Nigerian Breweries Plc
RC: 613

2016 Annual Report & Accounts

70th ANNIVERSARY
1946 - 2016 | Winning with Nigeria


STAR
PREMIUM QUALITY
Cold Filtered
FINEST LAGER BEER
Heineken
LAGER BEER
QUALITY
LEGEND
EXTRA STOUT

CONTENTS

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 Kaduna, and Life Breweries Company Limited (Life Breweries) with a brewery in Onitsha (now used as a Distribution Centre). Sona Systems and Life Breweries were merged with the Company in the middle of 2012. Another malting plant was acquired in Kudenda, Kaduna as part of the Sona Systems acquisition. 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 were added to the existing eight breweries as a result of the merger.

Thus, from a humble beginning in 1946, the Company now has ten 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.

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.

STAR SHINE ON

As a major brewing company, Nigerian Breweries Plc encourages the establishment of ancillary businesses. These include manufacturers of bottles, cans, crown corks, labels, cartons, plastic crates and service providers such as those in the hospitality sector, distributors, transporters, event managers, advertising and marketing communication agencies.

The Company was listed on the floor of The Nigerian Stock Exchange (NSE) in 1973. As at 31st December, 2016, it had a market capitalisation of approximately ₦1.2 trillion, making it the second largest company in Nigeria by market capitalization. It has consistently been honoured with awards relating to capital market matters including, The NSE President's Merit Award in the Brewery Sector, The NSE Quoted Company of the Year Award and The NSE CEO's Distinguished Award for Compliance. In 2016, the Company retained The NSE CEO's award as the Most Compliant Listed Company on The Nigerian Stock Exchange.

Nigerian Breweries Plc is also a recipient of numerous other awards including the Chartered Institute of Taxation of Nigeria's award for being one of the three 2015 best Tax Compliant Company in Nigeria and the winner of the Institute of Directors' Nigeria Corporate Governance Award, 2016.

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

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

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

Onitsha Brewery
87/97, Port Harcourt Road
P.O. Box 5417
Onitsha
Tel: (01) 2717400 Ext: 88101

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

Kakuri (Kaduna) 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

Makurdi Brewery
Km 5, Gboko Road,
Makurdi, Benue State
Tel: 0807 229 2427

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

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
1, Jalo Close,
Off Aiguobansinwin Road
GRA, Benin City
Tel: (01) 2717400 Ext: 6501

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

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

East Business Unit
Old Brewery,
9th Mile Nsude, Enugu
Tel: (01) 2717400 Ext: 6301

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. Nicolaas A. Vervelde *(Dutch)*	-	Managing Director/CEO
	Mr. Olusegun S. Adebanji	-	Non-Executive
	Chief Samuel O. Bolarinde	-	Non-Executive
	Mr. Hubert I. Eze	-	Sales Director
	Mr. Victor Famuyibo	-	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)*	-	Technical 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:
Akintola Williams Deloitte
Civic Towers
Ozumba Mbadiwe Way
Victoria Island
Lagos
Tel: (01) 9041743
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

	2016	2015	% Change
In millions of naira			
Revenue	313,743	293,906	6.7
Results from operating activities	52,908	62,269	(15.0)
Profit for the year	28,397	38,049	(25.4)
Declared dividend*	36,474	37,267	(2.1)
Share capital	3,965	3,965	-
Total equity	165,806	172,233	(3.7)
Data per 50 kobo share in Kobo			
Earnings	358	482	(25.7)
Declared dividend*	460	470	(2.1)
Net Assets	2,091	2,172	(3.7)
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared	100	120	(16.7)
Final dividend proposed**	258	360	(28.3)
Stock Exchange Information			
Stock Exchange quotation in Naira per share	147.99	136.00	8.8
Number of shares issued (in millions)	7,929	7,929	-
Market capitalisation in ₦: million	1,173,428	1,078,358	8.8
Number of employees	3,646	3,777	(3.5)
Ratios			
Declared dividend coverage (Earnings per share/declared dividend per share)	0.78	1.02	(23.7)
Current assets/current liabilities	0.52	0.41	26.4
Interest coverage			
Interest coverage (Results from operating activities/interest expense)	3.86	8.34	(53.7)

NOTE:

* Declared dividend represents the final proposed for the preceding year (₦28.55 million) but declared in the current year and the interim dividend declared during the year (₦7.93 million).

** The Directors propose a final dividend of 258 kobo per share (2015: 360 kobo per share) based on the issued share capital of 7,929,100,888 ordinary shares of 50 kobo each subject to approval by the shareholders at the Annual General Meeting fixed for 3rd May 2017.

Board of Directors

1. **Uaboi G. Agbebaku, Esq.**
   Company Secretary/Legal Adviser
2. **Chief Samuel O. Bolarinde**
   Non-Executive
3. **Mrs. Ndidi O. Nwuneli, MFR**
   Non-Executive
4. **Mr. Victor Famuyibo**
   Human Resource Director
5. **Mr. Sijbe Hiemstra**
   Non-Executive
6. **Dr. Obadiah O. Mailafia**
   Non-Executive
7. **Mr. Mark P. Rutten**
   Finance Director
8. **Chief Kolawole B. Jamodu, CFR**
   Chairman
9. **Mr. Nicolaas A. Vervelde**
   Managing Director/CEO
10. **Mr. Olusegun S. Adebanji**
    Non-Executive
11. **Mrs. Ifueko M. Omoigui Okauru, MFR**
    Non-Executive
12. **Mr. Franco M. Maggi**
    Marketing Director
13. **Mr. Atedo N. A. Peterside, CON**
    Non-Executive
14. **Mr. Hendrik A. Wymenga**
    Technical Director
15. **Mr. Hubert I. Eze**
    Sales Director
16. **Mr. Roland Pirmez**
    Non-Executive

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 of the Board of Directors 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 was a member of the National Economic Management Team headed by the President of the Federal Republic of Nigeria.

Mr. Nicolaas A. Vervelde
Managing Director/CEO

Mr. Vervelde was re-appointed a member of the Board of Directors effective the 1st of August, 2010 as well as the Managing Director/CEO effective same date. He was previously on the Board of Directors as a Non-Executive Director between 2001 and 2003 while as Deputy Director and later Director, Heineken Africa/Middle East. Mr. Vervelde started his career with Heineken in 1984 and held increasingly senior management positions in commercial and general management functions in Europe, Africa, Bahamas, Caribbean and Central America. He was, until his current position, the Managing Director for Heineken Caribbean, Central America and Latin America. Mr. Vervelde is also a Non-Executive Director of Forte Oil Plc.

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.

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 Directors 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. Hubert I. Eze
Sales Director

Mr. Eze joined the services of our Company in 1992 in the Sales Department and subsequently rose through the ranks to become a Senior Manager. In 2007, he went on internationalisation to Heineken Caribbean and Central America where he was the Commercial Excellence Manager and later the Marketing and Commercial Excellence Director. Prior to his appointment to the Board of Directors effective the 1st of September, 2010, Mr. Eze was the General Manager, Heineken Latin America Export.

Mr. Victor Famuyibo
Human Resource Director

Mr. Famuyibo was appointed to the Board of Directors effective the 8th of September, 2008. A lawyer and Human Resource expert, he joined the Company in 1986 and has performed various Human Resource functions within the Company. He was on internationalisation at Heineken International B.V., The Netherlands, prior to his appointment to the Board. Mr. Famuyibo is the immediate past President and Chairman of Council, Chartered Institute of Personnel Management of Nigeria.

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. Before this last position, he was the Heineken Regional President for Asia Pacific.

Mr. Franco M. Maggi
Marketing Director

Mr Maggi became a member of the Board of Directors effective 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 Directors of the Company.

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 is currently the Chief of Staff of the 80-member African, Caribbean and Pacific (ACP) Group of States based in

Brussels, Belgium. He has 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 private equity firm focused on the agribusiness sector in West Africa. She has over 20 years of private sector experience and international development experience and sits on the Boards of Nestle Nigeria Plc and Cornerstone Insurance Plc.

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

Mrs. Omoigui 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 was the Executive Chairman of the Federal Inland Revenue Service (FIRS) which she led meritoriously for two consecutive terms. Mrs. Omoigui Okauru was also a member of the National Economic Management Team headed by the President of the Federal Republic of Nigeria. She is currently the Managing Partner of Compliance Professionals Plc, a consultancy company and also sits on the Boards of Central Securities Clearing System Plc, ReStraL Ltd. and Seplat Petroleum Development Company Plc. She is a Commissioner of a non-partisan body, the Independent Commission for the Reform of International Corporate Taxation (ICRICT) and Chairman of the Lagos State Employment Trust Fund.

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 also 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.

Mr. Roland Pirmez
Non-Executive Director

Mr. Pirmez joined the Board of Directors effective 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 of the Company 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
Technical 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 the former. 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 joining the Company, 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 71st Annual General Meeting of Nigerian Breweries Plc will be held in the Shell Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on **Wednesday, 3rd May, 2017 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 2016, together with the Income Statement for the year ended on that date and the Reports of the Independent Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Independent Auditors.
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."
8. To consider and if thought fit, pass the following resolutions as ordinary resolutions of the Company:
   a. "That the Authorised Share Capital of the Company be and it is hereby increased from **₦4,000,000,000 (four billion naira)** to **₦5,000,000,000 (five billion naira)** by the creation of additional 2,000,000,000 (two billion) ordinary shares of 50 kobo each, such new shares to rank pari-passu in all respects with the existing ordinary shares in the share capital of the Company";
   b. "That clause 5 of the Memorandum of Association of the Company be and it is hereby updated by deleting the words **'the Share Capital of the Company is ₦4,000,000,000 (four billion naira) divided into 8,000,000,000 (eight billion) ordinary shares of 50 kobo each'** and substituting thereof with the words **'the Share Capital of the Company is ₦5,000,000,000 (five billion naira) divided into 10,000,000,000 (ten billion) ordinary shares of 50 kobo each"**.
9. To consider, and if thought fit, pass the following resolutions as ordinary resolutions of the Company:
   a. "That the proposal by the Directors made in line with Articles 129 and 130 of the Company's Articles of Association, to offer, on such terms and conditions as the Directors may determine based on prevailing market conditions, to shareholders entitled to receive cash dividends in respect of the financial year ended 31st December 2016, a right of election to receive ordinary shares in the Company ("New Ordinary Shares") instead of cash dividends and that such New Ordinary Shares be credited as fully paid, which, when issued, shall rank pari-passu in all respects with the Company's existing ordinary shares be and it is hereby approved";
   b. "That the Directors be and they are hereby authorised to take all necessary steps to give effect to the above resolution and That all steps already taken by the Directors in that regard be and they are hereby ratified".

Dated the 15th of February, 2017.

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, at least 21 days before the Annual General Meeting.

(c) **DIVIDEND**

A total dividend of ₦28,386,181,179 (twenty eight billion, three hundred and eighty six million, one hundred and eighty one thousand, one hundred and seventy nine naira only), that is, ₦3.58 (three naira, fifty eight kobo) per share for the 2016 financial year, has been recommended by the Board for approval. If approved, the payment of the dividend will be made on Thursday, 4th May, 2017, to shareholders whose names appear on the Company's Register of Members at the close of business on Wednesday, 8th of March, 2017. Having earlier paid an interim dividend of approximately ₦7.9 billion that is ₦1.00 per share which was declared in October 2016, the final dividend will be ₦20,457,080,291 (twenty billion, four hundred and fifty seven million, eighty thousand and two hundred and ninety one naira only) that is, ₦2.58 (two naira fifty eight kobo) per share.

(d) **CLOSURE OF REGISTER**

The Register of Members and Transfer Books of the Company will be closed from Thursday, 9th March, 2017 to Wednesday, 15th March, 2017 (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 the 19th day of April, 2017.

(g) **ELECTION TO RECEIVE SCRIP ISSUE**

An Explanatory Statement on the proposed resolutions contained in item 9 above of the agenda will be posted to shareholders alongside the Annual Report and Accounts.

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

My fellow Shareholders, distinguished ladies and gentlemen, it is with great pleasure that I welcome you, on behalf of the Board of Directors, to the 71st Annual General Meeting (AGM) of our great Company, Nigerian Breweries Plc.

Let me start by doing a quick review of the 2016 operating environment and its impact on businesses during the year. Equally, I will touch briefly on our expectations for the current year, 2017.

2016 BUSINESS/ OPERATING ENVIRONMENT

As anticipated in my address to you at our last AGM, 2016 turned out to be one of the toughest years for businesses in recent history. Nigeria recorded its first negative annual Gross Domestic Product rate in over twenty years. Brent Crude oil prices averaged $43.74 per barrel while crude oil production output fell to a record low thus leading to a short fall in the projected revenue from oil. There was also a decline in Non-oil revenue as a result of lower tax yields due to decrease in the value of imports and reduced export activities. On the microeconomic side and following a month-long petrol scarcity, the Federal Government took further steps in the liberalisation of the downstream sector of the petroleum industry which led to an increase of about 70% in the pump price of petrol thereby further impacting disposable income.

In June, the Federal Government reviewed the foreign exchange (forex) policy with a view to making the forex market more flexible. This led to an official devaluation of the Naira first from ₦197/$ to ₦280/$ and subsequently settling at ₦305/$. Notwithstanding the said action, companies and individuals continued to grapple with the challenge of sourcing and procuring foreign exchange. Also, the disparity between the official forex rate and the parallel rate widened even further, with the latter going as high as ₦495/$ in the course of the year. The devaluation equally led to companies recording huge forex losses in their financial statements. The inflation rate rose steadily in 2016 from 9.6% in January to 18.55% in December.

The Government's efforts in the fight against insurgency in the North East yielded major successes though the challenge of providing for and resettling internally displaced people continued to stretch the available resources of Government. Increased cases of other forms of insecurity including kidnapping, armed attacks and ethnic clashes added to the challenges faced during 2016.

The equities market was not insulated from the general performance of the economy. The forex volatility and uncertainty in global oil prices amongst others, did not help the equities market in 2016. The overall market capitalisation dipped by ₦605 billion from ₦9.85 trillion recorded at the close of year 2015, to ₦9.25 trillion as the closing figure for 2016, representing a 6.13% drop. Despite that, the market capitalisation of our Company went up by 9% from ₦1.08 trillion to ₦1.17 trillion during the period in question. We remained the second most capitalised company on The Nigerian Stock Exchange.

In summary, the economy during the year under review was mostly characterised by dwindling Government revenue, high exchange rate, high rate of inflation, increase in foreign debt, low oil prices, disruptions to oil production and foreign exchange scarcity. Indeed, following a negative growth in two consecutive quarters, the economy slipped into recession in the second half of the year, the first in over twenty years. It was therefore, a very difficult year for the Government, the business community and the consumer.

THE BREWED PRODUCT MARKET IN 2016

The brewed product market was not immune from the tough economic climate witnessed in 2016 with the already weak purchasing power of consumers worsening in the course of year. Consequently, consumers continued to down trade favouring the value brands over premium brands. The lager market subsequently evolved to the point where the hitherto Value-for-Money (VfM) segment became the new Mainstream segment, which is the segment with the highest sales volume. The single digit growth recorded in the total brewed product market was driven by the lager category particularly by the new Mainstream. The market remained very competitive, though with fewer product innovations than in previous years. On our part, we sustained 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.

REVIEW OF 2016 OPERATIONS

Fellow shareholders, you will recollect that our Company was incorporated on the 16th of November, 1946. Thus, 2016 marked the 70th year of our being in existence and in operation. I have no doubt that we are all extremely proud to be part of this great, eventful and successful journey. We have weathered all kinds of storm and continued to grow in all areas of our operations. From a humble beginning as a trading company, we subsequently went into manufacturing when we commissioned our first brewery in Lagos in 1949. We are today spread across the country with nineteen brands and ten fully operational breweries. Our shareholder base has grown to over a hundred thousand and we have consistently delivered returns on investment to our Shareholders. We currently provide employment to over 300,000 people including 250,000 farmers through our value chain. Ideally, the 70th anniversary should have been a time to roll out the drums. However, considering the state of the economy as captured above, we deliberately decided not to do anything elaborate to mark this milestone occasion. Despite our not having any official event to mark the occasion, we had the privilege of receiving in our Lagos premises, His Excellency, the Executive Governor of Lagos State, Mr. Akinwunmi Ambode. He, alongside members of his Executive team, paid us a visit to commemorate the 70th anniversary. We thank His Excellency for his kind gesture. To all our Shareholders, I thank you for the support over the years as we look forward to the next, even more successful, seventy years.

During the year under review, we sustained our momentum in the Ready-to-Drink (RTD) category. **Strongbow Apple Ciders**, the world's leading cider brand continued to grow while **Star Radler** became a nationwide favourite. The **Ace** brands, **Ace Roots**, **Ace Passion** and **Ace Rhythm**, also helped us to sustain our foothold in the category. Still on brands, More continued to record steady growth since the relaunch while; we also introduced a new product packaging for **Fayrouz** (33cl PET).

Our consumers were thrilled with various forms of activations and activities in 2016. **Star**, our flagship brand, and always the game changer, pushed the envelope by signing a major sponsorship deal to promote the Nigerian Professional Football League. The brand even went further, by signing unprecedented partnership deals with five leading European football clubs: Arsenal, Juventus, Manchester City, Paris Saint Germain and Real Madrid. The 2016 edition of the biggest music carnival in Nigeria, **Star Music**: **The Trek**, provided an opportunity for music lovers across the country to be thrilled by the very best of Nigerian artistes. In 2016, we commenced the process of redefining Gulder as a more modern beer brand for "The Ultimate Man". This journey started with a quality focused campaign in the second part of the year, which delivered very good equity results.

For consumers of **Legend Extra Stout** it was a year-long exciting and rewarding taste and tell experience. The platform was specifically re-defined to attract, engage, convert and maintain more consumers for the brand. **Heineken®** sustained its sponsorship of the UEFA Champions League (UCL). The excitement associated with the competition from the consumer perspective was even more all through the 2015/2016 season. And this was so whether in the **Heineken®** House in Lagos or in other select special viewing venues across the country. As part of the UCL activities, some lucky consumers and customers were taken on separate all-expense paid trips to Milan, Italy (for the UCL final match) and Ibiza, Spain (for the UCL Final Consumer Experience trip). **Heineken®** also continued with its sponsorship of the Lagos Fashion and Design Week.

Recognising that there are many ways of bonding with and appreciating our consumers, we created the **Ace Hood Show** platform. This was a radio programme that gave budding talents a platform to showcase their work and the opportunity to take their talents to the next level. **Amstel Malta** maintained its support for the movie industry by sponsoring the 2016 edition of the Africa Magic Viewer's Choice Awards as well as the Take One Movie Premiere, Cinema and Campus Activations. The hugely popular family bonding programme, **Maltina Dance All**, staged a return in 2016 with its 9th edition. **"33" Export** reinforced itself as the No. 1 Friendship Beer in Nigeria through the **"33" Export Friendship Experiential Parties** and by joining the rest of the world to celebrate Friends and Friendship across Nigeria during the **2016 World Friendship Day celebration**.

