



Nigerian Breweries Plc

RC: 613

Unaudited Condensed Interim Financial Statements

For the Three Months Ended 31st March, 2015

Contents	Page
Condensed interim income statement	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of financial position	4
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	9
Notes to the condensed interim financial statements	10

CONDENSED INTERIM INCOME STATEMENTFor the three-month period ended 31st March,

	Notes	Group 2015 N'000	Company 2015 N'000	Company 2014 N'000
Revenue		69,921,597	69,921,597	68,976,145
Cost of Sales		(37,425,484)	(37,425,484)	(36,563,271)
Gross Profit		32,496,113	32,496,113	32,412,874
Other Income		129,125	129,125	318,093
Marketing and Distribution Expenses		(9,113,199)	(9,113,199)	(10,473,764)
Administrative Expenses		(7,144,143)	(7,139,763)	(6,639,607)
Results from operating activities		16,367,896	16,372,276	15,617,596
Finance income	7a	106,829	106,829	38,314
Finance costs	7b	(2,036,257)	(2,037,523)	(945,548)
Net Finance costs		(1,929,428)	(1,930,694)	(907,234)
Profit before tax		14,438,468	14,441,582	14,710,362
Income tax expenses	8	(4,336,340)	(4,336,340)	(4,650,796)
Profit after tax		10,102,128	10,105,242	10,059,566
Profit for the year attributable to:				
Owners of the Company		10,102,461	10,105,242	10,059,566
Non-controlling interest		(333)	-	-
Profit for the period		10,102,128	10,105,242	10,059,566
Earnings per share				
Basic Earnings per share (kobo)		127	127	133
Diluted earnings per share (kobo)		127	127	133

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three-month period ended 31st March

	Group *2015 N'000	Company 2015 N'000	Company 2014 N'000
Profit for the period	10,102,128	10,105,242	10,059,566
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period	10,102,128	10,105,242	10,059,566
Total comprehensive income for the year attributable to:			
Owners of the Company	10,102,461	10,105,242	10,059,566
Total comprehensive income for the period	10,102,461	10,105,242	10,059,566

The notes on pages 10 to 15 are an integral part of these interim financial statements.

* The effective date of the merger with Nigerian Breweries Plc was 31st December 2014. Accordingly, the condensed statement of comprehensive income of the Company for the comparative period does not include the comprehensive income of Consolidated Breweries Plc.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

For the three-month period ended 31 March 2015

	Note	Group 2015 N'000	Company 2015 N'000	Group 2014 N'000	Company 2014 N'000
ASSETS					
Property, plant and equipment		192,675,066	192,448,620	193,800,450	193,569,624
Intangible assets and goodwill		97,331,316	97,331,316	97,969,253	97,969,253
Investments		150,000	829,625	150,000	829,625
Other receivables		194,563	194,563	189,710	189,710
Prepayments		223,957	223,957	187,889	187,889
Non-current assets		290,574,902	291,028,081	292,297,302	292,746,101
Inventories		30,477,087	30,477,087	28,478,459	28,478,459
Trade and other receivables		21,502,436	21,502,436	16,357,156	16,357,156
Prepayments		1,693,759	1,693,759	1,822,499	1,822,499
Deposit for imports		4,163,266	4,163,266	364,674	364,674
Cash and cash equivalents		20,288,218	20,287,040	5,700,257	5,699,079
Assets held for sale		4,177,379	4,177,379	4,208,816	4,208,816
Current assets		82,302,145	82,300,967	56,931,861	56,930,683
Total assets		372,877,047	373,329,048	349,229,163	349,676,784

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Cont'd)For the three-month
period ended 31 March

	Notes	Group 2015 N'000	Company 2015 N'000	Group 2014 N'000	Company 2014 N'000
EQUITY					
Share capital		3,964,551	3,964,551	3,781,353	3,781,353
Share premium		64,950,103	64,950,103	4,567,967	4,567,967
Share based payment reserve		292,676	292,676	241,676	241,676
Retained earnings		112,828,961	112,831,742	102,726,500	102,726,500
Equity contribution reserve		-	-	60,565,334	60,565,334
Equity attributable to owners of the company		182,036,291	182,039,072	171,882,830	171,882,830
Non-controlling interest		81,100	-	81,433	-
Total Equity		182,117,391	182,039,072	171,964,263	171,882,830
LIABILITIES					
Loans and borrowings		29,670,000	29,670,000	24,670,000	24,670,000
Employee benefits		10,133,160	10,133,160	10,735,596	10,735,596
Deferred tax liabilities		27,455,361	27,455,361	27,833,732	27,833,732
Non-current liabilities		67,258,521	67,258,521	63,239,328	63,239,328
Bank overdraft		16,076,942	16,076,942	230,380	230,380
Current tax liabilities		27,274,348	27,270,148	22,948,829	22,944,629
Dividend payable		6,870,154	6,870,154	7,563,291	7,563,291
Trade and other payables		73,279,691	73,814,211	83,283,072	83,816,326
Current liabilities		123,501,135	124,031,455	114,025,572	114,554,626
Total liabilities		190,759,656	191,289,976	177,264,900	177,793,954
Total equity and liabilities		372,877,047	373,329,048	349,229,163	349,676,784

