THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, it is recommended that you consult your Stockbroker, Banker, Solicitor, Accountant or any other independent professional adviser duly registered under the Investments and Securities Act No. 29, 2007.

If you have sold or otherwise transferred all your shares in Nigerian Breweries Plc and/or Consolidated Breweries Plc, please hand over this document together with the accompanying Proxy Forms to the purchaser or transferee or to the stockbroker or bank through whom the share sale or transfer was effected, for transmission to the purchaser or transferee.
The distribution of this document in jurisdictions other than Nigeria may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

SCHEME OF MERGER

(Under Part XII of the Investments and Securities Act No. 29 2007)

between

Nigerian Breweries Plc

RC: 613

and

Consolidated Breweries Plc

RC: 33423

Incorporating an Explanatory Statement on the Proposed Scheme of Merger

FCMB Capital Markets Limited will not be responsible to any person, individual or corporate body other than Nigerian Breweries Plc, and Stanbic IBTC Capital Limited will not be responsible to any person, individual or corporate body other than Consolidated Breweries Plc for providing advice in relation to the transactions and arrangements referred to herein.

The notices convening the respective Court-Ordered Meetings of Nigerian Breweries Plc and Consolidated Breweries Plc are set out at the end of this document. Proxy Forms are also attached. To be valid, the Proxy Form must be completed, signed and stamped, together with the powers of attorney or other authority, if any, under which it is signed and in accordance with the instructions printed thereon and must reach the Registrars of Nigerian Breweries Plc or Consolidated Breweries Plc, not later than 24 hours before the time fixed for the respective Court-Ordered Meetings.

THE PROPOSALS, WHICH ARE THE SUBJECT OF THE SCHEME FOR THE PROPOSED MERGER SET OUT IN THIS DOCUMENT, HAVE BEEN CLEARED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUIRED TO TAKE ARE SET OUT ON PAGE 18 OF THIS SCHEME DOCUMENT. NOTICES OF THE COURT-ORDERED MEETINGS TO BE HELD ARE SET OUT ON PAGES 169 TO 172.

Financial Advisers to Nigerian Breweries Plc	Financial Advisers to Consolidated Breweries Plc
FCMB CAPITAL MARKETS LIMITED A MEMBER OF FCMB GROUP PLC RC 446561	Stanbic IBTC Capital RC1031358

This Scheme Document is dated 09 October 2014

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Definitions

In this document, unless otherwise stated or clearly indicated by the context, the following capitalised terms in the first column have the meanings stated opposite them in the second column.

"Act" or "ISA"	-	Investments and Securities Act No. 29, 2007
"AGM"	-	Annual General Meeting
"Board" or "Board of Directors" or "Directors"	-	The Directors of Nigerian Breweries Plc or/and Consolidated Breweries Plc, in the relevant context and comprising those persons whose names are set out on pages 8 and 9 of this Document
"Business Day"	-	Any day, other than a Saturday, Sunday or official public holiday declared by the Federal Government of Nigeria
"CAC"	-	Corporate Affairs Commission
"CAMA"	-	Companies and Allied Matters Act, Cap C20, LFN 2004
"Cash Consideration"	-	The Naira sum to be paid to each Scheme Shareholder, who has made an Election to receive cash as consideration for their Scheme Shares, being ₦120 per Scheme Share
"CGT Act"	-	Capital Gains Tax Act, Cap C1, LFN 2004 as amended from time to time
"Consolidated Breweries"	-	Consolidated Breweries Plc
"Court"	-	Federal High Court
"Court-Ordered Meetings" or "Scheme Meetings"	-	The separate meetings of the registered holders of ordinary shares of Nigerian Breweries Plc and Consolidated Breweries Plc, to be convened pursuant to an Order of Court under Part XII of ISA, of which notices are set out on pages 169 to 172 of this Document, including any adjournment thereof
"Court Sanction"	-	An order of the Court that gives effect to the Scheme pursuant to Part XII of ISA
"CSCS"	-	Central Securities Clearing System Plc
"CTC"	-	Certified True Copy
"Dissenting Shareholders"	-	Scheme Shareholders who vote against the special resolutions proposed at the Scheme Meeting
"EBITDA"	-	Earnings Before Interest, Taxation, Depreciation and Amortization
"Effective Date"	-	The date on which the Scheme is sanctioned by the Court
"Election"	-	The decision to be made by Scheme Shareholders not later than the Final Election Date as to whether to receive the Cash Consideration
"Election Period"	-	The period commencing on the day of the Court-Ordered Meeting and ending on the Final Election Date within which the shareholders of Consolidated Breweries shall be entitled to make an Election
"Enlarged Nigerian Breweries" or "Enlarged Company"	-	The resultant company from the Merger
"Explanatory Statement"	-	The statement issued by the Financial Advisers of Nigerian Breweries and Consolidated Breweries, for the purpose of explaining the terms, conditions and effects of the Scheme and set out on pages 14 to 20 of the Scheme Document

Definitions

"Final Election Date"	-	5.00 pm on 18 December 2014, which is ten (10) Business Days after the Court-Ordered Meeting of Consolidated Breweries
"Financial Advisers"	-	FCMB Capital Markets Limited, acting as financial advisers to Nigerian Breweries, and Stanbic IBTC Capital Limited, acting as financial advisers to Consolidated Breweries
"Heineken"	-	Heineken International N.V.
"Holder"	-	Any person entitled to the Scheme Shares or holders of the ordinary shares of Nigerian Breweries or Consolidated Breweries or both, as the context may apply
"LFN"	-	Laws of the Federation of Nigeria
"Merger" or "Proposed Merger" or "Transaction"	-	The merger between Nigerian Breweries and Consolidated Breweries, to be implemented by means of the Scheme as described in this Document
"Merging Entities" or "Merging Companies"	-	Nigerian Breweries and Consolidated Breweries
"Nigerian Breweries"	-	Nigerian Breweries Plc
"Proxy Form"	-	Any of the attached proxy forms for use in connection with the Court-Ordered Meetings of Nigerian Breweries and Consolidated Breweries
"Qualification Date"	-	31 October 2014, being the date that the register of members of each of the Merging Companies shall be closed for the purposes of determining the shareholders eligible to attend and vote at the respective Scheme Meetings
"Qualifying Shareholders"	-	The shareholders whose names appear in the Register of Members of Nigerian Breweries Plc and Consolidated Breweries Plc as at the Qualification Date-
"Register of Members"	-	The register of members required to be maintained pursuant to the provisions of CAMA
"Scheme" or "Scheme of Merger"	-	The proposed scheme of merger between Nigerian Breweries Plc and Consolidated Breweries Plc, pursuant to Part XII of the ISA, in consequence of which Consolidated Breweries Plc shall transfer all of its assets, liabilities and undertakings including real properties and intellectual property rights to Nigerian Breweries Plc, and as set out on pages 24 to 28 of this Document, in its present form with or subject to any modification, addition or condition approved or imposed by the SEC or the Court
"Scheme Document" or "Document"	-	This document dated 09 October 2014, which contains the Scheme, the Explanatory Statement, the respective notices of the Court-Ordered Meetings and the various appendices therein
"Scheme Shares"	-	The 496,071,617 ordinary shares of ₦0.50 each, which constitute the aggregate number of ordinary shares in Consolidated Breweries Plc held by the Scheme Shareholders for the Total Consideration upon the Scheme becoming effective
"Scheme Shareholders"	-	The shareholders whose names appear in the Register of Members of Consolidated Breweries Plc as at the Terminal Date
"SEC" or "the Commission"	-	Securities and Exchange Commission
"Share Consideration"	-	The total of Nigerian Breweries shares to be issued to the Scheme

Definitions

		Shareholders who have not elected to receive cash as consideration for their Scheme Shares
"Share Exchange Ratio"	-	Five (5):Four (4) which shall represent the number of Scheme Shares to be exchanged for ordinary shares of Nigerian Breweries pursuant to the Scheme
"Terminal Date"	-	The Business Day immediately preceding the Effective Date
"The NSE"	-	The Nigerian Stock Exchange
"Total Consideration"	-	The total of Cash Consideration and Share Consideration

Expected Timetable of Principal Events

Event	Date
Publish Notices of Court-Ordered Meetings in national newspapers	6th November 2014
Last date for lodging Proxy Forms	3rd December 2014
Hold Court-Ordered Meeting of Nigerian Breweries	4th December 2014
Hold Court-Ordered Meeting of Consolidated Breweries	4th December 2014
Obtain SEC final approval of the Scheme	16th December 2014
File petition for the Court Sanction	17th December 2014
Last date for Scheme Shareholders to elect for cash or shares in Nigerian Breweries	18th December 2014
Obtain Court Sanction (Effective Date)	30th December 2014
Obtain CTC of Court Sanction	31st December 2014
Register CTC of Court Sanction with CAC	5th January 2015
File CTC of Court Sanction with the SEC	6th January 2015
Publish copy of Court Sanction in two national newspapers/Gazette	8th January 2015
Commence payment of Cash Consideration and dispatch of Nigerian Breweries share certificates to / credit CSCS accounts of the Scheme Shareholders	21st January 2015
List new Nigerian Breweries shares on The NSE	27th January 2015

Important Notice:

The dates given above are indicative only. The timetable of principal events has been prepared on the assumption that Court dates for the Scheme will be available as and when applied for; if not, then dates surrounding events in the timetable may be subject to a corresponding adjustment.

Directors and Parties to the Scheme

<u>Nigerian Breweries Plc</u>
Directors:

Chief Kolawole B. Jamodu CFR, *Chairman*
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Nicolaas A. Vervelde (Dutch), *MD*
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Olusegun S. Adebanji
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Walter L. Drenth (Dutch)
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Hubert I. Eze
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Victor Famuyibo
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Sijbe Hiemstra (Dutch)
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Thomas A. de Man (Dutch)
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mrs. Ifueko M. Omoigui Okauru
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Atedo N. A. Peterside, CON
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Mark P.J. Rutten (Dutch)
Iganmu House
Abebe Village Road
Iganmu, Lagos

Mr. Hendrik A. Wymenga (Dutch)
Iganmu House
Abebe Village Road
Iganmu, Lagos

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

Registered Office:
Iganmu House
Abebe Village Road
Iganmu, Lagos

Auditors:
KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole
Victoria Island, Lagos

Reporting Accountants:
PricewaterhouseCoopers
252E, Muri Okunola Street
Victoria Island, Lagos

Financial Advisers:
FCMB Capital Markets Limited
6th Floor, First City Plaza
44 Marina, Lagos

Legal Advisers:
Banwo & Ighodalo
98, Awolowo Road
Ikoyi, Lagos

Stockbrokers:
Foresight Securities & Investment Limited
Old Niger House, 163/165, Broad Street
Lagos

Registrars:
First Registrars Nigeria Limited
2, Abebe Village Road
Iganmu, Lagos

Directors and Parties to the Scheme

Consolidated Breweries Plc

Directors:

Prof (Mrs.) Oyinade Odutola-Olurin, OFR, *Chairman*
First Floor, Iddo House
Iddo
Lagos

Mr. Boudewijn N. Haarsma (Dutch), *MD*
First Floor, Iddo House
Iddo
Lagos

Chief Samuel O. Bolarinde
First Floor, Iddo House
Iddo
Lagos

Mr. Lieven van der Borght (Belgian)
First Floor, Iddo House
Iddo
Lagos

Mr. Marc Koster
First Floor, Iddo House
Iddo
Lagos

Mr. Didier F. Leleu (French)
First Floor, Iddo House
Iddo
Lagos

Mrs. Alice N. Mbadiwe
First Floor, Iddo House
Iddo
Lagos

Pastor Olufunmilayo A. Odutola
First Floor, Iddo House
Iddo
Lagos

Chief Audu I. Ogbeh, OFR
First Floor, Iddo House
Iddo
Lagos

Mr. Kevin J. Santry (British)
First Floor, Iddo House
Iddo
Lagos

Company Secretary:
Mrs. Temidayo Olaofe
First Floor, Iddo House
Iddo, Lagos

Registered Office:
First Floor, Iddo House
Iddo
Lagos

Auditors:
KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole
Victoria Island, Lagos

Reporting Accountants:
SIAO
18B, Olu Holloway Road
Ikoyi, Lagos

Financial Advisers:
Stanbic IBTC Capital Limited
I.B.T.C. Place, Walter Carrington Crescent
Victoria Island, Lagos

Legal Advisers:
SPA Ajibade & Co
27A, Macarthy Street
Onikan, Lagos

Registrars:
Veritas Registrars Limited
Plot 89A, Ajose Adeogun Street
Victoria Island, Lagos

RC: 613

Nigerian Breweries Plc
Iganmu House
Abebe Village Road
Iganmu
Lagos

9 October 2014

To the Shareholders of Nigerian Breweries Plc

Dear Sir/Madam,

Proposed Scheme of Merger between Nigerian Breweries Plc and Consolidated Breweries Plc

Introduction and Background

The Directors of your company, and that of Consolidated Breweries Plc, have been in discussions regarding a proposal to merge both companies. The Boards of Directors of both companies have now reached an agreement on the terms under which both companies will be merged. Accordingly, it is with pleasure that I write to you to present the terms and benefits of the proposed merger for your consideration, and to seek your support and approval to effect the proposed merger.

The objective of the merger is to create value for all key stakeholders particularly you, our esteemed shareholders, by driving benefits from increased economies of scale and enhanced operating and administrative efficiencies. The proposed merger also provides a platform that will ensure the interests of minority shareholders are well protected.

It is proposed that the merger be effected through a Scheme of Merger ("the Scheme") under Part XII of the Investment and Securities Act No. 29 of 2007 (hereinafter referred to as the "ISA") and in accordance with the Rules and Regulations of SEC made pursuant thereto (hereinafter referred to as "SEC Rules").

As part of the Scheme, your Board has engaged the services of FCMB Capital Markets Limited and Messrs Banwo & Ighodalo as Financial Adviser and Solicitors respectively, to guide it and to manage the merger process.

We are pleased to inform you that preliminary approvals for the Scheme have been received from the appropriate authorities. The Scheme will be presented for your consideration and approval at a Court-Ordered Meeting ("Meeting") to be held on 4th December 2014. You will find on pages 14 to 20 of the Scheme Document, an Explanatory Statement containing details of the terms and effects of the Scheme.

Overview of Consolidated Breweries Plc

Consolidated Breweries Plc emerged from the merger of Continental Breweries Limited and Eastern Breweries Limited in 1982. It is involved in the production, marketing and distribution of alcoholic and non-alcoholic beverages. Its brands cover the Lager, Stout and Malt categories and include "33" Export Lager Beer, Turbo King Dark Ale, Williams Dark Ale, Hi-Malt and Maltex Malt.

Consolidated Breweries Plc became a subsidiary of Heineken in 2005, following Heineken's acquisition of a majority shareholding in the company. Consolidated Breweries Plc benefits from Heineken's world-class technological, logistics, marketing and managerial expertise.

The company currently operates through three breweries located in Ijebu Ode, Awo-Omamma and Makurdi.

Letter from the Chairman – Nigerian Breweries

Rationale for and Benefits of the Proposed Merger

The resolution to pursue this merger, for which we now seek your approval, is motivated by the Board's aspiration to continually create value for stakeholders and sustain the market leadership position which we have attained, through consistent growth over the years. We are of the opinion that the proposed merger creates a platform where significant synergies can be obtained for the benefit of our shareholders, employees, customers, distributors, suppliers and the economy as a whole.

Benefits to be derived from the proposed Scheme include:

1. **Broader Product offering:** The proposed merger offers the enlarged company an enriched product portfolio, covering all market segments (premium, mainstream and value segments), to the benefit of our numerous customers.

2. **Operational efficiencies:** We expect the proposed merger to provide opportunities to enhance operational efficiencies by streamlining operations, optimizing use of resources and eliminating duplications. Therefore, there will be significant cost savings arising from optimisation of combined resources which will benefit all the stakeholders.

3. **Economies of Scale:** The proposed merger will provide a platform where the enlarged company can benefit from economies of scales in procurement, distribution and manufacturing of all the products on offer. We expect the benefits accruing from these to accrue to all stakeholders.

4. **Access to new markets:** The proposed merger will ensure that Consolidated Breweries' quality brands are marketed and distributed nationwide, hence creating more value for all stakeholders.

Voting at the Meeting

Nigerian Breweries is a subsidiary of Heineken. The shares of Heineken are held by two shareholders, Heineken Brouwerijen B.V. and Distilled Trading International B.V. The two shareholders have informed Nigerian Breweries that they have decided not to exercise their rights of voting at the Meeting.

The two shareholders have further informed the Company that they are in full support of the Proposed Merger, considering its economic and strategic importance to the overall interest of all shareholders and stakeholders of our Company. Their decision not to exercise their voting rights at the Meeting is to allow the minority shareholders determine whether to proceed with the Proposed Merger. This decision is notwithstanding the fact that the two shareholders do not stand to benefit from the Proposed Merger at the expense of other shareholders.

Recommendation

Your Board as well as our Financial Advisers and Solicitors, consider the terms of the proposal fair, reasonable and in the best interest of the company. Therefore, your Board of Directors unanimously recommend that you vote in favour of the sub-joined resolutions, which are to be proposed at the Court-Ordered Meeting on 4th December 2014.

If you are unable to attend the meeting personally, please complete and return the enclosed Proxy Form in accordance with the instructions thereon. Kindly note that the lodging of a Proxy Form does not prevent you from attending and voting in person, should you subsequently decide to do so. However, in such instance, your proxy will not be entitled to attend or vote.

We look forward to welcoming you or your proxy to the meeting.

Yours faithfully,

Chief Kolawole B. Jamodu, CFR
Chairman

CONSOLIDATED BREWERIES PLC RC: 33423

Consolidated Breweries Plc
First Floor, Iddo House
Iddo
Lagos

9 October 2014

To the Shareholders of Consolidated Breweries Plc

Dear Sir/Madam,

Proposed Scheme of Merger between Consolidated Breweries Plc and Nigerian Breweries Plc

Introduction
The Nigerian brewery industry has changed significantly in recent years, requiring players to adopt new strategies to achieve success and enhance shareholder value. This evolution has required the entry into new product segments as well as changes to operating and marketing strategies which require significant resource commitments.

In recent months, there have been discussions with the Board, management and representatives of Nigerian Breweries Plc to identify opportunities for collaboration between both companies. These discussions culminated in the proposal of a merger between Consolidated Breweries and Nigerian Breweries (the "Scheme of Merger") which is expected to yield significant benefits for stakeholders of both companies. I am pleased to inform you that these discussions have led to agreement on the terms of the Scheme of Merger. Your Board engaged the services of Stanbic IBTC Capital Limited and SPA Ajibade and Co. as financial and legal advisers respectively to review and advise on the proposed terms of the Merger.

I am writing to you on behalf of the Board of Consolidated Breweries to explain the rationale and benefits of the Merger.

The proposal is to combine the operations of Consolidated Breweries and Nigerian Breweries into a single legal entity effected through a Scheme of Merger pursuant to Part XII of the Investments and Securities Act No. 29 of 2007, and which will result in Nigerian Breweries being the surviving entity. The requisite pre-merger approval has been received from the SEC in respect of the proposed Scheme of Merger. Your Directors recommend the Proposed Merger for your consideration and seek your support and approval of the same. To approve the Scheme of Merger, you will need to vote in favour of the sub-joined resolutions to be proposed at the Court-Ordered Meeting ("Meeting") to be held on 4th December 2014.

The terms and effects of the Scheme of Merger are explained further in an Explanatory Statement from the Financial Advisers on pages 14 to 20 of this Scheme Document.

Overview of Nigerian Breweries Plc

Nigerian Breweries is engaged in the brewing, marketing and selling of both alcoholic and non-alcoholic beverage drinks in Nigeria. The company is a public limited liability company and was incorporated in 1946. Since inception, the company has achieved an enviable track record of consistent and sustainable growth. Today, Nigerian Breweries is one of the largest companies listed on The NSE. The major brands produced by Nigerian Breweries are Heineken lager, Gulder lager, Star lager, Maltina malt drink, Amstel Malta malt drink, Fayrouz soft drink, and Climax herbal energy drink.

As is the case with your company, Nigerian Breweries is a subsidiary of Heineken and has benefited from Heineken's technological, logistics, marketing and managerial expertise.

Rationale for and Benefits of the Proposed Merger

Your Board's decision to propose the Scheme of Merger to you is primarily premised on ensuring that the company remains positioned to be competitive. In addition, the Directors of both companies are of the opinion that significant cost and revenue synergies will accrue from the Proposed Merger to create additional value to the shareholders of both companies. Care has been taken to balance the requirements of all stakeholders in planning the implementation of the Scheme of Merger.

Specific reasons why the Board resolved to recommend the Scheme of Merger include:

1. **Operational efficiencies:** The Proposed Merger is expected to create a platform for improved efficiency and economies of scale resulting from the streamlining of operations. The enlarged company is expected to efficiently manufacture products of both entities through the combined operational capacity of both companies. Products will also be sold and distributed across the entire combined sales and distribution network of the two companies. Cost savings from increased efficiency in procurement, supply chain management and support functions are expected to ultimately enhance shareholder value.

2. **Shareholder value creation:** Consolidated Breweries shareholders will become shareholders of a larger and highly profitable entity. Synergies created as a result of the merger will create additional value for shareholders. Shareholders unwilling to be part of the enlarged company will have the option to receive cash for their shares and make alternative investments as they deem fit.

3. **Liquidity for shareholders:** The Scheme of Merger provides Consolidated Breweries shareholders with a more liquid stock. Whilst Nigerian Breweries is a listed company with its shares traded on The NSE, Consolidated Breweries is not. Shareholders of Consolidated Breweries will enjoy the benefit of holding shares in a liquid company listed on The NSE.

Voting at the Meeting

Heineken has informed Consolidated Breweries that it does not intend to vote at the Meeting. In a letter to the Board dated 9 October 2014, Heineken mentioned that it believes the economic and strategic rationale for the Proposed Merger is compelling for all shareholders and stakeholders of Consolidated Breweries. Heineken also mentioned that whilst they are entitled (under the existing laws and regulations of Nigeria) to vote and do not stand to benefit from the Proposed Merger at the expense of other shareholders, abstaining from voting will give the minority shareholders of Consolidated Breweries the sole discretion as to whether to approve the Proposed Merger. This is to ensure that the decision to proceed with the Proposed Merger is solely determined by the minority shareholders of Consolidated Breweries.

Recommendation

The Board of Directors of Consolidated Breweries considers the terms of the Scheme of Merger fair and reasonable. Although not required by law, your Board has engaged the services of Ernst & Young, a firm of professional accountants to act as Fairness Opinion Advisers in connection with the Scheme of Merger. Ernst & Young conducted an independent review and issued a Fairness Opinion dated 23 July 2014 confirming that the Scheme of Merger, agreed exchange ratios, cash consideration and other terms and conditions therein are fair and reasonable. The Fairness Opinion is contained in Appendix IV of this Scheme Document. Your Board therefore recommends that you vote in favour of the sub-joined resolutions which are to be proposed at the Court-Ordered Meeting.

It is particularly important that as many votes as possible are cast at the Court-Ordered Meeting so that the Court may be satisfied that there was a fair representation of shareholders at the meeting. Whether or not you intend to attend the Court-Ordered Meeting, we urge you to complete and sign the relevant Proxy Form and return it in accordance with the instructions thereon, as soon as possible and in any event not later than 24 hours before the time fixed for the meeting.

Please note that the lodging of a Proxy Form does not prevent you from attending the Court-Ordered Meeting and voting in person, should you subsequently decide to do so. However, in such circumstance, your proxy will not be entitled to attend or vote.

I look forward to welcoming you or your proxy to the meeting.

Yours faithfully

Prof (Mrs) Oyinade Odutola-Olurin, OFR
Chairman

Explanatory Statement

FCMB CAPITAL MARKETS LIMITED
A MEMBER OF FCMB GROUP PLC
RC446561

FCMB Capital Markets Limited
6th Floor, First City Plaza
44 Marina
Lagos

RC1031358

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island, Lagos

9 October 2014

To the Shareholders of:

Nigerian Breweries Plc and
Consolidated Breweries Plc

Dear Sir/Madam,

Proposed Scheme of Merger between Nigerian Breweries Plc and Consolidated Breweries Plc

1. Introduction

The respective Boards of Directors of Nigerian Breweries Plc and Consolidated Breweries Plc have taken a decision to undertake a merger of both companies. An 'approval-in-principle' for the proposed Transaction has been granted by SEC under Section 121 of the ISA whilst the Scheme of Merger will be effected pursuant to Part XII of the ISA and in accordance with the Rules and Regulations of SEC made pursuant thereto.

The letters from your respective Chairmen convey the recommendations of your respective Boards that you vote in favour of the Scheme at the Court-Ordered Meetings that will be convened for you to consider, and if deemed fit, approve the Scheme. Your Directors have authorised us to write to you, explaining on their behalf, the terms, conditions, provisions and effects of the Scheme, which are summarised below.

2. The Proposal

(a) Transfer and Consideration

Under the terms of the Scheme of Merger, it is proposed that:

a. all the assets, liabilities and undertakings of Consolidated Breweries, including real properties and intellectual property rights, be transferred to Nigerian Breweries;

b. the entire issued share capital of Consolidated Breweries comprising 496,071,617 ordinary shares of 50 kobo each be cancelled and Consolidated Breweries be dissolved without being wound up;

c. in consideration for the transfer of all the assets, liabilities and undertakings of Consolidated Breweries to Nigerian Breweries, it is proposed that each Scheme Shareholder shall be entitled to:

RECEIVE:	**FOR**
Four (4) Nigerian Breweries shares	every Five (5) Scheme Shares

Alternatively, if any Scheme Shareholder prefers to do so, each Scheme Shareholder will be entitled to make an Election and is required to communicate such Election to the Registrars of Nigerian Breweries within the Election Period.

Fractions of Nigerian Breweries shares shall not be issued/allotted to the Scheme Shareholders. All such fractions, which would have been issued/allotted to Scheme Shareholders shall be rounded up and credited to the Scheme Shareholders as a full Nigerian Breweries' share.

(b) Election

As aforementioned, the Scheme Shareholders shall be entitled to make an Election and communicate such Election to the Registrars of Nigerian Breweries within the Election Period. Election notices have been dispatched together with this Document to all Scheme Shareholders and should be returned to the Registrars of Nigerian Breweries, duly completed either at the Scheme Meeting or by the Final Election Date. Nigerian Breweries shareholders are not required to take any action in this regard.

The written notice of such Election must be received by the Registrars of Nigerian Breweries before the Final Election Date or within such a time as the Court may direct. In this context, "written notice" (including any letter of appointment, direction or authority), means notice in writing, bearing the original signature(s) (and seal if a corporate body) of the shareholder(s) (as the case may be) or his/her/their agents duly appointed in writing (evidence of whose appointment, in a form reasonably satisfactory to Nigerian Breweries, should be produced with the notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice.

In instances where the Election of a Scheme Shareholder has not been received by the Registrars of Nigerian Breweries by the Final Election Date or if the Registrar of Nigerian Breweries are unable to determine the Election made by a Scheme Shareholder, such shareholder shall be deemed to have elected to receive Nigerian Breweries' shares and shall be settled with Nigerian Breweries' shares accordingly.

(c) Provision for Dissenting Shareholders

Any Scheme Shareholder who votes against the special resolutions proposed at the Scheme Meeting may elect to receive cash for each Consolidated Breweries share held by such shareholder at the price of ₦120 being the cash consideration per share.

Any written notice from any Dissenting Shareholder must be received by the Registrars of Nigerian Breweries before the Final Election Date or within such a time as the Court may direct. In this context, "written notice" (including any letter of appointment, direction or authority), means notice in writing, bearing the original signature(s) (and seal if a corporate body) of the shareholder(s) (as the case may be) or his/her/their agents duly appointed in writing (evidence of whose appointment, in a form reasonably satisfactory to Nigerian Breweries, should be produced with the notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice.

(d) Settlement

Upon the Scheme being effective, Consolidated Breweries' share certificates and/or shares in CSCS accounts will cease to be of value. After the Court Sanction has been granted, First Registrars (Nigeria) Limited, registrars to Nigerian Breweries, shall dispatch Nigerian Breweries share certificates/credit the relevant CSCS accounts or dispatch consideration warrants to/credit relevant bank accounts of each Scheme Shareholder, based on the shareholders' Election. Where the Election of a Scheme Shareholder has not been received by Nigerian Breweries by the Final Election Date or the Registrar is unable to determine the Election made by the shareholder, such shareholder will be deemed to have elected to receive Nigerian Breweries' shares for the cancellation of the shareholder's shares in Consolidated Breweries.

For the benefit of Scheme Shareholders who elect to receive Cash Consideration, Nigerian Breweries will open an account to be designated as the "Consolidated Breweries' Cash Consideration Account" into which the cash consideration will be deposited from the Effective Date. The Cash Consideration to which each Scheme Shareholder shall become entitled shall be transferred to the nominated bank account of the Registrars, for onward settlement, via bank transfers or by way of warrants drawn on the Registrars' bank account, and the applicable amount shall be denominated in Naira.

Settlement of the cash consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Nigerian Breweries may otherwise be, or claim to be entitled, against such Scheme Shareholder.

- **Plans for untraceable Holders of Scheme Shares:**

  Any Holder of Scheme Shares who may be untraceable by the Final Election Date shall become entitled to receive Nigerian Breweries' shares, pursuant to the Scheme of Merger becoming effective.

- **Plans for Scheme Shareholders subject to encumbrances:**

  Any cash consideration for a Dissenting Shareholder that has been pledged as collateral or is subject to a lien or other similar encumbrance may be withheld by the Registrars pending satisfactory resolution of underlying indebtedness.

(e) Conditions Precedent

The Scheme will become effective and binding on all the members of Nigerian Breweries and Consolidated Breweries if:

(i) It is approved by a majority representing not less than three-quarters in value of the ordinary shares of the members of each of the Merging Companies present and voting either in person or by proxy at each of the separate Court-Ordered Meetings of the shareholders of Nigerian Breweries and Consolidated Breweries;

(ii) SEC approves, with or without modification or amendment, the terms and conditions of the Scheme as agreed to by the required majority specified in (i) above;

(iii) The Court sanctions the Scheme with orders substantially in the following terms:

a. all assets, liabilities and undertakings, including real property and intellectual property rights of Consolidated Breweries be transferred to Nigerian Breweries as provided for in the Scheme;

b. the Scheme Shareholders be allotted Four (4) Nigerian Breweries' shares for every Five (5) shares previously held by them in Consolidated Breweries unless an Election is made by a Scheme Shareholder;

c. all pending legal proceedings, claims and litigation, instituted by or against Nigerian Breweries and Consolidated Breweries be continued by or against Nigerian Breweries after the Effective Date;

d. the entire share capital of Consolidated Breweries be cancelled; and

e. Consolidated Breweries be dissolved without being wound up.

3. Elements of the Scheme

(a) Rationale for the Transaction

The Directors of Nigerian Breweries and Consolidated Breweries have decided to align their long-term strategic interests with a view to enhancing the operational efficiencies of both companies thereby maximising value for all shareholders. This combination will ultimately reduce overheads and enhance shareholder value through the exploitation of various operational synergies. This will result in improved revenues, cost savings and operational efficiencies in the Enlarged Nigerian Breweries.

The Proposed Merger will enable the surviving entity, Nigerian Breweries, efficiently manufacture products of both entities through the combined operational capacity of both companies. Products will also be sold and distributed across the combined sales and distribution network of the two companies.

The Proposed Merger is essentially a restructuring of the legal interests with no impact on the products offered by Consolidated Breweries.

