



International Breweries Plc

RC 9632

Unaudited Condensed Interim Financial Statements

For six months period ended 30 September 2017

INTERNATIONAL BREWERIES PLC
UNAUDITED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2017

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International Breweries Plc
Unaudited Condensed Interim Financial Statements
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COMPLIANCE CERTIFICATE ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 30 SEPTEMBER 2017

We the undersigned hereby certify that:

- a) We have reviewed the report and
- b) Based on our knowledge the report does not:
 - i. contain any untrue statement of a material fact, or
 - ii. omit to state a material fact, that would make the statements misleading in the light of the circumstances under which the statements were prepared.
- c) Based on our knowledge the financial statements and other financial information included in the report fairly represent, in all material respects the financial conditions and results of operations of the company as of, and for the period in the report.
- d) We hereby state that we:
 - i. Are responsible for establishing and maintaining controls
 - ii. Have designed such internal controls to ensure that material information relating to the company is made known to us by others within the company particularly during the period the periodic reports are being prepared.
 - iii. Have evaluated the adequacy and effectiveness of the company's internal controls as of date.
- e) The financial statements are prepared in compliance with IAS 34 – Interim Financial Reporting.



Michiel Oerlemans
Chief Operating Officer
FRC/2017/1ODN/00000016579



Christopher Tyne
Executive Director, Finance
FRC/2013/1ODN/00000008084



Olugbenga Adebajo
Chief Accountant
FRC/2014/ICAN/00000006878

International Breweries Plc

Unaudited Condensed Interim Financial Statements for six months period ended 30 September 2017

Condensed Interim Statement of Financial position as at 30 September 2017

		Current year Unaudited	Prior Year Unaudited	Year End Audited
		30-Sep 2017	30-Sep 2016	31-Mar 2017
	Note	N'000	N'000	N'000
Assets				
Property, plant and equipment	13	34,343,847	26,879,686	31,748,068
Intangible assets	14	45,738	54,923	45,738
Deferred tax assets	15	1,194,292	127,458	1,229,680
Non-current assets		35,583,877	27,062,067	33,023,486
Inventory	16	5,621,096	3,419,051	3,835,324
Trade and other receivables	17	4,356,631	3,437,526	6,938,722
Cash and cash equivalents	18	1,180,376	1,327,353	1,165,203
Current assets		11,158,103	8,183,930	11,939,249
Total Assets		46,741,980	35,245,998	44,962,735
Liabilities				
Trade and other payables	19	8,484,938	5,886,789	12,476,472
Employee benefits	23 (a)	79,729	52,388	165,438
Borrowings	20 (a)	16,079,276	12,583,332	11,987,582
Current tax liabilities	21 (a)	1,422,602	1,172,619	1,422,602
Provisions	22	132,431	34,170	-
Current liabilities		26,198,977	19,729,298	26,052,094
Other Payables	20 (b)	1,459,487	919,974	136,522
Deferred tax liabilities	21 (b)	4,677,774	3,119,122	4,385,556
Employee benefits	23 (b)	579,181	506,910	509,803
Non-current liabilities		6,716,442	4,546,006	5,031,881
Total liabilities		32,915,419	24,275,304	31,083,975
Net assets		13,826,561	10,970,694	13,878,760

Notes 1 to 27 form an integral part of these financial statements.

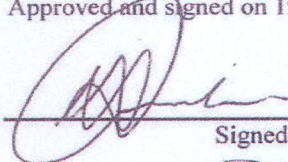
International Breweries Plc

Unaudited Condensed Interim Financial Statement for six months period ended 30 September 2017

Condensed Interim Statement of Financial position as at 30 September 2017 (Cont'd)

		Current year Unaudited	Prior Year Unaudited	Year End Audited
		30-Sep 2017 N'000	30-Sep 2016 N'000	31-Mar 2017 N'000
Equity				
Share capital	24	1,647,125	1,647,125	1,647,125
Share premium	25	6,160,731	6,160,731	6,160,731
Retained earnings	27	4,657,949	1,802,082	4,710,148
Total shareholders' equity		12,465,805	9,609,938	12,518,004
Other reserves	26	1,360,756	1,360,756	1,360,756
Total equity		13,826,561	10,970,694	13,878,760

Approved and signed on 19th October 2017



Signed

Mr Michiel Oerlemans - Chief Operating Officer
FRC/2017/IODN/00000016579


Signed

Mr Christopher Tyne - Finance Director
FRC/2013/IODN/00000008084


Signed

Mr Olugbenga Adebajo - Chief Accountant
FRC/2014/ICAN/00000006878

Notes 1 to 28 form an integral part of these financial statements.

