



**Nigerian Breweries Plc**

RC: 613

## Unaudited Condensed Interim Financial Statements

For the Six Months Ended 30<sup>th</sup> June, 2017

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## CONDENSED INTERIM INCOME STATEMENT

For the three-month period ended,

		30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2016	30 <sup>th</sup> June, 2016
		Group	Company	Group	Company
	Notes	2017	2017	2016	2016
		₦'000	₦'000	₦'000	₦'000
Revenue		89,721,339	89,721,339	79,818,648	79,818,648
Cost of Sales	5	(48,951,894)	(48,951,894)	(43,117,760)	(43,117,760)
<b>Gross Profit</b>		<b>40,769,445</b>	<b>40,769,445</b>	<b>36,700,888</b>	<b>36,700,888</b>
Other Income		1,615,000	1,615,000	140,394	140,394
Marketing and Distribution Expenses	5	(16,868,743)	(16,868,743)	(15,544,686)	(15,544,686)
Administrative Expenses	5	(5,400,049)	(5,398,549)	(5,349,490)	(5,348,240)
<b>Results from operating activities</b>		<b>20,115,653</b>	<b>20,117,153</b>	<b>15,947,106</b>	<b>15,948,356</b>
Finance income	6a	39,738	39,738	192,218	192,218
Finance costs	6b	(3,535,091)	(3,551,508)	(5,597,899)	(5,611,867)
<b>Net Finance costs</b>		<b>(3,495,353)</b>	<b>(3,511,770)</b>	<b>(5,405,681)</b>	<b>(5,419,649)</b>
Profit before tax		16,620,300	16,605,383	10,541,425	10,528,707
Income tax expenses	7	(4,303,021)	(4,313,150)	(1,929,194)	(1,925,124)
<b>Profit after tax</b>		<b>12,317,279</b>	<b>12,292,233</b>	<b>8,612,231</b>	<b>8,603,583</b>
Profit for the year attributable to:					
Owners of the Company		12,314,834	12,292,233	8,611,305	8,603,583
Non-controlling interest		2,445	-	926	-
<b>Profit for the period</b>		<b>12,317,279</b>	<b>12,292,233</b>	<b>8,612,231</b>	<b>8,603,583</b>
Earnings per share					
Basic Earnings per share (kobo)		154	154	109	109
Diluted earnings per share (kobo)		154	154	109	109

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the three-month period ended,

	30th June, 2017	30th June, 2017	30th June, 2016	30th June, 2016
	Group	Company	Group	Company
Notes	2017	2017	2016	2016
	₦'000	₦'000	₦'000	₦'000
<b>Profit for the period</b>	12,317,279	12,292,233	8,612,231	8,603,583
Other comprehensive income, net of tax		-		-
Total comprehensive income for the period	12,317,279	12,292,233	8,612,231	8,603,583
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the Company	12,317,279	12,292,233	8,612,231	8,603,583
Total comprehensive income for the period	12,317,279	12,292,233	8,612,231	8,603,583

The notes on pages 13 to 17 are an integral part of these interim financial statements.

## CONDENSED INTERIM INCOME STATEMENT

For the Six-month period ended,

		30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2016	30 <sup>th</sup> June, 2016
		Group	Company	Group	Company
	Notes	2017	2017	2016	2016
		₦'000	₦'000	₦'000	₦'000
Revenue		181,010,037	181,010,037	157,373,596	157,373,596
Cost of Sales	5	(99,676,147)	(99,676,147)	(83,391,019)	(83,391,019)
<b>Gross Profit</b>		<b>81,333,890</b>	<b>81,333,890</b>	<b>73,982,577</b>	<b>73,982,577</b>
Other Income		1,818,251	1,818,251	283,964	283,964
Marketing and Distribution Expenses	5	(33,398,139)	(33,398,139)	(29,475,684)	(29,475,684)
Administrative Expenses	5	(10,436,504)	(10,433,754)	(10,849,810)	(10,847,310)
<b>Results from operating activities</b>		<b>39,317,498</b>	<b>39,320,248</b>	<b>33,941,046</b>	<b>33,943,546</b>
Finance income	6a	86,697	86,697	251,596	251,596
Finance costs	6b	(5,345,599)	(5,375,676)	(8,643,689)	(8,671,317)
<b>Net Finance costs</b>		<b>(5,258,902)</b>	<b>(5,288,979)</b>	<b>(8,392,093)</b>	<b>(8,419,721)</b>
Profit before tax		34,058,596	34,031,269	25,548,954	25,523,826
Income tax expenses	7	(10,307,564)	(10,298,820)	(6,482,213)	(6,459,270)
<b>Profit after tax</b>		<b>23,751,032</b>	<b>23,732,449</b>	<b>19,066,741</b>	<b>19,064,556</b>
Profit for the year attributable to:					
Owners of the Company		23,749,044	23,732,449	19,066,507	19,064,556
Non-controlling interest		1,988	-	234	-
<b>Profit for the period</b>		<b>23,751,032</b>	<b>23,732,449</b>	<b>19,066,741</b>	<b>19,064,556</b>
Earnings per share					
Basic Earnings per share (kobo)		297	297	240	240
Diluted earnings per share (kobo)		297	297	240	240

