



Nigerian Breweries Plc

RC: 613

Unaudited Condensed Interim Financial Statements

For the Three Months Ended 31st March, 2018

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CONDENSED INTERIM INCOME STATEMENT

For the three-month period ended

		31 st March, 2018	31 st March, 2018	31 st March, 2017	31 st March, 2017
		Group	Company	Group	Company
	Notes	2018	2018	2017	2017
		₦'000	₦'000	₦'000	₦'000
Revenue		82,966,451	82,966,451	91,288,698	91,288,698
Cost of Sales	5	(44,948,414)	(44,948,414)	(50,609,205)	(50,609,205)
Gross Profit		38,018,037	38,018,037	40,679,493	40,679,493
Other Income		218,133	218,133	206,190	206,190
Marketing and Distribution Expenses	5	(15,341,093)	(15,341,093)	(17,181,321)	(17,181,321)
Administrative Expenses	5	(5,231,145)	(5,229,645)	(4,502,767)	(4,501,267)
Results from operating activities		17,663,932	17,665,432	19,201,595	19,203,095
Finance income	6a	37,830	37,830	46,959	46,959
Finance costs	6b	(2,452,718)	(2,468,356)	(1,809,379)	(1,824,168)
Net Finance costs		(2,414,888)	(2,430,526)	(1,762,420)	(1,777,209)
Profit before tax		15,249,044	15,234,906	17,439,175	17,425,886
Income tax expenses	7	(5,045,153)	(5,036,359)	(5,989,923)	(5,985,670)
Profit after tax		10,203,891	10,198,547	11,449,252	11,440,216
Profit for the year attributable to:					
Owners of the Company		10,203,319	10,198,547	11,448,285	11,440,216
Non-controlling interest		572	-	967	-
Profit for the period		10,203,891	10,198,547	11,449,252	11,440,216
Earnings per share					
Basic Earnings per share (kobo)		128	128	144	144
Diluted earnings per share (kobo)		128	128	144	144

The notes on pages 11 to 15 are an integral part of these interim financial statements

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three-month period ended,

	31 st March, 2018	31 st March, 2018	31 st March, 2017	31 st March, 2017
	Group	Company	Group	Company
Notes	2018	2018	2017	2017
	N'000	N'000	N'000	N'000
Profit for the period	10,203,891	10,198,547	11,449,252	11,440,216
Other comprehensive income, net of tax				-
Total comprehensive income for the period	10,203,891	10,198,547	11,449,252	11,440,216
Total comprehensive income for the year attributable to:				
Owners of the Company	10,203,891	10,198,547	11,449,252	11,440,216
Total comprehensive income for the period	10,203,891	10,198,547	11,449,252	11,440,216

The notes on pages 11 to 15 are an integral part of these interim financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT:

	Notes	31 st March, 2018		31st December 2017	
		Group	Company	Group	Company
		2018	2018	2017	2017
		₦'000	₦'000	₦'000	₦'000
ASSETS					
Property, plant and equipment	8	194,621,728	194,442,978	195,230,394	195,050,394
Intangible assets and goodwill		97,947,509	97,947,509	98,277,166	98,277,166
Investments		150,000	829,625	150,000	829,625
Other receivables		533,559	533,559	551,862	551,862
Prepayments		746,797	746,797	525,831	525,831
Non-current assets		293,999,593	294,500,468	294,735,253	295,234,878
Inventories		38,977,336	38,977,336	42,728,862	42,728,862
Trade and other receivables		31,845,035	31,845,035	20,384,112	20,384,112
Prepayments		2,240,489	2,240,489	1,038,885	1,038,885
Deposit for imports		7,677,252	7,677,252	7,474,027	7,474,027
Cash and cash equivalents		21,714,326	21,713,148	15,866,954	15,865,776
Current assets		102,454,438	102,453,260	87,492,840	87,491,662
Total assets		396,454,031	396,953,728	382,228,093	382,726,540