Our relentless support for indigenous art, culture and heritage was again displayed through sponsorships of the 2016 editions of the *Ojude Oba* and the *Osun Oshogbo* festivals by the **Goldberg** brand. **Life Continental** lager also sustained its sponsorship of the *Umu Oganiru Carnival*.

The positive results we achieved in 2016, as we would see below, were helped in no small measure by our Cost Leadership Agenda. Our "Every Naira Counts" programme under that agenda, ensured that we remained focused on being better with revenue management, optimising costs and a continuous process of consumer value engineering.

People and people development have remained part of our critical success factors over the years; 2016 was no different in that regard. Our employees continued to benefit from training (soft skill and functional) aimed at preparing them for the rapid changes modern business trends entail. Our training facilities in Lagos (Star Academy) and Ibadan (Supply Chain Academy) were thus in continuous and full use during the year. Three satellite training centres of the Supply Chain Academy were set up and put to immediate use in Lagos, Enugu and Kaduna. Never missing an opportunity to expose and develop our people, we had a total of fifteen (15) of our Managers, all Nigerians, on international assignments in various Heineken operations world-wide.

In recognition of our world-class operations, we received various awards and commendations from different stakeholders in 2016. For the second consecutive year, The Nigerian Stock Exchange adjudged us the **2016 Most Compliant Listed Company**, making it the third time in five years we have been so honoured. The Company also won the 2016 Institute of Directors' Nigeria **Corporate Governance Award**. Other awards and recognitions include the Social Enterprise Report and Awards (SERA) for the **Best Company in Responsible Consumption and Production** as well as one of the **Most Outstanding Companies of the Decade**. Our Lagos Brewery also received the Lagos State Environmental Protection Agency's **Green Award for the Most Compliant Facility**.

Our products and marketing activities also received several awards and commendations in 2016. **Heineken®** won in the **Campaign of the Year** and **Brand of the Year** categories at the Advertisers Association of Nigeria (ADVAN) Awards, with **"33" Export** being rewarded in the **Consumer Promotion of the Year** category and **Life** in the **CSR** category. In addition, **Star** was awarded the **Iconic Brand of the Year** at the Marketing World Awards as well as recognition as the **Innovative and Marketing Partnership of the Year** for its ground breaking partnership with the Nigerian Professional Football League and five top European clubs.

We sustained our programme of giving back to the society during the year under review. The areas of support included education, social amenities and service, creative art, sports and community development. A detailed Corporate Social Responsibility (CSR) report is on page 38 of the Annual Report and Accounts.

2016 COMPANY PERFORMANCE

The macro-economic environment in 2016 was challenging mainly due to the impact of high inflation and scarcity of foreign exchange. Through our twin agenda of Cost Leadership and Market Leadership supported by Innovation however, the Company was able to end the year with a positive result.

Despite the challenging operating environment, we were able to increase our turnover by 7% from ₦294 billion in 2015 to ₦314 billion in 2016. Our Results from Operating Activities (Operating Profit) for the year however fell by 15% from ₦62.2 billion in 2015 to ₦53 billion arising from increased input cost and higher inflation rate amongst others. Nevertheless, we ended the year with a Profit After Tax of ₦28.4 billion, though lower than the ₦38.1 billion recorded in 2015. This result can be considered extremely commendable in view of the difficult operating environment.

DIVIDEND

My fellow Shareholders, your Board has recommended for your approval, the payment of a total dividend of **₦28,386,181,179** (twenty eight billion, three hundred and eighty six million, one hundred and eighty one thousand, one hundred and seventy nine Naira only), that is, **₦3.58** (three naira, fifty eight kobo) per ordinary share for the 2016 financial year. In October of 2016, the Board had approved the payment of an interim dividend of approximately **₦7.9 billion**, that is, **₦1.00** (one Naira) per share. Thus, and subject to your approval of the proposed total dividend, the final dividend will be approximately **₦20.5 billion**, that is, **₦2.58** per share. The final dividend per share will be subject to the deduction of withholding tax at the appropriate rate and shall be for the benefit of shareholders who were in the Register of Members as at close of business on the **8th of March, 2017** ("Qualifying Shareholders"). The proposed payment date is the **4th of May, 2017**.

Your Board is also recommending for your approval at the AGM, an option for Qualifying Shareholders to elect to receive new ordinary shares in the Company instead of the final dividend in cash. Such shareholders would have the opportunity of increasing their shareholding in the Company without incurring capital market transaction costs. The option also benefits the Company as the cash, which would otherwise be paid out as dividends, would be retained by the Company for working capital purpose. Further details on the election for share option are contained in the Explanatory Notes sent as part of the Annual Report and Accounts.

Unclaimed dividends continue to be an issue in the capital market. I would therefore like to once more, urge our Shareholders who are yet to sign on to the e-dividend scheme to please do so. Apart from helping to eliminate the issue of unclaimed dividends, e-dividend enables you to get your cash dividends faster and also eliminates issues of lost or misplaced dividend warrants. Please refer to page 113 of the Annual Report and Accounts for a copy of the e-dividend form. Please download/tear off the form, complete it, take it to your bank to complete and thereafter, return it to our Registrar (First Registrars & Investor Services Limited) to update your records as appropriate.

BOARD OF DIRECTORS

There has been no change in the composition of the Board of Directors since the last AGM. However, as required by the Articles of Association of the Company, the Directors to retire by rotation at the AGM and who, being eligible, have offered themselves for re-election are Messrs. Olusegun S. Adebanji, Hubert I. Eze, Mark P. Rutten, Atedo N.A. Peterside, CON and Hendrik A. Wymenga.

LOOKING AHEAD: 2017

Operating Environment

It is anticipated that economic activities will improve in 2017 considering the far reaching fiscal and monetary measures being planned and (same being) implemented by the Federal Government. This will however depend on how much foreign exchange the Government is able to earn from oil. The Government is also likely to tap into international bond markets to finance an aggressive fiscal policy to spur growth. It is therefore hoped that with the gradual rise in the price of oil and a steady increase in the volume of oil output, the Naira will be strengthened and forex will be more available for businesses. The World Bank has predicted that Nigeria will get out of the recession and grow its Gross Domestic Product by one percent. The much awaited Federal Government Economic Recovery Plan has just been published. The key to the success of the laudable ideas in the Plan, lie in the proper implementation of the plans and consistencies as far as Government policies are concerned. Thus, it is anticipated that there would be more rigorous implementation of Government plans to seek substitute sources of revenue generation that will grow the economy out of its current situation, such as improved tax administration/ collection, investments in agriculture and solid minerals and more support for the manufacturing sector.

Brewed Product Market

The market would remain competitive and consumers are expected to continue the down-trading as they seek for more affordable brands. The acquisitions and mergers we did some years ago thanks to the support of our Shareholders, coupled with our over seventy years of experience in this market, have put us in a good position to face and overcome whatever challenges that the competitive landscape would bring. We have always invested ahead of the curve and we aim to sustain that; we will continue to invest in our operations, our systems, our brands and our people. In March (2017), some of our recently completed projects in our Ota Brewery were commissioned by His Excellency, the Executive Governor of Ogun State, Senator Ibikunle Amosun, CON, FCA. We also had the privilege of having the former President, Chief Olusegun Obasanjo GCFR, represented at the event as the Guest of Honour.

Cost Leadership and Market Leadership supported by innovation, remain our key strategic pillars. The Board remains confident that the company is well positioned to adapt to the operating environment as required, and remains committed to continue to deliver a good return on investment to our Shareholders.

CONCLUSION

I thank you, our esteemed Shareholders, for your abiding faith and confidence in the Company as well as in the Board and the Management. We cherish your support and we assure you that your Board is committed to ensuring that our Company remains a world-class organisation.

I am grateful to HEINEKEN N.V. for its unwavering support and commitment to its Nigerian affiliate and its confidence in the fundamentals of the Nigerian economy.

I thank our stakeholders, particularly our Transporters, Distributors, Customers, Consumers, Suppliers, Agencies and Professional Advisers, for their support all through 2016.

To my colleagues on the Board, to the Management and Staff of our Company, I say thank you for your support and contributions in 2016. The passion and dedication shown, even in a tough operating environment, enabled us to deliver the good performance of last year and continue on our journey of Winning with Nigeria.

Ultimately, to God be all the glory.

Thank you and God bless you all as we look forward to the next seventy years of our great Company.

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

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31st December, 2016.

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 55% interest in the equity of Nigerian Breweries Plc as at 31st December, 2016.

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 14 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 32c 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**

The macro-economic environment in 2016 was a challenging one. Rising inflation and scarcity of foreign exchange are some of the factors that characterised the operating environment during the year under review. Helped by its twin agenda of Cost Leadership and Market Leadership supported by Innovation, the Company was able to end the year with a positive result and deliver a good return on investment to its shareholders.

Mr. Nicolaas A. Vervelde
Managing Director/CEO

	2016 ₦'000	2015 ₦'000	% Change
Revenue	313,743,147	293,905,792	6.7
Results From Operating Activities	52,908,411	62,269,368	(15.0)
Profit Before Taxation	39,622,914	54,508,368	(27.3)
Taxation	(11,226,137)	(16,458,850)	31.8
Profit after Tax	**28,396,777**	**38,049,518**	**(25.4)**

7. **Dividend & Election To Receive Scrip Issue**

The Directors are pleased to recommend to Shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of **₦28,386,181,179** (Twenty eight billion, three hundred and eighty six million, one hundred and eighty one thousand, one hundred and seventy nine naira only), that is, **₦3.58** (three naira, fifty eight kobo) per ordinary share of fifty kobo each. The Company had earlier paid an interim dividend of **₦7,929,100,888** (Seven billion, nine hundred and twenty-nine million, one hundred thousand, eight hundred and eighty-eight naira only) that is, **₦1.00** (one naira only). Thus, the final dividend will be **₦20,457,080,291** (Twenty billion, four hundred and fifty seven million, eighty thousand and two hundred and ninety one naira only) that is, **₦2.58** (two naira fifty eight kobo) 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 be **payable on the 4th of May, 2017**, to all Shareholders ("Qualifying Shareholders") whose names appear on the Company's Register of Members at the close of business on the **8th of March, 2017**.

Further, the Directors are recommending to Shareholders for their approval at the same meeting, an option for Qualifying Shareholders to receive **new ordinary shares** in the Company **instead of the final dividend**, on terms and conditions as the Directors may determine based on prevailing market conditions.

8. **Shareholding and Substantial Shareholders**

The issued and fully paid-up Share Capital of the Company as at 31st December, 2016 was **7,929,100,888** Ordinary Shares of 50 kobo each. The Register of Members shows that three companies: Heineken Brouwerijen B.V. holding 37.07%, Distilled Trading International B.V. holding 15.61% and Stanbic Nominees Nigeria Limited holding 12.94% held more than 10% of the Company's issued share capital as at the said date. The remaining 34.38% 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, 2016. 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 100 of this Annual Report and Accounts.

10. **Board of Directors**

The composition of the Board of Directors is as shown on page 6 hereof. The Board is at present made up of nine (9) Non-Executive Directors (including the Chairman) and six (6) Executive Directors.

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 Messrs. Olusegun S. Adebanji, Hubert I. Eze, Mark P. Rutten, Atedo N.A. Peterside, CON and Hendrik A. Wymenga.

11. **Statement of Directors' Responsibilities**

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 46 to 103 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 (hereinafter referred to as "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 23(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 requirements of the Listing Rules of The Nigerian Stock Exchange, is as follows:

Name	As at 15th February, 2017	As at 31st December, 2016	As at 31st December, 2015
Chief Kolawole B. Jamodu, CFR	486,704	486,704	486,704
Mr. Nicolaas A. Vervelde	Nil	Nil	Nil
Mr. Olusegun S. Adebanji	200,000	200,000	200,000
Chief Samuel O. Bolarinde	711,603	711,603	711,603
Mr. Hubert I. Eze	41,383	41,383	41,383
Mr. Victor Famuyibo	177,358	177,358	162,658
Mr. Sijbe 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 10 million (2015: 12.5 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 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 12 to the Financial Statements.

16. **Gifts and Donations**

In 2016, the Company made gifts and donations amounting to ₦176,248,825 (2015: ₦131,064,450) as follows:

Beneficiary/Project	Naira
UNIDO Water Stewardship Programme	9,768,476
Donation of Patrol Vehicles to the Enugu State Government	6,930,000
Donation of Custom Mess to Enugu/ Ebonyi Command	2,309,433
Equipping of LASEPA Wastewater Laboratory	5,909,581
Scholarship Scheme for Imagbon Community Indigenes	2,052,625
Donation of Patrol Vans to the Lagos State Security Trust Fund	16,537,500
Renovation Works at Akerele Primary Health Care Centre	12,790,590
Lagos International Poetry Competition	5,000,000
Don't Drink and Drive Campaign with Federal Road Safety Commission	7,880,305
National Arts Competition	28,718,481
Creative Writing Workshop	32,134,007
Golden Pen Award for Journalists	30,276,607
General Sponsorships and Donations	15,941,220
	176,248,825

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 eleven (11) 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. Food Safety Statement

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

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

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

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

19. Quality Policy Statement

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

Accordingly, we have established and continue to maintain, a quality management system which has been designed and structured to meet the requirements of international standards (ISO 9001: 2008) and is in consonance with statutory and regulatory requirements, while guaranteeing the ability to meet organisational goals.

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

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

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

20. Safety, Health and Environmental (SHE) Policy

In Nigerian Breweries Plc (NB Plc), we are committed to the health and safety of our employees and those affected by our operations and the protection of our environment. We believe that good SHE performance improves our productivity and shareholders' returns. Therefore, in our quest to enhance SHE performance in the company, we are committed to having a SHE Management Systems (Environmental Management System ISO 14001 and Safety Management System OHSAS 18001) that recognise the fact that safe operations depend not only on technically sound facilities and equipment but also on competent personnel and a pro-active SHE culture.

Our policy is to:

- Comply with all local legal requirements, international standards and Heineken safety policies.
- Maintain safe operations in production and commercial activities by providing safe facilities.
- Manage SHE the same way we manage other core business activities by devoting time, money and effort to SHE issues.
- Communicate hazards involved in our business (and the means to mitigate them) to our employees, and other stakeholders through training, effective supervision and other forms of safety communication and ensure compliance with procedures.
- Provide appropriate personal protective equipment for all our employees and enforce compliance.
- Set measurable SHE KPI targets for continuous improvement of our performance and monitor compliance. Put in place a process to ensure compliance with this policy which will include using independent experts to verify SHE performance.
- Report and analyse all near misses, incidents and accidents in order to improve our systems, procedures and the behaviour of employees to ensure continuous smooth running of our operations.
- Continue to use technology and best practices in industry to reduce wastes, consumption of energy, and the effect of our waste on the environment.
- Ensure that our contractors manage SHE in line with this Policy.

We are building a positive SHE culture in NB Plc that takes a proactive approach to SHE issues and compliance with the law. All NB Plc employees and contractors are required to work safely as part of their contractual obligations.

21. 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 pages 38 and 39.

(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.

22. 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.

23. 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 six (6) Executive Directors. Five 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 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 of the management as well as the general course of affairs in the Company as well as responsible for 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. The record of attendance of the current members at the scheduled meetings is set out below:

	10/2/16	11/5/16	13/7/16	26/10/16	6/12/16
Chief Kolawole B. Jamodu, CFR	P	P	P	P	P
Mr. Nicolaas A. Vervelde	P	P	P	P	P
Mr. Olusegun S. Adebanji	P	P	P	P	P
Chief Samuel O. Bolarinde	P	P	P	P	P
Mr. Hubert I. Eze	P	P	P	P	P
Mr. Victor Famuyibo	P	P	P	P	P
Mr. Sijbe Hiemstra	P	P	P	P	P
Mr. Franco M. Maggi	P	P	P	P	P
Dr. Obadiah O. Mailafia	P	P	P	P	P
Mrs. Ndidi O. Nwuneli, MFR	P	P	P	P	P
Mrs. Ifueko M. Omoigui Okauru, MFR	P	P	P	A	P
Mr. Atedo N.A. Peterside, CON	P	P	P	A	P
Mr. Roland Pirmez	P	P	P	P	P
Mr. Mark P. Rutten	P	P	P	P	P
Mr. Hendrik A. Wymenga	P	P	P	P	P

P - Present

A - Absent with Apology

(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
Nicolaas A. Vervelde	Managing Director/CEO	17	13
Hubert I. Eze	Sales Director	17	17
Victor Famuyibo	Human Resource Director	17	13
Franco M. Maggi	Marketing Director	17	17
Mark P. Rutten	Finance Director	17	13
Hendrik A. Wymenga	Technical Director	17	14
Kufre U. Ekanem	Corporate Affairs Adviser	17	17
Henk van Rooijen	Director of Logistics	17	13
Uaboi G. Agbebaku	Company Secretary/Legal Adviser	17	15

(c) **Nomination Committee**

The composition of the Nomination Committee is as follows:

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

The Committee met three times (10/02/16, 13/07/16 and 26/10/16) 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 is composed as follows:

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

The Committee met three times (10/02/16, 13/07/16 and 25/10/16) 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 41 for the composition of the Committee.

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

	10/2/16	10/5/16	25/10/16	6/12/16
Chief Timothy A. Adesiyan	P	P	P	P
Mr. Olusegun S. Adebanji	P	P	P	P
Mr. Hubert I. Eze*	P	P	N.A	N.A
Dr. Victor T. Gugong*	P	P	N.A	N.A
Mr. Sijbe Hiemstra*	P	P	N.A	N.A
Dr. Obadiah O. Mailafia*	N.A	N.A	P	P
Mazi Samuel C. Mpamaugo	P	P	P	P
Mr. David O. Oguntoye *	N.A	N.A	P	P
Mr. Roland Pirmez *	N.A	N.A	P	P

* Mr. Eze, Dr. Gugong and Mr. Hiemstra were replaced by Dr. Mailafia, Mr. Oguntoye and Mr. Pirmez in the course of the year.

P - Present.
N.A - Not a member of the Committee as at that date.

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 Internal Audit Department 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 is as follows:

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

The Committee met two times (10/5/16 and 6 /12/16) during the year and all members were present.

Members of the Executive Committee as well as the Head of 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 evaluation was done on the effectiveness of the Board, the Board Committees and on individual Directors. The outcome of the evaluation showed that the Directors were pleased with the overall performance of the Board in providing strategic direction for the Company. Further, the Directors were satisfied with the individual contributions of members to the functioning of the Board.

(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.

24. Independent Auditor
The firm of Akintola Williams Deloitte served as the Independent Auditor during the year under review.

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

Dated the 15th day of February, 2017.

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.