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the Six-month period ended,

	30th June, 2017	30th June, 2017	30th June, 2016	30th June, 2016
	Group	Company	Group	Company
Notes	2017	2017	2016	2016
	₦'000	₦'000	₦'000	₦'000
<b>Profit for the period</b>	<b>23,749,044</b>	<b>23,732,449</b>	<b>19,066,741</b>	<b>19,064,556</b>
Other comprehensive income, net of tax		-		-
Total comprehensive income for the period	<b>23,749,044</b>	<b>23,732,449</b>	<b>19,066,741</b>	<b>19,064,556</b>
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the Company	23,749,044	23,732,449	19,066,741	19,064,556
Total comprehensive income for the period	<b>23,749,044</b>	<b>23,732,449</b>	<b>19,066,741</b>	<b>19,064,556</b>

The notes on pages 13 to 17 are an integral part of these interim financial statements.


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT:**


	Notes	30th June 2017		31st December 2016	
		Group	Company	Group	Company
		2017	2017	2016	2016
		₦'000	₦'000	₦'000	₦'000
<b>ASSETS</b>					
Property, plant and equipment	8	186,236,589	186,054,089	191,181,700	190,996,700
Intangible assets and goodwill		98,761,054	98,761,054	99,477,826	99,477,826
Investments		150,000	829,625	150,000	829,625
Other receivables		644,527	644,527	623,331	623,331
Prepayments		794,675	794,675	1,154,399	1,154,399
<b>Non-current assets</b>		<b>286,586,845</b>	<b>287,083,970</b>	<b>292,587,256</b>	<b>293,081,881</b>
Inventories		46,903,668	46,903,668	31,244,703	31,244,703
Trade and other receivables		28,815,829	28,815,829	19,974,024	19,974,024
Prepayments		723,790	723,790	301,169	301,169
Deposit for imports		7,420,453	7,420,453	8,429,048	8,429,048
Cash and cash equivalents		16,303,430	16,302,252	12,156,432	12,155,254
Assets held for sale	9	2,453,836	2,453,836	2,453,836	2,453,836
<b>Current assets</b>		<b>102,621,006</b>	<b>102,619,828</b>	<b>74,559,212</b>	<b>74,558,034</b>
<b>Total assets</b>		<b>389,207,851</b>	<b>389,703,798</b>	<b>367,146,468</b>	<b>367,639,915</b>