Approved by the Board of Directors on 22nd April, 2015 and signed on its behalf by:

(SIGNED)

_____ Mr. Nicolaas A. Vervelde (Managing Director/CEO)
FRC/2013/IODN/00000002016

(SIGNED)

_____ Mr. Mark P. Rutten (Finance Director)
FRC/2014/IODN/00000009921

The notes on pages 10 to 15 are an integral part of these interim financial statements.

**Condensed interim statement of
changes in equity**

For the three-month period ended 31 March, 2015

Group

	Notes	Share capital	Share premium	Share base Payment reserve	Retained earnings	Equity Contribution reserve	Total	Non-Controlling Interest	Total Equity
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2015		3,781,353	4,567,967	241,676	102,726,500	60,565,334	171,882,830	81,433	171,964,263
Profit for the period		-	-	-	10,102,461	-	10,102,461		10,102,461
Other comprehensive income for the period					-		-		-
Total comprehensive income for the period		-	-	-	10,102,461	-	10,102,461	-	10,102,461
Transaction with owners, recorded directly in equity									
Contributions and distributions									
Equity contribution reserve							-		-
Issue of Ordinary shares		183,198	60,382,136			(60,565,334)	-		-
Share based payment charge				51,000			51,000		51,000
Share based payment recharge									-
Dividends									-
Unclaimed dividends written back									-
Total contributions and distributions	-	183,198	60,382,136	51,000	-	(60,565,334)	51,000	-	51,000
Changes in ownership interest									
Acquisition of subsidiary							-	(333)	(333)
Total transactions with owners of the company							-	(333)	(333)
Balance as at 31st March, 2015		3,964,551	64,950,103	292,676	112,828,961	-	182,036,291	81,100	182,117,391

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2015

Company

	Notes	Share capital	Share premium	Share base Payment reserve	Retained earnings	Equity Contribution reserve	Total
		N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2015		3,781,353	4,567,967	241,676	102,726,500	60,565,334	171,882,830
Profit for the period		-	-	-	10,105,242	-	10,105,242
Other comprehensive income for the period							
Total comprehensive income for the period		-	-	-	10,105,242	-	10,105,242
Transaction with owners, recorded directly in equity							
Contributions and distributions							
Equity contribution reserve							-
Issue of Ordinary shares		183,198	60,382,136			(60,565,334)	-
Share based payment charge				51,000			51,000
Share based payment recharge							
Dividends							
Unclaimed dividends written back							
Total contributions and distributions	-	183,198	60,382,136	51,000	-	(60,565,334)	51,000
Changes in ownership interest							
Acquisition of subsidiary							-
Total transactions with owners of the company					-	-	
Balance as at 31st March, 2015		3,964,551	64,950,103	292,676	112,831,742	-	182,039,072

STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2014

Company

	Notes	Share capital N'000	Share premium N'000		Share based payment reserve N'000	Retained earnings N'000	Total equity N'000
Balance at 1st January 2014		3,781,353	4,567,967	-	50,114	103,959,751	112,359,185
Profit for the period		-	-	-		10,059,566	10,059,566
Other comprehensive income for the period		-	-	-			
Total comprehensive income for the period						10,059,566	10,059,566
Transaction with owners, recorded directly in equity							
Share based payment charge		-	-	-	-	-	-
Share based payment recharge		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Unclaimed dividends written back		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Balance at 31st March 2014		3,781,353	4,567,967	-	50,114	114,019,317	122,418,751

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three-month period ended 31 March, 2015

