Nigerian Breweries Plc
RC: 613

2017 Annual Report & Accounts

Winning with Nigeria

OUR NIGERIA
OUR FOOTBALL
NIGERIA PROFESSIONAL
FOOTBALL LEAGUE
STAR
OFFICIAL BEER PARTNER
PREMIUM QUALITY
STAR
Cold Filtered
FINEST LAGER BEER
OFFICIAL BEER PARTNER
NPFL
18+
Drink Responsibly

CONTENTS

MISSION STATEMENT, VISION AND CORE VALUES

MISSION STATEMENT

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

VISION

"To be a World-Class Company"

CORE VALUES

Respect;
Passion for Quality;
Enjoyment and
Performance.

COMPANY PROFILE

Nigerian Breweries Plc, the pioneer and largest brewing Company in Nigeria was incorporated in 1946 as Nigerian Brewery Limited. In June 1949, the Company recorded a landmark when the first bottle of STAR lager beer rolled off its Lagos Brewery bottling lines. This first brewery in Lagos has undergone several optimisation processes.

In 1957, the Company commissioned its second brewery in Aba and the name became Nigerian Breweries Limited. This was followed by Kaduna Brewery in 1963 and Ibadan Brewery in 1982. Following the coming into effect of the Companies and Allied Matters Act in 1990, the name of the Company was changed to Nigerian Breweries Plc to reflect its public limited liability status.

In 1993, the Company acquired its fifth brewery in Enugu and in 2003, a sixth brewery (Ama Brewery), sited at Amaeke Ngwo in Enugu State was commissioned. Ama Brewery remains the biggest brewery in Nigeria. Operations in the old Enugu Brewery were discontinued in 2004 following the completion of Ama Brewery. An ultra-modern malting plant was acquired in Aba in 2008.

In October 2011, the Company acquired majority equity interests in two companies, Sona Systems Associates Business Management Limited (Sona Systems), with two breweries in Ota and Kakuri, Kaduna, and Life Breweries Company Limited (Life Breweries) with a brewery in Onitsha (now used as a Distribution Centre). Another malting plant (located in the Kakuri, Kaduna Brewery) was acquired as part of the Sona Systems acquisition. Sona Systems and Life Breweries were merged with the Company in the middle of 2012. At the end of 2014, an enlarged Nigerian Breweries Plc emerged from the merger with Consolidated Breweries Plc. Three breweries at Imagbon, near Ijebu Ode, Awo-Omamma and Makurdi (now used as a Distribution Centre) were added to the existing eight breweries as a result of the merger.

Thus, from a humble beginning in 1946, the Company now has nine fully operational breweries from which its high quality products are produced and distributed to all parts of Nigeria, in addition to the two malting plants in Aba and Kaduna. It also has Sales Offices and Distribution Centres across the country.

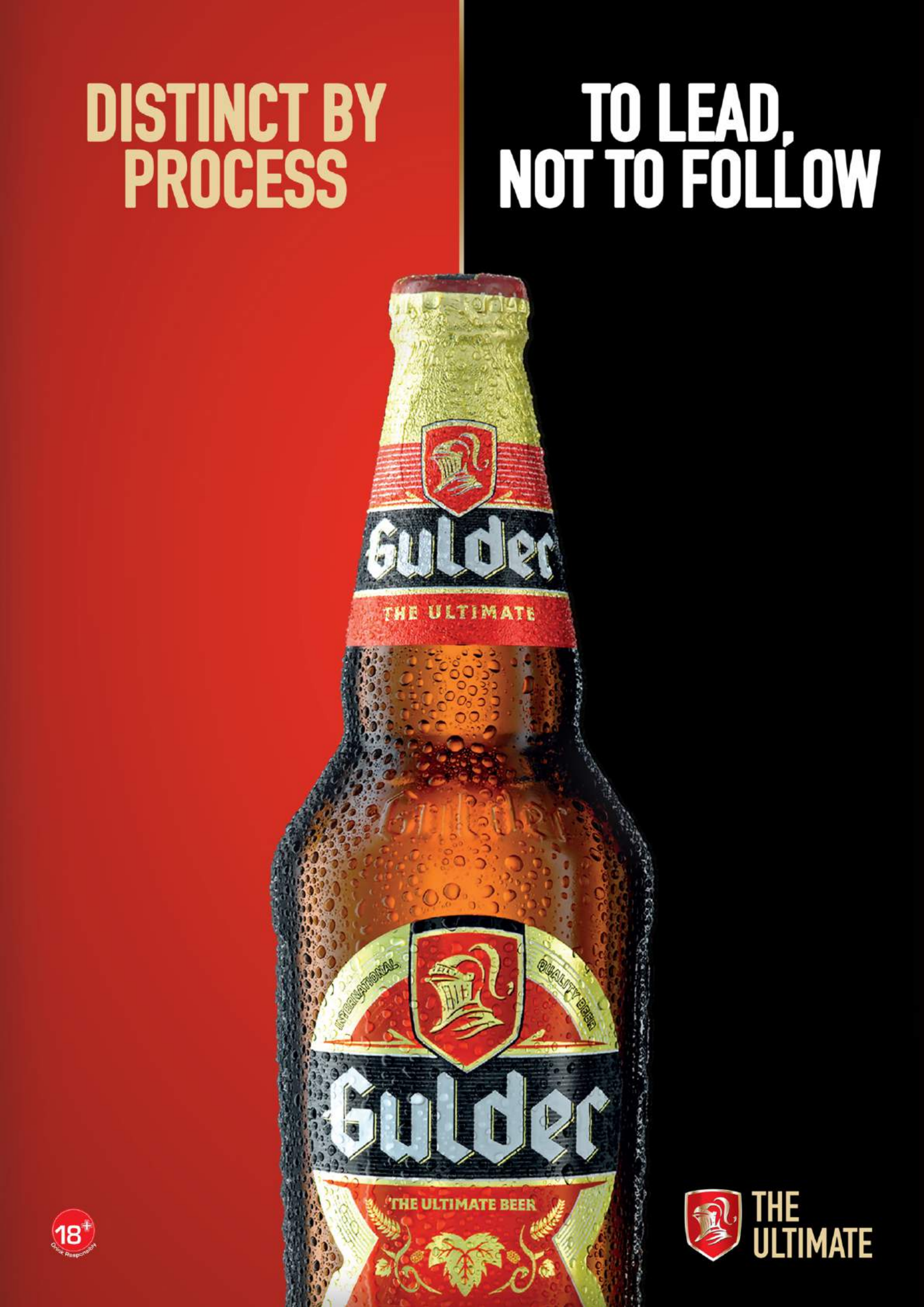
Nigerian Breweries Plc has a rich portfolio of high quality brands: **Star** lager beer was launched in 1949, followed by **Gulder** lager beer in 1970. **Maltina**, the nourishing malt drink, was introduced in 1976, followed by **Legend Extra Stout** in 1992 and **Amstel Malta** in 1994. **Heineken** lager beer was re-launched into the Nigerian market in 1998. **Maltina Sip-it**, packaged in Tetrapaks was launched in 2005, while **Fayrouz**, the premium non-alcoholic soft drink, was launched in 2006. **Climax**, a herbal energy drink was launched in 2010. Following the acquisition of Sona Systems and Life Breweries in 2011, **Goldberg** lager, **Malta Gold** and **Life Continental** lager, were added to the brand portfolio. The Company increased its portfolio of brands in 2014 with the addition of **Ace Passion** in addition to two line extensions of the Star brand - **Star Lite** and **Star Radler**. Also in 2014 as a result of the merger with Consolidated Breweries, **"33" Export** lager beer, **Williams** dark ale, **Turbo King** dark ale, More lager beer and two malt drinks, **Maltex** and **Hi Malt** became part of the Company's product offering. In 2015, the globally acclaimed premium apple cider, **Strongbow (Gold Apple)** was launched. **Star Triple X**, a further line extension of the Star brand in addition to two line extensions of the Ace brand - **Ace Roots** and **Ace Rhythm** were added to our portfolio in 2015. In 2017, the Ace brand was further extended with the launch of **Ace Desire**, a ready-to-drink "Zobo" flavoured alcoholic offering. Also launched in 2017, was a premium international brand, **Stella** lager beer, a product with an innovative and unique brewing technique.

The Company has an export business which dates back to 1986. The current export destinations are the United Kingdom, the Netherlands, United States of America, other parts of Africa as well as part of the Middle East and Asia.

As a major brewing company, Nigerian Breweries Plc encourages and has indeed played major roles in the establishment of ancillary businesses. These include the manufacture of bottles, cans, crown corks, labels, cartons, plastic crates and service providers including those in the hospitality sector, distribution, transport, event management, advertising and marketing communication.

The Company was listed on the floor of The Nigerian Stock Exchange (NSE) in 1973. As at 31st December, 2017, it had a market capitalisation of approximately ₦1.1 trillion, making it one of the topmost companies in Nigeria by market capitalization. It has received several awards in the capital market including, The NSE President's Merit Award in the Brewery Sector, The NSE Quoted Company of the Year Award, The NSE CEO's Distinguished Award for Compliance, and The NSE CEO's award as the Most Compliant Listed Company on The Nigerian Stock Exchange.

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


DISTINCT BY PROCESS
TO LEAD, NOT TO FOLLOW
Gulder
THE ULTIMATE
INTERNATIONAL QUALITY BEER
Gulder
THE ULTIMATE BEER
18+
Drink Responsibly
THE ULTIMATE

NATIONWIDE PRESENCE

HEADQUARTERS

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

Brewery/Malting Plant Locations

Lagos Brewery
Abebe Village Road, Iganmu
P.O. Box 86, Apapa-Lagos
Tel: (01) 2717400-20 Ext: 2734

Ibadan Brewery
Ibadan/Ife Road
P.O. Box 12176, Ibadan
Tel: (01) 2717405

Kudenda Brewery
1A, Kudenda Industrial Area
Plot A4-C2, P.O. Box 6010
Kaduna South
Tel: (01) 2717400 Ext: 87101

Kudenda Malting Plant
1A, Kudenda Industrial Area,
Plot A4-C2, P.O. Box 6010
Kaduna South
Tel: (01) 2717400 Ext: 87101

Aba Brewery
Industry Road
P.O. Box 497, Aba
Tel: (01) 2717403

Ama Brewery
Amaeke Ngwo. 9th Mile Corner
P.M.B. 01781, Enugu
Tel: (01) 2717407

Awo-Omamma Brewery
Km 24, Owerri/Onitsha Road
Awo-Omamma, Imo State
Tel: 0807 229 0955-6

Aba Malting Plant
Ohuru Village
Ogbor Hill Industrial
Obingwa, Aba
Tel: (01) 2717403

Kakuri Brewery
Industrial Layout, Kakuri
P.M.B. 2116, Kaduna
Tel: (01) 2717404

Ota Brewery
Km 38 Lagos/Abeokuta Expressway
Sango Ota
Tel: (01) 271400 Ext: 86101

Ijebu - Ode Brewery
Epe Road,
Imagbon Village, Ogun State
Tel: 0807 209 1310

Sales Regions

Lagos Business Unit
Headquarters Annex
Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400 Ext: 2816

West Business Unit
Km 3, Ibadan-Ife Road
P.O. Box 813, Ibadan
Tel: (01) 2717400 Ext: 5807

Mid-West Business Unit
42, Ihama Road
GRA, Benin City
Tel: (01) 2717400 Ext: 6508

Central Business Unit
Plot 413, Idu Industrial Layout
Abuja, FCT
Tel: (01) 271400 Ext: 6210

North Business Unit
Industrial Layout, Kakuri
Kaduna
Tel: (01) 2717400 Ext: 4807

East Business Unit
Plot 10, Ebeano Estate
New Haven
Enugu
Tel: (01) 2717400 Ext: 6306

South Business Unit
Industry Road
P.O. Box 496, Aba
Tel: (01) 2717400 Ext: 3805

DIRECTORS AND OTHER CORPORATE INFORMATION

Directors:

Chief Kolawole B. Jamodu, CFR	-	Chairman
Mr. Jordi Borrut Bel *(Spanish) (appointed wef 22/01/18)*	-	Managing Director/CEO
Mr. Johan A. Doyer *(Dutch) (interim 16/06/17 - 21/01/18)*	-	Managing Director/CEO
Mr. Nicolaas A. Vervelde *(Dutch) (resigned wef 16/06/17)*	-	Managing Director/CEO
Mr. Olusegun S. Adebanji	-	Non-Executive
Chief Samuel O. Bolarinde	-	Non-Executive
Mr. Hubert I. Eze *(resigned wef 31/01/18)*	-	Sales Director
Mr. Victor Famuyibo *(resigned wef 27/01/18)*	-	Human Resource Director
Mr. Sijbe Hiemstra *(Dutch)*	-	Non-Executive
Mr. Franco M. Maggi *(Italian)*	-	Marketing Director
Dr. Obadiah O. Mailafia	-	Non Executive
Mrs. Ndidi O. Nwuneli, MFR	-	Non-Executive
Mrs. Ifueko M. Omoigui Okauru, MFR	-	Non-Executive
Mr. Atedo N.A. Peterside, CON	-	Non-Executive
Mr. Roland Pirmez *(Belgian)*	-	Non-Executive
Mr. Mark P. Rutten *(Dutch)*	-	Finance Director
Mr. Hendrik A. Wymenga *(Dutch)*	-	Supply Chain Director

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 Auditor:
Deloitte & Touche (previously known as Akintola Williams Deloitte)
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Tel: (01) 9041700
www.deloitte.com.ng

Registrars:
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road
Iganmu
P.M.B. 12692, Marina, Lagos
Tel (01) 2701079; 2799880
www.firstregistrarsnigeria.com

COMPANY RESULTS AT A GLANCE

FOR THE YEAR ENDED 31ST DECEMBER

	2017	2016	% Change
In millions of Naira			
Revenue	344,563	313,743	9.8
Results from operating activities	57,126	52,908	8.0
Profit for the year	33,009	28,397	16.2
Declared dividend*	28,454	36,474	(22.0)
Share capital	3,998	3,965	0.8
Total equity	178,151	165,806	7.4
Data per 50 kobo share in Kobo			
Earnings	413	358	15.6
Declared dividend*	358	460	(22.2)
Net Assets	2,237	2,091	7.0
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared	100	100	-
Final dividend proposed**	313	258	21.3
Stock Exchange Information			
Stock Exchange quotation in Naira per share	134.90	147.99	(8.8)
Number of shares issued	7,996,902	7,929,100	0.9
Market capitalisation in ₦: million	1,078,782	1,173,428	(8.1)
Number of employees	3,328	3,646	(8.7)
Ratios			
Declared dividend coverage (Earnings per share/declared dividend per share)	1.16	0.78	48.6
Current assets/current liabilities	0.56	0.52	7.6
Interest coverage			
Interest coverage (Results from operating activities/interest expense)	5.33	3.86	38.0

NOTE:

* Declared dividend represents the final dividend per share proposed for the preceding year (258 kobo) but declared in the current year and the interim dividend per share declared during the year (100 kobo).

**The Directors propose a final dividend of 313 kobo per share (2016: 258 kobo per share) based on the issued share capital of 7,996,902,051 ordinary shares of 50 kobo each subject to approval by the shareholders at the Annual General Meeting fixed for 20th April, 2018.

BOARD OF DIRECTORS

Chief Kolawole B. Jamodu CFR
Chairman, Board of Directors

Mr. Jordi Borrut Bel
Managing Director/CEO

Mr. Sijbe Hiemstra
Non Executive

Mrs. Ndidi O. Nwuneli MFR
Non Executive

Mr. Franco M. Maggi
Marketing Director

Chief Samuel O. Bolarinde
Non Executive

Mr. Mark P. Rutten
Finance Director

Mr. Atedo N. A. Peterside CON
Non Executive

Uaboi G. Agbebaku Esq
Company Secretary/Legal Adviser

Mr. Hendrik A. Wymenga
Supply Chain Director

Dr. Obadiah O. Mailafia
Non Executive

Mr. Roland Pirmez
Non Executive

Mrs. Ifueko M. Omoigui Okauru MFR
Non Executive

Mr. Olusegun S. Adebanji
Non Executive

BOARD OF DIRECTORS' PROFILE

Chief Kolawole B. Jamodu, CFR
Chairman (Independent Non-Executive Director)

Chief Jamodu was appointed to the Board of Directors as a Non-Executive Director effective the 1st of March, 2006 and became the Chairman effective the 1st of January, 2008. He is a chartered accountant, an industrialist and a former Minister of Industry of the Federal Government of Nigeria. He was re-appointed as Chairman of PZ Cussons Nigeria Plc in 2014 after a previous stint as Chairman and Group Chief Executive of the PZ Group. He is a former Chairman of Universal Trust Bank Plc. He is the immediate past President of the Manufacturers' Association of Nigeria (MAN) and sits on the Board of United Bank for Africa Plc. Chief Jamodu is a member of the Nigerian Industrial Policy and Competitiveness Advisory Council chaired by the Vice-President of the Federal Republic of Nigeria.

Mr. Jordi Borrut Bel
Managing Director/CEO

Mr. Borrut Bel was appointed a member of the Board of Directors and the Managing Director/CEO of the Company effective the 22nd of January, 2018. He joined the Heineken N.V. group in 1997 as a Sales Representative at Heineken Spain. He has held various commercial positions, first as Distribution Project Manager in Slovakia and thereafter as Brand Manager at Heineken France followed by a Trade Marketing role at Group Commerce in Amsterdam. He returned to Heineken Spain first as Regional Sales Director, then On-Premise National Sales Director and subsequently On-Premise Sales and Distribution Director. Mr. Borrut Bel was, until his appointment to his current position in Nigerian Breweries Plc, the Managing Director of Brarudi SA, the Heineken Operating Company in Burundi.

Mr. Olusegun S. Adebanji
Non-Executive Director

Mr. Adebanji was re-appointed to the Board of Directors as a Non-Executive Director effective 28th 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 path took 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. Mr. Adebanji is also a Non-Executive Director of Beloxxi Industries Limited and the Chairman of Cornerstone Insurance Plc.

Chief Samuel O. Bolarinde
Independent Non-Executive Director

Chief Bolarinde was appointed to the Board of Directors as a Non-Executive Director effective 11th February, 2015. He rose through the ranks to become Managing Director of Vitafoam Nigeria Plc and later Chairman of its Board of Directors. He is an industrialist and currently sits on the Boards of Toyota Nigeria Limited and Sunlink Petroleum Limited. He was a former Chairman of Wema Bank Plc as well as a former Non-Executive Director of the dissolved Consolidated Breweries Plc.

Mr. Sijbe (Siep) Hiemstra
Non-Executive Director

Mr. Hiemstra joined the Board of Directors effective the 1st of August, 2011 after becoming the Heineken Regional President for Africa and Middle East, a positon he held until 17th August, 2015 when he retired from Heineken. He started his Heineken career in January 1978 holding commercial, general management and technical positions in different parts of Europe, Africa and Asia/Pacific.

Mr. Franco Maria Maggi
Marketing Director

Mr. Maggi became a member of the Board of Directors effective the 1st of September, 2015. He joined the Heineken N.V. Group in 2000. He has held finance and marketing positions in Italy, South Africa and Mexico. Mr. Maggi was the Northern Mainstream Portfolio Director in CM/HEINEKEN México prior to joining the Board of Nigerian Breweries Plc.

Dr. Obadiah O. Mailafia
Independent Non- Executive Director

Dr. Mailafia was appointed to the Board of Directors effective the 5th of December, 2014. Dr. Mailafia is a career economist, banker and international development specialist with over 25 years' experience. He was an official of the African Development Bank Group. He was the Chief of Staff of the 80-member African, Caribbean and Pacific (ACP) Group of States based in Brussels, Belgium. He has also served the Federal Government of Nigeria in different capacities - as a Deputy Governor of the Central Bank of Nigeria, as a Special Adviser to the President on Economic and Policy Matters and as a Member of the Economic Management Team headed by the President of the Federal Republic of Nigeria.

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

Mrs. Nwuneli joined the Board of Directors effective the 5th of December, 2014. She is the Founder of LEAP Africa, Co-Founder of AACE Food Processing & Distribution, an indigenous agro-processing company, and a Partner at Sahel Capital, an advisory and consulting firm focused on the agribusiness and nutrition sectors in West Africa. She has over 22 years of private sector and international development experience and sits on the Boards of Nestle Nigeria Plc, Godrej Consumer Products Limited headquartered in India and Fairfax Africa Holdings Corp., a financial services company that operates out of Canada.

BOARD OF DIRECTORS' PROFILE (CONT'D)

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

Mrs. Okauru was appointed to the Board of Directors effective the 20th of February, 2013.

She has over three decades of work experience with proven leadership ability at board and executive management levels in both private and public sectors. She is currently the Managing Partner and co-founder of Compliance Professionals Plc, a compliance consulting company.

She serves as Independent Non-Executive Director on the Boards of Central Securities Clearing System Plc and Seplat Petroleum Development Company Plc; Chairman of the Board of Trustees of the Lagos State Employment Trust Fund (LSETF); Commissioner of the Independent Commission for the Reform of International Corporate Taxation (ICRICT), Chairman of the Nigeria Tax Research Network (NTRN) and founding member of the Board of Trustees of DAGOMO Foundation Nigeria Ltd/GTE. She is also the founder of ReStraL Ltd., owners of the Franklin Covey Franchise in Nigeria, Gambia, Ghana, Liberia and Sierra-Leone.

She was the Executive Chairman of the Federal Inland Revenue Service (FIRS) which she led meritoriously for two consecutive terms.

Mr. Atedo N. A. Peterside, CON
Non-Executive Director

Mr. Peterside was appointed to the Board of Directors effective 21st August, 2008. He is the founder of Stanbic IBTC Bank Plc and the Chairman of Cadbury Nigeria Plc. He is also the Chairman and Founder of ANAP Business Jets Limited. He was the Chairman of the Committee that crafted the first Corporate Governance Code for Public Companies in Nigeria. Mr. Peterside sits on the Boards of Flour Mills of Nigeria Plc, Standard Bank Group Limited, The Standard Bank of South Africa Limited and Unilever Nigeria Plc and is also the Alternate Vice Chairman (Private Sector) of the Nigerian Industrial and Competitiveness Advisory Council, which is chaired by the Vice President of the Federal Republic of Nigeria.

Mr. Roland Pirmez
Non-Executive Director

Mr. Pirmez joined the Board of Directors effective the 1st of September, 2015 shortly after becoming the Heineken Regional President for Africa, Middle East and Eastern Europe. He started his Heineken career in 1995 and has held general management positions within the Heineken N.V. Group in Africa, Asia and Europe. He was, until his current position, the Regional President for Asia Pacific.

Mr. Mark P. Rutten
Finance Director

Mr. Rutten was appointed to the Board of Directors effective the 1st of August, 2014. He joined the Heineken N.V. Group in 2000 and has occupied various finance positions in Europe and Africa. Prior to his appointment to the Board, he was the Finance Director of Bralima Brewery (the Heineken operating company in Democratic Republic of Congo).

Mr. Hendrik A. Wymenga
Supply Chain Director

Mr. Wymenga became a member of the Board of Directors effective the 1st of September, 2010. He started his Heineken N.V. career in 1994 when he joined the Technological Department of Vrumona B.V., a subsidiary of Heineken N.V. He has subsequently brought his technical expertise to bear in packaging, brewing, production and supply chain within the Heineken N.V. Group in Europe, the Caribbean and the Americas. Before his current appointment to the Board of Directors as the Technical Director, Mr. Wymenga was the Regional Supply Chain Manager, Heineken Americas.

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

Mr. Agbebaku was appointed as Secretary to the Board of Directors effective the 1st of January, 2008. He joined the Company in January, 2003 as the Legal Affairs Manager. Before then, he was in private practice as a legal practitioner with the law firm of David Garrick & Co. He is a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria.


NB
Progress is Our Culture
PREMIUM QUALITY
Life
CONTINENTAL LAGER BEER
18+
DRINK RESPONSIBLY
Life ...For Progress

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 72nd Annual General Meeting of Nigerian Breweries Plc will be held in the Shell Nigeria Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on **Friday, 20th April, 2018** at **10.00 a.m.** for the following purposes:

A ORDINARY BUSINESS

1. To lay before the meeting, the Report of the Directors and the Statement of Financial Position as at 31st December 2017, together with the Income Statement for the year ended on that date and the Reports of the Independent Auditor and the Audit Committee thereon.

2. To declare a dividend.

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

4. To authorise the Directors to fix the remuneration of the Independent Auditor.

5. To elect members of the Audit Committee.

B. SPECIAL BUSINESS

6. To fix the remuneration of the Directors.

7. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

   "That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed."

Dated the 13th of February, 2018.

By Order of the Board.

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

Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria

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 need not be a member. A Proxy Form is attached to the Annual Report 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 and Investor Services 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, a shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary/Legal Adviser, not later than 21 days before the Annual General Meeting.

(c) **DIVIDEND**
A total dividend of **₦33,027,205,471** (thirty three billion, twenty seven million, two hundred and five thousand, four hundred and seventy one naira only), that is, **₦4.13** (four naira thirteen kobo) per share for the 2017 financial year, has been recommended by the Board for approval. Having earlier paid an interim dividend of **₦7.9** billion that is **₦1.00** per share which was declared in October 2017, the final dividend will be **₦25,030,303,420** (twenty five billion, thirty million, three hundred and three thousand, four hundred and twenty naira only) that is, **₦3.13** (three naira thirteen kobo) per share. If approved, the final dividend will be payable on **Monday, 23rd April, 2018**, to shareholders whose names appear on the Company's Register of Members at the close of business on **Tuesday, 6th of March, 2018**.

