

INTERNATIONAL BREWERIES PLC

**AUDITED REPORT AND FINANCIAL STATEMENTS
FOR NINE (9) MONTHS YEAR ENDED 31 DECEMBER, 2017**

INTERNATIONAL BREWERIES PLC

FINANCIAL STATEMENTS

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INTERNATIONAL BREWERIES PLC

CORPORATE INFORMATION

Chairman:	Mr. Sunday Akintoye Omole		
Directors:	Mrs. Annabelle Degroot	(South African)	- MD Designate - <i>(appointed:11 Oct.,2017)</i>
	Mr Michael Oerlemans	(South African)	- Chief Operating officer – <i>(resigned 28 Feb. 2018)</i>
	Mr. Gustav Van Heerden	(South African)	- <i>(resigned 19 March, 2018)</i>
	Mr. Christopher Tyne	(South African)	- Executive <i>(resigned 19 March, 2018)</i>
	Mr. Zuber Momoniat	(South African)	- <i>(appointed 26 February, 2018)</i>
	Mr. Ryan Martin	(South African)	- <i>(resigned: 12 Sept.,2017)</i>
	Mr. Andries Du Plessis	(South African)	- <i>(resigned: 11 Oct.,2017)</i>
	Mr. Folorunsho Awomolo		
	Mrs. Afolake Lawal		
Alternate Directors:	Mr. Olugbenga Awomolo	(Mr. Folorunsho Awomolo)	
	Ms. Abisola Olabinjo	(Mrs. Afolake Lawal)	
Company Secretary:	Mr. Muiyiwa Ayojimi		
Registered Office:	Lawrence Omole Way, Omi Asoro, Ilesa.		
Brewery Plants:			
Ilesa Plant	Lawrence Omole Way Omi-Asoro, Ilesa Osun State		
Onitsha Plant	SABMiller Drive, Harbour Industrial Layout Onitsha Anambra State		
Port Harcourt Plant	186/187 Trans-Amadi Industrial Layout Oginigba, Port Harcourt, Rivers State.		
Registered Number:	RC 9632		
Independent Auditors:	Baker Tilly Nigeria, Chartered Accountants, Zion House, 46 Alaaafin Avenue, Oluyole Industrial Estate, Ibadan. Email: bntib@bakertillynigeria.com		
Registrar:	Apel Capital Registrars Limited, No. 18 Alhaji Bashorun Street, Off Norman Williams street, Ikoyi, Lagos. Email: registrars@apel.com.ng		
Main Bankers:	CitiBank Limited Ecobank Plc. First Bank of Nigeria Plc. Guaranty Trust Bank plc. Skye Bank Plc. Stanbic IBTC Plc. Standard Chartered Bank Limited. Union Bank of Nigeria Wema Bank Plc. Zenith Bank Plc. Rand Merchant Bank Ltd.		

INTERNATIONAL BREWERIES PLC

FINANCIAL HIGHLIGHTS

	December 2017 ₦'000	March 2017 ₦'000	Increase/ (Decrease) %
Key items in statement of comprehensive income:			
Revenue	36,527,807	32,711,218	11.67%
Gross profit	13,707,887	15,164,459	(9.61%)
(Loss)/Profit before tax	(3,199,616)	2,891,749	(211%)
Total comprehensive income for the year	1,429,320	1,034,357	38%
Key items in statement of financial position:			
Total assets	253,820,704	44,962,735	465%
Total liabilities	211,444,712	31,083,975	580%
Total equity as at end of the year	42,375,992	13,878,760	205%
Key cash flow items from/ (applied to):			
Net cash flow from operating activities	110,020,801	11,403,456	865%
Cash and cash equivalents at end of year	8,098,186	1,165,203	595%
Key ratios:			
Net return on total equity	3%	7%	(57%)
Gross profit to revenue	38%	46%	(17%)
Operating result on revenue	9%	25%	(64%)
Operating result on total assets	1%	18%	(94%)
Debt to equity	215%	96%	(119%)
Headcount:			
Number of employees	1,448	556	160%
Information per 50kobo ordinary share:			
Earnings per share	17 kobo	31 kobo	(45%)
Net assets per share	493kobo	421 kobo	17%

INTERNATIONAL BREWERIES PLC

REPORT OF THE DIRECTORS

The directors have the pleasure in submitting their report together with the audited annual financial statements for the nine-month period ended 31 December 2017.

1 Legal form

International Breweries Plc was incorporated as a private limited liability company on 22 December, 1971 and became a public limited liability company on 26 April, 1994.

2 Principal activities and business review

The principal activities of the company continue to be brewing, packaging and marketing of beer, alcoholic flavoured and non-alcoholic beverages and soft drinks.