(b) Benefits/Effects of the Merger

The Boards and management of Nigerian Breweries and Consolidated Breweries believe that the Proposed Merger will provide a number of strategic opportunities and benefits to their respective shareholders, employees, and customers as well as the brewing industry and the larger economy. The benefits/effects include the following:

- Economies of scale, resulting from a combination of their operations as well as important synergies arising therefrom;
- Improved organisational efficiencies through a more focused and centric management of resources. The post-merger entity will incur only a single set of "head office expenses" such as AGMs, Board of Directors and communication to shareholders;
- Improved operational efficiencies arising from greater operational integration, including the consolidation of the supply and distribution networks of both companies;
- Increased competitiveness through the alignment of existing individual company's strengths, thereby increasing value and returns to shareholders of the Enlarged Company; and
- Increased market capitalisation: While Nigerian Breweries is quoted on the floor of The NSE, Consolidated Breweries is not. The Proposed Merger will therefore provide a platform for erstwhile shareholders of Consolidated Breweries to easily trade their (new) shares. The new Nigerian Breweries shares arising from the Proposed Merger will increase the market capitalization of Nigerian Breweries and that of The NSE.

The Proposed Merger will therefore strongly reinforce the surviving entity's commitment to the growth and development of the brewing industry, have positive impact on the Nigerian economy at every level, create more employment opportunities and contribute to internally generated revenue for the three tiers of government.

(c) Meetings to Approve the Scheme and Voting Rights

Separate Court-Ordered Meetings will be convened for the purpose of considering and, if thought fit, approving the Scheme of Merger by the shareholders of Nigerian Breweries and Consolidated Breweries. At the Court-Ordered Meetings, voting will be by poll. Each shareholder present in person or by proxy will be entitled to one vote for every ordinary share held. The statutory majority required to pass the resolutions to be proposed at the Court-Ordered Meetings is a majority representing not less than three fourths (3/4) in value of the shares of members present and voting either in person or by proxy.

Notices of the Court-Ordered Meetings are set out on pages 169 to 172 of this Scheme Document.

(d) Plans for Employees and Directors

From the Effective Date, the contracts of employment of all employees who are in the employment of Consolidated Breweries shall be transferred to the Enlarged Nigerian Breweries and such employees shall become employees of the Enlarged Nigerian Breweries on terms and conditions applicable to the respective grades of the employees in the Enlarged Company. Where any employee of Consolidated Breweries does not wish that his/her employment be transferred to the Enlarged Nigerian Breweries after the Merger, such employee will be entitled to obtain his/her terminal benefits based on his/her existing contract of service.

The composition of the Board of Directors of the Enlarged Company shall be in accordance with the Articles of Association of Nigerian Breweries.

(e) Actions to be Taken

The appropriate Proxy Forms for the respective Court-Ordered Meetings are enclosed. If you are unable to attend the meeting in person, you are requested to complete the Proxy Form in accordance with the instructions thereon and return it as soon as possible to the Registrar of your respective companies. The Proxy Form is required to be received by the Registrar of your respective companies not later than twenty-four (24) hours before the time appointed for the meeting. The lodging of a Proxy Form, which to be valid, must be appropriately stamped, does not prevent you from attending the relevant meeting and voting in person should you so wish. However, in such instance, your proxy will not be entitled to attend or vote.

4. Financial Effects of The Scheme

The Share Exchange Ratio was determined on the basis of the relative values of Nigerian Breweries and Consolidated Breweries on the date prior to the transaction announcement based on various valuation methodologies agreed to for the purpose of the Scheme. Consequently, the Financial Advisers arrived at a fair consideration as follows:

The Scheme Shareholders will receive Four (4) ordinary shares in Nigerian Breweries for every Five (5) ordinary shares held in Consolidated Breweries *as at the Terminal Date or a Cash Consideration of ₦120 per Scheme Share.*

The value of each ordinary share of Nigerian Breweries and Consolidated Breweries, as recommended by the Financial Advisers and approved by the respective Boards of Directors of Nigerian Breweries and Consolidated Breweries are ₦150 and ₦120 respectively. The resulting valuation will have the following effects on the shareholders of both companies:

(i) Capital Value

Upon the Scheme coming into effect, a Scheme Shareholder will receive Four (4) ordinary shares in Nigerian Breweries, for every Five (5) ordinary shares held in Consolidated Breweries.

(ii) Taxation

In accordance with section 32 of the CGT Act, no capital gains tax is payable on capital gains arising from the acquisition of the shares of a company taken over or merged with another company as a result of which the merged company loses its identity. Thus, no capital gains tax is payable on any capital gains made on a merger in which consideration was shares.

Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult their professional advisers without delay as to the consequences of the Scheme in view of their circumstances.

5. Information Regarding Nigerian Breweries Plc

Nigerian Breweries, a public limited liability company quoted on The NSE, was incorporated in November 1946, under the name, “Nigerian Brewery Limited”. The name was changed in January 1957 to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990. Nigerian Breweries is a subsidiary of Heineken and has benefited from Heineken’s technological, logistics, marketing and managerial expertise. It is a company with an enviable track record of consistent and sustainable growth and has contributed significantly to the development of Nigeria and the economy.

Nigerian Breweries is engaged in the brewing, marketing and selling of both alcoholic and non-alcoholic beverage drinks. Its brands are Heineken lager, Gulder lager, Star lager, Maltina malt drink, Amstel Malta malt drink, Fayrouz soft drink and Climax herbal energy drink. Others are Goldberg lager, Legend Extra Stout, Life Continental lager, Malta Gold malt drink and Star Lite lager. Nigerian Breweries operates from nine operational breweries/plants nationwide – Lagos, Aba, Aba Malting Plant, Kudenda (Kaduna), Kakuri (Kaduna), Ibadan, Ama, Ota and Onitsha. The brewery at Ama, Enugu is the biggest brewery in Nigeria.

Nigerian Breweries has over the years created, and continues to create, sustainable economic opportunities for various other businesses by making sustainable investments in its value chain. Nigerian Breweries was the first brewer to use sorghum in its production processes in Nigeria and today has the largest sorghum malting plant in Africa (Aba Malting Plant). The company has created over 500,000 jobs (directly and indirectly) in the agricultural sector, manufacturing sector (makers of bottles, crown corks, labels, plastic crates, cans) and other service providers (such as transporters, distributors, event managers, advertising and marketing communication agencies) amongst others.

Nigerian Breweries' authorised and paid up share capital as at 31 December 2013 were ₦4.00 billion and ₦3.78 billion respectively, while the Shareholders' funds as at 31 December 2013 stood at ₦112.36 billion. Total Assets as at 31 December 2013 were in excess of ₦252 billion.

Nigerian Breweries is the second largest listed company on The NSE, with a market capitalization of about ₦1.13 trillion as at 8 May 2014 and over 115,000 shareholders.

6. Information Regarding Consolidated Breweries Plc

Consolidated Breweries is engaged in the brewing, marketing and selling of alcoholic and non-alcoholic beverages. The company emerged from a merger of Continental Breweries Limited and Eastern Breweries Limited in 1982. Its brands include "33" Export Lager Beer, Turbo King Dark Ale, Williams Dark Ale, Hi-Malt and Maltex Malt.

In 2013, Consolidated Breweries merged with DIL/Maltex (Nigeria) Plc ("DIL/Maltex") and Benue Brewery Limited ("Benue Brewery"), following its acquisition of 95.05% equity stake in DIL/Maltex in 2009 and 85% equity stake in Benue Brewery in 2011. These acquisitions provided Consolidated Breweries with access to production capacity in the non-alcoholic beverage market as well as the Maltex brand. Consolidated Breweries recently divested its 57% equity interest in Champion Breweries Plc located in Akwa Ibom state to The Raysun Nigeria Limited, a wholly owned subsidiary of Heineken.

Consolidated Breweries is currently a subsidiary of Heineken. Subsequent to becoming a subsidiary of Heineken, Consolidated Breweries has been receiving technical and managerial assistance from Heineken since 1999. The participation of Heineken has benefited Consolidated Breweries by providing access to the technological, logistics, marketing and managerial expertise that resides in Heineken's world-wide operations.

Consolidated Breweries operates through three operational breweries in Ijebu Ode, Awo-Omamma and Makurdi.

As at 31 December 2013, Consolidated Breweries had revenue of ₦33.92 billion, an authorised share capital of ₦350.00 million, made up of 700 million ordinary shares of ₦0.50 each and an issued share capital of ₦248.04 million. The shareholders' funds as at 31 December, 2013 stood at ₦13.94 billion.

7. **Further Information**

Your attention is drawn to the following information contained in the appendices to the Scheme Document:

Appendix I: Further information regarding Nigerian Breweries on pages 29 to 81

Appendix II: Further information regarding Consolidated Breweries on pages 82 to 155

Appendix III: Pro forma Financial Information of the Enlarged Company on pages 156 to 159

Appendix IV: Fairness Opinion on pages 160 to 163

Appendix V: Statutory and General Information on pages 164 to 168

Notices of Scheme Meetings on pages 169 to 172

Shareholders are encouraged to read the entire Scheme Document and not just rely on the summarised information set out in this Explanatory Statement or in other parts of the Scheme Document.

8. **Conclusion and Recommendation**

The Boards of Nigerian Breweries and Consolidated Breweries together with the Financial Advisers, having considered the terms and conditions of the Scheme of Merger, as well as the benefits thereof, recommend that you vote in favour of the special resolutions which will be proposed at the respective Court-Ordered Meetings.

For the Financial Advisers

Jonathan Long
Executive Vice Chairman
FCMB Capital Markets Limited

Yewande Sadiku
Chief Executive
Stanbic IBTC Capital Limited

Valuation

1. Background

The Proposed Merger of Nigerian Breweries and Consolidated Breweries is expected to bring about economies of scale, cost savings and improved operational and administrative efficiencies. These synergies are expected to result in increased returns to shareholders.

It is proposed that the assets, liabilities and undertakings of Consolidated Breweries will be transferred to Nigerian Breweries under the terms of the Scheme, in consideration for which new Nigerian Breweries shares will be issued to holders of the Scheme shares.

Kindly note that the Share Exchange Ratio in this Document is quoted in terms of the number of Consolidated Breweries shares that will be given up in exchange for Nigerian Breweries shares.

2. Basis and Assumptions

The main assumptions used for the valuation are as follows:

(i) The valuation reference date is 8 May 2014, being the date prior to the announcement of the Transaction;

(ii) The issued and fully paid share capital of Nigerian Breweries as at the valuation reference date, was ₦3,781,352,216 comprised of 7,562,704,432 ordinary shares of 50 kobo each;

(iii) The issued and fully paid share capital of Consolidated Breweries as at the valuation reference date, was ₦248,035,808.50 comprised of 496,071,617 ordinary shares of 50 kobo each; and

(iv) The closing price per share of Nigerian Breweries on The NSE as at the valuation reference date was ₦149.00.

3. Valuation Methodology

The Financial Advisers employed the following valuation methodologies in establishing the fair value of Nigerian Breweries and Consolidated Breweries and in deriving the implied Share Exchange Ratio for the Proposed Merger.

- Discounted Cash Flow;
- Historical Market Prices;
- Over the Counter ("OTC") Trading Prices;
- Comparable Companies Trading Multiples;
  - Enterprise Value ("EV") to Total Revenue;
  - Enterprise Value ("EV") to EBITDA; and
  - Enterprise Value ("EV") to EBIT.

3.1 Discounted Cash Flow

This approach values a company based on future free cash flow projections of the company and discounts these cash flows using the weighted average cost of capital of the company to arrive at a present value of free cash flows and terminal value. In carrying out the DCF valuation analysis, the Financial Advisers made certain assumptions in line with global best practices, regarding the appropriate discount rates and terminal growth multiples to obtain a fair value range.

3.2 Historical Market Prices

Typically, prices of securities traded on exchanges provide market defined benchmarks of fair value. Nigerian Breweries is listed on The NSE and its share price provides probably the best indication of its value. 60 day volume weighted average closing prices to 8 May 2014 of Nigerian Breweries shares on The NSE was ₦149.18.

3.3 OTC Trading Prices

NASD PLC ("NASD") is the promoter and operator of an OTC platform for non-quoted securities. Trades in non-quoted securities are matched automatically on this trading platform under conditions similar to a formal stock exchange.

Consolidated Breweries is listed on the NASD OTC platform and its share price provides a defined benchmark of fair value.

It should however be noted that stocks trading on this platform are not as liquid as those trading on The NSE. The last trading price of Consolidated Breweries on the NASD OTC platform, prior to the announcement of the Proposed Merger, was ₦78.00 per share on 8 May 2014.

3.4 Comparable Companies Trading Multiples

This valuation approach derives an estimate of the value of Consolidated Breweries by capitalising various operating metrics at appropriate multiples. The estimates of value derived were based on market trading multiples of comparable companies and comparable transactions. Comparable companies were selected on account of similarities in operations as well as geographical location. Comparable merger transactions are difficult to identify, so acquisition transactions involving breweries in emerging markets were used as a proxy for these types of transactions. Information on the multiples of the comparable companies and transactions was determined as the average of a sample of multiples, sourced from public and verifiable data sources.

EV/Total Revenue

This approach estimates the Enterprise Value (that is, sum of equity and debt less cash) by applying an average market-determined multiple to Consolidated Breweries' trailing and/or forecast Total Revenue.

Non-operating items such as debt, cash and minority interest were corrected for to arrive at the equity value of Consolidated Breweries.

This method was not used as the primary valuation method and was only used to corroborate other valuation estimates.

EV/EBITDA

This approach estimates the Enterprise Value by applying an average market-determined multiple to Consolidated Breweries' trailing and/or forecast EBITDA.

Non-operating items such as debt, cash and minority interest were corrected for to arrive at the equity value of Consolidated Breweries.

This method was not used as the primary valuation method and was only used to corroborate other valuation estimates.

EV/EBIT

This approach estimates the Enterprise Value by applying an average market-determined multiple to Consolidated Breweries' trailing and/or forecast EBIT.

Non-operating items such as debt, cash and minority interest were corrected for to arrive at the equity value of Consolidated Breweries.

This method was not used as the primary valuation method and was only used to corroborate other valuation estimates.

Valuation

4. Valuation Summary and Exchange Ratio

After having evaluated the underlying assumptions, strengths and potential drawbacks of each of the valuation approaches described above, the Financial Advisers adopted the following primary valuation approaches for each company:

- Historical Market Prices approach for Nigerian Breweries since the company is publicly listed and its shares are actively traded on The NSE; and

- Discounted Cash Flow approach for Consolidated Breweries due to its detailed, bottom-up approach and flexibility in modeling key assumptions that drive value. The DCF was chosen for Consolidated Breweries because it relies on free cash flows, a trustworthy measure of value that cuts through much of the arbitrariness involved in multiples based valuations.

At separate meetings of the Boards of Directors of Nigerian Breweries and Consolidated Breweries, the Boards of Directors recommended fair value estimates of ₦150 per share and 120₦120 per share for Nigerian Breweries and Consolidated Breweries respectively, resulting in a share exchange ratio of Four (4) Nigerian Breweries shares for every Five (5) Consolidated Breweries shares.

The Scheme of Merger

SCHEME OF MERGER
(PURSUANT TO PART XII OF THE INVESTMENT AND SECURITIES ACT NO 29 2007)

BETWEEN

NIGERIAN BREWERIES PLC (RC 613)

AND

CONSOLIDATED BREWERIES PLC (RC 33423)

A. PRELIMINARY

1. In this Scheme, the following expressions shall, unless the context otherwise requires, have the meanings set opposite the same respectively

"Act" or "ISA"	-	Investments and Securities Act No. 29 2007
"Business Day"	-	Any day, other than a Saturday, Sunday or official public holiday declared by the Federal Government of Nigeria
"CAC"	-	Corporate Affairs Commission
"Cash Consideration"	-	The Naira sum to be paid to each Scheme Shareholder, who has made an Election to receive cash as consideration for their Scheme Shares, being ₦120 per Scheme Share
"CAMA"	-	Companies and Allied Matters Act, Cap C20, LFN 2004
"Court"	-	Federal High Court
"Court-Ordered Meetings" or **"Scheme Meetings"**	-	The separate meetings of the registered holders of ordinary shares of Nigerian Breweries Plc and Consolidated Breweries Plc, to be convened pursuant to an Order of Court under Part XII of ISA, of which notices are set out on pages 169 to 172 of this Document, including any adjournment thereof
"Court Sanction"	-	An order of the Court that gives effect to the Scheme pursuant to Part XII of ISA
"CSCS"	-	Central Securities Clearing System Plc
"CTC"	-	Certified True Copy
"Dissenting Shareholders"	-	Scheme Shareholders who vote against the special resolutions proposed at the Scheme Meeting
"Effective Date"	-	The date on which the Scheme is sanctioned by the Court
"Election"	-	The decision to be made by Scheme Shareholders not later than the Final Election Date as to whether to receive the Cash Consideration
"Explanatory Statement"	-	The statement issued by the Financial Advisers of Nigerian Breweries Plc and Consolidated Breweries Plc, for the purpose of explaining the terms, conditions and effects of the Scheme and set out on pages 14 to 20 of the Scheme Document
"Final Election Date"	-	5.00 pm on 18 December 2014, which is ten (10) Business Days after the Court- Ordered Meeting of Consolidated

		Breweries Plc
"Register of Members"	-	The register of members required to be maintained pursuant to the provisions of CAMA
"Scheme" or "Scheme of Merger"	-	The proposed scheme of merger between Nigerian Breweries Plc and Consolidated Breweries Plc, pursuant to Part XII of the ISA, in consequence of which Consolidated Breweries Plc, shall transfer all of its assets, liabilities and undertakings including real properties and intellectual property rights to Nigerian Breweries Plc, and as set out on pages 24 to 28 of this Document, in its present form with or subject to any modification, addition or condition approved or imposed by SEC or the Court
"Scheme Document" or "Document"	-	This document dated 9 October 2014, which includes the Scheme, the Explanatory Statement, the notice of Court-Ordered Meeting and the various appendices therein
"Scheme Shares"	-	The 496,071,617 ordinary shares of ₦0.50 each, which constitute the aggregate number of ordinary shares in Consolidated Breweries Plc held by the Scheme Shareholders for the Total Consideration upon the Scheme becoming effective
"Scheme Shareholders"	-	The shareholders whose names appear in the Register of Members of Consolidated Breweries Plc as at the Terminal Date
"SEC" or "the Commission"	-	Securities and Exchange Commission
"Share Consideration"	-	The total of Nigerian Breweries Plc shares that the Scheme Shareholders receive in respect of their Scheme Shares
"Terminal Date"	-	The Business Day immediately preceding the Effective Date
"Total Consideration"	-	The total of Cash Consideration and Share Consideration

2. As at the date of this Scheme Document, the authorised share capital of Nigerian Breweries is ₦4,000,000,000 divided into 8,000,000,000 ordinary shares of 50 kobo each. The issued and fully paid share capital of Nigerian Breweries is ₦3,781,352,216 comprised of 7,562,704,432 ordinary shares of 50 kobo each.

3. As at the date of this Scheme Document, the authorised share capital of Consolidated Breweries is ₦350,000,000 divided into 700,000,000 ordinary shares of 50 kobo each. The issued and fully paid share capital of Consolidated Breweries is ₦248,035,808.50 comprised of 496,071,617 ordinary shares of 50 kobo each.

4. The Directors of Nigerian Breweries resolved to propose to the shareholders of the company that Nigerian Breweries be merged with Consolidated Breweries on the terms and conditions hereinafter set forth and to this end proposed that the necessary resolutions required by law to carry the Scheme of Merger into effect be passed by the shareholders of Nigerian Breweries at a Court-Ordered Meeting.

5. The Directors of Consolidated Breweries to propose to the shareholders of the company that Consolidated Breweries be merged with Nigerian Breweries on the terms and conditions hereinafter set forth and to this end proposed that the necessary resolutions required by law to carry the Scheme of Merger into effect be passed by the shareholders of Consolidated Breweries at a Court-Ordered Meeting.

B. THE SCHEME

1. Transfer of Assets, Liabilities and Undertakings

Subject to this Scheme being approved by a majority representing not less than three-quarters in value of the ordinary shares held by the shareholders of Nigerian Breweries and Consolidated Breweries present at their respective Court-Ordered Meetings, and the Scheme being approved by SEC and sanctioned by the Court, Consolidated Breweries shall transfer all of of its assets, liabilities, and undertakings, including real properties and intellectual property rights to Nigerian Breweries upon the terms and subject to the conditions set out in this Scheme, without any further act or deed.

2. Cancellation of Share Capital

The entire share capital of Consolidated Breweries shall be cancelled.

3. Consideration

a. In consideration of the transfers and the cancellation of the entire share capital of Consolidated Breweries referred to in Clauses B (1) and (2) above, Nigerian Breweries shall issue, allot and credit as fully paid to the holders of the Scheme Shares, Four (4) Nigerian Breweries' shares for every Five (5) ordinary shares of 50 kobo each held by them in Consolidated Breweries as at the close of business on the Terminal Date or pay a Cash Consideration to the Dissenting Shareholders and other Scheme Shareholders who elect to receive the Cash Consideration.

b. The Scheme Shareholders shall be entitled to make an election to receive Cash Consideration. Scheme Shareholders shall be required to indicate in the election notices forwarded to them (together with the Scheme Document) whether an Election has been made to receive Cash Consideration. The election notices are required to be returned by the Scheme Shareholders by the Final Election Date.

c. In the event that the election notice is not received from a Scheme Shareholder by the Final Election Date or where the Registrar of Nigerian Breweries is unable to determine the Election made by a Scheme Shareholder, such shareholder shall be deemed to have elected to receive Nigerian Breweries' shares.

d. The Nigerian Breweries' shares allotted pursuant to the foregoing sub-clauses shall, for the purpose of all dividends and other distributions declared after the Effective Date and in all respects, rank pari passu and form a single class with the ordinary shares of 50 kobo each in the present issued share capital of Nigerian Breweries.

e. Any fractional share that would have arisen from the Nigerian Breweries' shares allotted pursuant to the foregoing sub-clauses shall be rounded up and credited to the Scheme Shareholders as a full Nigerian Breweries' share.

4. Conditions Precedent

The Scheme shall become effective and binding on the shareholders of Nigerian Breweries and Consolidated Breweries if:

a. It is approved by a majority representing not less than three-quarters in value of the ordinary shares held by the shareholders of Nigerian Breweries and Consolidated Breweries present and voting either in person or by proxy at the separate meetings of the shareholders of each of the Merging Companies convened by the order of the Court.

b. The SEC approves, with or without modification, the terms and conditions of the Scheme agreed to by the majority of the shareholders of the Merging Companies; and

c. The Court sanctions the Scheme with orders to the effect that:

   (i) All assets, liabilities and undertakings, including real property and intellectual property rights of Consolidated Breweries be transferred to Nigerian Breweries as provided for in the Scheme;

   (ii) The Scheme Shareholders be allotted Four (4) Nigerian Breweries shares for every Five (5) shares previously held by them in Consolidated Breweries unless a cash Election is made by a Scheme Shareholder;

   (iii) All legal proceedings, claims and litigation pending or contemplated by or against Consolidated Breweries will be continued after the Scheme by or against Nigerian Breweries; and

   (iv) The entire share capital of Consolidated Breweries be cancelled and that Consolidated Breweries be dissolved without being wound up.

5. Employees

The contracts of employment of all employees who are in the employment of Consolidated Breweries on the Effective Date shall be transferred to the Enlarged Nigerian Breweries and such employees shall become employees of the Enlarged Company on terms and conditions applicable to the respective grades of the employees in the Enlarged Company. Where any employee of Consolidated Breweries does not wish that his/her employment be transferred to the Enlarged Nigerian Breweries after the Merger, such employee will be entitled to obtain his/her terminal benefits based on his/her existing contract of service.

The composition of the Board of Directors of the Enlarged Company shall be in accordance with the Articles of Association of Nigerian Breweries.

6. Consequences of the Scheme

As from and including the Effective Date:

a. The certificates in respect of the shares of Consolidated Breweries shall cease to be of value and the Scheme Shareholders shall be issued share certificates in respect of the Nigerian Breweries shares to which they are entitled.

b. Consolidated Breweries shall be dissolved without being wound up.

c. Nigerian Breweries shall not later than 21 (twenty-one) calendar days after the new Nigerian Breweries shares arising from the Merger have been duly registered with SEC and as appropriate, either cause to be dispatched to the Scheme Shareholders, share certificates in respect of the new Nigerian Breweries shares (as contemplated pursuant to Clause 3 above) or cause the respective CSCS accounts of Scheme Shareholders to be credited; or cause to be dispatched, consideration warrants to the Scheme Shareholders (or cause their respective bank accounts to be credited), depending on their Election.

d. The delivery of share certificates and consideration warrants required under this Scheme shall be made to the persons entitled thereto by post, and addressed to the address appearing in the Register of Members of Consolidated Breweries as at the close of business on the Terminal Date, or in the case of joint holders, to the address of the joint holder whose name appears first in the Register of Members of Consolidated Breweries at such close of business as aforesaid.

e. Every mandate in respect of dividend or bonus given to the Scheme Shareholders which was in force at the close of business on the Terminal Date shall, unless and until revoked, operate in relation to the Cash Consideration due or Scheme Shares allotted to them in exchange for their existing holding of the shares of Consolidated Breweries, pursuant to this Scheme.

7. Effectiveness

a. The Scheme shall become effective on the day on which the Court sanctions the Scheme in the manner referred to in Clause 4(c) above.

b. A certified copy of the Court order sanctioning this Scheme shall, without further act or deed, be deemed for the purpose of Part XII of the ISA to be the contract conferring title on Nigerian Breweries in respect of the transferred assets and undertakings of Consolidated Breweries.

8. Modification

The Boards of Directors of Nigerian Breweries and Consolidated Breweries are authorised to consent, on behalf of all parties concerned, to any modifications of or additions to the Scheme which SEC and/or the Court, may deem fit to approve or to any condition which the Court may impose.

9. Share Capital of the Enlarged Nigerian Breweries

Following the Scheme of Merger contemplated above, where no holder of Consolidated Breweries shares elects to receive a cash consideration, the share capital of Nigerian Breweries shall be as shown below:

Share Capital	No. of Shares	% Holding
Pre-merger	7,562,704,432	95.01
New Nigerian Breweries shares*	396,857,294	4.99
Post-merger	**7,959,561,726**	**100.00**

**This is based on an assumption that all the Scheme Shareholders elect to receive shares in Nigerian Breweries as consideration for giving up their shares in Consolidated Breweries.*

Appendix I – Further Information Regarding Nigerian Breweries

A. Background Information

1. Incorporation and Share Capital History

Nigerian Breweries, a public company quoted on The NSE, was incorporated in November, 1946, under the name, Nigerian Brewery Limited; the name was changed in January, 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990, when CAMA came into effect. The Company is a subsidiary of Heineken International N.V., the latter having approximately 54.10% interest in Nigerian Breweries, which is registered in the names of Heineken Brouwerijen B.V. (37.74%) and Distilled Trading International B.V. (16.36%).

The following changes have taken place in Nigerian Breweries' authorised and issued share capital since 1976:

Date	Authorised (₦)		Issued and fully paid (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
Jan 1976	-	8,000,000	-	6,100,000	Cash
June 1976	1,150,000	9,150,000	3,050,000	9,150,000	Scrip (1:2)
Feb 1977	9,150,000	18,300,000	9,150,000	18,300,000	Scrip (1;1)
Feb 1978	3,660,000	21,960,000	3,660,000	21,960,000	Scrip (1:5)
July 1979	7,320,000	29,280,000	7,320,000	29,280,000	Scrip (1:3)
June 1980	7,320,000	36,600,000	7,320,000	36,600,000	Scrip (1:4)
June 1981	9,150,000	45,750,000	9,150,000	45,750,000	Scrip (1:4)
June 1983	11,437,750	57,187,000	11,437,500	57,187,500	Scrip (1:4)
June 1986	28,593,750	85,781,250	28,593,750	85,781,250	Scrip (1:2)
June 1990	28,593,750	114,375,000	28,593,750	114,375,000	Scrip (1:3)
June 1993	114,375,000	228,750,000	114,375,000	228,750,000	Scrip (1:1)
June 1995	228,750,000	457,500,000	228,750,000	457,500,000	Scrip (1:1)
June 1999	305,000,000	762,500,000	305,000,000	762,500,000	Scrip (2:3)
June 2000	737,500,000	1,500,000,000	182,225,000	944,725,000	Conversion*
Dec 2001	-	-	570,000	945,295,000	Conversion*
June 2002	500,000,000	2,000,000,000	945,294,827	1,890,589,827	Scrip (1:1)
Dec 2002	-	-	12,000	1,890,601,827	Conversion*
Dec 2003	-	-	39,000	1,890,640,827	Conversion*
June 2004	2,000,000,000	4,000,000,000	1,890,640,585	3,781,281,412	Scrip (1:1)
May 2012	-	4,000,000,000	70,804	3,781,352,216	Merger (Life)**

*In 2000, Nigerian Breweries raised ₦7 billion loan capital to finance the offshore element of the company's major investment programme by way of a rights offer. The loan was unsecured and converted to shares between 2000 and 2003, at the option of each stockholder, at a conversion price that was dependent on the stock market price of the company's share at the time of conversion.

** In 2012, Nigerian Breweries shares were issued to shareholders of former Life Breweries Company Limited following a merger of both companies.

2. Shareholding Structure

As at 31st December 2013, Nigerian Breweries' issued share capital of 7,562,704,432 ordinary shares of 50 kobo each was beneficially held as follows:

Shareholders	No. of Shares	% Holding
Heineken Brouwerijen BV*	2,853,760,692	37.74
Distilled Trading International BV*	1,237,500,160	16.36
Stanbic Nominees Nigeria Limited	1,174,404,081	15.53
Others	2,297,039,499	30.37
Total	**7,562,704,432**	**100.00**

**Heineken Brouwerijen BV and Distilled Trading International BV are wholly owned subsidiaries of Heineken*
Except as stated above, no other shareholder holds up to 5% of the issued share capital of Nigerian Breweries.

3. Company's Activities

Nigerian Breweries is engaged in the brewing, marketing and selling of both alcoholic and non-alcoholic beverage drinks.

4. Directors' Beneficial Interests

The interest of each current director in the issued share capital of Nigerian Breweries as at 31st December 2013, as recorded in the Register of Members and/or notified by the Directors for the purpose of section 275 of CAMA and disclosed in accordance with section 342 of CAMA and the requirements of the Listing Rules of The NSE are as follows:

Directors	Shareholding	Shareholding (%)
Chief Kolawole B. Jamodu CFR	431,704	0.00571
Mr. Nicolaas A. Vervelde (Dutch)	-	-
Mr. Olusegun S. Adebanji	200,000	0.00264
Mr. Walter L. Drenth (Dutch)	-	-
Mr. Hubert I. Eze	41,383	0.00055
Mr. Victor Famuyibo	16,653	0.00022
Mr. Sijbe Hiemstra (Dutch)	-	-
Mr. Thomas A. De Man (Dutch)	-	-
Mrs. Ifueko M. Omoigui Okauru	35,992	0.00048
Mr. Atedo N. A. Peterside, CON	12,500,000	0.16528
Mr. Mark P.J. Rutten (Dutch)	-	-
Mr. Hendrik A. Wymenga (Dutch)	-	-

5. Subsidiaries and Associate Companies

As at 31st December 2013, Nigerian Breweries' interest in its subsidiary is as presented below:

Subsidiaries	Shareholding (%)
Progress Trust (CPFA) Limited	100

6. Indebtedness

As at 31st December 2013, Nigerian Breweries had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than those incurred in the ordinary course of business.