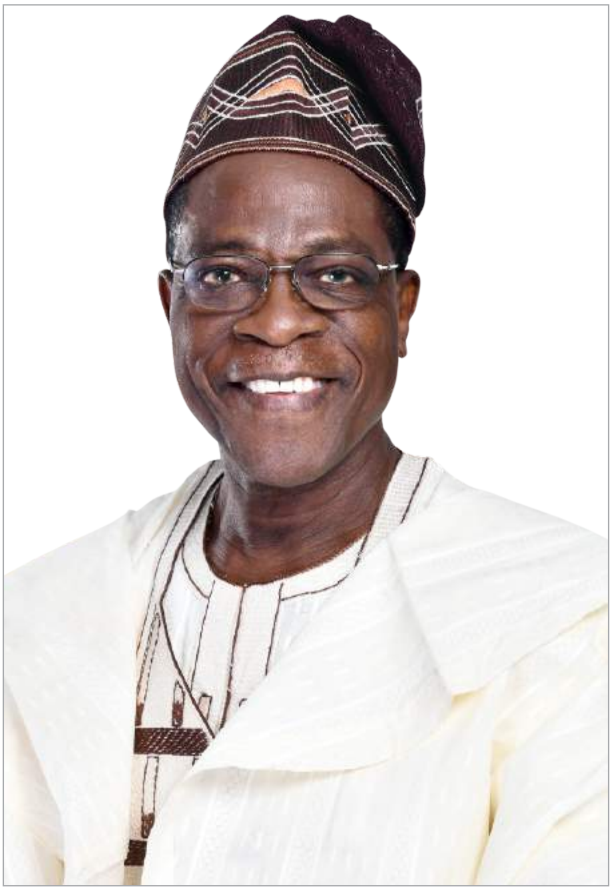
(d) **CLOSURE OF REGISTER**
The Register of Members and Transfer Books of the Company will be closed from **Wednesday, 7th March, 2018** to **Tuesday, 13th March, 2018** (both dates inclusive), for the purpose of preparing an up-to-date Register of Members.

(e) **GENERAL MANDATE**
In line with The Nigerian Stock Exchange Rules on Transactions with Related Parties, the Company is required to seek a renewal of the general mandate from shareholders as per item 7 of the agenda above. Members had unanimously given a general mandate to the Company at the last Annual General Meeting to enable it enter into related party transactions for the Company's day-to-day operations.

(f) **SHAREHOLDERS' RIGHT TO ASK QUESTIONS**
Shareholders have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the said Meeting. Such questions must be submitted to the Company through the Company Secretary/Legal Adviser on or before **Friday, 6th day of April, 2018**.

THERE'S ONLY ONE YOU
THERE'S ONLY ONE STELLA

CHAIRMAN'S ADDRESS



CHIEF KOLAWOLE B. JAMODU, CFR
Chairman (Independent Non-Executive Director)

My fellow Shareholders, distinguished ladies and gentlemen, it is my pleasure to once again welcome you, on behalf of the Board of Directors, to another Annual General Meeting ("AGM") of our great Company, Nigerian Breweries Plc. This will be the 72nd AGM, underlying the fact that our Company has come a long way. You all should be proud to have contributed to the longevity of our Company.

As it is customary, I would like to first do a quick review of the 2017 operating environment, touching on its impact on businesses and consumers as well as a brief look at the expectations for 2018.

2017 Business/Operating Environment

The tough 2016 macro-economic environment which culminated in the country going into a period of recession, continued into the early part of 2017. In the later part of the year however, there was a positive upturn in the economy with a marginal growth of 0.55% in the second quarter and another growth of 1.4% in the third quarter, signalling an exit from recession after five consecutive quarters of contractions. The turnaround thus presented a positive outlook for the economy and a boost for investors' confidence. Improvement in crude oil price and production output were major contributors to the recovery. Other factors were the improvement in liquidity in the foreign exchange market and the commitment of the Government to the ease of doing business initiatives. The National Bureau of Statistics, reported that $12.2 billion of foreign (capital) investment came into the country in 2017, an increase of 138% over the $5.4 billion in 2016. The annual GDP growth for 2017 was a positive 0.8% compared to the contraction of -1.58% in 2016.

We commend Government for the efforts that led to the country's exit from recession. We look forward to the turnaround also impacting on welfare especially with regard to lower food prices, affordable healthcare, cost of transportation, good roads, constant power supply and security of lives and property amongst others. Unemployment rate remained high during the year and the challenge of workers in the public sector being paid as and when due remained. Also and despite the actions taken in 2016 to liberalise the downstream sector of the petroleum industry which led to an increase of about 70% in the pump price of petrol, the issue of constant supply and availability of the product in some parts of the country remained.

For businesses in general and manufacturing in particular, 2017 was a mixed bag. Access to foreign exchange improved considerably. There was relative stability in the exchange rates and availability of foreign exchange. The actions of the Central Bank of Nigeria including the introduction of the Investors and Exporters Window, led to the improvement in liquidity which enhanced the capability to import raw materials, boosted capacity utilisation and helped in the payment of financial commitments to foreign trade partners. On the flip side of the coin however, there were high interest rates, dearth of social infrastructures including power generation and transmission, deplorable roads, multiple taxation and low purchasing power leading to high cost of doing business. Congestions in the Lagos ports combined with traffic congestion on the access roads to the ports were added bottlenecks for businesses with attendant consequences of loss of man hours, increased cost of haulage and delays in the movement of raw and packaging materials across the country. While acknowledging the on-going collaboration between Government and the private sector to fix the roads, urgent action is required in the short term to ease movements in the affected areas, considering the importance of the Lagos ports to the entire country.

Following from the recovery of key macro-economic indicators, the market capitalisation of the equities market grew by about 47% from ₦9.25 trillion at the end of 2016 to ₦13.62 trillion at the end of 2017. The Nigerian Stock Exchange ("The NSE") ended 2017 as the best performing exchange in Africa and the third best in the world; our Company remained one of the most capitalised companies listed on The NSE.

The Brewed Product Market in 2017

The brewed product market was relatively stable in the year, notwithstanding the modest growth recorded in the economy. In the face of pressure on consumer purchasing power, down trading to lower priced brands continued in the year with the new Mainstream (former Value-for-Money) segment sustaining its growth at the expense of the Premium segment. Aggressive competition by way of discounts and promotions characterised the market in 2017. With our unrelenting focus on our strategic initiatives of Cost Leadership (hinged on a strong central backbone with efficient processes), Market Leadership (supported by our strong brands), and continuous implementation of our innovation agenda, we retained our leadership position in the market.

Review of 2017 Operations

Being a brand-led and consumer-focused Company, we maintained our connection with our consumers through various brand and consumer engagement activities. Our flagship brand, ***Star Lager***, partnered with the Lagos State Government to present the *One Lagos Fiesta*. A major landmark of the one-week event was the unveiling of the first of its kind, Eyo statue made out of more than three thousand creatively stacked ***Star Lager*** crates, - it was indeed the center of attraction all through the fiesta. The brand continued its strong support to local and international football. In addition to on the ground activities on match days across the country, coaching clinics were ran by Arsenal FC coaches for local coaches thereby helping to further develop the Nigerian Professional Football League. Two leading European football clubs, FC Barcelona and Chelsea FC were added to the "Star League", in 2017, joining the other clubs already being sponsored - Arsenal FC, Juventus FC, Manchester City FC, Paris Saint-Germain FC, and Real Madrid CF.

Our consumer rewarding activities included:

- the now classic UEFA Champions League Final VIP Experience hosted by ***Heineken***®, where consumers and customers enjoyed the 2017 UEFA Champions League Final in Cardiff, Wales;
- the *Ultimate Vacation* for many lucky ***Gulder*** consumers who were rewarded with all-expense paid Ultimate VIP trip to Dubai; and
- a fantastic malt crafting experience for consumers of ***Amstel Malta*** in the *Amstel Malta Plant Tour*.

Still on consumers, ***Maltina***, the nourishing No. 1 Malt drink in Nigeria, partnered with the world-famous family entertainment brand, ***Nickelodeon***, to successfully host the first ever Nickelodeon Festival, ***NickFest***, in Nigeria. It turned out to be two amazing days of family-centric festival of music, fun and entertainment activities for all ages.

In 2017, the very first Nigerian campaign by ***Heineken***® came to life, reaching an estimated audience of twenty million at launch. The campaign features Jidenna, a Nigerian-born music star making waves in the international entertainment stage. The commercial is unique in being the first time such a campaign with Nigerian cultural background would be produced by the brand. The success of the campaign has seen it being launched in over fourteen other countries across the African continent, as a testament of the powerful insight behind it.

As part of our strategic agenda of Market Leadership supported by innovation, we launched a new international premium lager brand, ***Stella***, into the Nigerian market. Crafted in 1897, by Belgian master brewers, ***Stella*** is the product of a very innovative and unique brewing technique, brewed with natural ingredients - the finest malted barley, high quality hops, and the best quality water. We also launched Ace Desire, a spirit mixed alcoholic drink with that familiar traditional zobo flavor, with natural extracts of Hibiscus for a uniquely intense refreshment.

Our brands have always been avenues of direct and indirect empowerment for Nigerians. In 2017, ***Life Continental*** lager expanded and enhanced the *Life for Progress* empowerment scheme in the Eastern part of the country with two hundred young entrepreneurs receiving cash grants for their businesses. The brand also berthed a talent discovery and consumer engaging programme, *Hi-Life Music Fest* which attracted top Hi-Life artistes including Flavour and Bright Chimezie.

Another of our brands, ***Goldberg***, launched the *Isedowo Empowerment Scheme* in the Western part of the country with three hundred artisans benefiting (cash grants) from the scheme. ***Goldberg*** also developed further the *Ariya Repete* programme, to celebrate both *fuji* and *juju* music. These series of events in the Western part of the country, created an avenue for young Nigerians to showcase their talents as well as helped to promote part of the rich Yoruba culture and heritage.

Through the second pillar of our strategic agenda, Cost Leadership, we recorded substantial savings which contributed to the positive results achieved in 2017. We maintained our focus on efficiencies, cost optimisation in the organisation and elimination of costs that add no value to the consumer. Revenue management is another aspect of the Cost Leadership programme with focus on revenue per hectolitre and optimising investment in commercial activities.

2017 was another year of awards and recognitions for our Company. These included the Performance Earning and Returns Leadership (PEARL) Sectoral Leadership award for Consumer Goods (Breweries); the Best Contributing Employer award of the Industrial Training Fund and the Fair Competition and Creativity award of the Consumer Rights Awareness Advancement and Advocacy Initiative (Goldberg Lager Beer). Others were the Advertisers Association of Nigeria (ADVAN) Awards for marketing excellence in the following categories: Digital/Social Media Marketing ("33" Export Lager Beer); Brand of the Year West Africa (***Heineken***®); Campaign of the Year (***Heineken***®); and Brand Manager of the Year (Obabiyi Fagade).

Our investment in capacity building for our people in particular and the country in general continued in 2017. Our collaboration with the Industrial Training Fund and the Nigeria Employers' Consultative Association which started in 2011 produced another set of twenty five graduates in 2017. We invested over two hundred thousand hours in leadership and functional skills training for our people, and also continued with our young graduate recruitment/management trainee programme. The training facilities in Lagos (Star Academy) and Ibadan (Supply Chain Academy) alongside the satellite training centres of the Supply Chain Academy across the country, helped us in executing our training plans. Our parent company, HEINEKEN N.V. again provided an opportunity for our people to occupy varied roles in different operating companies across the globe. At the end of 2017, we had twenty eight of our Managers, all Nigerians, on international assignments in various Heineken operations world-wide.

Similarly and notwithstanding the operating environment, we kept investing in our brewery operations and facilities. This was to ensure that we kept our operations at the optimum level, enabling us to not only produce the high quality brands that we are known for and which our consumers deserve, but to also ensure that our operations are carried out in the safest, most hygienic and environmentally friendly environment. In that regard, various projects were completed and commissioned in all the Breweries; we had the privilege of having His Excellency, the Executive Governor of Ogun State, Senator Ibikunle Amosun, CON, FCA, personally commissioning a few of such projects in our Ota Brewery.

For our social intervention activities especially in the areas of education, social amenities and service, creative art, community development and the environment, please see our Corporate Social Responsibility (CSR) report on page 42 of the Annual Report and Accounts.

2017 Company Performance

Although the brewed product market recorded a near zero growth in 2017 and despite the overall tough macro-economic operating environment in the year, including double-digit inflation rate, the Company was able to record improvement in its results.

Our Turnover rose by 10% from ₦314 billion in 2016 to ₦345 billion in 2017. Results from Operating Activities (Operating Profit) went up by 8% from ₦53 billion in 2016 to ₦57 billion despite higher input cost and the aforementioned inflation rate. Combined with a lower Net Finance Cost aided by a reduced foreign exchange loss, we ended the year with a Profit After Tax of ₦33 billion, a 16% increase over the ₦28 billion recorded in 2016.

Dividend

My dear Shareholders, your Board is pleased to recommend for your approval at the AGM, the payment of a total dividend of **₦33,027,205,471** (thirty three billion, twenty seven million, two hundred and five thousand, four hundred and seventy one naira only), that is, **₦4.13** (four naira thirteen kobo) per ordinary share of 50 kobo each for the 2017 financial year. The Board had, in October of 2017, approved the payment of an interim dividend of **₦7,996,902,051** (Seven billion, nine hundred and ninety-six million, nine hundred and two thousand and fifty-one naira only) that is **₦1.00** per share. The final dividend being proposed therefore would be **₦25,030,303,420** (twenty five billion, thirty million, three hundred and three thousand, four hundred and twenty naira only) that is, **₦3.13** (three naira thirteen kobo). If approved, the final dividend per share will be subject to the deduction of withholding tax at the appropriate rates. Only Shareholders who were recorded in the Register of Members as at close of business on the **6th of March, 2018**, would benefit from the final dividend which shall be payable on the **23rd of April, 2018**.

I would like to use this opportunity to encourage all Shareholders to join the e-dividend train. The e-dividend is a complete solution to the recurring issue of unclaimed dividends. I commend and fully support the sensitisation efforts of the Securities & Exchange Commission, The Nigerian Stock Exchange and the

Central Securities and Clearing System Plc in this area. For your use, an e-dividend form is included in the Annual Report and Accounts. Kindly tear it off, complete it and return it to our Registrar (First Registrars & Investor Services Limited). The form is also available on our website (www.nbplc.com) and that of the Registrar (www.firstregistrarsnigeria.com).

Board of Directors

Dear Shareholders, there were some changes on the Board of Directors after the last AGM. In June 2017, Mr. Nicolaas A. Vervelde resigned as a Director and as the Managing Director/CEO to enable him take up another appointment in the HEINEKEN Group. The Board thereafter appointed Mr. Johan. A. Doyer as a Director and the Managing Director/CEO in an interim capacity until the 21st of January, 2018. Subsequently, Mr. Jordi Borrut Bel was appointed as a Director and the substantive Managing Director/CEO effective the 22nd of January, 2018. Mr. Borrut Bel will be presented to you at the AGM for an approval of his appointment as a Director as required by the Companies & Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004. Still on the Board, two of the Executive Directors, Messrs Victor Famuyibo and Hubert I. Eze, resigned from the Board effective the 27th and the 31st of January, 2018 respectively. Mr. Famuyibo had attained the mandatory retirement age in the Company of 60 years while Mr. Eze, took up a higher position outside Nigeria in the HEINEKEN Group. The Board and the Company remain grateful to Messrs Vervelde, Doyer, Famuyibo and Eze for their individual contributions to the growth of the Company during their respective tenure on the Board.

The Directors to retire by rotation as required by the Company's Articles of Association and who, being eligible, have offered themselves for re-election are Chief Samuel O. Bolarinde, Mr. Franco Maria Maggi, Dr. Obadiah O. Mailafia and Mrs. Ndidi N. Nwuneli, MFR.

Looking Ahead: 2018

Operating Environment

The Macro-economic environment is expected to be better in 2018 than the previous year with the fundamentals of the economy improving. GDP is projected to grow at between 2% and 4%, crude oil price is expected to stabilise at about $50 per barrel and the headline inflation is projected to inch further downward. To build on the positive indices of 2017, investment in social infrastructure remains critical. We therefore look forward to an early passage of the 2018 budget as well as its full implementation especially in the areas of capital expenditure. The ease of doing business initiatives should be sustained especially in the areas of friendly tax policies, investment policies and multiplicity of exchange rates. We also look forward to the clearing of the traffic bottlenecks in and around the Lagos ports and roads in that axis. For our Lagos Brewery and Headquarters operations especially, this would be a big relief as we are directly impacted by the situation.

Brewed Product Market

The activities that characterised the market in the later part of 2017, discounts and promotions, are expected to remain in 2018. In the face of low disposable income for a great proportion of the populace, consumers are expected to seek for more affordable brands. Even more aggressive competitive activities are therefore expected. Nevertheless, the Board remains confident that our Company has the experience, the people, the brands and the footprint to deal with whatever challenges that the market may bring, thereby continuing to deliver good return on investment to our esteemed Shareholders.

Conclusion

Let me conclude by expressing my sincere thanks to you, my dear Shareholders for your unalloyed trust and confidence in the Company, the Board and the Management. Your continuing support is well appreciated.

To our parent company, HEINEKEN N.V., that believed in this country in 1946 when it led others to incorporate what is today known as Nigerian Breweries Plc, I also say "Thank You" for the wonderful and continuing support that has made us one of the biggest and the best companies in Nigeria. Thank you also for believing in this country.

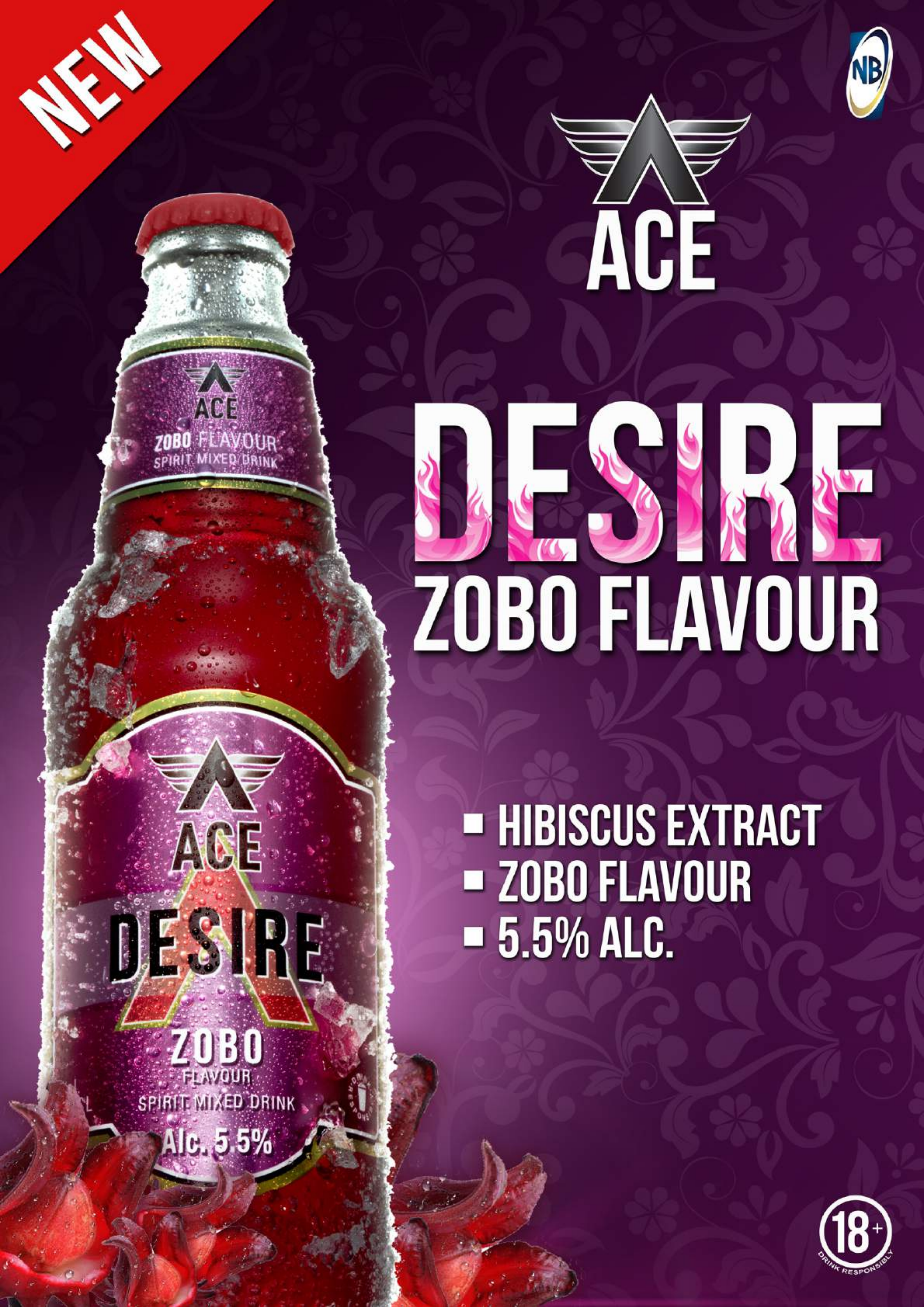
My thanks equally go to all our stakeholders, particularly our Transporters, Distributors, Customers, Consumers, Suppliers, Agencies, Professional Advisers, the Government at both the Federal and State levels and our host communities, for their support.

I thank my fellow Board Members, the Management and every employee for the performance in 2017. Your individual contribution helped to keep us ahead of the pack as the leading beverage company in Nigeria. I count on you to sustain and build on our successes especially in the face of increasing competition.

Above all, to God be the glory.

Thank you and God bless you.

CHIEF KOLAWOLE B. JAMODU, CFR
Chairman, Board of Directors


NEW
ACE
DESIRE
ZOBO FLAVOUR
HIBISCUS EXTRACT
ZOBO FLAVOUR
5.5% ALC.
ACE
ZOBO FLAVOUR
SPIRIT MIXED DRINK
ACE
DESIRE
ZOBO
FLAVOUR
SPIRIT MIXED DRINK
Alc. 5.5%
18+
DRINK RESPONSIBLY

MR. JORDI BORRUT BEL
Managing Director/CEO

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2017

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31st December, 2017.

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, which held approximately 56% interest in the equity of Nigerian Breweries Plc as at 31st December, 2017.

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. See Note 16 to the financial statements.

4. **The Nigerian Breweries-Felix Ohiwerei Education Trust Fund**
   The Nigerian Breweries-Felix Ohiwerei Education Trust Fund was incorporated by the Company and is a sponsored charitable Trust. The proceeds from its investments are disbursed solely for the promotion of education. See Note 34c to the financial statements

5. **Benue Bottling Company Limited**
   Following the merger with Consolidated Breweries Plc, the enlarged Company acquired an 89.3% majority equity interest in Benue Bottling Company Limited (BBCL). The subsidiary, BBCL, is an entity with no business activities that holds land, buildings and some idle production assets. The financial position of the subsidiary has been consolidated in these financial statements.

6. **Review of Operations**
   Although the Nigerian economy officially exited recession in the second quarter of 2017, the aftershocks continued throughout the year. Whilst the foreign exchange situation improved in the course of the year, double digit inflation continued to impact both businesses and consumers. Nevertheless, the Company was able to end the year with improved results through continuous focus and execution of the twin agenda of Cost Leadership and Market Leadership supported by Innovation.

	2017 ₦'000	2016 ₦'000	% Change
Revenue	344,562,517	313,743,147	9.8
Results From Operating Activities	57,126,310	52,908,411	8.0
Profit Before Taxation	46,572,313	39,622,914	17.5
Taxation	(13,563,021)	(11,226,137)	20.8
Profit after Tax	33,009,292	28,396,777	16.2

7. **Dividend**

The Directors are pleased to recommend to Shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of **₦33,027,205,471** (thirty three billion, twenty seven million, two hundred and five thousand, four hundred and seventy one naira only), that is, **₦4.13** (four naira thirteen kobo) per ordinary share of fifty kobo each. The Company had earlier paid an interim dividend of **₦7,996,902,051** (Seven billion, nine hundred and ninety-six million, nine hundred and two thousand and fifty-one naira only) that is, **₦1.00** (one naira only). Thus, the final dividend will be **₦25,030,303,420** (twenty five billion, thirty million, three hundred and three thousand, four hundred and twenty naira only) that is, **₦3.13** per share. If the proposed final dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate and the dividend will become payable on the 23rd of April, 2018, to all Shareholders whose names appear on the Company's Register of Members at the close of business on the 6th of March, 2018.

8. **Shareholding and Substantial Shareholders**

The issued and fully paid-up Share Capital of the Company as at 31st December, 2017 was 7,996,902,051 Ordinary Shares of 50 kobo each. The Register of Members shows that three companies: Heineken Brouwerijen B.V. holding 37.76%, Distilled Trading International B.V. holding 15.47% and Stanbic Nominees Nigeria Limited holding 13.28% held more than 10% of the Company's issued share capital as at the said date. The remaining 33.49% of the issued shares were held by other individuals and institutions. Aside the aforementioned three companies, no other shareholder held more than 5% of the issued share capital of the Company as at 31st December, 2017. Heineken Brouwerijen B.V. and Distilled Trading International B.V. are part of the Heineken N.V. Group.

9. **Distributors**

The Company delivers most of its products nationwide through an extensive network of key distributors, wholesalers, bulk breakers and major retail stores. The names of the major customers are listed on page 124 of this Annual Report and Accounts.