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

	Notes	31 st March, 2018		31 st December 2017	
		Group	Company	Group	Company
		2018	2018	2017	2017
		₦'000	₦'000	₦'000	₦'000
EQUITY					
Share capital		3,998,451	3,998,451	3,998,451	3,998,451
Share premium		73,770,356	73,770,356	73,770,356	73,770,356
Share based payment reserve		921,976	921,976	748,450	748,450
Retained earnings		109,895,987	109,832,224	99,692,668	99,633,677
Equity attributable to owners of the company	10	188,586,770	188,523,007	178,209,925	178,150,934
Non-controlling interest		89,074		88,502	-
Total Equity		188,675,844	188,523,007	178,298,427	178,150,934
LIABILITIES					
Loans and borrowings		12,466,815	12,466,815	9,326,393	9,326,393
Employee benefits		13,388,085	13,388,085	13,209,837	13,209,837
Deferred tax liabilities		25,481,553	25,481,553	26,666,864	26,666,864
Non-current liabilities		51,336,453	51,336,453	49,203,094	49,203,094
Bank overdraft and Commercial Papers		17,995,508	17,995,508	470,930	470,930
Current tax liabilities		25,799,693	25,774,690	19,606,270	19,553,190
Dividend payable		7,357,756	7,357,756	8,028,742	8,028,742
Trade and other payables		105,288,777	105,966,314	126,620,630	127,319,650
Provisions		-	-	-	-
Current liabilities		156,441,734	157,094,268	154,726,572	155,372,512
Total liabilities		207,778,187	208,430,721	203,929,666	204,575,606
Total equity and liabilities		396,454,031	396,953,728	382,228,093	382,726,540

Approved by the Board of Directors on 20th April, 2018 and signed on its behalf by:



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

Mr. Mark P. Rutten (Finance Director)

FRC/2014/MULTI/00000009921

The notes on pages 11 to 15 are an integral part of these interim 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.

Condensed interim statement of changes in equity
For the three-month period ended 31 March, 2018

Group	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 st January 2018		₦'000 3,998,451	₦'000 73,770,356	₦'000 748,450	₦'000 99,692,668	₦'000 178,209,925	₦'000 88,502	₦'000 178,298,427
Profit for the year		-	-	-	10,203,319	10,203,319	572	10,203,891
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	10,203,319	10,203,319	572	10,203,891
Transaction with owners, recorded directly in equity		-	-	-	-	-	-	-
Contributions and distributions		-	-	-	-	-	-	-
Issue of ordinary shares		-	-	-	-	-	-	-
Share based payment charge		-	-	173,526	-	173,526	-	173,526
Share based payment recharge		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Unclaimed dividends written back		-	-	-	-	-	-	-
Total contributions and distributions		-	-	173,526	-	173,526	-	173,526
Changes in ownership interest		-	-	-	-	-	-	-
Total transactions with owners of the company		3,998,451	73,770,356	921,976	109,895,987	188,586,770	89,074	188,675,844
Balance as at 31 st March, 2018		3,998,451	73,770,356	921,976	109,895,987	188,586,770	89,074	188,675,844

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of changes in equity
For the three-month period ended 31 March, 2018

Company	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total Equity
Balance at 1 st January 2018		₦'000 3,998,451	₦'000 73,770,356	₦'000 748,450	₦'000 99,633,677	₦'000 178,150,934
Profit for the year		-	-	-	10,198,547	10,198,547
Other comprehensive income for the year		-	-	-	-	-
Total Comprehensive income for the year		-	-	-	10,198,547	10,198,547
Transaction with owners, recorded directly in equity		-	-	-	-	-
Contributions and distributions		-	-	173,526	-	173,526
Issue of ordinary shares		-	-	-	-	-
Share based payment charge		-	-	173,526	-	173,526
Share based payment recharge		-	-	-	-	-
Dividends		-	-	-	-	-
Unclaimed dividends written back		-	-	-	-	-
Total contributions and distributions		-	-	173,526	-	173,526
Changes in ownership interest		-	-	-	-	-
Total transactions with owners of the company		3,998,451	73,770,356	921,976	109,832,224	188,523,007
Balance as at 31 st March, 2018		3,998,451	73,770,356	921,976	109,832,224	188,523,007

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2017

Group	Notes	Share capital #'000	Share premium #'000	Share based Payment reserve #'000	Retained earnings #'000	Total #'000	Non- Controlling Interest #'000	Total Equity #'000
Balance at 1 st January 2017		3,964,551	64,950,103	571,106	96,343,708	165,829,468	84,300	165,913,768
Profit for the period		-	-	-	11,448,285	11,448,285	967	11,449,252
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	11,448,285	11,448,285	967	11,449,252
Transaction with owners, recorded directly in equity								
<i>Contributions and distributions</i>								
Equity contribution reserve								
Issue of Ordinary shares								
Share based payment charge				60,900		60,900		60,900
Share based payment recharge								
Dividends								
Unclaimed dividends written back								
Total contributions and distributions		-	-	60,900	-	60,900	-	60,900
Changes in ownership interest								
Acquisition of subsidiary								
Total transactions with owners of the company								
Balance as at 31 st March, 2017		3,964,551	64,950,103	632,006	107,791,993	177,338,653	85,267	177,423,920