7. Extracts from Memorandum & Articles of Association

MEMORANDUM OF ASSOCIATION

3. The Objects for which the Company is established are:

(B) To carry on all or any of the businesses of malt factors, corn merchants, hop merchants, rice merchants, sorghum merchants, manufacturers and importers of and dealers in beer of all kinds, malt drinks, aerated waters and other drinks, distillers, coopers, bottlers, bottle makers, bottle stopper and seal makers, licensed victuallers, hotel, restaurant, café, liquor shop or refreshment room keepers or proprietors, ice manufacturers and merchants, yeast dealers, and isinglass merchants; to carry on the business of farming and growers of barley, rice, sorghum, hop, maize and other variety of produce; to engage in all or any agricultural and agro-allied activities including the processing of agricultural produce and products, the malting of barley, sorghum, corn, rice and other grains; to conduct research into sorghum, corn, rice, barley and other tropical or temperate cereals with a view to manufacturing alcoholic, semi-alcoholic and non-alcoholic drinks; and to carry on any other business which may seem to the Directors capable of being conveniently carried on or calculated directly or indirectly to enhance the value of or render profitable any of the Company's businesses, property or rights.

(I) To amalgamate or enter into partnership or any joint purse or profit-sharing arrangement with and to cooperate in any way with or assist or subsidize any company, firm, or person, and to purchase or otherwise acquire and undertake all or any part of the business property and liabilities of any person, body or company carrying on any business which this Company is authorized to carry on or possessed of any property suitable for the purposes of the Company;

ARTICLES OF ASSOCIATION

3A. The Company may accept such consideration, whether (i) cash, (ii) valuable consideration other than cash, or (iii) partly cash and partly such other valuable consideration other than cash as the Directors may consider appropriate (having due regard to the provisions of the Act), in exchange for the issuance or allotment of its shares.

29. Unless otherwise directed by the Company in general meeting, all new shares shall be offered in the first instance, either at par or at a premium, to all the shareholders on the same terms and so that in case of competition the shares shall be allotted to the members accepting the offer in proportion as nearly as may be without increasing the number sold beyond the number applied for by him to the number of shares held by them respectively. In so far as the same shall not be applied for by the members of the new shares shall be at the disposal of the Directors who may allot, grant options over, or otherwise dispose of them to such persons and such terms as they shall think fit. The Directors may, in like manner, dispose of any such shares as aforesaid which by reason of the proportion borne by them to the number of shares held by the members entitled to such offer as aforesaid, or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered in the manner herein before provided.

GENERAL MEETINGS

48. 1) The Company shall, in each year, hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Provided that so long as the Company hold its first Annual General Meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year.

2) The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

49. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

50. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisitions, or, in default, may be convened by such requisitionists, as provided by Section 215 (2) of the Act. If at any time there are not within Nigeria sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

51. An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served on deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the Articles of the Company, entitled to received such notices from the Company.

PROVIDED that a meeting of the Company shall, notwithstanding that is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the Annual General Meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

52 The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

53 All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the Auditors.

54. Save as herein otherwise provided, three members present in person shall be a quorum; and no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

56. The Chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Deputy Chairman if any, if then present and willing to act, shall preside, and in default, the Directors present shall elect one of their number to be Chairman of the meeting.

57. If at the meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their numbers to be Chairman of the meeting.

VOTES OF MEMBERS

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the holder.

64. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

65. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, *curator bonis*, or other person in the nature of a committee, receiver or *curator bonis* appointed by the court, and any such committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

66. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

67. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

68. On a poll, votes may be given either personally or by proxy.

69. (1) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.

(2) A proxy needs not be a member of the Company.

CORPORATION ACTING BY REPRESENTATIVES AT MEETINGS

75. Any Corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

DIRECTORS

76. The number of Directors shall not be less than four nor more than fifteen depending on the need of the business.

79. A Director shall not be required to hold a share qualification.

NOTICES

132. A notice may be given by the Company to any member either personality or by sending it by post to him or to his registered address, or (if he has no registered address within Nigeria) to the address, if any, within Nigeria supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

133. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the registered of members in respect of the share.

134. A notice may be given by the Company to the person(s) entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by the name, or by the title of representatives of the deceased, or trustees of the bankrupt, or by any like description, at the address, if any, within Nigeria supplied for the purpose by the person(s) claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

135. (1) Notice of every general meeting shall be given in any manner hereinbefore authorised to:

(a) every member except those members who (having no registered address within Nigeria) have not supplied to the company an address within Nigeria for the giving of notices to them;

(b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representatives or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and

WINDING UP

136. If the Company shall be wound up, the liquidator may, with the sanction of an extra-ordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled accept any shares or other securities whereon there is any liability.

Appendix I – Further Information Regarding Nigerian Breweries

B. Reporting Accountants Report on Nigerian Breweries Plc (2012 to 2013)

pwc

Independent assurance report to:

The Directors
Nigerian Breweries Plc
1 Abebe Village Road
Iganmu
Lagos

and

The Directors
FCMB Capital Markets
6th Floor
First City Plaza
44 Marina
Lagos

Dear Sirs

We report on the accompanying financial information of Nigerian Breweries Plc (the "Company") which comprise the statement of financial position for the two years ended 31 December 2013, the statements of comprehensive income, statements of cash flows for the years then ended and a statement of significant accounting policies and other explanatory notes. The financial information has been prepared for inclusion in the prospectus to be issued in connection with the proposed merger transaction between Nigerian Breweries Plc and Consolidated Breweries Plc.

The financial information is based on the audited financial statements of the Company for the respective years and has been prepared in accordance with the company's accounting policies. The financial statements on which the financial information is based are the responsibility of the Directors of the Company who approved their issue. The Directors of the Company are responsible for the contents of the prospectus in which this report is included.

We conducted our work in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information are free from material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included those recorded by Messrs KPMG Professional Services who audited the financial statements underlying the financial information and reported without qualification.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not give a true and fair view of the state of the financial position of the Company as at the dates stated and of its profit and loss and cash flows for the years then ended in accordance with International Financial Reporting Standards.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 681872

Yours faithfully

Edafe Erhie

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

1 July 2014

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

Appendix I – Further Information Regarding Nigerian Breweries

1. **Accounting policies**

1. **Basis of preparation**

a. Basis of measurement

The financial information have been prepared on the historical cost basis except for the Following:

- Liabilities for equity-settled share-based payment arrangements
- Defined benefit obligations
- Non-derivative financial instruments at fair value through profit or loss

The methods used to measure fair values are discussed further in note 3

b. Functional and presentation currency

These financial information are presented in Naira, which is the Company's functional currency.

All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise

c. Measurement of fair values

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently in the 2012 and 2013 financial information, unless otherwise indicated

a. Basis of consolidation

i. Business combinations

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

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

ii. Acquisitions of non-controlling interests

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

iii. Subsidiaries

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

iv. Structured Entities

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

v. Loss of Control

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

b. Foreign Currency Transactions

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

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

c. Financial Instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument

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

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables.

Cash and cash equivalents

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

ii. Non-derivative financial liabilities

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

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

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

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables.

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

iii. Share capital

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

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

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to the previous revaluation carried out on 30 June 1995 by Knight Frank (Nigeria), Chartered Surveyors

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

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

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

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

ii. Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred

iii. Depreciation

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

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

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

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

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

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

e. Intangible assets

i. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 2a (i).

Subsequent measurement

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

ii. Research and Development

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

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

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

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

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

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

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

Computer software	- 7 years
Distribution network	- 15 years

f. Leases

Determining whether an arrangement contains a lease
At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

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

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

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

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

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

g. Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

h. Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an equity accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics

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

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

ii. Non Financial Assets

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

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

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

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

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

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

i. Employee Benefits

i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 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 recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

Employees contribute 6% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 11% and 9% of each employee's basic salary, transport and housing allowances for non-management and management employees respectively.

ii. Gratuity

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

Defined benefit gratuity scheme

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

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

Defined contribution gratuity scheme

The Company has a defined contribution scheme for certain employees which is funded through fixed contributions made by the Company over the service life of the employees and charged accordingly as employee benefit expense in profit or loss. The funds are managed and administered by Progress Trust (CPFA) Limited. Progress Trust (CPFA) Limited is a duly registered closed Pension Fund Administrator whose sole activity is the administration of the pension and gratuity (defined benefit contribution) schemes for employees and former employees of the Company. Nigerian Breweries Plc has no recourse to the funds, which is managed in accordance with the Pension Reform Act of 2004 and regulated by the Pension Commission/

iii. Other long-term employee benefits

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

iv. Termination benefits

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

v. Short-term employee benefits

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

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

vi. Share-based payment transactions

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

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

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

j. Provisions and contingent liabilities

Provisions

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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

Contingent liabilities

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

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

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

k. Revenue

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

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

l. Finance income and finance costs

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

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

Foreign currency gains and losses are reported on a net basis

m. Income and deferred tax

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

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

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

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

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

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- Temporary differences arising on the initial recognition of goodwill.

n. Earnings per share (EPS)

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

o. Segment reporting

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

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

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

p. Loans and borrowings

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

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

q. Statement of cash flows

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

r. Dividends

Dividends are recognized as liability in the period they are declared

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

3. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Property, plant and equipment

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

ii. Intangible assets

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

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

iii. Inventories

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

iv. Trade and other receivables

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

v. Share-based payment transactions

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

vi. Non-derivative financial instruments

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

2. Statement of Financial Position

	Note	2013	2012
Assets		**₦'000**	**₦'000**
Property, plant and equipment	1	153,366,133	142,348,420
Intangible assets and goodwill	2	53,563,357	53,987,573
Investments	3	150,000	150,000
Inventories	4	20,643,153	24,652,723
Trade and other receivables	5	14,370,946	20,078,593
Prepayments		1,000,378	1,035,219
Deposit for imports		136,818	1,866,896
Cash and cash equivalents	6	9,528,848	9,514,205
Total assets		**252,759,633**	**253,633,629**
Liabilities			
Loans and borrowings	7	9,000,000	45,000,000
Employee benefits	8	9,274,733	5,966,719
Deferred tax liability	9	21,830,000	22,384,550
Current tax liabilities	18	24,086,538	19,493,550
Dividend payable	10	6,376,528	5,648,226
Trade and other payables	11	69,832,649	61,692,692
Total liabilities		**140,400,448**	**160,185,737**
Equity			
Share capital	12	3,781,353	3,781,353
Share premium		4,567,967	4,567,967
Share based payments	13	50,114	152,536
Retained earnings		103,959,751	84,946,036
Total Equity		**112,359,185**	**93,447,892**
Total liabilities and equity		**252,759,633**	**253,633,629**

The accompanying statements of accounting policies and notes form an integral part of this financial information.

3. Income Statement

	Note	2013 ₦'000	2012 ₦'000
Revenue	14	268,613,518	252,674,213
Cost of sales		(132,136,476)	(127,222,069)
Gross profit		**136,477,042**	**125,452,144**
Other income	15	2,075,411	2,000,263
Marketing and distribution expenses		(42,949,612)	(39,450,652)
Administrative expenses		(26,431,464)	(23,390,166)
Operating Profit		**69,171,377**	**64,611,589**
Finance income	16a	551,250	559,842
Finance costs	16b	(7,482,310)	(9,547,065)
Net finance (costs) / income		**(6,931,060)**	**(8,987,223)**
Profit before taxation		**62,240,317**	**55,624,366**
Taxation	17	(19,159,968)	(17,581,652)
Profit for the year		**43,080,349**	**38,042,714**
Profit for the year attributable to:			
Owners of the company		43,080,349	38,042,714
Non-controlling interest		-	-
Earnings per share (kobo) - basic and diluted	18	570	503

The accompanying statements of accounting policies and notes form an integral part of this financial information.

4. Statement of Other Comprehensive Income

	2013 ₦'000	2012 ₦'000
Profit for the year	43,080,349	43,080,349
Other comprehensive income		
Actuarial (losses)/ gains	(1,581,984)	19,353
Total comprehensive income for the year	**41,498,365**	**43,099,702**
Profit for the year attributable to:		
Owners of the company	41,498,365	43,099,702
Non-controlling interest	-	-
Total comprehensive income for the year	**41,498,365**	**43,099,702**

The accompanying statements of accounting policies and notes form an integral part of this financial information.

5. Statement of Changes in Equity

	Share capital ₦'000	Share premium ₦'000	Share based payment reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance at 1 January 2012	3,781,282	4,568,038	94,534	69,860,887	78,304,741
Profit for the year	-	-	-	38,042,714	38,042,714
Other comprehensive income for the year	-	-	-	19,353	19,353
Total comprehensive income for the year	**-**	**-**		**38,062,067**	**38,062,067**
Transaction with owners recorded directly in equity					
Issue of ordinary shares	71	(71)	-	-	-
Share based payment charge	-	-	80,805	-	80,805
Share based payment recharge	-	-	(22,803)	-	(22,803)
Dividend	-	-	-	(22,687,687)	(22,687,687)
Unclaimed dividend written back	-	-	-	96,438	96,438
Total transactions with owners	71	(71)	58,002	(22,591,249)	(22,533,247)
Subsidiaries post-acquisition loss	-	-	-	(385,669)	(385,669)
Balance at 31 December 2012	**3,781,353**	**4,567,967**	**152,536**	**84,946,036**	**93,447,892**
Balance at 1 January 2013	3,781,353	4,567,967	152,536	84,946,036	93,447,892
Profit for the year	-	-	-	43,080,349	43,080,349
Other comprehensive income for the year	-	-	-	(1,581,984)	(1,581,984)
Total comprehensive income for the year	-	-	-	41,498,365	41,498,365
Transaction with owners recorded directly in equity					
Share based payment charge	-	-	(65,902)	-	(65,902)
Share based payment recharge	-	-	(36,520)	-	(36,520)
Dividend	-	-	-	(22,688,113)	(22,688,113)
Unclaimed dividend written back	-	-	-	203,463	203,463
Total transactions with owners	-	-	(102,422)	(22,484,650)	(22,587,072)
Balance at 31 December 2013	**3,781,353**	**4,567,967**	**50,114**	**103,959,751**	**112,359,185**

The accompanying statements of accounting policies and notes form an integral part of this financial information.

6. Statement of Cash Flow

	Note	2013 ₦'000	2012 ₦'000
Cash flows from operating activities			
Profit for the year		43,080,349	38,042,714
Adjustments for:			
Depreciation and impairment loss		21,188,510	18,151,126
Amortization of intangible assets		551,928	379,446
Finance income		(551,250)	(559,842)
Interest expenses		4,882,661	8,867,507
Loss /gain on foreign exchange transactions		-	(1,606,487)
Gratuity, employee benefit charges and share based payments		2,104,688	1,317,125
Gain/loss - sale of property, plant and equipment		731,513	(12,613)
Income tax expense	17	19,159,968	17,581,652
Operating profit		**91,148,367**	**82,160,628**
Changes in working capital:			
Decrease/ (increase) in inventories		4,009,570	(2,542,518)
Decrease/ (increase) in trade and other receivables		5,707,647	(8,027,084)
Decrease/ (increase) in prepayments		34,841	(202,984)
Increase in trade and other payables		20,217,280	14,641,020
Decrease/ (increase) in deposit for imports		1,730,078	(733,481)
Net cash generated from operations		**22,847,783**	**85,295,581**
Income tax paid	17	(14,443,534)	(17,626,681)
Gratuity paid		(842,525)	(1,235,030)
Long service awards paid		(316,551)	(241,406)
VAT paid		(12,077,323)	(10,303,876)
Net cash generated from operating activities		**95,167,850**	**55,888,588**
Cash flows from investing activities			
Finance income	16a	551,250	559,842
Proceeds in terms of sale of property, plant and equipment		59,804	120,250
Acquisition of property, plant and equipment		(32,997,540)	(37,896,759)
Acquisition of intangible assets		(127,712)	-
Net cash used in investing activities		**(32,514,198)**	**(37,216,667)**
Cash flows from financing activities			
Proceeds from loans and borrowings		-	7,000,000
Repayment from loans and borrowings		(36,000,000)	(9,000,000)
Interest paid		(4,882,661)	(7,261,020)
Dividends paid	10	(21,756,348)	(21,664,981)
Net cash used in from financing activities		**(62,639,009)**	**(30,926,001)**
Net increase/ (decrease) cash and equivalents		**14,643**	**(12,254,080)**
Cash and cash equivalents at 1 January		9,514,205	20,724,342
Cash and cash equivalents - merger		-	1,043,943
Cash and cash equivalents at 31 December		**9,528,848**	**9,514,205**
Cash and cash equivalents are analyzed into:			
Bank and cash balances		9,528,848	9,514,205

The accompanying statements of accounting policies and notes form an integral part of this financial information.

7. Notes to the Financial Information

1. Property, Plant and Equipment

	2013 ₦'000	2012 ₦'000
Property, plant and equipment		
Cost:		
Leasehold land	6,988,809	6,986,709
Buildings	37,214,461	34,032,109
Plant and machinery	114,822,320	108,251,541
Motor vehicles	10,501,499	9,292,345
Furniture and equipment	12,453,446	10,049,080
Returnable packaging materials	75,916,994	69,523,221
Capital work in progress	17,217,189	6,035,851
	275,114,718	**244,170,856**
Accumulated depreciation:		
Leasehold land	867,473	631,456
Buildings	10,118,777	8,113,065
Plant and machinery	51,411,265	43,891,722
Motor vehicles	7,648,619	7,186,996
Furniture and equipment	5,722,535	3,930,660
Returnable packaging materials	45,979,916	38,068,537
	121,748,585	**101,822,436**
Net book value:		
Leasehold land	6,121,336	6,355,253
Buildings	27,095,684	25,919,044
Plant and machinery	63,411,055	64,359,819
Motor vehicles	2,852,880	2,105,349
Furniture and equipment	6,730,911	6,118,420
Returnable packaging materials	29,937,078	31,454,684
Capital work in progress	17,217,189	6,035,851
	153,366,133	**142,348,420**

2. Intangible assets and goodwill

	2013 ₦'000	2012 ₦'000
Cost:		
Goodwill	50,021,531	50,021,531
Software	1,708,309	1,580,597
Distribution network	3,469,433	3,469,433
	55,199,273	**55,071,561**
Amortization		
Software	1,010,334	689,719
Distribution network	625,582	394,269
	1,635,916	**1,083,988**
Net book value:	**53,563,357**	**53,987,573**

3. Investments

Investments of ₦150,000,000 represents the cost of the company's 100% equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension commission ("PenCom") to conduct the business of a closed pension fund administrator, and manages the pension and gratuity funds of employees of Nigerian Breweries. The activities of Progress Trust (CPFA) limited are regulated by PenCom rather than by voting rights and the funds are managed in accordance with the PenCom guidelines. The benefits arising from the activities of Progress Trust (CPFA) Limited accrue principally to members of the pension and gratuity schemes and the company has no exposure to variable returns arising from its involvement. The company's residual interest in Progress Trust (CPFA) Limited is immaterial. The funds and assets of both the pension and defined contribution gratuity scheme are held by an independent licensed pension fund custodian in line with the Pension Reform Act, 2004. As a result of the above, Progress Trust (CPFA) Limited has not been consolidated.

4. Inventories

	2013 ₦'000	2012 ₦'000
Raw materials	5,876,313	6,700,165
Products in progress	2,508,735	2,025,254
Finished Products	3,313,792	5,232,002
Non-returnable packaging materials	3,620,162	5,369,942
Spare parts	3,845,080	3,622,025
Goods in transit	1,479,071	1,703,335
	20,643,153	**24,652,723**

5. Trade and other receivables

	2013 ₦'000	2012 ₦'000
Trade receivables	8,035,165	12,518,318
Other receivables	4,350,740	3,818,018
Due from related parties	1,985,041	3,742,257
	14,370,946	**20,078,593**

6. Cash and cash equivalents

	2013 ₦'000	2012 ₦'000
Bank balances	7,958,359	6,473,608
Call deposits	1,561,960	3,034,947
Cash in hand	8,529	5,650
	9,528,848	**9,514,205**

7. Loans and borrowings

	2013 ₦'000	2012 ₦'000
Opening balance	45,000,000	47,000,000
Bank loans obtained	4,000,000	7,000,000
Bank loans repaid	(40,000,000)	(9,000,000)
	9,000,000	**45,000,000**
Analyzed into:		
Current portion	-	9,000,000
Non-current portion	9,000,000	36,000,000
	9,000,000	**45,000,000**

In 2011, the company entered into loan agreements with six Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks is N 10 billion (total of ₦60 billion). Each of the loans has a one year revolving tenor for a maximum of five years. Based on the loan agreement, the company has the option to roll over the loans by giving five days written notice to the banks prior to the anniversary of the final maturity date. The interest rate on the loans during the year ranged from 10 percent to 12.5 percent per annum. At 31 December 2013, the total amount drawn down on the facilities by the Company amounted to ₦9 billion. The facility is secured by a negative pledge on the assets of the company.

8. Employee benefits

	2013 ₦'000	2012 ₦'000
Defined benefit obligation	6,859,644	4,766,837
Other long-term employee benefits	2,415,089	1,199,882
	9,274,733	**5,966,719**

9. Deferred tax liability

	2013 ₦'000	2012 ₦'000
Arising on:		
Property, plant and equipment	24,803,501	23,694,204
Intangible assets	215,254	30,160
Inventories	(142,479)	(138,900)
Employee benefits	(2,782,420)	(1,854,614)
Other items	(263,856)	653,700
Net tax liability		
	21,830,000	**22,384,550**

10. Dividend

	2013 ₦'000	2012 ₦'000
At 1 January	5,648,226	4,721,958
Declared dividend	22,688,113	22,687,687
Payments	(21,756,348)	(21,664,981)
Unclaimed dividends transferred to retained earnings	(203,463)	(96,438)
At 31 December	**6,376,528**	**5,648,226**

11. Trade and other payables

	2013 ₦'000	2012 ₦'000
Trade payables and accrued expenses	47,821,328	44,619,713
Non-trade payables and accrued expenses	10,625,683	10,672,671
Amount due to related parties	11,385,638	6,400,308
	69,832,649	**61,692,692**

12. Share capital

	2013 ₦'000	2012 ₦'000
Authorized share capital: 8 billion ordinary shares of 50 kobo each		
At 1 January and 31 December	4,000,000	4,000,000
Issued and fully paid ordinary shares: 7,562,704,432 ordinary shares of 50 kobo each:		
At 1 January and 31 December	3,781,353	3,781,353

On 10 April, 2012, the extra-ordinary general meeting of shareholders resolved to issue 142,092 ordinary shares to the minority shareholders of Life Breweries Company Limited at a price of 50k per share. The total value of the shares issued amounted to ₦71,046 and were issued out of the company's share premium account.

13. Share based payments

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

14. Revenue

	2013 ₦'000	2012 ₦'000
Nigeria	268,360,206	252,482,817
Exports	253,312	191,396
	268,613,518	**252,674,213**

15. Other income

	2013 ₦'000	2012 ₦'000
Sale of scrap	278,431	150,824
Contract brewing services	1,796,980	1,849,439
	2,075,411	**2,000,263**

16. Finance income and costs

	2013 ₦'000	2012 ₦'000
(a) Finance income:		
Interest income on bank deposits	**551,250**	**559,842**
(b) Finance costs:	4,843,729	7,038,678
Interest expense on overdraft	38,932	222,342
Unwinding of discount on employee benefit	773,854	679,558
Net loss on foreign exchange transactions	1,825,795	1,606,487
	7,482,310	**9,547,065**
	6,931,060	**8,987,223**

17. Taxation

	2013 ₦'000	2012 ₦'000
Per income statement:		
Income tax	17,487,744	15,863,579
Education tax	1,548,778	1,333,675
Deferred tax	123,446	384,398
	19,159,968	**17,581,652**
Per statement of financial position:		
At 1 January	19,493,550	19,922,977
Payments during the year	(14,443,534)	(17,626,681)
Income tax provision for the year	17,487,744	15,863,579
Education tax provision for the year	1,548,778	1,333,675
At 31 December	**24,086,538**	**19,493,550**

18. Earnings per share

	2013 ₦'000	2012 ₦'000
Profit for the year attributable to equity holders of the Company (N'000)	43,080,349	38,042,714
Weighted average number of shares in issue (thousand)	7,562,704	7,562,704
Basic and diluted earnings per share (Kobo)	570	503

19. Contingencies

a. Guarantees and contingent liabilities

Contingent liabilities in guarantees provided to certain bankers in respect of loan obtained by the staff from the banks amounted to ₦3,842,103,120 (2012: ₦3,427,942,650). This guarantee is backed by employees' gratuity.

b. Pending litigation and claims

There are certain lawsuits and claims pending against the company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to ₦7,686,764,045 (2012: ₦2,688,438,707) as at 31 December, 2013. In the opinion of the Directors and based on independent legal advice, the Company's liabilities are not likely to be material, thus no provision has been made in these financial statement.

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

20. Related Parties

(a) Parent and ultimate controlling entity

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

As at the year ended 31 December, 2013, Heineken Brouwerijen B.V. and Distilled Trading International B.V. owned 37.73% and 16.36% respectively of the share capital of Nigerian Breweries Plc. The ultimate holding company is Heineken N.V.

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

	Transaction value		Balance due (to)/from	
	2013	**2012**	**2013**	**2012**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Purchases - other related parties	(19,572,067)	(28,145,445)	6,111,527	(3,241,967)
Contract brewing services				
Other related parties	(1,634,967)	(1,738,567)	1,379,395	1,656,389
Technical Services fees and royalties				
Parent	(1,023,096)	(702,941)	(542,060)	(733,799)
Other related parties	(8,342,929)	(7,599,621)	(4,242,175)	(2,134,782)
Sales and others				
Other related parties	148,773	119,032	115,770	1,796,108

(b) Key management personnel compensation

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

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

	2013 ₦'000	2012 ₦'000
Short term employee benefits	825,809	625,568
Long term employee benefits:		
Post-employment benefits	30,855	19,823
Termination benefits	-	11,027
Share based payments	-	22,799
	856,664	**679,217**

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

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

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

As at year end The Trust Fund held 34,293,968 (2012: 34,293,968) number of shares in the Company.

C. Reporting Accountants Report on Nigerian Breweries Plc (2009 to 2011)

pwc

Independent assurance report to:

The Directors
Nigerian Breweries Plc
1 Abebe Village Road
Iganmu
Lagos

and

The Directors
FCMB Capital Markets
6th Floor
First City Plaza
44 Marina
Lagos

Dear Sirs

We report on the accompanying financial information of Nigerian Breweries Plc (the "Company") which comprise the balance sheets for the three years ended 31 December 2011, the profit and loss accounts and statements of cash flows for the years then ended and a statement of significant accounting policies and other explanatory notes. The financial information has been prepared for inclusion in the prospectus to be issued in connection with the proposed merger transaction between Nigerian Breweries Plc and Consolidated Breweries Plc.

The financial information is based on the audited financial statements of the Company for the respective years and has been prepared in accordance with the company's accounting policies. The financial statements on which the financial information is based are the responsibility of the Directors of the Company who approved their issue. The Directors of the Company are responsible for the contents of the prospectus in which this report is included.

We conducted our work in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information are free from material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included those recorded by Messrs KPMG Professional Services who audited the financial statements underlying the financial information and reported without qualification.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not give a true and fair view of the state of the financial position of the Company as at the dates stated and of its profit and loss and cash flows for the years then ended in accordance with Nigerian Statements of Accounting Standards.

Yours faithfully

Edafe Erhie

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

1 July 2014

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

Appendix I – Further Information Regarding Nigerian Breweries

1. Accounting Policies

The following are the principal accounting policies which have been applied consistently between 2009 and 2011.

(a) Basis of accounting

The financial information are prepared under the historical cost convention except for certain fixed assets which are carried at revalued amounts based on a revaluation in 1995 and retirement benefit obligations which are carried at actuarially determined values.

(b) Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial information of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Separate disclosure is made for non-controlling interest.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in preparing the Group financial information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

ii. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill as the cost of the business combination over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of subsidiaries acquired, at the date of the acquisition (see Note c(i)). When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Accounting policies on consolidation were adopted in 2011 when the company acquired subsidiary entities.

(c) Intangible assets

An intangible asset is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost and comprise

i. Goodwill

Goodwill represents the excess of the cost of the business combination over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of subsidiaries acquired, at the date of the acquisition.

Goodwill is measured at cost, less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently, if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the year in which they arise.

ii. Intangible assets with finite useful lives

The cost of an intangible asset with a finite useful life is amortised to the profit and loss account on a straight line basis over its estimated useful life. Amortisation begins when the asset is available for use. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

After initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and impairment losses. The Group's intangible assets with finite useful lives comprise acquired software and a distribution network acquired as part of a business combination.

The annual amortisation rates based on their estimated useful lives are as follows:

- Computer software - 14.3%.
- Distribution network (acquired through business combination) – 10%

During the year 2011, the Group changed the estimated useful life of computer software from three years to seven years and accordingly the annual amortisation rate changed from 33.33% to 14.3%. This change resulted in a reduction of ₦291 million in the amortisation expense and a corresponding increase in profit for the year 2011. As this represents a change in an accounting estimate, it has been applied prospectively.

Subsequent expenditure on intangible assets with finite useful lives is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(d) Turnover

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

(e) 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 on or after 1 January 2010 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.

(f) Depreciation of fixed asset

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:

Leasehold land	- equal annual installments and buildings over the period of the lease with a minimum of 3% p.a.
Plant and machinery	- 7%
Motor vehicles	- 33.3%
Commercial equipment	- 33.3%
Furniture and non Furniture and non-commercial equipment	- 20%

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.

(g) 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.

(h) Investments

i. Long term investment in subsidiaries

The Company's investments in its subsidiaries are stated at cost. When there is a permanent diminution in the value of long term investments, the carrying amount of the investment is written down to recognise the loss in the profit and loss account.

ii. Short-term Investments:

Short-term investments are stated at the lower of cost and market value. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss. On disposal of short-term investments, realised gains or loss are recognised in the profit and loss account.

Losses charged to the profit and loss account may be reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist.

(i) 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
Finished products and products in Process	weighted average cost of direct materials, labour costs and a proportion of production overheads on normal level activity
Stock-in-transit	purchase cost incurred to date

Weighted average cost is reviewed periodically to ensure it consistently approximates historical cost. The net realizable value of returnable packaging material is deemed to be their prevailing deposit value. Gains or losses arising from a change in the valuation of returnable packaging material (principally as a result of changes in the deposit value which are below cost) are taken to the profit and loss account.

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

(j) Taxation

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, determined in accordance with Companies Income Tax Act, using the applicable statutory tax rate at the balance sheet date and any adjustment to tax payable in respect of previous years. Education tax is calculated at 2% of the assessable profit in accordance with the Education Tax Act.

(k) 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.

(l) 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.

(m) Debtors

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

(n) Provisions

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

(o) 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.

(p) Dividends

Dividends on ordinary shares are appropriated from general reserves and are recognised as a liability in the year in which they are declared. Dividends proposed but not yet declared are disclosed in a note to the financial information.

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.

(q) Retirement Benefits

i. Pension Fund:

In line with the provisions of the Pension Reform Act 2004, the Group has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group's contribution is charged to the profit and loss account.

The Company's 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.

Each subsidiary contributes 7.5% of each employee's Basic Salary, Transport & Housing Allowances to the Fund on a monthly basis. This is matched by an equivalent contribution of 7.5% by each employee.

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 Group 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 Group's experience with staff turnover.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. The effect of any curtailment is charged in full to the profit and loss account immediately the curtailment occurs. In 2009 and 2010, actuarial gains or losses arising from valuations were charged to the profit and loss account over a period of five years. Effective from 2011, actuarial losses are recognised in full in the profit and loss account. The impact of this change is disclosed in note to the financial information. Although the scheme is not funded, the Group ensures that adequate arrangements are in place to meet its obligations under the scheme.

(b) Defined Contribution Scheme

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

(r) 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. Actuarial gains or losses are recognised fully in the profit and loss account.

(s) Segment reporting

A segment is a distinguishable component of the Group 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 Group's business and geographical segments, where applicable. The Group's primary format for segment reporting is based on geographical segments. The geographical segments are determined by management based on the Group'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.