10. **Board of Directors**

The composition of the Board of Directors is as shown on page 8 hereof. The Board is at present made up of nine (9) Non-Executive Directors (including the Chairman) and four (4) Executive Directors.

There were changes on the Board since after the last Annual General Meeting. Following his picking up another appointment in the Heineken Group outside Nigeria, Mr. Nicolaas A. Vervelde resigned from the Board and as the Managing Director/CEO effective 16th of June, 2017. Mr. Johan A. Doyer was subsequently appointed to the Board and as the interim Managing Director/CEO effective the 16th of June, 2017 and on completion of his short term assignment, Mr. Johan A. Doyer resigned from the Board effective the 21st of January, 2018. Consequently, Mr. Jordi Borrut Bel was appointed to the Board and as the substantive Managing Director/CEO of the Company effective the 22nd of January, 2018.

Other changes were the resignations of Messrs. Victor Famuyibo (effective 27th January, 2018) and Mr. Hubert I. Eze (effective 31st January, 2018), the Human Resource Director and Sales Director respectively. While Mr. Famuyibo's resignation followed his attaining the mandatory retirement age in the Company, Mr. Eze's resignation was to enable him pick up a higher appointment in the Heineken Group outside Nigeria. On behalf of Shareholders, the Board thanked Messrs. Vervelde, Doyer, Famuyibo and Eze for their individual contributions to the growth of the Company during their tenures as members of the Board.

The Directors to retire by rotation at the forthcoming Annual General Meeting in conformity with the Articles of Association, and who, being eligible, have offered themselves for re-election at the meeting are Chief Samuel O. Bolarinde, Mr. Franco Maria Maggi, Dr. Obadiah O. Mailafia and Mrs. Ndidi N. Nwuneli, MFR. With regard to the re-election of Chief Bolarinde, who is over 70 years old, special notice to that effect was received from him as required under Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 (hereinafter referred to as "CAMA").

Also, in line with Section 249(1) and (2) of CAMA, Mr. Borrut Bel will be presented at the forthcoming Annual General Meeting for Shareholders' approval of his appointment as a Director.

11. **Statement of Directors' Responsibilities**

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 52 to 115 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by CAMA as well as the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the CAMA and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

12. Record of Directors' Attendance

Further to the provisions of Section 258(2) of CAMA, the Record of Directors' Attendance at Board Meetings during the year under review will be available at the Annual General Meeting for inspection. See also, item 21(a) below.

13. Directors' Interest in Shares

The interest of each current Director in the issued share capital of the Company, as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of CAMA and disclosed in accordance with Section 342 also of CAMA as well as the Listing Rules of The Nigerian Stock Exchange, is as follows:

Name	As at 13th February, 2018	As at 31st December, 2017	As at 31st December, 2016
Chief Kolawole B. Jamodu, CFR	536,704	536,704	486,704
Mr. Jordi Borrut Bel	Nil	N.A.	N.A.
Mr. Olusegun S. Adebanji*	Nil	Nil	200,000
Chief Samuel O. Bolarinde	711,603	711,603	711,603
Mr. Sijbe (Siep) Hiemstra	Nil	Nil	Nil
Mr. Franco M. Maggi	Nil	Nil	Nil
Dr. Obadiah O. Mailafia	Nil	Nil	Nil
Mrs. Ndidi O. Nwuneli, MFR	Nil	Nil	Nil
Mrs. Ifueko M. Omoigui Okauru, MFR	35,992	35,992	35,992
Mr. Atedo N.A. Peterside, CON**	Nil	Nil	Nil
Mr. Roland Pirmez	Nil	Nil	Nil
Mr. Mark P. Rutten	Nil	Nil	Nil
Mr. Hendrik A. Wymenga	Nil	Nil	Nil

*Has indirect holding of 305,334 units of the Company's shares via Callisto Investments Limited.
**Has indirect holding of 10 million units of the Company's shares via The First ANAP Domestic Trust.

14. Agricultural/raw materials improvements

The Company, in conjunction with Heineken Supply Chain B.V. of the Netherlands and other Heineken companies, is involved in activities aimed at development of new Hybrid Sorghum varieties with the potential of increasing the yield/output for sorghum farmers as well as improving the quality of sorghum malt which is a major raw material input in our operations. Two high-yielding hybrid sorghum varieties have been developed and registered by the Company; the process of commercialisation of these hybrids is on-going. The Company has a subsisting consultancy agreement with a Nigerian Professor on the development of sorghum seeds.

The Company has entered into supply agreements with local cassava starch processors whose activities have impacted positively in the communities where they operate. We have an offtake arrangement with a multinational company that has huge investment in the sugarcane value chain. This is aimed at replacing imported sugar in our recipe with a local substitute.

15. Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 14 to the Financial Statements.

16. Gifts and Donations

In 2017, the Company made gifts and donations amounting to ₦76,885,994 (2016: ₦145,972,218) as follows:

Beneficiary/Project	Naira
Borehole Project for Police College, Jos	5,197,500
Refurbishment/Equipping of Kudenda Primary Health Centre	5,092,500
Street light Project for Ameke Road, Umuezeani, Enugu	5,447,736
Scholarship Scheme for Imagbon Community Indigenes	1,052,500
Solar Powered Borehole for Alalubosa Community, Ibadan	5,985,000
Medical Equipment & Drug Donations to Alaka Health Care Center	9,202,925
Lagos International Poetry Competition	6,000,000
Don't Drink and Drive Campaign with Federal Road Safety Commission	12,937,100
Transformer for Ota Brewery Host Community	4,784,325
Sponsorship of Kaduna State Investment Forum	10,525,000
Renovation of Nigeria Immigration Services Clinic, Ikoyi	10,661,358
	76,885,994

In accordance with Section 38(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

17. 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 nine (9) physically-challenged persons in our employment.

(b) **Employee Involvement and Training**

In today's competitive business landscape, human capability has been found to be a key factor for corporate success. The critical challenge towards continuous performance improvement remains the capability and speed of response to changes in the business environment through people development. Thus, a drive in the right direction for employees' development is imperative for sustainable superior company performance. In Nigerian Breweries Plc, we believe strongly that we must win with our people. We must not only enable employees to perform in their day-to-day jobs, but must unlock their potentials and make it possible for them to unleash energy to achieve business goals.

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

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

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

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, there are on-site clinics manned by qualified medical personnel in all our brewery locations that provide primary health care 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.

18. Integrated (QFHSE) Policy Statement

Nigerian Breweries Plc is a responsible corporate citizen and operating company of Heineken N.V., with a mission to be the leading beverage company in Nigeria marketing high brands to deliver superior customer satisfaction in a safe and environmentally friendly way. The management of Nigerian Breweries, through an Integrated Management System that meets internationally recognised standard for Quality, Food Safety, Environment and Occupational Health and Safety is committed to:

- Produce and market high quality beverages that are safe for consumption, consistently meet customer requirements and deliver consumer satisfaction.
- Protecting the environment and preventing pollution in all areas of our environmental impact.
- Preventing injuries and ill health of all our employees and those affected by our operations.
- Fulfilling all legal and other compliance obligations for the Integrated Management System.
- Continually improving our systems to enhance performance through the use of Total Productive Management and other relevant tools.

19. Business Conduct

Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders. As part of this, we have adopted policies such as 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) **Corporate Social Responsibility**

As an integral part of the Nigerian society playing varied roles as an employer, supplier, customer, partner, tax payer and competitor all at the same time, the Company impacts the society. Where possible, we aim to establish sustainable partnerships with our stakeholders within our policy guidelines on community involvement. A Corporate Social Responsibility report detailing some of the ways we partnered with our various stakeholders during the year under review is on page 42.

(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.

20. Conflict of Interests

Nigerian Breweries Plc recognises and respects the right of its employees to engage in external activities so long as these activities do not impair, interfere or conflict with the conscientious performance of their duties and do not involve damage to or misuse of the Company's name, trademarks, products, property, reputation, goodwill, confidential information or other resources. When an employee is engaged in carrying out a task on behalf of the Company and that employee has a factual or potential private interest in the outcome of the task, which is contrary to the best interests of the Company or is substantial enough to affect the employee's unbiased judgment, the Company expects the employee to disclose this as appropriate. Failure to comply with this policy will have serious career consequences for the employee. Nigerian Breweries Plc maintains policies (for instance, on purchasing) that severely reduce the risk of harm to the Company due to a conflict of interest.

21. Corporate Governance

Nigerian Breweries Plc adopts a responsible attitude towards corporate governance. The Board is in support of the Securities & Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria ("the Code"). The Board will endeavour to ensure that the Company is in compliance with the provisions of the Code at all times.

(a) **The Board of Directors**

The Board of Directors is made up of nine (9) Non-Executive Directors, including the Chairman, and four (4) Executive Directors. Five (5) of the Non-Executive Directors qualify as Independent Directors. They are Chief Kolawole B. Jamodu, CFR; Chief Samuel O. Bolarinde; Dr. Obadiah O. Mailafia; Mrs. Ndidi O. Nwuneli, MFR and Mrs. Ifueko M. Omoigui Okauru, MFR. The Board has a formal guideline and process for appointment of persons as Directors.

The Board is inter alia, responsible for: supervising the conduct of business by Management as well as the general course of affairs in the Company; assessing the Company's corporate strategy and general policy; the development of the Company's financial position; the Company's risk management and other systems; the Company's organisational structure; and the Company's social policy.

The Board has a formal schedule of meetings each year and met five (5) times in the course of the year under review in line with that schedule in addition to a Special Board Meeting. The record of attendance of the current Directors at the meetings is set out below:

	15/2/17	3/5/17	15/6/17	27/7/17	25/10/17	8/12/17
Chief Kolawole B. Jamodu, CFR	P	P	P	P	P	P
Mr. Nicolaas A. Vervelde	P	P	P	NA	NA	NA
Mr. Johan A. Doyer	NA	NA	NA	P	P	P
Mr. Olusegun S. Adebanji	P	P	P	A	P	P
Chief Samuel O. Bolarinde	P	P	P	P	P	P
Mr. Hubert I. Eze	P	P	P	P	P	P
Mr. Victor Famuyibo	P	P	P	P	P	P
Mr. Sijbe (Siep) Hiemstra	P	P	P	A	P	A
Mr. Franco M. Maggi	P	P	P	P	P	P
Dr. Obadiah O. Mailafia	P	P	P	P	P	P
Mrs. Ndidi O. Nwuneli, MFR	P	P	P	P	P	P
Mrs. Ifueko M. Omoigui Okauru, MFR	P	P	P	A	P	P
Mr. Atedo N.A. Peterside, CON	P	P	P	P	P	P
Mr. Roland Pirmez	P	P	P	P	P	P
Mr. Mark P. Rutten	P	P	P	P	P	P
Mr. Hendrik A. Wymenga	P	P	P	P	P	P

P - Present
A - Absent with Apology
NA - Not a member of the Board of Directors as at that date.

(b) **Executive Committee**

The Executive Committee comprises the Executive Directors and 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 record of the Committee's meeting during the year under review is set out below.

Name	Role	No. of Meetings	No. Attended
Mr. Nicolaas A. Vervelde	Managing Director/CEO	11*	8
Mr. Johan A. Doyer	Managing Director/CEO	11**	10
Mr. Hubert I. Eze	Sales Director	21	19
Mr. Victor Famuyibo	Human Resource Director	18*	14
Mrs. Grace Omo-Lamai	Human Resource Director	5**	3
Mr. Franco M. Maggi	Marketing Director	21	21
Mr. Mark P. Rutten	Finance Director	21	20
Mr. Hendrik A. Wymenga	Supply Chain Director	21	17
Mr. Kufre U. Ekanem	Corporate Affairs Adviser	21	18
Mr. Henk van Rooijen	Director of Logistics	11*	10
Uaboi G. Agbebaku, Esq.	Company Secretary/Legal Adviser	21	17

* While he was a member of the Committee
**After he/she became a member of the Committee

(c) **Nomination Committee**

The composition of the Nomination Committee in the year under review was as follows:

i. Mr. Sijbe (Siep) Hiemstra - Chairman
ii. Mrs. Ndidi O. Nwuneli, MFR - Member
iii. Mr. Victor Famuyibo - Member

The Committee met twice (02/05/17 and 22/11/2017) in the course of the year under review and all members were present.

This Committee is responsible for, amongst others, making recommendations to the Board on candidates for appointment as Directors based on the guidelines set by the Board.

(d) **Remuneration Committee**

The Remuneration Committee in the year under review was composed as follows:

i. Mr. Atedo N.A. Peterside, CON - Chairman
ii. Mr. Sijbe (Siep) Hiemstra - Member
iii. Mr. Victor Famuyibo - Member

The Committee met twice (02/05/17 and 25/10/17) in the course of the year under review and all members were present.

This Committee's responsibilities include determining and reviewing remuneration packages for Directors.

(e) **Audit Committee**

The Audit Committee is composed of three Shareholders' representatives and three Directors' representatives. See page 45 for details on members of the Committee.

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

	15/02/17	02/05/17	25/10/17	06/12/17
Chief Timothy A. Adesiyan	P	P	A	P
Mr. Olusegun S. Adebanji	P	P	P	P
Dr. Obadiah O. Mailafia	P	A	P	P
Mazi Samuel C. Mpamaugo	P	P	P	P
Mr. David O. Oguntoye	P	P	P	P
Mr. Roland Pirmez	P	P	P	P

P - Present
A - Absent with Apology

The Committee, as part of its functions, reviews the Company's overall control systems, financial reporting arrangements and standards of business conduct. Members of the Audit Committee have direct access to the Process & Control Improvement Department (responsible for internal audit functions) and the Independent Auditor.

The statutory functions of the Committee are provided for in Section 359(6) of CAMA.

(f) **Risk Management Committee**

This Committee has as its main objective, to oversee the Company's risk management process and to inform/advise the Executive Committee, the Board and (where necessary), the Audit Committee about the Company's main risks and mitigating actions. The Committee is responsible for assessing the adequacy and effectiveness of the Company's management of the risk and compliance function of the Company.

The composition of the Committee in the year under review was as follows:

ii. Mr. Roland Pirmez - Chairman
ii. Mr. Olusegun S. Adebanji - Member
iii. Mrs. Ifueko M. Omoigui Okauru, MFR - Member

The Committee met twice (02/05/17 and 08 /12/17) during the year and all members were present.

Members of the Executive Committee as well as the Head of Process & Control Improvement (responsible for internal audit), attend the meetings of the Risk Management Committee.

(g) **Board Evaluation**

A Board evaluation was carried out during the year under review. The outcome of the evaluation showed that The Board was satisfied with the various roles it played in the course of the year that provided the support to Management in executing the plans for the year. Directors were also satisfied with the steps taken by the Board to undertake a review of the Board's Governance process with a view to becoming more effective and improving on its role in providing strategic direction for the Company.

At individual levels, Directors were satisfied with their individual contributions to the Board and equally acknowledged areas for improvement.

(h) **Regulations for Dealing in Shares**

Nigerian Breweries Plc has in place Regulations to guide the Board and other employees when effecting transactions in the Company's shares. The Company's Regulations for Dealing in Shares and other Securities provide amongst others, the periods when transactions are not allowed to be effected on the Company's shares as well as disclosure requirements when effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares.

(i) **Complaints Management Policy**
Nigerian Breweries Plc has in place a Complaints Management Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework for handling shareholder complaints in a fair, impartial, efficient and timely manner. The Policy can be accessed via the Company's website.

(j) **Communication Policy**
Nigerian Breweries Plc has in place a Communication Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission.

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Company to all relevant stakeholders (including Shareholders, regulatory authorities, media, analysts and the general public).

22. Independent Auditor
The firm of Deloitte & Touche (previously known as Akintola Williams Deloitte) served as the Independent Auditor during the year under review.

In accordance with Section 357(2) of CAMA, Deloitte & Touche have indicated their willingness to continue in office as Independent Auditor to the Company.

Dated the 13th day of February, 2018.

By Order of the Board.

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

Iganmu House
Abebe Village Road
Iganmu, Lagos, Nigeria.


A SOFT DRINK THAT'S
INFUSED WITH MALT.
WHY NOT?
PEAR
FLAVOUR
fayrouz
PREMIUM SPARKLI
SOFT DRINK
fayrouz
PINEAPPLE
FLAVOUR
ayrouz
PREMIUM SPARKLING
SOFT DRINK
#WhyNotFayrouz

NB COMMISSIONS BLOCK OF CLASSROOMS DONATED AT OKUTA DUDU HIGH SCHOOL, ODE-ERE, KOGI STATE

Chief Kola Jamodu, Chairman, Nigerian Breweries Plc commissioning a newly built block of six classrooms donated by The Nigerian Breweries/Felix Ohiwerei Education Trust Fund at Okuta Dudu High School, Ode-Ere, Kogi State (insert: the classroom block).

NB DONATES BLOCK OF CLASSROOMS AT EGBUOMA SECONDARY SCHOOL, OGUTA, IMO STATE

Mr. Kufre Ekanem, Corporate Affairs Adviser, NB Plc handing over keys to a block of classrooms, library and toilet facilities built and equipped by The Nigerian Breweries - Felix Ohiwerei Education Trust Fund for Egbuoma Secondary School, Oguta, Imo State to Prince Eze Madumere, Deputy Governor of Imo State and Professor Anthony Anwukah, Honourable Minister of State for Education (insert: the school block)

NB WINS 21ST CONSECUTIVE PEARL AWARD FOR SECTORAL LEADERSHIP

L-R: Hon. (Mrs) Lola Akande, Lagos State Commissioner for Women Affairs and Poverty Alleviation and Mr. Wole Adetunji, former Director General of the Securities & Exchange Commission presenting the 2017 Sectoral Leadership Award in the Consumer Goods Category (Breweries) to representatives of NB Plc at the 2017 PEARL Awards.

NB WINS INDUSTRIAL TRAINING FUND (ITF) BEST CONTRIBUTING EMPLOYER AWARD 2017

Mr. John Kayode Ayo, Deputy Director, Industrial Training Fund presenting the award of Best Contributing Employer 2017 to Mr. Niyi Alabi, Head, Employee Relations, Nigerian Breweries Plc.

FELIX ARIGUZO IS 2017 MALTINA TEACHER OF THE YEAR

Mr. Felix Ariguzo (middle) receives his prize as the 2017 Maltina Teacher of the Year from the Chairman, Panel of Judges, Professor Pat Utomi (2nd from left) and the erstwhile MD/CEO Nigerian Breweries Plc, Mr. Johan Doyer (2nd from right) at the 2017 Maltina Teacher of the Year grand finale in Lagos.

NB HOLDS BEYOND THE SCHOOL 2017 CAREER COUNSELING PROGRAMME FOR SENIOR SECONDARY STUDENTS

Some participating students, facilitators and representatives of Nigerian Breweries Plc at the 2017 edition of Beyond the School, a career guidance counselling programme in for senior secondary school students held in Lagos.

NIGERIAN BREWERIES AT THE 2017 KADUNA INVESTMENT SUMMIT

Mallam Nasir El-Rufai, Governor of Kaduna State (3rd from left) and the Corporate Affairs Adviser, NB Plc, Mr. Kufre Ekanem at the 2017 Kaduna Investment Summit in Kaduna State. With them are Alhaji Umar Ganduje, Kano State Governor (middle); Barrister Ibrahim Hassan, Deputy Governor of Jigawa State and Chief John Odigie-Oyegun.

NB/FRSC 'DON'T DRINK AND DRIVE' CAMPAIGN HOLDS IN ABUJA

Corp Commander Bisi Kazeem, Corps Education Officer, Federal Road Safety Corps (FRSC) in the middle, Mr. Vivian Ikem, Head Government Relations, Nigerian Breweries Plc, other representatives of NB Plc, FRSC and some transportation stakeholders at the 2017 'Don't Drive and Drive' campaign.

ICAN PRESIDENT VISITS IBADAN BREWERY

Deacon Titus Soetan, FCA, President of the Institute of Chartered Accountants of Nigeria,(2nd from left), his team and Mr. Collins Ejaife, Ibadan Brewery Manager (1st from right) on a tour of Ibadan Brewery when the ICAN President paid a courtesy visit to the brewery.

ISIOMA MADIKE WINS REPORTER OF THE YEAR AT 2017 NB GOLDEN PEN AWARD

Dr. Yemi Ogunbiyi, Chairman, Panel of Judges, NB Golden Pen Awards; Mrs. Yetunde Odejayi, representative of the Deputy Governor of Lagos State; Mr. Isioma Madike, Reporter of the Year; Mr. Femi Adesina, Special Adviser on Media and Publicity to the President and Mr. Johan Doyer, erstwhile MD, NB Plc, at the 2017 NB Golden Pen Awards.

2017 ANNUAL GENERAL MEETING

A cross section of shareholders at the 2017 Annual General Meeting held in Lagos.

NB DONATES CLINIC AND GENERATING SET TO NIGERIA IMMIGRATION SERVICE

Mr. Kufre Ekanem, Corporate Affairs Adviser, Nigerian Breweries Plc presenting the keys to a newly built clinic to Mr. Ishaku Y. Hamad, Assistant Comptroller General of Immigration, Zone A, Lagos State, during the commissioning of the facility and its 100KVA generating set.

UPGRADED OTA BREWERY

Governor Ibikunle Amosun of Ogun State (middle); Chief Kola Jamodu, Chairman, NB Plc (1st from right) and Otunba Bimbo Ashiru, Ogun State Commissioner for Commerce and Industry stand for the national anthem at the commissioning ceremony of the upgraded Ota brewery (insert: the Waste Water Treatment Plant of the Ota brewery).

NB DONATES BLOCK OF CLASSROOMS TO ST. PATRICK SCHOOL, EPE

Mr. Kufre Ekanem, Corporate Affairs Adviser, Nigerian Breweries Plc (1st from left) handing the over the keys to a block of classrooms to the Permanent Secretary, Ministry of Education, Lagos State, Mrs Adebunmi Adekoya on behalf of St. Patrick School, Epe in the presence of Chief Mrs Adedoja Otedola, former first lady of Lagos state.

NB HOSTS DIRECTOR GENERAL OF THE CONSUMER PROTECTION COUNCIL

Executive Secretary of the Consumer Protection Council Mr. Babatunde Irukera (middle) and his team being led on a tour of Ama brewery by Femi Ajileye, Head Brewer, Ama Brewery (1st from left) and other representatives of Nigerian Breweries Plc during a familiarization visit by the Council to the company in 2017.

2017 NIGERIAN BREWERIES/NIGERIA CUSTOMS SERVICE FORUM

Mr. A.U Sanusi, Assistant Comptroller General Zone C, Nigeria Customs Service, Mr. Mark Rutten, Finance Director, Nigerian Breweries Plc discussing issues of mutual interest between Nigerian Breweries and the Nigeria Customs Service at the 2017 Nigerian Breweries/Nigeria Customs Service Forum in Enugu.

NB DONATES ULTRA-MODERN X-RAY MACHINE TO ST GERARD'S HOSPITAL, KADUNA

Dr. Manya Dogo, Kaduna State Commissioner for Health (1st from right), commissions the ultra-modern X-ray machine donated by NB Plc to St. Gerard's Hospital, Kaduna State. With him are Mr. Sunday John Ali (middle), PRO, St. Gerard's Hospital and Mr. Danjuma John-Ekele, Public Affairs Manager, North, NB Plc (1st from right).

2017 NIGERIAN BREWERIES/ NIGERIA CUSTOMS SERVICE FORUM

Governor Ifeanyi Ugwuanyi of Enugu State (3rd from left) in a handshake with the outgoing Ama Brewery Manager, Mrs. Ethel Emma-Uche. With them are the incoming Ama Brewery Manager, Mr. Peter Ani (3rd from right), Enugu state government officials and representatives of NB Plc when a team from Ama Brewery visited the Governor.

Star Eyo Statue at the One Lagos Fiesta.

Heineken Africa Inspired Collection on the Runway at the Heineken Lagos Fashion and Design Week

Ooni of Ife, HIM Oba Adeyeye Enitan Ogunwusi Ojaja II and Franco Maria Maggi (NB Plc Marketing Director) presents a cheque to a beneficiary at the launch of the Isedowo campaign at the Palace of the Ooni of Ife, Ile Ife, Osun State.

Consumers at the Star Fan Park in Ibadan.

Amstel Malta Consumer Brewery Tour.

