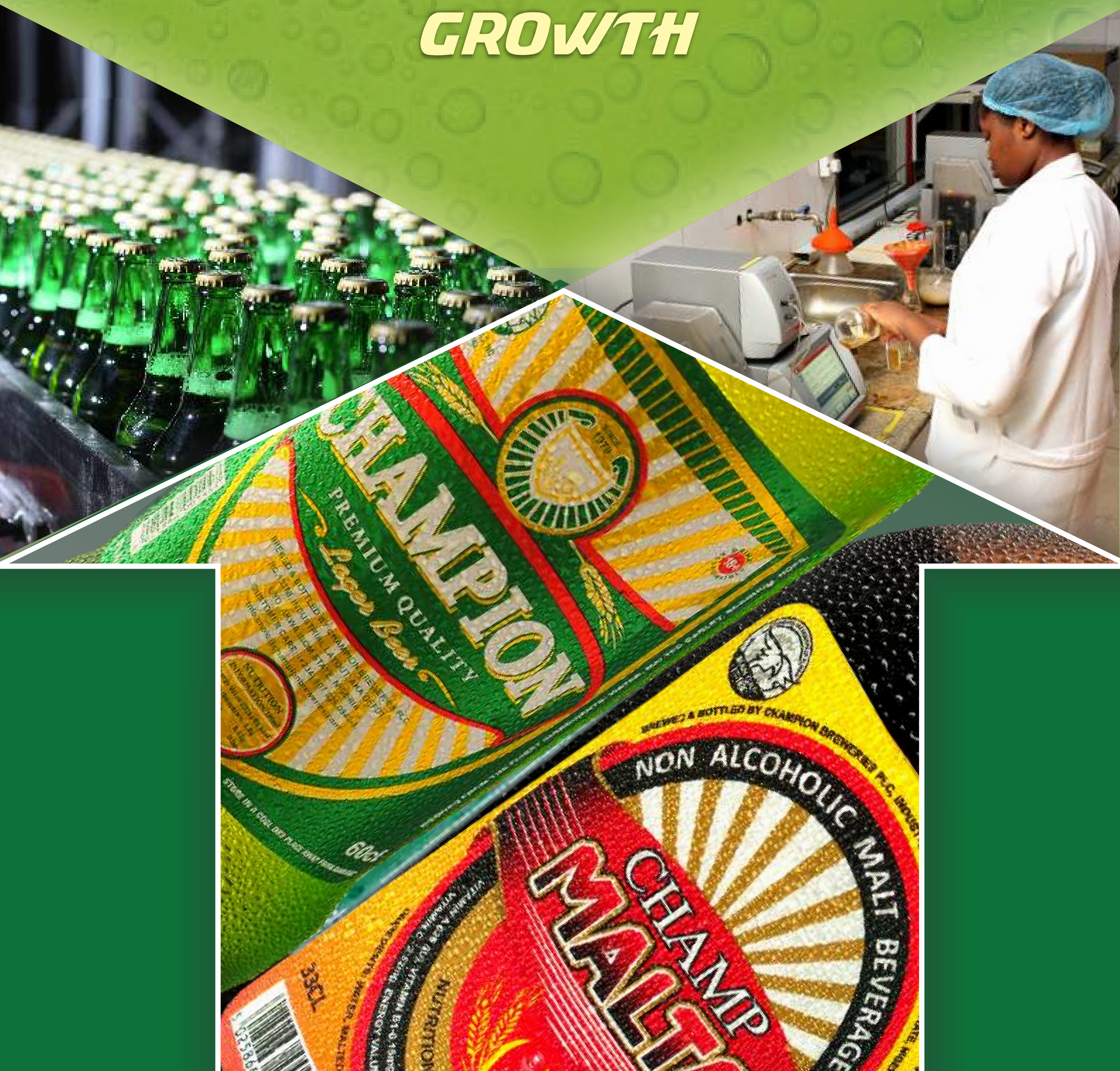
Champion Breweries Plc

RC:13388

2017 Annual Report

BUILDING SUSTAINABLE GROWTH



We Are CHAMPION

Champion Breweries Plc incorporated on 31st of July, 1974 strive to maintain and sustain rigorous production standards through the deployment of cutting edge technology and the application of human capital.

Since the launch of our brands in 1976, we have been guided by the sterling values of safety, quality, discipline, people development and team spirit to deliver to our consumers premium quality brands for responsible enjoyment.

While ownership structure has changed over the years, Champion Breweries Plc is today under the technical supervision of its controlling shareholders, a global beverage giant Heineken NV, and this has put the Company in a stead to even surpass every previous achievements on sales, consumer satisfaction and community engagement.

Inside this year's report

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Champion Strides

Other Information

Winner, Monde Selection Silver Medal for quality at the 6th World Selection for Beers and Non-Alcoholic Beverages in Luxemburg.

Further information online at:
www.championbreweries.com

– Download the Annual Report
– Find out about CHAMPION's history
– Explore our brands
– Read more about our sustainability efforts

Follow us on Twitter for news and updates:@CHAMPION.NG

Corporate Information

Date of Incorporation:	31 July 1974
Registration Number:	RC 13388
Company's Website	www.championbreweries.com
Registered Office:	Industrial layout, Aka Offot, PMB 1106 Uyo Akwa Ibom State Nigeria
Directors:	Dr. Elijah Akpan – Chairman Mr. Patrick Ejidoh – Managing Director Mr. Adegbemi Adeboye Mr. Olufunminiyi Alabi Mr. Samson Aigbedo Mr. Marinus Gabriels (Dutch) Mr. Samuel Onukwue Alhaji Shuaibu Ottan Mr. Thompson Owoka Mr. Hendrik van Rooijen (Dutch) Mrs. Helen Umanah
Company Secretary:	Chief Tosan Atle Aiboni
Independent Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos www.kpmg.com/ng
Registrars:	African Prudential Registrars Plc 220B, Ikorodu Road Palmgrove, Lagos Nigeria info@africaprudentialregistrars.com
Bankers:	First City Monument Bank Plc Guaranty Trust Bank Plc Stanbic IBTC Bank Limited Zenith Bank Plc

Company profile

Champion Breweries Plc the "Company", was incorporated as a private limited liability Company in Cross-River State in the year 1974 with the name South East Breweries Limited. This was changed to Cross River Breweries Limited and thereafter to Champion Breweries Limited.

The Company became a public limited liability company and was known as "Champion Breweries Plc" on the 1st of September 1992 and was listed on the Nigerian Stock Exchange on September 1, 1993.

In December 1976, "Champion Lager beer" was officially commissioned and successfully launched into the market. Production capacity was increased from 150,000 to 500,000 hectolitres which led to the official commissioning of the second production line in December 1979.

With high quality and good market performance, Champion Lager Beer and Champ Malta won several awards which was not limited to the Silver Medal at an international contest in Paris, International Medal for Quality at the 16th World Selection for Beers and non-alcoholic beverages in Luxemburg, Pearl highest Share Price Appreciation in the Nigerian Stock market in 2002, NIS Silver Award in 2005 and NIS Gold Award in 2006 and such other awards won till date.

The Company embarked on a third expansion plan which gulped substantial resources and could not be recouped by the business. The non-completion of the expansion projects with lack of working capital and inadequate maintenance of the




Company profile (continued)

"Champion Breweries Plc still maintains its high quality Champion Lager Beer brand and remains a pride to the people of Akwa Ibom and neighboring states within the South-South region of Nigeria.

Plants, forced the Company to close its doors for business for 11 years from 1990.

The re-activated Brewery was officially commissioned in October 2001. In addition, the Company successfully held an Extra-Ordinary General Meeting of its Shareholders during which Approval was given for the authorized Share Capital of the Company to be increased from ₦26 million to ₦450 million.

In January 2011, Heineken acquired an indirect interest in the Company through its acquisition of Messrs. Montgomery Ventures Incorporated (MVI) of Panama. On 28 December 2011, Consolidated Breweries acquired a 57% equity stake in Champion Breweries which was previously held by Montgomery Ventures Inc. (Panama). In December 2013, the Securities and Exchange Commission approved the sale of Consolidated Breweries holding in the Company to The Raysun Nigeria Limited "Raysun", a wholly owned subsidiary of Heineken, via a Scheme of Arrangement. The sale was concluded in December 2013. As a result, Raysun now holds a 60.5% equity stake in the Company. Raysun was incorporated in February 2010 as a holding company for Heineken's Nigerian entities.

With the drive to re-capitalize the Company as well as pay-off her debts, the shareholders approved an increase in the Company's authorized share capital to ₦4.5 Billion in 2014. This provided the opportunity to embark on a Rights Issue for all shareholders and commence the process of a Private Placement for some identified shareholders (The Raysun Nigeria Limited and Akwa Ibom Investment Corporation) in 2014. The successful conclusion of the Rights Issue led to the Company raising the sum of Thirteen Billion, Seven Hundred Million Naira (₦13,700,000,000.00) to pay her pending debts. The Company is also taking steps in undergoing a capital reduction for the purpose of settling her accumulated debt of over 8 billion Naira.

Champion Breweries has consistently operated with a blend of local content and international best practices and standards. This has resulted in the Company achieving an operational profit in her 2014 results. The Company has become debt-free, attractive to credit and positioned for sustainable growth forthwith.

Champion Breweries Plc still maintains its high quality Champion Lager Beer brand and remains a pride to the people of Akwa Ibom and neighboring states within the South-South region of Nigeria. Champ Malta was also re-introduced into the market in 2015 to increase the Company's brand portfolio and overall volumes. With the relaunching of the Champion Lager Beer brand in a premium bottle and the labels of its other brand portfolio, it is expected that the volumes would increase substantially.

Financial highlights

FOR THE YEAR ENDED 31ST DECEMBER 2017

Our performance in 2017 reflects the successful execution of our strategy, as well as the relevance of our unique diversified footprint and premium brand portfolio, led by Champion Lager Beer

Revenue
(in millions of NAIRA)

₦4,777,313m

2017	4,777,313
2016	3,864,943

Difference 24%

Other comprehensive loss net of tax
(in millions of NAIRA)

(₦52,962m)

2017	(52,962)
2016	18,834

Difference (381)%

Operating profit
(in millions of NAIRA)

₦595,189m

2017	595,189
2016	617,634

Difference (4)%

Total comprehensive income for the year
(in millions of NAIRA)

₦464,600m

2017	464,600
2016	549,223

Difference (15)%

Profit before tax
(in millions of NAIRA)

₦603,173m

2017	603,173
2016	637,300

Difference (5)%

Stock Exchange Information:
Stock Exchange quotation in NAIRA per share

₦2.45

2017	
2016	2.45

Income tax expense
(in millions of NAIRA)

(₦85,611m)

2017	(85,611)
2016	(106,911)

Difference 20%

Number of shares issued (in millions)

₦7,830

2017	7,830
2016	7,830

Profit
(in millions of NAIRA)

(₦517,562m)

2017	517,562
2016	530,389

Difference 2%

Market capitalization (in millions)

₦19,184

2017	
2016	19,184

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of Champion Breweries PLC will be held on Thursday , July 26, 2018 at the Lagoon Restaurants, 1C Ozumba Mbadiwe Street, Victoria Island, Lagos at 12.00 noon to:

A. ORDINARY BUSINESS

1. Lay before members, the audited financial statements for the year ended December 31, 2017 and the Directors', Auditor's and Audit Committee's Reports thereon.
2. Elect/re-elect Directors as may be applicable.
3. Authorize the Directors to fix the remuneration of the Auditors.
4. Elect/re-elect shareholders' representatives on the Audit Committee.

B SPECIAL BUSINESS

1. To consider and if thought fit, to pass the following subjoined Resolutions which shall be proposed as a Special Resolution of the Company:

1.1 "That the balance of ₦8,574,679,000 (Eight Billion, Five Hundred and Seventy Four Million, Six Hundred and Seventy Nine Thousand Naira) in the Company's Accumulated Losses Account as at 31st December 2017 be transferred to the Company's Capital Reduction Account (CRA);

That pursuant to Section 106 of the Companies and Allied Matters Act, the share premium account be reduced by an amount equal to the balance of ₦8,574,679,000 (Eight Billion, Five Hundred and Seventy Four Million, Six Hundred and Seventy Nine Thousand Naira) in the CRA by writing off the losses of the Company in the CRA equivalent to this reduction of the share premium account;

1.2 "That the Directors of the Company be authorised to appoint all relevant professionals to effect the Capital Reduction of the Company;

1.3 That the Directors of the Company be and are hereby authorized to take such incidental, consequential, remedial and supplemental actions as may be necessary or required to effect the foregoing resolutions.