International Breweries Plc

Unaudited Condensed Interim Financial Statements for six months period ended 30 September 2017

Condensed Interim Statement of Profit Or Loss and Other Comprehensive Income

For three and six months periods ended 30 September 2017

		Current year Unaudited	Current year Unaudited	Prior year Unaudited	Prior Year Unaudited
		3 Months (July - Sept)	6 Months (April - Sept)	3 Months (July - Sept)	6 Months (April - Sept)
		30-Sep 2017	30-Sep 2016	30-Sep 2016	30-Sep 2016
	Notes	N'000	N'000	N'000	N'000
Revenue	5	7,965,988	17,401,360	6,625,061	13,498,847
Cost of sales	6	(4,236,484)	(9,379,520)	(3,549,091)	(7,013,029)
Gross profit		3,729,505	8,021,840	3,075,970	6,485,819
Other Income	7	4,288	4,531	(4,398)	(2,688)
Marketing and promotion expenses	8	(415,124)	(827,875)	(383,764)	(779,791)
Administrative expenses	9	(2,071,348)	(3,645,090)	(1,385,544)	(2,718,593)
Operating profit / (Loss)		1,247,320	3,553,406	1,302,264	2,984,748
Other gains and (losses)	10	(944,716)	(983,214)	(21,779)	(98,937)
Profit/ (Loss) before finance income and charges		302,604	2,570,192	1,280,485	2,885,811
Finance income	11	1,523	4,468	812	934
Finance cost	12	(1,527,499)	(2,299,254)	(1,497,724)	(4,386,454)
Profit (Loss) before taxation		(1,223,372)	275,407	(216,427)	(1,499,710)
Income tax expense	21(a)	-	-	-	(374,000)
Deferred tax	21(b)	-	(327,606)	-	-
Profit (Loss) for the period		(1,223,372)	(52,199)	(216,427)	(1,873,710)
Other Comprehensive Income, net of tax		-	-	-	-
Total Comprehensive Income for the period		(1,223,372)	(52,199)	(216,427)	(1,873,710)
Earnings per share - Basic (Kobo)		(37)	(2)	(7)	(57)
Earnings per share - Dilluted (Kobo)		(37)	(2)	(7)	(57)

Notes 1 to 28 form an integral part of these financial statements.

International Breweries Plc
Unaudited Condensed Interim Financial Statements for six months period ended 30 September 2017
Statement of Cash Flows for the six months ended 30 September 2017

	Note	2017 N'000	2016 N'000
Cash flows from operating activities			
Cash flow from operating activities before changes in working capital	28 (a)	3,482,102	3,816,394
Changes in working capital	28 (b)	(1,172,502)	(219,690)
Cash generated from operations		2,309,600	3,596,704
VAT paid		(716,079)	(695,624)
Back duty on VAT and penalty paid		-	-
Income tax paid	22(c)	-	-
Gratuity paid	20 (c)	(3,693)	(11,627)
Net cash flow from operating activities		1,589,828	2,889,453
Cash flow from investing activities:			
Purchase of Property plant and equipment	12	(3,434,223)	(3,186,466)
Proceeds on sale of Property plant and equipment		-	4,735
Interest received		4,468	934
Net cash flow from / (applied) to investing activities		(3,429,755)	(3,180,797)
Cash flow from financing activities:			
Increase / (Decrease) in foreign loan		-	3,137,158
Dividend paid		-	(1,152,987)
Increase / (decrease) in bank loans & overdrafts		4,091,694	(1,036,585)
Interest paid		(2,236,595)	(430,947)
Net cash flow from / (applied to) financing activities		1,855,099	516,639
Net Increase/(Decrease) Cash and Cash Equivalent		15,173	225,295
Cash and cash equivalence at the beginning of the period		1,165,203	1,102,058
Cash and cash equivalence at the end of the period	18	1,180,376	1,327,353

Notes 1 to 28 form an integral part of these financial statements.