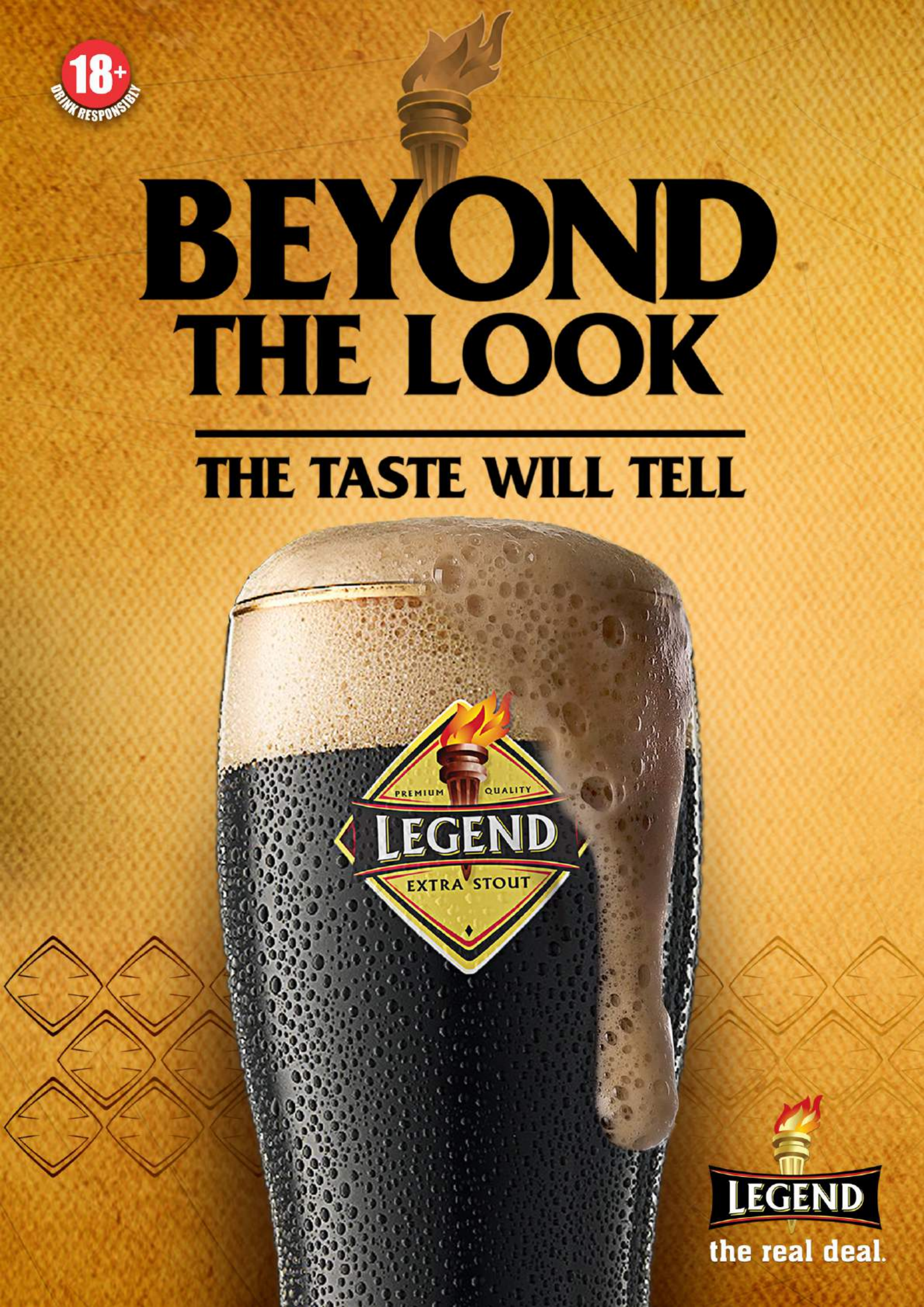
Ultimate Vacation winners quad biking in the Dubai desert.

Consumers of "33" Export lager beer gathered together to celebrate the World Friendship day.

Happy the Maltina Mascot thrills kids at the Maltina Happy Land.

Flavour and Bright Chimezie crown the new King of HiLife – Chibest David.

Excellency Réè
Gbà bẹẹ̀!!
GOLDBERG
Premium Lager Beer
GOLDBERG
Premium Lager Beer
Earn your respect
18+
DRINK RESPONSIBLY


18+
DRINK RESPONSIBLY
BEYOND
THE LOOK
THE TASTE WILL TELL
PREMIUM QUALITY
LEGEND
EXTRA STOUT
LEGEND
the real deal.


WHY SETTLE FOR GOOD?
REACH FOR YOUR BEST.
#THEGOODTHEBEST
BE YOUR BEST
1870
AMSTEL
MALTA
ENRICHED WITH PURE VITAMINS AND MINERALS
MALT DRINK
NO ALCOHOL


NATURALLY
BREWED WITH
CITRUS JUICE
PREMIUM QUALITY
STAR
Radler
DOUBLE REFRESHMENT
STAR LAGER BEER AND CITRUS JUICE
STAR
SHINE ON

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT

In Nigerian Breweries Plc, our corporate social responsibility and sustainability programme is driven through our Brewing a Better World (BaBW) agenda. This programme has six focus areas: protecting water resources, reducing carbon emission, sourcing sustainably, advocating responsible consumption, promoting health and safety and growing with communities.

In 2017, we made further progress in our adoption of cleaner fuel technology by increasing the number of our breweries utilizing natural gas for heating purposes from 5 to 7 breweries. We also completed a project to utilize biogas generated from our waste water treatment plants for heating. These improvements further reduced our carbon emissions and the environmental impact of our breweries. Our combined energy consumption declined by 3% when compared to 2016, while our energy consumption for heating processes reduced by 5%.

We are committed to achieving 60% local sourcing of our raw materials by 2020. We invested in a Sorghum/ Cassava and locally grown sugar value chain with all three agricultural raw materials successfully incorporated into some of our recipes. Local Sourcing, warehousing and logistic challenges impacted our momentum in 2017; despite this, we attained 50.2% agricultural raw material input in our production processes. The local sourcing of our packaging materials is already above 90%.

We remain on track in our commitment to continually advocate for responsible consumption of alcohol and responsible marketing communication campaigns. 10% of our Heineken marketing budget was committed to responsible consumption initiatives. We sustained our "Don't Drink and Drive" partnership with the Federal Road Safety Commission. In 2017, three mega city rallies were held in Lagos, FCT Abuja and Enugu to drum support for the Don't Drink and Drive campaign impacting over 2000

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT (CONT'D)

drivers. This makes a total of 40 cities and over 16,000 drivers who have been engaged since inception of the campaign in 2008.

Our commitment to the health, well-being and safety of our employees remains a top priority in our corporate agenda. In 2017, all our employees were trained on life saving rules.

In our bid to grow with our communities we sustained our educational sector intervention programmes through The Nigerian Breweries - Felix Ohiwerei Education Trust Fund. In 2017, forty two blocks of furnished classrooms, twenty three toilets and four libraries were completed and commissioned. Other initiatives executed through the fund are the Maltina Teacher of the Year initiative which celebrates professionalism of our teachers and the Beyond-the-School programme, a career guidance initiative for secondary school students in Lagos.

Through the support of the Heineken Africa Foundation, HAF, we donated Neo Natal equipment to the Pediatrics Unit of the Lagos University Teaching Hospital, LUTH, and also commissioned, an ultra-modern X-Ray machine at St. Gerard's Hospital, Kaduna.

As we strive towards building a world-class business, our commitment to Winning with Nigeria is further strengthened through our corporate social responsibility and sustainability programmes. We remain dedicated to our goal of continuous improvement of the environmental impact of our business and the role of our Company in society.

AUDIT COMMITTEE'S REPORT

TO THE MEMBERS OF NIGERIAN BREWERIES PLC

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

a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

b) the scope and planning of both the external and internal audit for the year ended 31st December, 2017 are satisfactory. The internal audit programmes reinforce the Company's internal control system;

c) having reviewed the Independent Auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

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

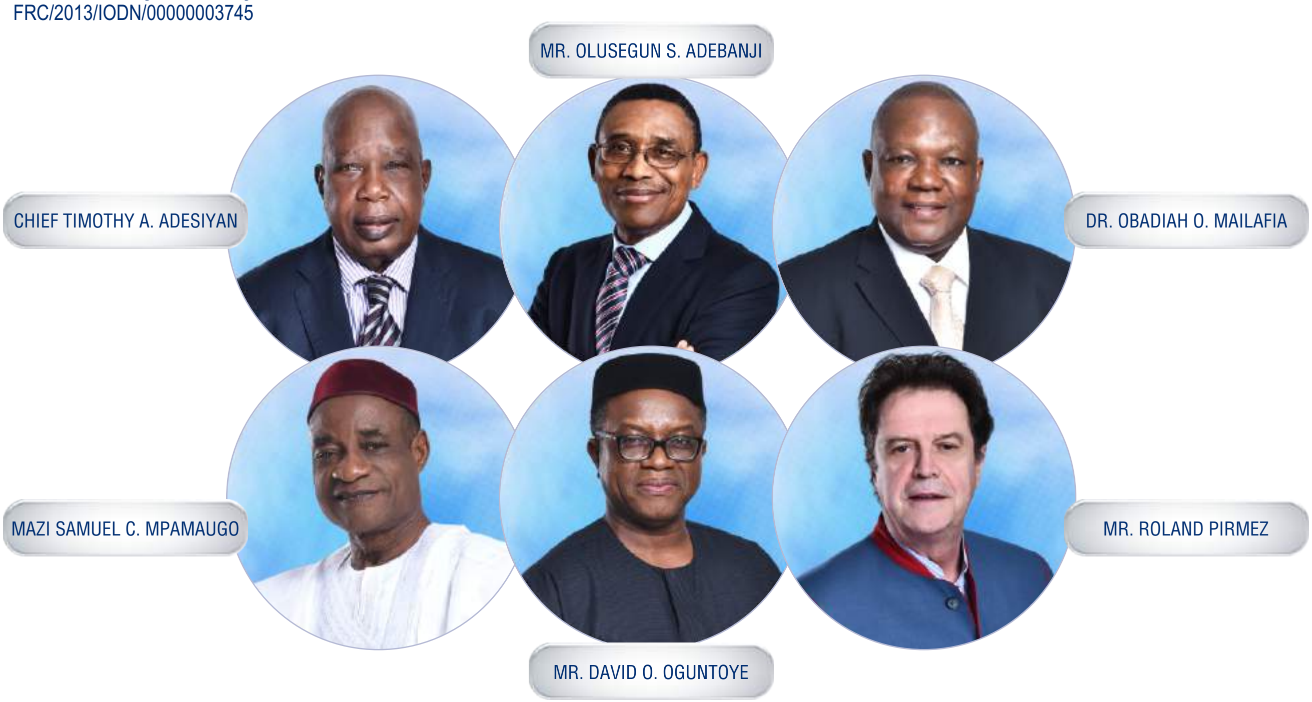
Members of the Audit Committee are:

1)	Chief Timothy A. Adesiyan	(Shareholders' Representative)	-	Chairman
2)	Mr. Olusegun S. Adebanji	(Directors' Representative)	-	Member
3)	Dr. Obadiah O. Mailafia	(Directors' Representative)	-	Member
4)	Mazi Samuel C. Mpamaugo	(Shareholders' Representative)	-	Member
5)	Mr. David O. Oguntoye	(Shareholders' Representative)	-	Member
6)	Mr. Roland Pirmez	(Directors' Representative)	-	Member

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

Dated the 13th day of February, 2018

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




EXTRA COLD
BREWED WITH
LESS CALORIES
STAR
LITE
ICE COLD FILTERED
PREMIUM QUALITY
18+
Drink Responsibly
STAR
SHINE ON

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nigerian Breweries Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Nigerian Breweries Plc ("the company") and its subsidiary (together referred to as "the Group"),which comprise the consolidated and separate statement of financial position as at 31 December 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Nigerian Breweries Plc as at 31 December 2017 and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS"), the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants, (ICAN code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical requirements applicable to performing audits in Nigeria. The ICAN code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Makurdi brewery operation scale down	
The Company resolved to scale down the operations of Makurdi Plant to Sales and Logistics Centre in March 2017. The assets at the brewery were assessed for redundancy and impairment loss was recognized. Management performed a preliminary assessment with the assumption that 70% of the assets are transferable and can be used at other breweries, and accelerated depreciation was applied on the remaining 30% unusable assets. Judgement is required by the Directors in assessing both the carrying amount and the usability of the assets in other breweries. Accordingly, for the purposes of our audit, we identified the impairment assessment assets in Makurdi Brewery as key audit matter.	In evaluating the appropriateness of the assessments made by Management in arriving at the conclusion that 70% of the assets are usable in other breweries, while 30% unusable assets were subjected to accelerated depreciation, we performed the following review: ● We obtained and evaluated Management's assumptions for and considerations in determining the actual assets that are usable at other breweries and those that should be impaired. ● Tested the reasonableness of management assumptions and considered whether the assumptions are consistent with the applicable standards. ● We carried out an asset verification exercise to validate management assumptions on assets that are useable and transferable to other brewery locations Our substantive testing did not reveal any material misstatements and overall we concluded that the directors had factored in all the relevant variables required to determine the estimate.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Returnable packaging - valuation of deposit liability

Included in the Trade and other payables disclosed in Note 29 to the Financial Statements is customers' deposit liability in respect of returnable packaging materials (RPM) amounting to ₦23b. The Company provides returnable packaging materials to its customers for which in most instances the Company collects deposit. The deposit is in turn refunded to the customer upon returning of the packaging material to the company.

Judgement is required by the Directors in assessing the value of the outstanding customers' deposit liability. Accordingly, for the purposes of our audit, we identified the assessment of outstanding customers' liability for returnable packaging materials as key audit matter.

The assumptions with the most significant impact in the assessment of outstanding liability for returnable packaging were:

- The market loss rate, which is subjective since it is based on the directors' experience and expectations in addition to lack of readily available market data. The market loss rates are estimated for bottle/crate sizes
- The cycle times of RPM, i.e. the time it takes for RPM to be returned to the entity which is based on the directors' estimates as RPMs are not tagged and are interchangeable which makes the calculation of the RPM cycle times to be subjective and complex.

In evaluating the value of the outstanding deposit liability our procedures incorporated a combination of test of the company's controls relating to the estimation of the deposit liability and the following substantive procedures:

- Testing the inputs (mainly market loss rates and cycle times) into the valuation computation in comparison to the company's policy in respect of the returnable packaging material.
- Performing a retrospective assessment of the prior year computations to assess the reasonableness of the assumptions and estimates in light of new information discovered in the current year.
- Recomputation of the expected liability
- Performing sensitivity analysis on the market loss rates and the cycle times to evaluate the impact on the year-end liabilities and eliminate elements of bias in the director's assessment.

The market loss rates and the cycle times used in the valuation were found to be appropriate. The rates used appeared to be reasonable in line with the supporting information provided. Overall, no material misstatement was noted.

Goodwill - management assessment of recoverability

Goodwill represents 22% of the balance sheet total and 47% of total equity. Procedures over management's annual impairment test were significant to our audit because the assessment process is complex and the test relies on estimates and assumptions. Goodwill is allocated to Cash Generating Units (CGUs) and groups of CGUs. The Company uses assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, expected market share, revenue and margin development.

In evaluating the impairment of goodwill, we assessed and tested the assumptions, the discount rates, methodologies and data used by the Company, for example by comparing them to external data such as expected inflation rates, external market growth expectations and by analysing sensitivities in the Company's valuation model. We included valuation specialists in our team to assist us in these audit activities. We specifically focused on the sensitivity in the available headroom of CGUs and whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates. We assessed the adequacy of the Company's disclosure in note 15 of the financial statements about those assumptions to which the outcome of the impairment test is most sensitive. No material misstatement was noted.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report as required by Companies and Allied Matters Act CAP C20 LFN 2004, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company and / or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Group's and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Michael Osinloye FCA-FRC/2013/ICAN/00000000819
For: Deloitte & Touche,
Chartered Accountants
Lagos, Nigeria
15 February 2018

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

ASSETS	**Notes**	**Group 2017 ₦'000**	**Company 2017 ₦'000**	**Group 2016 ₦'000**	**Company 2016 ₦'000**
Property, plant and equipment	14(a-b)	195,230,394	195,050,394	191,181,700	190,996,700
Intangible assets and goodwill	15	98,277,166	98,277,166	99,477,826	99,477,826
Investments	16	150,000	829,625	150,000	829,625
Other receivables	17	551,862	551,862	623,331	623,331
Prepayments	18	525,831	525,831	1,154,399	1,154,399
Non-current assets		**294,735,253**	**295,234,878**	**292,587,256**	**293,081,881**
Inventories	19	42,728,862	42,728,862	31,244,703	31,244,703
Trade and other receivables	20	20,384,112	20,384,112	19,974,024	19,974,024
Prepayments	18	1,038,885	1,038,885	301,169	301,169
Deposit for imports	21	7,474,027	7,474,027	8,429,048	8,429,048
Cash and bank	22	15,866,954	15,865,776	12,156,432	12,155,254
Assets held for sale	14g	-	-	2,453,836	2,453,836
Current assets		**87,492,840**	**87,491,662**	**74,559,212**	**74,558,034**
Total assets		**382,228,093**	**382,726,540**	**367,146,468**	**367,639,915**
EQUITY					
Share capital	23b	3,998,451	3,998,451	3,964,551	3,964,551
Share premium		73,770,356	73,770,356	64,950,103	64,950,103
Share based payment reserve		748,450	748,450	571,106	571,106
Retained earnings		99,692,668	99,633,677	96,343,708	96,319,782
Equity attributable to owners of the company		**178,209,925**	**178,150,934**	**165,829,468**	**165,805,542**
Non-controlling interest		**88,502**	**-**	**84,300**	**-**
Total Equity		**178,298,427**	**178,150,934**	**165,913,768**	**165,805,542**
LIABILITIES					
Loans and borrowings	25(a)	8,000,000	8,000,000	17,000,000	17,000,000
Employee benefits	26	13,209,837	13,209,837	10,101,065	10,101,065
Deferred tax liabilities	28	26,666,864	26,666,864	29,876,508	29,876,508
Non-current liabilities		**47,876,701**	**47,876,701**	**56,977,573**	**56,977,573**
Bank overdraft	22	470,930	470,930	870,611	870,611
Current tax liabilities	12(c)	19,606,270	19,553,190	19,024,168	18,989,567
Dividend payable	24(b)	8,028,742	8,028,742	12,676,038	12,676,038
Trade and other payables	29(a)	127,947,023	128,646,043	111,184,310	111,820,584
Provisions	32	-	-	500,000	500,000
Current liabilities		**156,052,965**	**156,698,905**	**144,255,127**	**144,856,800**
Total liabilities		**203,929,666**	**204,575,606**	**201,232,700**	**201,834,373**
Total equity and liabilities		**382,228,093**	**382,726,540**	**367,146,468**	**367,639,915**

Approved by the Board of Directors on the 13 February 2018 and signed on its behalf by:

) **Chief Kolawole B. Jamodu** *(Chairman)* FRC/2013/ICAN/00000001617

) **Mr. Jordi Borrut Bel** *(Managing Director/CEO)**

) **Mr. Mark P. Rutten** *(Finance Director)* FRC/2014/IMULTI/00000009921

The notes on pages 60 to 115 are an integral part of these financial statements.

**Mr. Borrut Bel has a waiver from the Financial Reporting Council of Nigeria 'FRCN' to sign the Financial Statements while processing his FRCN registration with the Council.*

CONSOLIDATED AND SEPARATE INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Revenue	7	344,562,517	344,562,517	313,743,147	313,743,147
Cost of sales	10c	(201,013,357)	(201,013,357)	(178,218,528)	(178,218,528)
Gross profit		**143,549,160**	**143,549,160**	**135,524,619**	**135,524,619**
Other income	8	2,218,588	2,218,588	615,662	615,662
Marketing and distribution expenses	10c	(66,898,905)	(66,898,905)	(61,312,319)	(61,312,319)
Administrative expenses	10c	(21,747,783)	(21,742,533)	(21,924,801)	(21,919,551)
Results from operating activities		**57,121,060**	**57,126,310**	**52,903,161**	**52,908,411**
Finance income	9(a)	172,074	172,074	416,503	416,503
Finance costs	9(b)	(10,663,076)	(10,726,071)	(13,645,146)	(13,702,000)
Net finance costs		**(10,491,002)**	**(10,553,997)**	**(13,228,643)**	**(13,285,497)**
Profit before tax	10	**46,630,058**	**46,572,313**	**39,674,518**	**39,622,914**
Income tax expense	12(a)	(13,581,499)	(13,563,021)	(11,257,553)	(11,226,137)
Profit after tax		**33,048,559**	**33,009,292**	**28,416,965**	**28,396,777**
Profit for the year attributable to:					
Owners of the Company		33,044,357	33,009,292	28,414,805	28,396,777
Non-controlling interest		4,202	-	2,160	-
Profit for the year		**33,048,559**	**33,009,292**	**28,416,965**	**28,396,777**
Earnings per share					
Basic earnings per share (kobo)	13(a)	413	413	358	358
Diluted earnings per share (kobo)	13(b)	414	414	358	358

The notes on pages 60 to 115 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Profit for the year		**33,048,559**	**33,009,292**	**28,416,965**	**28,396,777**
Actuarial (losses)/gains	26(f)	(1,449,678)	(1,449,678)	1,304,129	1,304,129
Other comprehensive income, net of tax		(1,449,678)	(1,449,678)	1,304,129	1,304,129
Total comprehensive income for the year		**31,598,881**	**31,559,614**	**29,721,094**	**29,700,906**
Total comprehensive income for the year attributable to:					
Owners of the Company		**31,594,679**	**31,559,614**	**29,718,934**	**29,700,906**
Non-controlling interest		4,202		2,160	-
Total comprehensive income for the year		**31,598,881**	**31,559,614**	**29,721,094**	**29,700,906**

The notes on pages 60 to 115 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Notes	Share Capital	Share Premium	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total Equity ₦'000
Balance at 1st January 2017		**3,964,551**	**64,950,103**	**571,106**	**96,343,708**	**165,829,468**	**84,300**	**165,913,768**
Profit for the year		**-**	**-**	**-**	**33,044,357**	**33,044,357**	**4,202**	**33,048,559**
Other comprehensive income for the year		-	-	-	(1,449,678)	(1,449,678)	-	(1,449,678)
Total comprehensive income for the year		**-**	**-**	**-**	**31,594,679**	**31,594,679**	**4,202**	**31,598,881**
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares		33,900	8,820,253	-	-	8,854,153	-	8,854,153
Share based payment charge	27	-	-	436,198	-	436,198	- -	436,198
Share based payment recharge		-	-	(258,854)	-	(258,854)	-	(258,854)
Dividends	24(a)	-	-	-	(28,453,982)	(28,453,982)	-	(28,453,982)
Unclaimed dividends written back	24(b)	-	-	-	208,263	208,263	-	208,263
Total contributions and distributions		**33,900**	**8,820,253**	**177,344**	**(28,245,719)**	**(19,214,222)**	**-**	**(19,214,222)**
Changes in ownership interest								
Total transactions with owners of the company		**33,900**	**8,820,253**	**177,344**	**3,348,960**	**12,380,457**	**4,202**	**12,384,659**
Balance at 31st December, 2017		**3,998,451**	**73,770,356**	**748,450**	**99,692,668**	**178,209,925**	**88,502**	**178,298,427**

The notes on pages 608 to 115 are an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2017

Company	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2017		**3,964,551**	**64,950,103**	**571,106**	**96,319,782**	**165,805,542**
Profit for the year		**-**	**-**	**-**	**33,009,292**	**33,009,292**
Other comprehensive income for the year		-	-	-	(1,449,678)	(1,449,678)
Total Comprehensive income for the year		**-**	**-**	**-**	**31,559,614**	**31,559,614**
Transaction with owners, recorded directly in equity						
Contributions and distributions		**33,900**	**8,820,253**	**-**	**-**	**8,854,153**
Issue of Ordinary shares						
Share based payment charge	27	-	-	436,198	-	436,198
Share based payment recharge		-	-	(258,854)	-	(258,854)
Dividends	24(a)				(28,453,982)	(28,453,982)
Unclaimed dividends written back	24(b)				208,263	208,263
Total contributions and distributions		**33,900**	**8,820,253**	**177,344**	**(28,245,719)**	**(19,214,222)**
Changes in ownership interest						
Total transactions with owners of the company		**33,900**	**8,820,253**	**177,344**	**3,313,895**	**12,345,392**
Balance at 31st December, 2017		**3,998,451**	**73,770,356**	**748,450**	**99,633,677**	**178,150,934**

In 2017 the company issued 67,801,163 ordinary shares as scrip dividend. The price allotted per share was ₦130.59 which consists of share capital of ₦33,900 (50k per share) and share premium of ₦8,820,253 (₦130.09 per share)

The notes on pages 60 to 115 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Notes	Share Capital	Share Premium	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total Equity ₦'000
Balance at 1st January 2016		**3,964,551**	**64,950,103**	**365,702**	**102,959,007**	**172,239,363**	**82,140**	**172,321,503**
Profit for the year		**-**	**-**	**-**	**28,414,805**	**28,414,805**	**2,160**	**28,416,965**
Other comprehensive income for the year		-	-	-	1,304,129	1,304,129	-	1,304,129
Total comprehensive income for the year		**-**	**-**	**-**	**29,718,934**	**29,718,934**	**2,160**	**29,721,094**
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Share based payment charge	27	-	-	258,298	-	258,298	-	258,298
Share based payment recharge		-	-	(52,894)	-	(52,894)	- -	(52,894)
Dividends	24(a)	-	-	-	(36,473,864)	(36,473,864)	-	(36,473,864)
Unclaimed dividends written back	24(b)	-	-	-	139,631	139,631	-	139,631
Total contributions and distributions		**-**	**-**	**205,404**	**(36,334,233)**	**(36,128,829)**	**-**	**(36,128,829)**
Changes in ownership interest								
Total transactions with owners of the company		**-**	**-**	**205,404**	**(6,615,299)**	**(6,409,895)**	**-**	**(6,407,735)**
Balance at 31st December, 2016		**3,964,551**	**64,950,103**	**571,106**	**96,343,708**	**165,829,468**	**84,300**	**165,913,768**

The notes on pages 60 to 115 are an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2016		**3,964,551**	**64,950,103**	**365,702**	**102,953,109**	**172,233,465**
Profit for the year		**-**	**-**	**-**	**28,396,777**	**28,396,777**
Other comprehensive income for the year		-	-	-	1,304,129	1,304,129
Total Comprehensive income for the year		**-**	**-**	**-**	**29,700,906**	**29,700,906**
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Share based payment charge	27	-	-	258,298	-	258,298
Share based payment recharge		-	-	(52,894)	-	(52,894)
Dividends	24(a)				(36,473,864)	(36,473,864)
Unclaimed dividends written back	24(b)	-	-	-	139,631	139,631
Total contributions and distributions		**-**	**-**	**205,404**	**(36,334,233)**	**(36,128,829)**
Changes in ownership interest						
Total transactions with owners of the company		**-**	**-**	**205,404**	**(6,633,327)**	**(6,427,923)**
Balance at 31st December, 2016		**3,964,551**	**64,950,103**	**571,106**	**96,319,782**	**165,805,542**