Notes	Group 2015 N'000	Company 2015 N'000	Company 2014 N'000
Cash flows from operating activities			
Profit for the period	10,102,128	10,105,242	10,059,566
Adjustments for:			
Depreciation	6,363,903	6,359,523	6,408,888
Amortization of intangible assets	448,602	448,602	116,013
Finance income	(106,829)	(106,829)	(38,314)
Interest expenses	1,042,554	1,043,820	945,547
Gratuity, employee benefit and share based payment charges	766,563	766,563	567,000
(Gain)/loss on sale of property, plant and equipment	587,301	587,301	(789,524)
Income tax expense	4,336,340	4,336,340	4,650,796
	23,540,562	23,540,562	21,919,972
Changes in:			
Inventories	(1,998,628)	(1,998,628)	1,024,038
Trade and other receivables	(5,150,133)	(5,150,133)	(8,681,388)
Prepayments	92,671	92,671	(453,635)
Trade and other payables	(3,109,156)	(3,109,156)	(5,352,112)
Deposit for imports	(3,798,592)	(3,798,592)	(3,856,003)
	9,576,724	9,576,724	4,600,872
Cash generated from operating activities			
Income tax paid	(7,070)	(7,070)	
Gratuity paid	(1,176,381)	(1,176,381)	(180,947)
Long service awards paid	(141,618)	(141,618)	(143,451)
VAT paid*	(3,421,639)	(3,421,639)	(3,885,340)
	4,830,016	4,830,016	391,134
Net cash from operating activities			
Cash flows from investing activities			
Finance income	106,830	106,830	38,314
Proceeds from sale of property, plant and equipment	40,518	40,518	819,707
Cash paid for the merger per the scheme document	(4,347,275)	(4,347,275)	-
Acquisition of property, plant and equipment	(5,854,161)	(5,854,161)	(6,432,199)
Acquisition of intangible assets	(13,244)	(13,244)	(2,070)
	(10,067,332)	(10,067,332)	(5,576,248)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from loans and borrowings	5,000,000	5,000,000	27,000,000
Interest paid	(328,147)	(328,147)	(945,548)
Dividends paid	(693,137)	(693,137)	(248,717)
	3,978,716	3,978,716	25,805,735
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents	(1,258,600)	(1,258,600)	20,620,621
Cash and cash equivalents at 1 st January	5,469,877	5,468,699	9,528,848
Cash and cash equivalents at 31st March	4,211,277	4,210,099	30,149,469
Represented by:			
Cash balance	20,288,219	20,287,041	30,392,071
Bank Overdraft	(16,076,942)	(16,076,942)	-
	4,211,277	4,210,099	30,392,071

The notes on pages 10 to 15 are an integral part of these financial statements.

* Value Added Tax (VAT) paid shown separately above has been adjusted for in deriving the change in trade and other payables. Due to effective date of the merger being 31st December 2014, the condensed statement of cash flows for the comparative period excludes the cash flows of the dissolved Consolidated Breweries Plc.

Notes to the condensed interim financial statements

1. REPORTING ENTITY

Nigerian Breweries Plc, a public Company quoted on the Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. a company domiciled in the Netherlands, the latter having a 54.29% interest in the equity of Nigerian Breweries Plc. The registered office is 1, Abebe Village Road, Iganmu, Lagos. The condensed interim financial statements of the Company as at and for the three-months period ended 31st March 2015 comprise the Company and its subsidiaries.

The financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2014 are available upon request from the Company's registered website www.nbplc.com/investor_relations

2. BASIS OF PREPARATION

a. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2014.

These condensed interim financial statements were approved by the Board of Directors of the Company on April 22, 2015.

b. Functional and presentation currency

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

c. Use of estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31st December 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

a. General

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31st December 2014.

b. Income tax

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

4. SEASONALITY

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

5. PRO-FORMA RESULTS AT A GLANCE

The pro-forma results at a glance for the three-month period ended 31st March set out below have been prepared for illustrative purposes only, to show the revenue and results of the combined entities (Nigerian Breweries Plc and Consolidated Breweries Plc) as though the effective merger date had been 1st January 2014. While this provides some understanding of the combined entities track record, the pro-forma information does not purport to represent what Nigerian Breweries Plc's actual results would have been had the merger actually occurred on 1st January 2014, nor are they indicative of future results of operations.

	2015	2014	Change
	N'000	N'000	%
Revenue	69,921,597	78,695,718	(11.15)
Results from operating activities	16,372,276	16,915,633	(3.21)
Net Profit after Tax	10,105,242	10,841,049	(6.79)

6. ANALYSIS OF EXPENSES BY NATURE

For the three -month period ended 31st March

	Group/Company	Company
	2015	2014
	N'000	N'000
Raw materials and consumables	17,196,019	16,542,433
Advertising and sales expenses	4,117,117	5,319,472
Depreciation	6,359,523	6,408,888
Amortization	448,602	116,012
Employee benefits (see note 9)	9,821,444	9,239,720
Distribution	4,996,083	5,154,292
Repairs and Maintenance	7,069,012	7,021,106
Royalty and technical service fees	2,887,594	2,576,261
Others	783,052	1,298,459
Total cost of sales, marketing & distribution and administration expenses	53,678,445	53,676,643

7. INTEREST INCOME , INTEREST EXPENSES AND OTHER NET FINANCE EXPENSES

Net finance income and expenses for the three-months period ended 31st March 2015 amounted to ₦1.9billion (three-months period ended 31st March 2014: ₦0.9billion) reflecting a higher debt level and average effective interest rate on outstanding debts.

a. Finance income

Interest income for the three-month period ended 31st March 2015 amounted to ₦107 million (three-month period ended 31st March 2014: ₦38.3 million).

b. Finance expense

Interest expenses for the three-month period ended 31st March 2015 amounted to ₦1 billion (three-months ended 31st March 2014: ₦424 million expenses).

