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MISSION STATEMENT, VISION AND CORE VALUES



MISSION STATEMENT

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

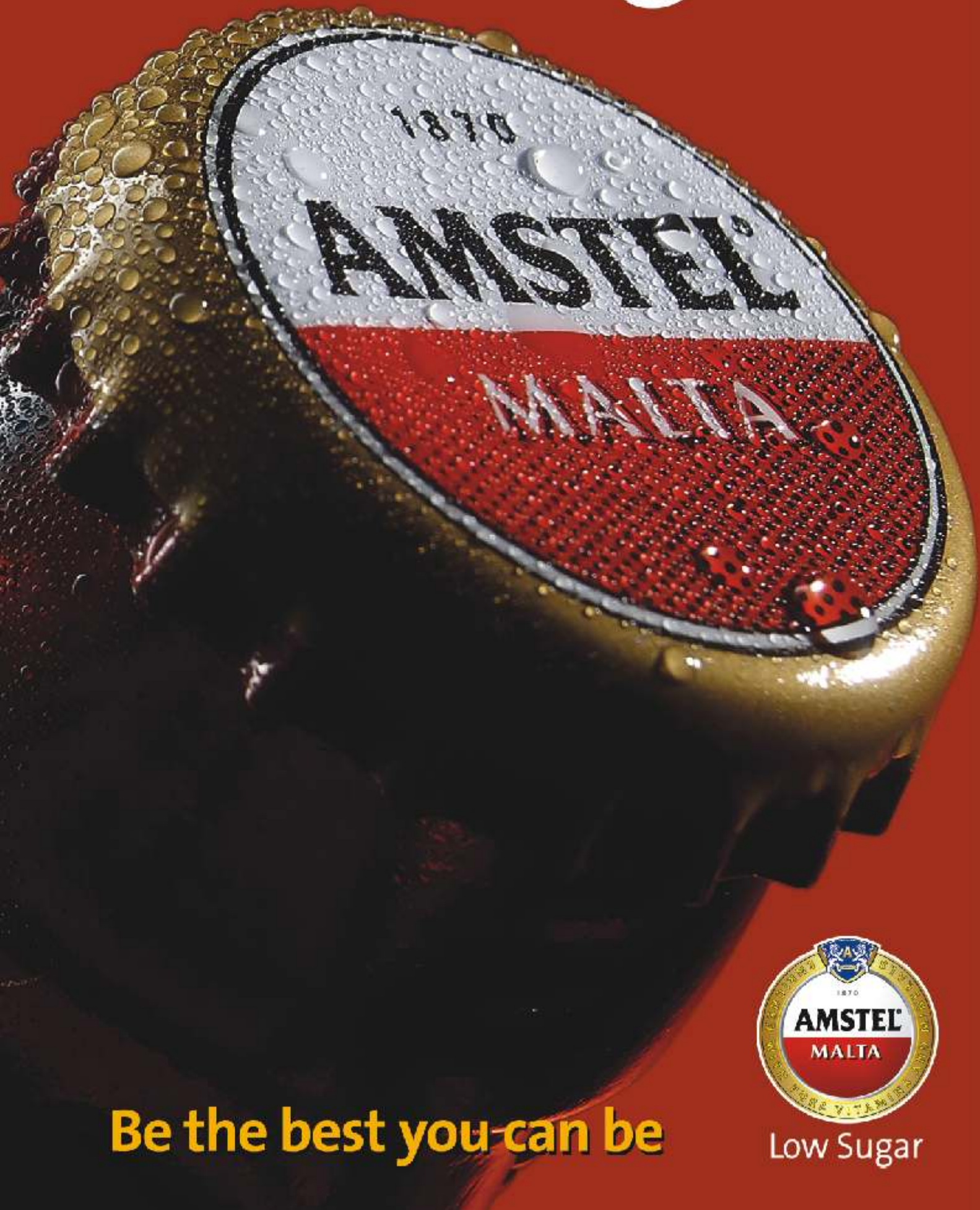
VISION

“ To be a World-Class Company ”

CORE VALUES

Respect; Passion for Quality; and Enjoyment

Low Sugar



Be the best you can be



Low Sugar

The
new face
of happiness



Sharing happiness

NATIONWIDE PRESENCE

Headquarters

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

Brewery Locations

Lagos Brewery

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

Aba Brewery

Industry Road
P.O. Box 496, Aba
Tel: (01) 2717403

Kaduna Brewery

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

Ibadan Brewery

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

Ama Brewery

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

Malting Plant

Aba Malting Plant

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

Sales Regions

Lagos Business Unit

Headquarters Annex
Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400-20 Ext: 2800, 2808

Central Business Unit

Plot 797, Mohammadu Buhari Way
Central Business District (CBD)
Abuja, FCT
Tel: (01) 2366073

East Business Unit

Plot 10, Ebeano Estate
New Haven, Enugu
Tel: (01) 2366046

West Business Unit

KM 3, Ibadan-Ife Road
P.O. Box 813, Ibadan
Tel: (01) 2717400 Ext: 5807

North Business Unit

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

South Business Unit

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

Mid-West Business Unit

42, Ihama Road
GRA, Benin City
Tel: (01) 2717400 Ext: 6503



DIRECTORS AND OTHER CORPORATE INFORMATION



Directors:	Chief Kolawole B. Jamodu, OFR	-	Chairman
	Mr. Nicolaas A. Vervelde (Dutch) (<i>appointed wef 1/8/10</i>)	-	Managing Director/CEO
	Mr. Olusegun S. Adebajji	-	Non-Executive
	Mr. Hubert I. Eze (<i>appointed wef 1/9/10</i>)	-	Sales Director
	Mr. Victor Famuyibo	-	Human Resource Director
	Mr. Jasper C. Hamaker (Dutch) (<i>appointed wef 24/7/10</i>)	-	Finance Director
	Mr. Paul Hamers (Dutch), MFR	-	Non-Executive
	Mr. Jan C. van der Linden (Dutch)	-	Marketing Director
	Mr. Thomas A. de Man (Dutch)	-	Non-Executive
	Mr. Atedo N.A. Peterside, OON	-	Non-Executive
	Mr. Hendrik A. Wymenga (Dutch) (<i>appointed wef 1/9/10</i>)	-	Technical Director
	Mr. Ishmael E. Yamson (Ghanaian)	-	Non-Executive
	Mr. Michiel J. Herkemij (Dutch) (<i>resigned wef 9/3/10</i>)		
	Dr. Oladele O. Ajayi (<i>resigned wef 31/8/10</i>)		
	Mr. Laurent Le Couedic (French) (<i>resigned wef 23/7/10</i>)		
	Mrs. Nenadi E. Usman (<i>resigned wef 1/9/10</i>)		
	Mr. Evert J. van Willegen (Dutch) (<i>resigned wef 31/8/10</i>)		

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 Auditors: KPMG Professional Services
22A, Gerrard Road
Ikoyi, Lagos
Tel: (01) 2718955
Signing Partner: Patrick Adetola Adeyemi (Mr.), FCA.
www.ng.kpmg.com

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

RESULTS AT A GLANCE

	2010	2009	% Change
Results in millions of Naira			
Turnover	185,863	164,207	13
Operating profit	44,967	41,662	8
Profit after taxation	30,332	27,910	9
Declared dividend*	26,771	13,613	97
Share capital	3,781	3,781	-
Shareholders' funds	50,172	46,570	8
Data per 50 kobo share in Kobo			
Earnings	401	369	9
Declared Dividend*	354	180	97
Net Assets	663	616	8
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared during the year	115	130	(12)
Interim dividend declared post year end	-	150	(100)
Final dividend proposed**	125	89	40
	240	369	(35)
Stock Exchange Information			
Stock Exchange quotation			
as at 31 st December in Naira per share	77.10	53.02	45
Number of shares issued in million	7,563	7,563	-
Market capitalisation as at 31 st December in ₦: million	583,074	400,990	45
Number of Staff			
Number of employees as at 31 st December	2,287	2,240	2
Ratios			
Declared Dividend Cover	1.13	2.05	45
Current assets/current liabilities	0.90	0.89	1

* Declared dividend represents the current year (115 kobo per share) and preceding year interim dividend declared during the current year (150 kobo per share) plus the final proposed for the preceding year but declared in the current year (89 kobo per share).

** The directors propose a final dividend of 125 kobo per share (2009: 89 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.



BOARD OF DIRECTORS



Sitting (L - R): Chief Kolawole B. Jamodu, OFR; Mr. Nicolaas A. Vervelde; and Mr. Thomas A. de Man

Standing (L - R): Mr. Uaboi G. Agbebaku; Mr. Atedo N. A. Peterside, OON; Mr. Paul Hamers, MFR; Mr. Olusegun S. Adebajji; Mr. Hendrik A. Wymenga; Mr. Ishmael E. Yamson; Mr. Hubert I. Eze; Mr. Jasper C. Hamaker; Mr. Victor Famuyibo; and Mr. Jan C. van der Linden.

BOARD OF DIRECTORS' PROFILE



Chief Kolawole B. Jamodu, OFR

Chairman

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 is a former Chairman and Group Chief Executive of the PZ Group as well as a former Chairman of Universal Trust Bank Plc. He is the President of the Manufacturers' Association of Nigeria (MAN) and also sits on the Board of United Bank for Africa Plc.

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 appointment to the Board of Directors, the Managing Director for Heineken Caribbean, Central America and Latin America.

Mr. Olusegun S. Adebajji

Non-Executive Director

Mr. Adebajji 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. 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 Resources Director

Mr. Famuyibo was appointed to the Board of Directors effective the 8th of September, 2008. A lawyer and Human Resources 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. Jasper C. Hamaker

Finance Director

Mr. Hamaker was appointed to the Board of Directors effective the 24th of July, 2010. He joined the Heineken N.V. Group in 1996 and has worked in various finance functions in Europe, Nigeria and Indonesia. Mr. Hamaker had previously served as the Financial Control Manager of our Company when he had his first stint with Nigerian Breweries Plc. Before his appointment to the Board of Directors, he was the Finance Director and Corporate Secretary of Multi Bintang Indonesia TBK (a Heineken company).

Mr. Paul Hamers, MFR

Non-Executive Director

A recipient of the Nigerian National Honours Award of Member of the Order of the Federal Republic (MFR), Mr. Hamers was initially on the Board of Directors between 1990 and 1991 and re-joined the Board in June 1998. He had his work experience in the Heineken N.V. Group in Europe, Africa and South America. He is a former Managing Director/Chief Executive Officer of our Company.

Mr. Jan C. van der Linden

Marketing Director

Mr. van der Linden was appointed to the Board of Directors effective the 1st of September, 2008. He joined the Heineken N.V. Group in July 1999 and has worked in various marketing and sales functions in Africa, Heineken Export, The Netherlands and Ireland. His previous function was with Heineken International B.V., as Global Head of the Amstel Brand.

Mr. Thomas A. de Man

Non-Executive Director

Mr. de Man joined the Board of Directors effective the 27th of February, 2003 when he became the Managing Director, Heineken's Operating Companies in Sub-Saharan Africa. He joined the Heineken N.V. Group in 1971 and has worked in Europe, Asia and Africa. He is currently Heineken's Regional President for Africa and the Middle East.

Mr. Atedo N. A. Peterside, OON

Non-Executive Director

Mr. Peterside was appointed to the Board of Directors effective the 21st of August, 2008. He is the Founder and Chairman of Stanbic IBTC Bank Plc and the President and Founder of ANAP Foundation, a non-profit organisation that is committed to promoting Good Governance. He was the Chairman of the Committee that first crafted a Corporate Governance Code for Public Companies in Nigeria. He is the Chairman of Cadbury Nigeria Plc and also sits on the Boards of Flour Mills of Nigeria Plc, Presco Plc and Unilever Nigeria Plc.

Mr. Hendrik Albert 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.

Mr. Ishmael E. Yamson

Non-Executive Director

Mr. Yamson joined the Board of Directors effective the 7th of April, 2004. A well respected figure in the Ghanaian corporate world, he had his work experience in the UAC and Unilever companies in Ghana, rising to the post of the Managing Director/Chief Executive of Unilever Ghana and Chairman of Unilever Tanzania. He is the Chairman of Standard Chartered Bank Ghana Limited.