International Breweries Plc
Unaudited Condensed Interim Financial Statements for six months period ended 30 September 2017
Statement of changes in equity for six months period ended 30 September 2017

	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Notes					
Balance as at 1 April 2017	1,647,125	6,160,731	1,360,756	4,710,148	13,878,760
Profit for the period				(52,199)	(52,199)
Other comprehensive income for the period				-	-
Total comprehensive income for the period				(52,199)	(52,199)

Transactions with owners, recorded directly in equity:

Contributions and distributions:

Issued shares
Share Premium
Dividends
Unclaimed dividends written back

	-	-	-	-	-
Equity as at 30 September 2017	1,647,125	6,160,731	1,360,756	4,657,949	13,826,561

Notes 1 to 28 form an integral part of these financial statements.

Statement of changes in equity for six months period ended 30 September 2016

	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Notes					
Balance as at 1 April 2016	1,647,125	6,160,731	1,360,756	4,828,779	13,997,391
Profit for the period				(1,873,710)	(1,873,710)
Other comprehensive income for the period				-	-
Total comprehensive income for the period				(1,873,710)	(1,873,710)

Transactions with owners, recorded directly in equity:

Contributions and distributions:

Issued shares
Share Premium
Dividends
Unclaimed dividends written back

	-	-	-	(1,152,987)	(1,152,987)
Equity as at 30 September 2016	1,647,125	6,160,731	1,360,756	1,802,082	10,970,694

Notes 1 to 28 form an integral part of these financial statements.

International Breweries Plc

Unaudited Condensed Interim Financial Statements for six months period ended 30 September 2017

Statement of Value Added for the six months ended 30 September 2017

	30-Sep 2017 N'000	%	30-Sep 2016 N'000	%
Revenue	17,401,360		13,498,847	
Bought-in materials	(13,911,451)		(12,256,591)	
Value Added	3,489,909	100	1,242,256	100

Distribution of value added:

To pay employees salaries, wages and fringe benefits	1,535,753	44	1,470,844	118
To provide for maintenance of assets - amortisation	1,165,664	33	840,176	68
To pay bank interest	840,691	24	430,947	35
To pay government - in taxes	-	0	374,000	30
Retained earnings	(52,199)	(1)	(1,873,710)	(151)
Value Added	3,489,909	100	1,242,257	100

Notes 1 to 28 form an integral part of these financial statements.

INTERNATIONAL BREWERIES PLC
Unaudited Condensed Interim Financial Statements
For six months period ended 30 September 2017
NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

International Breweries Plc was incorporated as a private limited liability company in Nigeria on 22 December, 1971, commenced business operations in August, 1978 and became a public limited liability company on 26 April, 1994 and listed on the Nigeria Stock Exchange. The principal activities of the company continue to be brewing, packaging and marketing of beer, alcoholic flavoured/ non-alcoholic beverages and soft drinks.

2. Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the Federal Republic of Nigeria.

3. Significant Accounting policies

The principal accounting policies adopted in the preparation of the company's financial statements are set out below.

a) Basis of preparation of the financial statements

Unless otherwise stated, the accounts have been prepared on an accruals basis and under the historical cost convention. These financial statements are presented in Nigerian Naira (₦), which is the company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless otherwise stated.

b) Use of estimates and judgements

The preparation of the Financial Statements requires Management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

c) Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st April 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the company are set out below. The extent of the impact of these standards is yet to be determined. The company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

IFRS 9 Financial Instruments

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The standard contains requirements in the following areas:

- *Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- *Impairment.* The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- *Hedge accounting.* Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- *Derecognition.* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Effective date

1 January 2018

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Effective date

1 January 2018

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. New disclosures about leases are also introduced.

Effective date

1 January 2019

Classification and Measurement of Share-based Payment Transactions

(Amendments to IFRS 2)

Amends IFRS 2 'Share-based Payment' to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Effective date

1 January 2018

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 'Insurance Contracts' provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Effective date

Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date.

d) Standards and interpretations effective 31st March 2017

New IFRS standards and amendments to existing standards that became effective for annual periods commencing on or after 1st April 2016 have been applied in preparing the financial statements and which resulted in additional disclosures but had no significant impact on the measurements of the company's assets and liabilities.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amends IAS 12 'Income Taxes' to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Effective date

1 January 2017

Disclosure Initiative (Amendments to IAS 7)

Amends IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Effective date

1 January 2017

e) i) Property, Plant and Equipment:

The company uses the cost model for property, plant and equipment. Plant and equipment are stated at cost less depreciation and impairments.