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

	Notes	30th June 2017		31st December 2016	
		Group	Company	Group	Company
		2017	2017	2016	2016
		₦'000	₦'000	₦'000	₦'000
<b>EQUITY</b>					
Share capital		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		473,002	473,002	571,106	571,106
Retained earnings		99,635,672	99,595,151	96,343,708	96,319,782
<b>Equity attributable to owners of the company</b>	11	<b>177,877,481</b>	<b>177,836,960</b>	<b>165,829,468</b>	<b>165,805,542</b>
<b>Non-controlling interest</b>		<b>86,288</b>	<b>-</b>	<b>84,300</b>	<b>-</b>
<b>Total Equity</b>		<b>177,963,769</b>	<b>177,836,960</b>	<b>165,913,768</b>	<b>165,805,542</b>
<b>LIABILITIES</b>					
Loans and borrowings		13,000,000	13,000,000	17,000,000	17,000,000
Employee benefits		10,257,671	10,257,671	10,101,065	10,101,065
Deferred tax liabilities		28,514,831	28,514,831	29,876,508	29,876,508
<b>Non-current liabilities</b>		<b>51,772,502</b>	<b>51,772,502</b>	<b>56,977,573</b>	<b>56,977,573</b>
Bank overdraft and Commercial Papers		2,131,404	2,131,404	870,611	870,611
Current tax liabilities		30,692,936	30,649,590	19,024,168	18,989,567
Dividend payable		10,434,209	10,434,209	12,676,038	12,676,038
Trade and other payables		116,186,964	116,853,066	111,184,310	111,820,584
Provisions		26,067	26,067	500,000	500,000
<b>Current liabilities</b>		<b>159,471,580</b>	<b>160,094,336</b>	<b>144,255,127</b>	<b>144,856,800</b>
<b>Total liabilities</b>		<b>211,244,082</b>	<b>211,866,838</b>	<b>201,232,700</b>	<b>201,834,373</b>
<b>Total equity and liabilities</b>		<b>389,207,851</b>	<b>389,703,798</b>	<b>367,146,468</b>	<b>367,639,915</b>

Approved by the Board of Directors on 27<sup>th</sup> July, 2017 and signed on its behalf by:

  
\_\_\_\_\_ Mr. Johan A. Doyer (Managing Director/CEO)\*

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

The notes on pages 13 to 17 are an integral part of these interim financial statements

\* Mr Doyer has a waiver from the Financial Reporting Council of Nigeria to sign the Interim Financial Statement while processing his FRC registration with the Council.



**Condensed interim statement of changes in equity**

For the Six-month period ended June 2017

**Group**

Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 <sup>st</sup> January 2017	₦'000 3,964,551	₦'000 64,950,103	₦'000 571,106	₦'000 96,343,708	₦'000 165,829,468	₦'000 84,300	₦'000 165,913,768
Profit for the year	-	-	-	23,749,044	23,749,044	1,988	23,751,032
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	23,749,044	23,749,044	1,988	23,751,032
Transaction with owners, recorded directly in equity							
<i>Contributions and distributions</i>							
Issue of ordinary shares	33,900	8,820,253	-	-	8,854,153	-	8,854,153
Share based payment charge	-	-	180,414	-	180,414	-	180,414
Share based payment recharge	-	-	(278,518)	-	(278,518)	-	(278,518)
Dividends	-	-	-	(20,457,080)	(20,457,080)	-	(20,457,080)
Unclaimed dividends written back	-	-	-	-	-	-	-
Total contributions and distributions	33,900	8,820,253	(98,104)	(20,457,080)	(11,701,031)	-	(11,701,031)
Changes in ownership interest							
Total transactions with owners of the company	33,900	8,820,253	(98,104)	(20,457,080)	(11,701,031)	-	(11,701,031)
Balance as at 30 <sup>th</sup> June, 2017	3,998,451	73,770,356	473,002	99,635,672	177,877,481	86,288	177,963,769

**Condensed interim statement of changes in equity**

For the Six-month period ended June 2017

**Company**

	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total Equity
Balance at 1 <sup>st</sup> January 2017		₦'000 3,964,551	₦'000 64,950,103	₦'000 571,106	₦'000 96,319,782	₦'000 165,805,542
Profit for the year		-	-	-	23,732,449	23,732,449
Other comprehensive income for the year		-	-	-	-	-
Total Comprehensive income for the year		-	-	-	23,732,449	23,732,449
Transaction with owners, recorded directly in equity					23,732,449	23,732,449
<b>Contributions and distributions</b>						
Issue of ordinary shares		33,900	8,820,253	180,414	-	8,854,153
Share based payment charge		-	-	(278,518)	-	180,414
Share based payment recharge		-	-	-	(20,457,080)	(278,518)
Dividends		-	-	-	-	(20,457,080)
Unclaimed dividends written back		-	-	-	-	-
Total contributions and distributions		33,900	8,820,253	(98,104)	(20,457,080)	(11,701,031)
Changes in ownership interest						
Total transactions with owners of the company		33,900	8,820,253	(98,104)	(20,457,080)	(11,701,031)
Balance as at 30 <sup>th</sup> June, 2017		3,998,451	73,770,356	473,002	99,595,151	177,836,960