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2017

Company

	Notes	Share capital #'000	Share premium #'000	Share based Payment reserve #'000	Retained earnings #'000	Total #'000
Balance at 1 st January 2017		3,964,551	64,950,103	571,106	96,319,782	165,805,542
Profit for the period		-	-	-	11,440,216	11,440,216
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	11,440,216	11,440,216
Transaction with owners, recorded directly in equity						
<i>Contributions and distributions</i>						
Equity contribution reserve						-
Issue of Ordinary shares						-
Share based payment charge				60,900		60,900
Share based payment recharge						
Dividends						
Unclaimed dividends written back						
Total contributions and distributions		-	-	60,900	-	60,900
Changes in ownership interest						
Acquisition of subsidiary						
Total transactions with owners of the company		-	-	60,900	-	60,900
Balance as at 31st March, 2017		3,964,551	64,950,103	632,006	107,759,998	177,306,658

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of cash flows

For the three-month period ended

	Notes	Group	Company	Group	Company
		31 st March 2018 N'000	31 st March 2018 N'000	31 st March 2017 N'000	31 st March 2017 N'000
Profit for the year		10,203,891	10,198,547	11,449,252	11,440,216
Adjustments for:					
Depreciation		7,221,854	7,220,604	10,282,537	10,281,287
Amortization of intangible assets		357,987	357,987	369,804	369,804
Finance income		(37,830)	(37,830)	(46,959)	(46,959)
Interest expenses		903,896	919,534	949,475	964,264
Gratuity, employee benefit and share based payment charges		698,820	698,820	461,160	461,160
Loss/(Gain) on sale of property, plant and equipment		34,073	34,073	11,924	11,924
Income tax expense		5,044,984	5,036,189	5,989,924	5,985,670
		24,427,675	24,427,924	29,467,117	29,467,366
Changes in:					
Inventories		3,751,526	3,751,526	(8,043,094)	(8,043,094)
Trade and other receivables		(11,442,620)	(11,442,620)	(7,063,532)	(7,063,532)
Prepayments		(1,422,570)	(1,422,570)	(393,399)	(393,399)
Trade and other payables		(18,138,605)	(18,160,087)	2,438,557	2,453,097
Provisions		-	-	1,451,000	1,451,000
Deposit for imports		(203,225)	(203,225)	(1,111,758)	(1,111,758)
Cash generated from operating activities		(3,027,819)	(3,049,052)	16,744,891	16,759,680
Income tax paid		(36,871)	-	(474)	(474)
Gratuity paid		(50,668)	(50,668)	(169,605)	(169,605)
Other long term employee benefits paid		(296,378)	(296,378)	(255,137)	(255,137)
VAT paid*		(3,660,063)	(3,660,063)	(2,328,485)	(2,328,485)
Net cash from operating activities		(7,071,799)	(7,056,161)	13,991,190	14,005,979
Cash flows from investing activities					
Finance income		37,830	37,830	46,959	46,959
Proceeds from sale of property, plant and equipment		20,622	20,622	19,971	19,971
Acquisition of property, plant and equipment		(6,696,214)	(6,696,214)	(5,903,980)	(5,903,980)
Net cash used in investing activities		(6,637,762)	(6,637,762)	(5,837,050)	(5,837,050)
Cash flows from financing activities					
Proceeds from loans and borrowings		18,000,000	18,000,000	-	-
Repayment of loans and borrowings		(14,859,578)	(14,859,578)	(11,167,489)	(11,167,489)
Interest paid		(437,081)	(452,719)	(907,174)	(921,963)
Dividends paid		(670,986)	(670,986)	(4,055,203)	(4,055,203)
Net cash used in financing activities		2,032,355	2,016,717	(16,129,866)	(16,144,655)
Net increase/(decrease) in cash and cash equivalents		(11,677,206)	(11,677,206)	(7,975,726)	(7,975,726)
Cash and cash equivalents at 1 st January		15,396,024	15,394,846	11,285,821	11,284,643
Cash and cash equivalents at 31st March		3,718,818	3,717,640	3,310,095	3,308,917
Represented by:					
Cash balance		21,714,326	21,713,148	6,972,744	6,971,566
Bank Overdraft and Commercial Papers		(17,995,508)	(17,995,508)	(3,662,649)	(3,662,649)
		3,718,818	3,717,640	3,310,095	3,308,917

The notes on pages 11 to 15 are an integral part of these financial statements.

