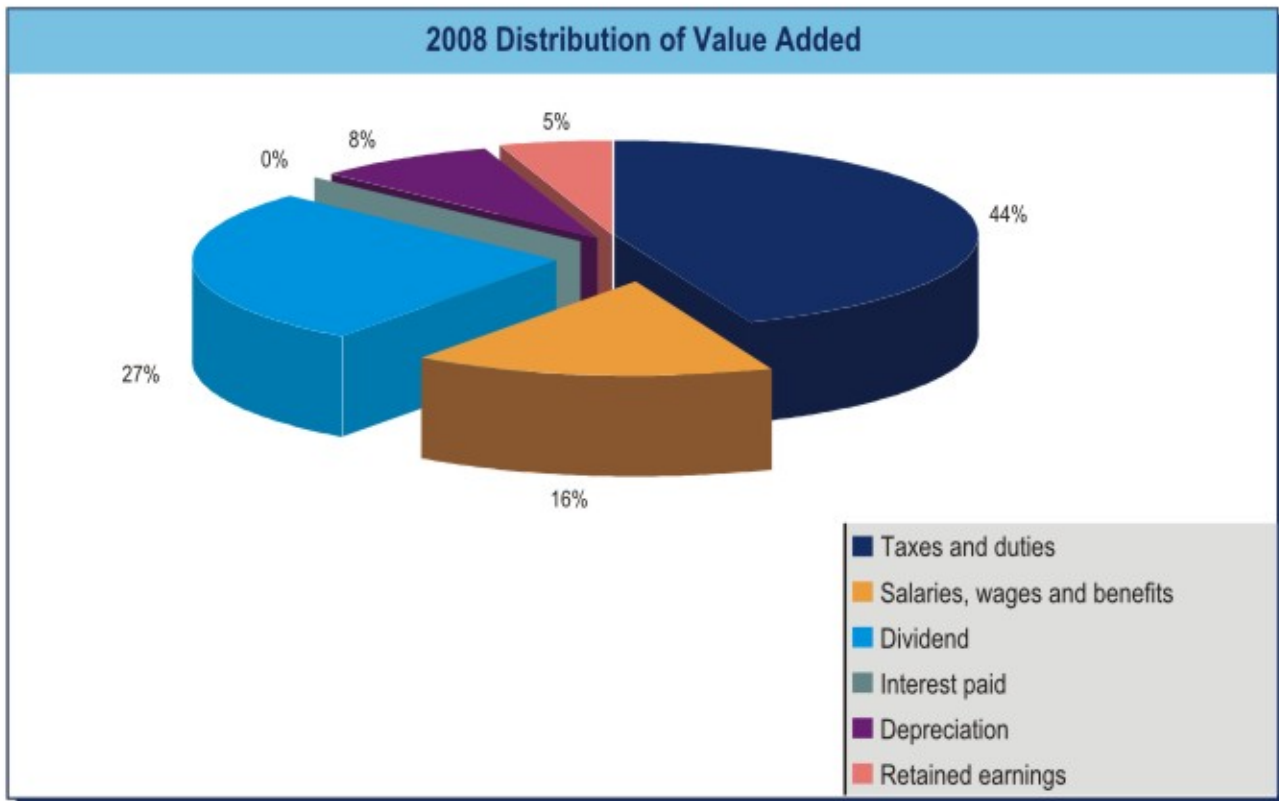
	2008 N'000		2007 N'000	
Turnover	145,461,762		111,748,297	
Bought in materials and services				
Imported	(20,751,161)		(16,579,607)	
Local	(46,033,224)		(32,273,000)	
	78,677,377		62,895,690	
Other Income	192,257		116,113	
Interest received	1,007,149		545,413	
Valued added	79,876,783		63,557,216	
Distribution of Value Added		%		%
To Government as:				
Taxes and duties	34,757,718	44	26,262,258	41
To Employees:				
Salaries, wages, fringe and end of service benefits	12,820,792	16	12,826,763	20
To Providers of Finance:				
Interim dividends to shareholders	21,931,431	27	4,159,409	7
Interest paid	265,895	0	26,117	0
Retained in the Business				
To maintain and replace fixed assets (depreciation)	6,331,785	8	5,499,222	9
To augment reserves	3,769,162	5	14,783,447	23
Value added	79,876,783	100	63,557,216	100

The Directors propose a final dividend of 50 kobo per share (2007: 195 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.