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 Garrik & Co.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 65th Annual General Meeting of Nigerian Breweries Plc, will be held in the Shell Hall, Muson Centre, Onikan, Lagos, on Wednesday, 18th May, 2011, at 10.00 a.m. for the following purposes:

A ORDINARY BUSINESS

1. To receive the Report of the Directors, the Balance Sheet as at 31st December, 2010, together with the Profit and Loss Account 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 including Mr. Paul Hamers, MFR who is over 70 years old special notice to that effect having been received by the Company in accordance with Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.
4. To authorise the Directors to fix the remuneration of the Independent 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, to pass the following resolutions as Ordinary Resolutions:
 - (i) That the Board of Directors of the Company be and is hereby authorised to enter into negotiations to acquire, and upon agreement on terms, to acquire 99.9% of the shares in the issued share capital of Sona Systems Associates Business Management Limited ("**Sona Systems**") held by Global Vulcan (Mauritius) Limited;
 - (ii) That the Board of Directors of the Company be and is hereby authorised to enter into negotiations to acquire, and upon agreement on terms, to acquire 99.14% of the shares in the issued share capital of Life Breweries Company Limited ("**Life**") held by Montgomery Ventures Inc.;
 - (iii) That the Board of Directors of the company be and is hereby authorised to do such other acts or things as may be necessary or incidental to effecting all of the above-mentioned resolutions, and to conclude the above stated acquisition transactions subject to obtaining all requisite regulatory approvals"

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 needs 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 Nigeria 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, any 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.



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)



(c) **DIVIDEND WARRANT**

If the dividend recommended is approved, the warrants will be posted on **19th May, 2010**, to shareholders whose names appear on the Company's Register of Members at the close of business on **Wednesday, 16th March, 2011**.

(d) **CLOSURE OF REGISTER**

The Register of Members and Transfer Books of the Company will be closed from **Thursday, 17th March, 2011 to Wednesday, 23rd March, 2011** (both dates inclusive), for the purpose of preparing an up-to-date Register of Members.

(e) **EXPLANATORY STATEMENT**

An Explanatory Statement on the proposed resolutions contained in item 7 of the agenda has been posted to each shareholder. Any shareholder who is yet to receive the Explanatory Statement may obtain a copy from the Registrars.

Dated the 23rd day of February, 2011.

By Order of the Board.

Uaboi G. Agbebaku, Esq.

Company Secretary/Legal Adviser
Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.



CHAIRMAN'S ADDRESS



Chief Kolawole B. Jamodu, OFR
Chairman

My fellow shareholders, distinguished ladies and gentlemen, it gives me great joy to welcome you to the 65th Annual General Meeting (AGM) of our great Company, Nigerian Breweries Plc, taking place at the Shell Hall, Muson Centre, Onikan, Lagos, Nigeria.

The Agenda for the AGM is on page 11 of the 2010 Annual Report and Accounts sent to all shareholders ahead of the meeting.

Before dealing with the main items on the Agenda, permit me to briefly review some of the significant developments in the operating environment that had impact on our operations and performance during the year under review. I will also present to you, the future outlook for our Company.



CHAIRMAN'S ADDRESS (CONT'D)

Business/Operating Environment

In 2010, the economy was relatively stable following the slow-down witnessed in the later part of the preceding year (2009). Businesses took several steps to adjust to the prevailing environment leading to amongst others, job losses and salary cuts especially in the financial sector of the economy. Access to credit facilities by entrepreneurs and individuals remained tough. In the money market, the deposit rate took a steep nose-dive to an average of about 2% while the lending rate was at an average of about 18%. The apathy in the stock market did not improve much in the year under review despite the drop in deposit rate. The Asset Management Corporation of Nigeria (AMCON) came into operation in 2010. The expectation is that AMCON will be a vehicle for the injection of funds into the troubled banks thereby encouraging banks to lend to small and medium scale establishments. The toxic assets of 21 banks have been acquired by AMCON.

Infrastructure remains a major challenge for businesses in the country especially in the areas of power, transportation and security amongst others. Multiplicity of taxes remains a recurring issue for business operators.

The Brewed Products Market

The general socio-economic situation in the country impacted on the brewed products market in the year under review. Though the growth rate picked up gradually after the difficult second half of the previous year, it was not at the same level as the pre-2009 years.

Despite the increased competition by all players in the market that was witnessed in 2010, I am very pleased to inform you, fellow shareholders, that we maintained our leadership position in the market.

Review of Operations

During the year under review, we fully implemented our migration to a new business software, SAP Heicore thereby making our business processes more robust and efficient. We maintained our policy of continuous investment in all areas of our operations – technical, commercial, systems and human resource.

The new Lagos Brew-House was commissioned by the Executive Governor of Lagos State, His Excellency Mr. Babatunde Raji Fashola (SAN) during the year under review. Other modernisation projects were completed and commissioned in our other breweries in Aba, Kaduna, Ibadan and Ama.

We added a new brand to our portfolio by launching the herbal energy drink, Climax. The biggest consumer promotion ever in the history of our Company, the Star Consumer Promotion was successfully executed. Our various consumer-bonding brand events such as Gulder Ultimate Search, Maltina Dance-All, Heineken Champions Planet, Star Mega-Jam, Fayrouz Campus Activations and Legend Real Connection amongst others were executed with resounding success.

As always, people are our most important assets. Overseas and local training programmes were organised for our employees at all levels. Our on-going exchange programme with Heineken International resulted in the appointment of our own Dr. Oladele O. Ajayi as the Managing Director of Heineken Hungary. By that appointment, Dr. Ajayi becomes the first African to head any Heineken operation in Europe; we are very proud of that achievement. Six other Nigerians are currently on assignments in various Heineken operations across the world. The benefits of such international experience for our people's developments cannot be over-emphasised.

Some of the awards received by our Company during the year under review include the Pearl award for "Best Company in the Brewery Sector"; Advertisers Association of Nigeria's "Brand of the Year" award for Maltina; and Lagos Advertising Ideas Festival Awards for Star and Maltina commercials. Our Senior Brand Manager, Maltina, Mr. Tokunbo Adodo, was voted the "Brand Manager of the Year" by the Advertisers Association of Nigeria. Others include the "Friend of the Environment" award by the Lagos State Environmental Protection Agency and the "Best kept Industrial Premises" award by the Manufacturers Association of Nigeria, Apapa Branch.



CHAIRMAN'S ADDRESS (CONT'D)

Company Performance

Improvement in supply of products and the benefits from increased investment in our brands resulted in volume and revenue growth in 2010. Turnover went up by 13% from ₦164.2 billion in 2009 to ₦185.9 billion. Operating Profit grew by 8% from ₦41.7 billion in 2009 to ₦45 billion. We ended the year with a Profit After Taxation of ₦30.3 billion an increase of 9% from the ₦28 billion of the previous year.

Dividend

Fellow shareholders, in order to finance expansion plans for the business thereby ensuring further growth, the Board is pleased to recommend to you for approval at the AGM, the payment of a total dividend of **₦18,150,149,616** (eighteen billion, one hundred and fifty million, one hundred and forty nine thousand, six hundred and sixteen naira only), that is, **₦2.40** (two naira forty kobo) per ordinary share of fifty kobo each for the financial year ended 31st December, 2010. The Board had earlier approved the payment of an interim dividend of **₦8,696,946,691** (eight billion, six hundred and ninety six million, nine hundred and forty six thousand, six hundred and ninety one naira only) that is, **₦1.15** (one naira fifteen kobo) per ordinary share of fifty kobo each which was declared in May, 2010. Thus, the final dividend will be **₦9,453,202,925** (nine billion, four hundred and fifty three million, two hundred and two thousand, nine hundred and twenty five naira only), that is, **₦1.25** (one naira twenty five kobo) per ordinary share of fifty kobo each. If approved, the final dividend shall be paid less deduction of withholding tax to all shareholders recorded in the Register of Members as at close of business on the 16th of March, 2011. The payment date shall be the **19th of May, 2011**. To enable you receive your dividend as soon as possible, I encourage all who have not taken the e-dividend option to do that. This will not only result in quick transfer of the dividend into your account, it will also help eliminate issues of unclaimed dividends. An e-dividend Form for your use is on page 65 of the Annual Report & Accounts.

Board of Directors

Fellow shareholders, recall that at the last AGM, I had informed you of the resignation of our former Managing Director/CEO, Mr. Michiel J. Herkemij from the Board to enable him take up another assignment in Mexico. I had also informed you that Mr. Nicolaas A. Vervelde would succeed Mr. Herkemij as our Managing Director/CEO. Thus, Mr. Vervelde was appointed to the Board as well as the Managing Director/CEO effective the 1st of August, 2010.

There were also other movements on the Board. Dr. Oladele O. Ajayi resigned from the Board effective close of business on the 31st of August, 2010 to enable him take up appointment as the Managing Director of Heineken Hungary. Other changes were those of Mr. Laurent Le Couedic who resigned from the Board effective close of business on the 23rd of July, 2010 to assume another assignment in France and Mr. Evert J. van Willegen who resigned from the Board effective close of business on the 31st of August, 2010 having completed his period of secondment to Nigeria. Also, Mrs. Nenadi E. Usman resigned from the Board effective the 1st of September, 2010 to enable her pursue some private interest. We wish each of them success in their respective new undertakings.

In accordance with the provisions of our Articles of Association, the following persons were appointed to fill the vacancies on the Board: Mr. Jasper C. Hamaker effective the 24th of July, 2010; Mr. Hubert I. Eze and Mr. Hendrik A. Wymenga both of them effective the 1st of September, 2010. Messrs. Hamaker, Eze and Wymenga will retire at the AGM and being eligible, they will offer themselves for re-election at the meeting.

The Directors to retire by rotation at the AGM in accordance with the provisions of our Articles of Association are: Chief Kolawole B. Jamodu, OFR; Mr. Paul Hamers, MFR; and Mr. Jacco C. van der Linden. Being eligible, they have offered themselves for re-election. Please be informed that Mr. Hamers is over 70 years old and has duly informed the Company of that in accordance with the provisions of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

Our Future Prospects

Operating Environment

2011 is another year of general elections in Nigeria. We all look forward with hope and expectations that the aftermath of the election will usher in an improved and a better business and economic environment for the greater benefit of all. The Federal Government has projected a 7% growth in the economy in 2011. We expect improvements in access to credit facilities as



CHAIRMAN'S ADDRESS (CONT'D)



well as in the areas of power, security and transportation. I note and commend the efforts of the Federal Government in revitalising the rail system in the country. Nigerians look forward to a modernisation of the rail system which will in no small way, improve and increase the movement of people, materials and products from one part of the country to another. Also noted and commended is the Roadmap for Power Sector Reform flagged off by the Federal Government with the objective of making regular power available to all Nigerians.

Brewed Products Market

The brewed products market is projected to be very active amongst all the players. Huge expansion investments are on-going in the sector signalling investors' confidence in the economy. We therefore expect a very competitive year ahead.

Proposed Acquisition

Dear fellow shareholders, our resolve in the Board is not just to maintain our leadership position in the market, but to improve on it. As a result, the Board is proposing to enter into discussions with the majority owners of two companies, Sona Systems Associates Business Management Limited (with breweries in Ota, Ogun State and Kaduna) and Life Breweries Company Limited (with a brewery in Onitsha) with a view to acquiring those companies. The companies (and the breweries) were amongst the assets initially acquired from the previous owners by two holding companies belonging to Heineken N.V. The shares in the said two companies are being offered to us for purchase by those holding companies. One of the opportunities created by the offer is a ready availability of capacity that will enable us compete effectively in the market. At the moment, we are stretched for capacity and would need to build/invest in a new brewery to enable us meet the growing demand for our products – building a new brewery would take a period of not less than 24 months. This acquisition opportunity is therefore a very good investment decision we need to take as it will give us a quick access to production capacity and facilities. Apart from increased capacity which the proposed acquisition will provide, we will be adding three brands, Goldberg (lager), Malta Gold (malt) and Life (lager) to our portfolio. Further, the proposed acquisition will broaden our geographical reach and optimise our distribution costs. My dear shareholders, I am very confident that this proposed acquisition will increase the value of our business thereby leading to better returns for the shareholders. On behalf of the Board, I recommend it to you and humbly urge you to vote for it at the AGM. Details of the proposed acquisition are contained in the Explanatory Statement you will receive ahead of the meeting.

Conclusion

I cannot end my address without giving kudos to Heineken N.V. for its unflinching faith and belief in our economy. The five breweries acquired via two of its holding companies at the beginning of 2011 is a testament of that belief. Heineken N.V.'s support and co-operation in all areas of our operations have kept our company on top.

I thank my colleagues on the Board, the Management and entire Nigerian Breweries Plc family for the passion and efforts exhibited in the year under review which resulted in the impressive performance mentioned above.

My fellow shareholders, without your support and confidence in the Company, we will not be here today. I cannot thank you enough. I urge you to keep the faith and commitment.

Above all, I thank God for the success of 2010 and for keeping our Company going for more than 60 years.

Once again, thank you and God bless you all.

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

DIRECTORS' REPORT

For the year ended 31st December 2010



Mr. Nicolaas A. Vervelde
Managing Director/CEO

The Directors are pleased to present their annual report on the affairs of the Company to members of Nigerian Breweries Plc together with the financial statements for the year ended 31st December, 2010.

