



Nigerian Breweries Plc

RC: 613

Unaudited Condensed Interim Financial Statements

For the Three Months Ended 31st March, 2017

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CONDENSED INTERIM INCOME STATEMENT

For the three-month period ended

		31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016
		Group	Company	Group	Company
	Notes	2017	2017	2016	2016
		₦'000	₦'000	₦'000	₦'000
Revenue		91,288,698	91,288,698	77,554,948	77,554,948
Cost of Sales	5	(50,724,253)	(50,724,253)	(40,273,259)	(40,273,259)
Gross Profit		40,564,445	40,564,445	37,281,689	37,281,689
Other Income		203,251	203,251	143,570	143,570
Marketing and Distribution Expenses	5	(16,529,396)	(16,529,396)	(13,930,998)	(13,930,998)
Administrative Expenses	5	(5,036,705)	(5,035,205)	(5,500,320)	(5,499,070)
Results from operating activities		19,201,595	19,203,095	17,993,941	17,995,191
Finance income	6a	46,959	46,959	59,378	59,378
Finance costs	6b	(1,809,379)	(1,824,168)	(3,045,790)	(3,059,450)
Net Finance costs		(1,762,420)	(1,777,209)	(2,986,412)	(3,000,072)
Profit before tax		17,439,175	17,425,886	15,007,529	14,995,119
Income tax expenses	7	(5,989,923)	(5,985,670)	(4,553,019)	(4,534,146)
Profit after tax		11,449,252	11,440,216	10,454,510	10,460,973
Profit for the year attributable to:					
Owners of the Company		11,448,285	11,440,216	10,455,202	10,460,973
Non-controlling interest		967	-	(692)	-
Profit for the period		11,449,252	11,440,216	10,454,510	10,460,973
Earnings per share					
Basic Earnings per share (kobo)		144	144	132	132
Diluted earnings per share (kobo)		144	144	132	132

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three-month period ended,

	31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016
	Group	Company	Group	Company
Notes	2017	2017	2016	2016
	₦'000	₦'000	₦'000	₦'000
Profit for the period	11,449,252	11,440,216	10,454,510	10,460,973
Other comprehensive income, net of tax		-		-
Total comprehensive income for the period	11,449,252	11,440,216	10,454,510	10,460,973
Total comprehensive income for the year attributable to:				
Owners of the Company	11,449,252	11,440,216	10,454,510	10,460,973
Total comprehensive income for the period	11,449,252	11,440,216	10,454,510	10,460,973

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

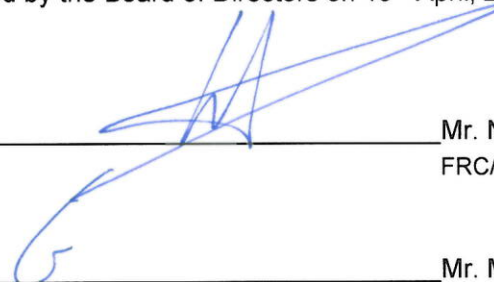
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	31st March 2017		31st December 2016	
		Group 2017 N'000	Company 2017 N'000	Group 2016 N'000	Company 2016 N'000
ASSETS					
Property, plant and equipment	8	186,765,177	186,581,427	191,181,700	190,996,700
Intangible assets and goodwill		99,114,095	99,114,095	99,477,826	99,477,826
Investments		150,000	829,625	150,000	829,625
Other receivables		740,469	740,469	623,331	623,331
Prepayments		1,070,599	1,070,599	1,154,399	1,154,399
Non-current assets		287,840,340	288,336,215	292,587,256	293,081,881
Inventories		39,287,797	39,287,797	31,244,703	31,244,703
Trade and other receivables		26,920,418	26,920,418	19,974,024	19,974,024
Prepayments		778,368	778,368	301,169	301,169
Deposit for imports		9,540,806	9,540,806	8,429,048	8,429,048
Cash and cash equivalents		6,972,744	6,971,566	12,156,432	12,155,254
Assets held for sale	9	2,453,836	2,453,836	2,453,836	2,453,836
Current assets		85,953,969	85,952,791	74,559,212	74,558,034
Total assets		373,794,309	374,289,006	367,146,468	367,639,915