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

Notes to the condensed interim financial statements

1. REPORTING ENTITY

Nigerian Breweries Plc, a public Company quoted on The Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. a company domiciled in the Netherlands, the latter having a 55.95% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1, Abebe Village Road, Iganmu, Lagos. The condensed interim financial statements of the Company as at and for the three-months period ended 31st March 2018 comprise the Company and its subsidiaries.

The financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2017 are available upon request from the Company's registered website:

www.nbplc.com/investor-relations.html

2. BASIS OF PREPARATION

a. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2017.

These condensed interim financial statements were approved by the Board of Directors of the Company on 20th April, 2018.

b. Functional and presentation currency

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

c. Use of estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31st December 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

a. General

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31st December 2017.

b. Income tax

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

4. SEASONALITY

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

5. ANALYSIS OF EXPENSES BY NATURE

For the three -month period ended 31st March

	Group 2018 N'000	Company 2018 N'000	Group 2017 N'000	Company 2017 N'000
Raw materials and consumables	28,383,913	28,383,913	30,186,671	30,186,671
Advertising and sales expenses	3,763,449	3,763,449	4,936,161	4,936,161
Depreciation	7,221,854	7,220,604	10,282,537	10,281,287
Amortization	357,987	357,987	369,804	369,804
Employee benefits	10,088,115	10,088,115	10,863,695	10,863,695
Distribution	6,951,569	6,951,569	7,283,909	7,283,909
Repairs and Maintenance	3,299,224	3,299,224	3,153,198	3,153,198
Royalty and technical service fees	2,083,225	2,083,225	2,872,273	2,872,273
Others	3,371,316	3,371,066	2,342,106	2,341,856
Total cost of sales, marketing & distribution and administration expenses	65,520,652	65,519,152	72,290,354	72,288,854

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

Net finance income and expenses for the three-months period ended 31st March 2018 amounted to ₦2.4billion (three-months period ended 31st March 2017: ₦1.8billion) mainly driven by higher exchange rate losses.

a. Finance income

Interest income for the three-month period ended 31st March 2018 amounted to ₦38 million (three-month period ended 31st March 2017: ₦47 million).

b. Finance expense

Interest expenses for the three-month period ended 31st March 2018 amounted to ₦920 million (three-months ended 31st March 2017: ₦964 million expenses).

Other net finance expenses for the three-months period ended 31st March 2018 amounted to ₦1.5 billion (three-months ended 31st March 2017: ₦860 million expenses). The interest expenses on the net pension liability for the period ended 31st March 2018 amounted to ₦459 million (three-month period ended 31st March 2017: ₦277 million).

7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the three-months period ended 31st March 2018 was 32.4 per cent (for the three-months period ended 31st March 2017: 30.2 per cent).

8. PROPERTY PLANT AND EQUIPMENT**Acquisitions**

During the three-months period ended 31st March 2018 the Company acquired, plant and equipment with a cost of ₦6.7 billion (three-month period ended 31st March 2017: ₦5.9 billion).

Capital commitments

As at 31st March 2018, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦20.8 billion (31st March 2017: ₦18.2 billion).

9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**Financial risk management**

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31st December 2017.

10. EQUITY

Reserves

The reserves in total ₦184.5 billion (31st December 2017: ₦174.1 billion) consist of share premium, share-based payment reserve, equity contribution reserve and retained earnings.

Weighted average number of shares (basic and diluted)

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

	2018	2017
1st January		
Weighted average number of shares	7,996,902,049	7,929,100,888
31st March		
Weighted average number of shares	7,996,902,049	7,929,100,888

11. NET INTEREST-BEARING DEBT POSITION

	Group	Company	Group	Company
	31st March 2018	31st March 2018	31st December 2017	31st December 2017
	₦'000	₦'000	₦'000	₦'000
Bank overdrafts	2,752,117	2,752,117	470,930	470,930
Commercial Paper	15,243,391	15,243,391	-	-
Cash, cash equivalents and current	(21,714,326)	(21,713,148)	(15,866,954)	(15,865,776)
Other investments	-	-	-	-
Net interest-bearing debt position	(3,718,818)	(3,717,640)	(15,396,024)	(15,394,846)

The change in interest-bearing debt position of ₦11.7 billion is occasioned by increase in short-term financing and increased cash position during Q1, 2018, due to the timing of expected earlier dividend payment.

12. CONTINGENCIES

No material updates in comparison with 2017 year-end reporting were identified that need to be reported.

13. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first three-months period ended 31st March 2018 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2017.

14. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31st March 2018 that have not been adequately provided for or disclosed in these condensed interim financial statements.