NB WINS IOD CORPORATE GOVERNANCE AWARD

President, Institute of Directors of Nigeria, Mr. Yemi Akeju; Chairman, Nigerian Breweries Plc, Chief Kola Jamodu; and Managing Director/CEO, Nigerian Breweries Plc, Mr. Nicolaas Vervelde, during the presentation of the IoD Corporate Governance Award to NB Plc.

NB TEAM VISITS GOVERNOR EL-RUFAI OF KADUNA STATE

Mallam Nasir El-Rufai, Governor of Kaduna State; Mr. Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries Plc; Chief Kola Jamodu, Chairman, Nigerian Breweries Plc and Mr. Bolu Obawole, Brewery Manager, Kaduna Brewery during the visit to the Kaduna State Governor.

70th ANNUAL GENERAL MEETING

Shareholders at the 70th Annual General Meeting.

2016 PRE AGM MEDIA BRIEFING

Mr. Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries Plc speaking to the Media at the 2016 Pre-AGM Media briefing.

NB DONATES OFFICERS MESS TO ENUGU/EBONYI/ANAMBRA CUSTOMS COMMAND

Barrister Sam Ogbu-Nwobodo, Honourable Commissioner Enugu State Ministry of Commerce and Industry; Comptroller Amaka Emmanuel, Customs Area Controller Enugu/Ebonyi/ Anambra State Command representing Colonel Hameed Ibrahim Ali (RTD), Comptroller General, Nigerian Customs Service; Mr Kufre Ekanem, Corporate Affairs Adviser, Nigerian Breweries Plc; Mr Ajiya Kashim, Comptroller Administration, Zone C, Zonal Headquarters, Port Harcourt; Colonel H. Gambo; APRD 82 Division Nigerian Army, representing the GOC 82 Division and Mrs Ethel Emma-Uche, former Ama Brewery Manager during the commissioning of the Officers Mess in Enugu.

NB WINS 2016 NSE MOST COMPLIANT LISTED COMPANY

Mr. Ade Bajomo, Executive Director, Market Operations and Technology, The Nigerian Stock Exchange; Mr. Victor Famuyibo, Human Resources Director, Nigerian Breweries Plc; Mr. Oscar N. Onyema, Chief Executive Officer, The Nigerian Stock Exchange; Mr. Nicolaas A. Vervelde, Managing Director/CEO, Nigerian Breweries; Mr. Uaboi G. Agbebaku, Company Secretary/Legal Adviser Nigerian Breweries, and Mr. Haruna Jalo-Waziri, Executive Director Capital Market Division, The Nigerian Stock Exchange; at the presentation of the NSE CEO award for the Most Compliant Listed Company to Nigerian Breweries Plc.

LAGOS STATE GOVERNOR VISITS NB

Governor Akinwunmi Ambode of Lagos State (2nd from right); Chairman Nigerian Breweries Plc, Chief Kola Jamodu (3rd from right); Honourable Commissioner for Commerce and Industry, Lagos State, Mr Rotimi Ogunleye; Technical Director, Nigerian Breweries Plc, Mr Henk Wymenga, (3rd from left, second row); Corporate Affairs Adviser, Mr Kufre Ekanem (2nd from right, 2nd row) and former Lagos Brewery Manager, Mr Peter Ani during the visit of Governor Ambode to commemorate the 70th anniversary of Nigerian Breweries Plc.

NB VISITS THE NSE

Mr. Uaboi G. Agbebaku, Company Secretary/Legal Adviser, NB Plc; Mr. Victor Famuyibo, Human Resources Director, NB Plc; Mr. Oscar N. Onyema, Chief Executive Officer, The Nigerian Stock Exchange; Chief Kola Jamodu, Chairman, NB Plc; Mr. Nicolaas A. Vervelde, Managing Director/CEO, NB Plc; Mr. Ade Bajomo, Executive Director, Market Operations and Technology, The Nigerian Stock Exchange and Mr. Haruna Jalo-Waziri, Executive Director Capital Market Division, NSE at the closing gong ceremony to commemorate the 70th anniversary of Nigerian Breweries Plc at The Nigerian Stock Exchange.

LAGOS BREWERY WINS LASEPA GREEN AWARD

Dr. Sanuth Hassan, Assistant Director, Lagos State Ministry of Environment presenting the award for most complaint facility to Miss Grace Udensi, Public Affairs Support Manager, Lagos, Nigerian Breweries Plc.

2016 NATIONAL ART COMPETITION WINNERS EMERGE

Uzoji Godwin, Overall Winner, 2016 National Art Competition; Ayinla Olajumoke, Winner, Best Concept, 2016 National Art Competition; Franco Maria Maggi, Marketing Director, Nigerian Breweries Plc and Atonye Lamie, Winner, Best Production, 2016 National Art Competition at the grand finale of the 2016 National Art Competition in Lagos.

NB DONATES HILUX VAN TO ENUGU STATE MINISTRY OF COMMERCE AND INDUSTRY

Mr. Patrick Ejidoh, former Public Affairs Manager, East, Nigerian Breweries Plc; Mrs. Ethel Emma-Uche, former Ama Brewery Manager; Barrister Sam Ogbu-Nwobodo, Honourable Commissioner Enugu State Ministry of Commerce and Industry and Mr Kufre Ekanem, Corporate Affairs Adviser during the handover of a Hilux van donated by Nigerian Breweries Plc to the Enugu State Ministry of Commerce and Industry.

NB PARTNERS ROTARY CLUB OF LAGOS, DONATES LIBRARY TO RANDLE AVENUE PRIMARY SCHOOL

Corporate Affairs Adviser, Nigerian Breweries Plc, Mr. Kufre Ekanem; President Rotary Club of Lagos, Rotarian Modupe Sasore; Broad Secretary, SUBEB, Mrs. Abosede Adelaja; Sole Administrator, Surulere Local Government Area, Mr. Sheriff Balogun; and former President, Rotary Club of Lagos, Rotarian Larry Agose, at the official commissioning of Randle Avenue Primary School Library donated by Nigerian Breweries Plc in partnership with Rotary Club of Lagos.

NB HOSTS 3RD NIGERIAN BEER SYMPOSIUM

Mr. Donald Duke, former Governor of Cross River State and chairman, 3rd Nigerian Beer Symposium; Mr. Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries Plc and Mr. Ted Mukoro, former Creative Director, Lintas Advertising and keynote speaker at the 3rd Nigerian Beer Symposium in Lagos.

NIGERIAN BREWERIES/NIGERIA CUSTOMS SERVICE 2016 FORUM

Mr. Kufre Ekanem, Corporate Affairs Adviser, NB Plc; DCG Adeyemo G.O., (Excise, FTZ & Industrial Incentives); Chief Kola Jamodu, Chairman, NB Plc; Col. Hameed Ibrahim Ali (Rtd), CG of Customs and Mr. Nicolaas Vervelde; Managing Director/CEO, NB Plc, at the 2016 forum in Kaduna.

NB SUPPORTS LASEPA WITH LABORATORY EQUIPMENT

Mr. Taiye Oguntona, Director, Admin. and HR, Lagos State Environmental Protection Agency (LASEPA); Engr. Adebola Shabi, GM/CEO, Lagos State Environmental Protection Agency (LASEPA); Hon. Babatunde Hunpe, Special Adviser to the Lagos State Governor on Environment; Mr. Kufre Ekanem, Corporate Affairs Adviser, NB; Mrs. F.O. Atoki, representing the director, laboratory services, LASEPA and Miss Grace Udensi, Public Affairs Support Manager, NB, at the handing over ceremony of laboratory equipment donated by NB.

THE NSE RETENTION VISIT TO NB

Mr. Oscar Onyeama, CEO, The Nigerian Stock Exchange; Mr. Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries Plc and other representatives of The Nigerian Stock Exchange and Nigerian Breweries Plc when officials of The Nigerian Stock Exchange paid a retention visit to Nigerian Breweries Plc in 2016.

NB DONATES CLASSROOM BLOCK TO GOVERNMENT TECHNICAL COLLEGE, KANO.

Alhaji Ahmed Tijani Abdulahi, Executive Secretary, Science and Technical Education Board Kano commissions block of classroom.

NB DONATES WARD TO MAKERA PRIMARY HEALTH CARE CENTRE

Hakimi Makera, Alhaji Yusuf Ibrahim commissioning the Makera Primary Healthcare Centre, Kaduna donated by Nigerian Breweries Plc.

IMOH ESSIEN IS 2016 MALTINA TEACHER OF THE YEAR

Managing Director/CEO, Nigerian Breweries Plc, Mr. Nicolaas Vervelde; Minister of State for Education, Professor Anthony Anwukah; 2016 Maltina Teacher of the Year, Mr. Imoh Essien and Chairman, Panel of Judges, Maltina Teacher of the Year, Professor Pat Utomi during the grand finale of the 2016 Maltina Teacher of the Year in Lagos.

NB VISITS LAGOS STATE GOVERNOR

Mr. Nicolaas Vervelde, MD/CEO, Nigerian Breweries Plc (6th left) and Mr. Akinwunmi Ambode Executive Governor of Lagos State (middle) during a courtesy visit by NB Plc to the Governor.

BEST TRANSPORTER AWARD AT THE 2017 NIGERIAN BREWERIES DISTRIBUTORS AWARD

Mr. Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries; Mr. Patrick Azichoba, Managing Director/CEO, ANCAPS Global Investment Limited; his wife, Mrs. Christiana Azichoba; their son, Mr. Samuel Azichoba and Mr. Henk van Rooijen, Director of Logistics, Nigerian Breweries Plc during the presentation of the Best Transporter award to Ancaps Global Investment Limited at the 2017 Nigerian Breweries Distributors Award in Lagos.

2017 NIGERIAN BREWERIES DISTRIBUTORS AWARD

Nicolaas Vervelde, Managing Director/CEO, Nigerian Breweries; Kenneth Maduakor, MD/CEO Ken Maduakor Group Limited and winner of 2017 Nigerian Breweries National Volume Sales Award; Wife of winner, Mrs. Kenneth Maduakor and Hubert Eze, Sales Director, Nigerian Breweries at the 2017 Nigerian Breweries Distributors Award in Lagos.

2016 GOLDEN PEN AWARD

Deputy Senate President, Dr. Ike Ekweremadu, Winner, Photojournalist of the Year award, Sodiq Adelakun of the Punch Newspapers and Managing Director/CEO, Nigerian Breweries Plc, Mr. Nicolaas Vervelde at the 8th Nigerian Breweries Golden Pen Award in Lagos.

Governor Okezie Ikpeazu of Abia State (2nd from left) presenting to Mr. Gabriel Dike of the Sun Newspapers, the award of the "NB Report of the Year". With them are the Human Resources Director, Nigerian Breweries Plc, Mr. Victor Famuyibo (1st from right) and Golden Pen Award Juror, Mrs. Nkechi Ali-Balogun at the 8th Nigerian Breweries Golden Pen Award in Lagos.


Heineken
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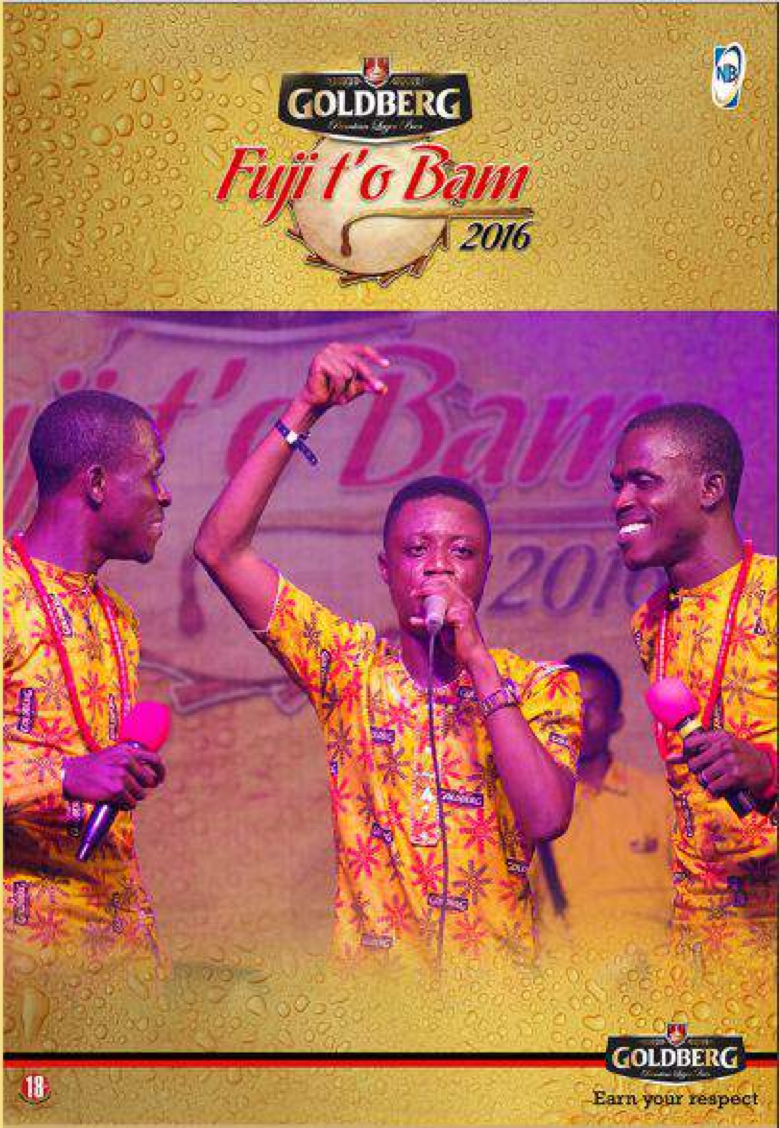
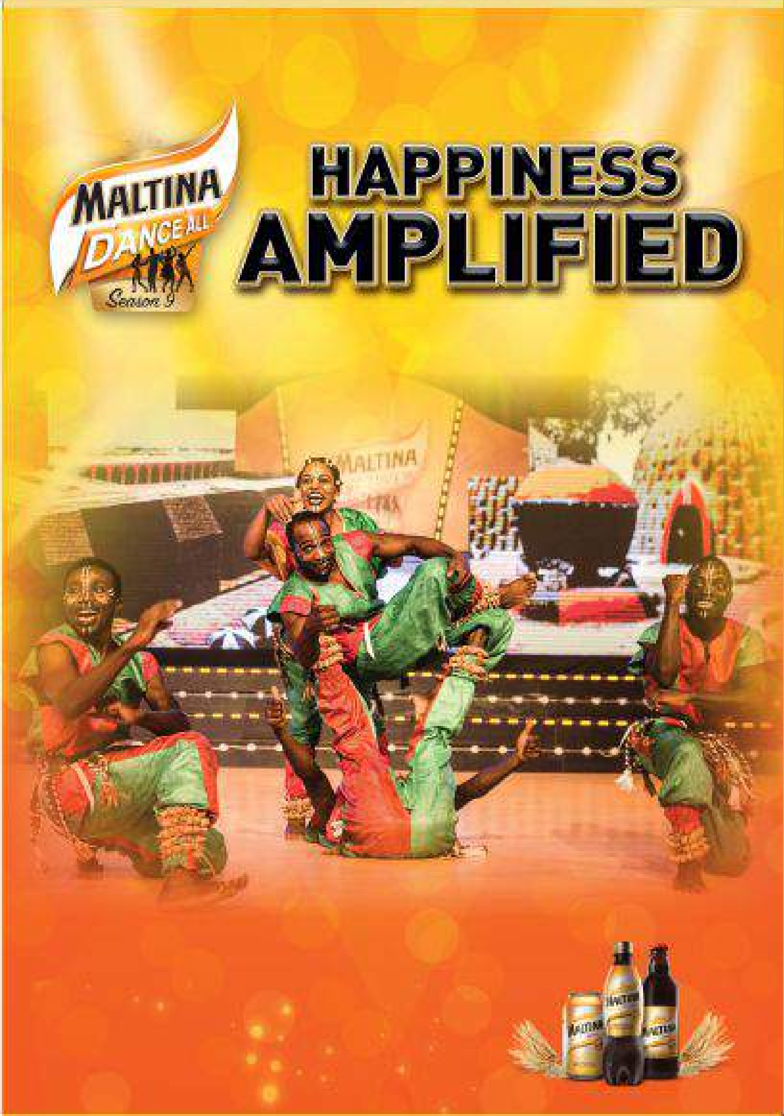
LAGOS FASHION & DESIGN WEEK 2016