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



Value Added Statement (Cont'd)



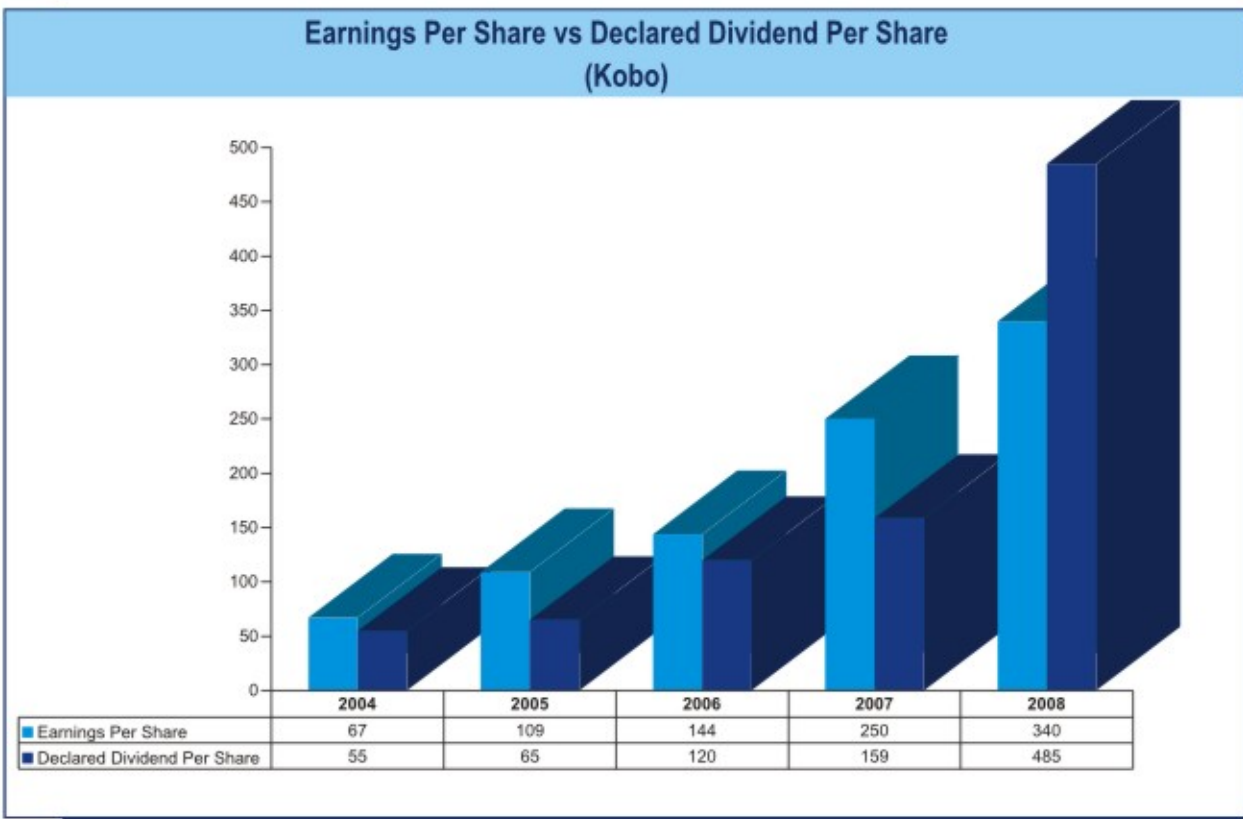
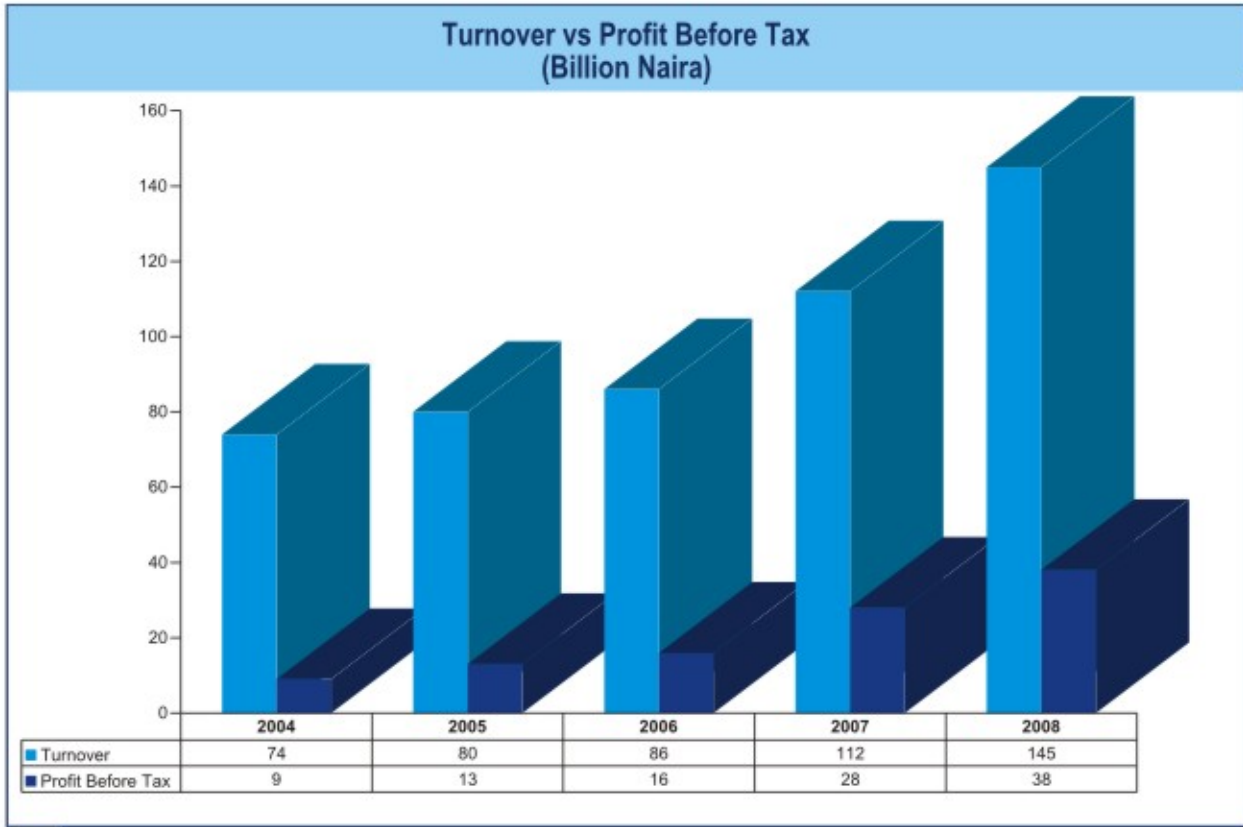