(t) 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 short term deposits.

(u) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest earned on short term deposits is reported as interest income in the profit and loss account and recognised on an accrual basis.

(v) Interest expense

Interest expense represents interest on borrowings except where it relates to qualifying fixed assets in which case it is capitalised (see Note (e)). Interest expense is recognised in the profit and loss account when incurred.

(w) Leases

(i) Finance leases

All leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of the unguaranteed or partially guaranteed residual value, which would accrue to the lessor at the end of the lease term. Subsequent to recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance expenses and a reduction of the outstanding liability. Finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Where it is not possible to determine the fair value, finance leases are capitalised at the present value of minimum lease payments at the inception of the lease and a corresponding finance lease liability is raised. Contingent lease payments (where applicable) are accounted for by revising the minimum lease payments over the remaining term of the lease, when the lease adjustment is confirmed.

(ii) Operating leases

Leases which are not finance leases are classified as operating leases. Lease rental expenses are benefit derived by the Company. When an operating lease is terminated before the lease term has expired; any payment to the lessor that is required by way of penalty is recognised as an expense in the period in which termination takes place.

2. Balance Sheet

	Note	2011 ₦'000	2010 ₦'000	2009 ₦'000
Assets				
Fixed assets	1	98,428,278	72,719,521	68,782,711
Investments	2	150,000	150,000	150,000
Goodwill	3	50,021,531	-	-
Other intangible assets	4	4,345,488	1,080,636	220,312
Long term debtors	5	191,446	155,003	205,516
Stocks	6	27,533,033	21,231,097	22,064,847
Debtors and prepayments	7	12,692,298	6,445,450	3,589,438
Deposits for imports	8	1,133,415	-	162,733
Bank and cash balances	9	21,876,465	12,607,725	11,812,326
Total assets		**216,371,954**	**114,389,432**	**106,987,883**
Liabilities				
Bank overdrafts	10	108,180	95,308	502,196
Taxation	11	19,922,977	14,154,257	13,461,573
Dividend	12	4,729,679	5,230,873	4,566,910
Creditors and accruals	13	38,446,739	25,399,524	23,787,819
Borrowings	14	47,000,000	-	-
Deferred taxation	15	21,231,638	15,200,257	14,322,215
Gratuity and other long-term employee benefits	16	6,866,570	4,137,051	3,777,076
Total liabilities		**138,305,783**	**64,217,270**	**60,417,789**
Equity				
Share capital	17	3,781,282	3,781,282	3,781,282
Share premium		4,568,038	4,568,038	4,568,038
Fixed assets revaluation reserve	18	7,089,858	7,089,858	7,095,363
General reserves	19	62,611,393	34,732,984	31,125,411
Equity attributable to members of the company		78,050,571	50,172,162	46,570,094
Non-controlling interests	20	15,600	-	-
Total equity		**78,066,171**	**50,172,162**	**46,570,094**
Total liabilities and equity		**216,371,954**	**114,389,432**	**106,987,883**

The accompanying statements of accounting policies and notes form integral part of this financial information.

3. Profit and Loss Account

	Note	2011 ₦'000	2010 ₦'000	2009 ₦'000
Turnover	21	230,123,215	185,862,785	164,206,848
Cost of sales		(120,361,199)	(98,694,860)	(88,734,440)
Gross profit		**109,762,016**	**87,167,925**	**75,472,408**
Selling and distribution expenses		(33,020,725)	(26,232,592)	(20,795,333)
Administrative expenses		(20,438,706)	(16,228,147)	(13,159,637)
Other income	22	345,125	259,428	144,896
Operating profit		**56,647,710**	**44,966,614**	**41,662,334**
Interest income	23	1,329,159	183,470	475,917
Interest expense	24	(1,604,177)	(269,836)	(738,455)
Profit before taxation		**56,372,692**	**44,880,248**	**41,399,796**
Taxation	11	(18,347,122)	(14,548,130)	(13,489,705)
Profit after taxation		**38,025,570**	**30,332,118**	**27,910,091**
Non-controlling interests		(2,389)	-	-
Profit attributable to members of the Company, transferred to general reserves		**38,023,181**	**30,332,118**	**27,910,091**
Earnings per share (kobo) - basic and diluted	25	503	401	369

The accompanying statements of accounting policies and notes form integral part of this financial information.

4. Statement of Cash Flow

	Note	2011	2010	2009
Cash flows from operating activities		**₦'000**	**₦'000**	**₦'000**
Profit for the year		38,025,570	30,332,118	27,910,091
Adjustment for:				
Depreciation		8,108,655	6,750,627	6,773,435
Amortisation		241,718	250,203	21,223
Interest income (Note 24)		(1,329,159)	(183,470)	(475,917)
Interest expense (Note 25)		1,604,177	269,836	738,455
Loss/(gain) on fixed assets disposed		60,707	(3,043)	107,959
Income tax expense	11	18,347,122	14,548,130	13,489,705
Operating profit before changes in working capital		**65,058,790**	**51,964,401**	**48,564,951**
Changes in working capital:				
(Increase)/ decrease in stocks		(1,051,992)	833,750	(1,323,386)
(Increase)/ decrease in debtors and prepayments		(1,300,907)	(2,856,012)	260,512
(Increase)/ decrease in long-term debtors		(40,152)	50,513	(125,959)
(Increase)/ decrease in deposits for imports		(1,133,415)	162,733	257,948
Increase/ (decrease) in creditors and accruals		14,945,908	7,712,897	(740,337)
(Decrease)/ increase in amounts due to group companies		(2,627,036)	1,320,408	(1,334,805)
Increase in amounts due from group companies		(6,539,717)	-	-
Gratuity and other long-term employee benefits		337,461	359,975	478,749
Net cash generated from operations		**67,648,940**	**59,548,665**	**46,037,673**
Income taxes paid	11	(12,522,833)	(12,977,404)	(9,061,138)
VAT paid		(9,197,887)	(7,421,600)	-
Net cash generated from operating activities		**45,928,220**	**39,149,661**	**36,976,535**
Cash flows from investing activities				
Purchase of fixed assets		(9,019,346)	(11,197,175)	(12,379,982)
Purchase of intangible assets		(210,609)	(680,890)	-
Proceeds from sale of fixed assets		35,353	83,144	32,009
Interest income	23	1,329,159	183,470	475,917
Acquisition of subsidiaries, net of cash acquired		(64,298,325)	-	-
Net cash used in investing activities		**(72,163,768)**	**(11,611,451)**	**(11,872,056)**
Cash flows from financing activities				
Dividend paid	12	(9,904,407)	(26,066,087)	(28,669,218)
Interest expense	24	(1,604,177)	(269,836)	(738,455)
Borrowings	14	47,000,000	-	-
Net cash generated from/(used in) financing activities		**35,491,416**	**(26,335,923)**	**(29,407,673)**
Net increase/(decrease) in cash and cash equivalents		**9,255,868**	**1,202,287**	**(4,303,194)**
Cash and cash equivalents 1 January		**12,512,417**	**11,310,130**	**15,613,324**
Cash and cash equivalents 31 December		**21,768,285**	**12,512,417**	**11,310,130**
Cash and cash equivalents are analyzed into:				
Bank and cash balances	9	21,876,465	12,607,725	11,812,326
Bank overdrafts	10	(108,180)	(95,308)	(502,196)
		21,768,285	**12,512,417**	**11,310,130**

The accompanying statements of accounting policies and notes form integral part of this financial information.

5. Notes to the Financial Information

1. Fixed Assets

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Cost:			
Land and buildings	39,569,360	23,877,950	21,782,661
Plant and machinery	97,786,112	82,441,093	75,375,170
Motor vehicles	8,391,841	6,221,047	7,134,783
Furniture and equipment	6,668,927	4,573,741	3,576,990
Capital work-in-progress	3,116,983	2,485,150	4,529,055
	155,533,223	**119,598,981**	**112,398,659**
Accumulated depreciation:			
Land and buildings	7,894,330	6,302,902	5,561,204
Plant and machinery	39,725,556	33,997,624	29,614,422
Motor vehicles	6,789,736	5,121,317	6,166,572
Furniture and equipment	2,695,323	1,457,617	2,273,750
	57,104,945	**46,879,460**	**43,615,948**
Net book value:			
Land and buildings	31,675,030	17,575,048	16,221,457
Plant and machinery	58,060,556	48,443,469	45,760,748
Motor vehicles	1,602,105	1,099,730	968,211
Furniture and equipment	3,973,604	3,116,124	1,303,240
Capital work-in-progress	3,116,983	2,485,150	4,529,055
	98,428,278	**72,719,521**	**68,782,711**

Plants, machinery and buildings were professionally revalued as at 30 June 1995 by Knight Frank (Nigeria), Chartered Surveyors on the basis of open market values. The values were incorporated in the books on that date. The surplus that arose from the revaluation was credited to the fixed assets revaluation reserve.

2. Investment

The investment of ₦150 million represents the cost of the company's 100% equity investment in Progress Trust (CPFA) Limited, incorporated in Nigeria. Progress Trust (CPFA) Limited is an unconsolidated structured entity licensed by PenCom to conduct the business of a closed pension fund administrator, and manages the pension and gratuity funds of employees of Nigerian Breweries.

The activities of Progress Trust (CPFA) limited are regulated by PenCom rather than by voting rights and the funds are managed in accordance with the PenCom guidelines. The benefits arising from the activities of Progress Trust (CPFA) Limited accrue principally to members of the pension and gratuity schemes and the company has no exposure to variable returns arising from its involvement. The company's residual interest in Progress Trust (CPFA) Limited is immaterial. The funds and assets of both the pension and defined contribution gratuity scheme are held by an independent licensed pension fund custodian in line with the Pension Reform Act, 2004. As a result of the above, Progress Trust (CPFA) Limited has not been consolidated.

3. Goodwill

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Goodwill on acquisition is computed as follows:			
Purchase consideration	65,235,106	-	-
Net identifiable assets and liabilities attributable to Nigerian Breweries Plc	(15,213,575)	-	-
	50,021,531	**-**	**-**

With effect from 17 October 2011, the Nigerian Breweries Plc acquired Sona Systems Associates Business Management Limited and Life Breweries Company Limited from Heineken International BV. The goodwill on acquisition arose from numerous synergies that can be harnessed from the breweries acquired to maximise value for the shareholders of Nigerian Breweries Plc and other stakeholders.

The aggregate purchase consideration paid for the 2 acquired entities was settled in cash. The net identifiable assets and liabilities acquired from Sona Systems Associates Business Management Limited and Life Breweries Company Limited have been consolidated in these financial information. The net identifiable assets and liabilities attributable to Nigerian Breweries Plc comprise of:

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Total assets	36,695,716	-	-
Total liabilities	(21,468,930)	-	-
Net identifiable assets and liabilities	**15,226,786**	**-**	**-**
Net identifiable assets and liabilities attributable to non-controlling interests at acquisition date	(13,211)	-	-
Net identifiable assets and liabilities attributable to Nigerian Breweries Plc	**15,213,575**	**-**	**-**

4. Other Tangible Assets

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Cost:			-
Software	1,448,027	1,369,988	472,774
Distribution network	3,469,433	-	-
Work-in-progress	132,570	-	-
	5,050,030	**1,369,988**	**472,774**
Amortization:			
Software	455,290	289,352	252,462
Distribution network	249,252	-	-
	704,542	**289,352**	**252,462**
Net book value:	**4,345,488**	**1,080,636**	**220,312**

The distribution network arose from the acquisition of Sona Systems Associates Business Management Limited and Life Breweries Company Limited with effect from 17 October 2011, and provides the Group with opportunities for increased market penetration.

Work-in-progress relates to the cost of acquired software still in the process of implementation.

5. Long Term Debtors

Long term debtors represent loans granted to employees, which is backed by employees' gratuity and has a tenor ranging from two to ten years.

6. Stocks

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Raw materials	6,342,610	5,001,228	5,532,058
Finished products and products in progress	4,244,301	3,028,752	2,320,859
Returnable packaging materials	5,422,828	4,431,279	4,356,561
Non-returnable packaging materials	4,625,985	3,193,688	3,866,010
Spare parts and other consumables	4,226,279	3,061,201	3,525,556
Stocks-in-transit	2,671,030	2,514,949	2,463,803
	27,533,033	**21,231,097**	**22,064,847**

7. Debtors and Prepayments

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Debtors and prepayments			
Trade debtors	6,884,985	3,491,131	2,068,271
Other debtors	1,559,652	2,294,540	1,184,688
Advances and prepayments	1,299,203	659,779	146,853
Due from related companies	2,948,458	-	189,626
	12,692,298	**6,445,450**	**3,589,438**

8. Deposits for Imports

Deposits for imports represent foreign currencies purchased for funding letters of credit in respect of imported raw materials, spares parts and machinery.

9. Bank and Cash Balances

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Cash at bank	11,866,492	5,901,627	8,033,946
Short term deposits	9,996,163	6,696,989	3,771,542
Cash in hand	13,810	9,109	6,838
	21,876,465	**12,607,725**	**11,812,326**

10. Bank Overdrafts

Bank overdrafts represent overdrawn balances on current accounts.

11. Taxation

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Per profit and loss:			
Income tax	16,996,193	12,621,442	12,277,407
Education tax	1,295,360	1,048,646	999,764
Deferred tax	55,569	878,042	212,534
	18,347,122	**14,548,130**	**13,489,705**
Per balance sheet:			
At 1st January	14,154,257	13,461,573	9,245,540
Payments during the year	(12,522,833)	(12,977,404)	(9,061,138)
Income tax provision for the year	16,996,193	12,621,442	12,277,407
Education tax provision for the year	1,295,360	1,048,646	999,764
	19,922,977	**14,154,257**	**13,461,573**

12. Dividend

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	5,230,873	4,566,910	19,666,950
Acquired through business combination	7,721	-	-
Dividend declared	9,453,203	26,771,471	13,612,612
Dividend paid	(9,904,407)	(26,066,087)	(28,669,218)
Unclaimed dividends transferred to general reserves	(57,711)	(41,421)	(43,434)
At 31 December	**4,729,679**	**5,230,873**	**4,566,910**

13. Creditors and accruals

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Creditors, accruals and customer deposits	30,797,567	21,353,133	21,153,415
Due to related companies (Note 28)	7,556,196	3,954,812	2,634,404
Pension payable	92,976	91,579	-
	38,446,739	**25,399,524**	**23,787,819**

14. Borrowings

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	-	-	-
Borrowings obtained during the year	47,000,000	-	-
Borrowings repaid during the year	-		
At 31 December	**47,000,000**	**-**	**-**
Borrowings comprise of:			
Long-term borrowings	46,000,000	-	-
Short-term working capital loan	1,000,000	-	-
	47,000,000	**-**	**-**

In 2011, Nigerian Breweries Plc entered into loan agreements with six Nigerian banks to finance its working capital. The approved limit of the loan with each bank is ₦10 billion (total of ₦60 billion). Each loan has a one year revolving tenor for a maximum of five years. Based on the loan agreement, the company has the option to roll over the loans by giving five days written notice to the banks prior to the anniversary of the final maturity date. The facility is secured by a negative pledge on the assets of the company. The interest rate on the loans during the year ranged from 10 percent to 12.5 percent per annum.

Drawdowns during the year amounted to ₦47 billion. No repayments were made during the year.

In 2011, Nigerian Breweries Plc obtained a ₦15 billion short term working capital facility from a Nigerian bank. The loan has a 12 months tenor and bears interest at 9.75 per cent per annum. The facility is unsecured.

15. Deferred Taxation

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	15,200,257	14,322,215	14,109,681
Acquired through business combinations	6,296,931	-	212,534
Charge for the year	55,569	878,042	-
Effect of actuarial losses recognized directly in reserves (Note 20)	(321,119)	-	-
At 31 December	**21,231,638**	**15,200,257**	**14,322,215**

16. Gratuity and other long-term employee benefits

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	4,137,051	3,777,076	3,298,327
Acquired through business combinations	1,321,659	-	
Charge for the year	1,119,514	1,682,836	1,818,808
Payments during the year	(782,053)	(1,322,861)	(1,340,059)
Recognized actuarial losses (Note 20)	1,070,399	-	-
At 31 December	**6,866,570**	**4,137,051**	**3,777,076**

In 2009 and 2010, actuarial gains or losses arising from valuation were charged to profit and loss account over a period of five years. In 2011, actuarial losses were recognised in full in profit and loss account. The previously unrecognised actuarial losses, and related tax impact have been recognised directly in general reserves.

17. Share Capital

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Authorized share capital: 8 billion ordinary shares of 50 kobo each:			
At 1 January and 31 December	**4,000,000**	**4,000,000**	**4,000,000**
Issued and fully paid ordinary shares: 7,562,562,340 ordinary shares of 50 kobo each:			
At 1 January and 31 December	**3,781,282**	**3,781,282**	**3,781,282**

18. Fixed assets revaluation reserve

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	7,089,858	7,095,363	7,240,108
Transfer to general reserves in respect of disposals	-	(5,505)	(144,745)
At 31 December	**7,089,858**	**7,089,858**	**7,095,363**

19. General reserves

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	34,732,984	31,125,411	16,639,753
Transfer from profit and loss account	38,023,181	30,332,118	27,910,091
Dividend declared (Note 12)	(9,453,203)	(26,771,471)	(13,612,612)
Transfer from unclaimed dividend (Note 12)	57,711	41,421	43,434
Transfer from fixed assets revaluation reserve (Note 19)	-	5,505	144,745
Prior year unrecognised actuarial losses (Note 16)	(1,070,399)	-	-
Tax impact of prior year unrecognised actuarial losses (Note 15)	321,119	-	-
	62,611,393	**34,732,984**	**31,125,411**

20. Non-controlling interests

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Net assets attributable to non-controlling interest at acquisition date	13,211	-	-
Transfer from profit and loss account	2,389	-	-
	15,600	**-**	**-**

21. Turnover

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Nigeria	229,940,641	185,774,098	164,023,227
Exports	182,574	88,687	183,621
	230,123,215	**185,862,785**	**164,206,848**

Turnover was generated from brewing and/or marketing of alcoholic and non-alcoholic beverages.

22. Other Income

Other income represents amounts realised from the sale of scrap materials and by-products.

23. Interest income

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Interest on short-term bank deposits	1,329,159	183,470	475,917

24. Interest expense

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Interest on overdrafts	143,198	269,836	738,455
Interest on loans	1,460,979	-	-
	1,604,177	**269,836**	**738,455**

25. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Profit for the year attributable to equity holders of the Company	38,023,181	30,332,118	27,910,091
Weighted average number of shares in issue (thousand)	7,562,562	7,562,562	7,562,562
Basic and diluted earnings per share (Kobo)	**503**	**401**	**369**

There were no potentially dilutive ordinary shares in issue. Accordingly both the basic and diluted earnings per share have the same values.

26. Related party transactions

The Company sources 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 and other related companies at the end of each reporting period have been disclosed in Note 13.

Additionally, the Company has a Technical Service and Know-How Agreement and Trade Mark License Agreement with its ultimate holding company Heineken NV. 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 taxation as applicable. Royalties payable are computed as a percentage of the net sales of the related products. Amounts charged as royalties and technical assistance fees were ₦7.31 billion (2010: ₦5.93 billion, 2009: ₦5.45 billion).

27. Contingent liabilities and capital commitments

i. Contingent liabilities in respect of guarantees given for staff loans amounted to ₦3.94 billion (2010: ₦2.14 billion, 2009: ₦1.68 billion). This guarantee is backed by employees' gratuity.

ii. Bank guarantee given to the Company in respect of Nigerian Customs Service duty and Nigerian Export Promotion Council duty amounted to ₦3.36 billion (2010: ₦2.90 billion, 2009: ₦2.91 billion).

iii. Nigerian Breweries Plc, Sona Systems Associates Business Management Limited and Life Breweries Company Limited are borrowers and obligors of the loan facility of ₦60 billion obtained by the Group from some Nigerian banks in 2011 (Note 14). As at the year-end (2010 and 2009: nil), the drawdown by the subsidiaries amounted to ₦8 billion. This amount is guaranteed by the Company.

iv. There are certain law suits and claims pending against the Group in various courts of law which are being handled by external legal counsel. The contingent liabilities in respect of pending litigations and claims against the Group amounted to ₦2.71 billion (2010: ₦2.46 billion, 2009: ₦2.42 billion). The directors are of the opinion that no significant liability will arise there from these litigations and claims. Accordingly, no provisions have been made in these financial information for such liabilities.

28. Summary of Adjustments

(i) Creditors and accruals

	2011 ₦'000	2010 ₦'000	2009 ₦'000
As previously reported	47,554,919	25,494,832	24,290,015
Adjustment:			
Reclassification of overdrawn balances from creditors and accruals to bank overdrafts	(108,180)	(95,308)	(502,196)
Reclassification of short term borrowings from creditors and accruals to borrowings	(9,000,000)	-	-
As restated	**38,446,739**	**25,399,524**	**23,787,819**

(ii) Bank overdrafts

	2011 ₦'000	2010 ₦'000	2009 ₦'000
As previously reported	-	-	-
Adjustment:			
Reclassification of overdrawn balances from creditors and accruals to bank overdrafts	108,180	95,308	502,196
As restated	108,180	95,308	502,196

(iii) Borrowings

	2011 ₦'000	2010 ₦'000	2009 ₦'000
As previously reported	38,000,000	-	-
Adjustment:			
Reclassification of short term borrowings from creditors and accruals to borrowings	9,000,000	-	-
As restated	**47,000,000**	**-**	**-**

D. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of FCMB Capital Markets Limited at 44 Marina, Lagos during normal business hours on any Business Day, until the Effective Date.

a) The Certificate of Incorporation of Nigerian Breweries;

b) The Memorandum and Articles of Association of Nigerian Breweries;

c) The order of the Court convening the meeting of the holders of the ordinary shares of Nigerian Breweries;

d) The signed Explanatory Statement;

e) The audited financial statements of Nigerian Breweries for each of the preceding five years from 31st December 2009 to 31st December 2013;

f) The Reporting Accountants' Report on the audited financial statements of Nigerian Breweries for each of the preceding five years from 31st December 2009 to 31st December 2013, prepared by PricewaterhouseCoopers (Reporting Accountants to Nigerian Breweries);

g) Claims & Litigation referred to on page 164 of Appendix V;

h) The material contracts including the Financial Advisory Services Agreement between Nigerian Breweries and FCMB Capital Markets Limited referred to on page 165 of Appendix V; and

i) The written consents referred to on page 166 of Appendix V.

Appendix II – Further Information Regarding Consolidated Breweries

A. Background Information

1. Incorporation and Share Capital History

Consolidated Breweries is engaged in the brewing, marketing and selling of alcoholic and non-alcoholic beverages, concentrating on the value for money segment of the market in Nigeria. The company emerged from a merger of Continental Breweries Limited and Eastern Breweries Limited in 1982.

Consolidated Breweries operates through three breweries located in Ijebu Ode, Awo-Omamma, and Makurdi. As at 31 December 2013, the company had production capacity of approximately 2.5 million hectolitres. Key brands include "33" Export Lager Beer, Hi-Malt, Turbo King Dark Ale, Williams Dark Ale, and Maltex.

Consolidated Breweries has an authorised share capital of ₦350,000,000 comprising 700,000,000 ordinary shares of 50 kobo each, and an issued share capital of ₦248,035,809 comprising 496,071,617 ordinary shares of 50 kobo each. The changes in the share capital of the company since inception are summarised below:

Year	Authorised (₦)		Issued and fully paid (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1982	10,500,000	11,000,000	10,340,000	10,340,000	Cash
1989	3,000,000	14,000,000	3,410,000	13,750,000	Scrip Issue
1991	26,000,000	40,000,000	6,875,000	20,625,000	Scrip Issue (1:2)
1992	-	40,000,000	14,625,000	35,250,000	Cash
1997	110,000,000	150,000,000	35,250,000	70,500,000	Scrip Issue (1:1)
2000	-	150,000,000	17,625,000	88,125,000	Cash
2000	-	150,000,000	44,062,500	132,187,500	Scrip Issue (1:2)
2003	200,000,000	350,000,000	66,093,750	198,281,250	Scrip Issue (1:2)
2012	-	350,000,000	49,570,313	247,851,563	Rights Issue (1:4)
2013	-	350,000,000	184,246	248,035,809	Merger with DIL Maltex

2. Shareholding Structure

As at 31 December 2013, Consolidated Breweries' issued share capital of 496,071,617 ordinary shares of 50 kobo each was beneficially held as follows:

Shareholders	No. of Shares	% Holding
Heineken International B.V	266,866,717	53.80%
Odutola Holdings Limited	52,555,390	10.59%
Others	176,649,510	35.61%
Total	**496,071,617**	**100.00%**

Except as stated above, no shareholder holds up to 5% of the issued share capital of Consolidated Breweries.

3. Company's Activities

Consolidated Breweries is engaged in the brewing, marketing and selling of both alcoholic and non-alcoholic beverage drinks.

4. Directors' Beneficial Interests

As at 5 August 2014, the interests of Consolidated Breweries' Directors in the issued share capital of the company was as follows:

Directors	Shareholding	Shareholding (%)
Prof (Mrs.) Oyinade Odutola-Olurin, OFR*	1,109,375	0.224
Mr. Boudewijn N. Haarsma (Dutch)	-	-
Chief Samuel O. Bolarinde	375,336	0.076
Mr. Lieven Louis van der Borght (Belgian)	-	-
Mr. Marc Koster	-	-
Mr. Didier F. Leleu (French)	-	-
Mrs. Alice N. Mbadiwe**	-	-
Pastor Olufunmilayo A. Odutola*	859,544	0.173
Chief Audu I. Ogbeh, OFR	20,000	0.004
Mr. Kevin Santry (British)	-	-

**Prof (Mrs.) Oyinade Odutola-Olurin (OFR) and Pastor Olufunmilayo A. Odutola both have a combined beneficial interest in 52,555,390 shares held by Odutola Holdings Limited.*
***Mrs Alice N. Mbadiwe has beneficial interests in 15,500,000 shares held by Afro Properties Limited.*

5. Subsidiaries and Associate Companies

As at 31 December 2013, Consolidated Breweries held a 40% shareholding in Benue Bottling Company Limited ("BBC").

6. Indebtedness

As at 31st December 2013, Consolidated Breweries had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than those incurred in the ordinary course of business.

7. Extracts from Memorandum & Articles of Association

Memorandum of Association

f) To amalgamate with, enter into partnership or into any agreement for sharing profits, union of interests, co-operation, joint adventure or reciprocal concession, or for limiting competition with any person or company, carrying on or engaged, in or about to carry on or engage in any business or transaction which the company is authorised to carry on or engaged in or which can be carried on in conjunction therewith or which can be conducted to the benefit of the company.

Articles of Association

General Meetings

54. A General Meeting to be known as the Annual General Meeting shall be held once in every calendar year at such time (not being more than, fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors.

55. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

56. The directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or in default may be convened by such requisitionists as provided by Section 215(2) of the Act, If at any time there are not within. Nigeria sufficient directors capable of acting to form a quorum at a meeting of directors, any director within Nigeria or any two members may convene an Extraordinary General Meetings in the same manner as nearly as possible as that in which meetings may be convened by the directors.

57. The time and place of any meetings shall be determined by the conveners of the meetings.

Notice of General Meetings

58. (i) An Annual General Meeting and a Meeting called for the passing of a special resolution shall be called by twenty days' notice in writing at the least and a meeting of the company other than an Annual General Meeting, or a Meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least.

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed, in the case of a meeting called as the Annual General Meeting, by all the Members entitled to attend and vote thereat.

(ii) The notice shall be exclusive of the day on which it is served or deemed to be served and of the day on which it is given, shall specify the place, the day and the hour of meeting and, in case of special business the general nature of that business.

59. (i) The notice convening an Annual General Meeting shall specify the meeting as such.

(ii)The notice convening a meeting to consider a Special or Extraordinary Resolution shall specify the intention to propose the resolution as a Special or Extraordinary Resolution as the case may be

60. (i) Notice of every general meeting shall be given in a manner authorised by these Article

a. Every Member holding shares conferring the right to vote at the meeting who at the time of the convening of the meeting shall have paid all amounts and other sums presently payable by him in respect of shares in the company; and

b. The Auditors of the company.

(ii) No other person shall be entitled to receive notice of General Meetings.

61. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by; any person entitled to receive notice be shall not invalidate the proceedings at the meeting.

Proceedings at General Meetings

62. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also that is transacted of an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, the appointment of Auditors, the fixing of, or the determination of the manner of the fixing of the remuneration of the directors and the election of directors in the place of those retiring.

63. (i) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two Members of the company present in person or by proxy, shall be a quorum.

(ii) If within fifteen minutes from the time appointed for the meeting, a quorum is not present the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the chairman of the meeting may determine, and if at the adjourned meeting, a quorum is not present within fifteen minutes from the time appointed for the meeting, the Members present shall be a quorum.

64. The chairman, if any, or the Board of directors shall preside as chairman at every General Meeting of the Company, or if there is not such chairman or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling or unable to act, the vice-chairman, if any, if the present shall elect one of their number to be chairman of the meeting If at any meeting, no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.

65. The chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by such meeting) adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting, save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

66. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless, before or on the declaration of the result of the show of hands, a poll is demanded:-

a. by the chairman of the meeting or

b. by at least five members entitled to vote at such meeting present in person or by proxy; or

c. by one or more members entitled to vote at such meeting present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or

d. by one or more members entitled to vote at such meeting present in person or by proxy holding shares in the company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand for a poll may be withdrawn. Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

67. If at any General Meeting, any votes shall be counted which ought not to have been counted or. might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting and not in that case unless it shall, in the opinion of the chairman of the meeting, be of sufficient magnitude to vitiate the result of the voting.

68. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time being not more than thirty days after the date of the meeting as the chairman of the meeting directs. In all other respects a poll shall be taken in such manner as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

69. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place, or at which the poll is demanded shall be entitled to a second or casting vote.

Votes of Members

70. Subject to any special rights or restriction attached, to any class of shares and to the provisions of the next succeeding Article on a show of hands every Member present in person or by proxy shall have one vote and on a poll every Member present in person or by proxy shall hay one vote for each share of which he is the holder.

71. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the company has been paid.

72. If two or more persons are jointly entitled to a share the vote of the senior who tenders a vote in respect of such share, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members as the holders of such share.

73. Any company which is a Member may, by resolution of its directors, authorise such person as it thinks fit to act as its representatives at any meeting of the company, and the person so authorised shall be entitled to exercise the same powers on behalf of the company which he represents as that company could exercise if it were an individual Member. The production at the meeting of a copy of such resolution duly signed by one director of such company and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the chairman as sufficient evidence of the validity of the appointment of the representative of such company.

74. If any Member be a lunatic, idiot, or non-compose mentis, he may vote, whether on a show of hands, or on a poll, by his committee curator bonis, or other legal curator, and such last mentioned persons may give their votes by proxy on a poll, but no person claiming to vote pursuant to this Article shall do so unless such evidence as the directors may require of his authority shall have been deposited at the Office not less than 48 hours before the time of holding the meetings at which he wishes to vote.

75. On a poll, votes may be given either personally or by proxy. A proxy need not be a Member.

76. An instrument appointing a proxy shall be in the following form or substantially in that form:-

I/We
“of

"being a Member(s) of the above-named company
"hereby appoint
"of
"or failing him of
"or as my/our proxy to vote for me/us on my/our
"behalf at the (Annual or Extraordinary) General Meeting of the company to be held on the
" day of
"and at any adjournment thereof
Signed this day of
"and at any adjournment thereof
"Signed this day of

77. The instrument appointing a proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting, which it relates, and shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or, if the appointor or is a corporation, either under seal or in some other manner approved by the Directors. An instrument appointing a proxy need not be witnessed.

78. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarilly certified copy of that power or authority, shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting, before or at the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for taking the poll, and in default the instrument of proxy shall not be treated as valid.

79. The instrument appointing a proxy shall be deemed to confer authority to demand or join demanding a poll and generally to act at the meeting for the Member giving the proxy.

80. A vote given in accordance with the terms of an instrument of proxy shall be treated as valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Proceedings of Directors

101. (i) Subject to the provisions of these Articles, the directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The Secretary shall, on the requisition of his chairman (if any) of other two other directors summon a meeting of the Board.

(ii) Subject to the provisions of the Articles, a meeting of the directors shall be called by not less than fourteen days' notice (exclusive of the day on which it is served or deemed to be served and of the day for which it is given) given in the manner provided by paragraph (iii) of this Articles to all directors and alternate directors; Provided that a director's meeting notwithstanding that it has been called by a shorter notice than fourteen days shall be deemed to have been duly called if it is so agreed by each of the director or his alternate and such agreement may be given by cable, telegram, or telex message addressed by any director or alternate director to the place at which a meeting is to be held.

(iii) Notice of a meeting of the directors shall be served on every director and alternate director either personally or by sending it through the Post or by sending it by cable, telegram or telex message confirmed by letter provided that in the case of notices to be sent to an address outside Nigeria such notice shall be given only by cable, telegram or telex message confirmed in each case by airmail letter, Where a notice is served by post, service shall be deemed to be effected at the expiration of 7 days from the time when the letter containing the same is posted; and where a notice is served by cable, telegram or telex message, service shall be deemed to be effected at the time when the cable, telegram or telex message is despatched.

102. Questions arising at any meeting shall be decided by a majority of votes of the members present and in the case of an equality of vote the chairman shall have a second or casting vote.

103. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two provided that if within thirty minutes from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to the next following business day at the same time and place, or to such other day and at such other time and place as the chairman of the meeting may determine, and if at the adjourned meeting a quorum is not present within thirty minutes from the time appointed for the meeting a majority of the directors for the time being in office who were appointed pursuant to these Articles -, shall be a quorum.

104. The directors may elect a chairman and a vice-chairman of their meetings and determine the period for which they are to hold office respectively. If at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the same, or if he is unable or unwilling to act as chairman of such meeting, the vice-chairman if any, if then present and willing to act, shall take the chair and in default the directors present may choose one of their number to be the chairman of that meeting.

105. (i) The directors may delegate any of their powers other than the powers to borrow, or make calls on shares, to committees consisting of such member or members of their body as they think fit.

(ii) Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors but, subject thereto, may meet and adjourn as it thinks proper, and 'may elect a chairman of its meetings

(iii) If the chairman of a committee consisting of more than a director is not present within five minutes after the time appointed for holding a committee meeting, the members present may choose one of their number to be chairman of that meeting.

(iv) Question arising at any committee meeting shall be determined by a majority of votes of the members and in the case of an equality of votes, the chairman shall have a second or casting vote.

106. All acts done by any meeting of the directors of a committee of directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified to be a director, and had been entitled to vote.

107. A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors or of a committee of directors, shall be as valid and effectual as in it has been passed at a meeting of directors or of the relevant committee of the directors duly convened and held. Any such resolution may consist of several documents in the like terms each signed by one or more directors.

108. (i) A director (other than a managing director in respect of this office as managing director) may appoint any other director or any other person approved by the directors as his alternate, and may at any time revoke any such appointment A person may be appointed alternate director to more than one director

(ii) An alternate director shall be entitled to notice of meetings of directors; to attend and vote as a director at any meeting at which his appointor is not personally present, and generally, on the absence of his appointor to exercise all the functions of his appointor as a director. A person appointed alternate director to more than one director shall have one vote for each of his appointors absent from a meeting of directors at which he is present and a director present at a meeting of directors and appointed Alternate for another director shall in the absence of this appointer have an additional vote for each of his appointors absent from such meeting.

(iii) An alternate director shall be deemed an officer of the company and not the agent of his appointor.

(iv) An alternate director shall not without the director's approval be entitled to receive from the Company any remuneration.

(v) An alternate director shall cease to be an alternate director if for any person reason his appointment is revoked by his appointor or his appointor ceases to hold the office of a director.

(vi) All appointments and revocations of appointments of an alternate director shall be in writing under the hand of the appointer left at the office

Transfer of Shares

26. Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of his shares by instrument in writing in the usual common form or any other form which the directors may approve, signed by or on behalf of the transferor and transferee. Provided that the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. No fee shall be payable in- respect of the registration of any transfer.

27. All authorised to sign instruments of transfer granted by Members for the purpose of transferring shares which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and the grantor of such- authorities be taken and deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon, till such time as express notice in writing of the revocation of the same shall have given and lodged at each of the company's offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice, the company shall be entitled to give effect to any instrument signed under the authority to sign, which was certified by any officer of the company as being in order before the giving and lodging of such agents authority be deposited with the company.

28. The directors may, in their absolute discretion and without assigning any reason, decline to register the transfer of a share (not being a full paid share), and they may also decline to register the transfer of a share on which the company has lien.

29. The directors may also decline to recognise any instrument of transfer unless:

    (i) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show to the right of the transferor to make the transfer; and

    (ii) the instrument of transfer is in respect of only one class of shares.

30. If the directors refuse to register a transfer they shall, within one month after the date on which the transfer was lodged with the company, send to the transferee notice of the refusal.

31. All instruments of transfer which shall be registered may be retained by the company. Any instrument of transfer which the directors may decline to register shall be returned to the transferee, unless the directors suspect fraud.

The directors shall have power on giving seven days' notice by advertisement as required by Section 89 of the Act to close the Transfer books of the company for such period or periods of-time not exceeding in the whole thirty days in each year.

B. Reporting Accountants Report on Consolidated Breweries Plc

SIAO

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Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

1 July 2014

The Directors:

Stanbic IBTC Capital Limited
I.B.T.C Place,
Walter Carrington Crescent,
Victoria Island,
Lagos.

Consolidated Breweries Plc.,
1st Floor, Iddo House,
Iddo,
Lagos.

FCMB Capital Markets Limited
6th Floor, First City Plaza,
44, Marina,
Lagos.

Gentlemen,

SCHEME OF MERGER BETWEEN CONSOLIDATED BREWERIES PLC AND NIGERIA BREWERIES PLC

The financial information is based on the Company's audited IFRS financial statements for the three years ended 31 December 2013, 2012 & 2011, and NGAAP financial statements for the three years ended 31 December, 2011, 2010 & 2009. The financial statements have been prepared in accordance with the accounting policies set out on pages 8 – 21 and pages 47- 49 for IFRS and NGAAP respectively. The financial statements on which the financial information is based are the responsibilities of the Directors of the Company who approved their issue. The Directors of the Company are responsible for the contents of the Scheme document in which this report is included.

Our review of the financial statements has been limited primarily to the working papers of the External Auditors (KPMG – for 2013 and 2012 and Akintola Williams Deloitte for 2011, 2010 and 2009) of the Company and enquiries of the Company's personnel and analytical procedures applied to the financial data. We have not performed an audit and thus our assignment provides less assurance than an audit: as such we are not expressing an audit opinion.

Our review was conducted in accordance with International Auditing Standards applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. As stated earlier, we have not performed an audit and, accordingly we do not express an audit opinion.

In our opinion, the financial statements prepared on the basis of accounting policies normally adopted by the Company give a true and fair view of the state of affairs of Consolidated Breweries Plc for each of the years ended 31 December 2013, 2012, 2011, 2010 and 2009.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,

Abiodun Ariyibi
FRC/2013/ICAN/00000001548
For: SIAO (Chartered Accountants)

Appendix II – Further Information Regarding Consolidated Breweries

1. Statement of Financial Position as at December 2011, 2012 and 2013

	Notes	2013	2012	2011
Assets		**₦ '000**	**₦ '000**	**₦ '000**
Property, plant and equipment	13(a)	21,304,411	15,104,162	8,802,724
Intangible assets	14	876,578	-	
Trade and other receivables	17	-	6,079,870	2,229,007
Deferred tax assets	21	-	-	-
Investments	15	124,613	4,854,602	3,505,133
Non-current assets		**22,305,602**	**26,038,634**	**14,536,864**
Inventories	16	4,784,373	3,031,129	3,282,994
Trade and other receivables	17	13,517,876	8,070,617	2,229,786
Cash and cash equivalents	18	1,229,556	2,651,385	4,619,109
Assets held for sale	13(d)	2,485,826	-	-
Current assets		**22,017,631**	**13,753,131**	**10,131,889**
Total assets		**44,323,233**	**39,791,765**	**24,668,753**
Equity				
Share capital		248,036	247,852	198,281
Share premium		7,004,723	7,004,723	1,060,269
Revaluation reserve		-	-	-
Reserve for own shares		(221,839)	(221,839)	-
Retained Earnings		6,907,946	7,900,190	5,299,176
Total equity		**13,938,866**	**14,930,926**	**6,557,726**
Liabilities				
Loans and borrowings	19	3,325,649	11,490,000	6,800,000
Employee benefits	20	1,002,694	873,076	784,195
Deferred tax liabilities	21	3,524,583	2,491,084	1,452,657
Non-current liabilities		**7,852,926**	**14,854,160**	**9,036,852**
Current tax liabilities	10(d)	461,334	471,114	1,646,589
Loans and borrowings	19	11,214,351	-	771,428
Dividend payable	12(b)	189,612	116,413	143,784
Trade and other payables	22	10,666,144	9,419,152	6,512,374
Current liabilities		**22,531,441**	**10,006,679**	**9,074,175**
Total liabilities		**30,384,367**	**24,860,839**	**18,111,027**
Total equity and liabilities		**44,323,233**	**39,791,765**	**24,668,753**

The notes on pages 96 to 135 are an integral part of these financial statements.

2. Statement of Comprehensive Income for the years ended 31 December 2011, 2012 and 2013

	Notes	2013 ₦ '000	2012 ₦ '000	2011 ₦'000
Revenue	6	33,914,363	33,527,249	27,908,732
Cost of Sales		(21,478,668)	(20,524,695)	(15,614,758)
Gross profit		**12,435,695**	**13,002,554**	**12,293,974**
Other income	7	86,059	49,974	23,965
Selling and distribution expenses		(4,726,812)	(4,389,773)	(4,184,823)
Administrative expenses	9(b)	(5,466,962)	(4,102,773)	(3,477,819)
Results from operating activities		**2,327,980**	**4,559,982**	**4,655,297**
Finance income	8	1,197,060	1,173,721	69,828
Finance costs	8	(1,751,976)	(1,450,780)	(312,163)
Net finance costs		**(554,916)**	**(277,059)**	**(242,335)**
Profit before tax	**9**	**1,773,064**	**4,282,923**	**4,412,962**
Taxation	10	(651,705)	(1,066,080)	(1,556,099)
Profit for the year		**1,121,359**	**3,216,844**	**2,856,863**
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Defined benefit plan actuarial gains	20(d)	26,802	36,264	(72,394)
Tax on other comprehensive income	20(d)	(8,041)	(10,879)	21,718
Other comprehensive income for the year, net of tax		18,761	25,385	(50,676)
Total comprehensive income for the year		**1,140,120**	**3,242,229**	**2,806,187**
Earnings per share				
Basic and diluted earnings per share (kobo)	11 (a)	230	684	596
Adjusted earnings per share (kobo)	11 (b)	230	684	596

The notes on pages 96 to 135 are an integral part of these financial statements.

3. Statement of Changes in Equity for the years ended 31 December 2011, 2012 and 2013

	Note	Share capital ₦ '000	Share premium ₦ '000	Retained Earnings ₦ '000	Reserve for own shares ₦ '000	Total equity ₦ '000
		Attributable to equity holders of the Company				
Balance at 1 January 2012		**198,281**	**1,060,269**	**5,299,176**	**-**	**6,557,726**
Total comprehensive income for the year						
Profit for the year		-	-	3,216,844	-	3,216,844
Other comprehensive income		-	-	25,385	-	25,385
Total comprehensive income for the year		**-**	**-**	**3,242,229**	**-**	**3,242,229**
Effect of transition to IFRS		-	-	399,762	-	399,762
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Issue of ordinary shares from rights issue		49,571	5,944,454	-	(221,839)	5,772,186
Dividends		-	-	(1,040,977)	-	(1,040,977)
Total transactions with owners		**49,571**	**5,944,454**	**(1,040,977)**	**(221,839)**	**4,731,209**
Balance at 31 December 2012		**247,852**	**7,004,723**	**7,900,190**	**(221,839)**	**14,930,926**
Balance at 1 January 2013		**247,852**	**7,004,723**	**7,900,190**	**(221,839)**	**14,930,926**
Total comprehensive income for the year						
Profit for the year		-	-	1,121,359	-	1,121,359
Other comprehensive income		-	-	18,761	-	18,761
Total comprehensive income for the year		**-**	**-**	**1,140,120**	**-**	**1,140,120**
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Issue of ordinary shares	24(a)	184	-	(184)	-	-
Dividends	12(a)	-	-	(396,857)	-	(396,857)
Total transactions with owners		**184**	**-**	**(397,041)**	**-**	**(396,857)**
Subsidiaries post-acquisition loss	5	-	-	(1,735,324)	-	(1,735,324)
Balance at 31 December 2013		**248,036**	**7,004,723**	**6,907,946**	**(221,839)**	**13,938,866**

* Due to the merger of Benue Brewery Limited and DIL/Maltex (Nigeria) Plc with Consolidated Breweries Plc during the year, the 2013 figures in these financial statements incorporate the balances/results of the integrated entities. The comparative figures are those of Consolidated Breweries Plc, stand alone.

The notes on pages 96 to 135 are an integral part of these financial statements.

4. Statement of Cash Flow for the years ended 31 December 2011, 2012 and 2013

	Note	2013*	2012	2011
		₦ '000	**₦ '000**	**₦'000**
Cash flows from operating activities				
Profit for the year		1,121,359	3,216,844	2,856,863
Adjustments for:				
Finance cost	8(b)	1,751,976	1,450,780	312,163
Finance income	8(a)	(1,197,060)	(1,173,721)	(69,828)
Taxation	10	651,705	1,066,080	1,556,099
Effect of transition to IFRS		-	399,762	-
Loss on foreign exchange transactions	8(b)	(97,874)	-	-
Gratuity and long service awards charge	20(c)	339,891	146,234	241,630
Depreciation	13	2,661,589	1,926,793	1,518,894
Amortization	14	26,433	-	-
Impairment	15	(124,613)	607,871	-
Profit on sale of Investment		-	-	-
Adjustment to fixed assets		-	-	-
Loss/(Gain) on sale of property, plant and equipment		50,274	(19,803)	22,011
		5,183,680	**7,620,840**	**6,437,832**
Changes in:				
Inventories		(1,058,041)	251,865	(1,179,479)
Trade and other receivables (excluding interest receivable and non-cash related intercompany receivables)		78,656	(5,721,016)	(1,053,166)
Due from related company				
Prepayments		126,247	(119,815)	(177,183)
Trade and other payables (excluding accrued interest-note 8(b))		908,270	4,548,058	4,415,216
Due to related parties		-	-	-
Deferred tax		-	-	-
Cash generated from operating activities		**5,238,812**	**6,579,932**	**8,443,220**
Gratuity paid	20(a)(i)	(340,212)	(21,089)	(35,428)
Long service awards paid				(10,180)
Income taxes paid	10(d)	(114,020)	(1,214,007)	(1,274,088)
Vat paid**		(1,493,075)	(1,641,279)	(1,167,233)
Net cash from operating activities		**3,291,505**	**3,703,557**	**5,956,291**

Cash flows from investing activities				
Interest received	8(a)	10,531	1,173,721	69,828
Proceeds from sale of property, plant and equipment		20,205	31,560	68,198
Proceeds from sale of investment		-	-	-
Loan granted to subsidiary		-	(3,850,863)	(2,079,007)
Purchase of investments		-	(1,349,469)	(1,712,784)
Acquisition of property, plant and equipment	13	(5,977,175)	(8,847,859)	(4,282,624)
Acquisition of software	14	(130,704)	-	-
Net cash used in investing activities		**(6,077,143)**	**(12,842,910)**	**(7,936,389)**
Proceeds from bank loans	19(b)	5,290,000	4,690,000	6,800,000
Repayment of bank loans	19(b)	(2,240,000)	(771,428)	(514,286)
Interest paid	8(b)	(1,495,858)	(1,450,780)	(312,163)
Acquisition of non-controlling interest			-	
Dividend paid	12(b)	(323,657)	(1,068,348)	(1,568,989)
Proceeds from issue of share capital		-	5,772,186	-
Net cash from financing activities		**1,230,485**	**7,171,630**	**4,404,562**
Net decrease in cash and cash equivalents		(1,555,153)	(1,967,724)	2,424,464
Cash and cash equivalents at 1 January	18	2,651,385	4,619,109	2,194,645
Cash acquired through integration of subsidiaries	5	133,324	-	-
Reclassification to held for sale	5	-	-	-
Cash and cash equivalents at 31 December	18	**1,229,556**	**2,651,385**	**4,619,109**

The notes on pages 96 to 135 are an integral part of these financial statements

* Due to merger of Benue Brewery Limited and DIL/Maltex (Nigeria) Plc with Consolidated Breweries Plc during the year, the 2013 figures in these financial statements incorporate the balances/results of the integrated entities. The comparative figures are those of Consolidated Breweries Plc, stand alone.

**The effect of Value Added Tax (VAT) paid shown separately above has been considered in the deriving the change in trade and other payables. This also accounts for the change in the prior year comparative.

5. Notes to the Financial Information

1. Reporting Entity

Consolidated Breweries Plc (the 'Company'), which is domiciled in Nigeria, was incorporated on 26 May 1980 and commenced operations in 1982. The address of the Company's registered office is Iddo House, Iddo, Lagos, Nigeria while its brewing activities are carried out at the Awo-Omamma, Makurdi and Ijebu-Ode Breweries. The major shareholders include Heineken International B.V. and Odutola Holdings Limited with shareholding of 53.80% and 10.59% respectively. During the year, the Company sought and obtained shareholders' and regulatory approval to merge with both DIL Maltex Plc and Benue Brewery Limited, which were acquired in 2009 and 2011 respectively. As a result of the resolutions passed at the Extra- Ordinary General Meeting held on August 23 2013 the shareholders approved the outright sale of the Company's shares in Champion Breweries to The Raysun Nigeria Limited. The final approval for this sale was obtained from the Securities and Exchange Commission (SEC) on 19 December 2013 and the Company neither has power nor variability in returns, in respect of Champion Breweries, from the date of the SEC approval. Consequently, the Company has not prepared consolidated financial statements in current year.

The principal activity of the Company is the brewing, marketing and selling of "33" Export Lager Beer, More Lager Beer, Turbo King Dark Ale, Williams Dark Ale, Maltex and Hi-Malt brands of malt drinks.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the Board of Directors on 13 February 2014 and will be submitted to the shareholders for adoption on 15 May 2014.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for defined benefit obligations which are based on actuarial valuation and inventory, which are stated at the lower of cost and net realisable value, long and short term loans, equity settled share based payments and non-derivative financial instruments at fair value through profit or loss. The methods used to measure fair values are disclosed further in note 4.

c. Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand, except when otherwise indicated.

d. Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Note 21 – Deferred tax assets and liabilities
Note 13 – Goodwill - key assumptions underlying recoverable amount of CGU
Note 20 – Employee benefits - key actuarial assumptions

Note 26 – Contingencies - key assumptions about the likelihood and magnitude of an outflow of resources
Note 25 – Financial risk management and financial instruments

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

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

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

3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a. Basis of consolidation

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

ii. Non-controlling interests
For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:
- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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

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

v. Transactions eliminated on consolidation

Intra-Company balances and transactions, and any unrealised income and expenses arising from intra-Company transactions, are eliminated in preparing the consolidated financial statements.

vi. Investments in associates (equity-accounted investees)

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

b. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

c. Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables.

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables comprise trade and other receivables.

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

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

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

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

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

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

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Where the Company or any member of the Company purchases the Company's share capital, the consideration paid is deducted from the shareholders' equity and held in a separate 'reserve for own shares' account until they are cancelled or disposed. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, borrowing costs and any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Returnable bottles and crates in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The cost of ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives of all items of PPE were re-assessed during the year and have been applied prospectively as shown below:

	2013	2012
Leasehold land	Lease period	Lease period
Buildings	15 to 40 years	40 years
Plant & machinery	5 to 30 years	10 years
Plant, machinery & equipment	-	-
Furniture, fittings and equipment	3 to 5 years	3 years
Furniture and fittings	-	-
Motor vehicles:		
Cars and trucks	5 years	4 years
Forklifts	5 years	3 years
Returnable packaging materials:		
Bottles	5 years	5 years
Crates	8 years	8 years

The resultant reduction in depreciation charge for the current and future years is as analysed below:

	2013 ₦'000	2014 ₦'000	2015 ₦'000	2016 ₦'000	Later ₦'000
Cost of sales	362,231	246,554	149,648	41,811	37,927
Administrative expenses	90,558	61,639	37,412	10,453	9,482
Total	**452,789**	**308,193**	**187,060**	**52,264**	**47,409**

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

e. Intangible assets

i. Goodwill

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

Subsequent measurement

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

Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Company's intangible assets with finite useful lives comprise acquired software. The estimated useful lives for the current and comparative years is 3 years. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is recognized in profit or loss.

Subsequent expenditure

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

f. Inventories

Inventories are measured at the lower of cost and net realisable value.
The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Inventories in transit are recognised based on costs incurred to date.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Allowance is made for obsolete, slow-moving or defective items where appropriate.

g. Impairment

i. Non-derivative financial assets

A financial asset not carried as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of debtors, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

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

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

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

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

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

h. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

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 recognized in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

The Company and the employees contribute 7.5% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on Federal Government bonds, that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency (Naira) in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. Alexander Forbes Consulting Actuaries Nigeria Limited (FRC Registration number FRC/2012/0000000000504) was engaged as the independent actuary. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in

Other Comprehensive Income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The effect of any curtailment is recognized in full in profit or loss 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.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit and pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the reporting date on Federal Government bonds, that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

iv. Terminal benefits

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

v. Share-based payment transactions

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

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

vi. Provisions and contingent liabilities

Provisions

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

i. Contingent liabilities

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

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made. Revenue

Revenue from the sale of goods and rendering of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue arising from the sale of goods and rendering of services is recognized when persuasive evidence exists that significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

j. Finance income and finance costs

Finance income comprises interest income on fixed deposits, loans to third parties and changes in the fair value of financial assets at fair value through profit or loss. Finance income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, bank overdrafts and impairment losses recognized on financial assets (other than trade receivables), Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

k. Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

l. Current tax

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

i. Deferred tax

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

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

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

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

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

- Temporary differences arising on the initial recognition of goodwill.

ii. Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

m. Segment reporting

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

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

All operating segments’ operating results are reviewed regularly by the Board of Directors, which is considered to be the chief operating decision maker for the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

n. Leases

Determining whether an arrangement contains a lease

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

o. Lease assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company’s statement of financial position.

i. Lease payments

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

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

ii. Non-current assets held for sale

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

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

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

p. Loans and borrowings

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

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

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

r. Dividends
Dividends are recognized as liability in the period they are declared.
Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

s. New standards and interpretations not yet adopted
IFRS 9 is the only new standard not yet adopted as it is effective for annual periods beginning on or after 1 January 2018 and the Company does not plan to adopt this standard early.

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

t. Changes in accounting policies
New IFRS standards and amendments to existing standards that became effective for annual periods commencing on or after 1 January 2013, that have been applied in preparing the financial statements are stated below.

1. IFRS 10 - Consolidated Financial Statements (2011)

2. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

3. IFRS 13 – Fair Value Measurement

4. As a result of IFRS 10, the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investee (see note 3(a) (iii)).

5. As a result of the amendments to IAS 1, the Company has modified its presentation of items in Other Comprehensive Income (OCI) to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been represented accordingly (see Statement of Comprehensive Income for the year ended 31 December).

6. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the transitional provision of IFRS 13, the Company applied the new fair value measurement guidance prospectively (see note 25).

   These new and amended standards resulted in additional disclosures as noted above but had no significant impact on the measurements of the Company's assets and liabilities.

4. Determination of fair values

a. Property, plant and equipment.

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

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

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

e. *Trade and other receivables*
The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

f. *Share based payments*
The fair value of the share based payment plan is measured at the grant date using the Monte Carlo model taking into account the terms and conditions of the plan.

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

5. Merger

During the year, the Company sought and obtained shareholders' and regulatory approval to merge with both DIL/Maltex (Nigeria) Plc (DIL) and Benue Brewery Limited (BBL) which were acquired in 2009 and 2011 respectively. The Merger was effected during the year and the financial and operational integration of the acquired entities has since been completed.

The assets and liabilities acquired through the merger were as follows:

	BBL	DIL	Total
	₦ '000	₦ '000	₦ '000
Property, plant and equipment (Note 13)	4,157,160	2,752,486	6,909,646
Deferred tax asset (Note 21)	135,738	-	135,738
Inventories	458,613	236,590	695,203
Trade and other receivables	242,205	178,633	420,838
Prepayments	1,235	1,203	2,438
Cash and cash equivalents	(4,398)	137,722	133,324
Total assets	**4,990,553**	**3,306,634**	**8,297,187**
Current tax liabilities (Note 10(c))	-	18,865	18,865
Deferred tax liabilities (Note 21)	-	594,867	594,867
Gratuity and other long term employee benefits (Note 20)	59,506	97,235	156,741
Trade and other payables	789,241	884,311	1,673,552
Total liabilities	**848,747**	**1,595,278**	**2,444,025**
Net assets and liabilities	**4,141,806**	**1,711,356**	**5,853,162**

The post-acquisition loss of the entities amounting to ₦1,735,324,000 was also recognized in retained earnings.

6. Revenue

Revenue represents the value of goods sold to customers net of trade discounts, returns, volume rebates and value added tax. The revenue for the year was derived from activities carried out in Nigeria. Additionally, all of the Company's sales comprise of products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

7. Other income

Other income represents amount realized from the sale of scraps, waste products and insurance claims.

8. Finance income and costs

a. Finance income is analysed as follows:

	2013	2012	2011
	₦ '000	₦ '000	₦'000
Interest income			
Interest income received on bank deposits	10,531	-	-
Interest income receivable on loans and receivables	1,186,529	1,173,721	69,828
Interest income in profit or loss	**1,197,060**	**1,173,721**	**69,828**

Alexander Forbes Consulting Actuaries Nigeria Limited (FRC Registration number FRC/2012/0000000000504) was engaged as the independent actuary in current and prior years. The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The effect of any curtailment is recognised in full in the profit or loss 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. Finance costs is analysed as follows:

	2013	2012	2011
	₦ '000	**₦ '000**	**₦ '000**
Interest expense on loans	(1,654,102)	(1,450,780)	(312,163)
Loss on foreign exchange transactions	(97,874)	-	-
Finance costs in profit or loss	**(1,751,976)**	**(1,450,780)**	**(312,163)**
Accrued interest	158,244	-	-
Loss on foreign exchange transactions	97,874	-	-
Interest paid on statement of cash flows	**(1,495,858)**	**(1,450,780)**	**(312,163)**

9. Profit before taxation

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

	2013	2012	2011
	₦ '000	**₦ '000**	**₦ '000**
Personnel expenses (Note (c))	4,703,150	2,227,605	1,833,624
Auditor's remuneration	32,000	15,800	14,175
Directors' remuneration (Note (d))	26,517	24,835	32,671
Depreciation of property, plant and equipment	2,661,589	1,926,793	1,518,894
Amortisation	26,433	-	
Loss/(gain) on disposal of property, plant and equpment	50,274	-19,803	22,011
Lease rental charge	475,310	145,900	118,400
Royalty and technical service fees	581,007	793,731	488,752
Reversal of impairment allowance (Note 15)	(124,613)	-	-
Impairment loss on property, plant and equipment	-	607,871	-

b. Administrative expenses is analysed as follows:

	2013	2012	2011
	₦ '000	₦ '000	₦ '000
Personnel expenses	1,541,156	708,443	841,874
Depreciation and amortisation	1,142,888	949,218	1,279,782
Repairs and maintenance	248,767	468,174	934,074
Others	2,534,151	1,976,938	422,089
	5,466,962	**4,102,773**	**3,477,819**

c. Personnel expenses

i. Personnel expenses comprise of:

	2013	2012	2011
	₦ '000	₦ '000	₦ '000
Salaries, wages and other allowances	3,902,299	1,970,484	1,505,870
Pension costs	215,005	110,887	86,124
Gratuity (Note 20(a)(i))	333,337	97,089	213,230
Termination benefit*	245,955	-	
Long service awards (Note 20(a)(ii))	6,554	49,145	28,400
	4,703,150	**2,227,605**	**1,833,624**

*The Company carried out a restructuring/redundancy exercise to integrate companies and optimise costs. Termination benefit represents severance and redundancy benefits paid by the Company to the employees affected by the redundancy exercise.

ii. The number of full time employees as at 31 December was as follows:

	2013	2012	2011
	Number	Number	Number
Production/Factory	561	476	500
Logistics	94	114	104
Sales and Marketing	372	383	352
Management	-	-	
Administration	183	165	146
	1,210	**1,138**	**1,102**

iii. Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

	2013 Number	2012 Number	2011 Number
₦ 600,001 – ₦ 800,000	1	27	2
₦ 800,001 – ₦ 1,000,000	29	139	10
₦ 1,000,001 – ₦ 1,200,000	145	209	180
₦ 1,200,001 – ₦ 1,400,000	212	178	249
₦ 1,400,001 – ₦ 1,600,000	187	185	183
₦ 1,400,001 – and above	-	-	159
₦ 1,600,001 – ₦ 1,800,000	186	102	123
₦ 1,800,001 – ₦ 2,000,000	121	92	47
₦ 2,000,001 – ₦ 2,500,000	130	59	30
₦ 2,500,001 – ₦ 3,000,000	32	23	5
₦ 3,000,001 – ₦ 3,500,000	23	23	22
₦ 3,500,001 – ₦ 4,000,000	28	14	25
₦ 4,000,001 – ₦ 4,500,000	15	13	17
₦ 4,500,001 – ₦ 5,000,000	18	20	12
₦ 5,000,000 – and above	83	54	38
	1,210	**1,138**	**1,102**

d. Directors' remuneration

Directors' remuneration paid was as follows:	2013 ₦'000	2012 ₦'000	2011 ₦'000
Fees as directors	2,280	2,280	2,040
Other remuneration	24,237	22,555	30,631
	26,517	**24,835**	**32,671**

The directors' remuneration shown above includes:

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Chairman's fees	360	360	360
Highest paid Director	12,083	11,175	9,873

	2013 Number	2012 Number	2011 Number
Other directors received emoluments (excluding pension contributions) within the following range:			
₦200,000 – ₦500,000	4	4	9
₦500,001 -N8,000,000	4	4	-
	8	**8**	**9**

10. Taxation

a. 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:

	2013	2012	2011
Current tax	**₦ '000**	**₦ '000**	**₦ '000**
Current year Income tax	-	24,422	1,154,133
Current year Tertiary education tax	85,376	14,109	148,485
Prior year (over)/under-provision (Note (b))	-	-	-
	85,376	**38,532**	**1,302,618**
Deferred tax			
	2013	**2012**	**2011**
	₦ '000	**₦ '000**	**₦ '000**
Origination and reversal of temporary differences	566,329	1,027,548	253,481
	566,329	**1,027,548**	**253,481**
Tax expense for the year	**651,705**	**1,066,080**	**1,556,099**

The tax expense for the year excludes tax on the defined benefit plan actuarial gains/losses recognised in other comprehensive income.