3 Operating summary

	9-Months ended December 2017 ₦'000	12-Months ended March 2017 ₦'000
Revenue	36,527,807 =====	32,711,218 =====
(Loss)/Profit before tax	(3,199,616)	2,891,749
Taxation	<u>4,628,936</u>	<u>(1,857,392)</u>
Profit after tax for the period	1,429,320 =====	1,034,357 =====

Per 50 kobo share data

Market value as at 31 December, 2017 (Naira)	54.50	16
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4 Dividend Declaration

The Board maintains a dividend policy which guides its decision on dividend declaration. The Directors resolved not to recommend the payment of a dividend for the period ended 31 December, 2017 owing to the loss sustained during the year and company's gearing ratio in line with this policy. The Board view this decision as appropriate in the circumstance and in the future interest of the company. (March-2017: Nil kobo; March-2016: 35kobo).

5 Directors

The names of the directors as at year end are as set out in the corporate information page. The following directors served during the year under review but resigned before 31 December, 2017: Mr. Ryan Martin and Mr. Andries Du Plessis.

There have also been changes in the composition of the board between 31 December, 2017 and the date of the issuance of the Notice for this Annual General Meeting. During this period, Mr. Michiel Oerlemans, Mr. Gustav Van Heerden and Mr. Christopher Tyne resigned from the board and Mr. Zuber Momoniat was appointed to the board.

Thus, as at the date of issuance of the Notice for this Annual General Meeting, the Board of Directors is composed of the following: Mr. Akintoye Omole, Mrs. Annabelle Degroot, Mrs. Afolake Lawal, Mr. Zuber Momoniat and Mr. Awomolo.

Details of the Directors' interest in the company's shares during the year are set out below.

Directors' shareholding	Dec-2017	Mar-2017
Name	Number	Number
Direct holding:		
Mr. Sunday Akintoye Omole	72,647	50,247
Mrs. Afolake Lawal	1,582,694	1,582,694
Indirect holding:		
Mr.Folorunsho Awomolo (Through Newco Investment Company Limited)	106,904,126	106,904,126
Mr. Sunday Akintoye Omole (Through Cardinal Investment Nigeria limited)	968,087	968,087

6 Directors' interest in contracts

The directors have complied with the provisions of Section 277 of the Companies and Allied Matters Act, Cap.20 LFN 2004 at the date of this report.

7 Corporate Governance

This report describes the directors' approach to corporate governance and how the board applied the Codes on corporate governance and other applicable regulations.

The directors are committed to maintaining the best standard which they believe is pivotal to the discharge of their stewardship expectations. In his statement as contained in this annual report, the Chairman captures the essence of the principles of the code in relation to the role and effectiveness of the board. During the year under review the company further established good corporate governance practices in line with the conviction of the company rather than a perfunctory response to the threat of regulatory sanctions. The company's conviction is that corporate governance practices should be accorded a more practical approach in enhancing company ideals and management performance.

(i) Leadership and effectiveness

Board of directors: composition, independence and renewal

The board was composed of at year end, the chairman, four non-executive directors and two executive directors.

The board considers its directors as at year end and as at the time of this report as independent for the purpose of their contributions to the invaluable integrity, corporate wisdom and experience towards the board and committees' deliberations and decisions. The board is therefore satisfied with the performance and continued independence of judgment of each of the directors.

The ratification of appointments as director of Mrs. Annabelle Degroot and Mr. Zuber Momoniat will be proposed at this annual general meeting.

The board will also propose at this annual general meeting, the appointment of Igwe Nnaemeka Alfred Achebe, Igwe Peter Anugwu, Mr. Michael Ajukwu, Mrs.Abiye Tobin-West, Mr. Philip Redman, Mr. Michael Daramola and Mr. Godwin Oche as Directors of the Company to create an enlarged board following the conclusion of the merger with Intafact Beverages Limited and Pabod Breweries Limited. The profile information of the directors proposed for appointment is set out in the annual report.

(ii) The Board's Operation

Board meetings and attendance

The Board of directors met three times during the nine months period. Individual director's attendance at these meetings is as set out in the table below. In the few instances where a director was unable to attend a board or committee meeting, his or her alternate attended in his stead and any comments which they had on matters set out in the agenda for consideration at such meeting was given in advance to the chairman of the meeting.