The notes on pages 60 to 115 are an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Notes	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Profit for the year		33,048,559	33,009,292	28,416,965	28,396,777
Adjustments for:					
Depreciation	14	32,691,135	32,686,134	28,273,009	28,268,009
Amortization of intangible assets	15	1,435,727	1,435,727	1,468,637	1,468,637
Finance income	9(a)	(172,074)	(172,074)	(416,503)	(416,503)
Interest expenses	9(c)	4,162,828	4,225,823	3,981,131	4,037,985
Gratuity, employee benefit and share based payment charges		2,797,263	2,797,263	1,775,481	1,775,481
Gain/(Loss) on sale of property, plant and equipment	10(a)	492,949	492,949	(164,486)	(164,486)
Income tax expense	12(a)	13,581,499	13,563,021	11,257,553	11,226,137
		88,037,886	**88,038,135**	**74,591,787**	**74,592,037**
Changes in:					
Inventories		(11,484,159)	(11,484,159)	(2,835,000)	(2,835,000)
Trade and other receivables		(338,619)	(338,619)	(3,764,198)	(3,764,198)
Prepayments		(109,148)	(109,148)	(59,394)	(59,394)
Trade and other payables	29(b)	27,231,033	27,293,779	35,868,788	35,925,392
Provisions	32	(500,000)	(500,000)	500,000	500,000
Deposit for imports		955,021	955,021	(6,195,251)	(6,195,251)
Cash generated from operating activities		**103,792,014**	**103,855,009**	**98,159,732**	**98,163,586**
Income tax paid	12(c)	(15,587,752)	(15,587,752)	(15,048,868)	(15,048,868)
Gratuity paid	26(a)	(718,305)	(718,305)	(1,004,019)	(1,004,019)
Other long term employee benefits paid	26(b)	(604,956)	(604,956)	(452,562)	(452,562)
Share Based Payment		(258,854)	(258,854)	(52,894)	(52,894)
VAT paid*		(14,571,625)	(14,571,625)	(11,447,266)	(11,447,266)
Net cash from operating activities		**72,050,522**	**72,113,517**	**70,154,017**	**70,210,871**
Cash flows from investing activities					
Finance income	9	172,074	172,074	416,503	416,503
Proceeds from sale of property, plant and equipment		106,890	106,890	264,102	264,102
Acquisition of property, plant and equipment	14(g)	(32,121,578)	(32,121,578)	(19,213,242)	(19,213,242)
Acquisition of intangible assets	15	(222,409)	(222,409)	(276,331)	(276,331)
Net cash used in investing activities		**(32,065,023)**	**(32,065,023)**	**(18,808,968)**	**(18,808,968)**
Cash flows from financing activities					
Proceeds from/(Repayment of) loans and borrowings	25(a)	(9,000,000)	(9,000,000)	14,000,000	14,000,000
Interest paid	9(c)	(2,836,435)	(2,899,430)	(3,893,338)	(3,950,192)
Dividends paid	24(b)	(24,038,861)	(24,038,861)	(36,057,793)	(36,057,793)
Net cash used in financing activities		**(35,875,296)**	**(35,938,291)**	**(25,951,131)**	**(26,007,985)**
Net increase in cash and cash equivalents		4,110,203	4,110,203	25,393,918	25,393,918
Cash and cash equivalents at 1st January		11,285,821	11,284,643	(14,108,097)	(14,109,275)
Cash and cash equivalents at 31st December	22	**15,396,024**	**15,394,846**	**11,285,821**	**11,284,643**

The notes on pages 60 to 115 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

1. Reporting entity

Nigerian Breweries Plc (the 'Company), a public company quoted on The Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. of the Netherlands, the latter having approximately 56% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1, Abebe Village Road, Iganmu, Lagos. The Company is primarily involved in the brewing, marketing and selling of lager, stout, non-alcoholic drinks and soft drinks.

As a consequence of the merger with Consolidated Breweries Plc in 2014, the group comprises of the Company and its 89.3% majority equity interest in Benue Bottling Company Limited (BBCL). The subsidiary, BBCL, is an entity with no business activities that holds land, buildings and some idle production assets. The financial position of the subsidiary has been consolidated in these financial statements.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorized for issue by the Board of Directors on 13th February 2018, and will presented at the Annual General Meeting of Shareholders on 20th April 2018.

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Liabilities for equity-settled share-based payment arrangements - stated at fair value
- Defined benefit obligations - stated at present value of the obligation
- Inventory - stated at lower of cost or net realizable value
- The methods used to measure fair values are discussed further in note 4

(b) Functional and presentation currency

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

(c) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

Note 13 - Intangible assets and goodwill - key assumptions underlying recoverable amount of CGU
Note 24 - Measurement of defined benefit obligations - key actuarial assumptions
Note 31 - Contingencies - key assumptions about the likelihood and magnitude of an outflow of resources

(d) Measurement of fair values

A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments - Financial risk management and fair values (note 30).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

The Company has applied IFRS 3 on business combinations involving entities under common control.

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are modified where necessary to align them with the policies adopted by the Company. Separate disclosure is made for non-controlling interest.

(iii) Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Structured entities

Structured entities are entities in which the Company is involved and which are designed so that their activities are not governed by way of voting rights. The Company either holds an interest, or does not hold an interest but is a sponsor. The Company considers itself a sponsor of a structured entity when it facilities the establishment of that structured entity. In assessing whether the Company has power over such entities in which it has an interest, the Company considers factors such as the purpose and design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

For additional disclosures on the Company's involvement in unconsolidated structured entities, see notes 14 and 32(c).

(v) **Loss of control**
On the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or at cost less impairment losses depending on the level of influence retained.

(b) **Foreign currency transactions**
Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) **Financial instruments**

(i) **Non-derivative financial assets**
The Group/Company initially recognizes financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) where necessary are recognized initially on the trade date at which the Group/Company becomes a party to the contractual provisions of the instrument.

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

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

The following are classes of non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and cash and cash equivalents.

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

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

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

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

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

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

The Group/Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables as well as dividend payable.

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

(iii) **Share capital**
The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by S.120(3) of CAMA. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

(d) **Property, plant and equipment**

(i) **Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to the previous (Nigerian) GAAP revaluation on 30th June 1995 by Knight Frank (Nigeria) - Chartered Surveyors.

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

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

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

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

(ii) **Subsequent costs**

Subsequent expenditure is capitalised only it is probable that the future economic benefits associated with the expenditure will flow to the Group/Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group/Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

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

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

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

(e) **Intangible assets**

(i) **Goodwill**

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

Subsequent measurement

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

(ii) **Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group/Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after 1st January 2010. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) **Other Intangible assets**

Other intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

The Group/Company's intangible assets with finite useful lives comprise acquired software and a distribution network acquired as part of a business combination. The acquired distribution network provides the Company with opportunities for increased market penetration.

(iv) **Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific Intangible asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) **Amortization of Intangible assets other than goodwill**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss. Goodwill is not amortized. The estimated useful life for the current and comparative period is as follows:

Computer software - 3 to 7 years
Distribution network - 15 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) **Leases**

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group/Company determines whether the arrangement is or contains a lease and performs an assessment of whether:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
(b) the arrangement conveys a right to use the asset

At inception or on reassessment of an arrangement that contains a lease, the Group/Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group/Company's incremental borrowing rate.

Leased assets

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

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

Lease payments

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

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

(g) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials	-	purchase cost on a weighted average basis including spare parts and purchased finished goods transportation and clearing costs.
Brewed finished products and products-in-process	-	weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating capacity.
Inventory-in-transit	-	purchase cost incurred to date.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses

(h) **Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group/Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) **Impairment**

(i) **Non-derivative financial assets**

A financial asset subsequently measured at amortised cost, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group/Company on terms that the Group/Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group/Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) **Non-financial assets**

The carrying amounts of the Group/Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group/Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(j) **Employee benefits**

(i) **Defined contribution plan**

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

In line with the provisions of the Pension Reform Act 2014, the Group/Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group/Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Employees (non-management and management respectively) contribute 7% and 8% of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Group/Company's contribution is 12% and 10% of each employee's Basic salary, Transport & Housing Allowances for non-management and management employees respectively.

(ii) **Gratuity**

The Group/Company currently operates two gratuity schemes, a defined benefit scheme and a defined contribution scheme:

(a) **Defined benefit gratuity scheme**

The Company has a defined benefit gratuity scheme for certain employees. The Company's net obligation in respect of defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

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

(b) **Defined contribution gratuity scheme**

The Company has a defined contribution scheme for certain employees which is funded through fixed contributions made by the Company over the service life of the employees and charged accordingly as employee benefit expense in profit or loss. The funds are managed and administered by Progress Trust (CPFA) Limited. Progress Trust (CPFA) Limited is a duly registered closed Pension Fund Administrator whose sole activity is the administration of the pension and gratuity (defined benefit contribution) schemes for employees and former employees of the Company. Nigerian Breweries Plc has no recourse to the funds, which is managed in accordance with the Pension Reform Act of 2014 and regulated by the Pension Commission.

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

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

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

(iii) **Other long-term employee benefits**

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

(iv) **Termination benefits**

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(v) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

(vi) **Share-based payment transactions**

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions. All other share based payment arrangements are accounted for as cash settled. As from 1st January 2006 Heineken N.V, the parent Company, established a share based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognized as personnel expenses with a corresponding increase in equity (Share-based payment reserve) as a capital contribution from Heineken N.V, over the period that the employees become unconditionally entitled to the share rights.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees' by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognized as an intercompany liability with a corresponding adjustment in equity (Share-based payment reserve) for the capital contribution recognized in respect of the share-based payment.

At each reporting date, the estimate of the number of share rights that are expected to vest is revised for internal performance conditions. The impact of the revision of original estimates (only applicable for internal performance conditions), if any, is recognized in profit or loss, with a corresponding adjustment to equity. The fair value of the share plan is measured at grant date taking into account the terms and conditions of the plan.

(k) **Provisions and contingent liabilities**

Provisions

A provision is recognized if, as a result of a past event, the Group/Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognized when the Group/Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract and taking into consideration any reasonably obtainable sub-leases for onerous lease contracts. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(l) **Revenue**
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, sales returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(m) **Other Income**
Income other than sale of goods is recognised as 'Other Income' when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on employee benefits, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the related assets, are recognized in profit or loss using the effective interest method.

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

(o) **Income and deferred tax**
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in profit or loss account except to the extent that it relates to a transaction that is recognized directly in equity. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the amount will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

iii. temporary differences arising on the initial recognition of goodwill.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest maybe due. The assessment relies on estimates and assumptions and may involve a series of judgements about future event. New information may become available that causes the company to adjust its judgements regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expenses in the period that such a determination is made.

(p) **Earnings per share (EPS)**

The Group/Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(q) **Segment reporting**

An operating segment is a distinguishable component of the Group/Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Group/Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group/Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Executive Committee, which is considered to be the chief operating decision maker for the Group/Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Where applicable, Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(r) **Loans and borrowings**

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Loans and borrowings, for which the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, are classified as non-current liabilities.

(s) **Statement of cash flows**

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

(t) **Dividends**

Dividends are recognized as liability in the period they are declared.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of CAMA are written back to retained earnings.

4a. Determination of fair values

A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. See note 28 (g) for basis of determination of fair value for financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) **Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

(ii) **Share-based payment transactions**

The fair value of the share based payment plan is measured at the grant date taking into account the terms and conditions of the plan.

(iii) **Non-derivative financial instruments**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4b. Fair value as a result of business combinations

(i) **Property, plant and equipment**

The fair value of property, plant and equipment recognized as a result of a business combination is based on the quoted market prices for similar items when available and depreciated replacement cost based on independent valuation when appropriate.

(ii) **Intangible assets**

The fair value of the distribution network acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) **Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5. Exceptional items and amortisation of acquisition-related intangibles (EIA) in net profit

The table below provides an overview of the exceptional items and amortisation of acquisition-related intangibles in the Company's net profit:

	2017 ₦'000	2016 ₦'000
Profit attributable to equity holders of the Company (net profit)	33,009,292	28,396,777
Personnel - Redundancy	2,233,000	1,869,000
(Gain)/Loss on Sale PP&E	492,949	(164,486)
Depreciation and Impairment losses	1,941,000	531,000
Income from Insurance Claim	(1,571,331)	-
Amortization Customer Relation	231,000	231,000
Other	(1,462,048)	-
	1,864,570	2,466,514
Profit before EIA	**34,873,862**	**30,863,291**

6. A) Amendments to IFRS that are not mandatorily effective for period beginning 1 January 2017

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017, which the Company has not applied in preparing these consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9, published in July 2014, replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The Company will implement IFRS 9 per 1 January 2018 using the modified retrospective approach. The Company has investigated the impact of the new classification principles on financial assets in scope. The assets currently classified as AFS will be measured at FVTOCI under IFRS 9 which constitutes no significant change, except for the accounting for accumulative gains or losses when equity securities measured at FVTOCI are disposed of. These cumulative gains or losses will not be reclassified to P&L upon disposal but kept in the fair value reserve. The Company has no investments classified as held to maturity. The Company has investigated the impact of the expected loss model on trade receivables and both advances and loans to customers and concluded that the impact is immaterial. The impact on The Company's future consolidated income statement is also expected to be immaterial as the standard requires provisions to be recorded earlier and the initial impact of this timing difference is recorded in equity upon implementation.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers', published in May 2014, establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance and will be implemented by the Company per 1 January 2018 by applying the retrospective method (restating all prior periods). Under the retrospective method the Company will not apply for practical expedients as within the Company the performance obligations are satisfied at a point in time rather than over time and IFRS 15 will not result in measurement differences. The Company concluded that IFRS 15 impacts the presentation in profit or loss of 'payments to customers for services received', such as payments to customers for marketing support. Most of these marketing support payments are currently classified as marketing expenses, but will be considered a reduction of revenue under IFRS 15 if the marketing support cannot be separated as a distinct service.

Furthermore, IFRS 15 requires to assess the accounting for excise taxes based on the principal versus agent principle. The Company considers to act as a principal for excise taxes in case the excise tax is levied at production. Based on the assessment, it has been concluded that the Company acts as a principal. Revenue will be presented without excise tax expense. The excise tax expense will be presented on a separate line below revenue in the consolidated income statement and a new subtotal, called 'Net revenue' will be added. This 'Net revenue' subtotal is the sum of 'revenue' as defined in IFRS 15 (after discounts) and the excise tax expense.

The IFRS 15 changes as described above will have no impact on operating profit, net profit and EPS.

If IFRS 15 would have been applicable in 2017, the 2017 figures are estimated to be as follows. As these presented restated figures are based on estimates, the actual restated financial information may differ from those expressed in this estimated restated financial information:

For the year ended 31 December	2017 ₦'000	IFRS 15 reclassification (estimates) ₦'000	2017 based on IFRS 15 (estimate) ₦'000
Revenue	344,562,517	21,235,540	365,798,057
Excise tax expense	-	(21,270,841)	(21,270,841)
Net revenue	**344,562,517**	**-**	**344,527,216**
	-	-	-
Other Income	2,218,588	-	2,218,588
Cost of Sales	(201,013,357)	-	(201,013,357)
Marketing and distribution expenses	(66,898,905)	35,301	(66,863,604)
Administration expenses	(21,742,533)	-	(21,742,533)
Results from Operating Expenses	**57,126,310**	**-**	**57,126,310**
Profit before tax	**46,572,313**	**-**	**46,572,313**
Income tax expenses	(13,563,021)	-	(13,563,021)

IFRS 16 Leases

IFRS 16 'Leases', published in January 2016, establishes a revised framework for determining whether a lease is recognised on the (Consolidated) Statement of Financial Position. It replaces existing guidance on leases, including IAS 17. The Company will implement IFRS 16 per 1 January 2019. In 2017, the Company has completed the extraction of relevant data-points from lease contracts. These will be used for the impact analysis during the first half-year 2018. The operating leases that will be recorded on the Company's balance sheet as a result of IFRS 16 is expected to be mainly offices, warehouses, (forklift) trucks, land.

Other standards and interpretations

The following new or amended standards are not expected to have a significant impact on the Company's consolidated financial statements:

- Classification and measurement of Share-based Payments (amendments to IFRS 2)
- Foreign Currency Transactions and Advance Consideration (IFRIC 22)

6. B) **Amendments to IFRS that are mandatorily effective for period beginning 1 January 2016**

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Amendments to IFRS Annual Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle
- The Company has applied the amendments to IFRS included in the Annual Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. The application of the amendments has had no significant impact on the disclosures or amounts recognised in the Company's financial statements.

7. Revenue

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Nigeria	344,441,486	344,441,486	313,582,465	313,582,465
Export	121,031	121,031	160,682	160,682
	344,562,517	**344,562,517**	**313,743,147**	**313,743,147**

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

8. Other Income

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Sale of scrap	597,757	597,757	555,662	555,662
Management services	49,500	49,500	60,000	60,000
Income from Insurance Claim	1,571,331	1,571,331	-	-
	2,218,588	**2,218,588**	**615,662**	**615,662**

9. Finance income and finance costs

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Interest income on bank deposits	172,074	172,074	416,503	416,503

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Interest expense on loans and borrowings	4,069,920	4,132,915	3,874,608	3,931,462
Interest expense on overdraft	92,908	92,908	106,523	106,523
Unwinding of discount on employee benefits	1,471,342	1,471,342	1,347,539	1,347,539
Net change in fair value of Unrealised Hedge instruments:	-	-	764,079	764,079
Net loss on foreign exchange transactions*	5,028,906	5,028,906	7,552,397	7,552,397
Finance cost	**10,663,076**	**10,726,071**	**13,645,146**	**13,702,000**

(c) Interest expense in the statement of cash flows

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Finance cost per income statement	**10,663,076**	**10,726,071**	**13,645,146**	**13,702,000**
Unwinding of discount on employee benefits	(1,471,342)	(1,471,342)	(1,347,539)	(1,347,539)
Net change in fair value of derivatives	-	-	(764,079)	(764,079)
Loss on foreign exchange	(5,028,906)	(5,028,906)	(7,552,397)	(7,552,397)
Interest expense per statement of cash flows	**4,162,828**	**4,225,823**	**3,981,131**	**4,037,985**
Interest accrual	(1,326,393)	(1,326,393)	(87,793)	(87,793)
Interest paid per statement of cash flows	**2,836,435**	**2,899,430**	**3,893,338**	**3,950,192**

10. Profit before taxation

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

	Notes	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Depreciation of property, plant and equipment	14	32,691,135	32,686,134	28,273,009	28,268,009
Amortization of intangible assets	15	1,435,727	1,435,727	1,468,637	1,468,637
Auditors' remuneration*		56,534	56,534	49,591	49,591
Personnel expenses	11	41,640,292	41,640,292	39,031,407	39,031,407
Directors' remuneration	10(b)	1,386,557	1,386,557	974,719	974,719
Gain on property, plant and equipment disposed		492,949	492,949	(164,486)	(164,486)
Lease rental payments	31	491,582	491,582	415,665	415,665
Royalty and technical assistance fees	34	8,943,880	8,943,880	9,011,650	9,011,650

* Apart from the statutory fee, Deloitte received ₦49,421 million (2016: - ₦43,352 million) for the audit for group reporting and ₦4,000 million (2016: - ₦3,200 million) quarterly certification of National Office for Technology Acquisition and Promotion (NOTAP) related payments.

(b) Remuneration, excluding certain benefits of directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Fees:				
Chairman (non-executive)*	2,540	2,540	2,860	2,860
Other non-executive directors	13,317	13,317	13,600	13,600
	15,857	15,857	16,460	16,460
Other emoluments:				
Chairman (non-executive)	3,383	3,383	2,951	2,951
Other Non-executives directors	24,412	24,412	21,427	21,427
	27,795	27,795	24,378	24,378
Remuneration as executive directors	1,342,905	1,342,905	933,881	933,881
	1,386,557	**1,386,557**	**974,719**	**974,719**

The emolument (excluding pension contributions) of the highest paid director was ₦340,207,345 (2016: ₦255,808,438).

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

	Group 2017 Number	Company 2017 Number	Group 2016 Number	Company 2016 Number
₦4,000,001 - ₦30,000,000	8	8	8	8
₦30,000,001 and above	5	5	5	5

*Excluding cost for the Chairman's office.

(c) Analysis of expenses by nature

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Raw materials and consumables	128,857,254	128,857,254	113,604,018	113,604,018
Advertising and sales promotion	22,438,092	22,438,092	22,371,313	22,371,313
Depreciation	32,691,135	32,686,134	28,273,009	28,268,009
Amortization	1,435,727	1,435,727	1,468,637	1,468,637
Employee benefits (see note 11)	41,640,292	41,640,292	39,031,407	39,031,407
Transportation	28,255,474	28,255,474	24,097,897	24,097,897
Repairs and maintenance	15,308,886	15,308,886	13,265,545	13,265,545
Royalty and technical service fees	8,943,880	8,943,880	9,011,650	9,011,650
Others	10,089,305	10,089,056	10,332,172	10,331,922
Total cost of sales, marketing & distribution and administration expenses	**289,660,045**	**289,654,795**	**261,455,648**	**261,450,398**

11. Personnel expenses

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Salaries, wages and allowance	30,054,342	30,054,342	28,860,900	28,860,900
Pension and Gratuity	4,530,258	4,530,258	4,518,840	4,518,840
Expenses related to defined benefit plans	74,457	74,457	150,201	150,201
Training, recruitment and canteen expenses	2,233,463	2,233,463	1,978,372	1,978,372
Share based payments expenses	436,198	436,198	258,298	258,298
Medical expenses	894,892	894,892	733,694	733,694
Other personnel expenses*	3,416,682	3,416,682	2,531,102	2,531,102
	41,640,292	**41,640,292**	**39,031,407**	**39,031,407**

* Other personnel expenses regard transportation benefits, cars, uniforms, relocation etc.

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

	Group/Company 2017 Number	Group/Company 2016 Number
Production	1,626	1,755
Distribution	203	194
Commercial	917	1,081
General administration	582	616
	3,328	**3,646**

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

	Group/Company 2017 Number	Group/Company 2016 Number
₦500,000 and below	16	37
₦500,001 - ₦600,000	-	-
₦600,000 - ₦700,000	1	-
₦700,001 - ₦800,000	4	-
₦800,001 - ₦900,000	-	1
₦900,001 - ₦1,000,000	1	2
₦1,000,001 - ₦1,100,000	2	2
₦1,100,001 - ₦1,200,000	11	33
₦1,200,001 - ₦1,300,000	-	2
₦1,300,001 - ₦1,400,000	2	20
₦1,400,001 - ₦1,500,000	1	14
₦1,500,001 - ₦1,600,000	-	21
₦1,600,001 - ₦1,700,000	1	1
₦1,700,001 - ₦1,800,000	1	24
₦1,800,001 - ₦1,900,000	4	10
₦1,900,001 - ₦2,000,000	-	6
₦2,000,001 - ₦2,250,000	12	83
₦2,250,001 - ₦2,500,000	82	163
₦2,500,001 - ₦2,750,000	206	266
₦2,750,001 - ₦3,000,000	173	285
₦3,000,001 - ₦3,500,000	620	642
₦3,500,001 - ₦4,000,000	468	418
₦4,000,001 - ₦5,000,000	486	461
₦5,000,001 - ₦6,000,000	312	368
₦6,000,001 - ₦8,000,000	355	255
₦8,000,001 - ₦10,000,000	133	184
₦10,000,001 - ₦15,000,000	228	179
₦15,000,001 - ₦20,000,000	96	58
₦20,000,001 - ₦30,000,000	68	80
₦30,000,001 and above	45	31
	3,328	**3,646**

12. Taxation

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Current tax expense				
Income tax	14,285,632	14,267,154	12,486,370	12,454,954
Tertiary education tax	1,325,309	1,325,309	1,368,150	1,368,150
	15,610,941	**15,592,463**	**13,854,520**	**13,823,104**
Deferred tax expense				
Origination and reversal of temporary differences	(2,029,442)	(2,029,442)	(2,596,967)	(2,596,967)
	13,581,499	**13,563,021**	**11,257,553**	**11,226,137**

(b) Reconciliation of effective tax rate

	%	Group 2017 ₦'000	%	Company 2017 ₦'000	%	Group 2016 ₦'000	%	Company 2016 ₦'000
Profit before income tax		**46,630,058**		**46,572,313**		**39,674,518**		**39,622,914**
Income tax using the statutory tax rate	30.0	13,990,172	30.0	13,971,694	30.0	11,922,556	30.0	11,891,140
Impact of tertiary education tax	2.0	931,446	2.0	931,446	2.0	792,743	2.0	792,743
Effect of tax incentives and exempted Income	(4.0)	(200,661)	(4.0)	(200,661)	(0.8)	(304,484)	(0.8)	(304,484)
Non-deductible expenses	4.0	203,146	4.0	203,146	0.2	71,067	0.2	71,067
Other items*	(2.9)	(1,342,604)	(2.9)	(1,342,604)	(3.1)	(1,224,329)	(3.1)	(1,224,329)
	29.1	**13,581,499**	**29.1**	**13,563,021**	**28.3**	**11,257,553**	**28.3**	**11,226,137**

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

(c) Movement in current tax liability

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Balance at 1st January	**19,024,168**	**18,989,567**	**20,218,516**	**20,215,330**
Payments during the year	(15,587,752)	(15,587,752)	(15,048,868)	(15,048,868)
Charge for the year	15,610,942	15,592,463	13,854,520	13,823,104
Reversal	558,912	558,912	-	-
Balance at 31st December	**19,606,270**	**19,553,190**	**19,024,168**	**18,989,567**

13. Earnings per share

(a) Basic earnings per share

Basic earnings per share of 414 kobo (2016: 358 kobo) is based on the profit attributable to ordinary shareholders of ₦33,009,292,000 (2016: ₦28,396,777,000), and on the 7,964,580,401 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2016: 7,929,100,888):

	Group 2017	Company 2017	Group 2016	Company 2016
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,929,100,888	7,929,100,888	7,899,989,937	7,899,989,937
Issued shares*	35,479,513	35,479,513	29,110,951	29,110,951
Weighted average number of ordinary shares at 31st December	**7,964,580,401**	**7,964,580,401**	**7,929,100,888**	**7,929,100,888**

* On 23rd June 2017, the Company issued 67,801,163 ordinary shares to shareholders as scrip dividend.