2. To consider, if thought fit, to pass the following Resolution as an ordinary Resolution of the Company:

"That, pursuant to Rule 20.8 of the Rulebook of the Nigerian Stock Exchange 2015: Issuers Rules general mandate be and is hereby given to the Company authorizing the Company during the 2018 financial year and up to the date of the next Annual General Meeting, to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2018 prior to the date of this meeting are hereby ratified."

NOTE:

1. PROXIES

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a show of hands. A Proxy need not be a member of the Company. A form for proxy is supplied with the notices circulated to members and if it is to be valid for the purpose of the meeting, it must be duly completed, stamped and deposited at the office of the Registrars to Champion Breweries Plc, Africa Prudential Registrars Plc, 220 B, Ikorodu Road, Palmgrove, Lagos not less than 48 hours before the time of the meeting.

2. APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE

Any member of the Company may nominate a Shareholder as a member of the Audit Committee of the Company by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

3. CLOSURE OF REGISTER

The Register of Members shall be closed on Wednesday, April 4, 2018 for the purpose of updating the Register.

4. RIGHT TO ASK QUESTIONS

In line with Rule 19.12, The Rule Book of The Exchange, 2015, Part II, Issuers' Rules. Shareholders of the Company have the right to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. Written questions must be submitted to the Company Secretary, at least 48 hours days before the Annual General Meeting at Industrial Layout, Aka Offot, Uyo, Akwa Ibom State, Nigeria or by email at info@championbreweries.com

Dated May 8, 2018.

By Order of the Board

Tosan Atle Aiboni
Company Secretary/Legal Adviser
FRC/2014/NBA/00000006228
Registered Office:
Industrial Layout,
Aka Offot, Uyo,
Akwa Ibom State.

Chairman's Statement

Distinguished shareholders, members of the Board of Directors, invited guests, ladies and gentlemen. It is with great delight that I welcome you to the 42nd Annual General Meeting of our Company, Champion Breweries Plc.

Whilst I review the business environment under which we as a Company have operated, It is with excitement that I inform you that Champion breweries has remained on the path of profitability, and taking deliberate steps towards ensuring its long term growth.

The Business Environment in 2017

The early part of the year 2017 maintained the tough macro-economic outlook that characterised year 2016. There was a heightened foreign exchange crises as the Naira was under intense pressure which saw to its decline to an all-time low. The first quarter of 2017, was worsened by the low crude oil prices which as we know is Nigeria's major source of revenue. Crude oil continued to drop as the country was confronted with decline in oil production due to frequent shut-ins and shut-down of trunklines at various oil terminals, which also contributed to the drop in revenue.

However the second quarter also saw the country exiting a biting economic recession as well as the introduction of an Investors' and Exporters' (I & E) foreign exchange window which made it easy for investors to trade the greenback. There was marginal growth of 0.55% in the second quarter and another growth of 1.4% in the third quarter. The growth recorded in the third quarter of 2017 was 3.74 per cent points higher than the rate recorded in the corresponding quarter of 2016 (-2.34%) and higher by 0.68 per cent points from the rate recorded in the preceding quarter.

Nigeria's external reserves grew by $13.73 billion in 2017, from $26.09 billion as of January 3, to $39.82 billion presently. The accretion was driven by increased portfolio inflows, rising in crude revenue as well as the success of the country's Eurobond offerings.

Inflation rate maintained on a downward slide in 2017, due to the gradual recovery of the Nigerian economy. As at November, for the 10th consecutive month, inflation rate continued a downward trajectory, recording a marginal decline to 15.90 per cent, as against the 18.72 per cent it was as at January 2017. The National Bureau of Statistics (NBS) had explained that the Consumer Price Index (CPI), which measures inflation increased by 15.90 per cent (year-on-year) in November, 0.01 percentage points lower than the rate recorded in October (15.91) per cent.

Apart from the improvement in liquidity in the foreign exchange market, another major factor that led to improvement of the economic outlook was the commitment of the Government to the ease of doing business initiatives. The National Bureau of Statistics, reported that $12.2 billion of foreign (capital) investment came into the country in 2017, an increase of 138% over the $5.4 billion in 2016. The annual GDP growth for 2017 was a positive 0.8% compared to the contraction of -1.58% in 2016.

It is important to appreciate the government's deliberate sundry steps taken in the year 2017 seeing the nation exit the hostile economic recession.

Operating Results And Performance

The Company was able to record significant improvement in its results. Revenue significantly increased to ₦4.8Billion (previous year ₦3.9 Billion), while operating profit dropped from ₦618 million to ₦595 million. The profit before Tax was ₦603 million (previous year profit was ₦637 million).

Board Matters

The Board has continued to work together in ensuring compliance with the provisions of good Corporate Governance and such related statutory provisions.

There has been no major change in the structure of the Board during the year under review, as there has been no addition to the Board nor did any of the Directors resign their appointment.

The Directors retiring by rotation in accordance with the Company's Articles of Association and Section 259 of the Companies and Allied

Dr. Elijah W. Akpan
Chairman

Matters Act Cap C.20 Laws of the Federation of Nigeria 2004 are Messrs. Henk Van Rooijen, Thompson S.B. Owoka and Mrs. Helen Umanah who being eligible, have offered themselves for re-election.

Future Outlook

The International Monetary Fund (IMF) has predicted that Nigeria's economy is projected to accelerate to 2.1 per cent this year, up from the 0.8 per cent in 2017, riding on the back of exit from its worst recession in over two decades. This has been attributed to the country's growth acceleration to "improved oil prices, revenue, and production, and recently introduced foreign exchange measures that contributes to better foreign exchange availability.

Nigeria's Gross Domestic Product (GDP) as predicted by the World Bank Global Economic Prospects report is expected to grow by 2.8 per cent in 2019 and 2020, while the forecast shows that global economic growth will go up to 3.1 per cent in the year 2018.

It is expected that 2018 would experience an increased crude oil production and sale due to security improvement compared to the year under review. This would also lead to a more stable foreign exchange position thereby attracting capital importation for investments and development.

However the Board and management have also taken due cognizance of the several global mergers and acquisitions leading to new entrees of highly competitive brands into the market. Whilst the year under review has recorded these significant influx of new global players into the industry, the Company has continued to position itself to remain profitable in the increasingly competitive market.

The Board and Management have also commenced exploring effective strategies that will put the Company in a position to increase the stock value and eventually leading to the pay-out of dividends to shareholders.

Relentless, we remain in achieving the growth, development and success of our Company in the incoming financial year.

Conclusion

My dear shareholders, what more can the Board say but acknowledge your confidence, trust and unflinching support to the Board, Management and employees of the Company. Your confidence and patience in your investment will surely be positively rewarded in the most practicable future.

The Board also uses this opportunity to thank management/technical partners, core/majority investors, for the deployment of improved technology, marketing standards and best practices in which the Company operates presently. We also thank our host Government, Akwa Ibom State, for the provision of a business-conducive environment to operate. We remain grateful to you our esteemed shareholders and other stakeholders for being there.

Thank you and God Bless.

Dr. Elijah Akpan
Chairman
FRC/2017/IODN/00000016127

Directors' Report

For the year ended 31 December 2017

The Directors are pleased to present the annual report of Champion Breweries Plc ("the Company"), together with the independent auditor's report for the year ended 31 December 2017.

Legal Form and Principal Activity

The Company was incorporated in Nigeria as a limited liability company on 31 July 1974 and was later converted to a public limited liability company on 1 September 1992. The Company's principal activities continue to be brewing and packaging of *Champion Lager Beer* and *Champ Malta* as well as the provision of contract brewing services to Nigerian Breweries Plc, a related party within the Heineken group.

Operating Results

The following is a summary of the Company's operating results:

	2017 ₦'000	2016 ₦'000
Revenue	4,777,313	3,864,943
Operating profit	595,189	617,634
Profit before tax	603,173	637,300
Income tax expense	(85,611)	(106,911)
Profit	517,562	530,389
Other comprehensive income, net of tax	(52,962)	18,834
Total comprehensive income	464,600	549,223

Dividend

The Directors did not recommend any dividend during the year (2016: Nil).

Board of Directors

The Directors are responsible for oversight of the business, long-term strategy and objectives, and oversight of the Company's risks. The Directors are also responsible for evaluating and directing the implementation of the Company's controls and procedures including, in particular, maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets.

Directors and their Interests

The names of directors who held office during the year as well as their interest in the issued shares of the Company as recorded in the Register of Members and/or notified by the Directors in compliance with Section 275 of the Companies and Allied Matters Act of Nigeria, Cap C.20, Laws of Federation of Nigeria, 2004 were as follows:

	2017	2016
	Number of Ordinary Shares	
Dr. Elijah Akpan (Chairman)**	-	-
Mr. Patrick Ejidoh (Managing Director)*	-	-
Mr. Marinus Gabriels (Dutch)**	-	-
Mr. Adegbemi Adeboye **	-	-
Mr. Hendrik van Rooijen (Dutch)**	-	-
Mr. Thompson Owoka**	500,000	500,000
Alhaji Shuaibu Ottan**	-	-
Mr. Olufunminiyi Alabi**	-	-
Mr. Samuel Onukwue**	-	-
Mr. Samson Aigbedo**	-	-
Mrs. Helen Umanah**	8,110	8,110

*Executive Director
** Non-executive Director

In accordance with Section 277 of the Companies and Allied Matters Act Cap C.20 Laws of the Federation of Nigeria, 2004, none of the Directors notified the Company of any declarable interest in any contract in which the Company was involved during the year under review (2016: Nil).

Analysis of Shareholding

As at prior and current reporting dates, the Company's ordinary shares were held as follows:

	%	Ordinary shares of 50k each Number	Share capital ₦ '000
The Raysun Nigeria Limited	60.5	4,740,007	2,370,004
Assets Management Nominee	12.3	961,864	480,932
Akwa Ibom State Government	10.0	782,968	391,484
Other shareholders	17.2	1,344,657	672,328
	100.0	**7,829,496**	**3,914,748**

In other to comply with the free float requirement of the Nigerian Stock Exchange, the Board of Directors have initiated necessary steps as at reporting date to ensure that a minimum of 20% of the Company's issued shares are held by public investors.

Property, Plant and Equipment

Information relating to movement in property, plant and equipment during the year is disclosed in Note 12 to the financial statements.

Donations and sponsorship

The Company gave donations and provided sponsorship during the year as follows:

	2017 ₦’000	2016 ₦’000
Scholarship to indigenes of host community	2,400	1,200
	2,400	**1,200**

In accordance with Section 38(2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2016: Nil).

Business Review and Future Development

The Company intends to continue the fulfilment of its objectives as indicated in its Memorandum and Articles of Association.

Corporate Governance

The Directors are committed to ensuring that best practices in corporate governance are adopted in all areas of the Company's business. The Company's policies on corporate governance are continually reviewed with focus on high ethical standards of transparency, integrity, accountability and honesty. The Board continues to formulate policies aimed at creating a well-positioned Company that is keen on constantly harmonising the interests of various stakeholders to the business.

Code of Business Conduct

The Company has in place a Code of Business Conduct ('the Code') which provides guidance to all its users on the importance of high ethical values in sustainable business growth. The Code is subscribed to by all members of the Board of Directors and all employees of the Company.

Distribution of Company's Products

The Company's products are sold by distributors within the country. The list containing names of such distributors is available at the Commercial Department of the Company.

Employment and Employees

(a) Employment of physically-challenged persons

It is the policy of the Company that there should be no discrimination in considering applications for employment, including those from physically-challenged persons. All employees whether or not physically-challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. There were no physically-challenged person in employment as at reporting date (2016: Nil).

(b) Employee training and consultation:

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and seeking employees' views when necessary.

In-house and external training and development programmes are organised for employees to meet the Company's growth strategy.

The Company continues to place premium on its Human Capital Development arising from the fact that this would ensure improved efficiency of the business and maintain strategic advantage over competition.

(c) Health, safety at work and welfare of employees
The Company maintains a clinic within the brewery which provide medical services to employees. Severe medical conditions are referred to designated hospitals whose services are retained by the Company through its health management organisation. Such hospitals are located in areas within the convenient reach of employees.

Safety rules and tips are displayed throughout the Company's brewery and employees are required to fully comply with these rules.