Analysis of attendance of meetings of Board members

NAME OF DIRECTOR	-----Date of meeting-----			NUMBER OF MEETINGS ATTENDED
	23/05/2017	02/06/2017	12/09/2017	Total
Mr. Akintoye Omole (<i>Chairman</i>)	Y	Y	Y	3/3
Mrs. Annabelle Degroot (<i>MD Designate</i>) (<i>ADY</i>)	-	-	Y	1/1
Mr. Michael Oerlemans (C.O.O.)	Y	Y	Y	3/3
Mr. Gustav Van Heerden	Y	-	-	1/3
Mr. Christopher Tyne (Exec. Dir.)	Y	Y	Y	3/3
Mrs. Afolake Lawal	Y	Y	Y	3/3
Mr. Olugbenga Awomolo	Y‡	Y‡	Y‡	3/3
Mr. Ryan Martin (<i>RDY</i>)	Y	Y	Y	3/3
Mr. Andries Du Plessis (<i>RDY</i>)	Y	Y	Y	3/3
Y Present				
X Absent				
(<i>ADY</i>) - Appointed during the year				
(<i>RDY</i>) – Resigned during the year				
‡ Alternate Director				
- Not a member of the Board as at that date				

Operation of the board

The board sets the strategic objectives and delegates to management the detailed planning and implementation of those policies. The board thereafter monitors compliance of the actualization of the set policies and objectives through quarterly reports to the board and its committees, enabling directors to explore and interrogate specific issues for feedback in greater detail.

The board and its committee meetings are held in an atmosphere of robust, constructive and intellectual debate of issues with sincerity of purpose, integrity and mutual respect.

Matters of exclusive preserve

The board has a schedule of matters as contained in an approval grid which is dealt with exclusively by the board. This includes but not limited to the approval of financial statements; annual expenditure/budget plan; material investment or disposals and the Company's business strategy.

The board governs through its established committees with reporting systems. Each committee or standing committee has specific written terms of reference and committee charters. All committee chairmen or their representatives report to the board and their decision extracts are included in the board packs circularized to all the board members two weeks before their meetings.

Risk and the board of directors

The company's Board of Directors is ultimately responsible for the company's risk management system and for reviewing its effectiveness. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risk management system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and there is an ongoing process in place for identifying, assessing, managing, monitoring and reporting on the significant risks faced by the company.

The company's Audit 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. The Internal Audit function has been expanding in line with our global risk management structure. The activities and capabilities of the new initiative are far more improved than the traditional internal audit functions. The new structure will develop business insights, improve our operations and manage risks in a smart and proactive way using analytical technics supported by a strong team.

This process has been established for the period under review up to the approval of the Annual Report and Accounts. The principal risks and uncertainties facing the company are set out in Note 34.

Conflict of interest

The directors are aware and advised to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict with the company's interests and encouraged to make full disclosures. In accordance with the Companies and Allied Matters Act 2004 and the company's articles of association, the board can authorize potential conflicts of interest that may arise and to impose such limit or conditions as it may deem fit. There were however, no actual or potential conflicts of interest which were required to be authorized by the board during the period ended 31 December 2017.

The roles of executive and non-executive directors

The executive directors are responsible for proposing strategy and for making and implementing operational decisions. Non-executive directors complement the skills and experience of the executive directors, bringing independent judgment and making inputs through their knowledge and experience of other businesses and sectors.

Information dissemination and training

The Company Secretary is responsible for advising the board, through the chairman, on issues of corporate governance. The secretariat supplies the board and its committees with full and timely information through meeting packs and other sufficient resources to enable directors to prepare adequately for their meetings and take informed decisions.

The company is committed to the continuing development of directors in order that they can build on their expertise and develop an ever more detailed understanding of the business and the ever changing legal and regulatory environment.

Other appointments

Non-executive directors may serve on the boards of other companies in order to widen their experience and knowledge for the company's benefit. Directors ensure that their effectiveness on the board is not compromised by their external commitments. The board is pleased that the chairman and the non-executive directors commit sufficient time to their duties and the non-executive directors have confirmed that they have sufficient time to fulfil their respective obligations to the company.

Board, committee and director performance evaluation

The Board subscribes to performance evaluation processes in line with best practice. A formal evaluation of the board's performance was carried out for the year ended 31 March, 2017. The board considers its performance in the year under review as satisfactory and largely in compliance with prescribed codes of corporate governance

The Company Secretary

The Company Secretary who acts as secretary to the board and its committees attended all the meetings during the year under review.

(iii) The Board Committees

The Audit Committee

The audit committee chaired by Mr. Oladepo Adesina met two times during the nine months period under review. The members representing the shareholders are Mr. Moses Ijayekunle and Mr. Adetunji Ajani Babajide; Mrs. Afolake Lawal and Mr. Olugbenga Awomolo are representing the board.

The external auditors and the executive director, finance attended the committee meetings by invitation. The work of the committee during the period included Audit matters and reviews.

The audit committee reports all activities and makes recommendations to the board. During the period under review, the audit committee discharged its responsibilities as they are defined in the committee's terms of reference and has ensured that applicable standards of governance and compliance are adhered to.