(b) Diluted earnings per share

Diluted earnings per share of 414 kobo (2016: 358 kobo) is based on the profit attributable to ordinary shareholders of ₦33,009,292,000 (2016: ₦28,396,777,000), and on the 7,964,580,401 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2016: 7,929,100,888) after adjustment for the effects of all dilutive potential ordinary shares:

	Group 2017	Company 2017	Group 2016	Company 2016
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,929,100,888	7,929,100,888	7,899,989,937	7,899,989,937
Issued shares	35,479,513	35,479,513	29,110,951	29,110,951
Weighted average number of ordinary shares at 31st December	**7,964,580,401**	**7,964,580,401**	**7,929,100,888**	**7,929,100,888**

(c) Dividend declared per share

Dividend declared per share of 358 kobo (2016: 460 kobo) is based on total declared dividend of ₦28,453,982,337 (2016: ₦36,473,864,075) and on 7,996,902,051 ordinary shares of 50 kobo each, being the ordinary shares in issue (2016: 7,929,100,888).

14. Property, plant and equipment

(a) The movement on these accounts during the year 2017 was as follows:

Group

	Leasehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at 1st January 2017	**10,922,090**	**57,074,461**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,252,646**
Additions	231,967	206,902	2,313,960	3,999,595	2,318,107	18,841,112	6,986,844	34,898,487
Disposals	-	(145,345)	(2,118,907)	(6,169,001)	(1,326,344)	(5,386,989)	-	(15,146,586)
Transfers from Held for Sale	617,405	1,200,947	628,593	-	6,891	-	-	2,453,836
Transfers from Capital work-in-progress*	-	90,675	1,178,659	18,416	243,397	4,866	(1,548,669)	(12,656)
Balance at 31st December 2017	**11,771,462**	**58,427,640**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,399**	**9,735,641**	**388,445,727**
Depreciation and impairment								
Balance at 1st January 2017	**1,675,838**	**18,142,745**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,070,946**
Depreciation for the year	360,012	4,545,176	11,198,853	2,909,813	2,997,470	10,679,811	-	32,691,135
Disposals		(81,346)	(2,116,275)	(6,056,888)	(1,322,688)	(4,969,551)	-	(14,546,748)
Balance at 31st December 2017	**2,035,850**	**22,606,575**	**95,812,095**	**9,835,736**	**16,486,120**	**46,438,957**	**-**	**193,215,333**
Carrying amount								
At 31st December 2016	**9,246,252**	**38,931,716**	**80,866,750**	**7,802,225**	**7,660,578**	**42,376,713**	**4,297,466**	**191,181,700**
At 31st December 2017	**9,735,612**	**35,821,065**	**73,786,477**	**8,798,310**	**7,227,847**	**50,125,442**	**9,735,641**	**195,230,394**

*see note 15

14. Property, plant and equipment (Cont'd)

(b) The movement on these accounts during the year 2017 was as follows:

Company

	Leasehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at 1st January 2017	**10,922,090**	**56,829,033**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,007,218**
Additions	231,967	206,902	2,313,960	3,999,595	2,318,107	18,841,112	6,986,844	34,898,487
Disposals	-	(145,345)	(2,118,907)	(6,169,001)	(1,326,344)	(5,386,989)	-	(15,146,586)
Transfers from Held for Sale	617,405	1,200,947	628,593	-	6,891	-	-	2,453,836
Transfers from Capital work-in-progress*		90,675	1,178,659	18,416	243,397	4,866	(1,548,669)	(12,656)
Balance at 31st December 2017	**11,771,462**	**58,182,212**	**169,598,572**	**18,634,046**	**23,713,967**	**96,564,399**	**9,735,641**	**388,200,299**
Depreciation and impairment								
Balance at 1st January 2017	**1,675,838**	**18,082,317**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,010,518**
Depreciation for the year	360,012	4,540,176	11,198,852	2,909,813	2,997,470	10,679,811	-	32,686,134
Disposals	-	(81,346)	(2,116,275)	(6,056,888)	(1,322,688)	(4,969,550)	-	(14,546,747)
Balance at 31st December 2017	**2,035,850**	**22,541,147**	**95,812,094**	**9,835,736**	**16,486,120**	**46,438,958**	**-**	**193,149,905**
Carrying amount								
At 31st December 2016	9,246,252	38,746,716	80,866,750	7,802,225	7,660,578	42,376,713	4,297,466	190,996,700
At 31st December 2017	9,735,612	35,641,065	73,786,478	8,798,310	7,227,847	50,125,441	9,735,641	195,050,394

*see note 15

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

14. Property, plant and equipment (Cont'd)

(a) The movement on these accounts during the year 2016 was as follows:

Group

	Leasehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at								
1st January 2016	8,154,440	55,880,043	161,804,452	17,496,883	19,784,243	109,620,424	9,486,346	382,226,831
Additions	31,259	713,428	3,049,959	3,924,860	2,398,007	9,027,307	1,444,517	20,589,337
Disposals	-	(421,417)	(1,483,503)	(784,730)	(814)	(35,539,198)	-	(38,229,662)
Transfers from Held for Sale	1,722,990	-	-	-	553	-	-	1,723,543
Transfers from Capital work-in-progress*	1,013,401	902,407	4,225,360	148,023	289,926	(3,123)	(6,633,397)	(57,403)
Balance at 31st December 2016	**10,922,090**	**57,074,461**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,252,646**
Depreciation and impairment								
Balance at 1st January 2016	1,331,294	15,854,308	79,197,101	11,154,154	11,719,942	65,671,185	-	184,927,984
Depreciation for the year	344,544	2,709,854	9,015,874	2,522,114	3,092,210	10,588,413	-	28,273,009
Disposals	-	(421,417)	(1,483,458)	(693,457)	(814)	(35,530,901)	-	(38,130,047)
Balance at 31st December 2016	**1,675,838**	**18,142,745**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,070,946**
Carrying amount								
At 31st December 2015	**6,823,146**	**40,025,735**	**82,607,351**	**6,342,729**	**8,064,301**	**43,949,239**	**9,486,346**	**197,298,847**
At 31st December 2016	**9,246,252**	**38,931,716**	**80,866,750**	**7,802,225**	**7,660,578**	**42,376,713**	**4,297,466**	**191,181,700**

*see note 15

14. Property, plant and equipment (Cont'd)

(b) The movement on these accounts during the year 2016 was as follows:

Company

	Leasehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Gross Book Value								
Balance at 1st January 2016	**8,154,440**	**55,634,615**	**161,804,451**	**17,496,883**	**19,784,244**	**109,620,424**	**9,486,346**	**381,981,403**
Additions	31,259	713,428	3,049,959	3,924,860	2,398,007	9,027,307	1,444,517	20,589,337
Disposals	-	(421,417)	(1,483,503)	(784,730)	(814)	(35,539,198)	-	(38,229,662)
Transfers from Held for Sale	1,722,990				553			1,723,543
Transfers from Capital work-in-progress*	1,013,401	902,407	4,225,360	148,023	289,926	(3,123)	(6,633,397)	(57,403)
Balance at 31st December 2016	**10,922,090**	**56,829,033**	**167,596,267**	**20,785,036**	**22,471,916**	**83,105,410**	**4,297,466**	**366,007,218**
Depreciation and impairment								
Balance at 1st January 2016	**1,331,294**	**15,798,880**	**79,197,101**	**11,154,154**	**11,719,942**	**65,671,185**	**-**	**184,872,556**
Depreciation for the year	344,544	2,704,854	9,015,874	2,522,114	3,092,210	10,588,413	-	28,268,009
Disposals	-	(421,417)	(1,483,458)	(693,457)	(814)	(35,530,901)	-	(38,130,047)
Balance at 31st December 2016	**1,675,838**	**18,082,317**	**86,729,517**	**12,982,811**	**14,811,338**	**40,728,697**	**-**	**175,010,518**
Carrying amount								
At 31st December 2015	**6,823,146**	**39,835,735**	**82,607,351**	**6,342,729**	**8,064,301**	**43,949,239**	**9,486,346**	**197,108,847**
At 31st December 2016	**9,246,252**	**38,746,716**	**80,866,750**	**7,802,225**	**7,660,578**	**42,376,713**	**4,297,466**	**190,996,700**

*see note 15

(c) **Capital Work in Progress**
Closing balance of Capital Work in Progress is analysed as follows:

	Company 2017 ₦'000	Company 2016 ₦'000
Plant and Machinery	8,270,022	3,776,000
Buildings	662,655	52,451
Others	802,964	469,015
	9,735,641	**4,297,46**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

14. Property, plant and equipment (Cont'd)

(d) **Capital commitments**

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Approved and contracted	4,625,530	4,625,530	3,579,286	3,579,286
Approved but not contracted	10,711,250	10,711,250	8,408,663	8,408,663
	15,336,780	**15,336,780**	**11,987,949**	**11,987,949**

(e) **Assets held for sale**

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Cost	2,453,836	2,453,836	4,177,379	4,177,379
Carrying amount	2,453,836	2,453,836	4,177,379	4,177,379
Transfer to PP&E	(2,453,836)	(2,453,836)	(1,723,543)	(1,723,543)
Carrying amount	**-**	**-**	**2,453,836**	**2,453,836**

(f) **Additions in statement of cash flows**

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Additions per note 14 a & b	34,898,487	34,898,487	20,589,338	20,589,338
PPE in transit	(2,776,909)	(2,776,909)	(1,376,086)	(1,376,086)
Acquisition of PPE per statement of cash flows	**32,121,578**	**32,121,578**	**19,213,242**	**19,213,242**

15. Intangible assets and goodwill

(a) The movement on these accounts during the year 2017 was as follows:

Group/Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Total ₦'000
Gross Book Value				
Balance at 1st January 2017	**84,722,719**	**2,488,007**	**17,381,433**	**104,592,159**
Additions	-	222,409	-	222,409
Disposals	-	(261,581)	-	(261,581)
Transfers from PP&E (note 14)	-	12,656	-	12,656
Balance at 31st December 2017	**84,722,719**	**2,461,491**	**17,381,433**	**104,565,646**
Amortisation				
Balance at 1st January 2016	**-**	**1,939,878**	**3,174,455**	**5,114,333**
Amortisation for the year	-	276,946	1,158,781	1,435,727
Disposal	-	(261,580)	-	(261,581)
Balance at 31st December 2017	**-**	**1,955,244**	**4,333,236**	**6,288,480**
Carrying amount				
At 31st December 2016	**84,722,719**	**548,129**	**14,206,978**	**99,477,826**
At 31st December 2017	**84,722,719**	**506,247**	**13,048,197**	**98,277,166**

(b) The movement on these accounts during the year 2016 was as follows:

Group/Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Total ₦'000
Cost				
Balance at 1st January 2016	**84,722,719**	**2,154,273**	**17,381,433**	**104,258,425**
Additions	-	276,331	-	276,331
Transfers from PP&E (note 14)	-	57,403	-	57,403
Balance at 31st December 2016	**84,722,719**	**2,488,007**	**17,381,433**	**104,592,159**
Amortisation				
Balance at 1st January 2016	**-**	**1,630,021**	**2,015,675**	**3,645,696**
Amortisation for the year	-	309,857	1,158,780	1,468,637
Balance at 31st December 2016	**-**	**1,939,878**	**3,174,455**	**5,114,333**
Carrying amount				
At 31st December 2015	**84,722,719**	**524,251**	**15,365,758**	**100,612,728**
At 31st December 2016	**84,722,719**	**548,129**	**14,206,978**	**99,477,826**

15. Intangible assets and goodwill (Cont'd)

(c) The amortization charge of all intangible assets is included in administrative expenses in the income statement.

(d) Effective 31st December 2014, Nigerian Breweries Plc acquired all the shares of Consolidated Breweries Plc through an effected Scheme of Merger. The goodwill arising from this transaction represents synergies that is being derived from increased economies of scale, deepened brand portfolio, access to new markets and enhanced operating and administrative efficiencies.

Effective 17th October 2011, Nigerian Breweries Plc acquired Sona Systems Associates Business Management Limited and Life Breweries Company Limited from Heineken International B.V.. The goodwill arising from numerous synergies harnessed from the breweries acquired continues to maximize value for the Company's shareholders and other stakeholders.

For the purpose of impairment testing, goodwill is allocated to the Company as the Cash Generating Unit (CGU), which represents the lowest level at which the goodwill is monitored for internal management purpose.

Goodwill is tested for impairment annually. Impairment is determined by comparing the carrying amount of the (CGU) (including goodwill) with the recoverable amount. The recoverable amount of the CGU is the higher of the value in use. The value in use in 2016 was determined on a similar basis. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a three year business plan. Cash flows for a further seven year period were extrapolated using expected annual volume growth rates. Management believes that this forecast period is justified due to the long-term nature of the brewery business and past experiences.
- The revenue growth per year after the first three year period is assumed to be at the expected annual long-term inflation, based on external sources.
- A pre-tax Weighted Average Cost of Capital (WACC) was applied in determining the recoverable amount of the unit. The WACC represents the Group/Company's weighted average cost of capital.

The values assigned to the key assumptions (level 2 Inputs) used for the value in use calculations are as follows:

	2017	2016
- Pre-tax WACC -	20.4%	24.0%
- Terminal growth rate	(2027 and onwards) - 0%	(2026 and onwards) - 0%
- Expected volume growth rates	(2018 - 2026) - 4.61%	(2017 - 2025) - 0.7%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). Management's estimate of the fair value less cost to sell is based on the market capitalisation which is dependent on the company's share price.

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

16. Investments

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Progress Trust (CPFA)	150,000	150,000	150,000	150,000
Benue Bottling Company Limited	-	679,625	-	679,625
Investments	**150,000**	**829,625**	**150,000**	**829,625**

16. Investments (Cont'd)

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

Investment of ₦150 million represents the cost of the Group/Company's 100% equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension Commission to conduct the business of a closed pension fund administrator and manages the pension and gratuity funds of employees and former employees of Nigerian Breweries. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom) rather than by voting rights and the funds are managed in accordance with the Pencom guidelines. The benefits arising from the activities of Progress Trust (CPFA) Limited accrue principally to members of the pension and gratuity schemes and the

Group/Company has no exposure to variable returns arising from its involvement. The Group/Company's residual interest in Progress Trust (CPFA) Limited is immaterial. The funds and assets of both the pension and defined contribution gratuity scheme are held by an Independent Licensed Pension Fund Custodian in line with the Pension Reform Act, 2014. As a result of the above, Progress Trust (CPFA) Limited has not been consolidated.

The company supports the sourcing of resources to Progress Trust (CPFA) Limited at cost and intends to continue to provide support into the future.

(b) **Benue Bottling Company Limited**

Through the effected merger with Consolidated Breweries on 31st December 2014 the Company obtained an 89.3% shareholding in Benue Bottling Company Limited, an entity with no business activities. The Investment of ₦679.6 million represents the Company's historical cost of the 89.3% share in the equity of Benue Bottling Company Limited as at 31st December 2016 (2015: ₦679.6 million).

17. Other receivables

Non-current other receivables of ₦552million (2016: ₦623 million) represent loans granted to the Company's employees, which are secured by the employees' retirement benefit obligations. At the year end, the current portion of other receivables amounting to ₦182 million (2016: ₦320 million) was reclassified to current asset and included in trade and other receivables on the statement of financial position (note 20)

18. Prepayments

Non-current - (₦526 million (2016: ₦1,154 million) and current prepayments - ₦1,038 million (2016: ₦301 million) mainly represent rental expenses prepaid by the Company.

19 Inventories

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Raw materials	17,561,707	17,561,707	8,789,652	8,789,652
Products in process	2,377,722	2,377,722	3,169,263	3,169,263
Finished products	7,667,094	7,667,094	3,928,616	3,928,616
Non-returnable packaging materials	6,470,275	6,020,382	5,944,416	5,944,416
Spare parts	5,740,475	5,740,475	6,459,461	6,459,461
Goods in transit	2,911,589	3,361,482	2,953,295	2,953,295
	42,728,862	**42,728,862**	**31,244,703**	**31,244,703**

20. Trade and other receivables

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Trade receivables	13,137,794	13,137,794	12,753,803	12,753,803
Advances	3,802,857	3,802,857	3,949,620	3,949,620
Other receivables	1,944,447	1,944,447	2,227,873	2,227,873
Due from related parties	1,499,014	1,499,014	1,042,728	1,042,728
	20,384,112	**20,384,112**	**19,974,024**	**19,974,024**

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 30 (a).

21. Deposit for imports

Deposits for imports represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards, as well as futures. All related to imported raw materials, spare parts and machinery.

22. Cash and cash equivalents

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Bank balances	15,730,855	15,729,677	11,929,945	11,928,767
Call deposits	134,528	134,528	224,482	224,482
Cash in hand	1,571	1,571	2,005	2,005
Cash and Bank	**15,866,954**	**15,865,776**	**12,156,432**	**12,155,254**
Bank Overdraft	(470,930)	(470,930)	(870,611)	(870,611)
	(470,930)	**(470,930)**	**(870,611)**	**(870,611)**
Cash and cash equivalents in the statement of cash flows	**15,396,024**	**15,394,846**	**11,285,821**	**11,284,643**

23. Share capital

(a) Authorised ordinary shares of 50k each

In number of shares

	Company 2017	Company 2016
At 1st January	8,000,000,000	8,000,000,000
At 31st December	10,000,000,000	8,000,000,000

At the last Annual General Meeting of 3rd May 2017, the Authorised Share Capital was increased from ₦4 billion divided into 8 billion ordinary shares of 50 kobo each to ₦5 billion divided into 10 billion ordinary shares of 50 kobo each.

23. Share capital (Cont'd)

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

	Company 2017	Company 2016
In number of shares		
At 1st January	7,929,100,888	7,929,100,888
Share issuance	67,801,163	-
At 31st December	**7,996,902,051**	**7,929,100,888**
In Naira	₦	₦
At 1st January	3,964,551	3,964,551
Share issuance	33,900	-
Share Value in Naira	**3,998,451**	**3,964,551**

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

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

24. Dividends

(a) **Declared dividends**
The following dividends were declared and paid by the Company during the year:

	Company 2017 ₦'000	Company 2016 ₦'000
100 kobo Interim dividend declared (2016: 100 kobo)	7,996,902	7,929,101
258 kobo per qualifying ordinary share (2016: 360 kobo)	20,457,080	28,544,763
	28,453,982	**36,473,864**

After the respective reporting dates, the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	Company 2017 ₦'000	Company 2016 ₦'000
313 kobo per qualifying ordinary share (2016: 360 kobo)	**25,030,303**	**20,457,080**

24. Dividends (Cont'd)

(b) **Dividend payable**

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
At 1st January	12,676,038	12,676,038	12,399,599	12,399,599
Declared dividend (note 24 a)	28,453,982	28,453,982	36,473,864	36,473,864
Payments paid (Cash)	(24,038,861)	(24,038,861)	(36,057,794)	(36,057,794)
Payments paid (Bonus)	(8,854,154)	(8,854,154)	-	-
Unclaimed dividend transferred to retained earnings	(208,263)	(208,263)	(139,631)	(139,631)
At 31st December	**8,028,742**	**8,028,742**	**12,676,038**	**12,676,038**

(i) Unclaimed dividend transferred to general reserve represents dividend which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with Section 383 of CAMA.

(ii) As at 31st December 2017, ₦1.4 billion (2016: ₦2.8 billion) of the total dividend payable is held with the Company's registrar, First Registrars and Investor Services Limited. The remaining dividend payable of ₦6.6 billion (2016: ₦9.8 billion) holds ₦ Nil (2016: ₦3.6 billion) due to foreign shareholders. The total remaining balance of ₦6.6 billion represents unclaimed dividends, which have been returned to the Company by the Registrar.

25. Loans and Borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. The borrowings are unsecured. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 30.

(a)

	Non Current		Non Current	
	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
At 1st January	17,000,000	17,000,000	3,000,000	3,000,000
Bank loan Obtained/(repaid) during the year	(9,000,000)	(9,000,000)	14,000,000	14,000,000
At 31st December	**8,000,000**	**8,000,000**	**17,000,000**	**17,000,000**

(b) The Company has revolving credit facilities with five Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks range from ₦6 billion to ₦15 billion (total of ₦66 billion). Each of the agreements were signed in 2016 with a tenor of five years.

26. Employee Benefits

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Recognized liability for defined benefit obligation (Note 26 a)	10,122,143	10,122,143	7,580,834	7,580,834
Recognized liability for other long term employee benefits (Note 26 b)	3,087,694	3,087,694	2,520,231	2,520,231
Total employee benefit liabilities	**13,209,837**	**13,209,837**	**10,101,065**	**10,101,065**

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Defined benefit obligations at 1st January	7,580,834	7,580,834	9,247,745	9,247,745
Benefits paid by the plan	(718,305)	(718,305)	(1,004,019)	(1,004,019)
Current service costs and interest (see below)	1,188,645	1,188,645	1,200,149	1,200,149
Actuarial (gains) and losses recognized in other comprehensive income (see note (f))	2,070,969	2,070,969	(1,863,041)	(1,863,041)
Defined benefit obligations at 31st December	**10,122,143**	**10,122,143**	**7,580,834**	**7,580,834**

In 2011, the Company introduced a post-employment medical benefit for pensioners and employees on the defined benefit gratuity scheme including their spouses. The liability for this scheme in the current year amounted to ₦4.9 billion (2016: ₦2.3 billion).

Defined benefit expense recognized in income statement for defined benefit obligation.

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Current service costs	74,457	74,457	150,201	150,201
Interest on obligation	1,114,188	1,114,188	1,049,948	1,049,948
	1,188,645	**1,188,645**	**1,200,149**	**1,200,149**

(b) **Movement in other long-term employee benefits**
The movement on the long service awards benefit plan liability during the year was as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Obligation at 1st January	2,520,231	2,520,231	2,655,759	2,655,759
Charge for the year	1,172,419	1,172,419	317,034	317,034
Payments	(604,956)	(604,956)	(452,562)	(452,562)
Obligation at 31st December	**3,087,694**	**3,087,694**	**2,520,231**	**2,520,231**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

26. Employee Benefits (Cont'd)

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Current and past service costs	308,105	308,105	352,375	352,375
Interest on obligation	353,333	353,333	297,591	297,591
Actuarial (gains)/Losses	510,981	510,981	(332,932)	(332,932)
	1,172,419	**1,172,419**	**317,034**	**317,034**

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Obligation at 1st January	89,020	89,020	33,438	33,438
Charge for the year	1,946,341	1,946,341	1,862,519	1,862,519
Payments	(1,869,737)	(1,869,737)	(1,806,938)	(1,806,938)
Obligation at 31st December	**165,624**	**165,624**	**89,020**	**89,020**

The obligation represents the amount yet to be remitted at the year end to the defined benefit contribution plan and has been included in non-trade and accrued expenses (note 29 a).

(d) **Pension payable**

The balance on the pension payable account, included in trade and other payables, represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Obligation at 1st January	21,176	21,176	726	726
Charge for the year	2,457,576	2,457,576	2,408,593	2,408,593
Payments	(2,477,346)	(2,477,346)	(2,388,143)	(2,388,143)
Obligation at 31st December	**1,406**	**1,406**	**21,176**	**21,176**

26. Employee Benefits (Cont'd)

(e) The employee benefits related expense are recognized in the following line items in the income statement:

	Cost of sales		Marketing		Administrative expenses		Total	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Defined benefit obligation expense	32,909	62,893	25,564	50,356	15,984	36,952	74,457	150,201
Pension expense	1,086,238	1,008,539	843,767	807,493	527,571	592,560	2,457,576	2,408,593
Defined contribution plan	860,275	779,884	668,243	624,419	417,823	458,216	1,946,341	1,862,519
Long Service awards expense	518,204	132,750	402,530	106,287	251,685	77,996	1,172,419	317,034
	2,497,626	**1,984,066**	**1,940,104**	**1,588,555**	**1,213,063**	**1,165,724**	**5,650,793**	**4,738,347**

The Company included ₦1.5 billion (2016: ₦1.3 billion) of unwinding of discount relating to its employee benefits in finance costs (note 7b).

The Company expects to pay about ₦666 million in respect of its defined benefit obligation in 2017.