Five-Year Financial Summary

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
Results					
Turnover	145,461,762	111,748,297	86,322,075	80,130,968	73,594,134
Operating Profit	36,777,860	27,357,040	16,948,433	15,453,895	14,425,769
Profit before taxation	37,519,114	27,876,336	16,436,255	12,897,746	9,148,138
Profit after taxation	25,700,593	18,942,856	10,900,524	8,254,557	5,086,403
Declared Dividend	(36,678,428)	(12,024,474)	(9,075,075)	(4,915,666)	(4,159,409)
Employment of Funds					
Fixed assets	63,557,667	50,194,644	49,677,917	52,428,880	54,448,027
Investment	150,000	150,000	150,000	-	-
Long term debtors	79,557	272,383	911,935	1,393,442	1,709,963
Net current (liabilities)/assets	(14,150,035)	10,517,724	1,041,735	(7,391,506)	(15,195,959)
Deferred taxation	(14,109,681)	(11,360,359)	(8,784,716)	(7,373,907)	(5,545,326)
Gratuity and other long term employee benefits	(3,298,327)	(6,591,350)	(6,747,478)	(4,332,668)	(4,137,736)
Total Net Assets	32,229,181	43,183,042	36,249,393	34,724,241	31,278,969
Funds Employed					
Share capital	3,781,282	3,781,282	3,781,282	3,781,282	3,781,282
Fixed assets revaluation reserve	7,240,108	7,324,530	7,353,600	7,504,208	7,791,540
Share premium	4,568,038	4,568,038	4,568,038	4,568,038	4,568,038
General reserve	16,639,753	27,509,192	20,546,473	18,870,713	15,138,109
Shareholders' Funds	32,229,181	43,183,042	36,249,393	34,724,241	31,278,969
Statistics					
Share price at period end (Naira)	40.85	49.00	37.25	38.80	42.80
Market capitalisation (Billion Naira)	309	371	282	293	324
Earnings per share (kobo)	340	250	144	109	67
Declared dividend per share (kobo)	485	159	120	65	55
Dividend cover (times)	0.7	1.58	1.2	1.7	1.2
Net worth per share (kobo)	426	571	479	459	414