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, the latter having a 54.10% interest in the equity of Nigerian Breweries Plc.

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 9 to the financial statements.



DIRECTORS' REPORT (CONT'D)



4. Review of Operations

Improvement in supply of products and the benefits from increased investment in our brands resulted in volume and revenue growth during the year under review. Our leadership position in the market was maintained.

The following is a summary of the operating results as at 31st December:

	2010 N'000	2009 N'000
Turnover	185,862,785	164,206,848
Operating profit	44,966,614	41,662,334
Profit before taxation	44,880,248	41,399,796
Taxation	(14,548,130)	(13,489,705)
Profit after taxation	30,332,118	27,910,091

5. Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of ₦18,150,149,616 (eighteen billion, one hundred and fifty million, one hundred and forty nine thousand, six hundred and sixteen naira only), that is, ₦2.40 (two naira forty kobo) per ordinary share of fifty kobo each. Having earlier paid an interim dividend which was declared in May 2010 in the sum of ₦8,696,946,691 (eight billion, six hundred and ninety six million, nine hundred and forty six thousand, six hundred and ninety one naira only) that is, ₦1.15 (one naira fifteen kobo) per share, a final dividend of ₦9,453,202,925 (nine billion, four hundred and fifty three million, two hundred and two thousand, nine hundred and twenty five naira only), that is, ₦1.25 (one naira twenty five kobo) per share is being proposed. 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 19th of May, 2011, to all shareholders whose names appear in the Company's Register of Members at the close of business on the 16th of March, 2011.

“The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of ₦18,150,149,616 (eighteen billion, one hundred and fifty million, one hundred and forty nine thousand, six hundred and sixteen naira only), that is, ₦2.40 (two naira forty kobo) per ordinary share of fifty kobo each.”

6. Board of Directors

The Directors who served during the year under review are as shown on page 6 of the Annual Report and Accounts. The Board is at present made up of six (6) Executive Directors and six (6) Non-Executive Directors (including the Chairman). The Board has a formal schedule of meetings each year and met five (5) times in the course of the year under review.

There were some changes in the Board during the year under review. In addition to the resignation of the former Managing Director/CEO, Mr. Michiel J. Herkemij as disclosed at the last Annual General Meeting, Messrs Laurent Le Couedic and Evert J. van Willegen resigned from the Board effective the 23th of July, 2010 and the 31st of August, 2010 respectively on completion of their secondment assignments. Dr. Oladele O. Ajayi resigned from the Board effective the 31st of August, 2010 to enable him take up a higher appointment as the Managing Director of Heineken Hungary while Mrs. Nenadi E. Usman resigned from the Board effective the 1st of September, 2010 to enable her pursue some private interest. The Board thanks each of them for their invaluable contributions to the affairs of the Company and wishes them success in their respective future endeavours.

DIRECTORS' REPORT (CONT'D)

Further to the provisions of the Articles of Association, Mr. Nicolaas A. Vervelde was appointed to the Board as well as the Managing Director/CEO effective the 1st of August, 2010. Also in accordance with the provisions of the Articles of Association, Messrs Hubert I. Eze, Jasper C. Hamaker and Hendrik A. Wymenga were appointed to fill the vacancies on the Board. Thus, Messrs Eze, Hamaker and Wymenga will retire at the forthcoming Annual General Meeting. Being eligible, they have offered themselves for re-election at the meeting.

The Directors to retire by rotation at the forthcoming Annual General Meeting in conformity with the Articles of Association of our Company and who, being eligible, have offered themselves for re-election at the meeting are: Chief Kolawole B. Jamodu, OFR and Messrs Paul Hamers, MFR and Jan C. van der Linden. With regard to the re-election of Mr. Hamers, who is over 70 years old, special notice to that effect was received from him as required under Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

7. Statement of Directors' Responsibilities

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 37 to 55 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 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.

8. Record of Directors' Attendance

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, the Record of Directors' Attendance at Board Meetings during the year under review is available at the Annual General Meeting for inspection. Further, and in line with Corporate Governance principles, details of attendance of the current Directors at the Board Meetings, is as follows:

Name	*Number of Meetings Held	Number of Meetings Attended
Chief Kolawole B. Jamodu, OFR	5	5
Mr. Nicolaas A. Vervelde	2	2
Mr. Olusegun Adebajji	5	5
Mr. Hubert I. Eze	2	2
Mr. Victor Famuyibo	5	4
Mr. Jasper C. Hamaker	2	2
Mr. Paul Hamers, MFR	5	4
Mr. Jan C. van der Linden	5	5
Mr. Thomas A. de Man	5	5
Mr. Atedo N.A. Peterside, OON	5	5
Mr. Hendrik A. Wymenga	2	2
Mr. Ishmael E. Yamson	5	4

* During the time the Director was a member of the Board of Directors.

9. Directors' Interest in Shares

The interest of each 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 the Companies and Allied Matters Act, Cap. C20, Laws of the



DIRECTORS' REPORT (CONT'D)

Federation of Nigeria, 2004, and disclosed in accordance with Section 342 of the said Act and the requirements of the Listing Rules of the Nigerian Stock Exchange, is as follows:

Name	As at 23 rd February, 2011	As at 31 st December, 2010	As at 31 st December, 2009
Chief Kolawole B. Jamodu, OFR	431,704	431,704	431,704
Mr. Nicolaas A. Vervelde	Nil	Nil	NA*
Mr. Olusegun Adebaniji	200,000	200,000	18,000
Mr. Hubert I. Eze	41,383	41,383	NA*
Mr. Victor Famuyibo	Nil	Nil	Nil
Mr. Jasper C. Hamaker	Nil	Nil	NA*
Mr. Paul Hamers, MFR	Nil	Nil	Nil
Mr. Jan C. van der Linden	Nil	Nil	Nil
Mr. Thomas A. de Man	Nil	Nil	Nil
Mr. Atedo N.A. Peterside, OON	15,000,000	15,000,000	15,000,000
Mr. Hendrik A. Wymenga	Nil	Nil	NA*
Mr. Ishmael E. Yamson	Nil	Nil	Nil

* Not on the Board of Directors at that date.

10. Directors' Interest in Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, Cap.20, Laws of the Federation of Nigeria, 2004, no Director notified the Company of any disclosable interest in any contract in which the Company was involved during the year under review.

11. Shareholding and Substantial Shareholders

The issued and fully paid-up Share Capital of the Company is 7,562,562,340 Ordinary Shares of 50 kobo each. The Register of Members shows that only two companies under the Heineken N.V. group having 4,091,260,852 shares (representing 54.1%), held more than 10% of the issued Share Capital as at 31st December, 2010. The remaining 3,471,301,488 shares (representing 45.9%) were held by Nigerian and foreign individuals and institutions. Aside the said two Heineken N.V. companies, (Heineken Brouwerijen B.V. holding 37.74% and Distilled Trading International B.V. holding 16.36%) and Stanbic Nominees Nigeria Limited (7.93%), no other shareholder held more than 5% of the issued Share Capital of the Company as at 31st December, 2010.

12. 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 Sorghum Hybrids with the potential of increasing the quality of malt produced and yield/output for the sorghum growers. The activities include evaluation of available raw sorghum varieties with the aim of identifying peculiarities of the seeds and impact on malt production. These will help stimulate the sorghum industry and define a sustainable malting process which will guaranty the production of high quality sorghum malt that will consistently meet all specifications for beverage making in our breweries. The Company also has a subsisting consultancy agreement with a Nigerian Professor on the development of sorghum seeds.

“The Company also has a subsisting consultancy agreement with a Nigerian Professor on the development of sorghum seeds.”

13. Fixed Assets

Information relating to changes in fixed assets is given in Note 8 to the Financial Statements. In the opinion of the Directors, the fair value of the Company's property is not less than the value shown in the financial statements.



DIRECTORS' REPORT (CONT'D)

14. Gifts and Donations

In 2010, the Company made gifts and donations amounting to ₦67,123,955 (2009: ₦100,517,175) as follows:

Beneficiary/Project	Naira
Motherless Babies Home, Ibadan	54,280
Road Safety Awareness Campaign	200,000
Manufacturers Association of Nigeria	250,000
Golden Hearts Initiative	250,000
Association of Food, Beverages and Tobacco Employers	250,000
Federation of Oyo State Students Association	400,000
Advertising Practitioners Council of Nigeria (APCON)	500,000
National Office for Technology Acquisition and Promotion (Innovation Workshop)	840,000
Nigerian Stock Exchange (Media Training Workshop)	850,000
National Accounting Standards Board (IFRS Workshop)	1,000,000
Lagos State Environmental Protection Agency (E-Waste Programme)	1,000,000
Ohuru Amaiyi Community School, Aba, borehole	1,105,000
Polo Tournament	1,351,762
Erosion Control Drainage, Nigeria Police Force, Panti-Yaba	1,500,000
16th Nigeria Economic Summit	1,650,000
National Chess Competition	3,000,000
Transformer for Eziukwu Community, Aba	3,238,550
Umuezeani Fish Farm Borehole, Enugu	3,500,000
Kagoro Community Water Borehole, Kaduna	5,233,120
Tennis Tournaments	9,968,868
Golf Tournaments	30,982,375
	67,123,955

In accordance with Section 38(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, 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.

15. 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 four (4) 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 job 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.

“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.”

16. **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.

17. **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 9001:2000) 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.

DIRECTORS' REPORT (CONT'D)

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.

18. 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 33 and 34.

“Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders.”

(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;



DIRECTORS' REPORT (CONT'D)

- 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.

19. 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 his 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.

20. Regulation for Dealing in Shares

Nigerian Breweries Plc has in place a Regulation 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 provides 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.

21. Corporate Governance/Board Committees

Nigerian Breweries Plc adopts a responsible attitude towards corporate governance. In conformity with the Code of Best Practice in Corporate Governance, the Directors have established the following Committees:

(a) Executive Committee

The Executive Committee comprises the Executive Directors and two 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.

(b) Remuneration Committee

The Remuneration Committee is currently composed as follows:

- | | | | |
|------|-----------------------|---|----------|
| i. | Mr. Paul Hamers | - | Chairman |
| ii. | Mr. Ishmael E. Yamson | - | Member |
| iii. | Mr. Victor Famuyibo | - | Member |

This Committee has responsibility for reviewing executive remuneration and determines specific remuneration packages for Directors.

(c) Nomination Committee

The Nomination Committee is currently composed as follows:

- | | | | |
|------|-----------------------|---|----------|
| i. | Mr. Ishmael E. Yamson | - | Chairman |
| ii. | Mr. Victor Famuyibo | - | Member |
| iii. | Mr. Paul Hamers | - | Member |

This Committee is responsible for making recommendations to the Board on candidates for appointment as Directors.



DIRECTORS' REPORT (CONT'D)

22. Audit Committee

The Audit Committee is composed of three Shareholders' representatives and three Directors' representatives (two of whom are Non-Executive Directors and the other an Executive Director not being the Finance Director). It is chaired by a member representing the shareholders. The Committee met four times during the year under review.

The Committee in the conduct of its affairs reviews the Company's overall risk management and 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 Auditors.

The statutory functions of the Committee are provided for in Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

23. Independent Auditors

Messrs KPMG Professional Services served as the Independent Auditors during the year under review. The Independent Auditor's Report was signed by Patrick Adetola Adeyemi (Mr.), FCA, a partner in the firm, with Institute of Chartered Accountants of Nigeria (ICAN) membership number "6107".

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, Messrs KPMG Professional Services have indicated their willingness to continue in office as Independent Auditors to the Company.

Dated the 23rd of February 2011.

By Order of the Board.



Uaboi G. Agbebaku, Esq.
Company Secretary/Legal Adviser
Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.





His Excellency, Alhaji Mukhtar Ramalan Yero, Deputy Governor of Kaduna State at the commissioning of the VVF ward with Mr. Nicolaas Vervelde, NB's MD/CEO (2nd left) and Mr. Bala Yesufu, NB's Public Affairs Manager, North (3rd left)

HAF/NB Donate VVF Ward To Kaduna State

Healthcare delivery in Nigeria received a boost in 2010 as Nigerian Breweries Plc, in conjunction with the Heineken Africa Foundation (HAF), donated a fully built and equipped Vesico Vaginal Fistula (VVF) Ward to the Hajia Gambo Sawaba General Hospital Zaria, Kaduna State. The Ward is expected to alleviate the suffering of women living with the condition as well as compliment government effort in health care delivery.



Mr. Isaac Ologun of NB Plc presenting an FRSC Certified motorcycle (crash) helmet to the Deputy Governor of Kano State, Engr. Abdullahi Mohammed Gwarzo during the 2010 road safety campaign in Kano while officials of the FRSC look on.