The internal control/audit manager has direct access to the committee, primarily through its chairman. The department has the benefit of adapting the workings and processes of approved international and best practice templates for improved efficiency.

Analysis of attendance of meetings of Audit Committee members for the period

NAME OF AUDIT COMMITTEE MEMBER			NUMBER OF MEETINGS ATTENDED
	Date		Total
	22/05/2017	11/09/2017	
Mr. Oladepo Adesina - (Chairman/Shareholder)	Y	Y	2/2
Mr. Moses Ijayekunle - (Member/Shareholder)	Y	Y	2/2
Mr. Adetunji Ajani Babajide- " (Appointed 22/5/17)			
Mr. Timothy Adejuwon - " (resigned 22/5/17)	Y	Y	2/2
Mrs. Afolake Lawal - (Member/Director)	Y	Y	2/2
Mr. Ryan Martin - "	Y	Y	2/2

The Governance Committee

The Governance Committee is charged with the overall responsibility of ensuring that all governance reviews and strategic plans were complied with.

The committee consisting of the Chairperson, Mrs. Afolake Lawal and two members - Mr. Ryan Martin and Mr. Olugbenga Awomolo could only meet once during the nine months under review.

Analysis of attendance of meetings of Governance Committee members for the period

NAME OF GOVERNANCE COMMITTEE MEMBER	Date		NUMBER OF MEETINGS ATTENDED
	-----		Total
	10/11/2017		
Mrs. Afolake Lawal	Y		1/1
Mr. Olugbenga Awomolo	Y		1/1
Mr. Ryan Martin	Y		1/1

The Risk Management/Remuneration Committee

The purpose of the Risk Management/Remuneration Committee is to assist the Board in fulfilling its obligations by providing a focus on risk and other purposes, intended to enhance the Board's performance and at all times taking into consideration established best practices. The Committee in that wise assists the Board in its oversight of the risk profile, risk management framework, risk strategy and the remuneration framework as may be determined from time to time.

The Risk Management/Remuneration Committee is composed of two members: Mr. Olugbenga Awomolo and Mr. Andries Du Plessis. The Committee also held only one meeting during the year.

Analysis of attendance of meetings of Risk Management/Remuneration Committee members

NAME OF RISK, MANAGEMENT/ REMUNERATION COMMITTEE MEMBER	Date		NUMBER OF MEETINGS ATTENDED
	-----		Total
	11/09/2017		
Mr. Olugbenga Awomolo	Y		1/1
Mr. Andries Du Plessis	Y		1/1

8 Share capital

As a result of the Scheme of merger approved by the Securities and Exchange Commission, sanctioned by the Court and concluded during the period under review, and in order to give effect to the Scheme, the authorised share capital of International Breweries Plc was increased from ~~₦~~2 billion to ~~₦~~4.3 billion

by the creation of 4.6 billion ordinary shares of 50 kobo each to rank paripassu in all respects to form a single class with the existing ordinary shares of International Breweries Plc as amended in the Memorandum of Association of the company.

Active shareholders range - summary position as at 31/12/2017

INTERNATIONAL BREWERIES PLC							
RANGE ANALYSIS AS AT 31-12-2017							
	Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	1,000	18,001	44.51%	18,001	9,869,262	0.11%
1,001	-	5,000	14,789	36.57%	32,790	36,971,450	0.43%
5,001	-	10,000	4,860	12.02%	37,650	41,259,424	0.48%
10,001	-	50,000	2,268	5.61%	39,918	50,982,644	0.59%
50,001	-	100,000	269	0.67%	40,187	18,493,400	0.22%
100,001	-	500,000	166	0.41%	40,353	34,403,219	0.40%
500,001	-	1,000,000	27	0.07%	40,380	21,983,589	0.26%
1,000,001	-	9,999,999,999	62	0.15%	40,442	8,381,898,948	97.51%
Grand Total		40,442	100.00%			8,595,861,936	100.00%

Substantial shareholding.

The particulars of the shareholders that held more than 5% of the issued and fully-paid share capital of the company as at 31 December, 2017 and at the date of this report are as follows:

NAME	HOLDING	%
Brauhaase International Management GMBH.	2,377,579,013	27.66
AB InBev Nigeria Holdings BV	4,072,100,915	47.37

Shareholding by category:

SHARHOLDING STRUCTURE AS AT 31 DECEMBER, 2017				
S/N	CATEGORY OF SHAREHOLDER	NO. OF SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF HOLDING [%]
1	INDIVIDUALS	39,781	639,566,405	7.44
2	INSTITUTIONAL INVESTORS			
	Corporate	603	893,078,297	10.39
	Institution	16	125,700	0.00
	Pensioner	2	313,500	0.00
	Tax free	4	8,567,587	0.10
3	STATE & LOCAL GOVT	9	604,334,427	7.03
4	FOREIGN SHAREHOLDER	26	4,072,297,007	47.38
	Portfolio Investor	1	2,377,579,013	27.66
	Total	40,442	8,595,861,936	100.00

Purchase of own shares

The company did not purchase any of its own shares during the period under review.