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Cont'd)

	Notes	31st March 2017		31st December 2016	
		Group 2017 N'000	Company 2017 N'000	Group 2016 N'000	Company 2016 N'000
EQUITY					
Share capital		3,964,551	3,964,551	3,964,551	3,964,551
Share premium		64,950,103	64,950,103	64,950,103	64,950,103
Share based payment reserve		632,006	632,006	571,106	571,106
Retained earnings		107,791,993	107,759,998	96,343,708	96,319,782
Equity contribution reserve		-	-	-	-
Equity attributable to owners of the company	11	177,338,653	177,306,658	165,829,468	165,805,542
Non-controlling interest		85,267	-	84,300	-
Total Equity		177,423,920	177,306,658	165,913,768	165,805,542
LIABILITIES					
Loans and borrowings		6,000,000	6,000,000	17,000,000	17,000,000
Employee benefits		10,076,583	10,076,583	10,101,065	10,101,065
Deferred tax liabilities		28,526,741	28,526,741	29,876,508	29,876,508
Non-current liabilities		44,603,324	44,603,324	56,977,573	56,977,573
Bank overdraft		3,662,649	3,662,649	870,611	870,611
Current tax liabilities		26,363,384	26,324,530	19,024,168	18,989,567
Dividend payable		8,620,835	8,620,835	12,676,038	12,676,038
Trade and other payables		111,169,197	111,820,010	111,184,310	111,820,584
Provisions		1,951,000	1,951,000	500,000	500,000
Current liabilities		151,767,065	152,379,024	144,255,127	144,856,800
Total liabilities		196,370,389	196,982,348	201,232,700	201,834,373
Total equity and liabilities		373,794,309	374,289,006	367,146,468	367,639,915

Approved by the Board of Directors on 19th April, 2017 and signed on its behalf by:



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



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

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

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2017

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

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2017

Company

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

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2016

Group

	Notes	Share capital N'000	Share premium N'000	Share based Payment reserve N'000	Retained earnings N'000	Total N'000	Non-Controlling Interest N'000	Total Equity N'000
Balance at 1 st January 2016		3,964,551	64,950,103	365,702	102,959,007	172,239,363	82,140	172,321,503
Profit for the period		-	-	-	10,455,202	10,455,202	(692)	10,454,510
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	10,455,202	10,455,202	(692)	10,454,510
Transaction with owners, recorded directly in equity								
<i>Contributions and distributions</i>								
Equity contribution reserve								
Issue of Ordinary shares								
Share based payment charge				67,500		67,500		67,500
Share based payment recharge								
Dividends								
Unclaimed dividends written back								
Total contributions and distributions		-	-	67,500	-	67,500	-	67,500
Changes in ownership interest								
Acquisition of subsidiary								
Total transactions with owners of the company		3,964,551	64,950,103	433,202	113,414,209	182,762,065	81,448	182,843,513
Balance as at 31st March, 2016		3,964,551	64,950,103	433,202	113,414,209	182,762,065	81,448	182,843,513

Condensed interim statement of changes in equity

For the three-month period ended 31 March, 2016

Company

	Notes	Share capital N'000	Share premium N'000	Share based Payment reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 st January 2016		3,964,551	64,950,103	365,702	102,953,109	172,233,465
Profit for the period		-	-	-	10,460,973	10,460,973
Other comprehensive income for the period						
Total comprehensive income for the period		-	-	-	10,460,973	10,460,973
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Equity contribution reserve						-
Issue of Ordinary shares						-
Share based payment charge				67,500		67,500
Share based payment recharge						
Dividends						
Unclaimed dividends written back						
Total contributions and distributions		-	-	67,500	-	67,500
Changes in ownership interest						
Acquisition of subsidiary						
Total transactions with owners of the company						
Balance as at 31 st March, 2016		3,964,551	64,950,103	433,202	113,414,082	182,761,938