Cost includes:

- The purchase price, including import duties, and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including costs associated with site preparation;

- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset over the period up to the time such an asset is substantially ready for its intended use.

On adoption of IFRS, the company used 'revaluation as deemed cost' at the date of transition in respect to certain buildings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

ii) Depreciation:

No depreciation is provided on freehold land and assets in the process of construction. Depreciation on property, plant and equipment is calculated on the straight line basis to write off the costs of components that have homogenous useful lives to their residual values over their estimated useful lives as follows:

Buildings	22 - 55 years
Computer equipment	5 - 10 years
Plant and machinery	5 - 50 years
Vehicles	8 - 10 years
Marketing vehicles	4 - 8 years
Furniture and fittings	5 - 30 years

The company regularly reviews all of its depreciation rates and residual values. Such a review takes into consideration changes in circumstances including expected market requirements for the equipment, rate of expected usage and variation in the expected rate of technological developments.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its estimated recoverable amount. As at the balance sheet date, there was no indication of impairment of the property plant and equipment and no adverse condition that could impact on the useful lives of such assets was detected.

Returnable Containers are reflected at deposit value. Provisions are made against the deposit values for breakages and losses in trade to write off the deposit value over the expected useful life of the container. This period is shortened where appropriate by reference to market dynamics.

The differences between landed cost and the deposit value of new bottles and crates are also recognised in Returnable Containers. Amortisation of containers is calculated on a straight line basis over the expected useful lives from the date that they are available for use. It is calculated to reflect the estimated pattern of consumption of the future economic benefits embodied in the asset and is recognised in the income statement at the following rates:

- Bottles (Excess over deposit value) - 6 years
- Crates (Excess over deposit value) - 7 years

iii) Gains and losses on sale

Gains and losses on disposals are determined by reference to the proceeds on disposal and carrying amounts of the assets and are dealt with in the income statement. Net gains and losses are presented as other operating income and expenses when recovery of the consideration is probable, the significant risks and rewards of ownership have been transferred to the buyer, the associated costs can be estimated reliably, and there is no continuing management involvement with the PPE.

f) Intangible assets

Purchased software is stated at cost less accumulated amortisation on a straight – line basis (if applicable) and impairment losses. Cost is usually determined by the amount paid by the company, unless the asset has been acquired as part of a business combination.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. Amortisation is included within the net operating expenses in the income statement.

g) Leases

Assets acquired under finance lease are capitalised and depreciated in accordance with the company's policy on property, plant and equipment unless the lease term is shorter whereupon, they are amortised over the lease term. The associated obligations are included under financial liabilities.

h) Impairment

The carrying amounts of financial assets, property, plant and equipment, and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in accordance with IAS 36:9. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset will only be up to the amount that it would have been had the original impairment not occurred.

i) Revenue

(I). Sale of goods and services

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of VAT, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Turnover also includes co-packaging income derived from the use of the company's facilities for the production of products of other companies under a co-packaging arrangement. The same recognition criteria also apply to the sale of by-products and waste (such as spent grains) with exception that this is included within other income.

(II). Other income

Other income constitutes gains from the sale of assets, net of taxes; proceeds from the sale of by-products; interest on deposits and others. These various sources of income are recognised in profit or loss when ownership has been transferred to the buyer.

Rentals paid and incentives received on leased sales trucks are charged or credited to the income statement on a straight - line basis over the lease term.

j) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred. Advertising and promotion expenses are charged to the income statement as incurred. Distribution costs on sales to customers are included in selling, general and administrative expenses.

Minimum lease payments 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

Foreign currency gains and losses are reported on a net basis in other net finance expenses.

k) Income tax

Income tax on the profit for the year comprises current and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Current tax is the amount of tax payable on the taxable profit for the year, using the current tax rate in accordance with the enacted tax statutes, at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

In line with IAS 12 - income taxes, deferred taxes are provided for using the liability method which focuses on temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.

The company recognizes a deferred tax liability or asset when there are taxable and deductible differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet.

The company recognizes deferred tax assets arising from unrelieved tax losses, tax credits and unabsorbed capital allowances carried forward to the extent that it is probable that sufficient taxable profit will be available against which the deferred tax asset can be utilized in future.

Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

l) Accounting for leases

Leased property, plant and equipment where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the lower of fair value of the leased property and the present value of minimum lease payments at inception of the lease. Amortisation and impairment testing for depreciable leased assets, is the same as for own depreciable assets.

Lease payments are apportioned between the outstanding liabilities and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Lease of assets under which all the risks and rewards of ownership are substantially retained by the lessor are classified as operating leases.

Rentals paid and incentives received on operating leases are charged or credited to the income statement over the lease term.

m) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs, except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each reporting date.

Financial assets are recognised when the company has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

De-recognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred or when the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms.

De-recognition of financial liabilities

Financial liabilities are de-recognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are charged to the income statement in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net finance costs over the life of the instrument.

Financial assets and financial liabilities relevant to the company for the year are as follows: -

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates – trade, amounts owed by staff, accrued income and cash and cash equivalents.

i) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the income statement.

ii) Cash and cash equivalents

In the statement of cash flow, cash and cash equivalents includes cash in hand, bank deposits repayable on demand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. It also includes bank overdrafts which are shown within borrowings in current liabilities on the statement of financial position.

iii) Amounts owed by staff

These represent short term interest free salary advances to members of staff.

Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates – trade, other payables and borrowings.

i) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method where applicable. Trade payables are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

ii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued and prepaid interest. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents in the statement of cash flow as they form an integral part of the company's cash management.

n) Foreign currency transactions

Transactions arising in foreign currencies during the period are translated to the functional currency (Nigerian Naira) at the exchange rate prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in the statement of comprehensive income in the period in which they arise.

o) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing this statement. Dividends paid to ordinary shareholders in periods that they are available as well as interest paid on borrowings are included in financing activities.

p) Share capital

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects, from the proceeds.

q) Reserves

Asset revaluation reserve

Surpluses or deficits arising on the revaluation of individual fixed assets are credited or debited to a non-distributable reserve known as fixed assets revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same assets are charged to other comprehensive income.

On disposal of a previously re-valued asset, an amount equal to the revaluation surplus attributable to that asset is transferred from revaluation reserve to revenue reserve.

r) Earnings per share

International Breweries Plc 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 for earlier years.

s) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories is determined using weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs of disposal. The costs of inventories consist of purchase costs, conversion costs and all other costs incurred in bringing them to their present location and condition.

(i) Raw materials

Raw materials and other bought-in components are measured using the purchase price, import duties, transport, dock charges and other costs directly attributable to its acquisition less trade discounts, rebates and other similar items; based on weighted average cost formula.

(ii) Finished goods and Work in progress

Finished goods and work in progress are measured using standard costs based on weighted average and include cost of raw materials, direct costs and an appropriate portion of production overheads based on normal operating capacity.

(iii) Goods in Transit

Goods ordered, shipped and awaiting delivery are recognised as goods in transit and are stated at the purchase price plus other incidental costs incurred to date.

(iv) Spares, fuel and lubricants

The cost of spare parts, fuel and lubricants is based on weighted average. Spare parts are valued at lower of cost and net realizable value. Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the company expects to use them during more than one period but only at the point of issue. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

t) *Employee Benefits*

International Breweries Plc recognises employee obligations in line with IAS 19 by making certain assumptions in order to value the company's gratuity and post-retirement obligations in the statement of financial position and to determine the amounts to be recognised in the income statement.

i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. International Breweries Plc recognises wages, salaries, social security contributions, bonuses and other allowances for current employees in the income statement as the employees render such services. A liability is recognised for the amount expected to be paid under short - term benefits if the company has a present legal or constructive obligation to pay the 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 Nigerian Pension Reform Act 2004, International Breweries Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the company at the rate of 8% and 10% of remunerations respectively and invested outside the company through Pension Fund Administrators (PFAs) preferred by employees.

The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by the company to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. The contributions are recognised as employee benefit expense when they become due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan including pension plan that does not qualify as a defined contribution plan. The company makes unfunded provision for retirement benefit entitlements due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. No other post employment benefit arrangement exists between the company and the current or past employees.

iv) Other long term employee benefits

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

The discount rate is the yield at balance sheet date on high-quality rated corporate bonds that have maturity dates approximating the terms of company's obligations. The obligation is calculated using the projected unit credit method. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

The company also recognises a liability and an expense for long-term service awards where cash is paid to the employee at certain milestone dates in a career with the company. Such accruals are appropriately discounted to reflect the future payment dates at discount rates determined by reference to local high-quality corporate bonds.