Share capital history

Date	Authorised (N)		Issued and Fully Paid -up (N)		
	Increase	Cumulative	Increase	Cumulative	Consideration
1971	-	4,500,000	-	4,500,000	Cash
1978	1,000,000	5,500,000	-	4,500,000	
1980	-	5,500,000	1,000,000	5,500,000	Cash
1981	2,500,000	8,000,000	1,300,000	6,800,000	Cash
1981	-	8,000,000	1,100,000	7,900,000	Bonus
1982	-	8,000,000	100,000	8,000,000	Cash
1982	2,000,000	10,000,000	1,000,000	9,000,000	Bonus
1983	-	10,000,000	1,000,000	10,000,000	Bonus
1985	5,000,000	15,000,000	2,000,000	12,000,000	Bonus
1986	-	15,000,000	3,000,000	15,000,000	Bonus
1988	5,000,000	20,000,000	3,000,000	18,000,000	Bonus
1989	-	20,000,000	2,000,000	20,000,000	Bonus
1991	30,000,000	50,000,000	5,000,000	25,000,000	Bonus
1992	-	50,000,000	15,841,770	40,841,770	Cash
1993	-	50,000,000	2,709,846	43,551,616	Cash
1994	100,000,000	150,000,000	2,496,000	46,047,616	Cash
1995	-	150,000,000	51,867,000	97,914,616	Cash
1996	-	150,000,000	204,000	98,118,616	Cash
1998	-	150,000,000	213,000	98,331,616	Cash
1999	-	150,000,000	51,608,000	149,939,616	Cash
2001	110,000,000	260,000,000	60,384	150,000,000	Cash
2002	-	260,000,000	106,457,341	256,457,341	Cash
2007	1,240,000,000	1,500,000,000	-	256,457,341	
2008		1,500,000,000	800,000,000	1,056,457,341	Cash
2009	-	1,500,000,000	-	1,056,457,341	
2012	500,000,000	2,000,000,000	574,805,874	1,631,263,215	Cash
2014		2,000,000,000	15,861,425	1,647,124,640	Bonus
2017	2,300,000,000	4,300,000,000	2,650,806,320	4,297,930,960	Consolidation

9. Corporate social responsibility

During the period under review, the company's corporate social responsibility towards its immediate and surrounding communities, especially in respect of community development, health and education, the environment and other social welfare, was again demonstrated in the various projects executed during the year and other donations both in cash and in the company's products to various institutions and community centres. In response to the rising unemployment population among the youths in Nigeria, one of the major projects carried out by the company during the year is the continuation of the Youth Enterprise Development Initiative tagged "KICK START" initiated in 2016. The Kick Start program is aimed at creating a culture of entrepreneurship among young people by promoting business awareness and material support through the development of business skills by training; providing grants as start-up capital for new businesses or grants to support expansion of existing businesses; and providing post investment support through mentoring and coaching. The amount expended on the program as at 31 December, 2017 was thirty-six million, two hundred and forty eight thousand Naira (~~₦~~36.248 million)(March 2017: ~~₦~~36.248 million, 2016: ~~₦~~34 million). Other beneficiaries of the corporate social responsibility program of the company are as listed below. Total expenditure for the year (including donations) was about N55 million (2016: ~~₦~~80 million). This excludes gifts in company products during the year.

It is worthy of note that corporate social responsibility initiatives of this nature were also carried out in the other areas of the company's operation- Onitsha and Porthacourt earlier in the year, but none within the consolidated period of two months.

Community projects and donations during the year included the following:

DESCRIPTION/PROJECT

	Naira
Construction Of Garden Park At Erin Jesa Waterfall	16million
Construction & Commissioning Of Sports Pavilion(Fed School Of Science&Tech,Ilesa)	3million
Provision & Commissioning Of Borehole, Scaffold And Tank(Imobi-Jesa)	2million
Provision Of Water Well For Doctors Quarter(Wesley Hospital, Ilesa)	0.35million
Support For Renovation Of Block Of Classrooms(Aromolaran Middle Sch, Ilesa)	0.35million
Provision & Commissioning Of Borehole & Water Tanks (Mokola Cultural Centre Community	2million
Medical Missions To Omi Asoro Community	1million
Don't Drink And Drive Campaign With Federal Road Safety Commission	0.5million
Donation Of Food Items To The PrivilegeHomes(Ilesa)	1million
Special Donations ToEsaOdo Community	2million
TOTAL	28.2Million

It remains the company's policy not to make donations to political organisations in the country and in compliance 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 gift to any political party, political association or for any political purpose during the year under review.