Independent Auditors

KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as Independent Auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C.20, Laws of Federation of Nigeria, 2004 therefore, the independent auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

By Order of the Board

Chief Tosan Atle Aiboni
Company Secretary
FRC/2014/NBA/00000006228
6 March 2018

Board of Directors

Corporate Governance Report (continued)

1	Dr. Elijah W. Akpan - *Chairman*	7	Alhaji Shuaibu A. Ottan - *Director*
2	Mr. Patrick A. Ejidoh - *Managing Director*	8	Mr. Hendrik van Rooijen - *Director*
3	Mr. Adeboye I. Adegbemi - *Director*	9	Mr. Samson E. Aigbedo - *Director*
4	Mr. Olufunminiyi Alabi - *Director*	10	Mr Samuel O. Onukwue - *Director*
5	Mr. Thompson S. B. Owoka - *Director*	11	Mrs Helen A. Umanah - *Director*
6	Mr. M. J. A. Gabriels - *Director*	12	Chief Tosan Atle Aiboni - *Secretary*

Board of Directors' Profile

Dr. Elijah W. Akpan

is the Chairman of Champion Breweries Plc. He holds a Pharm. D (Doctor of Pharmacy) degree from the University of Southern California (1993). He joined the Board of Champion Breweries in October 2015 sequel to his appointment as Chairman of Akwa Ibom Investment Corporation.

He currently serves on several Boards representing the interest of Akwa Ibom State Government.

Mr. Patrick A. Ejidoh

was appointed as a Director and the Managing Director of Champion Breweries Plc in 2016. He holds a Higher National Diploma in Marketing from The Federal Polytechnic, Auchi and a Master of Business Administration (MBA) from the University of Uyo (1984 and 2005 respectively). He joined Nigerian Breweries Plc in 1987 and has served in various capacities within the Sales and Corporate Affairs Departments of Nigerian Breweries Plc since 1987.

Prior to joining the Company, he was the Public Affairs Manager, East Nigerian Breweries Plc.

Mr. Adeboye I. Adegbemi

is a Non-Executive Director of Champion Breweries Plc. He holds a Higher National Diploma in Banking & Finance from The Polytechnic, Ibadan (1988). He is a member of various professional bodies which includes Chartered Institute of Bankers of Nigeria, Institute of Chartered Accountants of Nigeria, Certified Pension Institute of Nigeria and the Chartered Institute of Stockbrokers of Nigeria. His areas of expertise include Investment Banking, Financial Reporting, Strategic Business Management and Corporate Financial Affairs.

Mr. Adegbemi began his work life in 1998 at Greenwich Trust Limited (where he rose to position of Head of Accounts & Investment) and joined GTI Capital Limited in 2006 where he has risen to his current position as Finance Director.

Mr. Olufunminiyi Alabi

is a Non- Executive Director of Champion Breweries Plc. He possesses a Bachelors degree in Food Technology from the University of Ibadan (1981).

Mr. Alabi has over 32 years experience in Human Resource Management, mostly in multinational companies. He commenced his Human Resources career in 1982 at the Industrial Training Fund as Training Development Officer, further worked in various capacities at FrieslandCampina WAMCO Nigeria Plc and Nigerian Breweries Plc. He is currently the Head, Business Partner – HQ/Employee Relations of Nigerian Breweries Plc.

He joined the Board of Champion Breweries Plc in 2016.

Mr. Thompson S. B. Owoka

is a Non-Executive Director of Champion Breweries Plc. He holds a Higher National Diploma in Accountancy from Yaba College of Technology, Lagos (1986) and is a Fellow of the Institute of Chartered Accountant of Nigeria (ACA 1989 and FCA 1999).

Mr. Owoka retired as a Public Affairs Manager of Nigerian Breweries in 2015. He was the Acting Managing Director of Champion Breweries and Executive Director of Sona Breweries and currently seats on numerous Boards which includes SuperBru Ltd, Jos International Breweries and West African Glass Industries Plc, Convenant University e.t.c.

He joined the Board of Champion Breweries Plc in 2000.

Mr. Marinus J. A. Gabriels

is a Non-Executive Director of Champion Breweries Plc. He holds a Bachelors degree in Accountancy (HEAO-RA) in 1985. He started his career in Finance & Procurement roles within the Shell Group and rose to the SAP Continuous Business Improvement Manager in Shell Petroleum Development Company – Nigeria (JV) in 2005. He joined the Heineken Group in 2010 and is presently the Strategic Business Controller in Nigerian Breweries Plc.

He joined the Board of Champion Breweries Plc in March 2015.

Alhaji Shuaibu A. Ottan

is a Non-Executive Director of Champion Breweries Plc. He holds a Bachelors degree in Economics from Ahmadu Bello University, Zaria (1980). His work experiences includes Commercial Officer, Kwara Ministry of Commerce and Industry and the Nigerian Industrial Development Bank Limited (now Bank of Industry) where he worked for 31 years before his retirement in June 2013. Alhaji Ottan currently proffers the services of consulting in Project Management, Fund Sourcing and Advisory as the Chief Executive of First Fiducia Projects Limited.

He joined the Board of Champion Breweries Plc on 14 February 1998.

Mr. Hendrik van Rooijen

is a Non-Executive Director of Champion Breweries Plc. He holds a degree in Mechanical Engineering and Management Science from University of Twente, Enschede, The Netherlands in 1980 and a Master of Business Administration from the University of Rochester, New York, United States of America and Erasmus University, Rotterdam, The Netherlands in 1994. He started his working career as an Officer in the Dutch Army, Department of Transport, The Hague. He further progressed into various logistics positions, in the Netherlands and abroad within the Heineken Group and is currently the Director of Logistics of Nigeria Breweries Plc.

He joined the Board of Champion Breweries in March 2015.

Board of Directors' profile (continued)

Mr. Samson E. Aigbedo

is a Non-Executive Director of Champion Breweries Plc. He holds a Bachelors degree in Biochemistry from the University of Ilorin, Nigeria (1981). He joined Heineken in 1982 in the Technological and Production Department, where he held several roles with increasing responsibility within the supply chain division. He joined the Board of Champion Breweries Plc in December 2015.

Mr. Samuel O. Onukwue

is a Non-Executive Director of Champion Breweries Plc. He holds a Higher National Diploma in Accountancy from Yaba College of Technology, Lagos (1984), an MBA in Banking and Finance from the University of Lagos (1994) and an MSc in Corporate Governance from Leeds Metropolitan University, UK (2007). He is also a Fellow of the Institute of Chartered Accountant of Nigeria (2000).

Mr. Onukwue has extensive work experience in banking and financial services sectors where he served at senior and executive management positions. He is currently the Managing Director of Mega Equities Limited, a dealing member of the Nigerian Stock Exchange and serves on Boards of some listed and private companies. He is also the current Treasurer of Association of Stockbroking Houses of Nigeria. He joined the Board of Champion Breweries Plc in 2012.

Mrs. Helen A. Umanah

is a Non-Executive Director of Champion Breweries. She has performed various roles in the Petroleum industry and diplomatic community within Nigeria and abroad. She was a shareholder member of the Audit Committee of Champion Breweries till May 2015.

Mrs. Umanah joined the Board of Champion Breweries Plc in December 2015 duly representing minority shareholders.

Chief Tosan Atle Aiboni

was appointed as Company Secretary/ Legal Adviser on 13 June 2013. He was called to the Nigerian Bar in 2002.

He worked in the Public sector as Senior Legal Officer (National Commission for Museums & Monuments). He moved into private practice as a Partner of a private legal firm (Victoria Chambers). He also worked at the legacy Consolidated Breweries Plc as the Legal Manager, appointed as the Company Secretary/Legal Adviser of Benue Bottling Company Limited and became the Legal Manager – Operations of Nigerian Breweries Plc (sequel to the merger between Consolidated Breweries Plc and Nigeria Breweries Plc in 2015).

Chief Tosan has gone back into private practice and rejoined Victoria Chambers as the current Managing Partner.

Corporate Governance Report

Champion Breweries Plc adopts a responsible attitude towards corporate governance. The Board is in compliance with the Code of Corporate Governance for Public Companies in Nigeria ("the Code") released by the Securities & Exchange Commission in 2011. The Board endeavours to ensure that the Company is in compliance with the provisions of the Code or disclose our inability to comply.

The Board convened the minimum required number of meetings as provided by the Code.

The Board of Directors

The Board comprises of Eight Non-Executive Directors and One Executive Director. The Directors held five Board meetings in the year under review. Details of the meetings are as follows:

a) February 16, 2017
b) May 4, 2017
c) August 31, 2017
d) October 26, 2017
e) December 7, 2017

The record of attendance of members at the meetings is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
1. Dr. Elijah W. Akpan	5	5
2. Mr. Patrick A. Ejidoh	5	5
3. Mr. Adegbemi Adeboye	5	5
4. Mr. Samson Aigbedo	5	3
5. Mr. Olufunminiyi Alabi	5	5
6. Mr. Marinus J. A. Gabriels	5	4
7. Mr. Samuel O. Onukwue	5	5
8. Mr. Thompson S. B. Owoka	5	5
9. Alhaji Shuaibu A. Ottan	5	5
10. Mr. Hendrik van Rooijen	5	4
11. Mrs. Helen Umanah	5	5

Board Committees:

I. Governance/Remuneration Committee: The Committee comprises of five Non-Executive Directors. The Governance/Remuneration Committee held three meetings in the year under review. Details of the meetings are as follows:

a) February 16, 2017;
b) August 31, 2017;
c) October 26, 2017

The record of attendance of members at the meetings is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
Alhaji Shuaibu A. Ottan	3	3
Mr. Samson Aigbedo	3	2
Mr. Hendrik van Rooijen	3	2
Mr. Samuel O.Onukwue	3	3
Mr. Olufunminiyi Alabi	1	1*

*After he became a member of the Committee

"Champion Breweries Plc has in place Regulations to guide the Board and other employees when effecting transactions in the Company's shares.

i. Risk Management Committee: The Committee comprises of four Non-Executive Directors and one Executive Director.

The Risk Management Committee held three meetings in the year under review. Details of the meetings are as follows:

a) February 16, 2017;
b) August 31, 2017;
c) October 26, 2017

The record of attendance of members at the meetings is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. Patrick A. Ejidoh	3	3
Mr. Marinus J. A. Gabriels	3	3
Alhaji Shuaibu A. Ottan	3	3
Mrs. Helen Umanah	3	3
Mr. Adegbemi Adegboye	1	1*

*After he became a member of the Committee

REGULATIONS FOR DEALING IN SHARES

Champion Breweries Plc has in place Regulations to guide the Board and other employees when effecting transactions in the Company's shares. The Company's Regulations for Dealing in Shares and other Securities provide amongst others, the periods when transactions are not allowed to be effected on the Company's shares as well as disclosure requirements upon effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares.

INCORPORATION AND SHARE CAPITAL HISTORY

Champion Breweries was incorporated as a limited liability company on 31 July 1974 with a share capital of ₦1,900,000 and was converted to a public limited liability company on 01 May 1992. The Company currently has an authorised share capital of ₦4,500,000,000 comprising of 9,000,000,000 ordinary shares of 50 kobo and an issued share capital of ₦3,914,748,000 comprising 7,829,496,000 ordinary shares of 50kobo each. The changes in the share capital of Champion Breweries since inception are summarised below:

Year	Authorised (₦)		Issued & Fully Paid-up (₦)		Consider
	Increase	Cumulative	Increase	Cumulative	
1974	0	1,900,000	1,900,000	1,900,000	Cash
1976	550,000	2,450,000	220,007	2,120,007	Cash
1977	0	2,450,000	269,993	2,390,000	Cash
1978	4,050,000	6,500,000	2,392,344	4,782,344	Cash
1979	0	6,500,000	1,476,150	6,258,494	Cash
1981	8,500,000	15,000,000	13,129,247	19,387,741	Cash
1983	11,000,000	26,000,000	0	19,387,741	Cash
2001	424,000,000	450,000,000	0	19,387,741	Cash
2003	1,550,000,000	2,000,000,000	430,612,259	450,000,000	Cash
2014	2,500,000,000	4,500,000,000	3,150,000,000	3,600,000	Cash
2015	0	4,500,000,000	314,748,000	3,914,748,000	Cash
2016	0	4,500,000,000			

OWNERSHIP STRUCTURE

As at 31 December 2017, the 7,829,496,464 ordinary shares of 50 kobo each in the issued share capital of Champion Breweries were beneficially held as follows:

		HOLDING	
S/N	NAME	₦000	%
1	RAYSUN NIGERIA LIMITED	4,740,007	61
2	ASSET MANAGEMENT NOMINEE A/C "Y"	961,864	12
3	AKWA IBOM STATE GOVERNMENT	782,968	10
4	Others Shareholders	1,344,657	17

5. DISCLOSURE OF INTEREST

The interests of the Directors of Champion Breweries in the issued share capital of the Company as at 31, December 2017 were as follows:

	DIRECT		INDIRECT	
Name	2017	2016	2017	2016
Dr. Elijah W. Akpan	-	-	-	-
Mr. Patrick A. Ejidoh	-	-	-	-
Mr. Adegbemi Adeboye	-	-	-	-
Mr. Samson Aigbedo	-	-	-	-
Mr. Olufunminiyi Alabi	-	-	-	-
Mr. Marinus J. A. Gabriels	-	-	-	-
Mr. Samuel O. Onukwue	-	-	-	-
Mr. Thompson S. B. Owoka	500,000	500,000	-	-
Alhaji Shuaibu A. Ottan	-	-	-	-
Mr. Hendrik van Rooijen	-	-	-	-
Mrs. Helen Umanah	8,110	8,110	-	-

Brands in Action

Champion Lager Beer:

Rich Flavoured Champion lager beer is the inviting sun-rip golden beverage with an exciting aroma for the action oriented man.