(Employee Compensation Act 2010)

IB Plc provides 1% of employees' gross annual salary as disability/death in service insurance benefits under the Employee Compensation Act 2010 (formerly Workmen Compensation Act CAP W6 LFN, 2004). The charge represents the company's obligations under the scheme. The charge so recognised is expensed in the income statement of the year of incidence.

u) Deposits by customers

Returnable containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for branded returnable containers are reflected in the balance sheet within current liabilities.

v) Provisions, contingent liabilities and contingent assets

i) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The company reviews provisions existing at the end of each reporting period and makes appropriate adjustment to reflect the current best estimate.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are not recognised for future operating losses; however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

ii) Contingent liability

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

iii) Contingent assets

Contingent assets arising from unplanned or other unexpected events giving rise to the possibility of an inflow of economic benefits are disclosed in the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

4. Segment reporting

No business or geographical segment information is reported as the Company's primary geographical segment is Nigeria. Presently, 100 percent of the Company's sales are made in Nigeria. Also, identical risks and returns apply to all Company products. Net revenue for the reporting year was as follows:

International Breweries Plc
Notes to financial statements
for the six (6) months period ended 30 September 2017

5 Revenue

Revenue net of VAT and discounts
Less: Excise duty
Net Producer's Revenue

3 months	6 months	3 months	6 months
Jul - Sept	April - Sept *	Jul - Sept	April - Sept
2017	2017	2016	2016
N'000	N'000	N'000	N'000
8,490,113	18,573,249	7,063,909	14,371,051
(524,124)	(1,171,889)	(438,848)	(872,204)
7,965,988	17,401,360	6,625,061	13,498,847

6 Cost of sales

Cost of goods sold comprises raw materials, conversion costs and materials and sourcing expenses
Variable Production cost
Variable distribution cost
Variable Other costs
Technical / Management fees
Royalties
Impairments
Depreciation and amortisation of plants & equipment

N'000	N'000	N'000	N'000
3,402,767	7,605,936	2,655,477	5,262,485
475,664	1,027,413	581,860	1,130,262
221,537	445,660	193,633	378,770
159,274	347,981	132,377	270,043
(22,758)	(47,470)	(14,256)	(28,531)
-	-	-	-
4,236,484	9,379,520	3,549,091	7,013,029

7 Other Income /(Loss)

Contract packaging for third party (net income)
Proceeds from sale of scrapped assets
Profit (loss) on sale of fixed assets
Proceeds from by-products and other
Interest on deposit
Company Licence fees
Sundry income

N'000	N'000	N'000	N'000
(17)	(6)	(6,773)	(7,423)
4,305	4,537	2,375	4,735
4,288	4,531	(4,398)	(2,688)

8 Marketing and promotion expenses

Above the line (Sales Promotion, In-Bar Activations & POS Materials)
Below the line (Outdoor, Radio & TV, Newspaper Adverts)
Indirect marketing cost
Corporate brand management

N'000	N'000	N'000	N'000
158,381	339,967	58,260	265,166
255,882	443,784	298,318	460,578
-	-	3,384	3,832
861	44,124	23,802	50,214
415,124	827,875	383,764	779,791

9 Administrative expenses (Controllable Fixed Cost)

Net Profit is arrived at after charging the following controllable fixed costs as administration expenses:

Paycosts
Manning Related costs
Administration costs (Incl Leasing costs, Rates & Taxes)
Operating costs
Insurance
Maintenance
Training Costs
Bad Debts
Audit Fees
IT costs
Depreciation

N'000	N'000	N'000	N'000
597,608	1,190,708	667,536	1,213,370
177,546	345,045	131,469	257,474
1,952	9,792	31,296	60,939
384,052	497,920	85,855	163,794
10,456	28,176	9,639	51,687
351,980	598,164	124,263	307,454
20,234	40,570	21,486	37,475
107,754	112,754	3,200	6,585
6,903	13,484	5,119	11,607
38,738	54,046	15,730	34,758
374,126	754,431	289,951	573,450
2,071,348	3,645,090	1,385,544	2,718,593