The notes on pages 13 to 17 are an integral part of these interim financial statements

**Condensed interim statement of changes in equity**

For the Six-month period ended 30th June, 2016

**Group**

	Notes	Share capital N'000	Share premium N'000	Share base Payment reserve N'000	Retained earnings N'000	Total N'000	Non- Controlling Interest N'000	Total Equity N'000
Balance at 1 <sup>st</sup> January 2016		3,964,551	64,950,103	365,702	102,959,007	172,239,363	82,140	172,321,503
Profit for the period		-	-	-	19,066,507	19,066,507	234	19,066,741
Other comprehensive income for the period		-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	<b>19,066,507</b>	<b>19,066,507</b>	<b>234</b>	<b>19,066,741</b>
Transaction with owners, recorded directly in equity								
<b>Contributions and distributions</b>								
Equity contribution reserve								
Issue of Ordinary shares								
Share based payment charge				61,631		61,631		61,631
Share based payment recharge				(88,532)		(88,532)		(88,532)
Dividends					(28,544,763)	(28,544,763)		(28,544,763)
Unclaimed dividends written back								
<b>Total contributions and distributions</b>				<b>(26,901)</b>	<b>(28,544,763)</b>	<b>(28,571,664)</b>		<b>(28,571,664)</b>
Changes in ownership interest								
Acquisition of subsidiary								
<b>Total transactions with owners of the company</b>								
Balance as at 30 <sup>th</sup> June, 2016		3,964,551	64,950,103	338,801	93,480,751	162,734,206	82,374	162,816,580

**Condensed interim statement of changes in equity**

For the Six-month period ended 30 June, 2016

**Company**

	Notes	Share capital N'000	Share premium N'000	Share base Payment reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 <sup>st</sup> January 2016		3,964,551	64,950,103	365,702	102,953,109	172,233,465
Profit for the period		-	-	-	19,064,556	19,064,556
Other comprehensive income for the period		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	<b>19,064,556</b>	<b>19,064,556</b>
Transaction with owners, recorded directly in equity						
<i>Contributions and distributions</i>						
Equity contribution reserve						
Issue of Ordinary shares						
Share based payment charge				61,631		61,631
Share based payment recharge				(88,532)		(88,532)
Dividends					(28,544,763)	(28,544,763)
Unclaimed dividends written back						
<b>Total contributions and distributions</b>				<b>(26,901)</b>	<b>(28,544,763)</b>	<b>(28,571,664)</b>
Changes in ownership interest						
Acquisition of subsidiary						
<b>Total transactions with owners of the company</b>						
Balance as at 30 <sup>th</sup> June, 2016		3,964,551	64,950,103	338,801	93,472,902	162,726,357