NB/FRSC Continues Partnership On Don't Drink And Drive

As part of efforts aimed at reducing vehicle accidents and fatalities on our highways, we continued with our collaborative efforts with the Federal Road Safety Commission (FRSC) in 2010 to enlighten motorists, motorcyclists and other road users on safety on the road. The road safety campaign emphasised the need for road users not to drink and drive as well as the use of safety (crash) helmets by motorcyclists.



Chief John Odeyemi, Life Vice President, Lagos Chamber of Commerce & Industry (left), presenting the Certificate of Excellence to Isaac Ologun (right) of NB's Corporate Affairs Department.

NB Wins Sectoral Leadership Award

Nigerian Breweries Plc was once again confirmed as the leader of the brewery sector this time by the Board of the Pearl Awards. At the 15th anniversary of the pearl awards held late 2010, the company received a Certificate of Excellence for Sectoral Leadership (Breweries).



Prince Adeniyi Oyemade, Lagos State Commissioner for Commerce and Industry unveiling the plaque to declare the new brew-house open while Chief Kola Jamodu, OFR (Chairman, NB Plc) and Mr. Michiel Herkemij (former MD/CEO) look on.

Lagos Brewery Commissions New Brew-house

Our Lagos Brewery, Nigeria's oldest brewery drew a crowd of dignitaries from both the public and private sectors during the commissioning of its ultra-modern brew-house. The new brew-house was commissioned in May 2010 by the Governor of Lagos State, His Excellency Babatunde Raji Fashola, represented by the Commissioner for Commerce and Industry, Prince Adeniyi Oyemade.



Dr. Ajibike, Director, Oyo State Ministry of Education, commissioning the newly built classroom blocks at Community High School, Alalubosa while Mr. Vivian Ikem, NB CSR Manager (3rd left) and other dignitaries look on.

NB-Felix Ohiwerei Education Trust Fund Donates School Blocks to Communities

As part of our corporate social responsibility, we donated fully furnished classrooms to some schools across Nigeria in 2010. The donations were made through the Nigerian Breweries-Felix Ohiwerei Education Trust Fund. Some of the beneficiaries were Constitution Crescent Primary School and Ezima High School both in Aba, Abia State and Community High School, Alalubosa in Oyo State.



Mr. Yusuf Ageni, Corporate Affairs Adviser; Mr. Azu Nwabogu, President AAF; Mr. Sangodare Ajala; Mr. Paul Hamers, MFR (former MD/CEO) and Mr. Tola Wewe, Ondo State Commissioner for Culture and Tourism.

The Creative Arts Get More Support from NB

Our support for the arts continued in 2010 with the successful sponsorship and hosting of the 3rd edition of the National Arts Competition tagged "Chronicles of a Great Nation at 50". The 2010 edition of the competition was organised to mark Nigeria's 50th independence anniversary.

The 3rd edition of the Creative Writing Workshop sponsored by the Company was concluded in Lagos. The 2010 edition featured the famous Ghanaian literary writer Ama Ata Aidoo and Nigeria's Chimamanda Adichie amongst other celebrated writers.



Left Picture: Participants at the Creative Writers Workshop.



Right Picture: (L-R) Niq Mhlango, Chika Unique, Ama Ata Aidoo, Chimamanda Adichie and Binyavanga Wainaina at the Creative Writing Workshop.



(L-R) Chief Godspower Agbonifo (Chairman, Magulf Global Enterprise Ltd.), Mr. Robbert Mooij (NB's Head of Logistics), Chief (Mrs.) Mary Agbonifo (MD, Magulf Global Enterprise Ltd.), Mr. Nicolaas Vervelde (NB's MD/CEO), Engr. E.N. Nnabuogwu (MD/CEO, E.O. Nnabuogo & Sons Nig. Ltd.) and Mr. Hubert Eze (NB's Sales Director).

NB Rewards Key Partners

Key partners of Nigerian Breweries Plc were variously rewarded for their contributions to the Company's performance in 2010 at the 2010 Customers Award ceremonies. Magulf Global Enterprise Ltd. retained its position as the Biggest Distributor while Nnabuogwu & Sons Nig. Ltd. also retained its position as the Best Key Transporter. While the distributor went home with a new Iveco delivery truck amongst other prizes, the transporter was rewarded with 33,000 litres of AGO (diesel) amongst others.



(L-R) Emete mete Tonukari (Public Affairs Manager, East) presenting 50 cartons of Star to Mrs. Ifeoma Nwobodo, Chief of Staff to the Enugu State Governor.



Celebrates Nigeria At 50

Nigeria's 50th independence anniversary provided an opportunity for Star, the nation's first indigenous and favourite lager beer (and indeed the beer that was used to celebrate the declaration of our independence in 1960), to celebrate its partnership with the country. The Company donated 50 cartons of Star each to some states and local governments across the country.



Jukebox Wins STAR Quest 2010

A new band is introduced into the Nigerian music industry as the musical group, JUKEBOX won the 2010 edition of Star Quest in a keenly contested musical talent show.



Shines At Notting Hill Carnival

Our Star lager made a bold entry into the popular UK annual event, Notting Hill Carnival in 2010, shining the brighter life on the event.



Oluremi Oyekunle Is The Ultimate Hero

The seventh season of the most popular and exciting television reality show in Nigeria, the Gulder Ultimate Search, was recorded in 2010 with twelve fearless and determined contestants camped under very harsh conditions at Omo Forest Reserve in Ogun State, Nigeria.



Some of the contenders with NB's MD/CE, Mr. Nicolaas Vervelde.
(Inset) The winner of the Gulder Ultimate Search 7, Oluremi Oyekunle.



Takes Celebrities On A Search

Our popular Gulder Ultimate Search show was taken to another level in 2010 with the introduction of a celebrity edition tagged, "GUS Celebrity Showdown". Ten popular Nigerian celebrities from the entertainment industry competed under a not-so-comfortable conditions of an island in search of a treasure. Emeka Ike, a popular Nollywood actor was crowned the Ultimate Celebrity, being the one that found the hidden treasure.



The Celebrities en route to their boot camp.
(Inset) Emeka Ike, the Ultimate Celebrity with the treasure.



The lucky consumers with some NB's Directors during the UCL finals in Madrid, Spain.



Takes Consumers To UEFA Champions League Finals In Madrid

Some lucky consumers of Heineken lager were rewarded with the ultimate viewing experience at the 2010 UEFA Champions League (UCL) finals in Madrid, Spain. The lucky consumers were selected after lucky dip draw held at the Heineken Champions Planet, Lagos. They were each rewarded with an all-expense paid trip to Madrid to watch the final match of the UCL between two of Europe's biggest football clubs, Inter Milan (Italy) and Bayern Munich (Germany).



Consumers Commend



Over a million consumers that sampled in 2010 were unanimous that our Legend Extra Stout taste better than other stouts following a nation-wide sampling activation aimed at giving stout lovers an opportunity of tasting the new Legend Extra Stout.



(L-R) Mrs. Ifeoma Dozie (NB Marketing Manager, Non-alcoholic), Mr. Jacco van der Linden (Marketing Director) and Mr. Tony Agenmonmen (Snr. Marketing Manager, Lager) with the LAIF Awards.



Win LAIF Awards

Star, Nigeria's favourite lager and Maltina, the nation's number one malt brand, were rewarded for their outstanding creativity in television commercials at the 2010 Lagos Advertising Ideas Festival (LAIF). While Star won gold for its new television commercial, "New in Town", Maltina picked silver for the television commercial, "Movement". The LAIF award is organised annually by the Association of Advertising Agencies of Nigeria (AAAN) in recognition of creative works by advertisers.



(L-R) Mrs. Doyin Owotomo (Brand Manager, Star); Mr. Tokunbo Adodo (Snr. Brand Manager, Maltina); Mr. Nicolaas Vervelde (MD/CEO); Mr. Sampson Oloche (Senior Brand Manager, Star); Mr. Jacco van der Linden (Marketing Director) and Mr. Tony Agenmonmen, (Snr. Marketing Manager, Lager) celebrating the ADVAN awards.



Win At The 2010 ADVAN Awards

It was award galore for our Company at the 2010 Advertisers Association of Nigeria (ADVAN) Awards. While Maltina, the Nation1's No. 1 malt drink, was adjudged the Brand of the Year, Star, Our Own Since 1949, won the Evergreen Brand Award. Our Senior Brand Manager, Maltina, Mr. Tokunbo Adodo was also named the Brand Manager of the Year.



The Adejos in jubilation after being announced as the winners.

Adejo Family Are 2010



Dance All Winners

The family entertainment television show, Maltina Dance All, entered its fifth edition in 2010. In an exciting grand finale in Lagos, the Adejo family emerged the latest family to win the coveted cash prize of a new minivan and cheque for N2.5m.



fayrouz

Adds Colour To NYSC Variety Nights

In 2010, Fayrouz, our premium soft drink, ignited the National Youth Service Corps (NYSC) orientation camps across the country. The brand showered fabulous prizes on winners of the 'Miss NYSC' Beauty contest and 'Mr. Macho' competition during the corps' variety nights.



Mr. Michiel Herkemij, (former NB MD/CE) with Prof. (Mrs.) Dora Akunyili, (former Minister of Information and National Orientation) at the Premiere.



AMBO Premieres child

The crème de la crème of the Nigerian movie industry were brought together in 2010 as Amstel Malta premiered its 4th Amstel Malta Box Office (AMBO) movie titled "The Child". The movie premiere had as its special guest Prof. Dora Akunyili, the then Minister for Information and National Orientation.

NB Introduces climax Energy Drink



Climax, the herbal energy drink was launched into the Nigerian market in 2010 amidst lots of excitement among consumers.



R. Kelly with NB's Executive Committee members.

R. Kelly Rocks Nigeria At The 2010

STAR MEGA-JAM

Nigeria's premium lager, Star, once again lived up to its reputation as the biggest supporter of entertainment in Nigeria. The brand featured American R&B king artiste and

multiple Grammy Award winner, R. Kelly alongside the best Nigerian artistes at the 11th edition of the popular music concert, Star Mega Jam. The 2010 edition of the concert will go down as one of the biggest crowd-pulling music concerts ever organised in Nigeria.



R. Kelly during the performance in Abuja.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Our Corporate Social Responsibility is driven by a strategic vision to 'Win with Nigeria'. Over the years, Nigerian Breweries Plc has been very active in supporting our national development aspirations in line with our commitment to 'Winning with Nigeria'. We have continued to identify and respond to major challenges confronting our nation through strategic engagements that are aligned with our corporate philosophy and values.

Some of the initiatives taken along these lines in 2010 are summarised below.

1. Youth Empowerment/Talent Development

The thrust of our youth development programme is "Youth Empowerment Through Talent Development". Our aim is to identify the diverse talents that abound in the country and help nurture and develop them as key national assets. **The Creative Writing Workshop**, organised in conjunction with Farafina Trust, is one of the avenues created to give concrete demonstration of our commitment in this area. The workshop offers budding writers a unique platform to learn and interact with international writers of repute led by award-winning Dr Chimamanda Ngozi Adichie.

The **National Reading Competition** which the company has sponsored since 2004 continued in 2010 as part of our Youth Empowerment programme. Designed for senior students (SSS1-3) in secondary schools across the country, the competition is a bold initiative to empower Nigerian youths and channel their energies to more productive ventures. It is also intended to promote a qualitative and sustainable culture of reading among our youths who need to be guided to understand the values of education and knowledge. The programme also doubles as one of our education support activities.

Our collaboration with the African Artistes Foundation continued in 2010 when we sponsored the third edition of the **National Arts Competition and Exhibition**. The exhibition, in addition to demonstrating the essence of our youth empowerment strategy, shows our active involvement in the promotion of arts and culture in Nigeria.

2. Education Development

Through the Nigerian Breweries-Felix Ohiwerei Education Trust Fund ("the Trust Fund"), our Company has continued to support the development of education in Nigeria in diverse ways. In 2010, we built and furnished new as well as renovated dilapidated classroom blocks and/or libraries in some schools in Lagos, Abia, Oyo, Kaduna and Enugu states. A school in Aba was also provided with a borehole and generator.

The aforementioned National Reading Competition, Creative Writing Workshop and the National Arts Competition were sponsored through the Trust Fund. Also through the Trust Fund, we assisted the Obafemi Awolowo University, Ile Ife's Department of Crop Production and Protection, in the purchase of Leica/Wild Stereo Dissecting Microscopes and Leica/Wild Compound Stereo Microscopes.

Some of the major educational related projects carried out during the year under the Trust Fund are stated below.