10 Other gains and (losses)

Profit / (Loss) on sale of fixed assets
Operating exchange gains (losses)

(944,716)	(983,214)	(21,779)	(98,937)
(944,716)	(983,214)	(21,779)	(98,937)

11 Finance income

Interest received

1,523	4,468	812	934
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12 Net finance cost

Exchange loss / (gain)
Interest on overdraft

1,028,058	1,458,563	1,256,871	3,955,507
499,440	840,691	240,853	430,947
1,527,499	2,299,254	1,497,724	4,386,454

International Breweries Plc

Notes to financial statements

for the six (6) months period ended 30 September 2017

13 Property, Plant & Equipment - as at 30 September 2017

The movement on fixed assets accounts during the period was as follows (N'000):

	Land and Buildings	Plant and Machinery	Vehicles, Furniture & Equipment	Returnable Containers	Assestes in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost / Valuation						
Cost at 01/04/2017	3,446,302	21,444,687	1,432,152	9,271,793	4,975,194	40,570,128
Additions			50,228	2,060,275	1,651,326	3,761,829
Transfer to fixed assets		(384)				-
Disposals						(384)
At 30/09/2017	3,446,302	21,444,303	1,482,380	11,332,068	6,626,520	44,331,573
Depreciation						
At 01/04/2017	277,905	5,267,380	602,003	2,674,774	-	8,822,062
For the period	16,339	606,011	109,660	433,654	-	1,165,664
Disposal / Transfer					-	-
At 30/09/2017	294,244	5,873,391	711,663	3,108,428	-	9,987,726
Net Book Value						
At 30/09/2017	3,152,058	15,570,912	770,717	8,223,640	6,626,520	34,343,847

Property, Plant & Equipment - as at 30 September 2016

	Land and Buildings	Plant and Machinery	Vehicles, Furniture & Equipment	Returnable Containers	Asstes in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost / Valuation						
Cost at 01/04/2016	2,802,617	17,218,124	1,136,703	6,063,314	5,079,032	32,299,790
Additions	23,139	581,528	168,205	1,766,554	791,475	3,330,901
Transfer to fixed assets					(904,906)	(904,906)
Disposals						-
At 30/09/2016	2,825,756	17,799,652	1,304,908	7,829,868	4,965,601	34,725,785
Depreciation						
At 01/04/2016	220,637	4,294,269	573,786	1,994,853	-	7,083,545
For the period	28,020	468,973	38,811	304,371	-	840,176
Disposal / Transfer			(77,622)		-	(77,622)
At 30/09/2016	248,657	4,763,242	534,975	2,299,224	-	7,846,099
Net Book Value						
At 30/09/2016	2,577,098	13,036,410	769,933	5,530,644	4,965,601	26,879,686

Note	30-Sep 2017	30-Sep 2016
14 Intangible assets	N'000	N'000
Computer software		
Opening Balance	83,779	83,779
Amortisation	(38,041)	(28,856)
Closing balance	45,738	54,923

Notes 1 to 28 form an integral part of these financial statements.

International Breweries Plc
Notes to financial statements
for the six (6) months period ended 30 September 2017

	3 months	6 months	3 months	6 months
	Jul - Sept	April - Sept	Jul - Sept	April - Sept
	2017	2017	2016	2016
	N'000	N'000	N'000	N'000
		N'000		N'000
15 Deferred tax assets				
<i>Opening Balance 1 April</i>				
Employee benefits	152,941	152,941		127,458
Unrealised exchange loss	1,076,739	1,076,739		
Total B/fwd	1,229,680	1,229,680		
<i>Deferred tax during the period:</i>				
Unrelieved Capital allowance	252,752	252,752		
Unrelieved loss	767,786	767,786		
Employee benefits	173,754	173,754		
	1,194,292	1,194,292		
<i>Total for the period</i>	(35,388)	(35,388)		
<i>Balance as at 30 September 2017</i>	1,194,292	1,194,292	-	127,458
16 Inventories				
Spare parts		1,071,576		931,755
Goods-in-transit		834,847		-
Raw materials		1,560,811		1,834,268
Production in progress (WIP)		448,949		223,747
Finished products		1,590,200		310,014
Consumables		114,713		119,267
		5,621,096		3,419,051
17 Trade and other receivables				
Trade debtors		3,558,251		3,037,563
Other debtors		82,155		128,447
Prepayments		716,226		271,516
		4,356,631		3,437,526
18 Cash and cash equivalents				
Cash		2,425		2,946
Bank		1,177,951		1,324,407
		1,180,376		1,327,353
19 Trade and other payables				
Current				
Trade creditors		3,082,427		2,075,651
Other creditors		854,214		1,297,993
Amount due to associated companies		3,586,928		1,606,983
Unclaimed dividend		136,522		93,848
Dividend payable		4,658		753,558
Accrued Audit fees		5,483		2,509
Accrued Expenses		814,917		56,247
		8,485,149		5,886,789
20 Borrowings				
(a) Current				
Amount due to associated companies				
Obligation under finance lease				
Term loans		7,500,000		7,965,513
Bank overdrafts		8,579,276		4,617,819
		16,079,276		12,583,332
Other Payables				
(b) Non-current				
Other Payables		1,459,487		919,974
		1,459,487		919,974