## Condensed interim statement of cash flows

## For the Six-month period ended

	Notes	Group 2017 N'000	Company 2017 N'000	Group 2016 N'000	Company 2016 N'000
Profit for the year		23,751,032	23,732,449	19,066,741	19,064,556
Adjustments for:					
Depreciation		16,834,312	16,831,812	13,846,911	13,844,411
Amortization of intangible assets		724,256	724,256	726,727	726,727
Finance income		(86,697)	(86,697)	(251,596)	(251,596)
Interest expenses		1,650,396	1,680,473	1,635,679	1,663,307
Gratuity, employee benefit and share based payment charges		1,102,734	1,102,734	977,831	977,831
Loss/(Gain) on sale of property, plant and equipment		499,146	499,146	(87,920)	(87,920)
Income tax expense		10,307,565	10,298,820	6,482,213	6,459,270
		<b>54,782,744</b>	<b>54,782,993</b>	<b>42,396,586</b>	<b>42,396,586</b>
Changes in:					
Inventories		(15,658,965)	(15,658,965)	(89,695)	(89,695)
Trade and other receivables		(8,863,001)	(8,863,001)	(14,299,689)	(14,299,689)
Prepayments		(62,897)	(62,897)	(278,721)	(278,721)
Trade and other payables		10,201,846	13,166,693	11,834,247	11,834,247
Provisions		(473,933)	(473,933)	-	-
Deposit for imports		1,008,595	1,008,595	(4,649,011)	(4,649,011)
<b>Cash generated from operating activities</b>		<b>40,934,389</b>	<b>43,899,485</b>	<b>34,913,717</b>	<b>34,913,717</b>
Income tax paid		(474)	(474)	(412,452)	(412,452)
Gratuity paid		(681,900)	(681,900)	(500,361)	(500,361)
Other long term employee benefits paid		(362,332)	(362,332)	(315,338)	(315,338)
VAT paid*		(5,617,002)	(8,564,721)	(5,617,002)	(5,617,002)
<b>Net cash from operating activities</b>		<b>34,272,681</b>	<b>34,290,058</b>	<b>28,068,564</b>	<b>28,068,564</b>
<b>Cash flows from investing activities</b>					
Finance income		86,697	86,697	251,596	251,596
Proceeds from sale of property, plant and equipment		29,158	29,158	162,303	162,303
Acquisition of property, plant and equipment		(12,423,573)	(12,423,573)	(6,104,239)	(6,104,239)
Acquisition of intangible assets		(1,411)	(1,411)	(4,207)	(4,207)
<b>Net cash used in investing activities</b>		<b>(12,309,128)</b>	<b>(12,309,128)</b>	<b>(5,694,547)</b>	<b>(5,694,547)</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		17,000,000	17,000,000	11,000,000	11,000,000
Repayment of loans and borrowings		(21,000,000)	(21,000,000)	(3,000,000)	(3,000,000)
Interest paid		(1,232,591)	(1,249,969)	(1,325,198)	(1,325,198)
Dividends paid		(13,844,756)	(13,844,756)	(21,648,280)	(21,648,280)
<b>Net cash used in financing activities</b>		<b>(19,077,347)</b>	<b>(19,094,725)</b>	<b>(14,973,478)</b>	<b>(14,973,478)</b>
Net increase/(decrease) in cash and cash equivalents		<b>2,886,205</b>	<b>2,886,205</b>	<b>7,400,539</b>	<b>7,400,539</b>
Cash and cash equivalents at 1 <sup>st</sup> January		11,285,821	11,284,643	(14,108,097)	(14,109,275)
<b>Cash and cash equivalents at 30<sup>th</sup> June</b>		<b>14,172,026</b>	<b>14,170,848</b>	<b>(6,707,558)</b>	<b>(6,708,736)</b>
Represented by:					
Cash balance		16,303,430	16,302,252	6,763,157	6,761,979
Bank Overdraft and Commercial Papers		(2,131,404)	(2,131,404)	(13,470,715)	(13,470,715)
		<b>14,172,026</b>	<b>14,170,848</b>	<b>(6,707,558)</b>	<b>(6,708,736)</b>

The notes on pages 13 to 17 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 16<sup>th</sup> November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7<sup>th</sup> January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. 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 Six-month period ended 30<sup>th</sup> June 2017 comprise the Company and its subsidiaries.

The financial statements of Nigerian Breweries Plc as at and for the year ended 31<sup>st</sup> December 2016 are available upon request from the Company's registered website [www.nbplc.com/investor-relations.html](http://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 31<sup>st</sup> December 2016.

These condensed interim financial statements were approved by the Board of Directors of the Company on July 27, 2017.

#### **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 otherwise.

#### **c. Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates 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 31<sup>st</sup> December 2016.

### **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

31<sup>st</sup> December 2016.

**b. Income tax**

Income tax expenses are recognised based on management's best estimation 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 Six -month period ended 30<sup>th</sup> June

	Group 2017 N'000	Company 2017 N'000	Group 2016 N'000	Company 2016 N'000
Raw materials and consumables	62,481,027	62,481,027	51,005,926	51,005,926
Advertising and sales expenses	10,196,449	10,196,449	10,196,748	10,196,748
Depreciation	16,834,312	16,831,812	13,846,911	13,844,411
Amortization	724,256	724,256	726,727	726,727
Employee benefits	21,857,888	21,857,888	20,319,126	20,319,126
Distribution	14,695,143	14,695,143	11,753,331	11,753,331
Repairs and Maintenance	6,266,444	6,266,444	5,325,518	5,325,518
Royalty and technical service fees	5,891,318	5,891,318	5,698,063	5,698,063
Others	2,992,622	2,992,372	4,844,163	4,844,163
<b>Total cost of sales, marketing &amp; distribution and administration expenses</b>	<b>141,939,459</b>	<b>141,936,709</b>	<b>123,716,513</b>	<b>123,714,013</b>