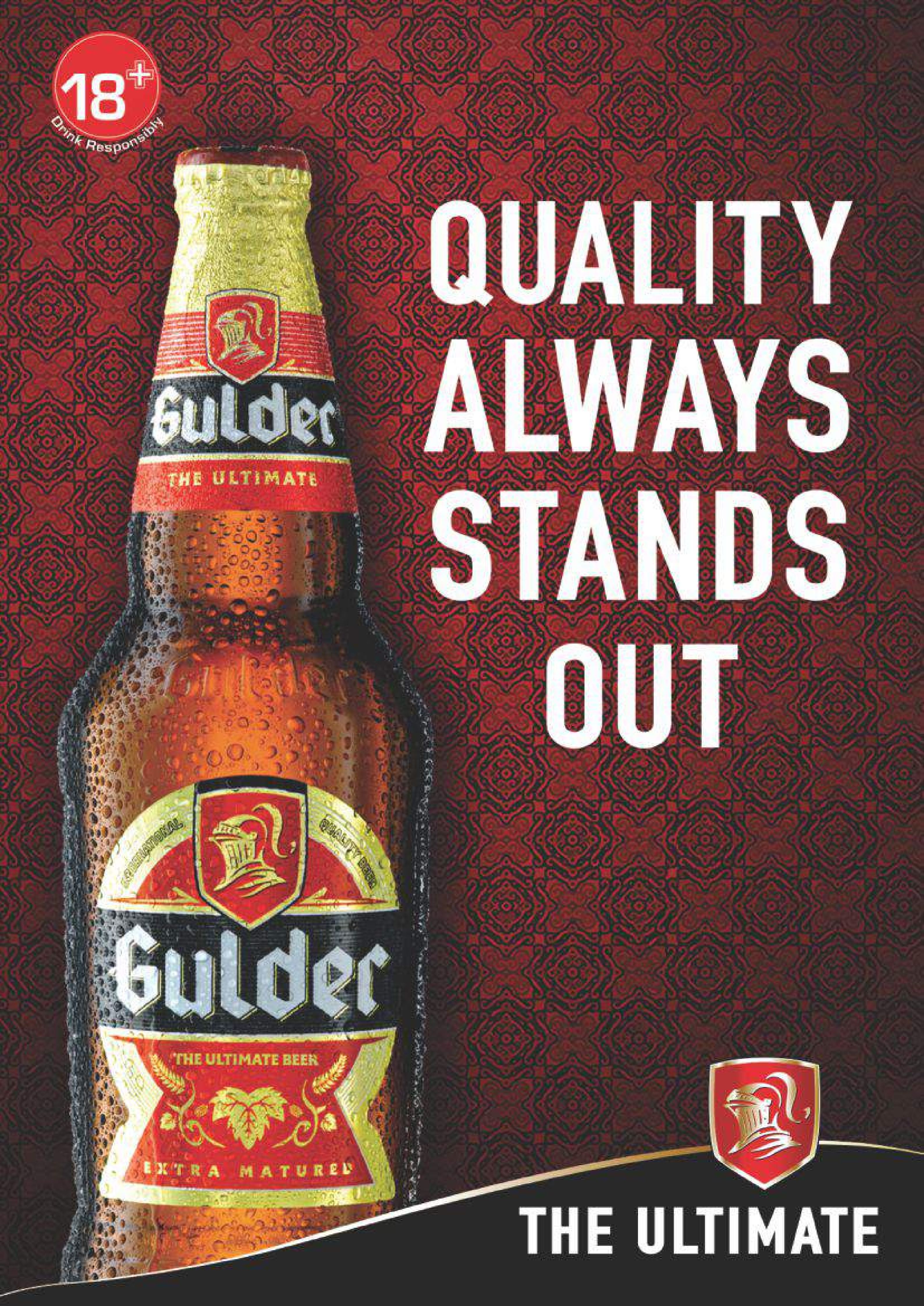

STAR MUSIC
THE TREK
MAKURDI ROCKS
MAKURDI
ROCKS
MAKURDI . ABUJA . CALABAR . OWERRI . LAGOS


18+
"33" EXPORT
FRIENDSHIP PROMO
Get Ready to Play and WIN
Code of Friendship

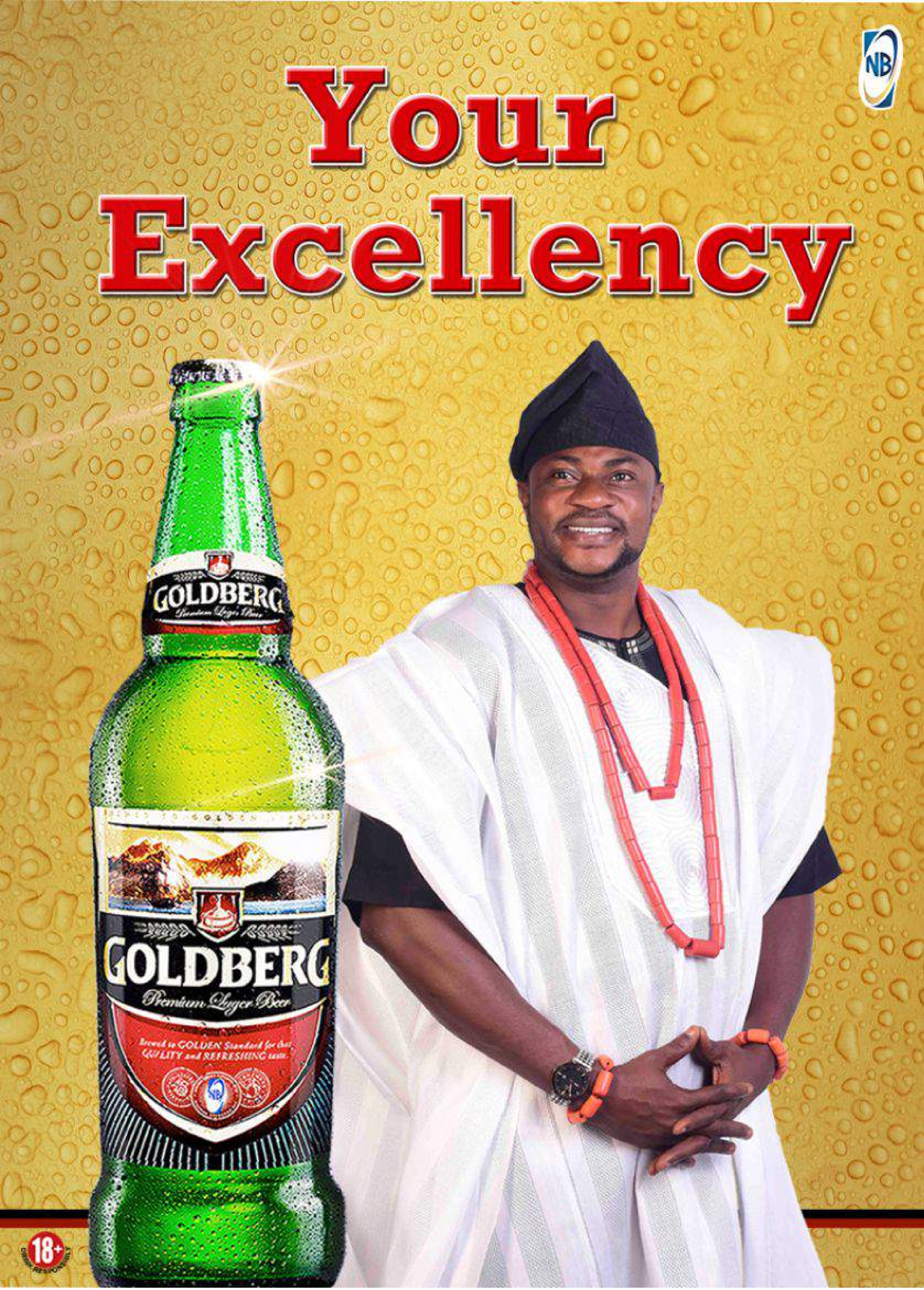

GOLDBERG
Fuji t'o Bam
2016
GOLDBERG
Earn your respect
18


MALTINA
DANCE ALL
Season 9
HAPPINESS
AMPLIFIED


ACE
ACEHOOD
CONSUMER EVENT
ACE ROOTS
WELCOME TO THE
ACEHOOD
PARTY
18+


18+
Drink Responsibly
Gulder
THE ULTIMATE
Gulder
THE ULTIMATE BEER
EXTRA MATURED
QUALITY
ALWAYS
STANDS
OUT
THE ULTIMATE


AFTER THE STORM, COMES REAL REFRESHMENT.
LEGEND
EXTRA STOUT
PREMIUM QUALITY
LEGEND
EXTRA STOUT
18+
Drink Responsibly
LEGEND
the real deal.



Your
Excellency
GOLDBERG
Premium Lager Beer
GOLDBERG
Premium Lager Beer
18+


1870
AMSTEL
MALTA
ENRICHED WITH PURE VITAMINS AND MINERALS
MALT DRINK
NO ALCOHOL
AMSTEL BROUWERIJ EST. 1870
PRODUCED WITH THE BEST QUALITY INGREDIENTS
ALL THE TASTE
WITH LESS SUGAR.
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Corporate social responsibility is a standard practice for Nigerian Breweries. We have several policies and procedures in place which integrates social, environmental, ethical, human rights and consumer concerns into our business operations. The overall aim is to achieve a positive impact on the society as a whole while maximizing the creation of shared value for our company, our employees, shareholders and all stakeholders.

We remain on track to deliver our sustainability agenda tagged brewing a better world via the six focus areas namely; protecting water resources, reducing carbon emissions, sourcing sustainably, advocating responsible consumption, promoting health and safety and growing with communities.

We increased the number of our breweries running on gas from 5 to 7 in 2016. We implemented energy efficiency projects such as installation of economizers in boiler chimneys and installation of several modern gas-enabled burners. We also began the phased implementation of biogas re-use at our boilers from our waste water treatment plants. The potential from biogas in one site is sufficient to provide heating for nearly 2000 average sized homes for one year. We also looked at other non-project related activities within our breweries to improve energy efficiency, such as, measures to improve boiler efficiency, transport (insulation) and usage, as well as raise awareness on energy conservation and trainings. We are also in the forefront of finding ways to deliver gas to the breweries where we are yet to switch to gas as a result of a lack of pipeline infrastructure and a viable transport system. The process change in the use of energy aligns with our goals to reduce carbon emissions. As a result of these actions, our combined energy consumption declined by 2% when compared to 2015. We also reduced our water usage in production by 9% compared to 2015.

We continue to advocate for responsible consumption with our alcoholic brands and corporate communication campaigns. In 2016, we continued our "don't drink and drive" campaign partnership with the Federal Road Safety Commission and extended the annual motor park rallies to Abakaliki, Ado Ekiti, Benin and FCT. This brings to 39 the total number of cities that we have impacted with the campaign since its commencement in 2008.

Promoting health and safety continues to be a key priority across our operations. In this respect, we increased our communication and training on adherence to safety procedures and use of personal protective equipment in 2016. For the larger society, in partnership with the Heineken African Foundation, we donated €11,000 to The Learning Place for their Multi-sensory OT room in the Maryland inclusive unit.

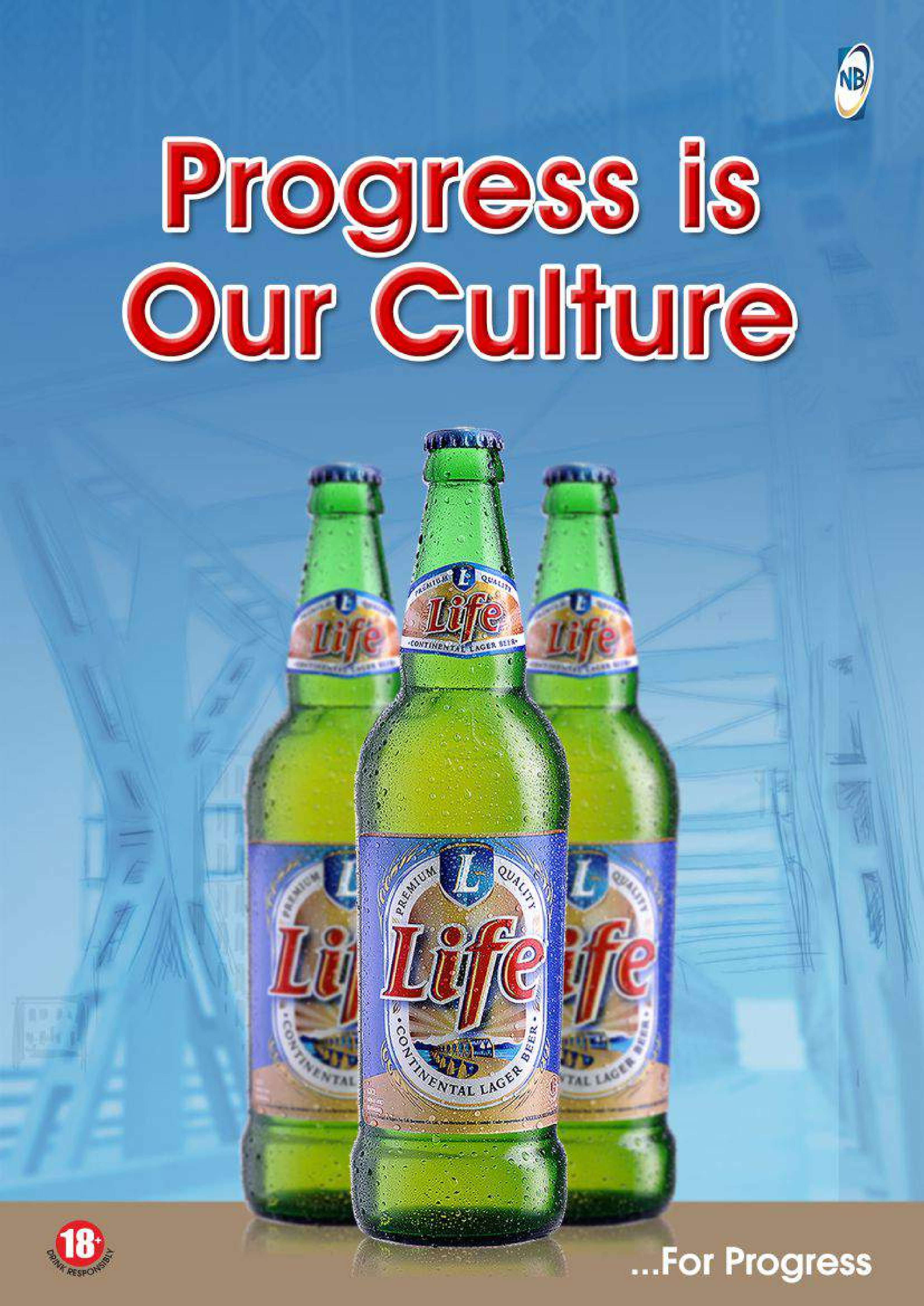
The Maltina Teacher of the Year 2016 was also a success as we recognized and celebrated teachers in Nigeria, this time, we expanded the scope to include private secondary schools. The program done through The Nigerian Breweries - Felix Ohiwerei Education Trust Fund which took place on October 20, 2016 to commemorate the United Nations World Teacher's day was won by Mr. Imoh Essien, a computer teacher at the Special Education Center, Uyo, Akwa Ibom. The First and Second Runners up were Mrs. Binta Mohammed Lawan from Borno State and Mr. Patrick Lawrence Ogwu from Kogi State. We also awarded cash prizes to Champions from States and the Federal Capital Territory, Abuja.

Our interventions in the improvement of infrastructure in schools continued in 2016 with construction and furnishing of 6 classroom blocks and sanitary facilities in 6 schools and communities across Nigeria. We also built a twin 3 bedroom staff residence in honor of the Maltina Teacher of the Year 2015 winner at the Federal Government Girls' College, Onitsha, as part of her winning prize.

In 2016, Beyond - the - School, our career guidance initiative for secondary school students continued with the usual financial literacy lectures and mentoring on career requisites.

Nigerian Breweries was named the Best Company in Responsible Consumption and Production in 2016 at The Social Enterprise Report and Awards - SERA which held in Lagos. The Company also won the 2nd Runner Up position in the Most Outstanding Company of the Decade Category at the awards.

As we continue to work towards building a world class business, our commitment to winning with Nigeria strengthens even further in the corporate social responsibility and sustainability areas to ensure that our activities contribute to Nigeria's progress in achieving the United Nations Sustainable Development Goals.


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

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, 2016 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

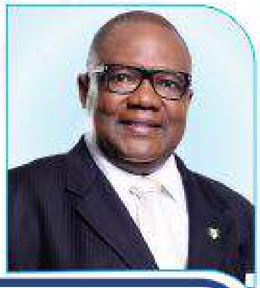
The Company Secretary/Legal Adviser served as the Secretary to the Committee.

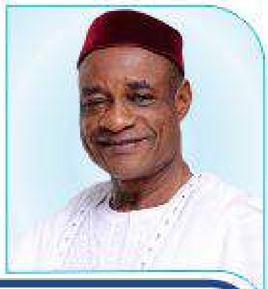
Dated the 15th day of February, 2017

Mr. David O. Oguntoye
FRC/2013/ANAN/00000002787

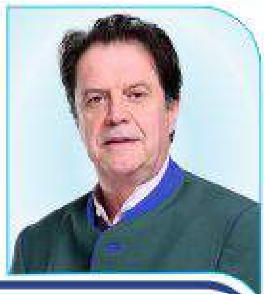

Chief Timothy A. Adesiyan


Mr. Olusegun S. Adebanji


Dr. Obadiah O. Mailafia


Mazi Samuel C. Mpamaugo


Mr. David O. Oguntoye


Mr. Roland Pirmez

Akintola Williams Deloitte
Civic Towers, Ozumba Mbadiwe Road
Victoria Island
P.O. Box 965, Marina
Lagos, Nigeria
Tel: +234 1 271 7800
Fax: +234 1 271 7801
www.deloitte.com/ng

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 and its subsidiary ("the Group") set out on pages 46 to 103, which comprise the consolidated and separate statement of financial position as at 31 December 2016, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated 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 the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated 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 (ICAN) Professional Code of Conduct and Guide for Accountants, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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. We have communicated the key audit matters to the Audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.
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
Employee Benefit Obligation	
As disclosed in Note 3(j) the Employee Benefit policy of the company, the recognized liability is determined by an independent actuarial valuation every year using the projected unit credit method. This involves using certain financial and demographic assumptions. This estimate is considered to be a key audit matter relevant to our audit of the financial statements.	• We included internal valuation specialists in our team to assist us in assessing the reasonableness or otherwise of the financial and demographic assumptions used by the Management specialist. Our procedures focused on the following: • Making appropriate tests of input data used in the computations (which includes information produced by the company and provided to the management specialist) and agree to underlying record of the Company. • Understanding and testing the reasonableness of the management assumptions (including those used by the management specialists) used in the computation considering the general economic environment and the entity's economic circumstances, assumptions made in the prior period. Also, consider whether the assumptions are consistent with observable market conditions and the characteristics of the asset or liability being measured at fair value.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)

How the matter was addressed in the audit (cont'd)

- Assess the relevance and reasonableness of management's specialist's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the financial statements.

Our substantive testing did not reveal any material misstatements and overall the directors had factored all the relevant variables required to determine the estimate.

Returnable packaging - valuation of deposit liability

Included in the Trade and other payables disclosed in Note 27 to the Financial Statements is customers' deposit liability in respect of returnable packaging materials (RPM). 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 return to the company the packaging material.

Judgement is required by the Directors in assessing the value of the outstanding deposit liability. Accordingly, for the purposes of our audit, we identified the assessment of outstanding 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 23% of the balance sheet total and 51% 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 13 of the financial statements about those assumptions to which the outcome of the impairment test is most sensitive. No material misstatement was noted.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.

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.

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 public interest benefits of 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 believe 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.

The engagement partner on the audit resulting in this independent auditor's report is Michael Osinloye.