Prior year over-provision and under-provision in current tax and deferred tax liabilities respectively is as a result of the re-assessment of the Company's tax liabilities on the basis of the merged entities in current year.

b. Reconciliation of effective tax rate

	%	2013 ₦'000	%	2012 ₦'000	%	2011 ₦'000
Profit for the year		1,121,359		3,216,844		2,856,863
Total income tax expense		651,705		1,066,080		1,556,099
Profit before tax		**1,773,064**		**4,282,924**		**4,412,962**
Income tax using the Company's domestic tax rate	30	531,919	30	1,284,877	30	1,323,889
Non-deductible expenses	0.3	4,703	0.1	4,863	1	25,865
Tax incentives	(2)	(34,104)	(3)	(124,791)	(1)	(63,377)
Change in unrecognised temporary differences	4	63,811	(0.1)	(4,506)	(5)	(220,473)
Recognition of previously disallowed expense		97,000	(5)	(222,982)	(0)	(6,000)
Previously unrecognised tax losses						
Effect of Tertiary education tax	5	85,376	3	128,619	2	103,750
Effect of capital gains tax						
Under provided in prior period -deferred tax	14	250,000	-	-		-
Over)/under provided in prior period	(20)	(347,000)	-	-		392,445
	31	**651,705**	**25**	**1,066,080**	**27**	**1,556,099**

c. Movement in tax liabilities balance

	2013	2012	2011
	₦ '000	₦ '000	₦ '000
Balance at 1 January	471,114	1,646,589	1,618,059
Impact of integration of subsidiaries through merger (Note 5)	18,865	-	-
Payments during the year	(114,020)	(1,214,007)	(1,274,088)
Charge for the year	85,376	38,532	1,302,618
Prior year (over)/under-provision	-	-	-
Balance at 31 December	**461,335**	**471,114**	**1,646,589**

11. Earnings per share

a. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share of 230 Kobo (2012: earnings of 684 Kobo) at 31 December 2013 was based on the profit of ₦1,121 million (2012: profit of ₦3,216 million), attributable to ordinary shareholders and on the ordinary shares of 496,071,617 at 50k each, being the weighted average number of ordinary shares in issue during current year (2012: 466,031,182 at 50k each). There are no potential dilutive ordinary shares in issue during the year, consequently, basic earnings per share equals diluted earnings per share.

b. Adjusted earnings per share

The calculation of basic and diluted earnings per share of 230 Kobo (2012: earnings of 684 Kobo) at 31 December 2013 was based on the profit of ₦1,121 million (2012: profit of ₦3,216 million), attributable to ordinary shareholders and on the ordinary shares of 496,071,617 at 50k each, being the number of ordinary shares in issue during the year.

	2013	2012	2011
	Number	Number	Number
Weighted average number of ordinary shares			
Issued ordinary shares at 1st January	495,703,125	396,562,500	396,562,500
Effect of right issue in January 2012	-	69,468,682	(14,312,205)
Effect of issued shares in January 2013 (Note 24(b))	368,492	-	-
Weighted average number of ordinary shares during the year	**496,071,617**	**466,031,182**	**382,250,295**

12. Dividends

a. Dividends declared

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

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Prior year final dividend	396,857	892,266	1,189,687
Current year interim dividend	-	148,711	396,563
	396,857	**1,040,977**	**1,586,250**

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

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Final dividend			
185 kobo per qualifying ordinary share (2012: 80 kobo)	**917,732**	**396,857**	**892,266**

b. Dividend payable

	2013 ₦ '000	2012 ₦ '000	2011 ₦'000
Balance at 1 January	116,413	143,784	126,523
Dividend declared during the year (Note a(i))	396,857	1,040,977	1,586,250
Interim Dividend	-	-	-
Payments during the year	(323,657)	(1,068,348)	(1,568,989)
Balance at 31 December	189,613	116,413	143,784

As at 31st December 2013, N65 million (2012: N114 million) of the total dividend payable is held with the Company's registrar, Veritas Registrars Limited (formerly Zenith Registrars Limited).

13. Property, plant and equipment

a. The movement on these accounts was as follows:

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Cost			
Leasehold land & buildings	4,174,980	924,035	687,799
Plant and equipment	19,645,062	11,448,640	11,069,918
Furniture and fittings	1,979,928	1,314,908	418,438
Motor vehicles	2,978,816	2,512,404	2,040,503
Returnable packaging materials	6,371,063	4,378,624	3,984,816
Capital work in progress	1,382,251	6,125,251	899,712
Balance as at 31 December	**36,532,100**	**26,703,862**	**19,101,186**
Depreciation & Impairment Losses			
Leasehold land & buildings	461,532	143,988	125,426
Plant and equipment	9,191,617	7,139,824	5,903,300
Furniture and fittings	829,959	403,511	271,877
Motor vehicles	1,783,271	1,461,964	1,261,636
Returnable packaging materials	2,961,310	2,450,413	2,736,223
Capital work in progress	-	-	-
Balance as at 31 December	**15,227,689**	**11,599,700**	**10,298,462**
Carrying Amounts			
Leasehold land & buildings	3,713,448	780,047	562,373
Plant and equipment	10,453,445	4,308,816	5,166,618
Furniture and fittings	1,149,969	911,397	146,561
Motor vehicles	1,195,545	1,050,440	778,867
Returnable packaging materials	3,409,753	1,928,211	1,248,593
Capital work in progress	1,382,251	6,125,251	899,712
Balance as at 31 December	**21,304,411**	**15,104,162**	**8,802,724**

b. Impact of the integration of subsidiaries through merger

Cost

Accumulated depreciation

Carrying amount (Note 5(a))

c. Included in disposal is the value of property, plant and equipment sold to Champion Breweries Plc at net book value amounting to N1,478,352,000 for which cash was yet to be received as at year end and has therefore been accounted for as part of trade and other receivables in the statement of financial position. This has also been adjusted for as a non-cash item in the statement of cash flows. As at year end, all the amount due from Champion Breweries Plc was transferred to The Raysun Nigeria Limited following the Company's sale of shares in Champion. See also note 25(b).

d. Assets held for sale

Cost

Accumulated depreciation

Carrying amount

Assets held for sale relates to the value of certain items of PPE at one of the Company's plants (Agbara) which was discontinued during the year. The Company has determined the recoverable amount of these assets at fair value less cost to sell and no impairment loss was identified and recognised. These items of property, plant and equipment were no longer depreciated from the date they qualified as held for sale.

e. The Company holds various pieces of land under finance lease arrangements. The maximum tenor of the lease arrangements is 99 years in line with the Land Use Act. The lease amounts were fully paid at the inception of the lease arrangements. The carrying amount of these pieces of land as at year end amounted to N693 million (2012: N719 million).

f. Capital work in progress
Capital work in progress as at year end is analysed as follows:

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Plant and Machinery	969,163	5,367,287	636,435
Buildings	334,080	688,473	86,263
Furnitures and fittings	65,253	53,826	110,280
Motor Vehicle	13,755	15,665	66,734
	1,382,251	**6,125,251**	**899,712**

g. No borrowing costs were capitalised during the year as none of the individual assets acquired through borrowings met the criteria for the capitalization of borrowing costs (2012: nil).

h. Assets pledged security
During the year, no item of Property plant and equipment was pledged as security for loan or debt commitment, as such there were no form of restriction on any item of property plant and equipment (2012: nil).

i. Capital commitments
The Company has contractual capital commitments as at year end amounting to ₦493 million (2012: ₦1,036 million).

14. Intangible assets and goodwill
The movement on these accounts during the year was as follows:

a. Cost

	Goodwill ₦'000	Software ₦'000
Balance at 1 January 2013	-	-
Additions	-	130,704
Impact of integration of subsidiaries through merger*	772,307	
Amortisation	-	(26,433)
Balance at 31 December 2013	**772,307**	**104,271**

*Goodwill acquired through merger is attributable to the synergies achieved from integrating Benue Brewery Limited into the Company's existing brewering business and it is not expected to be deductible for tax purposes. The useful life of Goodwill at the reporting date is assessed to be indefinite with no impairment losses.

b. The amortisation charge of all intangible assets is included in administrative expenses in the statement of comprehensive income.

c. Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Company as the Cash Generating Unit (CGU), which represents the lowest level at which the goodwill is monitored for internal management purpose which is not higher than the operating segment.

Goodwill is tested for impairment annually. The recoverable amount of the CGU is based on value in use calculations and was determined by discounting the future cash flows generated from the continuing use of the unit. The value in use in 2012 was determined on a similar basis. The calculation of the value in use was based on the following key assumptions:

i. Cash flows were projected based on actual operating results and a three year business plan. Cash flows for a further seven year period were extrapolated using expected annual volume growth rates. Management believes that this forecast period is justified due to the long-term nature of the beer business and past experiences.

ii. The revenue growth per year after the first three year period is assumed to be at the expected annual long-term inflation, based on external sources.

iii. A pre-tax Weighted Average Cost of Capital (WACC) was applied in determining the recoverable amount of the unit.

The values assigned to the key assumptions used for the value in use calculations are as follows:

- Pre-tax WACC – 17.1%
- Expected annual long-term inflation (2017 – 2023) – 10%
- Expected volume growth rates (2017 – 2023) – 5.4%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

15. Investments

The movement in the carrying amount of investments (measured at cost)/in subsidiaries is analysed below:

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Balance at 1 January	4,854,602	3,505,133	1,792,349
Acquisitions during the year	-	1,349,469	1,712,784
Reversal of impairment allowance (note (a))	124,613	-	-
Impact of the integration of subsidiaries*	(3,905,552)	-	-
Disposal (note (b))	(949,050)	-	-
Balance at 31 December	**124,613**	**4,854,602**	**3,505,133**

*This represents the carrying amount of the Company's investment in BBL and DIL Maltex which were merged with the Company during the year.

a. The Company has a 40% shareholding in Benue Bottling Company Limited (BBC). The latest available audited financial information obtained by management in current year indicates that BBC is in a net assets position and management is therefore of the opinion that CB's investment in BBC is recoverable since the carrying amount is lower than the Company's share of the net assets. The impairment allowance of N124 million has consequently been reversed in current year.

b. As a result of the resolutions passed at the Extra- Ordinary General Meeting held on August 23 2013 the shareholders approved the outright sale of the Company's shares in Champion Breweries to The Raysun Nigeria Limited. The final approval for this sale was obtained from the Securities and Exchange Commission (SEC) on 19 December 2013 and the Company has neither power nor variability in returns, in respect of Champion Breweries, from the date of the SEC approval. Consequently, the Company has not prepared consolidated financial statements in current year.

The profit or loss on the disposal is shown below:

	₦ '000
The profit or loss on disposal is shown below:	
Fair value of consideration receivable	949,050
Cost of investment in Champion Breweries Plc.	(949,050)
Profit/loss on disposal	-

16. Inventories

	2013 **₦ '000**	**2012** **₦ '000**	**2011** **₦ '000**
Raw materials	1,497,006	1,427,789	1,292,035
Products-in-process	379,326	227,984	215,988
Finished products	452,525	206,374	498,431
Packaging materials	294,002	311,621	444,897
Goods in transit	432,212	351,215	515,624
Spares	1,591,691	397,230	187,089
Sundry Stock (Bottles, Crates, etc)	-	-	-
Other consumables	137,611	108,916	128,930
	4,784,373	**3,031,129**	**3,282,994**

The value of raw materials, non-returnable packaging materials, spare parts, changes in finished products and products in process recognised in cost of sales during the year amounted to ₦9.7 billion (2012: ₦7.4 billion).

17. Trade and other receivables

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Current			
Trade receivables	1,692,300	2,069,965	1,257,224
Provision for doubtful balances	-	-	-
	1,692,300	**2,069,965**	**1,257,224**
Other receivables	247,362	266,061	359,847
Prepayments	282,792	406,601	286,786
Amounts due from related parties (note (a))	11,295,422	5,327,990	325,929
	13,517,876	**8,070,617**	**2,229,786**
Non-current			
DIL/Maltex Nigeria Plc	-	-	-
Benue Breweries Ltd	-	-	-
Amounts due from related parties (note (a))	-	6,079,870	2,229,007
	-	**6,079,870**	**2,229,007**

a. Amount due from related parties is summarised below:

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Amount due from related parties (current)*	11,295,422	5,327,990	325,929
Amount due from related parties (non-current)	-	6,079,870	2,229,007
	11,295,422	**11,407,860**	**2,554,936**

* This relates to the receivable from The Raysun Nigeria Limited which the Company expects to recover within 12 months of the reporting date.

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in Note 25.

18. Cash and cash equivalents

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Cash and Bank balances	1,229,556	1,142,886	3,615,209
Short term deposits	-	1,508,499	1,003,900
Cash and cash equivalents	**1,229,556**	**2,651,385**	**4,619,109**

19. Loans and borrowings

This note provides information about the contractual terms of the Company and Company's interest-bearing loans and borrowings, which are measured at amortised cost. The borrowings are unsecured. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 25.

a. Loans and borrowings is analysed as follows:

	2013	2012	2011
	₦ '000	**₦ '000**	**₦ '000**
Loans and borrowings is analysed as follows:			
Loans and borrowings (non-current)	3,325,649	11,490,000	6,800,000
Loans and borrowings (current)	11,214,351	-	771,428
	14,540,000	**11,490,000**	**7,571,428**

b. The movement on these accounts was as follows:

	2013	2012	2011
	₦ '000	**₦ '000**	**₦ '000**
Balance at 1 January	11,490,000	7,571,428	1,285,714
Bank loans obtained	5,290,000	4,690,000	6,800,000
Repayment	(2,240,000)	(771,428)	(514,286)
	14,540,000	**11,490,000**	**7,571,428**

c. Terms and debt repayment schedule

The Company entered into loan agreements with some Nigerian banks to finance its working capital. The total approved limit of the loans amounts to ₦21 billion. Each of the loans has a one year revolving tenor for a maximum of five years. Based on the loan agreement, the Company has the option to roll over the loans by giving at least five days written notice to the banks. The interest rate on the loans during the year ranged from 11.5 percent to 13 percent per annum. As at year end, the total amount drawn down on the facilities amounted to ₦14.5 billion (2012: ₦11.5 billion) and ₦11.2 billion has been classified as current.

20. Employee benefits

a. Long term employee benefits

	2013	2012	2011
	₦ '000	**₦ '000**	**₦ '000**
Defined benefit end of service gratuity obligation (note (i))	820,622	697,558	618,645
Long service awards benefit (note (ii))	182,072	175,518	165,550
Total long term employee benefit liabilities shown on the statement of financial position	**1,002,694**	**873,076**	**784,195**

The Company's defined benefit end of service gratuity obligation represents the estimated amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. In determining the liability 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 using the projected unit credit method.

The Company also operates a long service awards scheme for all permanent employees to reward their meritorious service during employment. The Company's obligation in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value using the projected unit credit method.

i. Movement in the present value of the defined benefit obligation

	2013 ₦ '000	2012 ₦ '000	2011 ₦ '000
Defined benefit obligation at January 1	**697,558**	**618,645**	**422,349**
Included in profit or loss			
Current service cost	82,553	51,400	112,886
Past service cost	130,374	-	
Interest cost	120,410	45,689	100,344
	333,337	**97,089**	**213,230**
Included in OCI			
Actuarial (gain)/loss arising from:			
- demographic assumption	-58,474	-	-
- financial assumption	32,393	-	-
- experience adjustment	-721	2,913	18,494
	-26,802	**2,913**	**18,494**
Others			
Impact of the integration of subsidiaries (Note 5)	156,741	-	-
Benefits paid by the plan	(340,212)	(21,089)	(35,428)
Defined benefit obligation as at 31 December	**820,622**	**697,558**	**618,645**

ii. Movement in long service awards obligation

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Obligation at January 1	**175,518**	**165,550**	**93,430**
Included in profit or loss			
Current service cost	19,136	9,968	13,030
Actuarial gain	(31,672)		
Interest cost	19,090	39,177	15,370
	6,554	**49,145**	**28,400**
Other			
Actuarial gains recognised in other comprehensive income (see note (d))	-	(39,177)	53,900
			(10,180)
Obligation at December 31	**182,072**	**175,518**	**165,550**

b. Short term employee benefit (pension)
The balance on the pension payable account represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Obligation at January 1	29,160	20,515	-
Charge for the year	215,005	110,887	-
Payments	(229,494)	(102,242)	-
Obligation at December 31 included in trade and other payables	**14,671**	**29,160**	**-**

c. Employee benefit expense is recognized in the following line items in the statement of comprehensive income:

	Cost of sales		Administrative expenses	
	2013 ₦'000	**2012 ₦'000**	**2013 ₦'000**	**2012 ₦'000**
Defined benefit obligation	173,335	50,486	160,002	46,603
Long service awards	3,408	25,555	3,146	23,590
Long term employee benefits	**176,743**	**76,041**	**163,148**	**70,193**
Pension	111,803	57,661	103,202	53,226
Total	**288,546**	**133,702**	**266,350**	**123,419**

d. Actuarial gains and losses are recognised in other comprehensive income/retained earnings

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Cumulative amount at 1st January	**25,291**	**50,676**	**-**
Actuarial gains recognised during the year	(26,802)	(36,264)	-
Tax	8,041	10,879	-
	6,530	**25,291**	**-**

Actuarial Assumptions

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

	2013	2012	2011
Long term average discount rate	13.0%	14.0%	12.5%
Average pay increase (p.a.)	12.0%	11.0%	11.0%
Average rate of inflation (p.a.)	10.0%	10.0%	10.0%

These assumptions depicts managements estimate of the likely future experience of the Company.

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

Mortality in service

Sample age	2013	2012	2011
25	7	7	11
30	7	7	12
35	9	9	13
40	14	14	19
45	26	26	33

Assumptions regarding future mortality rates are based on published statistics and mortality tables by Institute and Faculty of Actuaries in the UK.

It is assumed that all employees covered by the defined end of service benefit scheme would retire at age 55 (2012: 60).

e. Sensitivity analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

Discount rate	-1%
	1%
Salary increase rate	-1%
	1%

21. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	2013	2012	2011
Assets	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	-	-	-
Employee benefits	300,808	261,923	172,599
Provisions for doubtful debts	161,300	62,541	40,574
	462,108	**324,464**	**213,173**
Liabilities			
Property, plant and equipment	3,986,691	2,815,548	1,665,830
Employee benefits	-	-	-
Provisions for doubtful debts	-	-	-
	3,986,691	**2,815,548**	**1,665,830**
Net			
Property, plant and equipment	(3,986,691)	-2,815,548	(1,665,830)
Employee benefits	300,808	261,923	172,599
Provisions for doubtful debts	161,300	62,541	40,574
	(3,524,583)	**(2,491,084)**	**(1,452,657)**

	Balance 31 December 2012 ₦'000	Impact of integration of subsidiaries* ₦'000	Balance 31 December 2013 ₦'000
Property, plant and equipment	(2,815,548)	(548,903)	(3,986,691)
Employee benefits	261,923	36,750	300,808
Provisions for doubtful debts	62,541	53,024	161,300
	(2,491,084)	**(459,129)**	**(3,524,583)**

Impact of integration of subsidiaries through merger is analysed below:

- Deferred tax asset acquired from BBL
- Deferred tax liability acquired from DIL/Maltex

22. Trade and other payables

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Trade payables	1,668,289	872,384	833,372
Other payables and accrued expense	5,581,572	3,499,635	3,337,846
Payment received in Advance	-	-	-
Amounts due to related parties	3,416,283	5,047,134	2,341,156
	10,666,144	**9,419,153**	**6,512,374**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

23. Related parties

a. Parent company and other related entities

As at the year ended 31 December 2013, Heineken N.V., the ultimate holding company owned 53.80% of the issued share capital of Consolidated Breweries Plc.

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Heineken group. The total amounts due (to)/from related parties by the nature of the transactions are shown below:

	Transaction Value		Balance due (to)/from	
	2013	2012	2013	2012
	₦'000	₦'000	₦'000	₦'000
Amount due to related parties				
Purchases - Ibecor N.V.	(3,619,132)	(2,836,745)	(970,237)	(2,826,463)
Contract Packaging				
Nigerian Breweries Plc	(2,452,642)	(3,542,259)	(1,710,874)	(1,777,788)
Royalties and Technical Fees				
-Premium Beverages Int. B.V.	(44,039)	2,609	(44,039)	(24,573)
-Heineken Supply Chain	(290,503)	(18,526)	(268,232)	(141,393)
-Brewexperts Ltd	(246,465)	(20,648)	(246,465)	(116,375)
Other				
-Heineken N.V.	(291,434)	(139,246)	(145,192)	(145,276)
-Other related parties	(76,144)		(31,244)	(15,266)
			(3,416,283)	**(5,047,134)**
Amount due from related parties				
Long term loans				
-Champion Breweries	(6,079,870)	6,079,870	-	6,079,870
Short term loans, other transactions				
-Champion Breweries	(5,183,531)	865,262	-	888,289
-The Raysun Nigeria Limited	11,263,401	-	11,263,401	-
-Benue Brewery	-	3,816,809	-	4,044,455
-DIL/Maltex	-	381,829	-	395,246
Other				
-Other related parties	-	5,203	32,021	-
			11,295,422	**11,407,860**

All outstanding balances with these related parties are to be settled in cash within twelve months of the reporting date and none of the balances are secured.

b. Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, directors and executive officers retire at age 55 and are entitled to receive post-employment benefits.

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

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Short-term employment benefits	61,975	60,948	54,374
Post-employment benefits	1,606	1,377	1,195
	63,581	**62,325**	**55,569**

24. Capital and reserves

a. Share capital is analysed as follows:

	2013	2012	2011
In number of shares			
Authorised:			
Ordinary shares of 50K each	700,000,000	700,000,000	700,000,000
Issued, allotted and fully paid:			
At 1st January	594,843,750	495,703,125	396,562,500
Issued during the year (Note (b))	368,492	99,140,625	-
At 31st December	**595,212,242**	**594,843,750**	**396,562,500**

b. During the year, the Company issued 368,492 ordinary shares to the minority shareholders of DIL/Maltex (Nigeria) Plc at a price of 50k per share. The total value of the shares issued amounted to N184,246 and were issued out of the Company's retained earnings. The Company also floated a total of 99,140,625 ordinary shares of 50 kobo each through a Rights Issue during the year.
All the Company's ordinary shares rank equally with regard to the Company's residual asset.

25. Financial instruments

Financial risk management

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

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

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated the responsibility for developing and monitoring the Company's risk management policies to the management of the Company.

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

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2013	2012	2011
	₦'000	**₦'000**	**₦ '000**
Trade and other receivables	1,939,662	2,336,026	1,617,071
Amount due from related parties	11,295,422	11,407,860	2,554,936
Cash and cash equivalents	1,229,556	2,651,385	4,619,109
	14,464,640	**16,395,271**	**8,791,116**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counter-party.

The Company considers that it is not exposed to major concentration of credit risk in relation to the trade receivables. However, credit risk can arise in the event of non-performance of a counterparty. Purchase limits are established for each customer, which represents the maximum allowed open amount. These limits are reviewed bi-annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash-and-carry basis.

The Company considers that the concentration of credit risk with respect to trade receivables is limited given that the Company grants a credit period of 2-4 weeks to selected customers, which mitigates the risk of default by customers. In addition, the Company tries to mitigate the credit risk by adopting specific control procedures, including regular assessment the credit worthiness of the counterparty and limiting the exposure to any one counterparty.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, which is a specific loss component that relates to individually significant exposures.

	2013	2012	2011
	₦'000	**₦'000**	**₦ '000**
Gross trade receivables	2,355,980	2,278,437	1,389,983
Impairment	(663,680)	(208,472)	-132,759
	1,692,300	**2,069,965**	**1,257,224**
Other receivables	247,362	266,061	359,847
Prepayments	-	-	-
	1,939,662	**2,336,026**	**1,617,071**

Impairment losses

As at the reporting date, the aging of trade receivables for the Company based on the most recent transaction date was:

	Gross '2013 ₦'000	Impairment '2013 ₦'000	Gross '2012 ₦'000	Impairment '2012 ₦'000	Gross '2011 ₦'000	Impairment '2011 ₦'000
0-30 days	1,533,031	-	1,898,992	-	1,077,730	-
31-90 days	50,447	-	105,262	(35,254)	48,254	-
91-180 days	136,903	(40,558)	45,888	(26,488)	6,971	-
More than 180 days	635,599	(623,122)	228,295	(146,730)	257,028	(132,759)
	2,355,980	**(663,680)**	**2,278,437**	**(208,472)**	**1,389,983**	**(132,759)**

	2013 ₦'000	2012 ₦'000	2011 ₦ '000
Balance at 1 January	(208,472)	(132,759)	(109,864)
Impact of merger	(229,942)	-	-
Impairment loss recognised	(225,266)	(75,713)	(22,895)
Balance at 31 December	**(663,680)**	**(208,472)**	**(132,759)**

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

Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Cash and cash equivalents
The Company held cash and cash equivalents of N1.2 billion at 31 December 2013 (2012: ₦2.6 billion), which represents its maximum credit exposure on these assets. The Company mitigates its credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

Amount due from related parties
The amount due from related parties amounting to ₦11.2 billion at 31 December 2013 (2012: ₦11.4 billion) represents the Company's maximum credit exposure on these assets. This relates to the receivable from The Raysun Nigeria Limited and the Company expects to recover the full amount of this receivable.

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

The Company has an appropriate liquidity risk management framework for the Company's short, medium and long term liquidity requirements and makes monthly cash flow projections, which assists in monitoring cash flow requirements and optimizing cash return on investments.
In addition, the Company maintains the following lines of credit:

- ₦1.2 billion (2012: ₦1.5 billion) overdraft facility that is unsecured. Interest is payable at the rate of 17.5% (2012: 16%);
- ₦21 billion that can be drawn down on Revolving Credit Facilities. Interest is payable at a rate of 13% (2012: 12.5%).

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

		Carrying amount ₦'000	**Contractual cash flows ₦'000**	**6 months or less ₦'000**	**6 to 12 months ₦'000**	**1 to 2 years ₦'000**	**2 to 5 years ₦'000**
31-Dec-13							
Non-derivative financial liabilities							
Unsecured bank loans	19	14,540,000	14,839,931	11,095,392	208,125	3,536,414	-
Dividend payable	12(b)	189,612	189,612	-	189,612	-	-
Trade and other payables	22	10,666,144	10,666,144	10,666,144	-	-	-
		25,395,756	**25,695,687**	**21,761,536**	**397,737**	**3,536,414**	**-**
31-Dec-12							
Non-derivative financial liabilities							
Unsecured bank loans	19	11,490,000	11,490,000	-	-	-	11,490,000
Dividend payable	12(b)	116,413	116,413	-	116,413	-	-
Trade and other payables	22	9,419,153	9,419,153	9,419,153	-	-	-
Bank overdraft		-	-	-	-	-	-
		21,025,566	**21,025,566**	**9,419,153**	**116,413**	**-**	**11,490,000**
31-Dec-11							
Non-derivative financial liabilities							
Unsecured bank loans	19	6,800,000	6,800,000	-	-	-	6,800,000
Dividend payable	12(b)	143,784	143,784	-	143,784	-	-
Trade and other payables	22	6,512,374	6,512,374	6,512,374	-	-	-
Bank overdraft		-	-	-	-	-	-
		13,456,158	**13,456,158**	**6,512,374**	**143,784**	**-**	**6,800,000**

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

Guarantees
Contingent liabilities in respect of guarantees provided to the Nigerian customs in respect of customs duty on behalf of the Company amounted to ₦550,000,000 (2012: ₦550,000,000), which represents its maximum liquidity exposure.

c. Market risk
The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. There has been no change to the Company's exposure to market risks or the manner in which it is manages and measures the risk during the year.

Foreign Currency risk
The Company is exposed to currency risk on purchases and payables that are denominated in a currency other than the functional currency of the Company, primarily the Euro. In addressing foreign currency transactional exposure, the Company considers whether to purchase derivative financial instruments to manage the exposure and reassess this conclusion based on the level of exposure and the cost associated with the derivative.
The Company's transactional exposure to foreign currency risk was based on notional amounts as follows:

		Company	
	2013 EURO	**2012 EURO**	**2011 EURO**
Financial asset			
Cash and cash equivalents	100,998	26,366	83,098
Financial liability			
Group payables	(4,672,749)	(14,587,120)	(142,120)
Net exposure	**(4,571,751)**	**(14,560,754)**	**(59,022)**

Foreign currency sensitivity analysis
A strengthening (weakening) of the Naira against the Euro at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) profit and loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 2012, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Profit or loss
31-Dec-11	**EURO**
5% strengthening of the Naira	75,262
31-Dec-12	
5% strengthening of the Naira	86,492
31-Dec-13	
5% strengthening of the Naira	85,097

A weakening of the Naira against the Euro at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied during the year:

	Average rate			Reporting date spot rate		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
	₦	**₦**	**₦**	**₦**	**₦**	**₦**
Euro	206.18	199.8	199.0097	213.73	204.77	202.076

d. Interest rate risk
The Company has Revolving Credit Facilities in place with fixed/capped interest rates, reducing its exposure to changes in interest rates on borrowings.

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

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

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

- Documentation of processes, controls and procedures
- Periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- Training and development of employees
- Appropriate segregation of duties, including the independent authorization of transactions
- Monitoring of compliance with regulatory and other legal requirements
- Requirements for reporting of operational losses and proposed remedial action
- Reconciliation and monitoring of transactions
- Development, communication and monitoring of ethical and acceptable business practices
- Risk mitigation, including insurance when this is effective
- Monitoring of business process

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

f. Capital management

The Company's objectives, when managing capital, are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may, among other things, issue new shares or convert debt to equity.

The debt to adjusted capital ratio at the end of the reporting period was as follows:

	2013 ₦'000	2012 ₦'000	2011 ₦'000
Total liabilities	30,384,367	24,957,839	17,718,582
Less:			
Cash and cash equivalents	(1,229,556)	(2,651,385)	(4,619,109)
Net debt	**29,154,811**	**22,306,454**	**13,099,473**
Total equity	**13,938,865**	**14,833,926**	**6,950,171**
Debt to adjusted capital ratio	2.09	1.50	1.88

g. Fair values

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

Financial assets & liabilities

Liabilities carried at amortized cost

		31-Dec-13		**31-Dec-12**		**31-Dec-11**
	Carrying amount ₦'000	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**
Unsecured loans	14,540,000	14,538,234	11,490,000	11,489,067	7,571,428	7,571,428
Trade and other payables	10,666,144	10,666,144	9,419,153	9,419,153	6,512,374	6,512,374
	25,206,144	**25,204,378**	**20,909,153**	**20,908,220**	**14,083,802**	**14,083,802**

Assets carried at amortized cost

		31-Dec-13		**31-Dec-12**		**31-Dec-11**
	Carrying amount ₦'000	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**	**Carrying amount ₦'000**	**Fair value ₦'000**
Trade and other receivables	13,517,876	13,517,876	13,743,886	13,743,886	4,172,007	4,172,007
Cash and cash equivalents	1,229,556	1,229,556	2,651,385	2,651,385	4,619,109	4,619,109
	14,747,432	**14,747,432**	**16,395,271**	**16,395,271**	**8,791,116**	**8,791,116**

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

The discounted cash flow valuation technique has been used to determine the fair value of the unsecured loans.

Interest rates used in determining fair value.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread, and were as follows:

	2013	**2012**	**2011**
Trade and other receivables (non-current)	13%	13%	13%
Unsecured bank loans	11.5 % to 13%	11.5 % to 12.5%	11.5 % to 12.5%

The basis for determining fair values is disclosed in Note 4.

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

26. Contingencies

a. Pending litigation and claims

The Company is a defendant in various law-suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation at year end amounted to ₦103 million (2012: ₦232 million). 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.

b. Guarantees

Guarantees provided to the Nigerian customs in respect of customs duty on behalf of the Company amounted to ₦550,000,000 (2012: ₦550,000,000)

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.