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended

Notes	Group	Company	Group	Company
	31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Profit for the period	11,449,252	11,440,216	10,454,510	10,460,973
Adjustments for:				
Depreciation	10,282,537	10,281,287	6,684,181	6,682,932
Amortization of intangible assets	369,804	369,804	362,820	362,820
Finance income	(46,959)	(46,959)	(59,378)	(59,378)
Interest expenses	949,475	964,264	761,700	775,360
Gratuity, employee benefit and share based payment charges	461,160	461,160	525,600	525,600
(Gain)/loss on sale of property, plant and equipment	11,924	11,924	(51,052)	(51,052)
Income tax expense	5,989,924	5,985,670	4,553,018	4,534,145
	29,467,117	29,467,366	23,231,399	23,231,400
Changes in:				
Inventories	(8,043,094)	(8,043,094)	1,510,583	1,510,583
Trade and other receivables	(7,063,532)	(7,063,532)	(8,468,173)	(8,468,173)
Prepayments	(393,399)	(393,399)	(501,371)	(501,371)
Trade and other payables	2,271,068	2,285,608	471,218	484,877
Changes in Provisions	1,451,000	1,451,000	-	-
Deposit for imports	(1,111,758)	(1,111,758)	(1,559,570)	(1,559,570)
Cash generated from operating activities	16,577,402	16,592,191	14,684,086	14,697,746
Income tax paid	(474)	(474)	(411,315)	(411,315)
Gratuity paid	(169,605)	(169,605)	(330,345)	(330,345)
Long service awards paid	(255,137)	(255,137)	(170,750)	(170,750)
VAT paid*	(2,328,485)	(2,328,485)	(3,157,108)	(3,157,108)
Net cash from operating activities	13,823,701	13,838,490	10,614,568	10,628,228
Cash flows from investing activities				
Finance income	46,959	46,959	59,378	59,378
Proceeds from sale of property, plant and equipment	19,971	19,971	60,238	60,238
Acquisition of property, plant and equipment	(5,903,980)	(5,903,980)	(3,798,252)	(3,798,252)
Acquisition of intangible assets	-	-	(1,997)	(1,997)
Net cash used in investing activities	(5,837,050)	(5,837,050)	(3,680,633)	(3,680,633)
Cash flows from financing activities				
Proceeds from loans and borrowings	-	-	-	-
Repayment of loans and borrowings	(11,000,000)	(11,000,000)	-	-
Interest paid	(907,174)	(921,963)	(113,713)	(127,373)
Dividends paid	(4,055,203)	(4,055,203)	(679,259)	(679,259)
Net cash used in financing activities	(15,962,377)	(15,977,166)	(792,972)	(806,632)
Net (decrease)/increase in cash and cash equivalents	(7,975,726)	(7,975,726)	6,140,963	6,140,963
Cash and cash equivalents at 1 st January	11,285,821	11,284,643	(14,108,097)	(14,109,275)
Cash and cash equivalents at 31st March	3,310,095	3,308,917	(7,967,134)	(7,968,312)
Represented by:				
Cash balance	6,972,744	6,971,566	9,864,642	9,863,464
Bank Overdraft and Commercial Papers	(3,662,649)	(3,662,649)	(17,831,776)	(17,831,776)
	3,310,095	3,308,917	(7,967,134)	(7,968,312)

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

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

Notes to the condensed interim financial statements

1. REPORTING ENTITY

Nigerian Breweries Plc, a public Company quoted on The Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. a company domiciled in the Netherlands, the latter having approximately 55% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1, Abebe Village Road, Iganmu, Lagos. The condensed interim financial statements of the Company as at and for the three-months period ended 31st March 2017 comprise the Company and its subsidiaries.

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

2. BASIS OF PREPARATION

a. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2016.