In the cost of sales ₦5,440 billion (2016:0) has been recognized for royalties and licenses for 3 contracts subject to NOTAP approval. The total accrual subject to NOTAP approval amounts to ₦5,440 billion (2016:0). The earlier received NOTAP certification expired on December 31<sup>st</sup> 2016. Nigerian Breweries has requested for re-approval and renewal of the certificates as at 20<sup>th</sup> December 2016. Nigerian Breweries sought and obtained a waiver from the Financial Reporting Council of Nigeria to accrue for the expired certificates.

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

Net finance income and expenses for the six-month period ended 30<sup>th</sup> June 2017 amounted to ₦5.3 billion (Six-month period ended 30<sup>th</sup> June 2016: ₦8.4 billion).

**a. Finance income**

Interest income for the six-month period ended 30<sup>th</sup> June 2017 amounted to ₦87 million (Six-month period ended 30<sup>th</sup> June 2016: ₦252 million).

**b. Finance expense**

Interest expenses for the six-month period ended 30<sup>th</sup> June 2017 amounted to ₦1.7 billion (six-months ended 30<sup>th</sup> June 2016: ₦1.6 billion expenses).

Other net finance expenses for the six-months period ended 30<sup>th</sup> June 2017 amounted to ₦3.7 billion (six-months ended 30<sup>th</sup> June 2016: ₦7.0 billion expenses). The interest expenses on the net pension liability for the period ended 30<sup>th</sup> June 2017 amounted to ₦0.72 billion (six-month period ended 30<sup>th</sup> June 2016: ₦0.5 billion).

**7. INCOME TAX EXPENSES**

The Company's effective tax rate in respect of continuing operations for the six-months period ended 30<sup>th</sup> June 2017 was 28.2 per cent (for the six-months period ended 30<sup>th</sup> June 2016: 25.3 per cent).

**8. PROPERTY PLANT AND EQUIPMENT**

**Acquisitions**

During the six-months period ended 30<sup>th</sup> June 2017 the Company acquired, plant and equipment with a cost of ₦12.4 billion (six-month period ended 30<sup>th</sup> June 2016: ₦6.1 billion).

**Capital commitments**

As at 30<sup>th</sup> June 2017, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦19.6 billion (30<sup>th</sup> June 2016: ₦10.6 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 31<sup>st</sup> December 2016.

**10. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**

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



**11. EQUITY**

**Reserves**

The reserves consist of share premium, share-based payment, equity contribution reserves and retained earnings.

**Weighted average number of shares (basic and diluted)**

For the six-months period ended 30th June

In shares

	<b>2017</b>	<b>2016</b>
1st January		
Weighted average number of shares	7,929,100,888	7,929,100,888
Scrip issues	67,801,163	-
<hr/>		
30th June		
Weighted average number of shares	7,996,902,051	7,929,100,888

## 12. NET CASH COVERAGE /INTEREST BEARING DEBT POSITION

	Group 30 <sup>th</sup> June 2017 ₦'000	Company 30 <sup>th</sup> June 2017 ₦'000	Group 31 <sup>st</sup> December 2016 ₦'000	Company 31 <sup>st</sup> December 2016 ₦'000
Loans and borrowings	13,000,000	13,000,000	17,000,000	17,000,000
Bank overdrafts	100,788	100,788	870,611	870,611
Commercial papers	2,030,616	2,030,616	-	-
Cash, cash equivalents and current	(16,303,430)	(16,302,252)	(12,156,432)	(12,155,254)
<b>(Net cash coverage position)/interest bearing debt position</b>	<b>(1,172,026)</b>	<b>(1,170,848)</b>	<b>5,714,179</b>	<b>5,715,357</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). ₦13 billion was utilized as at 30<sup>th</sup> June, 2017 (2016: ₦17 billion).

## 13. CONTINGENCIES

No material updates in comparison with 2016 year-end reporting were identified that need to be reported.

## 14. 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 six-month period ended 30<sup>th</sup> June 2017 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31<sup>st</sup> December 2016.

## 15. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30<sup>th</sup> June 2017 that have not been adequately provided for or disclosed in these condensed interim financial statements.