10 Ethical business conduct

The International Breweries Code of Business Conduct and Ethics as adopted from ABInbev, sets out high ethical standards with which all company's employees are expected to comply, and forms part of the wider programme of policies and procedures throughout the company. The company personnel are committed to conducting business in a way that is fair, ethical and within the framework of applicable laws and regulations. During the course of the year, the company's policies and procedures were

reviewed in light of related ‘adequate procedures’ guidance, and developing corporate best practice, and made a number of enhancements, including the roll out of a new company-wide anti-bribery policy. Key aspects covered by the programme include, amongst other matters, our anti-bribery policy, due diligence and other forms of compliances in relation to business partners, training of employees and monitoring and reporting mechanisms. Independent confidential whistle blower hotlines have been re-introduced into the company’s operations so that employees and third parties can report any breach.

11 Employment, environmental and health safety policies

The company sustained the most of its workforce post-merger. To achieve this, management identified and matched the required skills and competencies within the operations. The people team designed and continually reviewed employment policies which attract, retain and motivate the highest quality of staff. Management is committed to an active equal opportunities policy, from recruitment and selection, through training and development, appraisal and promotion to retirement. It is the company’s policy to ensure that everyone is treated equally, regardless of gender, colour, nationality, ethnic origin, race, disability, marital status, religion or trade union affiliation. The company is committed to its new policy on diversity as it understands that the benefit of employing the right balance in people of different races, genders, creeds and backgrounds.

The Company is ever committed to sustaining its policies and programmes on occupational health and safety to ensure a safe working environment for all its employees, suppliers, consumers and visitors to our sites. We have revised our policies on health and safety to enshrine world class manufacturing practices.

12 Research and development

To ensure improved overall operational effectiveness, considerable emphasis is placed on research and development in the company’s technical activities, through its ultimate parent company, the AB InBev. Group. This enables it to develop new products, packaging, processes and new manufacturing capabilities.

13 Going concern and audit

The directors are satisfied that International Breweries Plc is a going concern.

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20 LFN 2004, Messrs. Baker Tilly Nigeria (Chartered Accountants) have indicated their willingness to continue as auditors to the company. A resolution will be proposed at the Annual General Meeting to authorise the directors to fix their remuneration.

14 Financial Risk

Information on the company’s financial risk management objectives and policies and details of its exposure to price risk, credit risk, liquidity risk and cash flow risk are contained in note 34 to the financial statements.

The directors are responsible for the management of the business of the company and may exercise all the powers vested on them by the company subject to the articles of association and relevant statutes

15 Post balance sheet events

There are no post balance sheet events which could have had a material effect on the state of affairs of the company as at the balance sheet date being 31 December, 2017 which have not been adequately disclosed in these financial statements.

16 Stakeholder’s Engagement

We are a company of owners and the continuing need for engagement is key to our success. The company knows its stakeholders and proactively engage with them in regular and constructive discuss thereby managing the change communications at required times to ensuring shared value for all.

The effective engagement of a broad spectrum of shareholders was reflective of the cooperation enjoyed

on the timely and successful completion the merger process within the period under review.

17 Complaints Management Policy

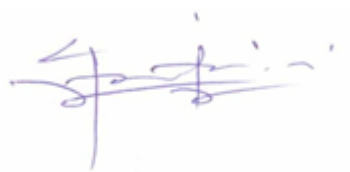
Complying with the rules of the Securities and Exchange Commission on framework for complaints management, the Company and its Registrars provide responses within its framework to shareholder issues and concerns. This framework also provides the opportunity for shareholder feedbacks on matters that can affect its corporate existence.

18 Independent Auditor

Baker Tilly Nigeria is retiring as External Auditors of the Company at this Annual General Meeting. Notice has been given that the proposed independent auditor to be appointed is Deloitte & Touché. This will be proposed as a resolution as well as directors authorization to fix their remuneration.

By Order of the Board

Dated 19 March, 2018.



Muiyiwa Ayojimi
Company Secretary/General Counsel
Ilesa, Nigeria.
FRC/2013/NBA/00000002667

INTERNATIONAL BREWERIES PLC

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors accept responsibility for the preparation of the annual financial statements for the period ended 31 December, 2017, set out on pages 18 to 50 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act CAP C20, 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 C20 LFN 2004 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Akintoye Omole
Chairman
FRC/2017/IODN/00000016560



Annabelle Degroot
Managing Director
FRC/2017/IODN/00000018097

19 March, 2018

INTERNATIONAL BREWERIES PLC

REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap. C20 LFN 2004, we the members of the Audit Committee of International Breweries Plc, having carried out our statutory functions under the Act, hereby report as follows: -

- (a) That the accounting and reporting policies of the Company are in accordance with legal requirements and acceptable ethical practices.
- (b) That the scope and planning of both the external and internal audit for the period ended 31 December, 2017 are satisfactory and reinforce the company's internal control systems.
- (c) That having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management, staff and the external auditors - Messrs Baker Tilly Nigeria in the conduct of our duties.