Launched into the Nigeria market on the 11th of December, 1976, Champion lager beer has since undergone several relaunches that have continued to make it the preferred beer in Cross River, Akwa Ibom and neigbouring states.

Champ Malta

Pleasant tasting Champ Malta is our non-alcoholic and deeply satisfying malt drink. Champ Malta aptly combines taste and nourishment for a feel-good experience always.

Statement of Directors' Responsibilities

In relation to the financial statements for the year ended 31 December 2017

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of Federation of Nigeria, 2004 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:

Dr. Elijah Akpan (Chairman)
FRC/2017/IODN/00000016127
6 March 2018

Patrick Ejidoh (Managing Director)
FRC/2017/IMN/00000016109
6 March 2018

GTI ...financial possibilities

EXPLANATORY STATEMENT TO THE SHAREHOLDERS OF CHAMPION BREWERIES PLC (IN COMPLIANCE WITH SECTION 106, 120, 539 & 540 OF THE COMPANIES & ALLIED MATTERS ACT, CAP C20, LFN 2004)

To The Shareholders

Dear Madam/Sir,

THE PROPOSED SCHEME OF ARRANGEMENT FOR THE REDUCTION OF CAPITAL BETWEEN CHAMPION BREWERIES PLC AND HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50 KOBO EACH

We are pleased to write to you regarding a proposal by Champion Breweries Plc to conduct Capital Reduction through the offset of the balance on its Accumulated loss Account as at 31st December 2017 by transferring the sum of ₦8,574,679,000 (per the Audited account) from the balance in the Share Premium Account.

The current balance of ₦8,574,679,000 in the company's Accumulated loss Account as at 31st December 2017 has the following implications for the company:

1. Investors and stakeholders will be worried about the ability of the company to invest residual profits into capital expenditures that will yield long-term profitability, since it is apparent that if the balance in the Accumulated loss account is not cleared-out, future profits would only be used to progressively reduce the loss.

2. The company will be unable to declare dividend or issue Bonus shares until the balance in the Accumulated loss account is cleared

From a profitability projection standpoint, it is envisaged that it could take duration of about 10 years for the company to clean up the balance in its accumulated loss account, if it is to rely on ploughed-back profit. It is therefore necessary to consider other legal alternatives in reducing the balance in the accumulated loss account.

The Company will file for a scheme of arrangement for the reduction of Capital between the Company and the holders of the company's ordinary shares. Basically, the company will follow the procedures set out in Sections 106, 120, 539 and 540 of CAMA. The terms and conditions of the Scheme will be presented for your consideration at the Extra Ordinary General Meeting to be held on a date that will be communicated to you.

The proposed capital restructure will not have any impact on the shareholders' funds or shareholding of the company as the net effect remains the same. The share premium will have a closing balance of ₦519,100,000 after the exercise.

With a clean statement of financial position, the company's rating will improve and it will be able to attract additional business to enhance its profitability.

Thank you.

Yours faithfully,
For: GTI Capital Limited
(The Financial Advisers)

Abubakar Lawal
Managing Director/CEO

Audit Committee's Report

For the year ended 31 December 2017

To the members of Champion Breweries Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 ("the Act"), we, the members of the Audit Committee of Champion Breweries Plc, having carried out our statutory functions under the Act, hereby report that:

(a) The scope and planning of internal audit for the year ended 31 December 2017 are satisfactory. The internal audit programmes reinforce the Company's internal control system;

(b) The scope and planning of statutory independent audit for the year ended 31 December 2017 are satisfactory;

(c) Having reviewed the independent auditors' management letter on accounting procedures and internal controls, we are satisfied with management's responses thereon;

(d) The accounting and reporting policies for the year ended 31 December 2017 are in accordance with applicable regulatory requirements.

The independent auditors confirmed that the scope of their work was not restricted in any way.

Mr. Samuel Onukwue
FRC/2013/CISN/0000000412

Dated this 6 March 2018

Members of the Audit Committee

Mr. Samuel Onukwue	Chairman/Director
Mr. Thompson Owoka	Member/Director
Mr. Godwin Anono	Member/Shareholder
Mr. Olayemi Olatunde	Member/Shareholder

KPMG

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Lagos

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Independent Auditor's Report

To the Shareholders of Champion Breweries PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Champion Breweries PLC ("the Company"), which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on Pages 31 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C. 20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis of Opinion

We conducted our audit in accordance with international Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Boards for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. Provisions

Refer to accounting estimates and judgment (Note 2(b)), accounting policy on Provisions (Note 3(h)) and Provision (Note 22), to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Directors are required to make judgments, estimates and assumptions in the determination of whether an outflow of economic benefit is probable and the level of provisions to be made. Judgment is also required to determine the extent of disclosure that would not have unfavorable impact on the company's position on the subject matter of the provision.	Our audit procedures in this area included amongst others: - We discussed with directors and management to understand the basis of their assessment of the adequacy of provisions made; and reviewed relevant correspondence. - We challenged the assumptions used in determining the provisions based on our knowledge of the relevant legislation and past experience from similar arrangements.

KPMG

The key audit matter	How the matter was addressed in our audit
Due to the magnitude of these provisions and the related estimation uncertainties, this considered a matter of significance to the audit.	- We involved relevant specialists to assess the adequacy and reasonability of the provision. - We also checked that the relevant disclosures relating to significant judgments and estimate made, were in line with the requirments of the relevant accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors' report, Statement of Directors' Responsibilities, Report of the Audit Committee and Other National Disclosures (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of the auditor's report. It also includes financial and non-financial information such as Chairman's Statement. Financial Highlights, amongst others, included in the Annual Report (together "Outstanding reports"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information in materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C. 20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

KPMG

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these mattes in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the companies and Allied Matters Act, Cap C.20 Laws of the Federation of Nigeria, 2004.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
6 March 2018
Lagos, Nigeria.

Statement of Financial Position

As at 31 December

	Notes	2017 ₦'000	2016 ₦'000
Assets			
Property, plant and equipment	12	6,981,724	6,766,215
Deferred tax assets	9(d)	945,284	986,727
Trade and other receivables	14	-	42,043
Non-current assets		**7,927,008**	**7,794,985**
Inventories	13	592,767	530,410
Trade and other receivables	14	1,248,197	252,177
Prepayments	15	9,608	264,469
Cash and cash equivalents	16	311,281	1,119,199
Current assets		**2,161,853**	**2,166,255**
Total assets		**10,088,861**	**9,961,240**
Equity			
Share capital	17	3,914,748	3,914,748
Share premium	18	9,093,779	9,093,779
Other reserve	19	3,701,612	3,701,612
Accumulated loss		(8,574,679)	(9,039,279)
Total equity		**8,135,460**	**7,670,860**
Liabilities			
Employee benefits	20(a)	325,828	82,207
Non-current liabilities		**325,828**	**82,207**
Tax liabilities	9(c)	10,003	16,561
Trade and other payables	21	1,111,826	1,281,032
Provisions	22	505,744	910,580
Current liabilities		**1,627,573**	**2,208,173**
Total liabilities		**1,953,401**	**2,290,380**
Total equity and liabilities		**10,088,861**	**9,961,240**

These financial statements were approved by the Board of Directors on 15 February 2018 and signed on its behalf by:

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Dr Elijah Akpan
(Chairman)
FRC/2017/IODN/00000016127
6 March 2018

Patrick Ejidoh
(Managing Director)
FRC/2017/IMN/00000016109
6 March 2018

Additionally certified by:

Adesina Liasu
(Finance Manager)
FRC/2015/ICAN/00000013237
6 March 2018

The notes on pages 35 to 58 are integral parts of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

	Notes	2017 ₦'000	2016 ₦'000
Revenue	5	4,777,313	3,864,943
Cost of sales	8(d)	(3,390,692)	(2,797,890)
Gross profit		**1,386,621**	**1,067,053**
Other income	6	37,481	32,328
Selling and distribution expenses	8(d)	(416,730)	(321,590)
Administrative expenses	8(d)	(412,183)	(160,157)
Operating profit		**595,189**	**617,634**
Finance income	7	53,054	63,650
Net finance income		**53,054**	**63,650**
Profit before minimum tax		**648,242**	**681,284**
Minimum tax	10	(45,070)	(43,984)
Profit before tax	8(a)	**603,173**	**637,300**
Income tax expense	9(a)	(85,611)	(106,911)
Profit		**517,562**	**530,389**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability, net of tax	20(c)	(52,962)	18,834
Other comprehensive (loss)/income, net of tax		**(52,962)**	**18,834**
Total comprehensive income		**464,600**	**549,223**
Earnings per share			
Basic and diluted earnings per share (kobo)	11	7	7

The notes on pages 35 to 58 are integral parts of these financial statements.

Statement of Changes in Equity

For the year ended 31 December

	Share capital ₦'000	Share premium ₦'000	Accumulated loss ₦'000	Other reserve ₦'000	Total Equity ₦'000
1 January 2016	**3,914,748**	**9,093,779**	**(9,588,502)**	**3,701,612**	**7,121,637**
Total comprehensive income					
Profit	-	-	530,389	-	**530,389**
Other comprehensive income	-	-	18,834	-	**18,834**
Total comprehensive income	**-**	**-**	**549,223**	**-**	549,223
31 December 2016	**3,914,748**	**9,093,779**	**(9,039,279)**	**3,701,612**	**7,670,860**
1 January 2017	**3,914,748**	**9,093,779**	**(9,039,279)**	**3,701,612**	**7,670,860**
Total comprehensive income					
Profit	-	-	517,562	-	517,562
Other comprehensive loss	-	-	(52,962)	-	(52,962)
Total comprehensive income	**-**	**-**	**464,600**	**-**	**464,600**
31 December 2017	**3,914,748**	**9,093,779**	**(8,574,679)**	**3,701,612**	**8,135,460**

The notes on pages 35 to 58 are integral parts of these financial statements.

Statement of Cash Flows

For the year ended 31 December

	Notes	2017 ₦'000	2016 ₦'000
Cash flows from operating activities			
Profit		517,562	530,389
Adjustments for:			
Finance income	7	(53,054)	(63,650)
Taxation	9(a)	85,611	106,911
Defined benefit obligation charge	20(a)(i)	170,309	28,592
Long service award charge/ (credit)	20(a)(ii)	3,822	(11,085)
Depreciation of property, plant and equipment	12	627,820	631,312
Write-off of property, plant and equipment	12	66,542	2,650
Gain on sale of property, plant and equipment		(1,679)	(350)
		1,416,933	**1,224,769**
Changes in:			
Inventories		(62,357)	(180,277)
Trade and other receivables		(953,977)	382,881
Prepayments		254,861	(135,840)
Trade and other payables**		(54,405)	(320,867)
Provisions		(404,836)	(455,984)
Cash generated from operating activities		**196,219**	**514,682**
Value added tax paid		(114,801)	(88,756)
Defined benefit obligation paid	20(a)(i)	(6,260)	(41,128)
Long service awards paid	20(a)(ii)	(2,135)	-
Tax paid	9(c)	(25,802)	(16,779)
Net cash generated from operating activities		**47,221**	**368,019**
Cash flows from investing activities			
Interest received	7	53,054	63,650
Proceeds from sale of property, plant and equipment		1,679	350
Acquisition of property, plant and equipment	12	(909,871)	(482,573)
Net cash utilised in investing activities		**(855,138)**	**(418,573)**
Cash flows from financing activities		-	-
Net cash generated from financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		(807,918)	(50,554)
Cash and cash equivalents at 1 January		1,119,199	1,169,753
Cash and cash equivalents at 31 December		**311,281**	**1,119,199**

** Value added tax paid has been adjusted from "*changes in trade and other payables*"

The notes on pages 35 to 58 are integral parts of these financial statements.

Notes to the Financial Statements

1 Reporting entity

Champion Breweries Plc ('the Company') was incorporated in Nigeria as a limited liability company on 31 July 1974 and was later converted to a public limited liability Company on 1 September 1992. The address of the Company's registered office is Industrial Layout, Aka Offot, Uyo, Akwa Ibom State, Nigeria.