Beneficiary/Project	Naira
Obafemi Awolowo University, Ile-Ife (Department of Crop Production and Protection)	10,000,000
Heineken President Scholarship (Umuezeanu Community, Ama)	10,000,000
NB Golden Pen Awards	14,900,000
Creative Writing Workshop	24,000,000
National Arts Competition	24,025,000
National Reading Competition	40,000,000
Construction/Renovation of Schools	150,000,000
	272,925,000

3. Community Development

We have continued to connect positively with relevant communities through various programmes and projects that align with their development aspirations and expectations. In the course of the year under review, electricity transformers and boreholes amongst others were donated to various communities across the country.





4. Support for Children in Orphanages

In the year under review, we partnered with the European Cooperative Development (EUCORD) to provide succour for children in various orphanages in Nigeria. Tagged "Children of Hope Project", the programme is designed to cater for the well-being of children in identified orphanages across the country. We committed to the provision of 3,352 cases of nourishing Maltina to EUCORD for distribution to the various orphanages during the year to supplement the children's diet.

5. Health Development

Healthcare in Nigeria received a boost in 2010. In conjunction with the Heineken Africa Foundation (HAF), we donated a fully equipped Vesico Vaginal Fistula (VVF) ward to the Hajia Gambo Sawaba General Hospital Zaria, Kaduna State. This project is meant to greatly compliment the state government's effort to eradicate VVF. Other health support actions through the collaboration with the HAF include the donation of insecticide treated bed nets and malaria drugs to hospitals through the Society for Family Health and a commitment to donate equipment and drugs to the Sickle Cell Foundation (SCF) as well as facilitate the training and funding of counsellors and refurbishment of a waiting room at the SCF.

6. Promotion of Safety on our roads

In 2010, we sustained our sponsorship of the public education and awareness programme to promote safety on our roads. The programme was anchored on our "Don't Drink and Drive" message and was done in partnership with the Federal Road Safety Commission. Public enlightenment workshops were organised in five cities across Nigeria with concerted efforts made to ensure the active participation of the major stakeholders in the transport sector. Safety helmets were distributed free to motor cycle operators in the five cities where the workshops took place, in addition to the key road safety messages that were disseminated. The campaign was sustained through an integrated media campaign using both print and electronic media as well as posters and stickers.

7. Sports Development

In continuation of our active participation in the development of sports in Nigeria, we sustained our sponsorship of various sporting activities across the country in 2010. These include golf, tennis, polo, chess and squash.

8. Conclusion

Corporate Social Responsibility is a strategic element of our operations. We remain fully committed to making a positive contribution to the development of our society through strategic and constructive engagements with critical stakeholders. Going forward, we are poised to demonstrate even greater commitment to the idea and ideals of 'winning' with these stakeholders and by extension our country, Nigeria.



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INDEPENDENT AUDITOR'S REPORT

To the Members of Nigerian Breweries Plc

Report on the Financial Statements

We have audited the accompanying financial statements of **Nigerian Breweries Plc ("the Company")** which comprise the balance sheet as at 31 December 2010, and the profit and loss account, statement of cash flows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 37 to 53 and page 55.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria, and in the manner required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the

financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Nigerian Breweries Plc** as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of account.

KPMG

23 February 2011.
Lagos, Nigeria



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Registered in Nigeria No BN 986925

Abayomi D. Sanni
Adetola P. Adeyemi
Ayodele H. Othihiwa
Joseph O. Tegbe
Oladimeji I. Salaudeen
Oluseyi T. Bickersteth

Adebisi O. Lamikanra
Adewale K. Ajayi
Chibuzor N. Anyanechi
Kabir O. Okunlola
Olumide O. Olayinka
Tayo I. Ogungbenro

Adekunle A. Elebute
Ajobola O. Olomola
Goodluck C. Obi
Oladapo R. Okubadejo
Oluwatoyin A. Gbagi
Victor U. Onyenkpa

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, we, 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, 2010, are satisfactory. The internal audit programmes reinforce the Company's internal control system;
- c) having reviewed the independent auditors' 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)	Mazi Samuel C. Mpamaugo	(Shareholders' Representative)	-	Chairman
2)	Chief Timothy A. Adesiyan	(Shareholders' Representative)	-	Member
3)	Dr. Victor. T. Gugong	(Shareholders' Representative)	-	Member
4)	Mr. Olusegun S. Adebajji	(Directors' Representative)	-	Member
5)	Dr. Oladele O. Ajayi	(Directors' Representative)	-	Member
6)	Mr. Thomas A. de Man	(Directors' Representative)	-	Member

The Company Secretary/Legal Adviser serves as the Secretary to the Committee. The Committee met four times during the year under review.

Dated the 23rd day of February 2011.



Mazi Samuel C. Mpamaugo
Chairman, Audit Committee



STATEMENT OF ACCOUNTING POLICIES

The following are the principal accounting policies which have been applied consistently throughout the current and preceding years:

(a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention except for certain fixed assets which are carried at revalued amounts based on a revaluation in 1995.

(b) **Turnover**

Turnover represents the invoiced value of products delivered to customers during the year, net of Value Added Tax and discounts.

(c) **Fixed Assets**

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation.

i. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing cost continues up to the date that the assets are capable of producing.

ii. Fixed assets under construction are disclosed as capital work-in-progress.

(d) **Depreciation**

Depreciation is provided for at the following annual rates such that the cost or valuation, less the estimated residual value of each asset, is written-off on a straight-line basis over its estimated useful life:

Freehold land	-	no depreciation is provided
Leasehold land and buildings	-	equal annual instalments over the period of the lease with a minimum of 3% per annum.
Plant and machinery	-	7%
Motor vehicles	-	33.3%
Commercial equipment	-	33.3%
Furniture and non commercial equipment	-	20%
Computer software	-	33.3%

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.

Gains or losses on disposal of fixed assets are included in the profit and loss account.

(e) **Fixed Assets Revaluation Reserve**

Surpluses/deficits arising on the revaluation of individual fixed assets are credited/debited to a non-distributable reserve known as the fixed assets revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same assets are charged to the profit and loss account.

On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from the fixed assets revaluation reserve to general reserve.

(f) **Investments**

Long term investments are stated at cost.

(g) **Stocks**

Stocks are valued at the lower of cost and net realisable value.

Cost incurred in bringing the stock to its present location and condition is based on:

Raw, sundry and non-returnable packaging materials and spare parts	-	purchase cost on a weighted average basis including transportation and clearing costs.
--	---	--



STATEMENT OF ACCOUNTING POLICIES (CONT'D)



Finished products and products in process

- weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal level of activity.

Returnable packaging materials

- deposit value which is equal to the net realisable value.

Stock-in-transit

- purchase cost incurred to date.

Weighted average cost is reviewed periodically to ensure it consistently approximates historical cost.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Stock values are adjusted for obsolete, slow-moving or defective items.

(h) **Income Tax**

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected income tax payable on the taxable income for the year, using applicable statutory tax rates.

(i) **Deferred Taxation**

Deferred taxation is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is charged to the profit and loss account except to the extent that it relates to a transaction that is recognised directly in equity.

(j) **Foreign Currencies**

Transactions denominated in foreign currencies are recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange prevailing at that date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(k) **Debtors**

Debtors are stated net of allowances for bad and doubtful debts.

(l) **Provisions**

A provision is recognised if, as a result of a past event, the 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.

(m) **Impairment**

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognised in the profit and loss account.

(n) **Unclaimed Dividends**

Unclaimed dividends are amounts payable to shareholders in respect of dividends previously declared which have remained unclaimed by the shareholder. In compliance with Section 385 of the Companies and Allied Matters Act Cap. C20, Laws of the Federation of Nigeria 2004, unclaimed dividend after twelve (12) years are transferred to general reserves.

STATEMENT OF ACCOUNTING POLICIES (CONT'D)

(o) Retirement Benefits

i. Pension Fund:

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit and loss account. Employees contribute 6% each of their Basic salary, Transport & Housing Allowances to the Fund on a monthly basis. The Company's contribution is 11% and 9% of each employee's Basic salary, Transport & Housing Allowances for non-management and management employees respectively.

ii. Gratuity:

Gratuity payable on retirement or resignation of employment is accrued over the service life of the employees. The past service cost of current pay rises is charged to the profit and loss account as pay rises are awarded. The Company currently operates two gratuity schemes, a defined benefit scheme and a defined contribution scheme.

(a) *Defined Benefit Scheme*

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 recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains or losses arising from valuations are charged to the profit and loss account over a period of five years, while the effect of any curtailment is charged in full to the profit and loss account immediately the curtailment occurs. 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 Scheme*

The Company has a defined contribution gratuity scheme for certain employees, which is funded. Under this scheme, a specified amount is contributed by the Company and charged to the profit and loss account over the service life of the employees.

(p) Other Long Term Employee Benefits

Other long term employee benefits are accrued over the service life of the employees. The charge to the profit and loss account is based on an independent actuarial valuation performed using the projected unit credit method.

(q) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Segment information is presented in respect of the Company's business and geographical segments, where applicable. The Company's primary format for segment reporting is based on geographical segments. The geographical segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(r) Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, cash balances with banks, bank overdrafts and investments in money market instruments.



PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2010



	Notes	2010 N'000	2009 N'000
TURNOVER	1	185,862,785	164,206,848
Cost of sales		(98,694,860)	(87,177,970)
GROSS PROFIT		87,167,925	77,028,878
Selling and distribution expenses		(26,232,592)	(20,795,333)
Administrative expenses		(16,228,147)	(14,716,107)
Other income	2	259,428	144,896
OPERATING PROFIT		44,966,614	41,662,334
Interest income	3	183,470	475,917
Interest expense	3	(269,836)	(738,455)
PROFIT BEFORE TAXATION	4	44,880,248	41,399,796
Taxation	5(a)	(14,548,130)	(13,489,705)
PROFIT AFTER TAXATION		30,332,118	27,910,091
APPROPRIATION:			
Transferred to general reserve	20	30,332,118	27,910,091
Earnings per share (kobo)	7	401	369
Declared Dividend per share (kobo)	7	354	180

The Directors propose a final dividend of 125 kobo per share (2009: 89 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting. This is in addition to the interim dividend of 115 kobo per share declared in respect of current year's results (2009: 280 kobo per share).

The accounting policies on pages 37 to 39 and notes on pages 43 to 52 form an integral part of these financial statements.

BALANCE SHEET

As at 31st December 2010

	Notes	2010 N'000	2009 N'000
NON CURRENT ASSETS			
Fixed assets	8(a)	73,800,157	69,003,023
Investment	9	150,000	150,000
Long term debtors	10	155,003	205,516
TOTAL NON CURRENT ASSETS		74,105,160	69,358,539
CURRENT ASSETS			
Stocks	11	21,231,097	22,064,847
Debtors and prepayments	12	6,445,450	3,589,438
Foreign currencies purchased for imports		-	162,733
Bank and cash balances	13	12,607,725	11,812,326
TOTAL CURRENT ASSETS		40,284,272	37,629,344
CURRENT LIABILITIES			
Taxation	5(b)	(14,154,257)	(13,461,573)
Dividend	6(b)	(5,230,873)	(4,566,910)
Other current liabilities	14	(25,494,832)	(24,290,015)
TOTAL CURRENT LIABILITIES		(44,879,962)	(42,318,498)
NET CURRENT LIABILITIES		(4,595,690)	(4,689,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		69,509,470	64,669,385
LONG TERM LIABILITIES			
Deferred taxation	15	(15,200,257)	(14,322,215)
Gratuity and other long term employee benefits	16	(4,137,051)	(3,777,076)
TOTAL LONG TERM LIABILITIES		(19,337,308)	(18,099,291)
NET ASSETS		50,172,162	46,570,094
CAPITAL AND RESERVES			
Share capital	17	3,781,282	3,781,282
Fixed assets revaluation reserve	18	7,089,858	7,095,363
Share premium	19	4,568,038	4,568,038
General reserve	20	34,732,984	31,125,411
SHAREHOLDERS' FUNDS		50,172,162	46,570,094

Approved by the Board of Directors on the 23rd of February, 2011 and signed on its behalf by:

_____) Chief Kolawole B. Jamodu (Chairman)

_____) Nicolaas A. Vervelde (Managing Director/CEO)

The accounting policies on pages 37 to 39 and notes on pages 43 to 52 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

For the year ended 31st December 2010



	Notes	2010 N'000	2009 N'000
Cash Flows from Operating Activities			
Operating profit before working capital changes	21(a)	53,647,237	50,383,759
Working capital changes	21(b)	7,224,289	4,406,751
Income tax paid	5(b)	(12,977,404)	(9,061,138)
Gratuity paid	16	(1,322,861)	(1,340,059)
VAT paid	21(b)	(7,421,600)	(7,412,778)
Net cash inflow from operating activities		39,149,661	36,976,535
Cash Flows from Investing Activities			
Purchase of fixed assets	8(a)	(11,878,065)	(12,379,982)
Proceeds from sale of fixed assets		83,144	32,009
Interest received		183,470	475,917
Net cash outflow from investing activities		(11,611,451)	(11,872,056)
Cash Flows from Financing Activities			
Dividend paid	6(b)	(26,066,087)	(28,669,218)
Interest paid		(269,836)	(738,455)
Cash outflow from financing activities		(26,335,923)	(29,407,673)
Net increase/ (decrease) in cash and cash equivalents		1,202,287	(4,303,194)
Cash and cash equivalents at 1st January		11,310,130	15,613,324
Cash and cash equivalents at 31st December		12,512,417	11,310,130
Cash and cash equivalents are analysed into:			
Bank and cash balances	13	12,607,725	11,812,326
Bank overdrafts	14	(95,308)	(502,196)
Cash and cash equivalents at 31st December		12,512,417	11,310,130

The accounting policies on pages 37 to 39 and notes on pages 43 to 52 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2010

1. Turnover

Turnover represents the invoiced value of products delivered to customers during the year, net of Value Added Tax and discounts. All sales were made from brewing and marketing of alcoholic and non-alcoholic beverages.