(f) Actuarial gains and losses on defined benefit obligation are recognized in other comprehensive income. The movement on the cumulative amount included in retained earnings as at the year-end was as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Cumulative amount at 1st January	2,607,289	2,607,289	3,911,418	3,911,418
Loss/(Gain) Recognized during the year	2,070,969	2,070,969	(1,863,041)	(1,863,041)
Deferred tax	(621,291)	(621,291)	558,912	558,912
Recognized during the year net of tax	1,449,678	1,449,678	(1,304,129)	(1,304,129)
Amount accumulated in retained earnings at 31st December	**4,056,967**	**4,056,967**	**2,607,289**	**2,607,289**

The Company recognized ₦2.0 billion (2016 ₦1.9 billion gains) of actuarial losses in other comprehensive income during the period in respect of its defined benefit obligations. These losses primarily relate to the changes in observed salary increases, changes in benefits payments and the change in discount rate. The actuarial gains and loses recognised during the year are analysed as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Demographic Assumptions (gains)/Losses	526,241	526,241	-	-
Financial assumption - (gains)/Losses	637,968	637,968	(1,524,446)	(1,524,446)
Experience Assumption - (gains)/Losses	906,760	906,760	(338,595)	(338,595)
Recognized during the year	**2,070,969**	**2,070,969**	**(1,863,041)**	**(1,863,041)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

26. Employee Benefits (Cont'd)

(g) **Actuarial assumptions**

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

	Group 2017	Company 2017	Group 2016	Company 2016
Discount rate (p.a.)	14.5%	14.5%	15.5%	15.5%
Average pay increase (p.a.)	12.5%	12.5%	15%	15%
Average rate of inflation (p.a.)	14.5%	14.5%	12%	12%
Weighted average duration of the plan (years)	9	9	11	11
Average medical rate of inflation	5.00%	5.00%	5.00%	5.00%

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK as follows:

Mortality in service

Sample age	2017 Number of deaths in year out of 10,000 lives	2016 Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Mortality in Retirement

Sample age	Expectation of Life (Completed years)		
	Management	Non-Management	PA 90
50	29	28	27
55	24	24	22
60	20	20	19
65	17	16	15
70	13	13	12
75	10	9	9
80	6	6	7

Withdrawals/Turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2016: age 60).

26. Employee Benefits (Cont'd)

(h) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		Long Service Awards ₦'000	Unfunded Retirement Benefit ₦'000	Post employment medical benefit ₦'000
Discount rate	+0.25%	(37,829)	(70,716)	(103,625)
	-0.25%	41,650	78,663	121,179
	+0.5%	(75,660)	(141,432)	(207,250)
	-0.5%	83,300	157,327	242,358
Salary increase	+0.25%	35,183		
	-0.25%	(32,475)	N/A	N/A
	+0.5%	70,366		
	-0.5%	(64,951)	N/A	N/A
Benefit Inflation rate	+0.25%	5,530	85,351	131,772
	-0.25%	(5,170)	(77,456)	(113,243)
	+0.5%	11,060	170,702	263,544
	-0.5%	(10,339)	(154,912)	(226,486)
Mortality experience	+1	3,930	114,733	81,764
	-1	(4,436)	(120,358)	(84,596)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

27. Share-based payment

Since the 1st of January 2006 Heineken N.V, the parent Company, established a share based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognized as personnel expenses with a corresponding increase in equity (equity-settled) as a capital contribution from Heineken N.V, over the period that the employees become unconditionally entitled to the share rights. All equity settled share based payment transactions are accounted for in the share based payment reserve account.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognized as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognized in respect of the share-based payment.

27. Share-based payment (Cont'd)

All rights are to be settled by delivery of shares. The terms and conditions relating to the grants of the rights are as follows;

Grant date/employees entitled	Number	Based on Share Price (Euro)	Vesting Conditions	Contractual life of rights
Share rights granted to key management personnel in 2015	13,075	58.95	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2016	12,177	78.77	Continued service 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2017	12,029	71.26	Continued service, 100% internal performance conditions	3 years

* The number of shares is based on target performance.

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

	Weighted average share price (Euro)	Number of share rights	Weighted average share price (Euro)	Number of share rights
	2017	2017	2016	2016
Outstanding at 1st January	60.51	34,327	48.32	36,431
Granted during the year	71.26	12,029	78.77	12,177
Vested during the year	49.08	(20,284)	50.47	(26,415)
Forfeited during the year	63.59	(3,423)		
Performance adjustment		14,461		12,134
Outstanding as at 31st December	69.68	37,110	60.51	34,327

Employee expenses	2017 ₦'000	2016 ₦'000	2015 ₦'000
Share rights granted in 2014	-	63,390	
Share rights granted in 2015	160,651	62,650	73,305
Share rights granted in 2016	148,435	78,633	51,930
Share rights granted in 2017	127,113	-	-
Total expense/(income) recognized as employee costs	**436,198**	**204,674**	**244,312**

28. Deferred tax liabilities

Recognized deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

Group/ Company	Assets		Liabilities		Net	
	31st Dec. 2017 ₦'000	31st Dec. 2016 ₦'000	31st Dec. 2017 ₦'000	31st Dec. 2016 ₦'000	31st Dec. 2017 ₦'000	31st Dec. 2016 ₦'000
Property, plant and equipment	-	131,203	(27,813,718)	(31,416,806)	(27,813,718)	(31,285,604)
Intangible assets	-	-	(3,453,695)	(3,746,637)	(3,453,695)	(3,746,637)
Inventories	396,950	258,661	-	-	396,950	258,661
Employee benefits	3,962,951	2,621,407	-	-	3,962,951	2,621,407
Other items	240,649	2,275,664	-	-	240,650	2,275,664
Net tax assets/(liabilities)	**4,600,550**	**5,286,935**	**(31,267,413)**	**(35,163,443)**	**(26,666,864)**	**(29,876,508)**

Movement in temporary differences during the year

	Balance 1st Jan 2016 ₦'000	Income Statement and OCI ₦'000	Balance 31st Dec 2016 ₦'000	Income Statement and OCI ₦'000	Balance 31st Dec. 2017 ₦'000
Property, plant and equipment	(31,739,740)	454,137	(31,285,603)	3,471,885	(27,813,718)
Intangible assets	(4,038,572)	291,935	(3,746,637)	292,942	(3,453,695)
Inventories	191,217	67,444	258,661	138,289	396,950
Employee benefits	3,571,051	(949,644)	2,621,407	1,341,544	3,962,951
Other items	101,480	2,174,184	2,275,664	(2,035,015)	240,650
Net tax assets/(liabilities)	**(31,914,564)**	**2,038,056**	**(29,876,508)**	**3,209,645**	**(26,666,864)**

The net movement during the year ended 31st December 2017, includes a debit amount of ₦621 million (2016: debit ₦559 million) recorded in other comprehensive income as deferred tax on employee benefits.

29. Trade and other payables

(a)

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Trade payables and related accrued expense	38,898,324	39,597,344	28,013,098	28,649,372
Deposit for Returnable Packaging Materials (RPM)	29,930,949	29,930,949	31,450,256	31,450,256
Non-trade payables and accrued expenses	23,234,670	23,234,670	19,096,065	19,096,065
Amount due to related parties	35,883,080	35,883,080	32,624,891	32,624,891
	127,947,023	**128,646,043**	**111,184,310**	**111,820,584**

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

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Movement in trade and other payables	16,762,710	16,825,456	25,885,411	25,942,015
Accrued additions to Property Plant and equipment	(2,776,909)	(2,776,909)	(1,376,096)	(1,376,096)
Interest accrual	(1,326,393)	(1,326,393)	(87,793)	(87,793)
VAT paid	14,571,625	14,571,625	11,447,266	11,447,266
Changes in trade and other payables per statement of cash flows	**27,231,033**	**27,293,799**	**35,868,788**	**35,925,392**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28(b).

30. Financial instruments - financial risk management and fair values

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Operational risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities. The Committee is assisted in its oversight role by Internal Audit.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the Risk Management Committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

30. Financial instruments - financial risk management and fair values (Cont'd)

The Company's Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company at Assurance meetings.

(a) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Other receivables (non-current)	17	551,862	551,862	623,331	623,331
Trade and other receivables	20	20,384,112	20,384,112	19,974,024	19,974,024
		20,935,974	**20,935,974**	**20,597,355**	**20,597,355**
Cash and bank	22	17,136,757	17,135,579	12,156,432	12,155,254
		38,072,731	**38,071,553**	**32,753,787**	**32,752,609**

Trade and other receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes specified cash deposits by new customers. Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Credit Committee reviews each customer's credit limit in line with the customers' performance in the preceding quarter and perceived risk factor assigned to the customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a key distributor or retail distributor, geographic location, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers with no trading activities for a period of up to one year are placed on a dormant customer list, and future sales are made on a prepayment basis only with approval of management.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, customers with outstanding amounts but have not placed orders/traded for a prolonged period of time (usually one year) and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

30. Financial instruments - financial risk management and fair values (Cont'd)

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

	2017 ₦'000	**2016 ₦'000**
Trade receivables		
- Major customers	14,946,630	14,204,579
- Other customers	1,656,374	1,574,140
- Impairment	(3,465,210)	(3,024,916)
	13,137,794	**12,753,803**
Non-trade receivables		
- Other receivables (non-current)	551,862	623,331
- Due from related parties	1,499,014	1,042,728
- Advances	3,802,857	3,949,620
- Others	1,944,447	2,227,873
	7,798,180	**7,220,221**
	20,935,974	**19,974,024**

Impairment losses

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

	Gross 2017 ₦'000	**Impairment 2017 ₦'000**	**Gross 2016 ₦'000**	**Impairment 2016 ₦'000**
0 - 30 days	13,274,607		12,615,567	-
31 - 60 days	120,822	30,206	114,823	28,706
61 - 180 days	219,367	164,525	208,476	156,357
More than 180 days	2,988,208	3,270,479	2,839,853	2,839,853
	16,603,004	**3,465,210**	**15,778,719**	**3,024,916**

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

	2017 ₦'000	**2016 ₦'000**
Balance at 1st January	(3,024,916)	(2,665,177)
Impairment loss recognised	(440,294)	(359,739)
Balance at 31st December	**(3,465,210)**	**(3,024,916)**

The impairment loss as at 31st December 2017 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings. The impairment loss is included in administrative expenses in profit or loss.

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due by up to 30 days. As at the date of these financial statements, over 90 percent of the trade receivable balance, which includes the amount owed by the Company's most significant customers have been collected. The Company's non-trade receivables are due from parties with no history of credit default. There has been no impairment losses incurred by the Company in respect of amounts due from the relevant parties. Accordingly, management considers the amounts due from the relevant parties at year end as recoverable.

30. Financial instruments - financial risk management and fair values (Cont'd)

Cash and bank

The Group/Company held cash and bank of ₦15.9 billion as at 31st December 2017 (2016: ₦12.2 billion), which represents its maximum credit exposure on these assets. The Company mitigates its credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks which can be utilized to meet its liquidity requirements.

Typically the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

Group	**Carrying amount ₦'000**	**Contractual cash flows ₦'000**	**6 months or less ₦'000**	**6-12 months ₦'000**
Non-derivative financial liabilities 31st December 2017				
Unsecured bank loans	8,000,000	8,495,616	8,495,616	-
Bank overdraft	470,930	470,930	470,930	-
Dividend payable	8,028,742	8,028,742	8,028,742	-
Trade and other payables	127,947,023	127,947,023	127,947,023	-
	144,446,695	**144,942,311**	**144,942,311**	**-**

Company	**Carrying amount ₦'000**	**Contractual cash flows ₦'000**	**6 months or less ₦'000**	**6-12 months ₦'000**
Non-derivative financial liabilities 31st December 2017				
Unsecured bank loans	8,000,000	8,495,616	8,495,616	-
Bank overdraft	470,930	470,930	470,930	-
Dividend payable	8,028,742	8,028,742	8,028,742	-
Trade and other payables	128,646,043	128,646,043	128,646,043	-
	145,145,715	**145,641,331**	**145,641,331**	**-**

30. Financial instruments - financial risk management and fair values (Cont'd)

Group	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000
Non-derivative financial liabilities 31st December 2016				
Unsecured bank loans	17,000,000	17,797,952	17,797,952	-
Bank overdraft	870,611	870,611	870,611	-
Dividend payable	12,676,038	12,676,038	12,676,038	-
Trade and other payables	111,184,310	111,184,310	111,184,310	-
	141,730,959	**142,528,911**	**142,528,911**	**-**

Company	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000
Non-derivative financial liabilities 31st December 2016				
Unsecured bank loans	17,000,000	17,797,952	17,797,952	-
Bank overdraft	870,611	870,611	870,611	-
Dividend payable	12,676,038	12,676,038	12,676,038	-
Trade and other payables	111,820,584	111,820,584	111,820,584	-
	142,367,233	**143,165,185**	**143,165,185**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. However, as disclosed in note 25, the Company may, by 5 days written notice prior to the final maturity date of the unsecured bank loans, rollover any outstanding loans. If this written notice is not provided as required, the payment of any outstanding loan amount may fall due immediately on maturity.

The Company has contingent liabilities in respect of guarantees provided to certain bankers relating to loans obtained by the staff from the banks amounted to ₦3,754,195,156 (2016: ₦3,556,152,441), which represents its maximum liquidity exposure. The guarantee provided by the Company is backed by the employees' gratuity.

(c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

30. Financial instruments - financial risk management and fair values (Cont'd)

Currency risk

The Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company, which is the Naira. The currencies in which these transactions are primarily denominated are Euro (EUR), US Dollars (USD) and Pounds Sterling (GBP). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In 2017, the year-end exchange rate of the Naira against the US dollar at the NIFEX which was the primary market utilized by the Company moved to approximately ₦325 vs the year-end 2016 rate of ₦315. This devaluation had negative translational and transactional impact on the company's financial statements.

In managing foreign currency risk, the Company aims to ensure the availability of these foreign currencies and to reduce the impact of short-term fluctuations on earnings. The Company participates in financial instruments provided by the Central Bank of Nigeria including forward contracts and futures. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, will have an impact on profit.

Exposure to currency risk

The Company's transactional exposure to British Pounds (GBP), US Dollar (USD) and Euro (EUR) is as follows:

	31st December 2017			31st December 2016		
In thousands	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial asset						
Group receivables	577	19	9	581	-	-
Cash and cash equivalent	146	124	971	526	207	851
Deposit for imports	16,802	-	-	27,671	-	-
Financial liability				-	-	-
Group payables	(81,140)	-	(2,665)	(70,473)	-	(76)
Trade Payables	(1,444)	(235)	(129)	-	-	-
Net exposure	**(65,059)**	**92**	**(1,814)**	**(41,695)**	**207**	**775**

Sensitivity analysis

A weakening of the Naira, as indicated below, against the EUR, USD and GBP at 31st December would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Increase/(decrease) in profit or loss ₦'000
31st December 2017	
EUR (5 percent weakening of the Naira)	(1,296,008)
GBP (5 percent weakening of the Naira)	(2,062)
USD (5 percent weakening of the Naira)	(30,080)
31st December 2016	
EUR (5 percent weakening of the Naira)	(682,730)
GBP (5 percent weakening of the Naira)	3,287
USD (5 percent weakening of the Naira)	5,985

30. Financial instruments - financial risk management and fair values (Cont'd)

A strengthening of the Naira against the above currencies at 31st December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.
The following significant exchange rates were applied:

	Average rate		Reporting date spot rate	
	2017 ₦	2016 ₦	2017 ₦	2016 ₦
Euro	365.93	288.69	398.41	321.58
GB Pounds	417.38	348.11	448.32	374.57
US Dollar	323.82	261.35	331.66	304.50

(d) **Interest rate risk profile**

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit. The Company opts for a mix of fixed and variable interest rates in its financing operations, combined with the use of other financial instruments. Currently, The Company's interest rate position is more weighted towards floating than fixed. Financial instruments used during the period include commercial papers.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Carrying amount

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Fixed rate instruments				
Unsecured bank loans	(8,000,000)	(8,000,000)	(17,000,000)	(17,000,000)
Bank overdraft	(470,930)	(470,930)	(870,611)	(870,611)
Financial liabilities	**(8,470,930)**	**(8,470,930)**	**(17,870,611)**	**(17,870,611)**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

(e) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management and the executive committee. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorization of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions

30. Financial instruments - financial risk management and fair values (Cont'd)

(e) **Operational risk** (cont'd)

- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

Compliance with the Company's standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate, with summaries submitted to the Audit Committee and senior management of the Company at Assurance Meetings.

(f) **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company monitors capital using adjusted debt to equity ratio. At the end of the reporting period, adjusted net debt to capital ratio was as follows:

	Group 2017 ₦'000	Company 2017 ₦'000	Group 2016 ₦'000	Company 2016 ₦'000
Total liabilities	203,929,666	204,575,606	202,251,766	202,853,439
Less: cash and bank	(15,866,954)	(15,865,776)	(12,156,432)	(12,155,254)
Adjusted net debt	188,062,712	188,709,830	190,095,334	190,698,185
Total equity	178,209,925	178,150,934	165,913,768	165,805,542
Adjusted debt to capital ratio	**1.06**	**1.06**	**1.15**	**1.15**

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments - financial risk management and fair values (Cont'd)

(g) **Accounting classification and fair values**
Fair values versus carrying amounts

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

Group		31st December 2017		31st December 2016	
	Note **₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value**
Assets carried at amortised cost					
Other receivables (non-current)	17	551,862	551,862	623,331	623,331
Trade and other receivables	20	20,384,112	20,384,112	19,974,024	19,974,024
Cash and cash equivalents	22	15,866,954	15,866,954	12,156,432	12,156,432
		36,802,928	**36,802,928**	**32,753,787**	**32,753,787**
Liabilities carried at amortised cost					
Unsecured bank loans	25	8,000,000	8,000,000	17,000,000	17,797,952
Bank overdraft	22	470,930	470,930	870,611	870,611
Dividend payable	24b	8,028,742	8,028,742	12,676,038	12,676,038
Trade and other payables	29	127,947,023	127,947,023	111,184,310	111,184,310
		144,446,695	**144,446,695**	**141,730,959**	**142,528,911**

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

Company		31st December 2017		31st December 2016	
	Note	**Carrying amount ₦'000**	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**
Assets carried at amortised cost					
Other receivables (non-current)	17	551,862	551,862	623,331	623,331
Trade and other receivables	20	20,384,112	20,384,112	19,974,024	19,974,024
Cash and cash equivalents	22	15,865,776	15,865,776	12,155,254	12,155,254
		36,801,750	**36,801,750**	**32,752,609**	**32,752,609**
Liabilities carried at amortised cost					
Unsecured bank loans	25	8,000,000	8,000,000	17,000,000	17,797,952
Bank overdraft	22	470,930	470,930	870,611	870,611
Dividend payable	24b	8,028,742	8,028,742	12,676,038	12,676,038
Trade and other payables	29	128,646,043	128,646,043	111,820,584	111,820,584
		145,145,715	**145,145,715**	**142,367,233**	**143,165,185**

Trade and other receivables, bank overdrafts dividend payables and trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The discounted cash flow valuation technique has been used to determine the fair value of the unsecured bank loans and other long term receivables. The valuation model considers the present value of expected cash flows discounted using market related interest rates as follows:

	2017	2016
Unsecured bank loans (level 2)	19.9%	19.3%

The future cash flows are based on contractual amounts and considers the probability of occurrence of the cash flow. There are no significant unobservable inputs. The fair values were determined on the same basis in prior year and there have been no transfers between levels during the year.

31 Operating leases

Leases as lessee

The Company leases a number of offices, warehouse and factory facilities under non-cancellable operating leases. During the year ended 31st December 2017, an amount of ₦492 million was recognized as an expense in profit or loss in respect of operating leases (2016: ₦416 million). Lease rentals are paid upfront and included in prepayments, which are amortised to the profit or loss over the life of the lease.

32. Provision

The company has no provision (2016: ₦500m) related to claims from suppliers, which arose in 2016. The most likely outcome had been fully provided for in 2016.

33. Contingencies

(a) **Guarantees and contingent liabilities**

Contingent liabilities in respect of guarantees provided to certain banks in respect of loans obtained by the staff from the banks amounted to ₦3.8 billion (2016: ₦3.6billion). This guarantee is backed by employees' gratuity. Accordingly, management believes that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities in respect of guarantees provided to the Nigerian Customs in respect of customs duty on behalf of the Company amounted to ₦3.6 billion (2016: ₦3.6 billion) which represents its maximum liquidity exposure.

(b) **Pending litigation and claims**

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to ₦9 billion (2016: ₦1,558 billion) as at 31st December 2017. In the opinion of the Directors and based on independent legal advice, the Company's liabilities are not likely to be material, but the amount cannot be determined with sufficient reliability thus no provision has been made in these 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.

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 December was ₦7,521 million.

34. Related parties

(a) Parent and ultimate controlling entity

Related parties include the parent company, Heineken N.V. and Heineken group entities. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

As at the year ended 31st December 2017 Heineken Brouwerijen B.V., Distilled Trading International B.V. and Heineken International B.V. owned 37.76% and 15.47%, and 2.72% respectively of the issued share capital of Nigerian Breweries Plc. The ultimate holding company is Heineken N.V.

The Company has transactions with its parent, and other related parties who are related to the Company only by virtue of being members of the Heineken Group. The total amounts due to related parties by the nature of the transaction are shown below:

	Transaction value		Balance due (to)/from	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Purchases - other related parties	(32,974,346)	(25,149,337)	(14,841,226)	(7,452,975)
Contract brewing services with:	-	-	-	-
- Other related parties	(1,759,707)	(1,863,739)	(596,889)	168,980
Technical Service fees & royalties				
- Parent	(809,685)	(474,961)	(233,926)	(440,501)
- Other related parties	(8,134,195)	(8,536,689)	(1,826,280)	(5,568,830)
Total Technical and Royalty	**(8,943,880)**	**(9,011,650)**	**(2,060,206)**	**(6,009,331)**
Sales and others				
- Other related parties	752,703	574,061	(9,481,569)	(472,122)

All outstanding balances with these related parties are to be settled in cash within twelve months of the reporting date. None of the balances are secured nor bear interest.

(b) Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, directors and executive officers retire at age 60 and are, including their spouses, entitled to receive post- employment benefits.

Executive officers also participate in the Heineken Group share-based payment plan (see note 27) and the Company's long service awards scheme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service. Key management personnel compensation comprised:

	2017 ₦'000	2016 ₦'000
Short term employee benefits	2,557,896	2,101,520
Long term employee benefits:		
Post-employment benefits	116,349	110,380
Share based payments	58,154	153,621
	2,732,399	**2,365,521**

(c) **The Nigerian Breweries-Felix Ohiwerei Education Trust Fund**

The Nigerian Breweries-Felix Ohiwerei Education Trust Fund (The Trust Fund) is an unconsolidated sponsored structured entity incorporated by Nigerian Breweries Plc in November 1994 as a charitable Trust for the advancement of education at all levels in Nigeria. The company made a capital grant of ₦100 million to The Trust Fund in 1994 which The Trust Fund has continued to invest in quoted shares and fixed deposits. The capital grant was recognised as an expense by the Company in the year it was made. The proceeds from the investments are disbursed solely for the promotion of education in Nigeria. The Company is not exposed to variability of returns from its involvement in The Trust Fund. According to the constitution of The Trust Fund, the Company has no residual interest in The Trust Fund on its dissolution. As a result of the above, The Trust Fund has not been consolidated.

The Company provides managerial support to The Trust Fund at no cost and intends to continue to provide the support into the future. During the year, the Company paid for certain expenses of The Trust Fund for which it was reimbursed at cost.

As at year end The Trust Fund held 32,451,680 (2015:32,451,680) number of shares in the Company.

(d) **Other related parties**

The Company has entered into a 2-year rental agreement with ANAP Holdings Limited, an entity controlled by Mr. Atedo N.A. Peterside, a non-executive director of the Company, for a rental fee of ₦38.1 million.

35. Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group as at 31st December 2017 that have not been adequately provided for or disclosed in the financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

36. Condensed financial data of consolidated entities

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
ASSETS				
Property, plant and equipment	195,230,394		195,050,394	180,000
Intangible assets and goodwill	98,277,166		98,277,166	
Investments	150,000	(679,625)	829,625	
Other receivables	551,862		551,862	
Prepayments	525,831		525,831	
Non-current assets	**294,735,253**	**(679,625)**	**295,234,878**	**180,000**
Inventories	42,728,862		42,728,862	
Trade and other receivables	20,384,112	(700,021)	20,384,112	700,021
Prepayments	1,038,885		1,038,885	
Deposit for imports	7,474,027		7,474,027	
Cash and cash equivalents	15,866,954		15,865,776	1,178
Assets held for sale	-		-	
Current assets	**87,492,840**	**(700,021)**	**87,491,662**	**701,199**
Total assets	**382,228,093**	**(1,379,646)**	**382,726,540**	**881,199**
EQUITY				
Share capital	3,998,451	(5,220)	3,998,451	5,220
Share premium	73,770,356	(743)	73,770,356	743
Share based payment reserve	748,450		748,450	
Retained earnings	99,692,668	(762,164)	99,633,677	821,156
Equity contribution reserve	-	-	-	-
Equity attributable to owners of the Company	**178,209,925**	**(768,127)**	**178,150,934**	**827,119**
Non-controlling interest	88,502	88,502		
Total equity	**178,298,427**	**(679,625)**	**178,150,934**	**827,119**
LIABILITIES				
Loans and borrowings	8,000,000		8,000,000	
Employee benefits	13,209,837		13,209,837	
Deferred tax liabilities	26,666,864		26,666,864	-
Non-current liabilities	**47,876,701**	**-**	**47,876,701**	**-**
Bank Overdraft	470,930		470,930	
Current tax liabilities	19,833,967		19,780,887	53,080
Dividend payable	8,028,742		8,028,742	
Trade and other payables	127,947,023	(700,021)	128,646,043	1,000
Provisions	-		-	
Current liabilities	**156,052,965**	**(700,021)**	**156,698,905**	**54,080**
Total liabilities	**203,929,666**	**(700,021)**	**204,575,606**	**54,080**
Total equity and liabilities	**382,228,093**	**(1,379,646)**	**382,726,540**	**881,199**

36. Condensed financial data of consolidated entities (Cont'd)

Condensed income statement

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Revenue	344,562,517		344,562,517	
Cost of sales	(201,013,357)		(201,013,357)	
Gross profit	**143,549,160**	**-**	**143,549,160**	**-**
Other income	2,218,588		2,218,588	
Marketing and distribution expenses	(66,898,905)		(66,898,905)	
Administrative expenses	(21,747,783)		(21,742,533)	(5,250)
Results from operating activities	**57,121,060**	**-**	**57,126,310**	**(5,250)**
Finance income	172,074	(62,995)	172,074	62,995
Finance costs	(10,663,076)	62,995	(10,726,071)	
Net finance costs	**(10,491,002)**	**-**	**(10,553,997)**	**62,995**
Profit before tax	**46,630,058**	**-**	**46,572,313**	**57,745**
Income tax expense	(13,581,499)		(13,563,021)	(18,478)
Profit after tax	**33,048,559**	**-**	**33,009,292**	**39,267**
Profit for the year attributable to:				
Owners of the Company	33,044,357	-	33,009,292	35,065
Non-controlling interest	4,202	-		4,202
Profit for the year	**33,048,559**	**-**	**33,009,292**	**39,267**

Condensed statement of comprehensive income

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Profit for the year	**33,048,559**	**-**	**33,009,292**	**39,267**
Actuarial losses	(1,449,678)	-	(1,449,678)	-
Total comprehensive income for the year	**31,598,881**	**-**	**31,559,614**	**39,267**
Total comprehensive income for the year attributable to:				
Owners of the company	31,594,679	-	31,559,614	35,065
Non-controlling interest	4,202	-	-	4,202
Total comprehensive income for the year	**31,598,881**	**-**	**31,559,614**	**39,267**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

36. Condensed financial data of consolidated entities (Cont'd)

Condensed statement of cash flows

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Cash flows from operating activities				
Net profit	**33,048,559**	**-**	**33,009,292**	**39,267**
Adjustments for:				
Depreciation and impairment loss	32,691,134		32,686,134	5,000
Amortization of intangible assets	1,435,727	-	1,435,727	-
Finance income	(172,074)	62,995	(172,074)	(62,995)
Finance expenses	4,162,828	(62,995)	4,225,823	-
(Gain)/loss on sale of property, plant and equipment	492,949	-	492,949	492,949
Gratuity, employee benefit and share based payment charges	2,797,263	-	2,797,263	-
Income tax expense	13,581,499	-	13,563,021	18,478
Change in inventories	(11,484,159)	-	(11,484,159)	-
Change in trade and other receivables	(338,619)	-	(338,619)	-
Change in prepayments	(109,148)	-	(109,148)	
Provisions	(500,000)		(500,000)	
Change in trade and other payables	27,231,034	-	27,293,780	(62,745)
Change in deposit for imports	955,021	-	955,021	-
Cash generated from operating activities	103,792,015	-	103,855,010	(62,995)
Income tax paid	(15,587,752)	-	(15,587,752)	-
Gratuity and Share Based payment paid	(977,159)	-	(977,159)	-
Long service award paid	(604,957)	-	(604,957)	-
VAT paid	(14,571,625)	-	(14,571,625)	-
Net cash from operating activities	**72,050,522**	**-**	**72,113,517**	**(62,995)**
Cash flow from investing activities				
Finance income	172,074	62,995	172,074	62,995
Proceeds from sale of PP&E	106,890	-	106,890	-
Acquisition of PP&E	(32,121,578)	-	(32,121,578)	-
Acquisition of intangible assets	(222,409)	-	(222,409)	-
Net cash (used)/from investing activities	**(32,065,023)**	**62,995**	**(32,065,023)**	**62,995**
Repayment of loans and borrowings	(9,000,000)	-	(9,000,000)	-
Interest paid	(2,836,435)	(62,995)	(2,899,430)	-
Dividends paid	(24,038,861)	-	(24,038,861)	-
Net cash used in financing activities	**(35,875,296)**	**(62,995)**	**(35,938,291)**	**-**
Net increase in cash and cash equivalents	4,110,203	-	4,110,203	-
Cash and cash equivalents at 1st January	11,285,821	-	11,284,643	1,178
Cash and cash equivalents at 31st December	**15,396,024**	**-**	**15,394,846**	**1,178**

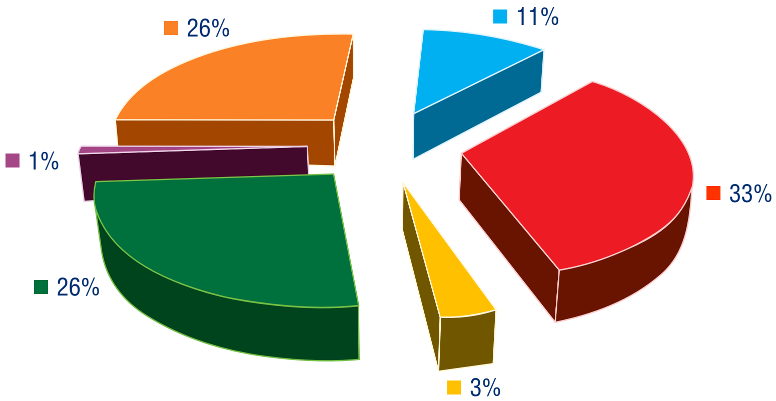
ADDITIONAL INFORMATION
Value Added Statement
FOR THE YEAR ENDED 31ST DECEMBER

	2017 ₦'000	%	2016 ₦'000	%
Revenue	344,562,517		313,743,147	
Bought in materials and services				
- Imported	(32,974,346)		(25,149,337)	
- Local	(187,418,544)		(177,197,023)	
	124,169,627		**111,396,787**	
Other income	2,218,588		615,662	
Finance income	172,074		416,503	
Value added by operating activities	**126,560,289**	**100**	**112,428,952**	**100**
Distribution of Value Added				
To Government as:				
Taxes	13,563,021	11	11,226,137	10
To Employees:				
Salaries, wages, fringe and end of service benefits	41,640,292	33	39,031,407	35
To Providers of Finance:				
- Finance cost (interest expenses)	4,225,823	3	4,037,985	4
Retained in the Business				
To maintain and replace;				
- Property, plant and equipment	32,686,134	26	28,268,009	25
- Intangible assets	1,435,727	1	1,468,637	1
To augment reserves	33,009,292	26	28,396,777	25
Value added	**126,560,289**	**100**	**112,428,952**	**100**
Dividends to shareholders from reserves	**28,453,982**		**36,473,864**	

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

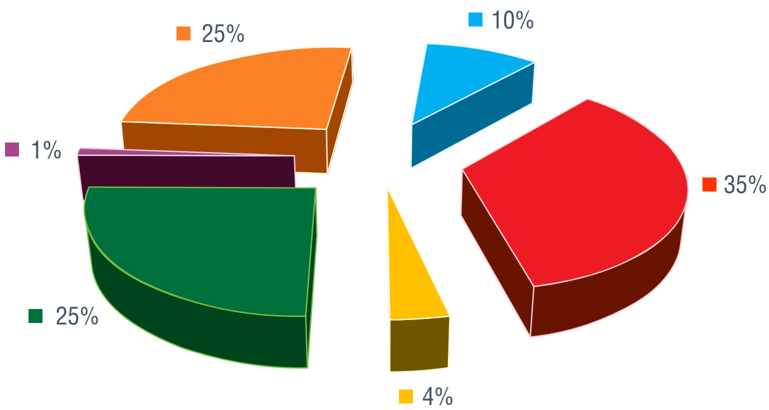
VALUE ADDED STATEMENT (CONT'D)

2017 DISTRIBUTION OF VALUE ADDED



- Taxes
- Salaries, wages and benefits
- Interest Paid
- Depreciation (Property, Plant and Equipment
- Intangibles
- Reserves

2016 DISTRIBUTION OF VALUE ADDED



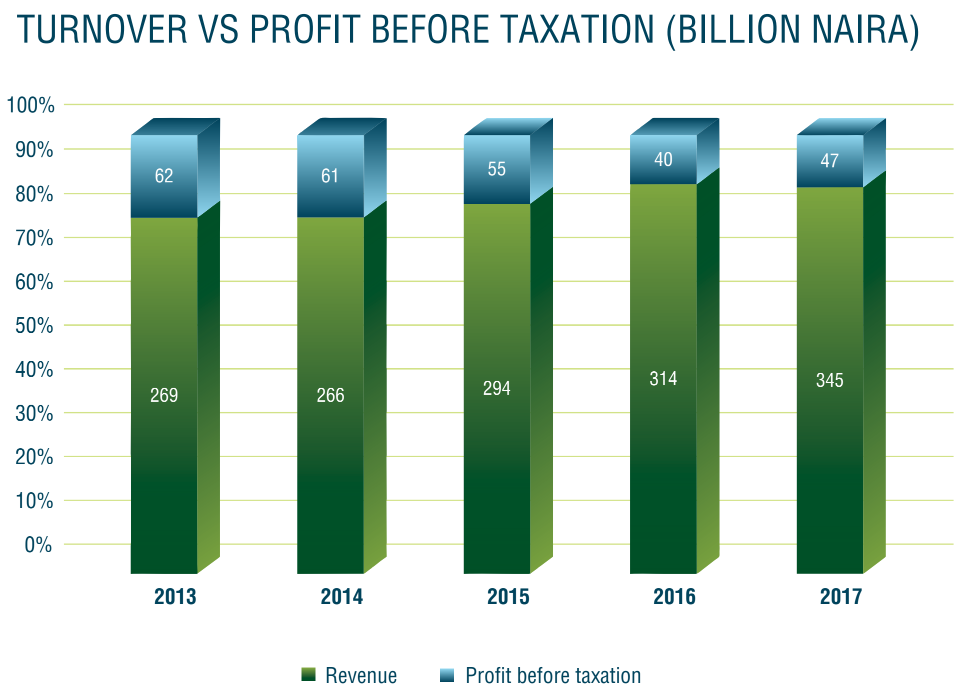
- Taxes
- Salaries, wages and benefits
- Interest Paid
- Depreciation (Property, Plant and Equipment
- Intangibles
- Reserves

COMPANY FIVE-YEAR FINANCIAL SUMMARY

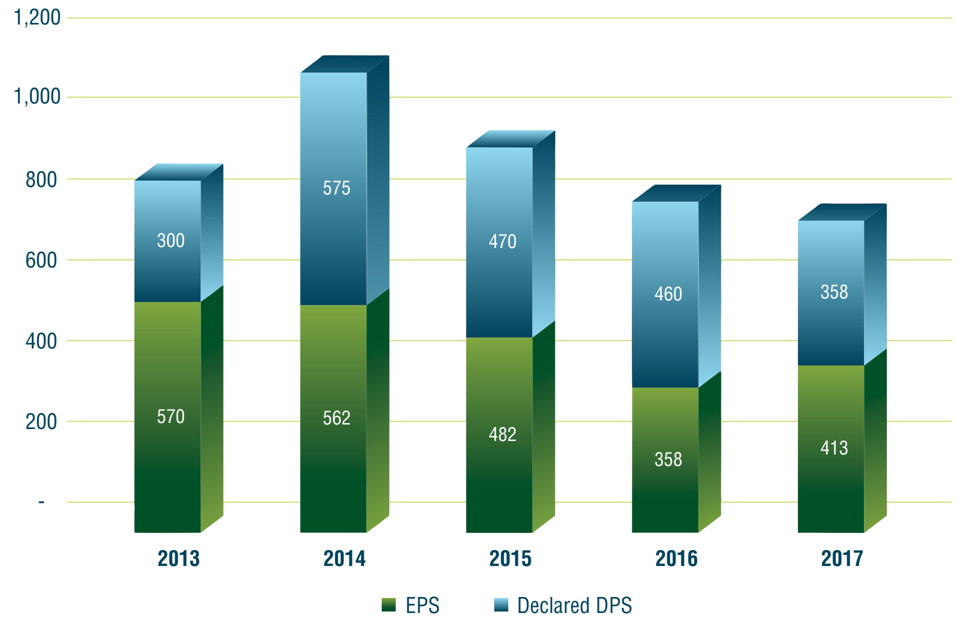
	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Statement of comprehensive income					
Revenue	**344,562,517**	**313,743,147**	**293,905,792**	**266,372,475**	**268,613,518**
Results from operating activities	57,126,310	52,908,411	62,269,368	66,860,899	69,171,377
Profit before taxation	46,572,313	39,622,914	54,508,368	61,461,821	62,240,317
Profit for the year	33,009,292	28,396,777	38,049,518	42,520,253	43,080,349
Comprehensive income for the year	31,559,614	29,700,906	37,211,895	42,104,674	41,498,365
Ratios					
Earnings per share (kobo)	413	358	482	562	570
Share price at year end (Naira)	134.90	147.99	136.0	165.3	167.90
Declared dividend per share (kobo)	358	460	470	575	300
Dividend coverage (times)	1.16	0.78	1.02	0.98	1.90
Net assets per share (kobo)	2,237	2,091	2,172	2,273	1,486
Statement of financial position					
Employment of Funds					
Property, plant and equipment	195,050,394	190,996,700	197,108,847	193,569,624	153,366,133
Intangible assets	98,277,166	99,477,826	100,612,728	97,969,253	53,563,357
Investments	829,625	829,625	829,625	829,625	150,000
Other receivables	551,862	623,331	321,509	189,710	158,884
Prepayments	525,831	1,154,399	354,394	187,889	235,790
Net current liabilities	(69,207,243)	(70,298,766)	(83,175,570)	(57,623,943)	(55,010,246)
Loans and borrowings	(8,000,000)	(17,000,000)	-	(24,670,000)	(9,000,000)
Employee benefits	(13,209,837)	(10,101,065)	(11,903,504)	(10,735,596)	(9,274,733)
Deferred tax liabilities	(26,666,864)	(29,876,508)	(31,914,564)	(27,833,732)	(21,830,000)
Net assets	**178,150,934**	**165,805,542**	**172,233,465**	**171,882,830**	**112,359,185**
Funds Employed					
Share capital	3,998,451	3,964,551	3,964,551	3,781,353	3,781,353
Share premium	73,770,356	64,950,103	64,950,103	4,567,967	4,567,967
Share based payment reserve	748,450	571,106	365,702	234,340	50,114
Retained earnings	99,633,677	96,319,782	102,953,109	102,733,836	103,959,751
Equity contribution reserve	-	-	-	60,565,334	-
	178,150,934	**165,805,542**	**172,233,465**	**171,882,830**	**112,359,185**

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Historical financial information for the Group has not been presented.

PERFORMANCE INDICATORS



EARNINGS PER SHARE VS DECLARED DIVIDEND PER SHARE (KOBO)



NET ASSET PER SHARE VS EARNINGS PER SHARE (KOBO)


STRONGBOW
ICE COLD
THAT'S
APPLE CIDER
AT ITS BEST.
Gold Apple
Alc. 4,5% Vol.
STRONGBOW®
APPLE CIDERS
Gold Apple
STRONGBOW
APPLE CIDERS
18+
Drink Responsibly

Substantial Interest in Shares:
According to the Register of Members, the following shareholders held more than 5% of the issued share capital of the Company on 31st December, 2017.

Shareholder	Number of Shares	Percentage
Heineken Brouwerijen B.V.	3,019,363,804	37.76
Distilled Trading International B.V.	1,237,500,160	15.47
Stanbic Nominees Nigeria Limited	1,061,865,402	13.28
Total	**5,318,729,366**	**66.51**

Statistical Analysis of Shareholding

(a) The issued and fully paid-up Share Capital of the Company as at 31st December, 2017 was 7,996,902,051 Ordinary Shares of 50 kobo each. According to the Register of Members, the same three companies listed in the last paragraph above, held more than 10% of the Issued Share Capital as at 31st December, 2017. The remaining 2,678,172,685 shares (representing 33.49%) were held by other individuals and institutions.

(b) The Registrars advised that the range of shareholding as at 31st December, 2017, was as follows:

Range			No. of Holders	Holders%	Units	Units%
1	-	1,000	45,697	41.00	21,053,515	0.26
1,001	-	5,000	30,995	27.77	78,071,389	0.98
5,001	-	10,000	9,640	8.65	71,005,838	0.89
10,001	-	50,000	18,127	16.26	445,292,286	5.57
50,001	-	100,000	4,641	4.16	323,460,294	4.16
100,001	-	500,000	1,982	1.78	387,232,008	4.84
500,001	-	1,000,000	213	0.19	148,335,149	1.85
1,000,001	-	5,000,000	157	0.14	302,264,709	3.78
5,000,001	-	10,000,000	19	0.02	132,070,434	1.65
10,000,001	-	50,000,000	19	0.02	423,699,521	5.30
50,000,001	-	100,000,000	4	0.00	322,998,636	4.04
100,000,001	-	7,996,902,051	8	0.01	5,332,418,272	66.68
			111,462	**100.00**	**7,996,902,051**	**100.00**

Bonus issues

Date Issued	Ratio
19 June 1976	One for two
26 February 1977	One for one
25 February 1978	One for five
11 July 1979	One for three
28 June 1980	One for four
19 June 1981	One for four
29 June 1983	One for four

Date Issued	Ratio
25 June 1986	One for two
27 June 1990	One for three
30 June 1993	One for one
28 June 1995	One for one
30 June 1999	Two for three
27 June 2002	One for one
30 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:

Financial Year	Dividend No.	Profit after Taxation (₦'000)	Dividend (₦'000)	Dividend per Share (kobo)	Date approved
2005	83 (Interim)		2,890,641	25	23rd November, 2005
2005	84	8,254,557	6,050,050	80	3rd May, 2006
2006	85 (Interim)		3,025,025	40	3rd October, 2006
2006	86	10,900,524	7,865,064	104	23rd May, 2007
2007	87 (Interim)		4,159,409	55	19th September, 2007
2007	88	18,942,856	14,746,997	195	28th May, 2008
2008	89 (interim)		7,562,752	100	16th September, 2008
2008	90 (Interim)		14,368,868	190	4th December, 2008
2008	91	25,700,593	3,781,281	50	20th May 2009
2009	92 (Interim)		9,831,331	130	20th May 2009
2009	93 (Interim)		11,343,844	150	13th January, 2010
2009	94	27,910,091	6,730,680	89	19th May, 2010
2010	95 (Interim)		8,696,497	115	19th May, 2010
2010	96	30,332,118	9,453,203	125	18th May, 2011
2011	97	38,408,846	22,687,687	300	16th May, 2012
2012	98	38,042,714	22,668,113	300	15th May, 2013
2013	99	43,080,349	34,032,170	450	14th May, 2014
2014	100 (Interim)		9,453,381	125	22nd October, 2014
2014	101	42,520,253	27,751,853	350	13th May, 2015
2015	102 (Interim)		9,514,921	120	21st October, 2015
2015	103	38,059,684	28,544,763	360	11th May, 2016
2016	104 (Interim)		7,929,101	100	26th October, 2016
2016	105	28,396,777	20,457,080	258	3rd May, 2017
2017	106 (Interim)	24,010,924	7,996,902	100	25th October, 2017

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

MAJOR CUSTOMERS

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

E-DIVIDEND FORM

To:

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

Only Clearing Banks are acceptable

I/We hereby request that from now on, all dividend warrant(s) due to me/us from my/our holding(s) in **NIGERIAN BREWERIES Plc**, be paid directly to my/our Bank named below.

Shareholder's Full Name:

Surname first

Shareholder's Address:

Shareholder's E-mail:

Shareholder's GSM Number:

Single Shareholder's Signature: ______________________

Joint Shareholders'/Company Signatures:

(1) ______________________

(2) ______________________

Company Seal: ______________________

Name of Bank:

Branch Address of Bank:

Bank Account No.

Bank Sort Code:

Bank Authorised Signatures & Stamp:

(1) ______________________

Please include Page No.

(2) ______________________

Please include Page No.

PROXY FORM

Nigerian Breweries Plc
RC: 613

72nd ANNUAL GENERAL MEETING to be held in the Shell Hall, Muson Centre, Onikan, Lagos State on **Friday, 20rth April, 2018** 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, CFR** 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 Friday, 20th April, 2018.

Dated this................ day of ...., 2018.

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:

i. A member (shareholder) who is unable to attend the 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 being physically present at the meeting.

*ii. 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.*

*iii. 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 April, 2018**. 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 issued by the Registrar to obtain entry to the meeting.

No. of Shares	

Resolutions	For	Against	Abstain
To declare a dividend.			
To re-elect Chief Samuel O. Bolarinde as a Director.			
To re-elect Mr. Franco M. Maggi as a Director.			
To re-elect Mr. Dr. Obadiah O. Mailafia as a Director.			
To re-elect Mrs. Ndidi N. Nwuneli, MFR as a Director.			
To approve the appointment of Mr. Jordi Borrut Bel as a Director.			
To authorise the Directors to fix the remuneration of the Independent Auditor.			
To elect members of the Audit Committee.			
To fix the remuneration of the Directors.			
To renew the general mandate for related party transactions.			

Please indicate with an "x" in the appropriate box how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

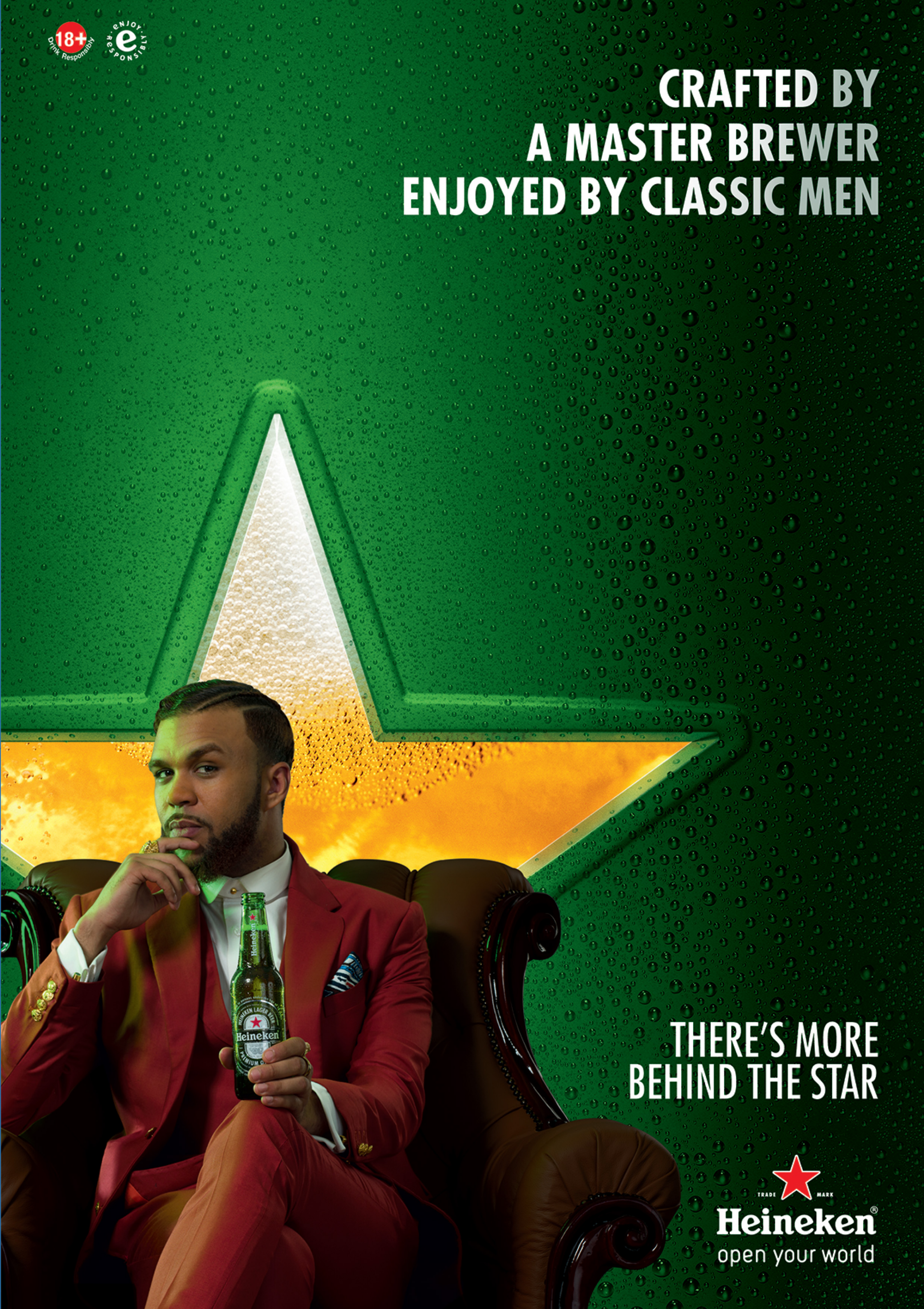
SECOND FOLD HERE

Please affix
postage stamp

FIRST FOLD HERE

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

THIRD FOLD HERE AND INSERT


18+
Drink Responsibly
enjoy responsibly
CRAFTED BY
A MASTER BREWER
ENJOYED BY CLASSIC MEN
THERE'S MORE
BEHIND THE STAR
TRADE MARK
Heineken®
open your world

w w w . n b p l c . c o m