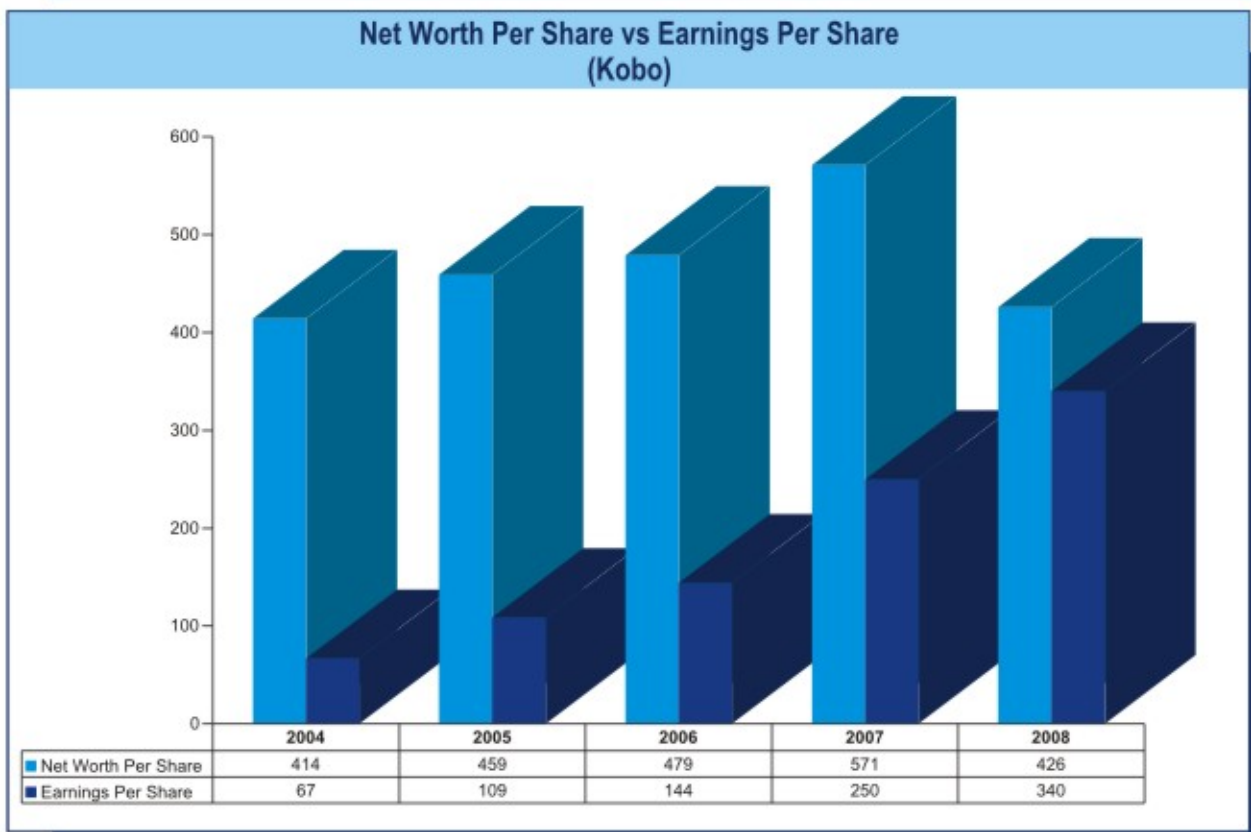
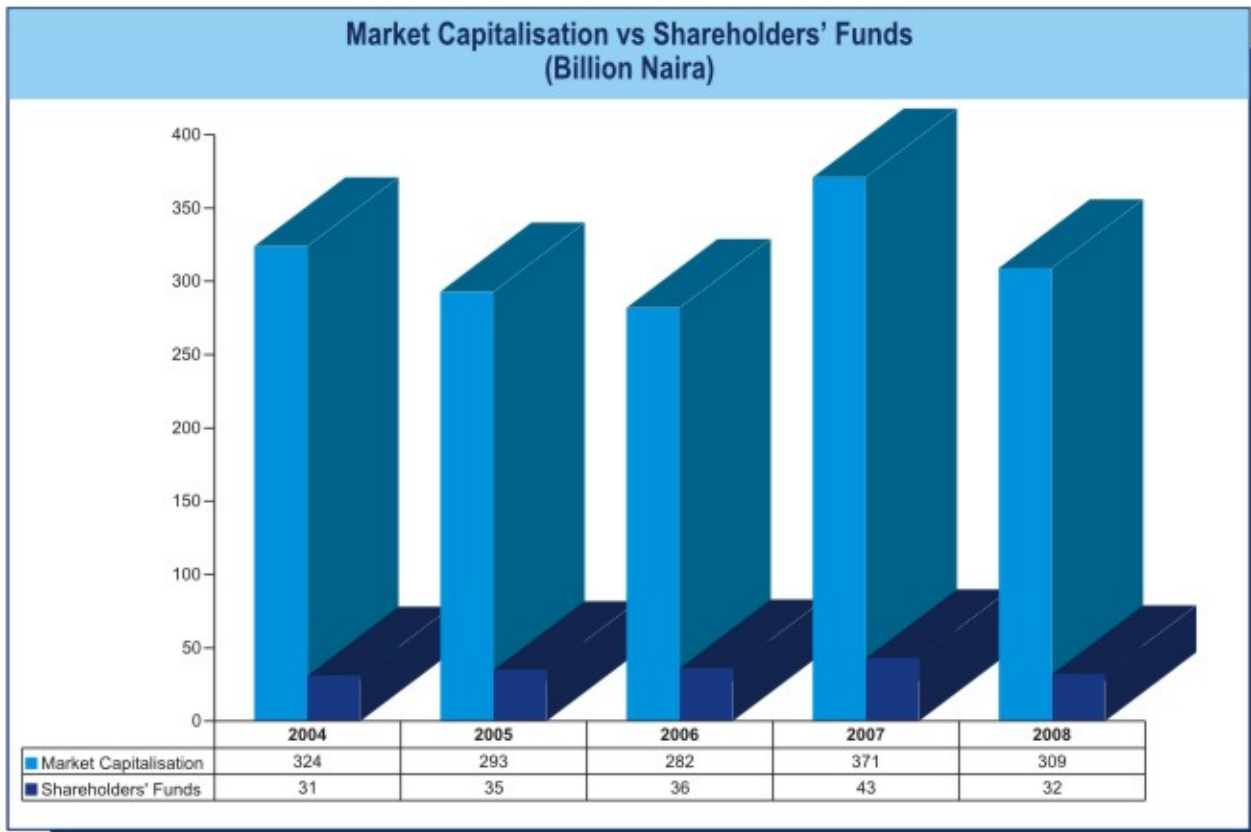