The analysis of turnover by geographical area is as follows:

	2010 N'000	2009 N'000
Nigeria	185,774,098	164,023,227
Export	88,687	183,621
	<u>185,862,785</u>	<u>164,206,848</u>

2. Other income

Other income represents amount realised from the sale of scrap materials and by-products and Export Expansion Grant received in respect of export sales.

3. Interest income and expense

Interest income represents income earned on bank deposits while interest expense represents charges paid on overdraft facilities utilised during the year.

4. Profit before taxation

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

	Notes	2010 N'000	2009 N'000
Depreciation	8(a)	7,000,830	6,794,658
Auditors' remuneration		33,943	30,306
Staff costs	4(c)	15,488,384	14,415,149
(Profit)/Loss on assets disposed	21(a)	(3,043)	107,959
Royalty and Technical Assistance fees	24	5,931,843	5,456,262
Loss on foreign exchange transactions		426,177	204,828
		<u></u>	<u></u>

(b) Directors' Remuneration

Remuneration, excluding certain benefits of directors of the Company who discharged their duties mainly in Nigeria, was paid as follows:

	2010 N'000	2009 N'000
Fees:		
- Chairman (non-executive)	1,250	1,250
- Other non-executive directors	4,125	4,350
	<u>5,375</u>	<u>5,600</u>
Remuneration as executive directors	255,630	193,222
	<u>261,005</u>	<u>198,822</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The emolument (excluding pension contributions and certain benefits) of the highest paid director was ₦49,294,238 (2009: ₦57,039,762)

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:

	2010 Number	2009 Number
₦ 300,001 - ₦ 4,000,000	6	6
₦ 4,000,001 - ₦15,000,000	2	-
₦15,000,001 - ₦20,000,000	3	1
₦20,000,001 - ₦30,000,000	1	2
₦30,000,001 and above	3	2

(c) Staff Costs

i. Staff costs including the provision for gratuity liabilities:

	2010 N'000	2009 N'000
Salaries, wages and allowances	10,840,856	9,121,204
Gratuity charge (see Note 16)	1,682,836	1,818,808
Training, recruitment and canteen costs	958,861	1,036,602
Pension fund contribution	522,293	462,546
Reorganisation and restructuring costs	452,299	909,014
Medical expenses	293,864	343,867
Other personnel expenses	737,375	723,108
	15,488,384	14,415,149

ii. The number of persons employed as at 31st December was:

	2010 Number	2009 Number
Production	1,217	1,350
Distribution	108	98
Commercial	461	406
General Administration	501	386
Total	2,287	2,240



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- iii. 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:

	2010	2009
	Number	Number
₦ 500,000 and below	81	113
₦ 500,001 - ₦ 600,000	7	181
₦ 600,001 - ₦ 700,000	7	193
₦ 700,001 - ₦ 800,000	4	158
₦ 800,001 - ₦ 900,000	15	239
₦ 900,001 - ₦ 1,000,000	67	209
₦ 1,000,001 - ₦ 1,100,000	133	225
₦ 1,100,001 - ₦ 1,200,000	140	200
₦ 1,200,001 - ₦ 1,300,000	151	68
₦ 1,300,001 - ₦ 1,400,000	72	62
₦ 1,400,001 - ₦ 1,500,000	80	56
₦ 1,500,001 - ₦ 1,600,000	132	38
₦ 1,600,001 - ₦ 1,700,000	114	36
₦ 1,700,001 - ₦ 1,800,000	143	25
₦ 1,800,001 - ₦ 1,900,000	200	31
₦ 1,900,001 - ₦ 2,000,000	73	49
₦ 2,000,001 - ₦ 2,250,000	147	48
₦ 2,250,001 - ₦ 2,500,000	109	10
₦ 2,500,001 - ₦ 2,750,000	73	15
₦ 2,750,001 - ₦ 3,000,000	61	45
₦ 3,000,001 - ₦ 3,500,000	83	44
₦ 3,500,001 - ₦ 4,000,000	83	14
₦ 4,000,001 - ₦ 5,000,000	60	55
₦ 5,000,001 - ₦ 6,000,000	43	33
₦ 6,000,001 - ₦ 8,000,000	56	37
₦ 8,000,001 - ₦10,000,000	55	28
₦10,000,000 - ₦15,000,000	56	16
₦15,000,001 - ₦20,000,000	28	1
₦20,000,001 - ₦30,000,000	9	8
₦30,000,001 and above	5	3
	2,287	2,240



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



5. Taxation

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:

	Notes	2010 N'000	2009 N'000
(a) Per profit and loss account:			
Income tax		12,621,442	12,277,407
Education tax		1,048,646	999,764
Deferred tax	15	878,042	212,534
		14,548,130	13,489,705
(b) Per balance sheet:			
At 1st January		13,461,573	9,245,540
Payments during the year		(12,977,404)	(9,061,138)
Provision for the year:			
Income tax	5(a)	12,621,442	12,277,407
Education tax	5(a)	1,048,646	999,764
At 31st December		14,154,257	13,461,573
6. Dividend			
(a) Declared dividend:			
Interim dividend declared		8,696,947	9,831,331
Interim dividend declared		11,343,844	-
Final dividend declared		6,730,680	3,781,281
Declared dividend		26,771,471	13,612,612

The Directors propose a final dividend of 125 kobo per share (2009: 89 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.

	Notes	2010 N'000	2009 N'000
(b) Per balance sheet:			
At 1st January		4,566,910	19,666,950
Declared dividend	6(a)	26,771,471	13,612,612
Payments	6(d)	(26,066,087)	(28,669,218)
Unclaimed dividend transferred to general reserve	6(c), 20	(41,421)	(43,434)
At 31st December		5,230,873	4,566,910

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(c) 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 385 of the Companies and Allied Matter Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

(d) Dividend payments to the company's shareholders are made through First Registrars Limited. The total amount in the custody of First Registrars at the end of the year amounted to ₦627,146,713 (2009: ₦207,143,588). This amount is included as part of other debtors in Note 12 of the financial statements.

7. Earnings per share and declared dividend per share

Earnings per share of 401 kobo (2009: 369 kobo) and declared dividend per share of 354 kobo (2009: 180 kobo) are based on profit after taxation of ₦30,332,118,000 (2009: ₦27,910,091,000) and total declared dividend of ₦26,771,471,000 (2009: ₦13,612,612,000) (Note 6(a)) and on the 7,562,562,340 ordinary shares of 50 kobo each in issue during the current and preceding years.

Declared dividend represents the current year and preceding year interim dividend declared during the current year plus the final proposed for the preceding year but declared in the current year.

8. Fixed assets

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

	Land and buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture & equipment N'000	Computer software N'000	Capital Work in-progress N'000	Total N'000
Cost or Valuation:							
At 1 st January 2010	21,782,661	75,375,170	7,134,783	3,576,990	472,774	4,529,055	112,871,433
Additions	1,024,839	4,361,163	883,520	2,419,942	680,890	2,507,711	11,878,065
Disposals	(8,189)	(208,173)	(1,797,256)	(1,525,359)	(241,552)	-	(3,780,529)
Transfers	1,078,639	2,912,933	-	102,168	457,876	(4,551,616)	-
At 31 st December 2010	23,877,950	82,441,093	6,221,047	4,573,741	1,369,988	2,485,150	120,968,969
Depreciation:							
At 1 st January 2010	5,561,204	29,614,422	6,166,572	2,273,750	252,462	-	43,868,410
Charge for the year	743,164	4,591,352	711,475	704,636	250,203	-	7,000,830
Disposals	(1,466)	(208,150)	(1,756,730)	(1,520,769)	(213,313)	-	(3,700,428)
At 31 st December 2010	6,302,902	33,997,624	5,121,317	1,457,617	289,352	-	47,168,812
Net Book Value:							
At 31 st December 2010	17,575,048	48,443,469	1,099,730	3,116,124	1,080,636	2,485,150	73,800,157
At 31 st December 2009	16,221,457	45,760,748	968,211	1,303,240	220,312	4,529,055	69,003,023

Plant, machinery and buildings were professionally re-valued as at 30th June, 1995, by Knight Frank (Nigeria) - Chartered Surveyors on the basis of open market values. The values were incorporated in the books at that date. The surplus that arose on the revaluation was credited to the fixed assets revaluation reserve. All subsequent additions are stated at cost. The revaluation surplus on previously re-valued fixed assets which were disposed during the year has been transferred from the fixed assets revaluation reserve to general reserve as shown in notes 18 and 20 of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The net book value of the re-valued assets included in the above is as shown below:

	2010 N'000	2009 N'000
Buildings	378,334	912,109
Plant and machinery	393	7,064
	378,727	919,173

(b) Capital commitments

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

	2010 N'000	2009 N'000
Approved and contracted	631,943	1,123,337
Approved but not contracted	1,237,269	149,100
	1,869,212	1,272,437

9. Investment

Investment of N150,000,000 represents the cost of the Company's equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is licensed by the National Pension Commission to conduct the business of a closed pension fund administrator and also manages the gratuity fund of employees of Nigerian Breweries. The activities of Progress Trust (CPFA) Limited are regulated by the National Pension Commission (Pencom). The benefits arising from its activities accrue principally to members of the pension and gratuity schemes and the Company's residual interest in Progress Trust 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, 2004.

10. Long term debtors

Long term debtors represents loans granted to the Company's employees, which is backed by employees' retirement benefit obligations.

	2010 N'000	2009 N'000
11. Stocks		
Raw materials	5,001,228	5,532,058
Finished products and product in process	3,028,752	2,320,859
Returnable packaging materials	4,431,279	4,356,561
Non-returnable packaging materials	3,193,688	3,866,010
Spare parts	3,061,201	3,218,854
Sundry materials	-	306,702
Stock in transit	2,514,949	2,463,803
	21,231,097	22,064,847



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010 N'000	2009 N'000
12. Debtors and prepayments		
Trade debtors	3,491,131	2,068,271
Other debtors	2,294,540	1,184,688
Advances and Prepayments	659,779	146,853
Due from group companies	-	189,626
	6,445,450	3,589,438
13. Bank and cash balances		
Cash at bank	5,901,627	8,033,946
Short-term deposits	6,696,989	3,771,542
Cash in hand	9,109	6,838
	12,607,725	11,812,326
14. Other current liabilities		
Creditors and accruals/customer deposits	21,444,712	21,153,415
Due to group companies	3,954,812	2,634,404
Bank overdrafts	95,308	502,196
	25,494,832	24,290,015
15. Deferred taxation		
At 1st January	14,322,215	14,109,681
Charge for the year (see Note 5(a))	878,042	212,534
At 31st December	15,200,257	14,322,215
16. Gratuity and other long term employee benefits		
At 1st January	3,777,076	3,298,327
Charge for the year (see Note 4(c) (i))	1,682,836	1,818,808
Payments during the year	(1,322,861)	(1,340,059)
At 31st December	4,137,051	3,777,076



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



	Notes	2010 N'000	2009 N'000
17. Share capital			
(a) Authorised			
At 1 st January		4,000,000	4,000,000
At 31 st December		4,000,000	4,000,000
8,000,000,000 ordinary shares of 50k each			
(b) Issued and fully paid ordinary shares of 50k each			
At 1 st January		3,781,282	3,781,282
At 31 st December		3,781,282	3,781,282
7,562,562,340 ordinary shares of 50k each			
18. Fixed assets revaluation reserve			
At 1 st January		7,095,363	7,240,108
Transfer to General Reserve in respect of disposals for the year	20	(5,505)	(144,745)
At 31 st December		7,089,858	7,095,363
19. Share premium			
At 1 st January		4,568,038	4,568,038
At 31 st December		4,568,038	4,568,038
20. General reserve			
At 1 st January		31,125,411	16,639,753
Transfer from profit and loss account		30,332,118	27,910,091
Declared dividend	6(a)	(26,771,471)	(13,612,612)
Transfer from unclaimed dividend	6(b)	41,421	43,434
Transfer from fixed assets revaluation reserve	18	5,505	144,745
At 31 st December		34,732,984	31,125,411

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Notes to the statement of cash flows

The cash flow statement has been drawn up using the indirect method. Working capital changes comprises stocks, debtors, prepayments and current liabilities. The cash flows from investing activities relate to the net amount of investments and disposals. The cash flows from financing activities relate to the net amount of payments made for financing business activities in the year. In the prior year, cash flows from bank overdrafts was included in financing activities and excluded from the balance of cash and cash equivalents. In the current year, the balance of cash and cash equivalents consists of cash in hand and at bank net of bank overdrafts. The prior year comparatives have been adjusted to reflect the current year presentation.