Dated this 19 March, 2018

Mr. Oladepo Adesina
FRC/2013/NIM/00000003678
Chairman

Members of the Audit Committee

1.	Mr. Oladepo Adesina	-	Shareholder	(Chairman)
2.	Mr. Moses Ijayekunle	-	Shareholder	Member
3.	Mr. Adetunji Ajani Babajide	-	Shareholder	Member
4.	Mrs. Afolake Lawal	-	Director	Member
5.	Mr. Akintoye Omole	-	Director	Member
6.	Mr. Olugbenga Awomolo	-	Director	Member

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
INTERNATIONAL BREWERIES PLC**

Report on the financial statements

We have audited the accompanying financial statements of International Breweries Plc, for the period ended 31 December, 2017, which comprise the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the period then ended and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 December, 2017, its financial performance and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the Financial Reporting Council Act 2011.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). We are independent of the company in accordance with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Acts, CAP C20 LFN, 2004 and the Financial Reporting Council Act 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Key Audit Matters

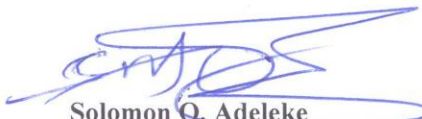
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the period under review. Key audit matters are selected from the matters communicated with management, but are not intended to represent all matters that were discussed with them. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As stated in Note 19, no actuarial valuation was undertaken to ascertain the precise liabilities on staff gratuities.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the company; and
- iii. The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.


Solomon O. Adeleke
FRC/2013/ICAN/00000000765
for: Baker Tilly Nigeria
Chartered Accountants

IBADAN, Nigeria
20 March, 2018



INTERNATIONAL BREWERIES PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER, 2017

	Note	9 Months ended December 2017 ₦'000	12 Months ended March 2017 ₦'000
Continuing operations			
Revenue	5	36,527,807	32,711,218
Cost of sales	6	<u>(22,819,920)</u>	<u>(17,546,759)</u>
Gross profit		13,707,887	15,164,459
Other income	7	123,387	102,403
Marketing and promotion expenses	8	(6,086,719)	(5,089,755)
Administrative expenses	9	<u>(4,549,768)</u>	<u>(2,092,682)</u>
Results from operating activities	10	3,194,787	8,084,425
Finance income	10(d)	532,971	2,983
Finance cost	10(e)	<u>(6,927,374)</u>	<u>(5,195,659)</u>
(Loss)/Profit before tax		(3,199,616)	2,891,749
Company income tax expense	21(a)	(129,884)	(1,693,181)
Deferred tax	14, 21(a), 22	<u>4,758,820</u>	<u>(164,211)</u>
Profit after tax for the period		1,429,320 =====	1,034,357 =====
Total comprehensive income:			
Total comprehensive income for the period		1,429,320 =====	1,034,357 =====
Earnings per share (basic)		17 kobo	31 kobo
Earnings per share (diluted)		17 kobo	12 kobo

The notes on pages 22 to 50 including the statement of accounting policies on pages 23 to 36 form part of these financial statements.

INTERNATIONAL BREWERIES PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2017

		9 Months ended December 2017 N'000	12 Months ended March 2017 N'000
Assets	Note		
Non-current assets			
Property, Plant and Equipment	12	191,554,980	31,748,068
Intangible asset	13	432,592	45,738
Other receivables	16(g)	1,481,590	-
Deferred tax assets	14	<u>20,298,380</u>	<u>1,229,680</u>
		213,767,542	33,023,486
Current assets			
Inventories	15	16,204,786	3,835,324
Trade and other receivables	16	15,750,190	6,938,722
Cash and cash equivalents	17	<u>8,098,186</u>	<u>1,165,203</u>
		40,053,162	11,939,249
Total assets		253,820,704	44,962,735
Non-current liabilities			
Borrowings	20(c)	18,170,989	-
Employee Benefits	19(b)	793,826	509,803
Other payables	18(c)	147,489	136,522
Deferred tax liabilities	22	<u>24,453,739</u>	<u>4,385,556</u>
		43,566,043	5,031,881
Current liabilities			
Trade and other payables	18(a)	94,828,183	12,476,472
Employee Benefits	19(a)	544,620	165,438
Borrowings	20(a)	69,871,674	11,987,582
Current tax liabilities	21(c)	<u>2,634,192</u>	<u>1,422,602</u>
		167,878,669	26,052,094
Total liabilities		211,444,712	31,083,975
Net assets		42,375,992	13,878,760
Equity			
Share capital	23	4,297,931	1,647,125
Share premium	24	6,160,731	6,160,731
Retained earnings	25	<u>30,556,574</u>	<u>4,710,148</u>
Total shareholders' equity		41,015,236	12,518,004
Other reserves	26	<u>1,360,756</u>	<u>1,360,756</u>
Total equity		42,375,992	13,878,760