The Company is involved in the brewing and marketing of *Champion Lager Beer* and *Champ Malta*. The Company also provides contract brewing and packaging services to Nigerian Breweries Plc, a related party within the Heineken group.

2 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements were authorised for issue by the Board of Directors on 15 February 2018.

(a) 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.

(b) Use of estimates and judgments

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policy and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 are included in the following notes:
Note 20- Measurement of employee benefits: key actuarial assumptions.
Note 22 and 25 - Recognition, measurement and disclosures of provisions and contingencies:
- Key assumptions about the likelihood and magnitutde of an outflow of resources, and
- Extent of disclosures made on provisions and contingencies.

(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. Significant valuation issues are reported to the Risk Management Committees.

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 categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the charge has occurred.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following.

Item	Basis of measurement
Employee benefits	Present value of defined benefit obligations
Inventories	Lower of cost and net reaslisable value

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) Foreign currency transactions

Transactions in foreign currencies are translated to Naira at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Naira at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Naira at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(b) Financial instruments

(i) Non-derivative financial assets- recognition and measurement

The Company's non-derivative financial assets include trade and other receivables and cash and cash equivalents. The Company initially recognises trade and other receivables 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.

Trade and other receivables

Trade and other 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, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(ii) Non-derivative financial liabilities- recognition and measurement

All financial liabilities are recognised initially on trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies non-derivative financial liabilities under "other financial liabilities" category. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company's non-derivative financial liabilities comprise of trade and other payables. 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.

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.

(c) Share capital and share premium

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

(d) Property, plant and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The cost of routine maintenance of property, plant and equipment is recognised in profit or loss when incurred.

(iii) Derecognition

The carrying amount of disposed items of property, plant and equipment are derecognised. Any gain or loss on sale of an item of property, plant and equipment is recognised in profit or loss.

(iv) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values on a straight-line basis over their estimated useful lives and is generally recognised in profit or loss. 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. Capital work-in-progress is not depreciated.

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

The estimated useful lives of property plant and equipment for current and comparative periods are as shown below:

Buildings	15 to 40 years
Plant and machinery	5 to 30 years
Furniture and fittings:	3 to 5 years
Motor vehicles:	
- Cars and trucks	5 years
- Forklifts	5 years
Returnable packaging materials:	
- Bottles	5 years
- Crates	8 years

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs incurred in bringing them to their existing location and condition. Cost incurred on each product is based on:

Raw and packaging materials	-	weighted average including transportation costs
Work-in-process	-	weighted average of cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity
Engineering spares	-	purchase cost on a weighted average cost basis, including transportation and clearing costs

(f) Impairment

(i) Non-derivative financial assets

A financial asset not classified 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 or economic conditions that correlate with defaults.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (trade and other 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.

Impairment losses are recognised in profit or loss and reflected in an allowance account against trade and other 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. 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.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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

In line with the provisions of the Pension Reform Act 2014, 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 personnel expense in the periods during which services are rendered by employees. Under this scheme, employees contribute 8% of their basic salary, transport and housing allowances to a fund on a monthly basis. The Company's contribution is 10% of each employee's basic salary, transport and housing allowances to the fund.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Defined benefit plans

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by Alexander Forbes Consulting Actuaries Nigeria Limited (FRC/2016/NAS/00000013781) using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits (Long service awards)

The Company's net obligation in respect of long-term employee benefits 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.Remeasurements are recognised in profit or loss in the period in which they arise.

(v) Termination benefit

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months from the reporting date, then they are discounted.

(h) Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 recognised as finance cost.

In determining the amount of provisions to be recognised, the Company takes into account the impact of exposures and whether additional fines 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 provisions; such changes to provisions will impact profit or loss in the period that such determination is made.

Contingent Liabilities

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

(I) Revenue

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

Revenue is recognised when 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 recognised as a reduction of revenue as the sales are recognised.

(j) Finance income

Finance income comprises interest income on bank deposits.Interest income is recognised using the effective interest method.

(k) Income tax

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

(i) Current tax

Current tax comprises 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. Current tax assets and liabilities are offset if, and only if the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised 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 assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

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 at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Company:
(a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 determination is made.

(l) Minimum tax

The Company is subject to the Company Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namelyCompany Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on the sum of (i) the highest of; 0.25% of revenue of

N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets;
and (ii) 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

(m) Earnings per share

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. 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 the effects of all dilutive potential ordinary shares.

(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 recognised 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 recognised using the Company's incremental borrowing rate.

(i) Leased 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 recognised in the Company's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised 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.

(o) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in items on the statement of financial position that have not resulted in actual cash flows are eliminated. Interest received is included in investing activities.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for monitoring, allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of Champion Breweries Plc.

4 Standards and interpretations

(i) New standards and interpretations not yet effective.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and early application is permitted; however, the Company has not applied the new or amended standards in preparing these separate financial statements:

Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory.

Standards not yet effective		Date issued by IASB	Effective date	Summary of the requirements and impact assessment
IFRS 9	Financial instruments	July 2014	1 January 2018 Early adoption is permitted	On 24 July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments:Recognition and Measurement.* The Company will apply IFRS 9 initially on 1 January 2018. This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company. The Company uses the simplified model to estimate impairment adopting a provision matrix to determine the lifetime expected credit losses (ECLs) for its trade and other receivables. The provision matrix estimates ECLs based on the basis of historical default rates, adjusted for current and future economic conditions without undue cost and effort. The Company applied its historical and current default rates adjusted for expected growth in default rates. The estimated impact of application of IFRS 9 impairment requirements at 31 December 2017 is an impairment of ₦172 million, indicating an increase of ₦38 million over the impairment recognised under IAS 39. The table below provides information about the estimated exposure to credit risk and ECLs for trade and other receivables.

Estimated impact of adoption of IFRS 9

in thousands of Naira	As reported at 31 December 2017	Estimated adjustments due to adoption of IFRS 9	Estimated adjusted opening balance at 1 January 2018
Accumulated loss	(8,574,679)	(37,924)	(8,612,603)

The total estimated adjustment to the opening balance of the Company's equity at 1 January 2018 is ₦37.9 million which is an increase in accumulated loss due to the impairment losses on trade receivables.

The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change due to the following reasons:

–the Company is refining and finalising its provision matrix (model) for ECL calculations
–the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

IFRS 15	Revenue from contracts with customers	May 2014	1 January 2018 Early adoption is permitted	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. For the sale of products, which includes delivery to customers, revenue earned on both activities is currently recognised cummulatively which is at the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. IFRS 15 does not have any impact on the measurement and the timing of revenue recognition. However,under IFRS 15, revenue will be disclosed separately for the sale of products and delivery to customers.
IFRS 16	Leases	January 2016	1 January 2019 Early adoption is permitted only for entities that adopt IFRS 15 at or before the date of initial application of IFRS 16.	IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors . IFRS 16 also includes extensive new disclosure requirements for both lesees and lessors. The Company currently has no leases hence the impact is nil

(ii) Standards and interpretations effective during the year.

New IFRS Standards and amendments to existing standards that became effective for annual periods commencing on 1 January 2017 have been applied in preparing the financial statements and resulted in additional disclosures (where applicable) but had no significant impact on the amounts and disclosures on this financial statement. They are as listed below

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for unrealised losses (Amendments to IAS 12)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12 Disclosure of interests in Other Entities)

5 Revenue

	2017 ₦'000	2016 ₦'000
Sale of goods	3,000,606	2,001,204
Contract brewing and packaging	1,776,707	1,863,739
	4,777,313	**3,864,943**

6 Other income

	2017 ₦'000	2016 ₦'000
Sale of scrap materials	2,363	17,914
Sale of by-products	29,254	8,404
Sale of packaging materials	5,864	6,010
	37,481	**32,328**

7 Finance income

Finance income represents interest income on bank deposits. The Company earned interest on bank deposits at rates between 9% and 12% per annum

8 Profit before tax

(a) Profit before tax is stated after charging/ (crediting) the following amounts:

	2017 ₦'000	2016 ₦'000
Depreciation of property, plant and equipment (Note 12)	627,820	631,312
Personnel expenses (Note (8b))	1,023,401	871,123
Auditor's remuneration	12,500	10,454
Management fees (Note 23(a))	101,219	88,522
Directors' remuneration (Note 8(c))	63,262	46,942
Gain on sale of property, plant and equipment	(1,679)	(350)

(b) Personnel expenses

(i) Personnel expenses comprise:

	2017 ₦'000	2016 ₦'000
Salaries and wages	656,966	559,011
Pension	22,647	15,051
Defined benefit obligation charge (Note 20(a)(i))	170,309	28,592
Long service awards charge /(credit) (Note 20(a)(ii))	3,822	(11,085)
Other personnel related expenses	169,142	185,484
Restructuring cost*	515	94,070
	1,023,401	**871,123**

*In furtherance of the Company's objectives for operational efficiency, a restructuring exercise was concluded in prior year, in which N94 million was paid to 39 employees as termination benefits. In current year, an additional amount of ₦0.5 million was incurred.

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

	2017 Number	2016 Number
Production	76	81
Logistics	14	8
Sales and Marketing	21	14
Administration	23	23
	134	**126**

(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:

	2017 Number	2016 Number
Below ₦1,200,000	-	-
₦ 1,200,001 – ₦ 1,400,000	12	12
₦ 1,400,001 – ₦ 1,600,000	35	10
₦ 1,600,001 – ₦ 1,800,000	42	46
₦ 1,800,001 – ₦ 2,000,000	13	19
₦ 2,000,001 – ₦ 2,500,000	17	16
₦ 2,500,001 – ₦ 3,000,000	9	10
₦ 3,000,001 – ₦ 3,500,000	-	8
₦ 3,500,001 – ₦ 4,000,000	3	1
₦ 4,000,001 – ₦ 4,500,000	-	0
₦ 4,500,001– ₦ 5,000,000	1	1
Above ₦5,000,000	2	3
	134	**126**

(c) Directors remuneration

Directors' remuneration was as follows:

	2017 ₦'000	2016 ₦'000
Directors' fees	5,075	4,180
Other remuneration	58,187	42,762
	63,262	**46,942**

Further analysed as follows:

	2017 ₦'000	2016 ₦'000
Remuneration of non-executive directors	5,075	4,180
Remuneration of executive director	58,187	42,762
	63,262	**46,942**

The Directors' remuneration shown above includes amount paid or payable to:

	2017 ₦'000	2016 ₦'000
Chairman	700	600
Highest paid director	58,187	42,762

Other directors received emoluments (excluding pension contributions) within the following ranges:

	2017 Number	2016 Number
0 - ₦100,000	2	2
₦100,001 - ₦200,000	2	2
₦200,001 and above	5	5
	9	9

(d) Analysis of expenses by nature

	2017 ₦'000	2016 ₦'000
Raw materials and consumables	990,049	637,599
Advertising and promotion	148,554	118,469
Depreciation of property, plant and equipment	627,820	631,312
Personnel costs (Note 8(b))	1,023,401	871,123
Utilities	782,118	569,271
Repairs and maintenance	370,257	409,567
Management fee (Note 23(a))	101,219	88,522
Audit fee	12,500	10,454
Professional services	9,846	15,230
Impairment loss/(reversal) on trade receivables (Note 24(a))	17,089	(1,281)
IT infrastructure	83,123	81,267
Transportation and accommodation	89,474	78,685
Excise duties	103,632	106,716
Security	25,658	27,393
Meetings and conferences	38,668	26,284
Insurance	14,141	12,514
PPE Write-off	66,542	2,650
Cleaning	11,735	7,381
Catering	11,741	2,346
Packer/Un-packer services	55,923	19,401
Reversal of provisions*	(404,836)	(455,984)
Other expenses	40,951	20,718
Total cost of sales, marketing, distribution and administrative expenses	**4,219,605**	**3,279,637**

These expenses are further analysed as follows:

	2017 ₦'000	2016 ₦'000
Cost of sales	3,390,692	2,797,890
Selling and distribution expenses	416,730	321,590
Administrative expenses	412,183	160,157
	4,219,605	**3,279,637**

Our auditors did not receive any non-audit fee with respect to other assurance services rendered to the Company during the year ended (2016: ₦8.5 million)

* Amount represents the net impact of reversal of provisions no longer required based on assessment performed by the Directors and using information currently available to them. See Note 22.

9 Taxation

(a) Income tax recognised.