Performance Indicators





Performance Indicators (Cont'd)





Shareholders' Information

Substantial Interest in Shares:

According to the Register of Members, the following persons held more than 5% of the issued share capital of the Company on 31st December, 2008.

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage</u>
Heineken Brouwerijen BV	2,853,760,692	37.74
Distilled Trading International BV	1,237,500,160	16.36

Statistical Analysis of Shareholding

- (a) The issued and fully paid-up Share Capital of the Company is 7,562,562,340 Ordinary Shares of 50 kobo each. According to the Register of Members, only companies within the Heineken N.V. Group, having 4,091,260,852 shares (representing 54.10%), held more than 10% of the Issued Share Capital as at 31st December, 2008. The remaining 3,471,301,488 shares (representing 45.90%) were held by Nigerian and foreign individuals and institutions.
- (b) The Registrars advised that the range of shareholding as at 31st December, 2008 is as follows:

<u>Range</u>	<u>No. of Shareholders within range</u>	<u>%</u>	<u>No. of shares</u>	<u>% Shareholding</u>
1 - 1,000	41,710	32.56	21,339,138	0.28
1,001 - 5,000	36,788	28.72	95,388,509	1.26
5,001 - 10,000	12,593	9.83	94,388,076	1.25
10,001 - 50,000	25,673	20.04	643,914,051	8.51
50,001 - 100,000	7,376	5.76	529,288,690	7.00
100,001 - 500,000	3,336	2.60	649,348,704	8.59
500,001 - 1,000,000	300	0.24	207,734,324	2.75
1,000,001 and above	312	0.25	5,321,160,848	70.36
Total	128,088	100.00	7,562,562,340	100.00



Shareholders' Information (Cont'd)

Scrip Issues

Date Issued

Ratio

19 th June, 1976	One for two
26 th February, 1977	One for one
25 th February, 1978	One for five
11 th June, 1979	One for three
28 th June, 1980	One for four
19 th June, 1981	One for four
29 th June, 1983	One for four
25 th June, 1986	One for two
27 th June, 1990	One for three
30 th June, 1993	One for one
28 th June, 1995	One for one
30 th June, 1999	Two for three
27 th June, 2002	One for one
30 th June, 2004	One for one