Yours faithfully,

Michael Osinloye ACA, FRC/2013/ICAN/00000000819
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
15 February 2017

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER

ASSETS	Notes	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Property, plant and equipment	12(a-b)	191,181,700	190,996,700	197,298,847	197,108,847
Intangible assets and goodwill	13	99,477,826	99,477,826	100,612,728	100,612,728
Investments	14	150,000	829,625	150,000	829,625
Other receivables	15	623,331	623,331	321,509	321,509
Prepayments	16	1,154,399	1,154,399	354,394	354,394
Non-current assets		**292,587,256**	**293,081,881**	**298,737,478**	**299,227,103**
Inventories	17	31,244,703	31,244,703	28,409,703	28,409,703
Trade and other receivables	18	19,974,024	19,974,024	16,511,648	16,511,648
Prepayments	16	301,169	301,169	1,041,780	1,041,780
Deposit for imports	19	8,429,048	8,429,048	2,233,797	2,233,797
Cash and bank	20	12,156,432	12,155,254	5,106,891	5,105,713
Assets held for sale	12g	2,453,836	2,453,836	4,177,379	4,177,379
Current assets		**74,559,212**	**74,558,034**	**57,481,198**	**57,480,020**
Total assets		**367,146,468**	**367,639,915**	**356,218,676**	**356,707,123**
EQUITY					
Share capital	21b	3,964,551	3,964,551	3,964,551	3,964,551
Share premium		64,950,103	64,950,103	64,950,103	64,950,103
Share based payment reserve		571,106	571,106	365,702	365,702
Retained earnings		96,343,708	96,319,782	102,959,007	102,953,109
Equity attributable to owners of the company		**165,829,468**	**165,805,542**	**172,239,363**	**172,233,465**
Non-controlling interest		**84,300**	**–**	**82,140**	**–**
Total Equity		**165,913,768**	**165,805,542**	**172,321,503**	**172,233,465**
LIABILITIES					
Loans and borrowings	23(a)	17,000,000	17,000,000	–	–
Employee benefits	24	10,101,065	10,101,065	11,903,504	11,903,504
Deferred tax liabilities	26	29,876,508	29,876,508	31,914,564	31,914,564
Non-current liabilities		**56,977,573**	**56,977,573**	**43,818,068**	**43,818,068**
Loans and borrowings	23(a)	–	–	3,000,000	3,000,000
Bank overdraft and Commercial Papers	20	870,611	870,611	19,214,988	19,214,988
Current tax liabilities	10(c)	19,024,168	18,989,567	20,218,516	20,215,330
Dividend payable	22(b)	12,676,038	12,676,038	12,399,599	12,399,599
Trade and other payables	27(a)	111,184,310	111,820,584	85,246,002	85,825,673
Provisions	30	500,000	500,000	–	–
Current liabilities		**144,255,127**	**144,856,800**	**140,079,105**	**140,655,590**
Total liabilities		**201,232,700**	**201,834,373**	**183,897,173**	**184,473,658**
Total equity and liabilities		**367,146,468**	**367,639,915**	**356,218,676**	**356,707,123**

Approved by the Board of Directors on the 15th of February, 2017 and signed on its behalf by:

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

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

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

The notes on pages 54 to 103 are an integral part of these financial statements.

	Notes	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Revenue	5	313,743,147	313,743,147	293,905,792	293,905,792
Cost of sales	8c	(178,218,528)	(178,218,528)	(149,736,072)	(149,736,072)
Gross profit		**135,524,619**	**135,524,619**	**144,169,720**	**144,169,720**
Other income	6	615,662	615,662	483,910	483,910
Marketing and distribution expenses	8c	(61,312,319)	(61,312,319)	(58,454,978)	(58,454,978)
Administrative expenses	8c	(21,924,801)	(21,919,551)	(23,969,498)	(23,929,284)
Results from operating activities		**52,903,161**	**52,908,411**	**62,229,154**	**62,269,368**
Finance income	7(a)	416,503	416,503	503,607	503,607
Finance costs	7(b)	(13,645,146)	(13,702,000)	(8,217,788)	(8,264,607)
Net finance costs		**(13,228,643)**	**(13,285,497)**	**(7,714,181)**	**(7,761,000)**
Profit before tax	**8**	**39,674,518**	**39,622,914**	**54,514,973**	**54,508,368**
Income tax expense	10(a)	(11,257,553)	(11,226,137)	(16,458,850)	(16,458,850)
Profit after tax		**28,416,965**	**28,396,777**	**38,056,123**	**38,049,518**
Profit for the year attributable to:					
Owners of the Company		28,414,805	28,396,777	38,055,416	38,049,518
Non-controlling interest		2,160	-	707	-
Profit for the year		**28,416,965**	**28,396,777**	**38,056,123**	**38,049,518**
Earnings per share					
Basic earnings per share (kobo)	11(a)	358	358	482	482
Diluted earnings per share (kobo)	11(b)	358	358	482	482

The notes on pages 54 to 103 are an integral part of these financial statements.

	Notes	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Profit for the year		**28,416,965**	**28,396,777**	**38,056,123**	**38,049,518**
Actuarial (losses)/gains	24(f)	1,304,129	1,304,129	(837,623)	(837,623)
Other comprehensive income, net of tax		1,304,129	1,304,129	(837,623)	(837,623)
Total comprehensive income for the year		**29,721,094**	**29,700,906**	**37,218,500**	**37,211,895**
Total comprehensive income for the year attributable to:					
Owners of the Company		29,718,934	29,700,906	37,217,793	37,211,895
Non-controlling interest		2,160	–	707	–
Total comprehensive income for the year		**29,721,094**	**29,700,906**	**37,218,500**	**37,211,895**

The notes on pages 54 to 103 are an integral part of these financial statements.

Group

	Notes	Share Capital N'000	Share Premium N'000	Share Based Payment Reserve N'000	Retained Earnings N'000	Total N'000	Non-Controlling Interest N'000	Total Equity N'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	25	–	–	258,298	–	258,298	–	258,298
Share based payment recharge		–	–	(52,894)	–	(52,894)	–	(52,894)
Dividends	22(a)	–	–	–	(36,473,864)	(36,473,864)	–	(36,473,864)
Unclaimed dividends written back	22(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)**	**–**	**(6,409,895)**
Balance as 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 54 to 103 are an integral part of these financial statements

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	25	–	–	258,298	–	258,298
Share based payment recharge		–	–	(52,894)	–	(52,894)
Dividends	22(a)	–	–	–	(36,473,864)	(36,473,864)
Unclaimed dividends written back	22(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 as at 31st December, 2016		**3,964,551**	**64,950,103**	**571,106**	**96,319,782**	**165,805,542**

The notes on pages 54 to 103 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015

Group

	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Equity Contribution Reserve	Total	Non-Controlling Interest	Total Equity
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1st January 2015		**3,781,353**	**4,567,967**	**241,676**	**102,726,500**	**60,565,334**	**171,882,830**	**81,433**	**171,964,263**
Profit for the year		–	–	–	38,055,416	–	38,055,416	707	38,056,123
Other comprehensive income for the year		–	–	–	(837,623)	–	(837,623)	–	(837,623)
Total comprehensive income for the year		**–**	**–**	**–**	**37,217,793**	**–**	**37,217,793**	**707**	**37,218,500**
Transaction with owners, recorded directly in equity									
Contributions and distributions									
Issue of Ordinary shares	21	183,198	60,382,136	–	–		60,565,334	–	60,565,334
Equity contribution reserve		–	–	–	–	(60,565,334)	(60,565,334)	–	(60,565,334)
Share based payment charge	25	–	–	244,312	–	–	244,312	–	244,312
Share based payment recharge		–	–	(120,286)	–	–	(120,286)	–	(120,286)
Dividends	22(a)	–	–	–	(37,266,774)	–	(37,266,774)	–	(37,266,774)
Unclaimed dividends written back	22(b)	–	–	–	281,488	–	281,488	–	281,488
Total contributions and distributions		**183,198**	**60,382,136**	**124,026**	**(36,985,286)**	**(60,565,334)**	**(36,861,260)**	**–**	**(36,861,260)**
Changes in ownership interest									
Total transactions with owners of the company		**183,198**	**60,382,136**	**124,026**	**(36,985,286)**	**(60,565,334)**	**(36,861,260)**	**–**	**(36,861,260)**
Balance as at 31st December, 2015		**3,964,551**	**64,950,103**	**365,702**	**102,959,007**	**–**	**172,239,363**	**82,140**	**172,321,503**

The notes on pages 54 to 103 are an integral part of these financial statements.

Company

	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Equity Contribution Reserve	Total Equity
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1st January 2015		**3,781,353**	**4,567,967**	**241,676**	**102,726,500**	**60,565,334**	**171,882,830**
Profit for the year		–	–	–	38,049,518	–	38,049,518
Other comprehensive income for the year		–	–	–	(837,623)	–	(837,623)
Total Comprehensive income for the year		**–**	**–**	**–**	**37,211,895**	**–**	**37,211,895**
Transaction with owners, recorded directly in equity							
Contributions and distributions							
Issue of Ordinary shares		183,198	60,382,136	–	–		60,565,334
Equity contribution reserve		–	–	–	–	(60,565,334)	(60,565,334)
Share based payment charge	25	–	–	244,312	–	–	244,312
Share based payment recharge		–	–	(120,286)	–	–	(120,286)
Dividends	22(a)	–	–	–	(37,266,774)	–	(37,266,774)
Unclaimed dividends written back	22(b)	–	–	–	281,488	–	281,488
Total contributions and distributions		**183,198**	**60,382,136**	**124,026**	**(36,985,286)**	**(60,565,334)**	**(36,861,260)**
Changes in ownership interest							
Total transactions with owners of the company		**183,198**	**60,382,136**	**124,026**	**(36,985,286)**	**(60,565,334)**	**(36,861,260)**
Balance as at 31st December, 2015		**3,964,551**	**64,950,103**	**365,702**	**102,953,109**	**–**	**172,233,465**

The notes on pages 54 to 103 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER

	Notes	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Profit for the year		28,416,965	28,396,777	38,056,123	38,049,518
Adjustments for:					
Depreciation	12	28,273,009	28,268,009	26,895,735	26,854,735
Amortization of intangible assets	13	1,468,637	1,468,637	1,467,839	1,467,839
Finance income	7(a)	(416,503)	(416,503)	(503,607)	(503,607)
Interest expenses	7(c)	3,981,131	4,037,985	6,105,423	6,152,242
Gratuity, employee benefit and share based payment charges		1,775,481	1,775,481	2,262,456	2,262,456
Gain on sale of property, plant and equipment	8(a)	(164,486)	(164,486)	(78,969)	(78,969)
Income tax expense	10(a)	11,257,553	11,226,137	16,458,850	16,458,850
		74,591,787	**74,592,037**	**90,663,850**	**90,663,064**
Changes in:					
Inventories		(2,835,000)	(2,835,000)	(1,729,029)	(1,729,029)
Trade and other receivables		(3,764,198)	(3,764,198)	(286,291)	(286,291)
Prepayments		(59,394)	(59,394)	614,214	614,214
Trade and other payables	27(b)	35,868,788	35,925,392	19,371,758	19,418,175
Provisions	30	500,000	500,000	–	–
Deposit for imports		(6,195,251)	(6,195,251)	(1,869,123)	(1,869,123)
Cash generated from operating activities		98,106,732	98,163,586	106,765,379	106,811,010
Income tax paid	10(c)	(15,048,868)	(15,048,868)	(18,922,736)	(18,921,722)
Gratuity paid	24(a)	(1,004,019)	(1,004,019)	(1,769,919)	(1,769,919)
Other long term employee benefits paid	24(b)	(452,562)	(452,562)	(397,214)	(397,214)
VAT paid*		(11,447,266)	(11,447,266)	(13,048,312)	(13,048,312)
Net cash from operating activities		**70,154,017**	**70,210,871**	**72,627,198**	**72,673,843**
Cash flows from investing activities					
Finance income		416,503	416,503	503,607	503,607
Proceeds from sale of property, plant and equipment		264,102	264,102	247,751	247,751
Cash contribution through merger with Consolidated Breweries Plc		–	–	(4,347,275)	(4,347,275)
Acquisition of property, plant and equipment	12(h)	(19,213,242)	(19,213,242)	(28,627,699)	(28,627,525)
Acquisition of intangible assets	13	(276,331)	(276,331)	(136,851)	(136,851)
Net cash used in investing activities		**(18,808,968)**	**(18,808,968)**	**(32,360,467)**	**(32,360,293)**
Cash flows from financing activities					
Proceeds from/(Repayment of) loans and borrowings	23(a)	14,000,000	14,000,000	(21,670,000)	(21,670,000)
Interest paid	7(c)	(3,893,338)	(3,950,192)	(6,025,727)	(6,072,546)
Dividends paid	22(b)	(36,057,793)	(36,057,793)	(32,148,978)	(32,148,978)
Net cash used in financing activities		**(25,951,131)**	**(26,007,985)**	**(59,844,705)**	**(59,891,524)**
Net increase/(decrease) in cash and cash equivalents		**25,393,918**	**25,393,918**	**(19,577,974)**	**(19,577,974)**
Cash and cash equivalents at 1st January		(14,108,097)	(14,109,275)	5,469,877	5,468,699
Cash and cash equivalents at 31st December	20	**11,285,821**	**11,284,643**	**(14,108,097)**	**(14,109,275)**

The notes on pages 54 to 103 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

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 55% 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 15th February 2017, and will be submitted for adoption to the Annual General Meeting of Shareholders on 3rd May 2017.

(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 - fair value
- Defined benefit obligations - present value of the obligation
- Inventory - 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 28).

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.

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.

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.

(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.

(u) **Standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, which the Company has not applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The extent of these standards is yet to be determined. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. The Company will implement IFRS 9 per 1 January 2018. Based on preliminary assessments the Company is expecting IFRS 9 will have limited impact on its consolidated financial statements.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Company will implement IFRS 15 on 1 January 2018 The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15. Based on these preliminary assessments the Company expects that the impact of IFRS 15 will be limited to the category 'payments to customers for services received', currently classified as part of the marketing and selling expenses. Under IFRS 15 this category needs to be subtracted from revenue. If customers transfer a distinct service to the Company, the payment to the customer will not be a reduction of revenue

IFRS 16 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. IFRS 16 is effective on or after 1 January 2019, with early adoption permitted. In 2016, the Company has completed an internal questionnaire and review of all rental and lease contracts. The Company is currently in the process of determining to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

(v) **Standards and interpretations effective 31st December 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 IFRSs Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle
- The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 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.

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

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)
- Classification and measurement of Share-based Payments (Amendments to IFRS 2)

4. 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) ***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.

(iv) ***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.

(v) ***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.

(vi) ***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.

5. Revenue

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Nigeria	313,582,465	313,582,465	293,671,698	293,671,698
Export	160,682	160,682	234,094	234,094
	313,743,147	**313,743,147**	**293,905,792**	**293,905,792**

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.

6. Other Income

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Sale of scrap	555,662	555,662	423,910	423,910
Management services	60,000	60,000	60,000	60,000
	615,662	**615,662**	**483,910**	**483,910**

7. Finance income and finance costs

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Interest income on bank deposits	**416,503**	**416,503**	**503,607**	**503,607**

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Interest expense on loans and borrowings	3,874,608	3,931,462	5,909,491	5,956,310
Interest expense on overdraft	106,523	106,523	195,932	195,932
Unwinding of discount on employee benefits	1,347,539	1,347,539	1,360,363	1,360,363
Net change in fair value of Unrealised Hedge instruments:	764,079	764,079	-	-
Net loss on foreign exchange transactions*	7,552,397	7,552,397	752,002	752,002
Finance cost	**13,645,146**	**13,702,000**	**8,217,788**	**8,264,607**

*Included in the Net loss on foreign exchange transactions is a gain of ₦2.8 billion (2015 - Nil) from the Hedge instruments.

(c) Finance cost in the statement of cash flows

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Finance cost per income statement	**13,645,146**	**13,702,000**	**8,217,788**	**8,264,607**
Unwinding of discount on employee benefits	(1,347,539)	(1,347,539)	(1,360,363)	(1,360,363)
Net change in fair value of derivatives	(764,079)	(764,079)	-	-
Loss on foreign exchange	(7,552,397)	(7,552,397)	752,002	752,002
Finance cost per statement of cash flows	**3,981,131**	**4,037,985**	**6,105,423**	**6,152,242**
Interest accrual	(87,793)	(87,793)	(79,696)	(79,696)
Interest paid per statement of cash flows	**3,893,338**	**3,950,192**	**6,025,727**	**6,072,546**

8. **Profit before taxation**

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

	Notes	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Depreciation of property, plant and equipment	12	28,273,009	28,268,009	26,895,735	26,864,735
Amortization of intangible assets	13	1,468,637	1,468,637	1,467,839	1,467,839
Auditors' remuneration		49,591	49,591	46,239	46,239
Personnel expenses	9	39,031,407	39,031,407	38,047,404	38,047,404
Directors' remuneration	8(b)	1,099,224	1,099,224	1,006,381	1,006,381
Gain on property, plant and equipment disposed		(164,486)	(164,486)	(78,969)	(78,969)
Lease rental payments	29	415,665	415,665	434,687	434,687
Royalty and technical assistance fees	32	9,011,650	9,011,650	8,310,908	8,310,908

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Fees:				
Chairman (non-executive)	2,860	2,860	2,100	2,100
Other non-executive directors	13,600	13,600	11,840	11,840
	16,460	16,460	13,940	13,940
Remuneration as executive directors	1,082,764	1,082,764	992,441	992,441
	1,099,224	**1,099,224**	**1,006,381**	**1,006,381**

The emolument (excluding pension contributions and certain benefits) of the highest paid director was ₦255,808,438 (2015: ₦157,035,606).

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

	Group 2016 Number	Company 2016 Number	Group 2015 Number	Company 2015 Number
₦300,000 - ₦4,000,000	–	–	8	8
₦4,000,001 - ₦30,000,000	9	9	1	1
₦30,000,001 and above	6	6	6	6

(c) Analysis of expenses by nature*

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Raw materials and consumables	113,604,018	113,604,018	89,204,066	89,204,066
Advertising and sales promotion	22,371,313	22,371,313	23,540,657	23,540,657
Depreciation	28,273,009	28,268,009	26,895,735	26,854,735
Amortization	1,468,637	1,468,637	1,467,839	1,467,839
Employee benefits (see note 9)	39,031,407	39,031,407	38,047,404	38,047,404
Transportation	24,097,897	24,097,897	21,037,110	21,037,110
Repairs and maintenance	13,265,545	13,265,545	13,343,734	13,343,734
Royalty and technical service fees	9,011,650	9,011,650	8,310,908	8,310,908
Others	10,332,172	10,331,922	10,313,095	10,313,881
Total cost of sales, marketing & distribution and administration expenses	**261,455,648**	**261,450,398**	**232,160,548**	**232,120,334**

* Nigerian Breweries Plc has updated some allocations of cost to better reflect the internal organization after finalization of the merger. This has been reflected in the expenses by nature and comparable figures were adjusted to allow for a proper comparison.