27. Operating leases

The Company leases its office and a number of depots and factory facilities under operating leases. The leases typically run for a period of 1 to 6 years, with an option to renew the lease at the expiration of the initial lease periods.

During the year ended 31 December 2013, an amount of ₦475 million (2012: ₦467 million) was recognized as an expense in profit or loss in respect of operating leases.

28. Subsequent Events

There are no significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2013 that have not been adequately provided for or disclosed in these financial statements.

Appendix II – Further Information Regarding Consolidated Breweries

1. Statement of Significant Accounting Policies

Statement of Significant Accounting Policies for the Year Ended 31 December 2011
The following are the summary of significant accounting policies which have been adopted by the company in the preparation of its financial statements:

a. Basis of Accounting
The financial statements have been prepared on the historical cost basis except for certain properties that are measured at revalued amounts.

b. Business Combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Acquisition related costs are recognized in profit or loss as incurred.
Goodwill is measured as the excess of the sum of the consideration transferred, over the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.
Capital Reserve is the excess of fair value of the holding company's share of the identifiable net assets of subsidiary over the purchase consideration.

c. Goodwill
Goodwill arising on an acquisition of a business is carried at its value as established at the date of acquisition of the business less accumulated impairment losses, if any.

d. Turnover
Turnover represents the invoiced value of products and services delivered to external customers, net of discounts and value added tax.

e. Investments
Investments are stated at cost less provision for any diminution in value. Quoted investments are stated at the lower of cost and market value. Unquoted investments are stated at the lower of cost less any provision for investments where recovery is doubtful.

f. Stock
Stock comprises raw materials and packaging, consumables, work in progress and finished goods. Stock is valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition is based on the weighted average method.

Costs include initial purchase cost, transportation, clearing costs and all other costs incurred in bringing each stock item to its present location. Finished products and work in progress are valued at cost plus a portion of production overheads based on a normal level of activity.

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

g. Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life. In case of revalued assets, depreciation is calculated by reference to the value of the assets. The principal annual rates used for this purpose are as follows:

Leasehold Land	Lease Duration
Buildings	2.5% per annum
Plant, Machinery and Equipment	10% per annum
Motor Vehicles	25%
Furniture and Fittings	33.33%

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.

Surpluses arising on revaluation of individual fixed assets are credited to a revaluation reserve. Revaluation deficits in excess of the amount of any prior revaluation surpluses of the same asset are charged to the profit and loss account. On disposal of previously revalued fixed assets, an amount equal to any revaluation surplus attributable to that asset is transferred from the revaluation reserve to the general reserve.

h. Deferred Tax

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

i. Unclaimed Dividends

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the Company which have remained unclaimed by the shareholder. In compliance with Section 385 of the Companies and Allied Matters Act Cap. C20, unclaimed dividends after twelve years are transferred to the general reserve.

j. **Retirement Benefits**

Defined contribution scheme – In line with the provision of the Pension Reform Act 2004, the Company has instituted a defined contributory pension scheme for its permanent staff. The employee contribute 7.5% of their basic salary (including housing and benefits), while the Company contributes 7.5%. Staff contributions to the pension scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account.

Defined benefit gratuity scheme – The Company's net obligation in respect of its defined benefit gratuity scheme is calculated, in accordance with the National Union of Food, Beverage and Tobacco Employees and Food Beverage and Tobacco Senior and Junior Staff Association agreements.

k. **Foreign Currencies**

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of each transaction.

Assets and liabilities existing in foreign currencies at the balance sheet date are converted to Naira at the rate of exchange ruling at the balance sheet date. Gains or losses arising there from are included in the profit and loss account.

l. **Provision**

Provisions are recognized when the group has present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation in accordance with the Statement of Accounting Standard (SAS) 23.

2. Profit and Loss Accounts for the years ended 31 December 2009, 2010 and 2011

	Note	2011 ₦'000	2010 ₦'000	2009 ₦'000
Turnover	2	27,908,732	24,457,236	20,208,469
Cost of sales		(16,394,794)	(13,795,520)	(11,159,279)
Gross profit		**11,513,938**	**10,661,716**	**9,049,190**
Operating expenses	3	(7,554,164)	(5,876,060)	(4,772,165)
Other income	4	93,793	99,172	92,406
Profit before interest and taxation	**5**	**4,053,567**	**4,884,828**	**4,369,431**
Interest payable and similar charges		(312,163)	(215,940)	(156,076)
Profit after interest but before taxation		**3,741,404**	**4,668,888**	**4,213,355**
Taxation	6	(1,534,381)	(1,501,486)	(1,417,648)
Profit after taxation		**2,207,024**	**3,167,402**	**2,795,707**
Retained profit for the year	**19**	**2,207,024**	**3,167,402**	**2,795,707**
Earnings per share - (Kobo)		557	799	705

The accounting policies on pages 136 and 138 and the explanatory pages on pages 142 to 154 form part of these financial statements.

3. Balance Sheet as at 31 December 2009, 2010 and 2011

	Notes	2011 ₦'000	2010 ₦'000	2009 ₦'000
Fixed Assets	**8**	**7,554,131**	**6,129,202**	**4,846,878**
Investments	9	3,505,133	1,792,349	1,785,616
Deferred Tax Assets	15.2	212,426	185,666	-
Long Term Loan Receivable	13	2,229,007	150,000	150,000
		5,946,566	**2,128,015**	**1,935,616**
Current Assets				
Stocks	10	4,091,691	2,107,789	2,769,621
Trade debtors	11	1,257,224	646,529	920,744
Other debtors and prepayments	12	1,162,257	729,908	186,224
Due from related company		325,929	31,685	37,156
Cash and bank		4,619,109	2,194,645	1,726,816
		11,456,210	**5,710,556**	**5,640,561**
Trade creditors		833,371	232,123	31,720
Due to related company		2,095,380	1,150	157,188
Other creditors and accrued expenses	14	3,189,844	2,173,298	2,211,347
Short term loan	16	514,286	514,286	514,286
Taxation	6	1,330,617	1,302,087	1,448,180
Dividends	7	32,988	15,727	32,530
		7,996,486	**4,238,671**	**4,395,251**
Net Current Assets		**3,459,724**	**1,471,885**	**1,245,310**
Total Assets Less Current Liabilities		16,960,421	9,729,102	8,027,804
Deferred Taxation	15.1	(1,665,083)	(1,406,559)	(1,009,963)
Bank loans	16	(7,057,142)	(771,428)	(1,285,714)
Provision for gratuity	17	(575,327)	(509,020)	(461,533)
Net Assets		**7,662,869**	**7,042,095**	**5,270,594**
Share capital	18	198,281	198,281	198,281
Share premium		1,060,269	1,060,269	1,060,269
Revaluation reserve		2,055	2,055	2,055
General reserve	19	6,402,264	5,781,490	4,009,989
Shareholder' fund		**7,662,869**	**7,042,095**	**5,270,594**

The accounting policies on pages 136 and 138 and the explanatory pages on pages 142 to 154 form part of these financial statements.

4. Statement of Cash Flow for the years ended 31 December 2009, 2010 and 2011

		2011 ₦'000	2010 ₦'000	2009 ₦'000
Cash flows from operating activities	**Notes**			
Cash received from customers		27,322,002	23,629,012	20,097,764
Cash paid to suppliers and employees		(20,396,823)	(16,190,910)	(15,350,461)
Value added tax (net)		(1,167,232)	(1,062,308)	-
Tax paid	6	(1,274,088)	(1,436,649)	(1,283,625)
Net cash provided by operating activities	**20**	**4,483,859**	**4,939,145**	**3,463,679**
Cash flows from investing activities				
Proceed from sale of fixed assets		68,196	29,284	15,411
Purchase of fixed assets	8	(2,810,191)	(2,403,286)	(879,514)
Purchase of investments		(1,712,784)	(7,059)	(1,785,290)
Interest received		69,828	45,888	37,395
Proceed from sale of investments		-	6,787	-
Net cash provided by investing activities		**(4,384,952)**	**(2,328,386)**	**(2,611,997)**
Cash flows from financing activities				
Receipt of loans		6,800,000	-	1,800,000
Loan repayment	16	(514,286)	(514,286)	0
Loan granted to subsidiary	13	(2,079,007)	-	(150,000)
Dividend paid	7	(1,568,989)	(1,412,704)	(2,727,893)
Interest paid		(312,163)	(215,940)	(156,076)
Net cash provided by financing activities		**2,325,555**	**(2,142,930)**	**(1,233,969)**
Net increase/(decrease) in cash and cash equivalents		2,424,464	467,829	(382,287)
Cash and cash equivalents at 1 January		2,194,645	1,726,816	2,109,103
Cash and cash equivalents at 31 December	21	**4,619,109**	**2,194,645**	**1,726,816**

The accounting policies on pages 136 and 138 and the explanatory pages on pages 142 to 154 form part of these financial statements.

5. Notes to the Financial Information

1. The Company

1.1 Legal status:
Consolidated Breweries Plc was established as a result of a merger of Continental Breweries Limited and Eastern Breweries Limited. Continental Breweries was incorporated in 1979 while Eastern Breweries was incorporated in 1980. The two companies merged in 1992 and the resultant entity was named Consolidated Breweries Plc. Following various share acquisitions, Consolidated Breweries Plc is now a 50.46% subsidiary of Heineken International BV.

In 2009 the company acquired 95.77% holding in Dumex Industries Limited (DIL/Maltex), an unquoted company which was a subsidiary of CFAO Nigeria Plc. The acquisition was made possible following the decision of CFAO to divest from DIL/Maltex by offering its 95.05% equity holding to Consolidated Breweries Plc. DIL/Maltex are the owners of the Maltex brand, the oldest malt brand in Nigeria. The company continued to receive offers for sale of shares from Minority shareholders. The present holding is 97.78%.

On August 1 2011, the company also acquired 85% holding in Benue Brewery Limited, brewers of More Lager Beer. On October 1, 2011 the company also acquired the Williams brand from Sona Systems Associates Business Management Ltd.

1.2 Principal activity:
The principal activities of the Company is to carry on the business of brewing and marketing of "33" export brand of lager beer, More Lager, Turbo King Stout, Williams dark ale, Hi-Malt and Maltex brands of malt drink.

2. Analysis of Turnover

Turnover represents the invoice value of products delivered to customers during the year, including excise duty, net of VAT and discounts. All sales were made from the brewing activities.

	Turnover		
	2011	**2010**	**2009**
	₦'000	**₦'000**	**₦'000**
Nigeria	**27,908,732**	**24,457,236**	**20,208,469**

	Profit before taxation		
	2011	**2010**	**2009**
	₦'000	**₦'000**	**₦'000**
Nigeria	**3,741,404**	**4,668,888**	**4,213,355**

3. Operating Expenses

	2011	**2010**	**2009**
	₦'000	**₦'000**	**₦'000**
Distribution expenses	4,278,615	3,366,758	2,804,162
Administrative expenses	3,275,549	2,509,302	1,968,003
	7,554,164	**5,876,060**	**4,772,165**

4. Other Income

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Sales - spent grain	13,040	17,010	28,576
Sales - used container	6,360	8,944	10,683
Profit on disposal of fixed assets	-	-	13,920
Profit on disposal of investment	-	6,460	-
Interest income	69,828	45,888	37,395
Dividend Income received	17	-	-
Sales - other wastes	1,160	430	1,807
Sales - scraps	-	-	25
Insurance income	3,388	20,440	-
	93,793	**99,172**	**92,406**

5. Profit Before Taxation Is Stated After Taking Into Account The Undernoted Items:

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Directors remuneration:			
- Fees	2,040	2,040	2,895
- Others	30,631	23,486	22,683
Auditors' remuneration	14,175	9,000	9,000
Loss/(profit) on disposal of fixed assets (Net)	23,276	2,758	13,920
Depreciation of fixed assets	1,295,055	1,085,047	1,015,247
Royalty (Note 24)	244,376	221,983	185,920
Technical fee (Note 24)	244,376	221,983	185,920

6. Taxation

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Profit and Loss account			
Income tax charged at 30% based on the adjusted profit	1,198,868	1,171,669	1,331,147
Education levy at 2% of assessable profit	103,750	118,887	105,650
Capital gain tax	-	-	-
	1,302,618	**1,290,556**	**1,436,797**
Deferred taxation for current year (Note 15)	231,763	210,930	(19,149)
	1,534,381	**1,501,486**	**1,417,648**
Balance sheet			
Tax provision for the year	1,302,618	1,290,556	1,436,797
At 1 January	1,302,087	1,448,180	1,295,008
Transfer from subsidiary acquired	-	-	
Payments during the year	(1,274,088)	(1,436,649)	(1,283,625)
At 31 December	**1,330,617**	**1,302,087**	**1,448,180**

7. Dividends

	2011 ₦'000	2010 ₦'000	2009 ₦'000
At 1 January	15,727	32,530	1,947,469
Prior year dividend declared (Note 19)	1,189,687	999,338	416,391
	1,205,414	**1,031,868**	**2,363,860**
Interim dividend for the year	396,563	396,563	396,563
Payments during the year	(1,568,989)	(1,412,704)	(2,727,893)
At 31 December	**32,988**	**15,727**	**32,530**

8. Fixed Assets

	Leasehold Land and Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Fittings ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost						
1 January 2011	645,189	9,666,457	1,677,865	399,591	137,111	12,526,215
Additions	42,610	1,350,703	443,755	73,413	899,711	2,810,191
Transfer	-	52,758	-	-	(52,758)	-
Reversal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Disposals	-	-	(81,117)	(54,568)	(84,352)	(220,037)
31 December 2011	**687,799**	**11,069,919**	**2,040,503**	**418,436**	**899,711**	**15,116,368**
Depreciation						
1 January 2011	110,153	5,027,138	1,012,984	246,738	-	6,397,013
Provision for the year	15,273	876,162	324,116	79,504	-	1,295,055
Reversal	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Disposals	-	-	(75,464)	(54,367)	-	(129,831)
31 December 2011	**125,426**	**5,903,300**	**1,261,636**	**271,875**	**-**	**7,562,237**
Net book value						
31 December 2011	**562,374**	**5,166,619**	**778,867**	**146,561**	**899,711**	**7,554,131**
31 December 2010	**535,036**	**4,639,319**	**664,881**	**152,853**	**137,111**	**6,129,202**
31 December 2009	**524,280**	**3,598,504**	**510,754**	**90,762**	**122,578**	**4,846,878**

9. Investment

	2011	2010	2009
	₦'000	**₦'000**	**₦'000**
Quoted investment:	-	-	326
Unquoted investment:			
DIL Maltex			
At 1 January	1,792,349	1,785,290.00	
Additions	4,684	7,059	1,785,290.00
	1,797,033	**1,792,349**	**1,785,616**
Benue Brewery Limited			
Acquisition of Benue Brewery Limited	1,708,100	**-**	**-**
At 31 December	**3,505,133**	**1,792,349**	**1,785,616**

Effectively 30 June 2009, the company acquired 95.77% holding in DIL/Maltex, an unquoted company which was a subsidiary of CFAO Nigeria Plc. The acquisition was made possible following the decision of CFAO to divest from DIL/Maltex by offering its 95.05% equity holding to Consolidated Breweries Plc. DIL/Maltex are the owners of the Maltex brand, the oldest malt brand in the country. With the additional buying in 2010, acquisition has gone up from 95.77% to 97.35%.

During the year, the Company increase their shareholding amounting to ₦4.6 million in DIL Maltex from 97.35% to 97.78%.The present holding represents 332,662,765 (97.78%) ordinary shares of ₦1.00 each on the date of balance sheet.

On 1 August 2011, the company acquired 85% holding in Benue Brewery Limited, from Sona Systems Associates Business Management Ltd.

9.1 Net Asset of DIL/Maltex as at 31 December

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Asset:			
Fixed Assets	3,038,824	3,038,824	3,038,824
Stock	201,684	201,684	201,684
Debtors and Prepayments	273,268	273,268	273,268
Cash and Bank	12,827	12,827	12,827
	3,526,603	**3,526,603**	**3,526,603**
Liabilities			
Creditors and Accruals	(438,355)	(438,355)	(438,355)
Bank overdraft	(157,924)	(157,924)	(157,924)
Tax payable	(3,520)	(3,520)	(3,520)
Dividend payable	(1,788)	(1,788)	(1,788)
Deferred taxation	(699,615)	(699,615)	(699,615)
Net Asset	**2,225,401**	**2,225,401**	**2,225,401**
Non-controlling interest	(49,404)	(58,973)	(94,134)
Net assets acquired (97.78%)	2,175,997	2,166,428	2,131,267
Purchase consideration	(1,797,033)	(1,792,349.00)	(1,785,290)
Capital reserve	**378,964**	**374,079**	**345,977**

9.2 Net Asset of Benue Brewery Plc as at 31 July

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Asset:			
Fixed Assets	4,194,608	-	-
Stock	356,123	-	-
Debtors and Prepayments	95,761	-	-
Cash and Bank	11,320	-	-
	4,657,812	**-**	**-**
Liabilities:			
Creditors and Accruals	(2,851,523)	-	-
Bank overdraft	(63,518)	-	-
Tax payable	-	-	-
Dividend payable	-	-	-
Deferred taxation	(641,838)	-	-
Net Asset	1,100,933	-	-
Non-controlling interest	(165,140)	-	-
Net assets acquired (85.00%)	935,793	-	-
Purchase consideration	(1,708,100)	-	-
Goodwill	**(772,307)**	-	-

10. Stocks

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Raw materials	1,292,035	979,701	1,159,341
Work in progress	215,988	199,831	130,709
Finished goods	498,431	110,424	75,145
			680,984
Sundry stocks (Bottles, Crates,etc)	2,085,236	817,833	723,442
	4,091,691	**2,107,789**	**2,769,621**

11. Trade Debtors

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Trade debtors	1,389,983	756,393	1,008,052
Provision for doubtful balances	(132,759)	(109,864)	(87,308)
	1,257,224	**646,529**	**920,744**

12. Other Debtors And Prepayments

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Other debtors	359,847	211,620	101,406
Prepayments	802,410	518,288	84,818
	1,162,257	**729,908**	**186,224**

13. Long-Term Loans Receivable

	2011 ₦'000	2010 ₦'000	2009 ₦'000
DIL/Maltex Nigeria Plc	150,000	150,000	150,000
Loans to GrP- BBL (1)	2,079,007	-	-
	2,229,007	**150,000**	**150,000**

14. Other Creditors and Accrued Expenses

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Payments received in advance			217,750
Other creditors and accruals	3,189,844	2,173,298	1,993,597
	3,189,844	**2,173,298**	**2,211,347**

15 Deferred Taxation

	2011	2010	2009
	₦'000	**₦'000**	**₦'000**
15.1 Liability			
At 1 January	1,406,559	1,155,893	1,029,112
Deferred tax effect of revaluation	-	-	-
Charge/ (Write back) for the current year (Note 6)	258,524	250,666	(19,149)
At 31 December	**1,665,083**	**1,406,559**	**1,009,963**

15.2 Asset			
At 1 January	185,666	145,930	-
Deferred tax credit for the year	26,760	39,736	-
At 31 December	**212,426**	**185,666**	**-**

16. Bank Loan

	2011	2010	2009
	₦'000	**₦'000**	**₦'000**
At 1 January	1,285,714	1,800,000	
Additions during the year	6,800,000	-	
Repayments	(514,286)	(514,286)	
At 31 December	**7,571,428**	**1,285,714**	
Due within one year			
Due within one year	514,286	514,286	514,286
Due after more than one year	7,057,142	771,428	1,285,714
	7,571,428	**1,285,714**	**1,800,000**

Bank loans represent a term loan granted by Stanbic IBTC and the addition of term loans in 2011 granted by Zenith Bank Plc and Guaranty Trust Bank Plc (interest at 12.5%) to finance the working capital requirements of the Company. The final maturity date of the loans is September 2013.

17. Provision for Gratuity

	2011	2010	2009
	₦'000	**₦'000**	**₦'000**
At 1 January	509,020	461,533	456,897
Transfer from subsidiary acquired during the year			
Provision made in the year	102,968	73,384	39,968
	611,988	**534,917**	**496,897**
Paid in the year	(36,662)	(25,897)	(35,332)
At 31 December	**575,327**	**509,020**	**461,533**

18. Share Capital

	2011	2010	2009
	₦'000	₦'000	₦'000
Authorised:			
700,000,000 ordinary shares of 50 kobo each	**350,000**	**350,000**	**350,000**
Issued and fully paid:			
396,562,500 ordinary shares of 50 kobo each	**198,281**	**198,281**	**198,281**

19. General Reserve

	2011	2010	2009
	₦'000	₦'000	₦'000
At 1 January	5,781,490	4,009,989	2,027,236
Adjustment	-	-	
Retained profit for the year	2,207,024	3,167,402	2,795,707
	7,988,514	**7,177,391**	**4,822,943**
Prior year final dividend declared (Note 7)	(1,189,687)	(999,338)	(416,391)
Interim dividend declared (Note 7)	(396,563)	(396,563)	(396,563)
At 31 December	**6,402,264**	**5,781,490**	**4,009,989**

On 20 May 2011, the shareholders approved a final dividend of 300 kobo per 50 kobo share, amounting to ₦1,189,687,500 at the Annual General Meeting. The sum of ₦1,189,687,500 was paid to shareholders whose names were registered in the company's register of members at close of business on 7 May 2011.

In respect of the current year, interim dividend of ₦396.563 million (2010 - ₦396.563 million) translating to 100k per ordinary share (2010 - 100k) was paid during the year as disclosed in the general reserve. In addition, the Directors are proposing that a final dividend of 225k per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in these financial statements since dividends to shareholders are now accounted for on the date of declaration, as they do not meet the criteria for present obligation in the Statement of Accounting Standard (SAS) 23. The proposed final dividend is subject to deduction of withholding tax at the appropriate rate and the total proposed final dividend to be paid is ₦892,265,625 (2010 - ₦1,189,687,500).

The total of the interim and final dividends will amount to ₦1,288,828,125 (2010 - ₦1,586,250,000) and this will translate to 325k per share (2010 - 400k).

20 Reconciliation of Net Profit after Tax To Net Cash By Operating Activities

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Profit after taxation	**2,207,024**	**3,167,402**	**2,795,707**
Adjustment to reconcile net profit to net cash provided by operating activities:			
Depreciation	1,295,055	1,085,047	1,015,247
Loss/(Profit) on sale of fixed assets	23,276	2,758	(13,920)
Profit on sale of investment	-	(6,460)	-
Interest paid	312,163	215,940	156,076
Interest received	(69,828)	(45,888)	(37,395)
Adjustment to fixed assets	(1,266)	3,872	-
	-	-	-
Changes in assets and liabilities:			
Decrease/(Increase) in stocks	(1,983,902)	253,147	(671,351)
(Increase)/decrease in trade debtors	(610,695)	(875,047)	(151,796)
(Increase)/decrease in other debtors and prepayments	(432,349)	(134,999)	54,507
Decrease/(increase) in due from related company	(294,244)	5,471	(35,348)
Increase/(decrease) in trade creditors	601,248	200,403	(64,046)
(Decrease)/Increase in due to related company	2,094,230	(156,038)	136,528
Increase in other creditors and accruals	1,016,546	1,111,213	140,812
(Decrease)/increase in taxation	28,530	(146,093)	153,172
Increase/(decrease) in deferred taxation	231,764	210,930	(19,149)
Increase in provision for gratuity	66,307	47,487	4,636
Total adjustments	**2,276,835**	**1,771,743**	**667,973**
Net cash provided by operating activities	**4,483,859**	**4,939,145**	**3,463,679**

21 Cash and Cash Equivalents

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Bank overdraft	-	-	-
Short term deposit	1,003,900	1,277,894	-
Bank and cash	3,615,209	916,751	1,726,816
	4,619,109	**2,194,645**	**1,726,816**

22. Employees

	2011 Number	2010 Number	2009 Number
Average number of persons employed during the year:			
Management	133	108	92
Administration	118	113	108
Sales and marketing	375	237	282
Factory	476	540	478
	1,102	**998**	**960**

22.1 Aggregate Payroll Costs

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Wages, salaries, commission and allowances	1,833,624	1,473,389	1,201,779

The number of employees in Nigeria with annual gross emoluments within the bands stated:

₦	₦	2011 Number	2010 Number	2009 Number
450,001 -	500,000	-	1	-
500,001 -	550,000	2	-	2
550,001 -	600,000	-	-	17
600,001 -	650,000	-	4	27
650,001 -	700,000	-	-	49
700,001 -	750,000	1	3	74
750,001 -	800,000	9	11	89
800,001 -	850,000	26	12	79
850,001 -	900,000	47	31	81
900,001 -	950,000	45	55	76
950,001 -	1,000,000	62	43	55
1,000,001 -	1,050,000	70	67	38
1,050,001 -	1,100,000	63	40	39
1,100,001 -	1,150,000	68	59	23
1,150,001 -	1,200,000	48	60	37
1,200,001 -	1,250,000	51	53	40
1,250,001 -	1,300,000	58	53	22
1,300,001 -	1,350,000	40	40	26
1,350,001 -	1,400,000	34	50	15
1,400,001 -	1,450,000	30	38	17
1,450,001 -	1,500,000	52	34	11
1,500,001 -	1,550,000	20	41	10
1,550,001 and above		376	303	133
		1,102	**998**	**960**

23. Directors

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Directors' emoluments comprise:			
Fees	2,040	2,040	2,895
Others	30,631	23,486	22,683
Chairman	360	360	360
Highest paid Director	9,873	9,529	7,476

The number of Directors excluding the Chairman with gross emoluments within the bands stated:

₦		₦	2011 Number	2010 Number	2009 Number
200,000	-	500,000	9	8	8
7,000,000	-	8,000,000	1	1	1

The Company sources certain raw materials, engineering spare parts and fixed assets from companies related to its ultimate holding Company, Heineken N.V.

Additionally, the Company has a Technical Service agreement and licensing 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 turnover of the related products.

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Technical service fees	244,376	221,983	161,807
Royalties	244,376	221,983	161,807

24. Contingent Liabilities and Capital Commitments

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Contingent liabilities as at 31 December	-	-	-

Outstanding capital expenditure approved by the Directors but not provided for in these financial statements are as follows:

	2011 ₦'000	2010 ₦'000	2009 ₦'000
Contracted	94,772	36,466	49,600
Not contracted	-	263,534	268,400

25 Subsequent Events

There were no significant post balance sheet events which would have had any material effect on the balance sheet and the profit and loss for the year ended 31 December, 2012 which have not been adequately provided for or disclosed in the financial statements.

C. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Stanbic IBTC Capital Limited at I.B.T.C Place, Walter Carrington Crescent, Victoria Island, Lagos during normal business hours on any Business Day, until the Effective Date.

a) The Certificate of Incorporation of Consolidated Breweries;

b) The Memorandum and Articles of Association of Consolidated Breweries;

c) The order of the Court convening the meeting of the holders of the ordinary shares of Consolidated Breweries;

d) The signed Explanatory Statement;

e) The audited financial statements of Consolidated Breweries for each of the preceding five years from 31st December 2009 to 31st December 2013;

f) The Reporting Accountants' Report on the audited financial statements of Consolidated Breweries for each of the preceding five years from 31st December 2009 to 31st December 2013, prepared by SIAO (Reporting Accountants to Consolidated Breweries);

g) Claims & Litigation referred to on page 165 of Appendix V;

h) The material contracts including the Financial Advisory Services Agreement between Consolidated Breweries and Stanbic IBTC Capital Limited referred to on page 165 of Appendix V; and

i) The written consents referred to on page 167 of Appendix V.

Appendix III – Proforma Financial Information of the Enlarged Company

A. Key Assumptions

The pro-forma Financial Position, Income Statement and Statement of Comprehensive Income have been prepared in accordance with International Financial Reporting Standards (IFRS), as required by the Financial Reporting Council of Nigeria.

Assumptions for the pro-forma Financial Position

1. The pro-forma Financial Position has been prepared on the assumption that all Consolidated Breweries Plc shareholders opt for new shares in Nigerian Breweries Plc. A total of 400 million new shares have been assumed to be issued against a share price of ₦150.00. This value is used as the deemed purchase price for all outstanding shares of Consolidated Breweries Plc.

2. Following the merger in accordance with IFRS 3 the assets of Consolidated Breweries Plc have been placed at their fair value. The variance between purchase price and fair value of net assets is presented as goodwill.

Assumptions for the pro-forma Income Statement and Statement of Comprehensive Income

In the pro-forma Income Statement the financial impact of transactions between Consolidated Breweries Plc and Nigerian Breweries Plc has been eliminated.

The impact of the fair value adjustment on Consolidated Breweries Plc assets has been considered.

B. Unaudited Proforma Financial Position

The pro-forma Financial Position set out hereunder has been prepared for illustrative purposes only and, given its nature, may not present a true picture of the Nigerian Breweries post-merger financial position.

The pro-forma Financial Position of the post-merger entity has been prepared by combining the unaudited historical Financial Positions of Nigerian Breweries and Consolidated Breweries as at 31 December 2013, assuming that the merger was effective on 1 January 2013.

Statement of Financial Position

Assets	**Pre merger ₦'000**	**Post merger ₦'000**
Property, plant and equipment	153,366,133	176,999,120
Intangible assets and goodwill	53,563,357	99,740,279
Investments	150,000	274,613
Inventories	20,643,153	25,427,526
Trade and other receivables	14,370,946	27,606,030
Prepayments	1,000,378	1,283,170
Deposit for imports	136,818	136,818
Assets held for sale	-	2,485,826
Cash and cash equivalents	9,528,848	10,758,404
Total assets	**252,759,633**	**344,711,787**

Appendix III – Proforma Financial Information of the Enlarged Company

Liabilities	-	-
Loans and borrowings	9,000,000	23,540,000
Employee benefits	9,274,733	10,277,427
Deferred tax liability	21,830,000	27,154,435
Current tax liabilities	24,086,538	24,556,924
Dividend payable	6,376,528	6,566,141
Trade and other payables	69,832,649	80,498,793
Total liabilities	**140,400,448**	**172,593,720**
Equity		
Share capital	3,781,353	3,981,353
Share premium	4,567,967	64,367,967
Share based payment reserve	50,114	50,114
Reserve for own shares	-	
Retained earnings	103,959,751	103,718,633
Total Equity	**112,359,185**	**172,118,067**
Total liabilities and equity	**252,759,633**	**344,711,787**

C. Unaudited Proforma Income Statements

The pro-forma Income Statement for the 12 months period ended 31 December 2013 set out hereunder, has been prepared for illustrative purposes only and, given its nature, may not present a true picture of the Nigerian Breweries post-merger financial position. The account has been prepared by combining the unaudited historical Income Statement for Consolidated Breweries Plc and Nigerian Breweries Plc, assuming the merger was effective on 1 January 2013.

Income Statement

	Pre merger ₦'000	Post merger ₦'000
Revenue	268,613,518	302,527,881
Cost of sales	(132,136,476)	(152,150,555)
Gross profit	**136,477,042**	**150,377,326**
Other income	2,075,411	408,688
Marketing and distribution expenses	(42,949,612)	(47,729,505)
Administrative expenses	(26,431,464)	(31,898,426)
Operating Profit	**69,171,377**	**71,158,083**
Finance income	551,250	1,748,310
Finance costs	(7,482,310)	(9,234,286)
Net finance (costs) / income	**(6,931,060)**	**(7,485,976)**
Profit before taxation	**62,240,317**	**63,672,107**
Taxation	(19,159,968)	(19,614,517)
Profit for the year	**43,080,349**	**44,057,590**
Profit for the year attributable to:		
Owners of the company	43,080,349	44,057,590
Non-controlling interest	-	-
	43,080,349	**44,057,590**
Earnings per share (kobo) - basic and diluted	570	553

D. Unaudited Pro forma Statement of Comprehensive Income

The pro-forma Statement of Comprehensive Income for the 12 months period ended 31 December 2013 set out hereunder, has been prepared for illustrative purposes only and, given its nature, may not present a true picture of the Nigerian Breweries post-merger financial position.