Shareholders' Information (Cont'd)

Dividend Overview

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

<u>Year</u>	<u>Dividend No.</u>	<u>Profit after taxation</u> N'000	<u>Dividend</u> N'000	<u>Dividend per share</u> Kobo	<u>Date approved</u>
1996	74	1,795,193	915,000	100	25 th June, 1997
1997	75	1,594,219	915,000	100	13 th July, 1998
1998	76	2,135,038	1,235,250	135	30 th June, 1999
1999	77	3,476,976	2,287,500	150	28 th June, 2000
2000	78	4,254,776	2,985,330	158	20 th June, 2001
2001	79	4,535,044	4,253,827	225	27 th June, 2002
2002	80	7,296,446	7,940,528	210	25 th June, 2003
2003	81	7,352,287	4,159,409	110	30 th June, 2004
2004	82	5,086,403	3,025,025	40	6 th July, 2005
2005	83 (Interim)		1,890,641	25	23 rd November, 2006
2005	84	8,254,557	6,050,050	80	3 rd May, 2006
2006	85 (Interim)		3,025,025	40	3 rd October, 2006
2006	86	10,900,524	7,865,065	104	23 rd May, 2007
2007	87 (Interim)		4,159,409	55	19 th September, 2007
2007	88	18,942,856	14,746,996,563	195	28 th May, 2008
2008	89 (Interim)		7,562,562,340	100	16 th September, 2008
2008	90 (Interim)		14,368,868,446	190	4 th December, 2008

Unclaimed Dividend Warrants and Share Certificates

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



PROXY FORM



Nigerian Breweries Plc
RC: 613

63rd Annual General Meeting to be held in the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Opposite 1004 Estates, Victoria Island, Lagos on Wednesday, 20th May, 2009 at 10.00 a.m.

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

or failing him **CHIEF KOLAWOLE B. JAMODU** or failing him **MR. OLUSEGUN S. ADEBANJI** as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 20th May, 2009

Dated this day of 2009.

Shareholder's signature

*Delete as necessary.

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

Notes:

- A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy and this Proxy Form has been prepared to enable such shareholder exercise the right to vote despite not physically present at the meeting.
- The names of two Directors of the Company have been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person, whether member (shareholder) of the Company or not who will attend the Meeting and vote on your behalf instead of one of the Directors.
- Please sign this Proxy Form and post or deliver it to reach the address overleaf not later than 10.00 a.m. on the 18th of May, 2009. If executed by a Corporation, the form must be sealed with the Common Seal or under the hand of an officer or attorney duly authorised

iv. The proxy must produce the Admission Card (below) to obtain entry to the meeting.

No. of Shares:		
Resolutions	For	Against
To declare a dividend.		
To re-elect Mr. Victor Famuyibo as a Director.		
To re-elect Mr. Jan C. van der Linden as a Director.		
To re-elect Mr. Atedo N.A. Peterside as a Director.		
To re-elect Mrs. Nenadi E. Usman as a Director.		
To re-elect Mr. Olusegun S. Adebajji as a Director.		
To re-elect Mr. Paul Hamers as a Director		
To re-elect Mr. Evert J. van Willegen as a Director		
To fix the remuneration of the Auditors		
To appoint members of the Audit Committee		
To fix the remuneration of the Directors		
To adopt a new Memorandum and Articles of Association for the Company		
Please indicate with an "x" in the appropriate box how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

ADMISSION CARD



Nigerian Breweries Plc
RC: 613

Please admit the shareholder named on this Admission Card or his duly appointed proxy to the 63rd Annual General Meeting of Nigerian Breweries Plc which will be held in the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Opposite 1004 Estates, Victoria Island, Lagos on Wednesday, 20th May, 2009, at 10.00 a.m.

Name of shareholder

Number of shares held

Address of shareholder

Signature of shareholder or proxy

NOTES

- This Admission Card must be produced by the shareholder or his proxy in order to obtain entry to the meeting. Thus, tear off and retain it for admission to the meeting.
- Shareholders or their proxies are requested to sign the Admission Card before attending the meeting.

Uaboi G. Agbebaku, Esq.
Company Secretary/Legal Adviser

SECOND FOLD HERE

FIRST FOLD HERE

Please affix
postage stamp

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

THIRD FOLD HERE AND INSERT