Notes 1 to 28 form an integral part of these financial statements.

		30-Sep 2017 N'000	30-Sep 2016 N'000
21	Taxation		
(a)	Current tax		
	Opening balance as at 1 April		
	Education tax		676,952
	Corporate Tax	1,422,602	1,422,602
	Sub Total Bal b/fwd	1,422,602	676,952
	Charged during the period:		
	Education tax		374,000
	Corporate Tax		374,000
	Sub Total charged for the period	-	374,000
	Payment / Adjustment during the period:		
	Education tax	-	-
	Corporate Tax	-	-
	Sub - Total	-	-
			121,667
	Total current tax liability	1,422,602	1,172,619
(b)	Deferred tax liability		
	Opening balance as at 1 April	4,385,556	3,119,122
	Arising during the period	292,218	-
	Deferred tax asset		
	Total deferred tax liability	4,677,774	3,119,122
	Deferred tax charge		-
22	Provisions	132,431	34,170
23	Employees benefits		
(a)	Current		
	Short term benefits	79,729	52,388
(b)	Non-current		
	Accrued employees benefits		506,910
	Staff gratuities and terminal benefits	579,181	506,910
		579,181	506,910
24	Share capital		
(a)	Authorised -		
	4,000,000,000 Ordinary shares of 50 kobo each	2,000,000	2,000,000
	(b) Allotted, called-up and fully paid (Bal /bfwd)	1,647,125	1,647,125
	Additional issues		
	Total: 3,294,249,280 Ordinary Shares of 50 kobo each	1,647,125	1,647,125
25	Share premium		
	Opening balance as at 1 April	6,160,731	6,160,731
	Increase during the period		-
	Balance	6,160,731	6,160,731
26	Other reserves		
	Opening balance as at 1 April	1,360,756	1,360,756
	Capital accretion on Land and Buildings Revaluation		-
	Balance	1,360,756	1,360,756
27	Retained earnings		
	Opening balance as at 1 April	4,710,148	4,828,779
	Dividend paid		(1,152,987)
	Add: Net Profit/(Loss) for the period	(52,199)	(1,873,710)
		4,657,949	1,802,082

Notes 1 to 28 form an integral part of these financial statements.

Note

28 Reconciliation of cash flows:

(a) Cash flow from operating activities before change in working capital:

	Note	2017 N'000 (52,199)	2016 N'000 (1,873,710)
Profit / (Loss) after tax			
<i>Adjustments for non-cash items:</i>			
Depreciation and amortisation	13, 14	1,165,664	840,176
Impairment of PPE	13		-
Addition in provisions for employees benefits		69,378	82,051
Net finance cost	12	2,299,254	4,386,454
(Gain) / Loss on sales of property, plant and equipment	7	6	7,423
Income tax expense	22(a)	-	374,000
Other provisions included in profit		-	-
		3,482,102	3,816,394
Changes in working capital:			
(Increase) / Decrease in trade and other receivables (excluding VAT paid)	1*	2,582,091	634,564
(Increase) / Decrease in inventories	2*	(1,785,772)	(1,509,718)
Increase / (Decrease) in trade and other payables	3*	(1,968,820)	655,464
		(1,172,502)	(219,690)

Notes 1 to 28 form an integral part of these financial statements.