Other net finance expenses for the three-months period ended 31st March 2015 amounted to ₦633 million (three-months ended 31st March 2014: ₦187.4 million expenses). The interest expenses on the net pension liability for the period ended 31st March 2015 amounted to ₦360 million (three-month period ended 31st March 2014: ₦334 million).

8. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the three-months period ended 31st March 2015 was 30 per cent (for the three-months period ended 31st March 2014: 30 per cent).

9. PROPERTY PLANT AND EQUIPMENT**Acquisitions**

During the three-months period ended 31st March 2015 the Company acquired, plant and equipment with a cost of ₦5.86 billion (three-month period ended 31st March 2014: ₦6.43 billion).

Capital commitments

As at 31st March 2015, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦6.84 billion (31st March 2014: ₦5.0 billion).

10. MERGER UPDATE

Nigerian Breweries Plc offered 4 of its ordinary shares for every 5 ordinary shares of Consolidated Breweries Plc, with the option for Consolidated Breweries Plc shareholders to elect cash. The value of the newly issued shares and cash surrendered gave a total consideration of ₦65.1 billion which is the deemed purchase price. In total 366,396,456 new ordinary shares of the Company arose to be issued from the merger.

On the 29th January 2015, the Securities and Exchange Commission registered 366,396,456 new ordinary shares. The equity contribution reserve of ₦60.6 billion was added to the share capital (₦183.1 million) and share premium (₦60.4 billion) respectively. The cash election was paid to the shareholders via the Company's registrar on 30th January, 2015.

The former employees of the now dissolved Consolidated Breweries Plc held shares via an employee stock trust fund. The shares were presented as treasury stock and settled in cash by Nigerian Breweries as part of the cash consideration. The value of the treasury stock was netted against the cash consideration paid to the former Consolidated Breweries Plc employees, the impact on goodwill is presented below.

	N'000
Consideration for cash election	4,569,177
<u>Equity consideration, fair value of new ordinary shares to be issued</u>	<u>60,565,334</u>
<u>Total consideration</u>	<u>65,134,511</u>
Net assets acquired	(34,385,084)
Settlement of treasury stock	(221,839)
Goodwill	30,527,588

11. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities classified as held for sale follow the commitment of the Company to a plan to sell certain assets and liabilities. Efforts to sell these assets and liabilities have commenced and are expected to be completed within one year from the date of classification as held for sale.

12. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31st December 2014.

13. EQUITY

Reserves

The reserves consist of share premium, share-based payment, equity contribution reserves and retained earnings. The main variance in comparison to prior year is driven by issue of shares as a result of the merger with Consolidated Breweries Plc

Weighted average number of shares (basic and diluted)

For the three-months period ended 31st March
In shares

	2015	2014
1st January		
Weighted average number of shares	7,562,704,432	7,562,704,432
Effect merger with Consolidated Breweries Plc	366,396,456	-
31st March		
Weighted average number of shares	<u>7,929,100,888</u>	<u>7,562,704,432</u>

Dividends

The Board has recommended for approval to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of ₦37,205,233,648 (thirty seven billion, two hundred and five million, two hundred and thirty three thousand, six hundred and forty eight naira only), that is, ₦4.75 (four naira seventy-five kobo) per share. If approved, the payment of the dividend will be made on Thursday, 14th May 2015 to shareholders whose names appear on the Company's Register of Members at the close of business on Wednesday, 4th of March, 2015. Having earlier paid an interim dividend of approximately ₦9.5 billion that is ₦1.25 per share which was declared in October 2014, the final dividend will be ₦27,751,853,108 (twenty seven billion, seven hundred and fifty one million eight hundred and fifty three thousand and one hundred and eight naira only) that is ₦3.50 per share. The proposed dividend has not been provided for and there are no income tax consequences.

14. NET INTEREST-BEARING DEBT POSITION

	31st March 2015 N'000	31st December 2014 N'000
Non-current interest-bearing Liabilities	29,670,000	24,670,000
Bank overdrafts	16,076,942	230,380
Cash, cash equivalents and current Other investments	(20,287,040)	(5,699,079)
Net interest-bearing debt position	<u>25,459,902</u>	<u>19,201,301</u>

The change in interest-bearing debt position of ₦6.3billion is occasioned by increase in short-term financing during Q1, 2015.

15. CONTINGENCIES

No material updates in comparison with 2014 year-end reporting were identified that need to be reported.

16. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first three-months period ended 31st March 2015 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2014.

17. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31st March 2015 that have not been adequately provided for or disclosed in these condensed interim financial statements.