(a) Reconciliation of net profit to operating profit before working capital changes

	Notes	2010 N'000	2009 N'000
Net Profit after taxation		30,332,118	27,910,091
Taxation	5(a)	14,548,130	13,489,705
Interest expense		269,836	738,455
Interest income		(183,470)	(475,917)
Operating profit		44,966,614	41,662,334
Adjustments for non-cash items:			
- Depreciation	8(a)	7,000,830	6,794,658
- (Profit)/ loss on assets disposed	4(a)	(3,043)	107,959
- Gratuity and other long term employee benefits	4(c), 16	1,682,836	1,818,808
Operating profit before working capital changes		53,647,237	50,383,759
(b) Working capital changes			
Decrease/ (increase) in stocks		833,750	(1,323,386)
(Increase) /decrease in debtors and prepayments		(2,856,012)	260,512
Decrease/ (increase) in long term debtors		50,513	(125,959)
Decrease in foreign currencies purchased for imports		162,733	257,948
Increase in creditors and accruals/ customer deposits*		7,712,897	6,672,441
Increase/ (decrease) in amount due to group companies		1,320,408	(1,334,805)
		7,224,289	4,406,751

* Value Added Tax (VAT) paid [N7,421,600,000 (2009: N7,412,778,000)] shown separately in the Statement of Cash flows has been adjusted for in deriving the movement in creditors and accruals/ customer deposits. This also accounts for the change in the prior year comparative number.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



22. Guarantees and other financial commitments

(a) Contingent liabilities

- i. Contingent liabilities in respect of guarantees given for staff loans amounted to ₦2,147,578,064 (2009: ₦1,683,582,733). This guarantee is backed by employees' retirement benefit obligations.
- ii. Bank guarantees and bonds granted to the Company in respect of Nigerian Customs duty and Nigerian Export Promotion Council duty amounted to ₦2,900,000,000 (2009: ₦2,915,025,000).
- iii. Bank guarantee granted to the Company in favour of the Chief Registrar of the Court of Appeal, Ibadan, Oyo state in respect of the judgement sum of ₦11,233,213 (2009: ₦11,233,213) in a lawsuit being appealed by the Company.

(b) Pending litigation and claims

There are certain law suits 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 ₦2,469,092,728 (2009: ₦2,423,023,391) as at 31st December, 2010. In the opinion of the Directors and based on independent legal advice, the Company's liability is not likely to be significant, 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.

23. Post balance sheet events

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31st December 2010 that have not adequately been provided for or disclosed in the financial statements.

24. Related parties

The Company sources part of its raw materials and fixed assets through a company related to its ultimate holding company, Heineken N.V. incorporated in the Netherlands. The total amounts due to Heineken N.V. and other related companies at year end have been shown in Note 14 to the financial statements.

Additionally, the Company has a Technical Service & Know-How Agreement and Trademark Licence Agreements with its ultimate holding company Heineken N.V. and other related companies for which payments are made and/or provided for. The fees are computed as a percentage of net sales and profit before tax as applicable. Royalties payable are computed as a percentage of the net sales of the related product (see Note 4 (a)).

25. Segment reporting

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

26. Comparative figures

In addition to the disclosures in note 21, certain reclassifications have been made between the comparative figures for Cost of sales and Administrative expenses based on a more detailed analysis of production and non production related costs in the current year.

VALUE ADDED STATEMENT

For the year ended 31st December 2010

	2010 N'000		2009 N'000	
Turnover	185,862,785		164,206,848	
Bought in materials and services				
- Imported	(23,605,479)		(23,204,399)	
- Local	(79,044,003)		(62,858,805)	
	83,213,303		78,143,644	
Other Income	259,428		144,896	
Interest received	183,470		475,917	
Valued added	83,656,201		78,764,457	
Distribution of Value Added		%		%
To Government as:				
Taxes and duties	30,565,033	37	28,906,104	37
To Employees:				
Salaries, wages, fringe and end of service benefits	15,488,384	19	14,415,149	18
To Providers of Finance:				
Interim dividend to shareholders	8,696,947	10	9,831,331	12
Interest paid	269,836	0	738,455	1
Retained in the Business				
To maintain and replace fixed assets (depreciation)	7,000,830	8	6,794,658	9
To augment reserves	21,635,171	26	18,078,760	23
Value added	83,656,201	100	78,764,457	100

The Directors propose a final dividend of 125 kobo per share (2009: 89 kobo per share) on the issued share capital of 7,562,562,340 ordinary shares of 50 kobo each subject to approval by the shareholders at the next Annual General Meeting.

Included in the prior year balance of ₦18,078,760,000 retained in the business to augment reserves is an amount of ₦11,343,844,000 which was used to pay a second interim dividend declared in the current year.

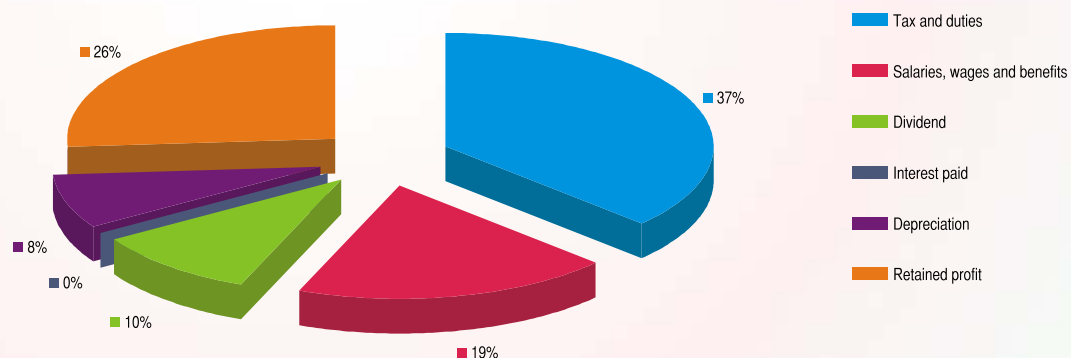
Value added represents the additional wealth which the Company has been able to create by its own employees' efforts. This statement shows the allocation of that wealth between government, employees, providers of capital and that retained for future creation of more wealth.



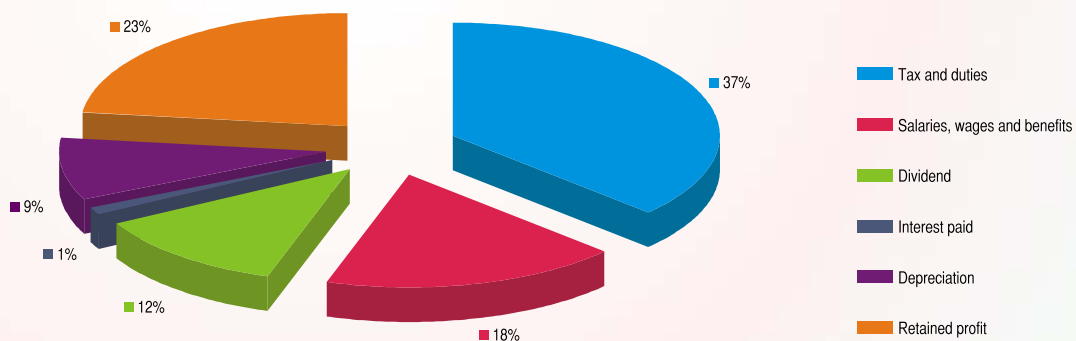
VALUE ADDED STATEMENT (CONT'D)



2010 Distribution of Value Added



2009 Distribution of Value Added



FIVE-YEAR FINANCIAL SUMMARY

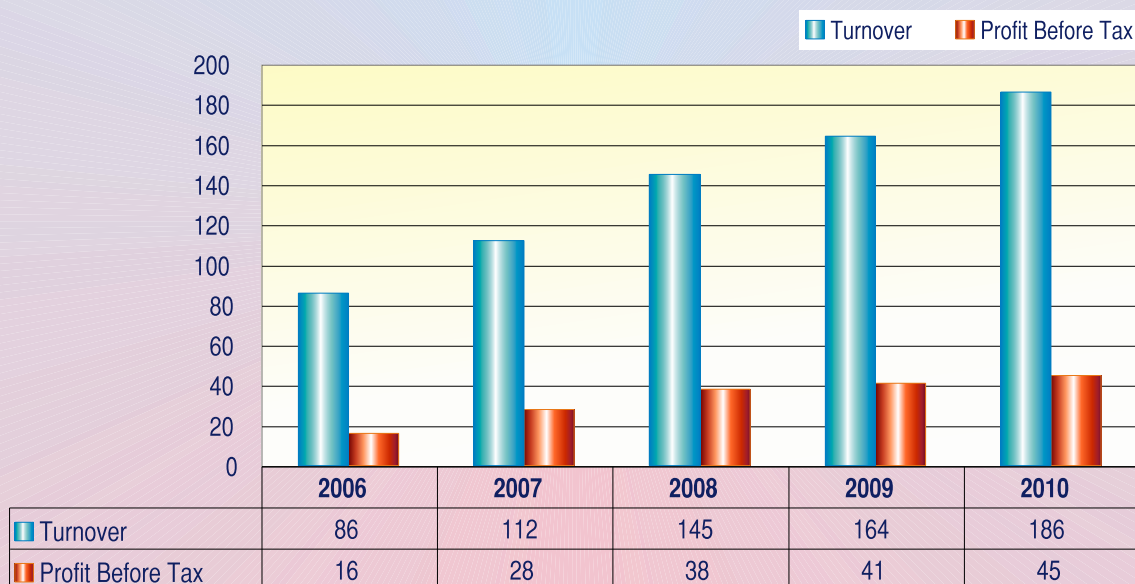
	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
Results					
Turnover	185,862,785	164,206,848	145,461,762	111,748,297	86,322,075
Operating Profit	44,966,614	41,662,334	36,777,860	27,357,040	16,948,433
Profit before taxation	44,880,248	41,399,796	37,519,114	27,876,336	16,436,255
Profit after taxation	30,332,118	27,910,091	25,700,593	18,942,856	10,900,524
Declared Dividend	(26,771,471)	(13,612,612)	(36,678,428)	(12,024,474)	(9,075,075)
Employment of Funds					
Fixed assets	73,800,157	69,003,023	63,557,667	50,194,644	49,677,917
Investment	150,000	150,000	150,000	150,000	150,000
Long term debtors	155,003	205,516	79,557	272,383	911,935
Net current (liabilities)/assets	(4,595,690)	(4,689,154)	(14,150,035)	10,517,724	1,041,735
Deferred taxation	(15,200,257)	(14,322,215)	(14,109,681)	(11,360,359)	(8,784,716)
Gratuity and other long term employee benefits	(4,137,051)	(3,777,076)	(3,298,327)	(6,591,350)	(6,747,478)
Total Net assets	50,172,162	46,570,094	32,229,181	43,183,042	36,249,393
Funds Employed					
Share capital	3,781,282	3,781,282	3,781,282	3,781,282	3,781,282
Fixed assets revaluation reserve	7,089,858	7,095,363	7,240,108	7,324,530	7,353,600
Share premium	4,568,038	4,568,038	4,568,038	4,568,038	4,568,038
General reserve	34,732,984	31,125,411	16,639,753	27,509,192	20,546,473
Shareholders' Funds	50,172,162	46,570,094	32,229,181	43,183,042	36,249,393
Statistics					
Share price at year end (Naira)	77.10	53.02	40.85	49.00	37.25
Market capitalisation (Billion Naira)	583	401	309	371	282
Earnings per share (kobo)	401	369	340	250	144
Declared Dividend per share (kobo)	354	180	485	159	120
Dividend Cover (times)	1.13	2.05	0.7	1.58	1.2
Net assets per share (kobo)	663	616	426	571	479