Amounts recognised in profit or loss:

	2017 ₦'000	2016 ₦'000
Current tax expense:		
Tertiary education tax	19,244	16,561
	19,244	16,561
Deferred tax expenses:		
Origination and reversal of temporary differences	66,367	90,350
	85,611	**106,911**
Amount recognised in other comprehensive income	**(24,923)**	**8,863**

(b) Reconciliation of effective tax rate

	%	2017 ₦'000	%	2016 ₦'000
Profit before tax		**603,173**		**637,300**
Tax using domestic tax rate	30.0	180,952	30.0	191,190
Effect of tertiary education tax	3.2	19,244	3.0	16,561
Tax effect of:				
- non-deductible expenses	0.4	2,270	0.1	795
- tax-exempt credits	(21.5)	(129,548)	(21.0)	(136,795)
deductible temporary differences	2.1	12,693	6.0	35,159
	14.2	**85,611**	18	**106,910**

(c) Movement in current tax liability

	2017 ₦'000	2016 ₦'000
Balance beginning of the year	16,561	16,779
Charge for the year	19,244	16,561
Payment during the year	(25,802)	(16,779)
Balance end of the year	**10,003**	**16,561**

(d) Deferred tax assets and liabilities

2017	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in other comprehensive income ₦'000	Net balance at 31 December ₦'000
Property, plant and equipment	277,184	164,297	-	441,481
Employee benefits	26,306	53,037	24,923	104,266
Trade and other receivables	37,526	5,467	-	42,994
Unutilised tax losses	645,711	289,168)	-	356,543
Net	**986,727**	**(66,367)**	**24,923**	**945,284**

2016	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in other comprehensive income ₦'000	Net balance at 31 December ₦'000
Property, plant and equipment	104,435	172,749	-	277,184
Employee benefits	40,926	(5,757)	(8,863)	26,306
Trade and other receivables	43,835	(6,309)	-	37,526
Unutilised tax losses	896,744	(251,033)	-	645,711
Net	**1,085,940**	**(90,350)**	**(8,863)**	**986,727**

10 Minimum tax

Minimum tax has been computed based on 0.5% of net assets plus 0.125% revenue in excess of ₦500,000 and this amounts to ₦45million (2016: ₦44 million).

11 Basic and diluted earnings per share

The calculation of basic and diluted earnings per share was based on the profit of ₦518 million (2016: ₦530 million), attributable to ordinary shareholders and weighted average number of ordinary shares outstanding of 7,829,496,000 units (2016: 7,829,496,000) calculated as follows:

In thousands	2017	2016
Profit (Naira)	517,562	530,389
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	7,829,496	7,829,496
Effect of private placement during the year	-	-
Weighted average number of ordinary shares at 31 December	7,829,496	7,829,496
Basic and diluted earnings per share (kobo)	7	7

There were no potential dilutive ordinary shares during the year.

12 Property, plant and equipment

Cost	Land & Buildings ₦'000	Plant and Machinery ₦'000	Furniture and Fittings ₦'000	Motor vehicles ₦'000	Returnable Packaging Materials ₦'000	Capital Work in Progress ₦'000	Total ₦'000
1 January 2016	3,707,041	5,934,572	245,720	321,387	256,471	78,320	10,543,511
Additions	20,954	138,166	46,872	60,638	212,336	3,607	482,573
Write-off	-	-	-	-	-	(2,650)	(2,650)
Transfers	-	9,631	(5)	-	-	(9,626)	(0)
Disposals -	-		-	(2,313)	-	-	(2,313)
31 December 2016	**3,727,995**	**6,082,369**	**292,587**	**379,712**	**468,807**	**69,651**	**11,021,121**
1 January 2017	3,727,995	6,082,369	292,587	379,712	468,807	69,651	11,021,121
Reclassfication		65,834				(65,834)	-
Additions	18,749	305,039	21,571	42,726	421,665	100,121	909,871
Write-off		(62,725)				(3,817)	(66,542)
Disposals	-		-	(12,710)	-	-	(12,710)
31 December 2017	**3,746,744**	**6,390,517**	**314,158**	**409,728**	**890,472**	**100,121**	**11,851,740**
Accumulated Depreciation							
1 January 2016	734,360	2,402,796	161,941	257,895	68,915		3,625,907
Depreciation for the year	170,312	332,286	41,216	32,013	55,485	-	631,312
Disposals	-	-	-	(2,313)	-	-	(2,313)
31 December 2016	**904,672**	**2,735,082**	**203,157**	**287,595**	**124,400**	**-**	**4,254,906**
1 January 2017	904,672	2,735,082	203,157	287,595	124,400		4,254,906
Depreciation for the year	120,330	356,615	43,460	27,252	80,163	-	627,820
Disposals	-	-	-	(12,710)	-	-	(12,710)
31 December 2017	**1,025,002**	**3,091,697**	**246,617**	**302,137**	**204,563**	**-**	**4,870,016**
Carrying amounts							
1 January 2016	**2,972,681**	**3,531,776**	**83,779**	**63,492**	**187,556**	**78,320**	**6,917,604**
31 December 2016	**2,823,323**	**3,347,287**	**89,430**	**92,117**	**344,407**	**69,651**	**6,766,215**
31 December 2017	**2,721,742**	**3,298,820**	**67,541**	**107,591**	**685,909**	**100,121**	**6,981,724**

(a) The Company holds land under a finance lease arrangement. 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.
(b) The Company had no authorised or contractual capital commitments as at the reporting date (2016: Nil).
(c) No borrowing costs were capitalised during the year (2016:Nil)
(d) None of the Company's assets are held as security pledge as at year end (2016:Nil)
(e) Returnable packaging materials includes some quantity of crates, bottles, amounting to ₦94 million (2016: Nil) which was given to certain distributors without deposits.

13 Inventories

	2017 ₦ '000	2016 ₦'000
Raw materials	103,086	51,756
Finished products	44,654	28,946
Work-in-progress	48,517	38,079
Packaging materials	44,875	86,402
Engineering spares	314,174	285,887
Consumables	37,461	39,340
	592,767	530,410

The amount of inventories recognised in cost of sales during the year was ₦1,314 million (2016: N966 million).

14 Trade and other receivables

	2017 ₦'000	2016 ₦'000
Non-current:		
Withholding tax receivables*	-	42,043
	-	42,043
Current:		
Trade receivables	415,763	133,398
Withholding tax receivables	24,330	63,649
Amounts due from related parties (Note(23(a))	807,177	48,079
Other receivables	927	7,051
	1,248,197	252,177

*Non-current withholding tax receivables represents withholding tax certificates which are available for use in offsetting future income tax labilities, and have been classified as non-current assets to reflect expected period of their utilisation.

Movement in withholding tax receivable

	2017	2016
Opening balance	105,692	-
Additions during the year	9,042	-
Reclassification to related party balance**	(90,404)	-
Closing balance	24,330	-

** This amount is included as part of the ₦807 million in the amount due from related party shown above.

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 24.

15 Prepayments

Prepayments represent advance payment to vendors for services such as insurance, rent, licences etc

16 Cash and cash equivalent

	2017 ₦'000	2016 ₦'000
Cash in bank	311,281	274,451
Short term deposits	-	844,748
	311,281	1,119,199

17 Share capital

	2017 ₦'000	2016 ₦'000
(a) **Authorised share capital**		
(9,000,000,000 ordinary shares of 50k each (2016: 9,000,000,000 ordinary shares of 50k each)	4,500,000	4,500,000

Allotted, called-up and fully paid
The movement in share capital during the year was as follows:

	2017	2016
Number of ordinary shares of 50k each		
In thousands		
1 January	7,829,496	7,829,496
31 December	7,829,496	7,829,496

Ordinary shares of 50k each	2017 ₦ '000	2016 ₦'000
1 January	3,914,748	3,914,748
31 December	**3,914,748**	**3,914,748**

As at year end, the Company had increased its free float from 16.9% to 17.2%. This was achieved by the Raysun Nigeria Limited's acceptance to sell some of her shares of the Company to minority shareholders at the Nigerian Stock Exchange (NSE) to gradually comply with the 20% free float requirement of NSE. The Directors are committed to achieving full compliance based on the outcome of this engagement.

18 Share premium

The movement in share premium reserve was as follows:

	2017 ₦'000	2016 ₦'000
Balance as at 1 January	9,093,779	9,093,779
Balance as at 31 December	9,093,779	9,093,779

19 Other reserve

-

On 1 January 2011 (date of transition to IFRS), the Company appplied optional exemptions of deemed cost for measurement of property, plant and equipment. Other reserve was created to recognise differences between the carrying amounts and fair value of property, plant and equipment on the date of transition to IFRS.

20 Employee benefits

The Company has both a gratuity scheme and long service award for its employees. The Company operates an unfunded defined benefit scheme for its employees which is detailed below:

Gratuity scheme (defined benefit) (I) Senior/Management staff 2017	Years of service
7 weeks basic salary for each completed year of service	5<10 years
7 weeks of total emolument (Basic salary + Transport allowance + Housing allowance + Meal allowance) for each completed year of service.	10 years and above
2016	
5 weeks basic salary for each completed year of service	3-5 years
7 weeks basic salary for each completed year of service. Where an employee has attained 50 years of age and more, benefits are calculated on total emolument	5 years and above
7 weeks of total emolument for each completed year of service	10 years and above
(ii) Junior staff	
2017	
5 weeks basic salary for each completed year of service	5<10 years
7 weeks of total emolument (Basic salary + Transport allowance + Housing allowance + Meal allowance) for each completed year of service.	10 years and above
2016	
5 weeks basic salary for each completed year of service	5<10 years
7 weeks basic salary for each completed year of service. Where an employee has attained 50 years of age and more, benefits are calculated on total emolument	10 years and above
7 weeks of total emolument for each completed year of service	16 years and above
Long service awards **2017**	
1 month basic salary, ₦100,000 in lieu of gift item, plaque and 15 crates of Company's products	10 years
1.5 months basic salary, ₦120,000 in lieu of gift item, plaque and 20 crates of Company's products	15 years
2 months basic salary, ₦150,000 in lieu of gift item, plaque and 25 crates of Company's products	20 years

2016	
1 month basic salary, 32" LED Television, plaque and 15 crates of Company's Beer	10 years
1.5 months basic salary, payment in lieu of deep freezer (250 litres), plaque and 20 crates of Company's Beer	15 years
2 months basic salary, payment in lieu of deep freezer (350 litres), plaque and 20 crates of Company's Beer	20 years
3 months basic salary, payment in lieu of deep freezer (350 litres), plaque and 20 crates of Company's Beer	25 years

During the year, the Company revised the years of service for both senior/management staff and junior staff. This amounted to total past service cost on employee benefit of ₦133 million (2016: Nil) recognised in the statement of profit or loss and other comprehensive income.

(a) Employee benefits comprise the present value of:

	2017 ₦'000	2016 ₦'000
- Defined benefit obligation (Note 20(a)(I))	290,854	48,920
- Long service award (Note 20(a)(ii))	34,974	33,287
	325,828	82,207

i) Movement in the present value of the defined benefit obligation

	2017 ₦'000	2016 ₦'000
1 January	48,920	89,153
Included in profit or loss		
Current service cost	17,169	8,018
Past service cost	142,815	-
Settlement cost	-	11,468
Interest cost	10,325	9,106
	170,309	28,592
Included in other comprehensive income		
Remeasurement gain		
Actuarial gain arising from changes in:		
- Economic assumptions	93,748	(32,450)
- Statistical data	-	77
- Data changes	488	-
- Grade changes	(375)	-
- New entrant	2,472	-
- Demographic experience	(884)	-
- Salary increase	(17,564)	(739)
- Financial assumptions	-	5,415
	77,885	(27,697)
Other		
Payments	(6,260)	(41,128)
31 December	290,854	48,920

(ii) Movement in the present value of long service awards

	2017 ₦'000	2016 ₦'000
1 January	33,287	44,372
Included in profit or loss		
Current service cost	3,165	3,883
Past service cost	(9,475)	
Interest cost	5,803	5,008
Settlement cost	-	(10,315)
Remeasurment gain		
Actuarial gain arising from:		
- Change in economic assumptions	2,891	(11,897)
- Benefit increase	849	2,734
- Static Data	131	-
- Grade changes	(2)	-
- Salary increase	(944)	41
- Demographic assumptions	1,404	(539)
	3,822	(11,085)

Other		
Payments	(2,135)	-
31 December	34,974	33,287

(b) The expense is recognised in the following line items in the statement of profit or loss:

	Cost of sales		Administrative expenses		Total	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Defined benefit obligation	136,247	22,874	34,062	5,718	170,309	28,592
Long service awards	3,058	(8,868)	765	(2,217)	3,822	(11,085)
Pension	18,118	12,041	4,529	3,010	22,647	15,051
	157,423	26,047	39,356	6,511	196,779	32,558

(c) Actuarial gain recognised in other comprehensive income is analysed as follows:

	2017			2016		
	Before tax ₦'000	Tax ₦'000	After tax ₦'000	Before tax ₦'000	Tax ₦'000	After tax ₦'000
Defined benefit obligation	77,885	(24,923)	52,962	(27,697)	8,863	(18,834)
Actuarial gain	77,885	(24,923)	52,962	(27,697)	8,863	(18,834)

Actuarial assumptions

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

	2017	2016
Discount rate	13.8%	16.4%
Future salary increase rate	15.0%	13.0%
Inflation rate	12.5%	12.5%

These assumptions depicts managements estimate of the likely future experience of the Company.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 9 years (2016: 7 years)

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates on A1949/52 tables published jointly by the 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 as follows:

- Junior staff- 55 years
- Senior staff- 60 years

(d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below.