The account has been prepared by combining the unaudited historical Statement of Comprehensive Income for Nigerian Breweries and Consolidated Breweries, assuming the merger was effective on 1 January 2013.

Statement of Comprehensive Income

	Pre merger ₦'000	Post merger ₦'000
Profit for the year	43,080,349	44,057,590
Other comprehensive income		
Actuarial (losses)/ gains	(1,581,984)	(1,563,223)
Total comprehensive income for the year	**41,498,365**	**42,494,367**
Profit for the year attributable to:		
Owners of the company	41,498,365	42,494,367
Non-controlling interest	-	-
Total comprehensive income for the year	**41,498,365**	**42,494,367**

E. Proforma Statement of Shareholding

Upon the Scheme of Merger taking effect, in accordance with the terms and conditions stated in this Document, the ordinary shares of the Enlarged Company will be beneficially held as follows:

Shareholders	No. of Shares	% Holding
Heineken Brouwerijen BV*	2,853,760,692	35.85
Distilled Trading International BV*	1,237,500,160	15.55
Stanbic Nominees Nigeria Limited	1,174,404,081	14.75
Holders of Scheme Shares**	396,857,294	4.99
Others	2,297,039,499	28.86
Total	**7,959,561,726**	**100.00**

**Heineken Brouwerijen BV and Distilled Trading International BV are wholly owned subsidiaries of Heineken*
***This is based on an assumption that all the Scheme Shareholders elect to receive shares in Nigerian Breweries as consideration for giving up their shares in Consolidated Breweries.*

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The Board of Directors
Consolidated Breweries Plc
First Floor, Iddo House
Lagos Nigeria.

23 July, 2014

FAIRNESS OPINION IN RESPECT OF THE SCHEME CONSIDERATION PROPOSED BY NIGERIAN BREWERIES PLC ("NB") ("THE OFFER") TO THE ORDINARY SHAREHOLDERS OF CONSOLIDATED BREWERIES PLC ("CB")

Dear Sirs/ Madam

INTRODUCTION

CB a subsidiary of Heineken International B.V (with 53.8% shareholding) received an offer dated 06 May 2014, from NB a fellow subsidiary of Heineken International B.V (with 54.1% shareholding), to merge their operations to create value for the stakeholders. The scheme consideration is a share exchange ratio of five CB shares for every four NB shares held or alternatively the cash consideration of N120 per CB share (collectively "scheme consideration").

We have been appointed by the Board of Directors of CB ("The Board) to provide a fairness opinion on whether the scheme consideration is fair to the ordinary shareholders of CB. This opinion is not required from any legal or regulatory purposes, but rather good corporate practice, adopted by The Board.

DEFINITION OF FAIRNESS OPINION

An offer is generally considered fair if the consideration received is equal to or greater than the value of the shares given up being the subject of the transaction.

Fairness is primarily based on quantitative issues. Even though the consideration may differ from the market value of the assets being acquired, an offer may still be fair after considering other significant factors.

OUR APPROACH IN DETERMININIG FAIRNESS

In considering the scheme consideration, we have calculated the fair value range for one CB share as well as one NB share. We compared this to share exchange ratio of five CB shares for every four NB shares held or alternatively the cash consideration of N120 per CB share.

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SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including prospective financial information, obtained from CB and its advisors, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formulating our opinion on the scheme consideration include:

- the terms and conditions of the merger as stated in the scheme of merger document;
- representations, information and assumptions made available by, and discussions held with, the management of CB;
- forecast financial information in respect of CB for the financial years 2014 to 2023;
- audited financial information for CB for the financial years ended 31 December 2011 to 31 December 2013:
- unaudited financial information for CB for the financial period ended 30 April 2014: and
- various other share price, analyst reports and market data in respect of NB

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained through discussions with the management of CB and its advisors.

Our procedures and enquiries did not constitute an audit. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

PROCEDURES

In arriving at our opinion in respect of the scheme consideration, we have, *inter alia*, performed the following:

- considered the relevant information included in the terms and conditions of the merger, as described in the scheme of merger document that is being submitted to the Securities and Exchange Commission;
- considered the rationale for the offer, as represented by the directors and management;
- reviewed CB's prospects as well as the industry in which it operates through, *inter alia*, discussions with the management of CB and a review of publicly available information;
- valued CB using a discounted cash flow valuation methodology. We have conducted appropriate sensitivity analyses using key assumptions around terminal growth rate and weighted cost of capital;
- corroborated the result of our discounted cash flow valuation relative to values determined using alternative valuation methods being market multiples;
- determined a value range for CB shares;
- determined a fair value range of the NB shares, as far as information available to us allowed, primarily by reference to the average market price of NB for periods 30,60,90 and180 days ended 09 May 2014 being the announcement date of the merger, as well as analyst reports;
- concluded on a swap ratio range and;

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- based on the results of the procedures mentioned above, determined the fairness of the scheme consideration as it concerns the shareholders of CB.

We believe that the above considerations commercially justify the conclusion outlined below.

ASSUMPTIONS

Our opinion is based on the following key assumptions:

- current economic, regulatory and market conditions will not change materially;
- CB and NB are not involved in any material legal proceedings;
- CB and NB have no material outstanding disputes with the Federal Inland Revenue Service (FIRS) and State Revenue;
- there are no other contingencies that could materially affect the value of the ordinary shares of CB or NB; and
- Representations made by the CB's management during the course of forming this opinion.

OPINION

Based on the results of our procedures performed and other considerations, subject to the foregoing assumptions, we are of the opinion that the scheme consideration is fair to CB shareholders.

LIMITING CONDITIONS

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by CB's management up to 18 July 2014. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

This fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders. A shareholder's decision regarding the fairness of the offer may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the offer, considering his or her personal circumstances.

Forecasts relate to future events and are based on assumptions that may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of CB.

This letter and opinion is provided solely to the Board of Directors of CB for the benefit of the ordinary shareholders in connection with and for the purpose of their consideration of the merger between CB and NB. It does not constitute a recommendation to any ordinary shareholder of CB as to how to vote at any meeting relating to the merger or on any matters relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

We have also assumed that the proposed scheme of merger terms will have no adverse legal, accounting and taxation consequences and we express no opinion on such consequences.

Building a better
working world

The opinion expressed herein is necessarily based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals required in connection with the proposed transaction have been or will be properly fulfilled/obtained. Subsequent developments may affect our opinion. However, we are under no obligation to update, revise or re-affirm such.

The reports, letters, information and advice we provide to CB during this engagement are given in confidence solely for the purpose of this engagement and are provided on the condition that CB undertakes not to disclose these, or any other confidential information made available to CB by us during the course of our work, to any third party (being a party other than those to whom the report, letter, information or advice is addressed, and which "third party" includes any of your affiliates).

This assignment has been undertaken solely and expressly on the basis that we shall not be liable for any direct, indirect or consequential loss or damage suffered by any party arising from the performance of this assignment and we confirm that, save for these circumstances, you indemnify us against any such claims.

Furthermore, the liability accepted by us is limited as set out in the engagement letter. This provision shall survive the termination of our engagement.

INDEPENDENCE

We confirm that we have no direct or indirect interest in CB nor NB.

Furthermore, we confirm that our professional fees are fixed and not contingent upon the success of the scheme.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the scheme of merger document to be issued to the shareholders of CB in the form and context in which it appears.

Yours faithfully

Bisi Sanda
Partner & Head, Transaction Advisory Services, West Africa

Appendix V – Statutory and General Information

A. Responsibility Statement

The Directors of Nigerian Breweries and Consolidated Breweries have taken all reasonable care to ensure that the facts stated and opinions expressed in this Document with regard to Nigerian Breweries and Consolidated Breweries respectively are both fair and accurate. The Directors confirm, having made all reasonable enquiries that to the best of their knowledge and belief as at the date of this Scheme, no material facts concerning their respective companies have been omitted from this Document. The Directors hereby accept responsibility for the information provided.

B. Claims & Litigations

Nigerian Breweries

Nigerian Breweries is, in its ordinary course of business, presently involved in a total of one hundred and sixteen (116) cases. Of the one hundred and sixteen (116) cases, fifty two (52) are in respect of cases covered by Nigerian Breweries' insurance policy and these cases are being defended by Nigerian Breweries' insurers under the said insurance policies. In accordance with the terms of the insurance policy, all litigation costs and any potential liability that may accrue from these cases will be borne by the company's insurers. Thus, no contingent liability may accrue to Nigerian Breweries from these fifty two (52) cases.

In the context of the contemplated transaction, we have set a materiality threshold at One Hundred Million Naira (₦100,000,000) (the "Materiality Threshold"). Of the remainder sixty four (64) cases involving Nigerian Breweries, eight (8) cases are in respect of claims above the Materiality Threshold. The company had been sued as Defendant in Seven (7) cases out of the Eight (8) by various individuals and organizations. The total monetary value of the claims against the company in the Seven (7) cases is approximately ₦7,114,453,713.22 (Seven Billion, One Hundred and Fourteen Million, Four Hundred And Fifty-Three Thousand, Seven Hundred And Thirteen Naira, Twenty-Two Kobo). Please note that the amounts referred to herein, do not include interest and cost elements, which can only be ascertained after the final resolution of each matter.

Based on the Solicitors' experience in litigation matters and their understanding of the disposition and powers of Nigerian courts in the award of damages and other claims, the Solicitors are of the opinion that the contingent liabilities to which the company may likely be exposed in the Seven (7) cases should not exceed the sum of ₦36,380,588.00 (Thirty-Six Million, Three Hundred and Eighty Thousand, Five Hundred and Eighty-Eight Naira Only) and this is unlikely to have any material adverse effect on the transaction. In arriving at the above, the Solicitors have discounted frivolous claims and have assumed that matters instituted against the company are being and will continue to be diligently defended. Please note that the amounts referred to herein, do not include interest and cost elements, which can only be ascertained upon conclusion of the respective matters.

The Directors of the company are also of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the company or on the transaction, and are not aware of any other pending and/or threatened claim or litigation within the aforementioned category involving the company.

Consolidated Breweries

The company is currently involved in 13 law suits of which 9 are suits instituted against the company while 4 have been instituted by the company. 6 of the suits instituted against the company are being handled by insurance companies on the company's behalf and any contingent liability arising thereof will be covered by the insurance company.

Of the remaining 3 pending suits against the company, all of them involve monetary claims against the company and the total amount claimed is ₦18,774,444.84 (Eighteen Million, Seven Hundred and Seventy Four Thousand, Four Hundred and Forty Four Naira, Eighty Four Kobo). The Directors of Consolidated Breweries are of the opinion that these 3 suits lack merit and are not likely to have a material adverse effect on the company and / or the Merger, and are not aware of any other pending and / or threatened claims or litigation which may be material to the Merger.

The company is claiming ₦7,244,310.00 (Seven Million, Two Hundred and Forty Four Thousand, Three Hundred and Ten Naira) in damages and costs in the 4 suits instituted by the company. All legal actions and claims presently pending or contemplated by or against the company will be continued by the post – merger institution. A list of company claims and litigation is available for inspection.

C. Material Contracts to the Scheme

Nigerian Breweries

The following agreement(s) have been entered into by Nigerian Breweries and are deemed material to the Scheme:

Financial Advisory Services Agreement dated 4th December 2014, between Nigerian Breweries and FCMB Capital Markets Limited.

Consolidated Breweries

The following agreement(s) have been entered into by Consolidated Breweries and are deemed material to the Scheme:

Financial Advisory Services Agreement dated 4th December 2014, between Consolidated Breweries and Stanbic IBTC Capital Limited

D. Consents of Parties to the Scheme

Nigerian Breweries Plc

The following have given and have not withdrawn their written consents to the issue of this Scheme Document with the inclusion of copies of their reports and references to their names in the form and context in which they appear herein:

Directors:	Chief Kolawole B. Jamodu CFR Mr. Nicolaas A. Vervelde (Dutch) Mr. Olusegun S. Adebanji Mr. Walter L. Drenth (Dutch) Mr. Hubert I. Eze Mr. Victor Famuyibo Mr. Sijbe Hiemstra (Dutch) Mr. Thomas A. de Man (Dutch) Mrs. Ifueko M. Omoigui Okauru Mr. Atedo N. A. Peterside, CON Mr. Mark P.J. Rutten (Dutch) Mr. Hendrik A. Wymenga (Dutch)
Company Secretary/Legal Adviser:	Uaboi G. Agbebaku, Esq
Auditors	KPMG Professional Services
Reporting Accountants:	PricewaterhouseCoopers
Financial Advisers:	FCMB Capital Markets Limited
Legal Adviser:	Banwo & Ighodalo
Stockbrokers:	Foresight Securities & Investment Limited
Registrars	First Registrars Nigeria Limited

Appendix V – Statutory and General Information

Consolidated Breweries Plc

The following have given and have not withdrawn their written consents to the issue of this Scheme Document with the inclusion of copies of their reports and references to their names in the form and context in which they appear herein:

Directors:	Prof (Mrs.) Oyinade Odutola-Olurin, OFR Mr. Boudewijn N. Haarsma (Dutch) Chief Samuel O. Bolarinde Mr. Lieven van der Borght (Belgian) Mr. Marc Koster Mr. Didier F. Leleu (French) Mrs. Alice N. Mbadiwe Pastor Olufunmilayo A. Odutola Chief Audu I. Ogbeh, OFR Mr. Kevin Santry (British)
Company Secretary:	Mrs. Temidayo Olaofe
Auditors	KPMG Professional Services
Reporting Accountants:	SIAO
Financial Advisers:	Stanbic IBTC Capital Limited
Legal Adviser:	SPA Ajibade & Co
Registrars	Veritas Registrars Limited

E. General Information

1. Except as otherwise disclosed herein, there is no agreement, arrangement or understanding between Nigerian Breweries and Consolidated Breweries or any other person acting in concert with the respective companies and any of the Directors or recent Directors, shareholders or recent shareholders of Nigerian Breweries and Consolidated Breweries in relation to the Scheme. There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the assets, liabilities and undertakings of Consolidated Breweries to be transferred to the Enlarged Nigerian Breweries pursuant to the Scheme will be transferred to any other person.

2. Except as otherwise disclosed in this Document, no share or loan capital of Nigerian Breweries and Consolidated Breweries is under option or agreed conditionally or unconditionally to be put under option.

3. Save as disclosed herein, the Directors of Nigerian Breweries and Consolidated Breweries have not been informed of any holding representing 5% or more of the issued share capital of Nigerian Breweries and Consolidated Breweries.

4. Except as otherwise disclosed in this Document; there are no founders, management or deferred shares or any options outstanding in Nigerian Breweries and Consolidated Breweries.

5. Except as otherwise disclosed in this Document, there are no material service agreements between Nigerian Breweries and Consolidated Breweries or any of their directors and employees other than in the ordinary course of business.

6. Except as otherwise disclosed in this Document there are no contracts, which are or may be material, entered into by Nigerian Breweries and Consolidated Breweries with other parties other than in the ordinary course of business.

7. The Directors of Nigerian Breweries and Consolidated Breweries are satisfied that the Enlarged Company by the implementation of the Scheme and taking into account credit and other facilities available will have adequate working capital for its prospective needs.

NIGERIAN BREWERIES PLC
IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS

SUIT NO: FHC/ L/CS/ 1580/2014

In The Matter of the Investments and Securities Act No. 29 of 2007

and

In The Matter of an Application under Part XII Thereof

IN RE:

1. **NIGERIAN BREWERIES PLC (RC 613)** — **1ST APPLICANT**

2. **CONSOLIDATED BREWERIES PLC (RC 33423)** — **2ND APPLICANT**

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES OF NIGERIAN BREWERIES PLC

NOTICE IS HEREBY GIVEN that by an Order of the Federal High Court (hereinafter referred to as the "Court") dated 24 October 2014 made in the above matter, the Court has directed that a meeting of the holders of the fully paid up ordinary shares of Nigerian Breweries Plc (hereinafter referred to as "**Nigerian Breweries**" or **"the Company"**) be convened for the purpose of considering, and if thought fit, approving (with or without modification) a Scheme for the proposed merger of Nigerian Breweries and Consolidated Breweries Plc (the "**Scheme**").

The Scheme is explained in detail in the Explanatory Statement on pages 14 to 20 of the Scheme Document, which is being sent to the shareholders.

The meeting of the shareholders of Nigerian Breweries will be held on the 4th day of December 2014 at the Zinnia Hall, Eko Hotels, Ademola Adetokunbo Street, Victoria Island at 2pm, at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as Special Resolutions of the Company:

1. *"That this Meeting approves the Scheme for the proposed merger of Nigerian Breweries Plc and Consolidated Breweries Plc dated 9 October 2014, a print of which has been submitted to the Meeting and for the purposes of identification endorsed by the Chairman, and that the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission and/or the Federal High Court may deem fit to impose and approve";*

2. *"That the Directors of the Company be and are hereby authorized to issue, allot and credit as fully paid, up to 396,857,294 ordinary shares of 50 kobo each in the share capital of the Company to the shareholders of Consolidated Breweries Plc and in so doing allot 4 Nigerian Breweries' shares for every 5 Consolidated Breweries Plc share held by the shareholders of Consolidated Breweries Plc as at close of business on the date immediately preceding the date on which the Scheme is sanctioned by the Court";*

3. *"That all legal proceedings, claims and litigations pending or contemplated by or against Consolidated Breweries Plc be continued by or against the Company after the Scheme is sanctioned by the Court";*

4. *That the Solicitors of the Company be directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential and supplemental orders as are necessary or required to give full effect to the Scheme;*

5. *"That the resultant company from the Scheme shall be Nigerian Breweries Plc"; and*

Notice of Court-Ordered Meeting – Nigerian Breweries

6. *"That the Board of Directors of Nigerian Breweries Plc be and is hereby authorised to take all actions as may become necessary to give effect to the Scheme".*

By the said Order, the Court has appointed Chief Kolawole B, Jamodu, or failing him, Mr. Nicolaas A. Vervelde, or failing them both, any other Director of the Company present at the meeting and appointed in their stead by the Directors of the Company present at the meeting, to act as Chairman of the said meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Merger will be subject to the subsequent approval of the Securities and Exchange Commission and to the sanction of the Court.

Voting at the meeting will be by poll. Shareholders may vote in person or they may appoint any other person, whether a shareholder or not, to act as proxy and to attend and vote in their stead. Nigerian Breweries is a subsidiary of Heineken N.V. The shares of Heineken N.V. are held by two shareholders, Heineken Brouwerijen B.V. and Distilled Trading International B.V. The two shareholders have informed Nigerian Breweries that they have decided not to exercise their right of voting at the Meeting. Thus, Heineken Brouwerijen BV and Distilled Trading International B.V. will not be voting at the Meeting.

In addition to the questions that Shareholders can ask at the Meeting, the Shareholders may submit questions on the Scheme of the Merger to the Company prior to the date of the Meeting. All such questions must be submitted to the Company Secretary on or before 5pm on Monday 1st of December, 2014.

A Proxy Form is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority will be determined by the order in which their names stand in the Register of Members of Nigerian Breweries.

It is requested that duly executed and stamped Proxy Forms (together with any power of attorney or other authority under which it is signed, or a notarised copy of such power of attorney or other authority) be lodged at the office of First Registrars Nigeria Limited as shown on the Proxy Form, not less than 24 hours before the time appointed for the Meeting.

Please note that the lodging of the Proxy Form does not prevent you from attending the meeting and voting should you wish to so do. However, in such circumstance, your proxy will not be entitled to attend or vote.

A member entitled to attend the Meeting who does not receive a copy of the Scheme Document within 14 days of the date of this notice can obtain copies of same from the Registrars of Nigerian Breweries, First Registrars Nigeria Limited, 2 Abebe Village Road, Iganmu, Lagos.

Closure of Register of Members

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the contents of the Register of Members of the Company on 31st of October 2014 after which the register will be closed for the purposes of the meeting. Changes to, or entries in, the Register of Members after that date and time shall be disregarded for purposes of the meeting.

Dated this 24th day of October 2014

BANWO & IGHODALO
98, Awolowo Road
South West Ikoyi
Lagos
Solicitors to Nigerian Breweries Plc

UABOI G. AGBEBAKU, ESQ
Iganmu House
Abebe Village Road, Iganmu
Lagos
Company Secretary/Legal Adviser

CONSOLIDATED BREWERIES PLC
IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS

SUIT NO: FHC/ L/CS/ 1580/2014

In The Matter of the Investments and Securities Act No. 29 of 2007

and

In The Matter of an Application under Part XII Thereof

IN RE:

1. **NIGERIAN BREWERIES PLC (RC 613)** — **1ST APPLICANT**

2. **CONSOLIDATED BREWERIES PLC (RC 33423)** — **2ND APPLICANT**

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES OF CONSOLIDATED BREWERIES PLC

NOTICE IS HEREBY GIVEN that by an Order of the Federal High Court (hereinafter referred to as the "Court") dated 24 October 2014 made in the above mentioned matter, the Court has directed that a meeting of the holders of the fully paid up ordinary shares of Consolidated Breweries Plc (hereinafter referred to as "**Consolidated Breweries**" or **"the Company"**) be convened for the purpose of considering, and if thought fit, approving (with or without modification) a Scheme for the proposed merger of Consolidated Breweries and Nigerian Breweries Plc (the "**Scheme**").

The Scheme is explained in detail in the Explanatory Statement on pages 14 to 20 of the Scheme Document, which is being sent to the shareholders.

The meeting of the shareholders of Consolidated Breweries will be held on 4th day of December 2014 at the Lagoon Restaurant, Ozumba Mbadiwe Street, Victoria Island, Lagos at 10am, at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as a special resolution of the company:

1. *"That this Meeting approves the Scheme for the proposed merger of Consolidated Breweries Plc and Nigerian Breweries Plc dated 9th October 2014, a print of which has been submitted to the Meeting and for the purposes of identification subscribed by the Chairman, and that the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission and/or the Federal High Court may deem fit to impose and approve*.";

2. *"That the Directors are hereby authorised to effect the transfer of all the assets, liabilities and undertakings, including real properties and intellectual property rights of Consolidated Breweries Plc to Nigerian Breweries Plc upon the terms and subject to the conditions set out in the scheme of merger*";

3. *"That the entire share capital of Consolidated Breweries Plc be cancelled and that Consolidated Breweries Plc be dissolved without being wound up"*; and

4. *"That the Board of Directors of Consolidated Breweries Plc be and is hereby authorised to take all actions that are necessary to put the Scheme into effect."*

Notice of Court-Ordered Meeting – Consolidated Breweries

By the order of the Court convening the meeting, the Court appointed Prof. (Mrs.) Oyinade Odutola-Olurin or failing her, Mr. Boudewijn Haarsma, or failing them both, any other Director of the Company so appointed in their stead, to act as Chairman of the meeting and has directed the Chairman of the meeting to report the results thereof to the Court.

Voting at the meeting will be by poll. Shareholders may vote in person or they may appoint any other person, whether a shareholder or not, to act as proxy and to attend and vote in their stead.

Consolidated Breweries Plc. is a subsidiary of Heineken International B.V. Heineken International B.V. has informed Consolidated Breweries Plc. of its resolution not to exercise its right of vote at the Meeting. Thus, Heineken International B.V. will not be voting at the Meeting.

A Proxy Form is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority will be determined by the order in which their names stand in the Register of Members of Consolidated Breweries Plc.

It is requested that forms appointing proxies be lodged at the office of the Registrars of Consolidated Breweries Plc, Veritas Registrars Limited, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Meeting. Please note that the lodging of a Proxy Form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instance, your proxy will not be entitled to attend or vote.

Dated this 24th day of October 2014

SPA AJIBADE & CO
27A, Macarthy Street
Onikan
Lagos
Solicitors to Consolidated Breweries Plc

MRS TEMIDAYO OLAOFE
First Floor, Iddo House
Iddo
Lagos
Company Secretary

Proxy Form – Nigerian Breweries Plc

Proxy Form for the Proposed Scheme of Merger between Nigerian Breweries Plc and Consolidated Breweries Plc

RC 613

I/We,

Shareholder's Name……………………………………………………………………………

Address……………………………………………………………………………………

Account Number……………………………………………………………………………

being the registered holder(s) of the ordinary shares of

Nigerian Breweries Plc,

hereby appoint* ……………………………………………………………………

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Court-ordered Meeting of the holders of the ordinary shares of the Company to be held at the Zinnia Hall, Eko Hotels, Ademola Adetokunbo Street, Victoria Island, Lagos by 2pm on 4th December, 2014 or at any adjournment thereof.

Signed this……………………day of……………………2014

Shareholder's Signature……………………………………………………………

Proxy's Signature……………………………………………………………………

NOTES:

1. The Proxy Form should not be completed if the member will be attending the Meeting in person.
2. A member (shareholder) who is unable to attend the Court-ordered Meeting is allowed by law to vote by proxy. This Proxy Form has been prepared to enable you to exercise your right to vote if you cannot personally attend.
3. A member (shareholder) or his Proxy must detach and produce the Admission Form below to obtain entrance to the Meeting.
4. Provision has been made on this form for the Chairman of 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 the person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
5. Please sign this Proxy Form and return it to reach the Company's Registrars at the address shown overleaf not later than 2pm on 3rd December 2014. If executed by a company, the Proxy Form should be sealed with its common seal.
6. The lodging of a Proxy Form will not prevent you from attending the Meeting and voting in person should you so wish. However, in such instances, the proxy will not be allowed to vote.
7. It is a legal requirement of the law under the Stamp Duties Act; Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any Meeting of shareholders must be clearly stamped in accordance with the Act.

SPECIAL RESOLUTIONS:

1. *"That this Meeting approves the Scheme for the proposed merger of Nigerian Breweries Plc and Consolidated Breweries Plc dated 9th October 2014, a print of which has been submitted to the Meeting and for the purposes of identification subscribed by the Chairman, and that the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission and/or the Federal High Court may deem fit to impose and approve";*
2. *"That the Directors of the Company be and are hereby authorized to issue, allot and credit as fully paid, up to 396,857,294 ordinary shares of 50 kobo each in the share capital of the Company to the shareholders of Consolidated Breweries Plc and in so doing allot 4 Nigerian Breweries' shares for every 5 Consolidated Breweries Plc share held by the shareholders of Consolidated Breweries Plc as at close of business on the date immediately preceding the date on which the Scheme is sanctioned by the Court";*
3. *"That all legal proceedings, claims and litigations pending or contemplated by or against Consolidated Breweries Plc be continued by or against the Company after the Scheme is sanctioned by the Court";*
4. *"That the Solicitors of the Company be directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential and supplemental orders as are necessary or required to give full effect to the Scheme";*
5. *"That the resultant company from the Scheme shall be Nigerian Breweries Plc"; and*
6. *"That the Board of Directors of Nigerian Breweries Plc be and is hereby authorised to take all actions as may become necessary to give effect to the Scheme".*

FOR		AGAINST	

Please indicate how you wish your vote to be cast on the sub-joined resolution set out above by placing an "x" in the appropriate box. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

IF YOU ARE UNABLE TO ATTEND, PLEASE:

(a) Write the name of your proxy (if any) where marked*
(b) Ensure that the form is signed by you and your proxy
(c) Return the Proxy Form to reach the address shown overleaf not less than 24 hours before the time for holding the Meeting.

Before posting the above form, please tear off this section and retain it to facilitate your admission to the meeting

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Court-Ordered Meeting to be held as follows:

DATE: 4th December 2014

TIME: 2pm

VENUE: Zinnia Hall, Eko Hotels,
Ademola Adetokunbo Street
Victoria Island, Lagos State.

Shareholder's Name……………………………………………………

Address……………………………………………………………………

No of shares held……………………………………………………………

Signature……………………………………………………………………

PROXY ☐ **SHAREHOLDER** ☐

THIS ADMISSION FORM IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Please affix postage stamp

First Registrars Nigeria Limited
2, Abebe Village Road
Iganmu,
Lagos
Nigeria

CONSOLIDATED BREWERIES PLC RC 33423

Proxy Form – Consolidated Breweries Plc

Proxy Form for the Proposed Scheme of Merger between Nigerian Breweries Plc and Consolidated Breweries Plc

I/We,

Shareholder's Name……………………………………………………………..………………

Address…………………………………………………………………………….

Account Number………………………………………………………………….............

being the registered holder(s) of the ordinary shares of

Consolidated Breweries Plc,

hereby appoint* ....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Court-ordered Meeting of the holders of the ordinary shares of the Company to be held at the Lagoon Restaurant, Victoria Island, Lagos State by 10am on 4th December 2014or at any adjournment thereof.

Signed this.......................................day of..............................2014

Shareholder's Signature...

Proxy's Signature..

NOTES:

1. The Proxy Form should not be completed if the member will be attending the Meeting in person.
2. A member (shareholder) who is unable to attend the Court-ordered Meeting is allowed by law to vote by proxy. This Proxy Form has been prepared to enable you to exercise your right to vote if you cannot personally attend.
3. A member (shareholder) or his Proxy must detach and produce the Admission Form below to obtain entrance to the Meeting.
4. Provision has been made on this form for the Chairman of 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 the person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
5. Please sign this Proxy Form and return it to reach the Company's Registrars at the address shown overleaf not later than 10am on 3rd December 2014. If executed by a company, the Proxy Form should be sealed with its common seal.
6. The lodging of a Proxy Form will not prevent you from attending the Meeting and voting in person should you so wish. However, in such instances, the proxy will not be allowed to vote.
7. It is a legal requirement of the law under the Stamp Duties Act; Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any Meeting of shareholders must be clearly stamped in accordance with the Act.

SPECIAL RESOLUTIONS:

1. *"That this Meeting approves the Scheme for the proposed merger of Consolidated Breweries Plc and Nigerian Breweries Plc dated 9th October 2014, a print of which has been submitted to the Meeting and for the purposes of identification subscribed by the Chairman, and that the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission and/or the Federal High Court may deem fit to impose and approve.";*
2. *"That the entire share capital of Consolidated Breweries Plc be cancelled and that Consolidated Breweries Plc be dissolved without being wound up";*
3. *"That the Directors are hereby authorised to effect the transfer of all the assets, liabilities and undertakings, including real properties and intellectual property rights of Consolidated Breweries Plc to Nigerian Breweries Plc upon the terms and subject to the conditions set out in the scheme of merger"; and*
4. *"That the Board of Directors of Consolidated Breweries Plc. be and is hereby authorised to take all actions that are necessary to put the Scheme into effect".*

FOR		AGAINST	

Please indicate how you wish your vote to be cast on the sub-joined resolution set out above by placing an "x" in the appropriate box. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

IF YOU ARE UNABLE TO ATTEND, PLEASE:

(a) Write the name of your proxy (if any) where marked*
(b) Ensure that the form is signed by you and your proxy
(c) Return the Proxy Form to reach the address shown overleaf not less than 24 hours before the time for holding the Meeting.

Before posting the above form, please tear off this section and retain it to facilitate your admission to the meeting

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Court-Ordered Meeting to be held as follows:

DATE: 4th December 2014

TIME: 10am

VENUE: Lagoon Restaurants,
Ozumba Mbadiwe Street,
Victoria Island, Lagos

Shareholder's Name……………………..……………………………..

Address…………………….…………………..…………………………..

No of shares held…………..………………………………………..……

Signature………..…………………………………….............................

PROXY ☐ **SHAREHOLDER** ☐

THIS ADMISSION FORM IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Please affix postage stamp

Veritas Registrars Limited
89A, Ajose Adeogun Street
Victoria Island,
Lagos
Nigeria