These condensed interim financial statements were approved by the Board of Directors of the Company on April 19, 2017.

b. Functional and presentation currency

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

c. Use of estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31st December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

a. General

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31st December 2016.

b. Income tax

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

4. SEASONALITY

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

5. ANALYSIS OF EXPENSES BY NATURE

For the three -month period ended 31st March

	Group 2017 N'000	Company 2017 N'000	Group 2016 N'000	Company 2016 N'000
Raw materials and consumables	30,186,671	30,186,671	24,563,500	24,563,500
Advertising and sales expenses	4,936,161	4,936,161	4,676,744	4,676,744
Depreciation	10,282,537	10,281,287	6,632,117	6,630,867
Amortization	369,804	369,804	414,886	414,886
Employee benefits	10,863,695	10,863,695	9,066,313	9,066,313
Distribution	7,283,909	7,283,909	5,825,855	5,825,855
Repairs and Maintenance	3,153,198	3,153,198	3,199,856	3,199,856
Royalty and technical service fees	2,872,273	2,872,273	2,680,090	2,680,090
Others	2,342,106	2,341,856	2,645,216	2,645,216
Total cost of sales, marketing & distribution and administration expenses	72,290,354	72,288,854	59,704,577	59,703,327

In the Cost of Sales, ₦2.571 billion (2015: 0) has been recognized for royalties and licenses for three (3) contracts subject to NOTAP approval. The total accrual subject to NOTAP approval amounts to ₦2.571 billion (2015: 0). The earlier received NOTAP certification expired as per December 2016. Nigerian Breweries has requested for re-approval and renewal of the certificates as per 20th December 2016. Nigerian Breweries sought and obtained a waiver to accrue for the expired certificates.

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

Net finance income and expenses for the three-months period ended 31st March 2017 amounted to ₦1.8billion (three-months period ended 31st March 2016: ₦3.0billion) mainly driven by lower interest expense and lower exchange rate losses.

a. Finance income

Interest income for the three-month period ended 31st March 2017 amounted to ₦47 million (three-month period ended 31st March 2016: ₦59 million).

b. Finance expense

Interest expenses for the three-month period ended 31st March 2017 amounted to ₦964 million (three-months ended 31st March 2016: ₦775 million expenses).

Other net finance expenses for the three-months period ended 31st March 2017 amounted to ₦860 million (three-months ended 31st March 2016: ₦2 billion expenses). The interest expenses on the net pension liability for the period ended 31st March 2017 amounted to ₦277 million (three-month period ended 31st March 2016: ₦263 million).

7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the three-months period ended 31st March 2017 was 30.2 per cent (for the three-months period ended 31st March 2016: 30.2 per cent).

8. PROPERTY PLANT AND EQUIPMENT

Acquisitions

During the three-months period ended 31st March 2017 the Company acquired, plant and equipment with a cost of ₦5.9 billion (three-month period ended 31st March 2016: ₦3.8 billion).

Capital commitments

As at 31st March 2017, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦18.2 billion (31st March 2016: ₦16.3 billion).

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31st December 2016.

11. EQUITY

Reserves

The reserves in total N173.3 billion (31st December 2016: N161.2 billion) consist of share premium, share-based payment reserve, equity contribution reserve and retained earnings.

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

	2017	2016
1st January		
Weighted average number of shares	7,929,100,888	7,929,100,888
31st March		
Weighted average number of shares	<u>7,929,100,888</u>	<u>7,929,100,888</u>

12. NET INTEREST-BEARING DEBT POSITION

	Group 31st March 2017 N'000	Company 31st March 2017 N'000	Group 31st December 2016 N'000	Company 31st December 2016 N'000
Bank overdrafts	1,632,033	1,632,033	870,611	870,611
Commercial Paper	2,030,616	2,030,616	-	-
Cash, cash equivalents and current	6,972,744	6,971,566	12,156,432	12,155,254
Other investments	-	-	-	-
Net interest-bearing debt position	<u>10,635,393</u>	<u>10,634,215</u>	<u>13,027,043</u>	<u>13,025,865</u>

The change in interest-bearing debt position of N2.4 billion is occasioned by increase in short-term financing and decreased cash position during Q1, 2017.

13. CONTINGENCIES

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

14. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first three-months period ended 31st March 2017 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2016.

15. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31st March 2017 that have not been adequately provided for or disclosed in these condensed interim financial statements.