		Defined benefit obligation ₦'000	Long service award ₦'000
Discount rate	+1%	25,641	1,127
	-1%	(29,538)	(1,839)
Future salary increase rate	+1%	(28,914)	(601)
	-1%	25,583	569
Mortality rate	+1%	45	50
	-1%	(129)	(44)
Gift Benefit	+1%	-	(593)
	-1%	-	564

Sensitivity to each actuarial assumption was determined while other assumptions were held constant. There has not been a change from the sensitivity approach adopted in prior years. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(e) Short term employee benefits

Balance on the pension payable account represents the amount due to the Pension Fund Administrators which was yet to be remitted as at the year end. The movement on this account during the year was as follows:

	2017 ₦'000	2016 ₦'000
1 January	1,660	-
Charge for the year	22,647	15,051
Payments	(18,833)	(13,391)
31 December (included in trade and other payables)	5,474	1,660

21. Trade and other payables

	2017 ₦'000	2016 ₦'000
Trade payables	487,770	723,443
Accrued expense*	343,743	371,439
Non-CIT liabilities	20,922	27,978
Amounts due to related parties (Note 23(a))	259,391	158,172
	1,111,826	1,281,032

* Liabilities due to the Nigerian tax authorities in respect of minimum tax disclosed in Note 10 above is included in accrued expenses.

22 Provisions

In thousand of naira

Provisions represent the Directors' best estimate of the amount of resources embodying economic benefits that may be required to settle regulatory-related exposures. Further disclosures are not provided in respect of these exposures because doing so may have unfavourable impacts on the Company's position.

The movement in provisions is as detailed below:	₦'000
Balance at 1 January 2017	910,580
Additions during the year	-
Provision no longer required (Note 8(d))	(404,836)
Balance at 31 December 2017	505,744

23 Related parties

(a) Parent company and other related entities

The Company's parent company is The Raysun Nigeria Limited which owns approximately 61% of the Company's share capital as at reporting date. Heineken N.V. is the ultimate parent company of Champion Breweries Plc.

The Company had transactions with its parent and other entities who are related to the Company by virtue of being members of the Heineken Group. The transaction value and amounts due from /(to) related parties by the nature of the transaction are shown below:

	Transaction value		Balance due from	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Amount due from related parties				
Contract Packaging:				
- Nigerian Breweries Plc	1,776,707	1,863,739	807,177	48,079
	1,776,707	1,863,739	807,177	48,079

	Transaction value		Balance due from	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Amount due to related parties				
Management fee:				
- The Raysun Nigeria Limited	101,219	88,522	(259,391)	(158,172)
Purchases:				
- Nigerian Breweries Plc	460,993	617,873	-	-
	562,212	706,395	(259,391)	(158,172)

Management fees relates to consideration paid to its parent company – Raysun Nigeria Limited for the provision of finance, marketing and general management services to the Company's operation. This fee is a 2% charge of the Company's gross revenue.

(b) Key management personnel

Key management are the directors of the company. They have the authority and responsibility for planning, directing and controlling the activities of the entity. The compensation paid or payable to key management for employee services is shown below:

	2017 ₦'000	2016 ₦'000
Short-term employee benefits	58,187	31,392
Post-employment benefits	-	11,370
	58,187	42,762

24 Financial instruments- financial risk management and fair values

Financial risk management

The following risk exposures are inherent in the Company's use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

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.

Risk management framework

The Company has a Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk Management Committee.

(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 related parties.

The carrying amount of financial assets represents maximum credit exposure of the Company.

Trade and other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board of Directors considers that the Company is not exposed to significant concentration risk in relation to trade receivables. However, credit risk may arise in the event of non-performance of a counterparty. Credit limits are established for each customer and reviewed on quarterly basis. Customers that fail to meet the Company's benchmark of creditworthiness may transact with the Company only on a cash-and-carry basis.

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.

	2017 ₦'000	2016 ₦'000
Gross trade receivables	550,120	250,666
Impairment	(134,357)	(117,268)
	415,763	133,398
Amounts due from related parties	807,177	48,079
Other receivable	927	7,051
	1,223,867	188,528

Impairment losses

As at the reporting date, the aging of trade receivables based on the most recent transaction date was:

	Gross 2017 ₦'000	Impairment 2017 ₦'000	Gross 2016 ₦'000	Impairment 2016 ₦'000
0 - 30 days	248,214	-	133,398	-
30 - 90 days	89,252	-	-	-
91 - 180 days	59,194	-	-	-
More than 180 days	153,460	(134,357)	117,268	(117,268)
	550,120	(134,357)	250,666	(117,268)

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

	2017 ₦'000	2016 ₦'000
1 January	(117,268)	(118,549)
Impairment loss (charge)/(reversal)	(17,089)	1,281
31 December	(134,357)	(117,268)

The impairment loss as at reporting date relates to trade receivables which in the Company's assessment may not be recoverable mainly due to their economic circumstances. With respect to other receivables and amounts due from related parties, the Company believes that these unimpaired receivables are collectible based on historical payment behaviour and analyses of the underlying counter party's credit ratings.

Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is required in respect of trade and other receivables. The impairment loss is included in administrative expenses.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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 addressing its short, medium and long term liquidity requirements and makes monthly cash flow projections which assists in monitoring cash flow requirements and optimising cash return on investments.

The following are the contractual maturities of financial liabilities:

	Carrying amount ₦'000	Contractual cash flows ₦'000	Less than 6 months or less ₦'000
2017			
Non-derivative financial liabilities			
Trade and other payables	1,090,904	1,090,904	1,090,904
	1,090,904	1,090,904	1,090,904
2016			
Non-derivative financial liabilities			
Trade and other payables	1,237,048	1,237,048	1,237,048
	1,237,048	1,237,048	1,237,048

Non-financial liabilities such as value added tax, withholding tax, pension and minimum tax have been excluded for the amounts indicated above.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rate will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Company manages market risk by keeping cost low through various cost optimisation programmes and also by regular monitoring of market developments.

The Company is not exposed to foreign exchange risks, hence no sensitivity analysis is disclosed.

Capital management

The Company considers total equity as its capital.

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.

In addition, the Company ensures appropriate capital management by monitoring returns on capital and net debt to equity ratio.

The Company's return on capital as at the end of the reporting period was as follows:

	2017 ₦'000	2016 ₦'000
Profit	517,562	530,389
Total equity	8,135,460	7,670,860
Return on capital	6%	7%

Furthermore, the Company's adjusted net debt to equity ratio at the end of the reporting period was as follows:

	2017 ₦'000	2016 ₦'000
Total liabilities	1,953,401	2,290,380
Less: cash and cash equivalents	(311,281)	(1,119,199)
Net debt	1,642,120	1,171,181
Total equity	8,135,460	7,670,860
Adjusted net debt to equity ratio	1:5.0	1:6.5

As at year end the Company had increased her free float from 16.9% in 2016 to 17.2%. This was achieved by The Raysun Nigeria Limited's acceptance to sell some of her shares of the Company to minority shareholders at the NSE to gradually comply with the 20% free float requirement of the Nigerian Stock Exchange (NSE). Based on the listing rules, the Exchange may suspend trading in securities that fail to meet minimum float requirements. The Directors are committed to achieving full compliance of the Free Float requirement of the NSE.

Accounting classification and fair values

The fair values of financial assets and liabilities are not significantly different to their carrying amounts on the statement of financial position hence no disclosures have been made.

25 Contingencies

(a) Guarantees and contingencies

Guarantees obtained from banks, provided to the Nigerian Customs in respect of customs duty on behalf of the Company amounted to ₦100 million (2016: ₦100 million), which represents the Company's maximum liquidity exposure in this regard.

The Company is subject to ongoing statutory reviews by regulatory bodies. The reviews are yet to be completed as at reporting date and any liability that may arise cannot be determined with sufficient reliability. The Directors are of the opinion that the Company will not suffer any significant financial loss from these reviews.

(b) 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 ₦1,010 million. (2016:N830 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.

(c) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the financial position of the Company, have been taken into consideration in the preparation of these financial statements.

26 Segment reporting

Nigeria is the Company's primary geographical segment as the Company's revenue is entirely earned from sales of similar product in Nigeria. The Company has two business operating segments namely: sale of goods and contract brewing and packaging.

These operating segments have been combined as a single reportable segment as a result of the following instance:

- The aggregated information communicated to the chief operating decision makers (board of directors) provides information that allows them evaluate the business and the environment in which it operates;
- they have similar economic characteristics; and
- they are similar in each of the following respects:
  i. the nature of the products and services,
  ii. the nature of the production processes,
  iii. the type or class of customer for their products and services,

Accordingly, no business or geographical segment information is reported.

27 Subsequent events

There are no events which could have had a material effect on financial position of the Company as at 31 December 2017 and its financial performance for the year then ended that have not been adequately provided for or disclosed in these financial statements.

Champion Safety

2017 Safety, Health & Environment Week

Everything we do in Champion Breweries is anchored on safety because we are fully aware that there cannot be meaningful success if safety is neglected. To this end, the company ensured optimal participation by every employee, and contractors in the 2017 World Safety & Health Week.

The week long event lasted from Monday 24 to Friday 28 April, 2017 with the theme HEINEKEN 12 LIFE SAVING RULES BEST PRACTICES. The activity involved lectures, talks and sensitization drills. The high point was awareness reawakening of those key activities that have ensured zero accident in our facilities for over 800 days.

The Opening Address was delivered by the Managing Director; Mr. Patrick Ejidoh.

Infrastructural Upgrade

Since the inception of this management, efforts have been geared towards increasing production output. Hence, we have commissioned a new boiler, and continue to make the work environment most convenient for staff

Boiler

In the past two years, management has made deliberate efforts geared at revamping and upgrading of our facilities towards ensuring enhanced productivity. A major capacity upgrade was the construction of a new Boiler which was commissioned by the Head of Brewery Operations (West) Mr. Aigbedo Samson on the 2nd day of March 2017.

Canteen

The canteen was closed for almost three years which resulted in employees going outside company premises for lunch. As part of our efforts to turn the fortunes of the company for better, management took a decision to reopen it and it has increased employees' man-hour and overall productivity.
The canteen was commissioned by the Managing Director; Mr. Patrick Ejidoh on Tuesday August 1, 2017 and now provides quality lunch for over two hundred staff and employees, in a neat and healthy environment.

Bar

The company bar was upgraded to foster bonding among employees and management team. It opens 4:30pm for employees who want to relax responsibly.

Champion in the Community

In our bid for a sustainable business environment Champion Breweries continues to positively impact its host community thus making living next to the company that produces Champion brands worthwhile.

Our efforts in the community go from provision of pipe borne water to educational bursary for both secondary and tertiary, and the entertainment industry. The bursary which is annual is awarded to 10 recipients each from secondary and tertiary institutions.

Champion Breweries also supported handsomely the GotStyle Beauty Pageant. In appreciation, one of the runners-up was named the Face of Champ Malta.

Customer Engagement

Engaging our bulk breakers and distributors for seamless relationship continues to guarantee growth in volume and value.

Our 2017 End of Year rendevous was held in January 2018 in our premises. Part of the highlights of the meeting were the review of year 2017, as well as communication of the new growth scheme for greater profits, for bulk breakers and distributors.

The District Sales Manager of Champion Breweries and the MD of TOBROS Nigeria Ltd (a major distributor) in his office on one of his regular sales visit.

Offloading of Champion Lager Beer at TOBROS premises.

Factory tour by Champion Breweries Plc distributors and bulk breakers during interactive session with the management team.

Employee Matters

The sure way to grow every organisation is ensuring that employees are well empowered and motivated to give their best always for continuous growth. In 2017, the Company commenced the reinvigoration of employees with appropriate trainings, birthday celebrations and crowned the year with an end of year party.

Long Service Award

The 2017 Long Service Award was held in the company premises on Friday January 26, 2018 with ten recipients in two categories of 10 and 15 years respectively.

The main guest was Mr. Bolu Obawale, Head of Brewery Operations; North & East of Nigeria Breweries Plc. In attendance were staff and family members, and it was fun celebrating with the entire Champion Breweries family.