9. Personnel expenses

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

	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Salaries, wages and allowance	28,860,900	28,860,900	27,500,383	27,500,383
Contributions to defined contribution plans	4,518,840	4,518,840	4,216,380	4,216,380
Expenses related to defined benefit plans	150,201	150,201	105,810	105,810
Training, recruitment and canteen expenses	1,978,372	1,978,372	2,219,500	2,219,500
Share based payments expenses	258,298	258,298	244,312	244,312
Medical expenses	733,694	733,694	849,388	849,388
Other personnel expenses*	2,531,102	2,531,102	2,911,631	2,911,631
	39,031,407	**39,031,407**	**38,047,404**	**38,047,404**

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

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

	Group/Company 2016 Number	Group/Company 2015 Number
Production	1,755	1,837
Distribution	194	201
Commercial	1,081	1,112
General administration	616	627
	3,646	**3,777**

(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 2016 Number	Group/Company 2015 Number
₦500,000 and below	37	30
₦500,001 - ₦600,000	–	39
₦600,000 - ₦700,000	–	31
₦700,001 - ₦800,000	–	4
₦800,001 - ₦900,000	1	2
₦900,001 - ₦1,000,000	2	24
₦1,000,001 - ₦1,100,000	2	45
₦1,100,001 - ₦1,200,000	33	11
₦1,200,001 - ₦1,300,000	2	25
₦1,300,001 - ₦1,400,000	20	10
₦1,400,001 - ₦1,500,000	14	17
₦1,500,001 - ₦1,600,000	21	13
₦1,600,001 - ₦1,700,000	1	25
₦1,700,001 - ₦1,800,000	24	34
₦1,800,001 - ₦1,900,000	10	19
₦1,900,001 - ₦2,000,000	6	93
₦2,000,001 - ₦2,250,000	83	313
₦2,250,001 - ₦2,500,000	163	251
₦2,500,001 - ₦2,750,000	266	301
₦2,750,001 - ₦3,000,000	285	474
₦3,000,001 - ₦3,500,000	642	434
₦3,500,001 - ₦4,000,000	418	260
₦4,000,001 - ₦5,000,000	461	422
₦5,000,001 - ₦6,000,000	368	228
₦6,000,001 - ₦8,000,000	255	216
₦8,000,001 - ₦10,000,000	184	142
₦10,000,001 - ₦15,000,000	179	155
₦15,000,001 - ₦20,000,000	58	64
₦20,000,001 - ₦30,000,000	80	75
₦30,000,001 and above	31	20
	3,646	**3,777**

10. 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 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Current tax expense				
Income tax	12,486,370	12,454,954	14,787,463	14,787,463
Tertiary education tax	1,368,150	1,368,150	1,404,960	1,404,960
	13,854,520	**13,823,104**	**16,192,423**	**16,192,423**
Deferred tax expense				
Origination and reversal of temporary differences	(2,596,967)	(2,596,967)	266,427	266,427
	11,257,553	**11,226,137**	**16,458,850**	**16,458,850**

(b) Reconciliation of effective tax rate

	%	Group 2016 N'000	%	Company 2016 N'000	%	Group 2015 N'000	%	Company 2015 N'000
Profit before income tax		**39,674,518**		**39,622,914**		**54,514,973**		**54,508,368**
Income tax using the statutory tax rate	30.0	11,922,556	30.0	11,891,140	30.0	16,354,492	30.0	16,352,511
Impact of tertiary education tax	2.0	792,743	2.0	792,743	2.6	1,417,389	2.6	1,404,960
Effect of tax incentives and exempted Income	(0.8)	(304,484)	(0.8)	(304,484)	(1.9)	(1,055,231)	(1.9)	(1,055,231)
Non-deductible expenses	0.2	71,067	0.2	71,067	0.1	60,325	0.1	60,325
Other reconciling items	(3.1)	(1,224,329)	(3.1)	(1,224,329)	(0.6)	(318,125)	(0.6)	(303,715)
	28.3	**11,257,553**	**28.3**	**11,226,137**	**30.2**	**16,458,850**	**30.2**	**16,458,850**

(c) **Movement in current tax liability**

	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Balance at 1st January	20,218,516	20,215,330	22,948,829	22,944,629
Payments during the year	(15,048,868)	(15,048,868)	(18,922,736)	(18,921,722)
Charge for the year	13,854,520	13,823,104	16,192,423	16,192,423
Balance at 31st December	**19,024,168**	**18,989,567**	**20,218,516**	**20,215,330**

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share of 358 kobo (2015: 482 kobo) is based on the profit attributable to ordinary shareholders of ₦28,396,777,000 (2015: 38,049,518,000), and on the 7,929,100,888 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2015: 7,899,989,937):

	Group 2016	Company 2016	Group 2015	Company 2015
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,899,989,937	7,899,989,937	7,562,704,432	7,562,704,432
Issued shares*	29,110,951	29,110,951	337,285,505	337,285,505
Weighted average number of ordinary shares at 31st December	**7,929,100,888**	**7,929,100,888**	**7,899,989,937**	**7,899,989,937**

* On 29th January 2015, the Company issued 366,396,456 ordinary shares to shareholders of the now dissolved Consolidated Breweries Plc, who elected for Nigerian Breweries Plc shares under the merger scheme.

(b) Diluted earnings per share

Diluted earnings per share of 358 kobo (2015: 482 kobo) is based on the profit attributable to ordinary shareholders of ₦28,396,777,000 (2015: ₦38,049,518,000), and on the 7,929,100,888 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2015: 7,899,989,937) after adjustment for the effects of all dilutive potential ordinary shares:

	Group 2016	Company 2016	Group 2015	Company 2015
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	7,899,989,937	7,899,989,937	7,562,704,432	7,562,704,432
Issued shares	29,110,951	29,110,951	337,285,505	337,285,505
Weighted average number of ordinary shares at 31st December	**7,929,100,888**	**7,929,100,888**	**7,899,989,937**	**7,899,989,937**

(c) Dividend declared per share

Dividend declared per share of 460 kobo (2015: 470 kobo) is based on total declared dividend of ₦36,473,864,075 (2015: ₦37,266,774,164) and on 7,929,100,888 ordinary shares of 50 kobo each, being the ordinary shares in issue (2015: 7,929,100,888).

12. **Property, plant and equipment**

(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
Cost								
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 13

(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
Cost								
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 13

(c) The movement on these accounts during the year 2015 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
Cost								
Balance at 1st January 2015	**7,949,713**	**50,457,178**	**152,860,694**	**15,128,763**	**17,106,918**	**97,557,756**	**15,207,967**	**356,268,989**
Additions	204,727	411,528	4,099,116	3,911,138	2,773,393	14,086,051	5,068,226	30,554,179
Disposals	–	(104,465)	(765,802)	(1,543,051)	(137,010)	(2,023,307)	–	(4,573,635)
Transfers from Capital work-in-progress*	–	5,115,802	5,610,443	33	40,942	(76)	(10,789,847)	(22,702)
Balance at 31st December 2015	**8,154,440**	**55,880,043**	**161,804,452**	**17,496,883**	**19,784,243**	**109,620,424**	**9,486,346**	**382,226,831**
Depreciation and impairment								
Balance at 1st January 2015	**1,052,488**	**13,601,019**	**70,347,185**	**10,638,090**	**8,986,042**	**57,843,715**	**–**	**162,468,539**
Depreciation for the year	278,806	2,350,487	9,611,298	1,946,345	2,859,338	9,849,462	–	26,895,735
Disposals	–	(97,198)	(761,382)	(1,430,281)	(125,438)	(2,021,992)	–	(4,436,290)
Balance at 31st December 2015	**1,331,294**	**15,854,308**	**79,197,101**	**11,154,154**	**11,719,942**	**65,671,185**	**–**	**184,927,984**
Carrying amount								
At 31st December 2014	**6,897,225**	**36,856,159**	**82,513,509**	**4,490,673**	**8,120,876**	**39,714,041**	**15,207,967**	**193,800,450**
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**

*see note 13

The movement on these accounts during the year 2015 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
Cost								
Balance at 1st January 2015	**7,949,713**	**50,211,924**	**152,860,694**	**15,128,763**	**17,106,918**	**97,557,756**	**15,207,967**	**356,023,735**
Additions	204,727	411,354	4,099,116	3,911,138	2,773,393	14,086,051	5,068,226	30,554,005
Disposals	–	(104,465)	(765,802)	(1,543,051)	(137,010)	(2,023,307)	–	(4,573,635)
Transfers from Capital work-in-progress*	–	5,115,802	5,610,444	33	40,942	(76)	(10,789,847)	(22,702)
Balance at 31st December 2015	**8,154,440**	**55,634,615**	**161,804,452**	**17,496,883**	**19,784,243**	**109,620,424**	**9,486,346**	**381,981,403**
Depreciation and impairment								
Balance at 1st January 2015	**1,052,488**	**13,586,591**	**70,347,185**	**10,638,090**	**8,986,042**	**57,843,715**	–	162,454,111
Depreciation for the year	278,806	2,309,487	9,611,298	1,946,345	2,859,338	9,849,462	–	26,854,735
Disposals	–	(97,198)	(761,382)	(1,430,281)	(125,438)	(2,021,992)	–	(4,436,290)
Balance at 31st December 2015	**1,331,294**	**15,798,880**	**79,197,101**	**11,154,154**	**11,719,942**	**65,671,185**	–	**184,872,556**
Carrying amount								
At 31st December 2014	**6,897,225**	**36,625,333**	**82,513,509**	**4,490,673**	**8,120,876**	**39,714,041**	**15,207,967**	**193,569,624**
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**

*see note 13

(d) The Company holds various pieces of land under finance lease arrangements. The maximum tenor of the lease arrangements is 99 years in line with the Land Use Act. The lease amounts were fully paid at the inception of the lease arrangements.

(e) **Capital Work in Progress and borrowing costs**
Closing balance of Capital Work in Progress is analysed as follows:

	Group/Company 2016 ₦'000	Group/Company 2015 ₦'000
Plant and Machinery	3,776,000	8,755,755
Buildings	52,451	393,624
Others	469,015	336,967
	4,297,466	**9,486,346**

(f) **Capital commitments**

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

Group

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Approved and contracted	3,579,286	3,579,286	3,063,762	3,063,762
Approved but not contracted	8,408,663	8,408,663	9,789,529	9,789,529
	11,987,949	**11,987,949**	**12,853,291**	**12,853,291**

(g) **Assets held for sale**

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Cost	4,177,379	4,177,379	4,208,816	4,208,816
Carrying amount	4,177,379	4,177,379	4,208,816	4,208,816
Sales of Asset	–	–	(31,437)	(31,437)
Transfer to PP&E	(1,723,543)	(1,723,543)	–	–
Carrying amount	**2,453,836**	**2,453,836**	**4,177,379**	**4,177,379**

Assets held for sale comprises land, buildings and plant and machinery in one location (2015: two locations), where activities have been scaled down. The Company remains committed to a plan to sell these assets and a sale is expected during 2017 as buyers have shown interest.

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Additions per note 12 a - c	20,589,338	20,589,338	30,554,179	30,554,005
Accrued additions to PPE	(1,376,086)	(1,376,086)	(1,926,480)	(1,926,480)
Acquisition of PPE per statement of cash flows	**19,213,242**	**19,213,242**	**28,627,699**	**28,627,525**

13. **Intangible assets and goodwill**

(a) 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 12)	–	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

(b) The movement on these accounts during the year 2015 was as follows:

Group/Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Total ₦'000
Cost				
Balance at 1st January 2015	80,770,958	1,994,719	17,381,433	100,147,110
Merger Finalization	3,951,761	-	–	3,951,761
Additions	–	136,851	–	136,851
Transfers from PP&E (note 12)	–	22,702	–	22,702
Balance at 31st December 2015	84,722,719	2,154,272	17,381,433	104,258,424
Amortisation				
Balance at 1st January 2015	–	1,320,962	856,895	2,177,857
Amortisation for the year	–	309,059	1,158,780	1,467,839
Balance at 31st December 2015	–	1,630,021	2,015,675	3,645,696
Carrying amount				
At 31st December 2014	80,770,958	673,757	16,524,538	97,969,253
At 31st December 2015	84,722,719	524,251	15,365,758	100,612,728

(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 can be 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 arises from numerous synergies that can be harnessed from the breweries acquired 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 and the fair value less cost of disposal. 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:

	2016	2015
- Pre-tax WACC	24.0%	23%
- Terminal growth rate	(2026 and onwards): 0%	(2025 and onwards): 0%
- Expected volume growth rates	(2017 - 2025): 0.7%	(2016 - 2024): 4.9%

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.

14. Investments

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'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**

(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).

15. Other receivables

Non-current other receivables 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 ₦320 million (2015: ₦181 million) was reclassified to current asset and included in trade and other receivables on the statement of financial position.

16. Prepayments

Non-current and current prepayments mainly represent rental expenses prepaid by the Company.

17. Inventories

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Raw materials	8,789,652	8,789,652	7,798,779	7,798,779
Products in process	3,169,263	3,169,263	2,629,563	2,629,563
Finished products	3,928,616	3,928,616	5,823,896	5,823,896
Non-returnable packaging materials	5,944,416	5,944,416	4,207,230	4,207,230
Spare parts	6,459,461	6,459,461	6,152,450	6,152,450
Goods in transit	2,953,295	2,953,295	1,797,785	1,797,785
	31,244,703	**31,244,703**	**28,409,703**	**28,409,703**

The value of raw materials, non-returnable packaging materials, spare parts, changes in finished products and products in process recognized in cost of sales during the year amounted to ₦109 billion (2015: ₦72.3 billion).

18. Trade and other receivables

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Trade receivables	12,753,803	12,753,803	11,719,662	11,719,662
Advances	3,949,620	3,949,620	2,790,278	2,790,278
Other receivables	2,227,873	2,227,873	1,259,404	1,259,404
Due from related parties	1,042,728	1,042,728	742,304	742,304
	19,974,024	**19,974,024**	**16,511,648**	**16,511,648**

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 28(a).

19. **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.

20. **Cash and cash equivalents**

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Bank balances	11,929,945	11,928,767	2,753,210	2,752,032
Call deposits	224,482	224,482	2,346,952	2,346,952
Cash in hand	2,005	2,005	6,729	6,729
Cash and Bank	**12,156,432**	**12,155,254**	**5,106,891**	**5,105,713**
Commercial Papers	–	–	(19,038,516)	(19,038,516)
Bank Overdraft	(870,611)	(870,611)	(176,472)	(176,472)
	(870,611)	**(870,611)**	**(19,214,988)**	**(19,214,988)**
Cash and cash equivalents in the statement of cash flows	**11,285,821**	**11,284,643**	**(14,108,097)**	**(14,109,275)**

Commercial Papers in 2015 consisted of three issuances of nominal ₦9.2 billion, ₦8.5 billion and ₦1.9 billion having durations of 90, 182 and 269 days and attracting yields of 7.3%, 8.2% and 8.9% respectively. The Commercial Papers were used to fund working capital requirements.

21. **Share capital**

(a) **Authorised ordinary shares of 50k each**

In number of shares

	Company 2016	Company 2015
At 1st January	8,000,000,000	8,000,000,000
At 31st December	8,000,000,000	8,000,000,000

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

	Company 2016	Company 2015
In number of shares		
At 1st January	7,929,100,888	7,562,704,432
Share issuance	–	366,396,456
At 31st December	**7,929,100,888**	**7,929,100,888**
In Naira	₦	₦
At 1st January	3,964,550,444	3,781,352,216
Share issuance	–	183,198,228
Share Value in Naira	**3,964,550,444**	**3,964,550,444**

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.

22. Dividends

(a) Declared dividends

The following dividends were declared and paid by the Company during the year:

	Company 2016 ₦'000	Company 2015 ₦'000
100 kobo Interim dividend declared (2015: 120 kobo)	7,929,101	9,514,921
360 kobo per qualifying ordinary share (2015: 350 kobo)	28,544,763	27,751,853
	36,473,864	**37,266,774**

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 2016 ₦'000	Company 2015 ₦'000
258 kobo per qualifying ordinary share (2015: 360 kobo)	**20,457,080**	**28,544,763**

(b) Dividend payable

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
At 1st January	12,399,599	12,399,599	7,563,291	7,563,291
Declared dividend	36,473,864	36,473,864	37,266,774	37,266,774
Payments	(36,057,794)	(36,057,794)	(32,148,978)	(32,148,978)
Unclaimed dividend transferred to retained earnings	(139,631)	(139,631)	(281,488)	(281,488)
At 31st December	**12,676,038**	**12,676,038**	**12,399,599**	**12,399,599**

(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 2016, ₦2.8 billion (2015: ₦1.7 billion) of the total dividend payable is held with the Company's registrar, First Registrars and Investor Services Limited. The remaining dividend payable of ₦9.8 billion (2015: ₦10.2 billion) holds ₦3.6 billion due to foreign shareholders and ₦6.2 billion represents unclaimed dividends, which have been returned to the Company by the Registrar.

23. 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 28.

(a)

	Non Current		Current	
	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
At 1st January	3,000,000	3,000,000	24,670,000	24,670,000
Bank loan Obtained/(repaid) during the year	14,000,000	14,000,000	(21,670,000)	(21,670,000)
At 31st December	**17,000,000**	**17,000,000**	**3,000,000**	**3,000,000**

(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.

The company also established in 2015, a ₦100bn commercial paper program which enables the company finance its working capital from other investors. The interest rates on financing instruments during the year ranged from 7.5% to 20.5%.

24. Employee Benefits

	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Recognized liability for defined benefit obligation (Note (a))	7,580,834	7,580,834	9,247,745	9,247,745
Recognized liability for other long term employee benefits (Note (b))	2,520,231	2,520,231	2,655,759	2,655,759
Total employee benefit liabilities	**10,101,065**	**10,101,065**	**11,903,504**	**11,903,504**

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

	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Defined benefit obligations at 1st January	9,247,745	9,247,745	8,491,115	8,491,115
Gratuity funding CB	–	–	(1,015,858)	(1,015,858)
Benefits paid by the plan	(1,004,019)	(1,004,019)	(754,061)	(754,061)
Current service costs and interest (see below)	1,200,149	1,200,149	1,329,945	1,329,945
Actuarial (gains) and losses recognized in other comprehensive income (see note (f))	(1,863,041)	(1,863,041)	1,196,604	1,196,604
Defined benefit obligations at 31st December	**7,580,834**	**7,580,834**	**9,247,745**	**9,247,745**

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 amounted to ₦2.3 billion (2015: ₦3.1 billion).

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Current service costs	150,201	150,201	253,839	253,839
Interest on obligation	1,049,948	1,049,948	1,076,106	1,076,106
	1,200,149	**1,200,149**	**1,329,945**	**1,329,945**

(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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Obligation at 1st January	2,655,759	2,655,759	2,244,481	2,244,481
Charge for the year	317,034	317,034	808,492	808,492
Payments	(452,562)	(452,562)	(397,214)	(397,214)
Obligation at 31st December	**2,520,231**	**2,520,231**	**2,655,759**	**2,655,759**

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Current and past service costs	352,375	352,375	243,655	243,655
Interest on obligation	297,591	297,591	284,257	284,257
Actuarial (gains)/Losses	(332,932)	(332,932)	280,580	280,580
	317,034	**317,034**	**808,492**	**808,492**

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Obligation at 1st January	33,438	33,438	–	–
Charge for the year	1,862,519	1,862,519	1,714,503	1,714,503
Payments	(1,806,938)	(1,806,938)	(1,681,065)	(1,681,065)
Obligation at 31st December	**89,020**	**89,020**	**33,438**	**33,438**

The obligation represents the amount yet to be remitted at the year end to the defined benefit contribution plan and has been included in trade and other payables.