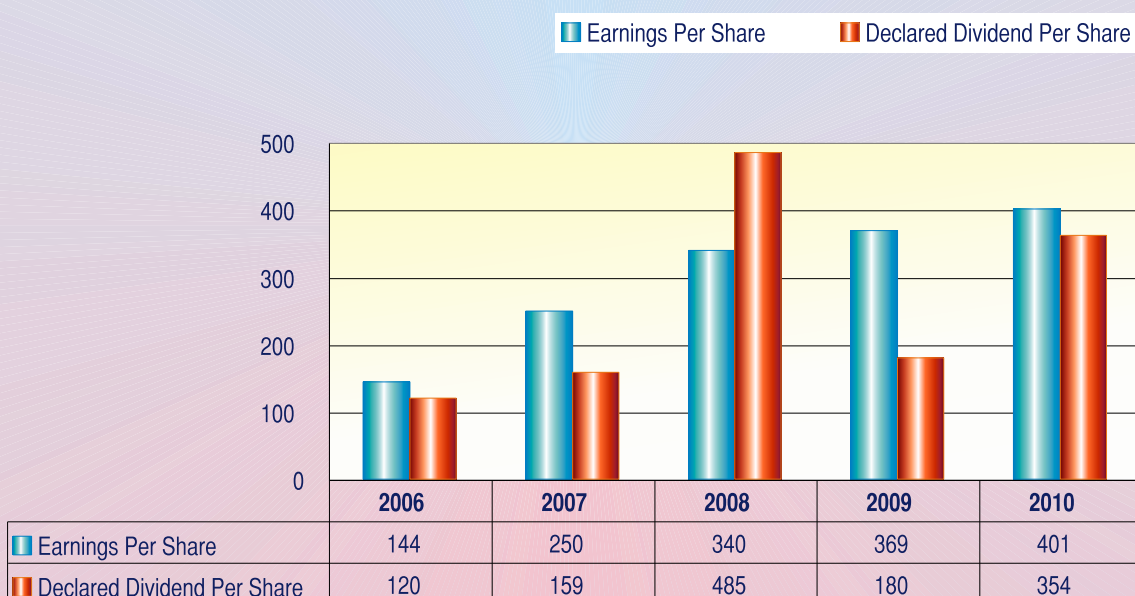
PERFORMANCE INDICATORS



Turnover vs Profit Before Tax (Billion Naira)



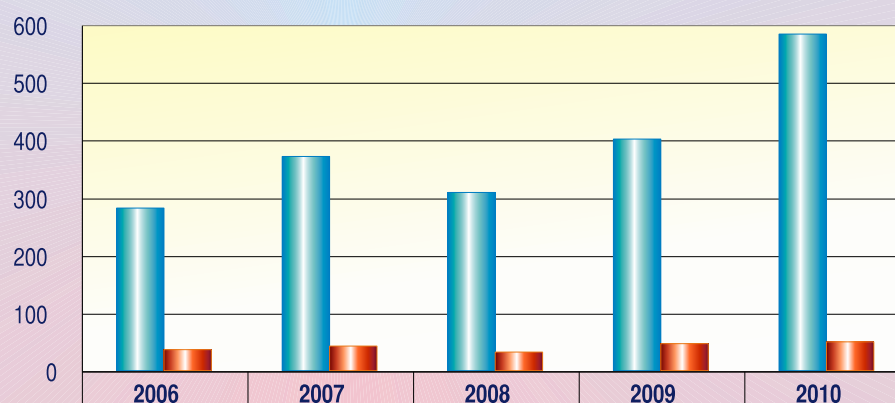
Earnings Per Share vs Declared Dividend Per Share (Kobo)



PERFORMANCE INDICATORS (CONT'D)

Market Capitalisation vs Shareholders' Funds (Billion Naira)

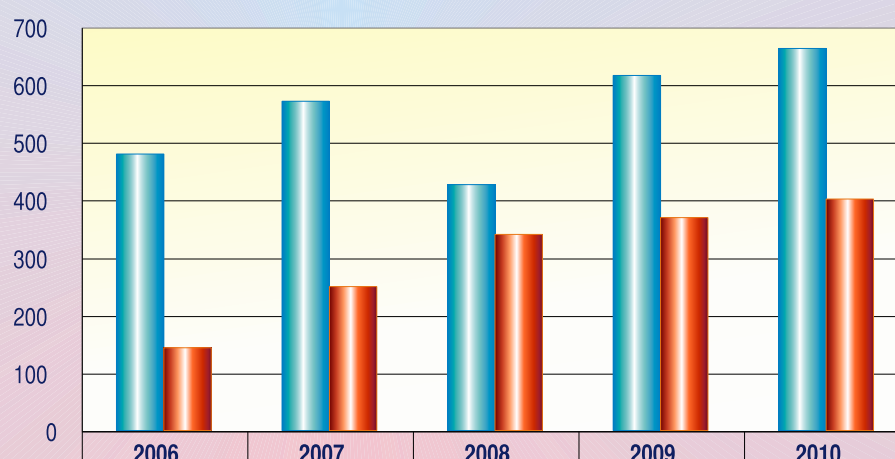
■ Market Capitalisation ■ Shareholders' Funds



Market Capitalisation	282	371	309	401	583
Shareholders' Funds	36	43	32	47	50

Net Assets Per Share vs Earnings Per Share (Kobo)

■ Net Assets Per Share ■ Earnings Per Share



Net Assets Per Share	479	571	426	616	663
Earnings Per Share	144	250	340	369	401



SHAREHOLDERS' INFORMATION



Substantial Interest in Shares:

According to the Register of Members, the following persons held more than 5% of the issued share capital of the Company on 31st December, 2010.

Shareholders	Number of Shares	Percentage
Heineken Brouwerijen BV	2,853,760,692	37.74
Distilled Trading International BV	1,237,500,160	16.36
Stanbic Nominees Nigeria Limited	599,438,384	7.93

Statistical Analysis of Shareholding

(a) The issued and fully paid-up Share Capital of the Company is 7,562,562,340 Ordinary Shares of 50 kobo each. According to the Register of Members, only companies within the Heineken N.V. Group, having 4,091,260,852 shares (representing 54.10%), held more than 10% of the Issued Share Capital as at 31st December, 2010. The remaining 3,471,301,488 shares (representing 45.90%) were held by Nigerian and foreign individuals and institutions.

(b) The Registrars advised that the range of shareholding as at 31st December, 2010 was as follows:

Range	No. of Shareholders within range	%	No. of shares	% Shareholding
1 - 1,000	43,331	35.29	21,679,261	0.29
1,001 - 5,000	34,901	28.43	89,479,779	1.18
5,001 - 10,000	11,580	9.43	86,144,415	1.14
10,001 - 50,000	23,145	18.85	577,833,984	7.64
50,001 - 100,000	6,474	5.27	465,393,079	6.16
100,001 - 500,000	2,849	2.32	549,013,197	7.26
500,001 - 1,000,000	257	0.21	176,306,888	2.33
1,000,001 - 5,000,000	211	0.17	393,428,509	5.20
5,000,001 and above	31	0.03	5,203,283,228	68.80
Total	122,779	100.00	7,562,562,340	100.00

SHAREHOLDERS' INFORMATION (CONT'D)

Scrip Issues

Date Issued	Ratio
19 th June, 1976	One for two
26 th February, 1977	One for one
25 th February, 1978	One for five
11 th June, 1979	One for three
28 th June, 1980	One for four
19 th June, 1981	One for four
29 th June, 1983	One for four
25 th June, 1986	One for two
27 th June, 1990	One for three
30 th June, 1993	One for one
28 th June, 1995	One for one
30 th June, 1999	Two for three
27 th June, 2002	One for one
30 th June, 2004	One for one



SHAREHOLDERS' INFORMATION (CONT'D)

Dividend Overview

Members are hereby informed that Nigerian Breweries Plc declared the following dividends in the last twelve years:

Year	Dividend No.	Profit after taxation N'000	Dividend N'000	Dividend per share Kobo	Date approved
1998	76	2,135,038	1,235,250	135	30 th June, 1999
1999	77	3,476,976	2,287,500	150	28 th June, 2000
2000	78	4,254,776	2,985,330	158	20 th June, 2001
2001	79	4,535,044	4,253,827	225	27 th June, 2002
2002	80	7,296,446	7,940,528	210	25 th June, 2003
2003	81	7,352,287	4,159,409	110	30 th June, 2004
2004	82	5,086,403	3,025,025	40	6 th July, 2005
2005	83 (Interim)		1,890,641	25	23 rd November, 2006
2005	84	8,254,557	6,050,050	80	3 rd May, 2006
2006	85 (Interim)		3,025,025	40	3 rd October, 2006
2006	86	10,900,524	7,865,065	104	23 rd May, 2007
2007	87 (Interim)		4,159,409	55	19 th September, 2007
2007	88	18,942,856	14,746,997	195	28 th May, 2008
2008	89 (Interim)		7,562,562	100	16 th September, 2008
2008	90 (Interim)		14,368,868	190	4 th December, 2008
2009	91	25,700,593	3,781,281	50	20 th May, 2009
2009	92 (Interim)		9,831,331	130	20 th May, 2009
2010	93 (Interim)		11,343,844	150	13 th January, 2010
2010	94	27,910,091	6,730,680	89	19 th May, 2010
2010	95 (Interim)		8,696,947	115	19 th May, 2010

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 Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, P.M.B. 12692, Marina, Lagos, Nigeria.





EXTRA MATURED



...the Ultimate

18+
Drink Responsibly

It's Clearly Different...
It's Truly Refreshing



Enjoy fayrouz; the premium natural soft drink made from the finest barley and the purest of waters. Fayrouz comes in pear and pineapple flavours.

fayrouz
Premium Soft Drink

Refreshingly Different



climax

ENERGY DRINK



it works
deliciously

HERBAL POWER DRINK

SERVE CHILLED

climax

it works deliciously



Is your stout

Real Brewed?

Nothing comes close to the full body,
richer taste and long lasting foam head of Legend.
A unique blend that has passed through the
traditional full brewing process using the finest
of ingredients. That is what sets
Legend Extra Stout apart as the real deal.

So, is your stout real brewed?



Legend, the real deal.



E-DIVIDEND FORM

To:

The Registrar
First Registrars Nigeria Ltd
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

65th Annual General Meeting to be held in the Shell Hall, Muson Centre, Onikan, Lagos on Wednesday, 18th May, 2011 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, OFR** 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, 18th May, 2011.

Dated this day of 2011.

Shareholder' 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:

- A member (shareholder) who is unable to attend an 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 physically present at the meeting.*
- 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.*
- Please sign this Proxy Form and post or deliver it to reach the address overleaf not later than 10.00 a.m. on the 16th of May, 2011. 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.*
- The proxy must produce the Admission Card (below) to obtain entry to the meeting.*

No. of Shares	
---------------	--

Resolutions	For	Against
To declare a dividend.		
To re-elect Chief Kolawole B. Jamodu, OFR as a Director.		
To re-elect Mr. Paul Hamers, MFR as a Director.		
To re-elect Mr. Jan C. van der Linden as a Director.		
To re-elect Mr. Hubert I. Eze as a Director.		
To re-elect Mr. Jasper C. Hamaker as a Director.		
To re-elect Mr. Hendrik A. Wymenga as a Director.		
To authorise the Directors to fix the remuneration of the Independent Auditors		
To appoint members of the Audit Committee		
To fix the remuneration of the Directors		
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 discretion.		



Nigerian Breweries Plc
RC: 613

ADMISSION CARD

Please admit the shareholder named on this Admission Card or his duly appointed proxy to the 65th Annual General Meeting of Nigerian Breweries Plc which will be held in the Shell Hall, Muson Centre, Onikan, Lagos on Wednesday, 18th May, 2011, at 10.00 a.m.

Name of shareholder

Number of shares held

Address of shareholder

Signature of shareholder or proxy

NOTES

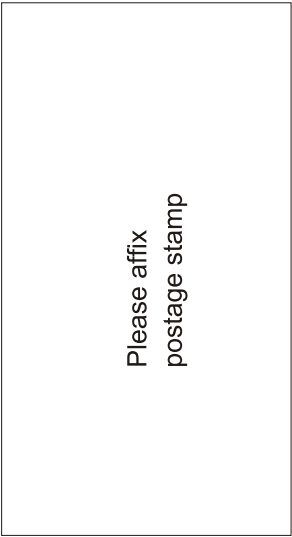
- This Admission Card must be produced by the shareholder or his proxy in order to obtain entry to the meeting. Thus, tear off and retain it for admission to the meeting.*
- Shareholders or their proxies are requested to sign the Admission Card before attending the meeting.*

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

Nigerian Breweries Plc
Annual Report and Accounts - 31st December, 2010

SECOND FOLD HERE

FIRST FOLD HERE



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

THIRD FOLD HERE AND INSERT