Each recipient got a commemorative plaque and cash in lieu of Gift.

Mr. Bassey Akpanadem of Engineering Department and his family showcasing his 15 years meritorious service award.

September 2017 birthday celebrants.

Group picture of 2017 Long Service Award recipients.

Human capital development.

The Managing Director Mr. Patrick Ejidoh delivering his welcome speech at 2017 end of the year party.

December 2017 Birthday Celebrants.

Visits

In 2017, Champion Breweries played host to government and regulatory agencies who came on courtesy as well as famarlization tours. Chief amongst them where Nigerian Customs Service, NESRA and The National Institute for Policy and Strategic Studies.

Supply Chain Director Nigerian Breweries Plc, Mr Henk Wymenga on facility tour of Champion Breweries during his courtesy visit on 20th November 2017. The Production Manager, Mr Mike Evbuomwan is explaining a point to him.

The Nigeria Customs Area Controller for Cross River, Calabar Free Trade Zone and Akwa Ibom State, Mrs. Burromvyat Patience and her team on facility tour of the Brewery. With them is the Managing Director Mr. Patrick Ejidoh on the 25th day of April 2017.

The Managing Director; Mr. Patrick Ejidoh, and the coordinator, NESRA Akwa Ibom State, Mrs. Angela Iwobi, and her team on routine process inspection/ compliance visit of production facilities of Champion Breweries on 7th July 2017.

Production Manager, Mr Mike Evbuomwan explaining a point to ITF team led by the Zonal Director/Director, Business, Training & Development Mrs. A. A. Igbeyi during a familiarization and partnership visit on September 11, 2017.

SEC 39, of the National Institute for Policy and Strategic Studies presenting a plague of recognition to HRM Mr. Emmanuel Ibanga for Champion Breweries Plc. for its contribution to the Nigerian Economy and growth of policy and strategy in the country during a courtesy visit on May 3, 2017.

Other National Disclosures

Value Added Statement

For the year ended 31 December

	2017 ₦'000	%	2016 ₦'000	%
Revenue	4,777,313		3,864,943	
Locally procured materials and services	(2,411,698)		(1,606,836)	
	2,365,615		2,258,107	
Other income	37,481		32,328	
Value added	2,403,096	100	2,290,435	100

Distribution of Value Added				
To Government				
- Excise duties	103,632	4	106,716	5
- Minimum tax	45,070	2	43,984	2
- Taxation	85,611	4	106,911	5
To Employees:				
Personnel expenses	1,023,401	42	871,123	38
Retained in the Business:				
To maintain and replace				
- property, plant and equipment	627,820	26	631,312	27
To augment reserves	517,562	22	530,389	23
Value added	2,403,096	100	2,290,435	100

Five Year Financial Summary

Statement of profit or loss and other comprehensive income

	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Revenue	4,777,313	3,864,943	3,501,845	3,302,383	2,233,259
Operating profit/(loss)	595,189	617,634	206,769	25,511	(543,902)
Profit/(loss) before taxation	648,243	681,284	248,443	(1,061,783)	(1,730,432)
Profit/(loss)	517,562	530,389	77,140	(754,523)	(1,178,025)
Total comprehensive income/(loss)	464,600	549,223	94,625	(793,945)	(1,178,386)

Statement of financial position

	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Property, plant and equipment	6,981,724	6,766,215	6,917,604	6,844,330	7,239,613
Intangible asset	-	-	-	6,878	11,741
Trade and other receivables	-	42,043	42,043	-	-
Deferred tax assets	945,284	986,727	1,085,940	1,202,200	873,948
Net current assets/(liabilities)	534,280	(41,918)	(790,425)	(2,039,956)	(12,670,861)
Employee benefits	(325,828)	(82,207)	(133,525)	(143,021)	(62,827)
Net liabilities	8,135,460	7,670,860	7,121,637	5,870,431	(4,608,386)
Funds Employed					
Share capital	3,914,748	3,914,748	3,914,748	3,600,000	450,000
Share premium	9,093,779	9,093,779	9,093,779	8,251,946	129,184
Other reserve	3,701,612	3,701,612	3,701,612	3,701,612	3,701,612
Accumulated loss	(8,574,679)	(9,039,279)	(9,588,502)	(9,683,127)	(8,889,182)
Shareholders fund	8,135,460	7,670,860	7,121,637	5,870,431	(4,608,386)

Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Company's Signatories

Company Seal*(if applicable)*

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. AFRICA PRUDENTIAL PLC
2. ABBEY MORTGAGE BANK PLC
3. AFRILAND PROPERTIES PLC
4. ALUMACO PLC
5. A & G INSURANCE PLC
6. A.R.M LIFE PLC
7. ADAMAWA STATE GOVERNMENT BOND
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
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25. MED-VIEW AIRLINE PLC
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
27. NEXANS KABLEMETAL NIG. PLC
28. OMOLUABI MORTGAGE BANK PLC
29. PERSONAL TRUST & SAVINGS LTD
30. P.S MANDRIDES PLC
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32. PREMIER BREWERIES PLC
33. RESORT SAVINGS & LOANS PLC
34. ROADS NIGERIA PLC
35. SCOA NIGERIA PLC
36. TRANSCORP HOTELS PLC
37. TRANSCORP PLC
38. TOWER BOND
39. THE LA CASERA CORPORATE BOND
40. UACN PLC
41. UNITED BANK FOR AFRICA PLC
42. UNITED CAPITAL PLC
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44. UNITED CAPITAL BOND FUND
45. UNITED CAPITAL EQUITY FUND
46. UNITED CAPITAL MONEY MARKET FUND
47. UNITED CAPITAL NIGERIAN EUROBOND FUND
48. UNITED CAPITAL WEALTH FOR WOMEN FUND
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50. UNIC INSURANCE PLC
51. UAC PROPERTY DEVELOPMENT COMPANY PLC
52. UTC NIGERIA PLC
53. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

RC 649007

E-DIVIDEND MANDATE ACTIVATION FORM

Affix Current Passport

USE GUM ONLY
NO STAPLE PINS

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐

Surname/Company's Name | First Name | Other Name

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any): C | Name of Stockbroking Firm

Mobile Telephone 1 | Mobile Telephone 2

E-mail Address

Signature: | Signature: *Joint/Company's Signatories* | Company Seal*(if applicable)*

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, inciden tal, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE ☑

1. AFRICA PRUDENTIAL PLC ☐
2. ABBEY MORTGAGE BANK PLC ☐
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9. BUA GROUP ☐
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

***= Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.: 7. SEX: MALE FEMALE
8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: | Signature: Joint/Company's Signatories | Company Seal(*if applicable*)

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY

D

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ____________ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES ____________

Surname *First Name* *Middle Name*

ADDRESS: ____________

GSM NUMBER: ____________ **E-MAIL:** ____________

GENER: Male ☐ Female ☐ **CSCS INVESTOR'S A/C NO.:** ____________

C ____________ **REGISTRAR'S ID NO (RIN):** ____________

BANK DETAILS FOR DIRECT SETTLEMENT :

ACCOUNT NAME: ____________ **BANK** ____________

BANK A/C NUMBER: ____________ *Must be NUBAN*

BVN: ____________ *Must be confirmed by bank*

AGE OF A/C: *DD* *MM* *YYYY* ____________ *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

Shareholder's Signature & Date (2) *(if applicable)*

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above the holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and for Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsover. I I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

dated this ____ day of ____, 20____

Name: ____________

Signature: ____________

Joint (2) (if applicable): ____________

Joint (3) (if applicable): ____________

Company Seal

In the Presence of:

Name: ____________ **GSM NO:** ____________

Address: ____________ **Signature:** ____________

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S, BANKER OR INSURANCE COMPANY

On behalf of ____________ Plc/Ltd, we hereby agree jointly and severally to keep the company and / or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments , losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): ____________ **Authorised Signatory (2):** ____________

Company Seal

Proxy Form

CHAMPION BREWERIES PLC

THE 42ND ANNUAL GENERAL MEETING TO BE HELD AT LAGOON RESTAURANTS, 1C OZUMBA MBADIWE STREET, VICTORIA ISLAND, LAGOS ON THURSDAY, 26TH JULY 2018

I/We*...

of...

being member(s) of CHAMPION BREWERIES PLC hereby appoint** .... or failing him, **DR ELIJAH W. AKPAN** or failing her **MR. PATRICK A. EJIDOH** as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, July 26th, 2018 and any adjournment(s) thereof.

Signature ....

Dated this .... day of.................................... 2018

Number of Shares held

ORDINARY BUSINESS	FOR	AGAINST
"That the Financial Statements for the year ended December 31, 2017, the Directors', Auditors' and Audit Committee's Reports thereon be and hereby received, considered and passed"		
To re-elect Mr. Hendrik van Rooijen as a Director of the Company		
To re-elect Mr. Thompson S. B. Owoka as a Director of the Company.		
To re-elect Mrs. Helen Umanah as a Director of the Company		
"That the Auditors having indicated their willingness to continue in office, the Directors be authorised to fix their remuneration in respect of the year ending December 31, 2017."		
"To elect/re-elect shareholders' representatives on the Audit Committee."		

B. SPECIAL BUSINESS	FOR	AGAINST
1. To consider and if thought fit, to pass the following subjoined Resolutions which shall be proposed as a Special Resolution of the Company:		
1.1 "That the balance of N8,574,679,000 (Eight Billion, Five Hundred and Seventy Four Million, Six Hundred and Seventy Nine Thousand Naira) in the Company's Accumulated Losses Account as at 31st December 2017 be transferred to the Company's Capital Reduction Account (CRA).		
That pursuant to Section 106 of the Companies and Allied Matters Act, the share premium account be reduced by an amount equal to the balance of N8, 574,679,000 (Eight Billion, Five Hundred and Seventy Four Million, Six Hundred and Seventy Nine Thousand Naira) in the CRA by writing off the losses of the Company in the CRA equivalent to this reduction of the share premium account;		
1.2 "That the Directors of the Company be authorised to appoint all relevant professionals to effect the Capital Reduction of the Company.		
1.3 That the Directors of the Company be and are hereby authorized to take such incidental, consequential, remedial and supplemental actions as may be necessary or required to effect the foregoing resolutions."		
2. To consider if thought fit, to pass the following Resolution as an ordinary Resolution of the Company: "That,, pursuant to Rule 20.8 of the Rulebook of the Nigerian Stock Exchange 2015: Issuers Rules general mandate be and is hereby given to the Company authorizing the Company during the 2018 financial year and up to the date of the next Annual General Meeting, to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2018 prior to the date of this meeting are hereby ratified."		

Dated this ....day of ...., 2018.

NOTES

A member who is unable to attend an Annual General Meeting is allowed by law to attend and vote by proxy. This Proxy Form has been prepared to enable a member exercise his/her right to vote in case he/she cannot personally attend the meeting, The Proxy Form should not be completed if the member will be attending the meeting. If you will not be able to attend the meeting, then read and comply with the following instructions: (a) Write your name in CAPITALS on the proxy form where marked* (b) Write the name of your proxy (if any) where marked** date and sign the Proxy Form. The common seal of the Company should be affixed on the Proxy Form if executed by a Corporation. The Proxy Form must be posted as to reach any of the addresses shown below not later than 48 hours before the time of holding the meeting.

Please Admit

BEFORE POSTING THE ABOVE FORM, PLEASE TEAR OFF THIS PART AND RETAIN IT FOR ADMISSION TO THIS MEETING

CHAMPION BREWERIES PLC

Name (of person attending)

Signature of the person attending

NOTE: The Shareholder or his/her Proxy must produce this Admission Slip in order to be admitted at the meeting. Shareholders or other proxies are requested to sign the Admission Slip at the entrance (venue) of the AGM in the presence of the Registrar on the day of the Annual General Meeting.

THE 42ND ANNUAL GENERAL MEETING TO BE HELD AT LAGOON RESTAURANTS, 1C OZUMBA MBADIWE STREET, VICTORIA ISLAND, LAGOS ON THURSDAY, 3rd MAY 2018

Admission Slip No. of Shares

Name and signature of shareholder

Please post to either of the addresses below:

The Company Secretary
Champion Breweries Plc
Industrial Layout, Aka Offot
Uyo, Akwa Ibom State

The Registrar
Africa Prudential Registrars
220B, Ikorodu Road,
Palm Grove, Lagos

SECOND FOLD HERE

Please Affix Postage

FIRST FOLD HERE

AFRICA PRUDENTIAL REGISTRARS PLC
220B, Ikorodu Road, Palmgrove, Lagos.
Tel: 01-4606460, Lagos.

THIRD FOLD HERE AND INSERT

CHAMPION BREWERIES PLC
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