(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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Obligation at 1st January	726	726	–	–
Charge for the year	2,408,593	2,408,593	2,283,526	2,283,526
Payments	(2,388,143)	(2,388,143)	(2,282,800)	(2,282,800)
Obligation at 31st December	**21,176**	**21,176**	**726**	**726**

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

	Cost of sales		Marketing		Administrative expenses		Total	
	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000
Defined benefit obligation expense	62,893	109,118	50,356	80,151	36,952	64,570	150,201	253,839
Pension expense	1,008,539	981,617	807,493	721,039	592,560	580,870	2,408,593	2,283,526
Defined contribution plan	779,884	737,012	624,419	541,366	458,216	436,125	1,862,519	1,714,503
Long Service awards expense	132,750	347,546	106,287	255,287	77,996	205,660	317,034	808,492
	1,984,066	**2,175,293**	**1,588,555**	**1,597,843**	**1,165,724**	**1,287,225**	**4,738,347**	**5,060,360**

The Company included ₦1.3 billion (2015: ₦1.4 billion) of unwinding of discount relating to its employee benefits in finance costs (note 7b).

The Company expects to pay about ₦715 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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Cumulative amount at 1st January	3,911,418	3,911,418	3,911,418	3,911,418
(Gain)/Loss Recognized during the year	(1,863,041)	(1,863,041)	1,196,604	1,196,604
Deferred tax	558,912	558,912	(358,981)	(358,981)
Recognized during the year net of tax	(1,304,129)	(1,304,129)	837,623	837,623
Amount accumulated in retained earnings at 31st December	**2,607,289**	**2,607,289**	**3,911,418**	**3,911,418**

The Company recognized ₦1.9 billion (2015 ₦1.2 billion loss) of actuarial gains in other comprehensive income during the period in respect of its defined benefit obligations. These gains primarily relate to the changes in observed salary increases and the change in discount rate. The actuarial gains and loses recognised during the year are analysed as follows:

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Financial assumption - (gains)/Losses	(1,524,446)	(1,524,446)	1,312,326	1,312,32
Experience Assumption - (gains)/Losses	(338,595)	(338,595)	(115,722)	(115,722)
Recognized during the year	**(1,863,041)**	**(1,863,041)**	**1,196,60**	**1,196,60**

(g) **Actuarial assumptions**

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

	Group 2016	Company 2016	Group 2015	Company 2015
Discount rate (p.a.)	15.5%	15.5%	12%	12%
Average pay increase (p.a.)	15%	15%	12%	12%
Average rate of inflation (p.a.)	12%	12%	9%	9%
Weighted average duration of the plan (years)	11	11	10	10
Average medical rate of inflation	5.00%	5.00%	4.50%	4.50%

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 in service

Sample age	2016 Number of deaths in year out of 10,000 lives	2015 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	Number of deaths in year out of 10,000 lives	
	Management	Non-Management
65	193	200
70	250	290
75	346	444
80	489	672

Withdrawals/Turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2015 : age 60).

(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	Gratuity ₦'000	Post employment medical benefit ₦'000
Discount rate	+0.25%	(27,455)	(71,512)	(49,981)
	-0.25%	28,059	73,387	48,723
	+0.5%	(54,323)	(141,212)	(92,304)
	-0.5%	56,742	148,718	99,074
Salary increase	+0.25%	26,424		
	-0.25%	(25,943)	N/A	N/A
	+0.5%	53,340		
	-0.5%	(51,417)	N/A	N/A
Benefit Inflation rate	+0.25%	4,894	86,980	56,399
	-0.25%	(4,816)	(84,908)	(54,421)
	+0.5%	9,868	176,099	114,871
	-0.5%	(9,554)	(167,807)	(106,953)
Mortality experience	+1	3,150	107,500	23,385
	-1	(3,567)	(112,734)	(24,367)

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.

25. 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.

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 2014	9,981	53.27	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2015	8,683	58.95	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2016	11,017	50.47	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) 2016	Number of share rights 2016	Weighted average share price (Euro) 2015	Number of share rights 2015
Outstanding at 1st January	48.32	36,431	26.54	43,352
Granted during the year	50.47	12,177	58.95	13,075
Vested during the year	35.77	(26,415)	35.77	(20,071)
Performance adjustment	24.92	12,134	–	75
Outstanding as at 31st December	50.47	34,327	48.32	36,431

Employee expenses	**2016 ₦'000**	**2015 ₦'000**
Share rights granted in 2013	–	119,077
Share rights granted in 2014	63,390	73,305
Share rights granted in 2015	62,650	51,930
Share rights granted in 2016	78,633	–
Total expense/(income) recognized as employee costs	**204,674**	**244,312**

26. **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. 2016 ₦'000	**31st Dec. 2015 ₦'000**	**31st Dec. 2016 ₦'000**	**31st Dec. 2015 ₦'000**	**31st Dec. 2016 ₦'000**	**31st Dec. 2015 ₦'000**
Property, plant and equipment	131,203	968,247	(31,416,806)	(32,707,987)	(31,285,604)	(31,739,740)
Intangible assets	–	–	(3,746,637)	(4,038,572)	(3,746,637)	(4,038,572)
Inventories	258,661	191,217	–	–	258,661	191,217
Employee benefits	2,621,407	3,571,051	–	–	2,621,407	3,571,051
Other items	2,275,664	101,480	–	–	2,275,664	101,480
Net tax assets/ (liabilities)	**5,286,935**	**4,831,995**	**(35,163,443)**	**(36,746,559)**	**(29,876,508)**	**(31,914,564)**

Movement in temporary differences during the year

	Balance 1st Jan 2015 ₦'000	**Income Statement and OCI ₦'000**	**Balance 31st Dec 2015 ₦'000**	**Income Statement and OCI ₦'000**	**Balance 31st Dec. 2016 ₦'000**
Property, plant and equipment	(31,150,224)	(589,516)	(31,739,740)	454,036	(31,285,704)
Intangible assets	(177,307)	(3,861,265)	(4,038,572)	291,936	(3,746,636)
Inventories	30,981	160,236	191,217	67,444	258,661
Employee benefits	3,360,045	211,006	3,571,051	(949,644)	2,621,407
Other items	102,773	(1,293)	101,480	2,174,184	2,275,664
Net tax assets/(liabilities)	**(27,833,732)**	**(4,080,832)**	**(31,914,564)**	**2,037,956**	**(29,876,608)**

The net movement during the period ended 31st December 2016, includes a credit amount of ₦559 million (2015: debit ₦358 million) recorded in other comprehensive income as deferred tax on employee benefits.

27. Trade and other payables

(a)

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Trade payables and related accrued expense	28,013,098	28,649,372	25,733,559	26,313,230
Deposit for Returnable Packaging Materials (RPM)	31,450,256	31,450,256	30,668,755	30,668,755
Non-trade payables and accrued expenses	19,096,065	19,096,065	14,107,127	14,107,127
Amount due to related parties	32,624,891	32,624,891	14,736,561	14,736,561
	111,184,310	**111,820,584**	**85,246,002**	**85,825,673**

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

	Group 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Movement in trade and other payables	25,885,411	25,942,015	1,962,930	2,009,347
Payment for CB shares	–	–	4,347,275	4,347,275
Accrued additions to Property Plant and equipment	(1,376,096)	(1,376,096)	(1,926,480)	(1,926,480)
Merger update	–	–	221,846	221,846
Interest accrual	(87,793)	(87,793)	(79,696)	(79,696)
VAT paid	11,447,266	11,447,266	13,048,312	13,048,312
Inventory	–	–	1,797,785	1,797,785
Changes in trade and other payables per statement of cash flows	**35,868,788**	**35,925,392**	**19,371,972**	**19,418,389**

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

28. 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.

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 counterparty 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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Other receivables (non-current)	15	623,331	623,331	321,509	321,509
Trade and other receivables	18	19,974,024	19,974,024	16,511,648	16,511,648
		20,597,355	**20,597,355**	**16,833,157**	**16,833,157**
Cash and bank	20	12,156,432	12,155,254	5,106,891	5,105,713
		32,753,787	**32,752,609**	**21,940,048**	**21,938,870**

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.

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

	2016 ₦'000	2015 ₦'000
Trade receivables		
- Major customers	14,204,579	12,949,757
- Other customers	1,574,140	1,435,082
- Impairment	(3,024,916)	(2,665,177)
	12,753,803	11,719,662
Non-trade receivables		
- Other receivables (non-current)	623,331	321,509
- Due from related parties	1,042,728	742,304
- Advances	3,949,620	2,790,278
- Others	2,227,873	1,259,404
	7,220,221	5,113,495
	19,974,024	**16,833,157**

Impairment losses

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

	Gross 2016 N'000	Impairment 2016 N'000	Gross 2015 N'000	Impairment 2015 N'000
0-30 days	12,615,567	–	11,593,637	–
31-60 days	114,823	28,706	104,680	26,170
61-180 days	208,476	156,357	190,060	142,544
More than 180 days	2,839,853	2,839,853	2,496,463	2,496,463
	15,778,719	**3,024,916**	**14,384,839**	**2,665,177**

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

	2016 N'000	2015 N'000
Balance at 1st January	(2,665,177)	(2,432,929)
Impairment loss recognised	(359,739)	(232,248)
Balance at 31st December	**(3,024,916)**	**(2,665,177)**

The impairment loss as at 31st December 2016 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 80 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.

Cash and bank

The Group/Company held cash and bank of ₦12.1 billion as at 31st December 2016 (2015: ₦5.1 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 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**	**–**

Group	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000
Non-derivative financial liabilities				
31st December 2015				
Unsecured bank loans	3,000,000	3,292,055	1,032,055	2,260,000
Bank overdraft	176,472	176,472	176,472	–
Commercial Papers	19,038,516	19,671,320	17,754,126	1,917,194
Dividend payable	12,399,599	12,399,599	12,399,599	–
Trade and other payables	85,246,002	85,246,002	85,246,002	–
	119,860,589	**120,785,448**	**116,608,254**	**4,177,194**

Company	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000
Non-derivative financial liabilities				
31st December 2015				
Unsecured bank loans	3,000,000	3,292,055	1,032,055	2,260,000
Bank overdraft	176,472	176,472	176,472	–
Commercial papers	19,038,516	19,671,320	17,754,126	1,917,194
Dividend payable	12,399,599	–	12,399,599	–
Trade and other payables	85,246,002	85,246,002	85,246,002	–
	119,860,589	**120,785,448**	**116,608,254**	**4,177,194**

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 23, 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 ₦3,556,152,441 (2015: ₦3,470,388,563), 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.

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 2016, the year-end exchange rate of the Naira against the US dollar moved to ₦315 vs the year-end 2015 rate of ₦199. 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 2016			31st December 2015		
In thousands	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial asset						
Group receivables	581	–	–	3,467	–	–
Cash and cash equivalent	526	207	851	1,194	241	486
Deposit for imports	27,671	–	–	10,433	–	–
Financial liability	–	–	–	–	–	–
Group payables	(70,473)	–	(76)	(66,276)	–	–
Net exposure	**(41,695)**	**207**	**775**	**(51,182)**	**241**	**486**

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 2015, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Increase/(decrease) in profit or loss ₦'000
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
31st December 2015	
EUR (5 percent weakening of the Naira)	(547,919)
GBP (5 percent weakening of the Naira)	3,514
USD (5 percent weakening of the Naira)	4,780

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	
	2016 ₦	**2015 ₦**	**2016 ₦**	**2015 ₦**
Euro	288.69	215.05	321.58	214.11
GB Pounds	348.11	296.17	374.57	291.11
US Dollar	261.35	193.79	304.50	196.50

(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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Fixed rate instruments				
Unsecured bank loans	(17,000,000)	(17,000,000)	(3,000,000)	(3,000,000)
Commercial Papers	–	–	(19,038,516)	(19,038,516)
Bank overdraft	(870,611)	(870,611)	(176,472)	(176,472)
Financial liabilities	**(17,870,611)**	**(17,870,611)**	**(22,214,988)**	**(22,214,988)**

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
- 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 2016 ₦'000	Company 2016 ₦'000	Group 2015 ₦'000	Company 2015 ₦'000
Total liabilities	202,251,766	202,853,439	183,897,173	184,473,658
Less: cash and bank	(12,156,432)	(12,155,254)	(5,106,891)	(5,105,713)
Adjusted net debt	190,095,334	190,698,185	178,790,282	179,367,945
Total equity	165,913,768	165,805,542	172,321,503	172,233,465
Adjusted debt to capital ratio	**1.15**	**1.15**	**1.04**	**1.04**

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.

(g) **Accounting classification and fair values**

Fair values versus carrying amounts

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

Group		31st December 2016		31st December 2015	
	Note	Carrying amount ₦'000	Fair value ₦'000	Carrying amount ₦'000	Fair value ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	15	623,331	623,331	321,509	321,509
Trade and other receivables	18	19,974,024	19,974,024	16,511,648	16,511,648
Cash and cash equivalents	20	12,156,432	12,156,432	5,106,891	5,106,891
		32,753,787	**32,753,787**	**21,940,048**	**21,940,048**
Liabilities carried at amortised cost					
Unsecured bank loans	23	17,000,000	17,797,952	3,000,000	3,292,055
Bank overdraft	20	870,611	870,611	176,472	176,472
Dividend payable	22b	12,676,038	12,676,038	12,399,599	12,399,599
Trade and other payables	27	111,184,310	111,184,310	85,246,002	85,246,002
		141,730,959	**142,528,911**	**100,822,073**	**101,114,128**

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

Company	Note	31st December 2016 Carrying amount ₦'000	31st December 2016 Fair value ₦'000	31st December 2015 Carrying amount ₦'000	31st December 2015 Fair value ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	15	623,331	623,331	321,509	321,509
Trade and other receivables	18	19,974,024	19,974,024	16,511,648	16,511,648
Cash and cash equivalents	20	12,155,254	12,155,254	5,105,713	5,105,713
		32,752,609	**32,752,609**	**21,938,870**	**21,938,870**
Liabilities carried at amortised cost					
Unsecured bank loans	23	17,000,000	17,797,952	3,000,000	3,292,055
Bank overdraft	20	870,611	870,611	176,472	176,472
Dividend payable	22b	12,676,038	12,676,038	12,399,599	12,399,599
Trade and other payables	27	111,820,584	111,820,584	85,825,673	85,825,673
		142,367,233	**143,165,185**	**101,401,744**	**101,693,799**

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:

	2016	2015
Other receivables (level 2)	17.5%	14.0%
Unsecured bank loans (level 2)	19.3%	12.0%

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.

29 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 2016, an amount of ₦416 million was recognized as an expense in profit or loss in respect of operating leases (2015: ₦435 million). Lease rentals are paid upfront and included in prepayments, which are amortised to the profit or loss over the life of the lease. Also see note 12(d). Lease obligations between 1 and 5 years is ₦248m.

30. **Provision**

The provision of ₦500m (2015: Nil) relates to claims from suppliers, which arose in 2016. The most likely outcome has been fully provided for.

31. **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 ₦3,556,152,441 (2015: ₦3,470,388,563). 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 (2015: ₦5.2 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 ₦1,558,916,527,696 (2015: ₦8,118,454,057) as at 31st December 2016, with one claim amount of ₦1.5 trillion. 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.

32. **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 2016 Heineken Brouwerijen B.V., Distilled Trading International B.V. and Heineken International B.V. owned 37.07% and 15.61%, and 2.69% 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	
	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000
Purchases - other related parties	(25,149,337)	(24,928,715)	(16,918,201)	(7,452,975)
Contract brewing services with:	–	–	–	–
- Other related parties	(1,863,739)	(2,275,383)	(48,079)	168,980
Technical Service fees & royalties				
- Parent	(474,961)	(882,982)	(204,835)	(440,501)
- Other related parties	(8,536,689)	(7,427,926)	(2,564,738)	(5,568,830)
Total Technical and Royalty	**(9,011,650)**	**(8,310,908)**	**(2,769,573)**	**(6,009,331)**
Sales and others				
- Other related parties	574,061	413,218	(9,884,981)	(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 25) 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:

	2016 ₦'000	2015 ₦'000
Short term employee benefits	1,623,156	1,516,824
Long term employee benefits:		
Post-employment benefits	71,598	69,709
Share based payments	153,621	131,928
	1,848,375	**1,718,461**

(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.

33. 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 2016 that have not been adequately provided for or disclosed in the financial statements.

34. Condensed financial data of consolidated entities

	Group ₦'000	Elimination Entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
ASSETS				
Property, plant and equipment	191,181,700	–	190,996,700	185,000
Intangible assets and goodwill	99,477,826	–	99,477,826	–
Investments	150,000	(679,625)	829,625	–
Other receivables	623,331	–	623,331	–
Prepayments	1,154,399	–	1,154,399	–
Non-current assets	**292,587,256**	**(679,625)**	**293,081,881**	**185,000**
Inventories	31,244,703	–	31,244,703	–
Trade and other receivables	19,974,024	(637,025)	19,974,024	637,025
Prepayments	301,169	–	301,169	–
Deposit for imports	8,429,048	–	8,429,048	–
Cash and cash equivalents	12,156,432	–	12,155,254	1,178
Assets held for sale	2,453,836	–	2,453,836	–
Current assets	**74,559,212**	**(637,025)**	**74,558,034**	**638,203**
Total assets	**367,146,468**	**(1,316,650)**	**367,639,915**	**823,203**
EQUITY				
Share capital	3,964,551	(5,220)	3,964,551	5,220
Share premium	64,950,103	(743)	64,950,103	743
Share based payment reserve	571,106	–	571,106	–
Retained earnings	96,343,708	(757,962)	96,319,782	781,889
Equity contribution reserve	–	–	–	–
Equity attributable to owners of the Company	**165,829,468**	**(763,925)**	**165,805,542**	**787,852**
Non-controlling interest	**84,300**	**84,300**	**–**	**–**
Total equity	**165,913,768**	**(679,625)**	**165,805,542**	**787,852**
LIABILITIES				
Loans and borrowings	17,000,000	–	17,000,000	–
Employee benefits	10,101,065	–	10,101,065	–
Deferred tax liabilities	29,876,508	–	29,876,508	–
Non-current liabilities	**56,977,573**	**–**	**56,977,573**	**–**
Bank Overdraft	870,611	–	870,611	–
Current tax liabilities	19,024,168	–	18,989,567	34,601
Dividend payable	12,676,038	–	12,676,038	–
Trade and other payables	111,184,310	(637,025)	111,820,584	750
Provisions	500,000	–	500,000	–
Current liabilities	**144,255,127**	**(637,025)**	**144,856,800**	**35,351**
Total liabilities	**201,232,700**	**(637,025)**	**201,834,373**	**35,351**
Total equity and liabilities	**367,146,468**	**(1,316,650)**	**367,639,915**	**823,203**

Condensed income statement

	Group ₦'000	Elimination Entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Revenue	313,743,147	–	313,743,147	–
Cost of sales	(178,218,528)	–	(178,218,528)	–
Gross profit	**135,524,619**	–	**135,524,619**	–
Other income	615,662	–	615,662	–
Marketing and distribution expenses	(61,312,319)	–	(61,312,319)	–
Administrative expenses	(21,924,801)	–	(21,919,551)	(5,250)
Results from operating activities	**52,903,161**	–	**52,908,411**	**(5,250)**
Finance income	416,503	(56,854)	416,503	56,854
Finance costs	(13,645,146)	56,854	(13,702,000)	–
Net finance costs	**(13,228,643)**	–	**(13,285,497)**	**56,854**
Profit before tax	**39,674,518**	–	**39,622,914**	**51,604**
Income tax expense	(11,257,553)	–	(11,226,137)	(31,416)
Profit after tax	**28,416,965**	–	**28,396,777**	**20,188**
Profit for the year attributable to:				
Owners of the Company	28,414,805	–	28,396,777	18,028
Non-controlling interest	2,160	–	–	2160
Profit for the year	**28,416,965**	–	**28,396,777**	**20,188**

Condensed statement of comprehensive income

	Group ₦'000	Elimination Entries ₦'000	Nigerian Breweries ₦'000	Benue Bottling Company ₦'000
Profit for the year	**28,416,965**	–	**28,396,777**	**20,188**
Actuarial losses	1,304,129	–	1,304,129	–
Total comprehensive income for the year	**29,721,094**	–	**29,700,906**	**20,188**
Total comprehensive income for the year attributable to:				
Owners of the company	29,718,934	–	29,700,906	18,028
Non-controlling interest	2,160	–	–	2160
Total comprehensive income for the year	**29,721,094**	–	**29,700,906**	**20,188**

Condensed statement of cash flows

	Group N'000	Elimination Entries N'000	Nigerian Breweries N'000	Benue Bottling Company N'000
Cash flows from operating activities				
Net profit	**28,416,965**	**-**	**28,396,777**	**20,188**
Adjustments for:				
Depreciation and impairment loss	28,273,009	-	28,268,009	5,000
Amortization of intangible assets	1,468,637	-	1,468,637	-
Finance income	(530,211)	(56,854)	(416,503)	(56,854)
Finance expenses	4,094,839	56,854	4,037,985	-
(Gain)/loss on sale of property, plant and equipment	(164,486)	-	(164,486)	-
Gratuity, employee benefit and share based payment charges	1,775,481	-	1,775,481	-
Income tax expense	11,257,553	-	11,226,137	31,416
Change in inventories	(2,835,000)	-	(2,835,000)	-
Change in trade and other receivables	(3,821,052)	(56,854)	(3,764,198)	-
Change in prepayments	(59,394)	-	(59,394)	-
Provisions	500,000	-	500,000	-
Change in trade and other payables	35,925,642	56,854	35,925,392	(56,604)
Change in deposit for imports	(6,195,251)	-	(6,195,251)	-
Cash generated from operating activities	**98,106,732**	**-**	**98,163,586**	**(56,855)**
Income tax paid	(15,048,868)	-	(15,048,868)	-
Gratuity paid	(1,004,019)	-	(1,004,019)	-
Long service award paid	(452,562)	-	(452,562)	-
VAT paid	(11,447,266)	-	(11,447,266)	-
Net cash from operating activities	**70,154,017**	**-**	**70,210,871**	**(56,854)**
Cash flow from investing activities				
Finance income	416,503	56,854	416,503	56,854
Proceeds from sale of PP&E	264,102	-	264,102	-
Acquisition of PP&E	(19,213,242)	-	(19,213,242)	-
Acquisition of intangible assets	(276,331)	-	(276,331)	-
Net cash (used)/from investing activities	**(18,808,968)**	**56,854**	**(18,808,968)**	**56,854**
Proceeds from loans and borrowings	54,000,000	-	54,000,000	-
Repayment of loans and borrowings	(40,000,000)	-	(40,000,000)	-
Interest paid	(3,893,338)	(56,854)	(3,950,192)	-
Dividends paid	(36,057,793)	-	(36,057,793)	-
Net cash used in financing activities	**(25,951,131)**	**(56,854)**	**(26,007,985)**	**-**
Net (decrease)/increase in cash and cash equivalents	25,393,918	-	25,393,918	-
Cash and cash equivalents at 1st January	(14,108,097)	-	(14,109,275)	1,178
Cash and cash equivalents at 31st December	**11,285,821**	**-**	**11,284,643**	**1,178**

VALUE ADDED STATEMENT

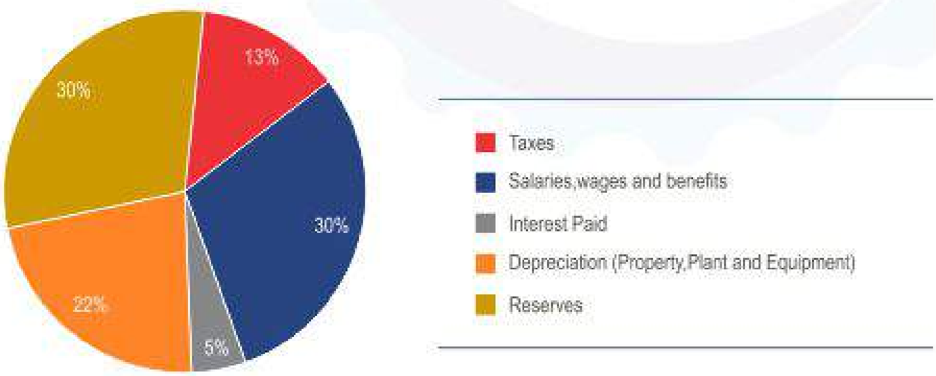
FOR THE YEAR ENDED 31ST DECEMBER

	2016 N'000		2015 N'000	
Revenue	**313,743,147**		**293,905,792**	
Bought in materials and services				
- Imported	(25,149,337)		(24,928,715)	
- Local	(177,197,023)		(142,893,006)	
	111,396,787		**126,084,071**	
Other income	615,662		483,910	
Finance income	416,503		503,607	
Value added by operating activities	**112,428,952**	**100**	**127,071,588**	**100**
Distribution of Value Added		**%**		**%**
To Government as:				
Taxes	11,226,137	10	16,458,850	13
To Employees:				
Salaries, wages, fringe and end of service benefits	39,031,407	35	38,047,404	30
To Providers of Finance:				
- Finance cost (interest expenses)	4,037,985	4	6,152,242	5
Retained in the Business				
To maintain and replace;				
- Property, plant and equipment	28,268,009	25	26,895,735	21
- Intangible assets	1,468,637	1	1,467,839	1
To augment reserves	28,396,777	25	38,049,518	30
Value added	**112,428,952**	**100**	**127,071,588**	**100**
Dividends to shareholders from reserves	**36,473,864**		**37,266,774**	

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.

2016 DISTRIBUTION OF VALUE ADDED

2015 DISTRIBUTION OF VALUE ADDED



COMPANY FIVE-YEAR FINANCIAL SUMMARY

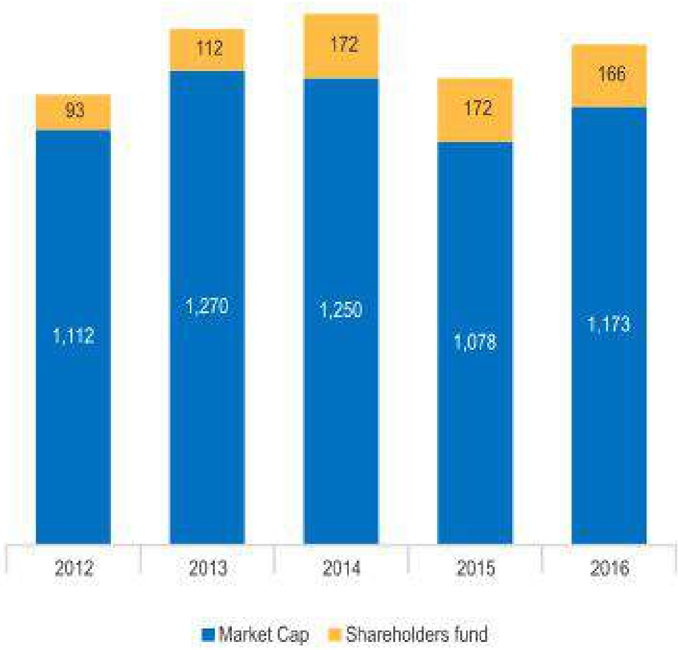
	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000
Statement of comprehensive income					
Revenue	**313,743,147**	**293,905,792**	**266,372,475**	**268,613,518**	**252,674,213**
Results from operating activities	52,908,411	62,269,368	66,860,899	69,171,377	63,932,031
Profit before taxation	39,622,914	54,508,368	61,461,821	62,240,317	55,624,366
Profit for the year	28,396,777	38,049,518	42,520,253	43,080,349	38,042,714
Comprehensive income for the year	29,700,906	37,211,895	42,104,674	41,498,365	38,062,067
Ratios					
Earnings per share	358	482	562	570	503
Share price at year end (Naira)	147.99	136.0	165.3	167.90	147.00
Declared dividend per share	460	470	575	300	300
Dividend coverage (times)	0.78	1.02	0.98	1.90	1.68
Net assets per share (kobo)	2,091	2,172	2,273	1,486	1,236
Statement of financial position					
Employment of Funds					
Property, plant and equipment	190,996,700	197,108,847	193,569,624	153,366,133	142,348,420
Intangible assets	99,477,826	100,612,728	97,969,253	53,563,357	53,987,573
Investments	829,625	829,625	829,625	150,000	150,000
Other receivables	623,331	321,509	189,710	158,884	148,700
Prepayments	1,154,399	354,394	187,889	235,790	132,309
Net current liabilities	(70,298,766)	(83,175,570)	(57,623,943)	(55,010,246)	(29,967,841)
Loans and borrowings	(17,000,000)	–	(24,670,000)	(9,000,000)	(45,000,000)
Employee benefits	(10,101,065)	(11,903,504)	(10,735,596)	(9,274,733)	(5,966,719)
Deferred tax liabilities	(29,876,508)	(31,914,564)	(27,833,732)	(21,830,000)	(22,384,550)
Net assets	**165,805,542**	**172,233,465**	**171,882,830**	**112,359,185**	**93,447,892**
Funds Employed					
Share capital	3,964,551	3,964,551	3,781,353	3,781,353	3,781,353
Share premium	64,950,103	64,950,103	4,567,967	4,567,967	4,567,967
Share based payment reserve	571,106	365,702	234,340	50,114	152,536
Retained earnings	96,319,782	102,953,109	102,733,836	103,959,751	84,946,036
Equity contribution reserve	–	–	60,565,334	–	–
	165,805,542	**172,233,465**	**171,882,830**	**112,359,185**	**93,447,892**

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

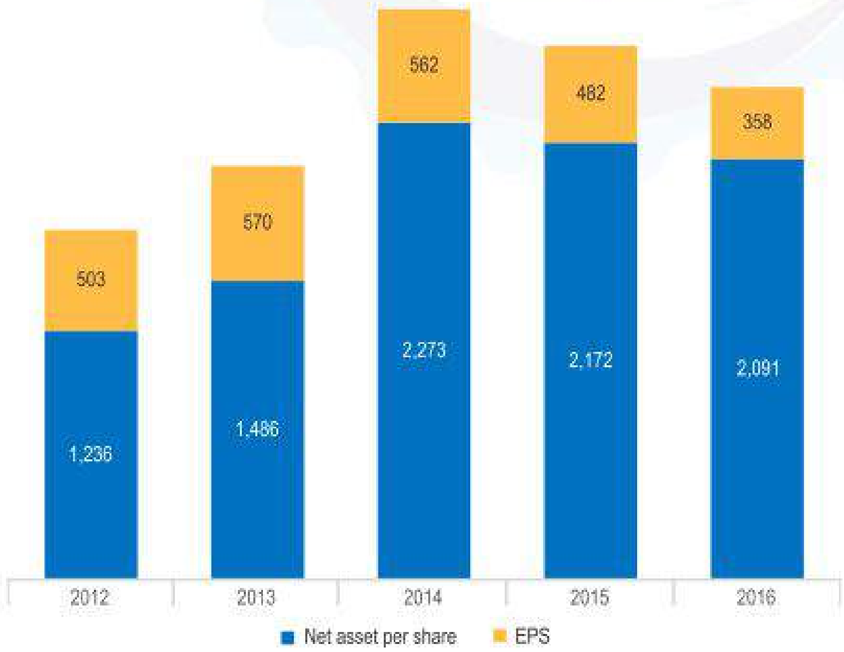
TURNOVER VS PROFIT BEFORE TAXATION (BILLION NAIRA)

MARKET CAPITALISATION VS SHAREHOLDERS' FUND (BILLION NAIRA)



EARNINGS PER SHARE VS DECLARED DIVIDEND PER SHARE (KOBO)

NET ASSET PER SHARE VS EARNINGS PER SHARE (KOBO)



(a) **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, 2016.

Shareholder	Number of Shares	Percentage
Heineken Brouwerijen B.V.	2,939,387,000	37.07
Distilled Trading International B.V.	1,237,500,160	15.61
Stanbic Nominees Nigeria Limited	1,025,854,705	12.94
Total	**5,202,741,865**	**65.62**

(b) **Statistical Analysis of Shareholding**

(i) The issued and fully paid-up Share Capital of the Company as at 31st December, 2016 was 7,929,100,888 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, 2016. The remaining 2,726,359,023 shares (representing 34.38%) were held by other individuals and institutions.

(ii) The Registrars advised that the range of shareholding as at 31st December, 2016, was as follows:

Range	No. of Holders	Holders%	Units	Units%
1 - 1,000	45,510	40.33	21,132,083	0.27
1,001 - 5,000	31,408	27.83	79,291,277	1.00
5,001 - 10,000	9,896	8.77	72,928,269	0.92
10,001 - 50,000	18,706	16.58	461,031,940	5.81
50,001 - 100,000	4,837	4.29	346,899,873	4.38
100,001 - 500,000	2,074	1.84	404,429,796	5.10
500,001 - 1,000,000	220	0.19	155,947,510	1.97
1,000,001 - 5,000,000	159	0.14	312,660,277	3.94
5,000,001 - 10,000,000	11	0.01	84,285,739	1.06
10,000,001 - 50,000,000	17	0.02	402,228,241	5.07
50,000,001 - 100,000,000	3	0.00	195,519,557	2.47
100,000,001 - 7,929,100,888	7	0.01	5,392,746,326	68.01
	112,848	**100.00**	**7,929,100,888**	**100.00**

(c) **Scrip 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
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

(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 (N'000)	Dividend (N'000)	Dividend per Share (kobo)	Date approved
2002	80	7,296,446	7,940,528	210	25th June, 2003
2003	81	7,352,287	4,159,409	110	30th June, 2004
2004	82	5,086,403	3,025,025	40	6th July, 2005
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
2015	101	42,520,253	27,751,853	350	13th May, 2015
2015	102 (Interim)		9,514,921	120	21st October, 2015
2016	103	38,059,684	28,544,763	360	11th May, 2016
2016	104 (Interim)		7,929,101	100	26th October, 2016

(e) 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 Limited
5. Anaebo Global Services Limited
6. Anason Associates Nigeria Limited
7. Anayo Ejike And Sons Nigeria Ltd.
8. Auscatec Merchants Ltd.
9. Austino Enterprises
10. Avutu Trading And Transport Company
11. Bode Concern Limited
12. Bolaji Karounwi
13. Bufa Investment Company Limited
14. C.N. Anyoha And Sons Limited
15. Cele O Que Enterprises Nig. Ltd.
16. Chidi Ndupu Enterprises Limited
17. Chrisemua And Sons Nigeria Limited
18. Chuks & UC Nwaubani Investment Ltd.
19. D - Dey Limited
20. Dacamca Nigeria Limited
21. De Chimax Enterprises Nigeria
22. Denike Agoro Enterprises
23. Edla Stores Limited
24. Egwin Holdings
25. Ejas And Sons
26. Emma Star Enterprises(Nigeria)
27. Ensik Global Ventures
28. Ese And Ehis Ventures Limited
29. Eso-Penco International Limited
30. Eze Libra Limited
31. Fidelity Structures Ltd.
32. Folky Merchant (Nig.) Limited
33. Franklouse Nig. Ltd.
34. G.A. Dike And Sons Limited
35. Ginika Store
36. Hotels De James Nigeria Limited
37. Ifejiofor and Sons
38. Ifekwesi Ventures Limited
39. Ifeoma Chukwuka Nig. Ltd.
40. Immaculate Beverages Ltd.
41. Innovation Era Nigeria Limited
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 And 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. Ken Maduakor Group Limited
55. Lexican Investments Ltd.
56. M.O. Nkala Nigeria Limited
57. Magulf Global Enterprises
58. Makt Biz Ents Limited
59. Marcellinus And Brothers Elite Ltd.
60. Mathtrice Nigeria Limited
61. Mawlat Ventures Limited
62. Ma-Zanas Nigeria Ltd.
63. Mekus Stores Nigeria Limited
64. MGB Integrated Ventures Nig. Ltd.
65. Modafe Global Resources Nigeria
66. Modupe Folarin Nigeria Limited
67. Momoreoluwa Nig. Limited
68. Moses & Kossy Nig. Enterprise
69. Muscle Group Of Company Nigeria
70. Nathan Ofoma And Sons Limited
71. ND and NK Investment Ltd.
72. Ngozi Global Stores Ltd.
73. Nkob & Fnmgbab Stores Limited
74. O. E Investment
75. O-Fage Ent. Nig. Ltd.
76. Oficon Nigeria Limited
77. Omane Global Resources Ltd.
78. Omotayo Stores
79. Onike Stores Limited
80. Oruche Stores Ltd.
81. Our Line Ltd.
82. P.N. Dibor And Company Ltd.
83. Paddymann Nigeria Limited
84. Patrick Telford And Company Limited
85. Pauline-Chimex Nigeria Limited
86. Prinwat Ventures Nigeria Ltd.
87. R.N. Okeke & Sons
88. R. Olabo Nigeria Limited
89. R.A. Olaiya Limited
90. Redemption Resources International
91. Retail Supermarkets Nig. Ltd.
92. Sammy Mautin Nig. Ltd.
93. Senna Atlantic Limited
94. Shukuriyya Global Ventures Ltd.
95. Skyward Resources Ltd.
96. Steve Imafidon & Sons Limited
97. Sufaye Investments Ltd.
98. Tasho Nigeria Limited
99. Tendy Nigeria Limited
100. Thames Aghedo Enterprises Limited

NOTES

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.

Nigerian Breweries Plc
RC: 613

PROXY FORM

71st Annual General Meeting to be held in the Shell Hall, Muson Centre, Onikan, Lagos State on Wednesday, 3rd May, 2017 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 Wednesday, 3rd May, 2017.

Dated this............... day of ...., 2017.

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 an 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 1st of May, 2017. 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 Mr. Olusegun S. Adebanji as a Director.			
To re-elect Mr. Hubert I. Eze as a Director.			
To re-elect Mr. Atedo N. A. Peterside, CON as a Director.			
To re-elect Mr. Mark P. Rutten as a Director.			
To re-elect Mr. Hendrik A. Wymenga 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.			
To increase the authorised share capital of the company.			
To approve a scrip dividend election option instead of final dividend in cash.			

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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