Approved by the Board of Directors on 19 March, 2018 and signed on its behalf according to Law by:



Akintoye Omole
Chairman
FRC/2017/IODN/00000016560



Annabelle Degroot
Managing Director
FRC/2017/IODN/00000018097



Olugbenga Adebajo
Country Finance Manager
FRC/2014/ICAN/006878

The notes on pages 22 to 50 including the statement of accounting policies on pages 23 to 36 form part of these financial statements.

INTERNATIONAL BREWERIES PLC
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER, 2017

	Share capital N'000	Share premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Equity as at 1 April, 2017	1,647,125	6,160,731	1,360,756	4,710,148	13,878,760
Post-merger adjustments:					
Adjustments on consolidation	-	-	-	29,330,038	29,330,038
New share issue	<u>2,650,806</u>	<u>-</u>	<u>-</u>	<u>(2,650,806)</u>	<u>-</u>
As at November 13, 2017	4,297,931	6,160,731	1,360,756	31,389,380	43,208,798
Total comprehensive income:					
Adjustment on container amortization	-	-	-	(1,180,420)	(1,180,420)
Pre-merger tax provisions	-	-	-	(1,081,705)	(1,081,705)
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,429,319</u>	<u>1,429,319</u>
Equity as at 31 December, 2017	4,297,931	6,160,731	1,360,756	30,556,574	42,375,992
	=====	=====	=====	=====	=====

STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH, 2017

	Share capital N'000	Share premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Equity as at 1 April, 2016	1,647,125	6,160,731	1,360,756	4,828,779	13,997,391
Dividends paid	-	-	-	(1,152,988)	(1,152,988)
Total comprehensive income					
for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,034,357</u>	<u>1,034,357</u>
Equity as at 31 March, 2017	1,647,125	6,160,731	1,360,756	4,710,148	13,878,760
	=====	=====	=====	=====	=====

INTERNATIONAL BREWERIES PLC
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER, 2017

	Note	9 Months ended December 2017 N'000	12 Months ended March 2017 N'000
Cash flows from operating activities			
Cash flow from operating activities before changes in working capital	27(a)	50,320,642	10,092,553
Changes in working capital	27(b)	<u>61,326,173</u>	<u>3,621,175</u>
Cash generated from operations		111,646,815	13,713,728
VAT paid		(1,613,250)	(1,346,726)
Back duty on VAT and penalty paid		-	(70,085)
Income tax paid	21(c)	-	(877,446)
Gratuity paid	19(c)	<u>(12,764)</u>	<u>(16,015)</u>
Net cash flow from operating activities		110,020,801	11,403,456
Cash flow from investing activities:			
Purchase of Property plant and equipment	12	(43,217,674)	(8,510,038)
Post-merger asset acquisitions		(129,634,553)	-
Purchase of intangible assets	13	(396,714)	-
Proceeds on sale of Property plant and equipment		500,445	80,230
Interest income		<u>532,971</u>	<u>2,983</u>
Net cash flow applied to investing activities		(172,215,525)	(8,426,825)
Cash flow from financing activities:			
Dividends paid		-	(1,152,988)
Increase in bank loan & overdraft	20	76,055,081	3,435,161
Interest paid	10(e)	<u>(6,927,374)</u>	<u>(5,195,659)</u>
Net cash flow from financing activities		69,127,707	(2,913,486)
Net increase in cash and cash equivalent		6,932,983	63,145
Cash and cash equivalent at beginning of period		<u>1,165,203</u>	<u>1,102,058</u>
Cash and cash equivalent at end of period	17	8,098,186	1,165,203

The notes on pages 22 to 50 including the statement of accounting policies on pages 23 to 36 form part of these financial statements.

The reconciliation of cash and cash equivalents is as shown in note 17

INTERNATIONAL BREWERIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER, 2017

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.

Acquisition

On August through to November 12, 2017, ABInBev acquired 72.17% of SABMiller shares in International Breweries Plc in a series of transactions which resulted in ABInBev acquiring controlling interests in the company. On November 13, 2017, a merger arrangement was consummated between International Breweries Plc and two other entities namely, Intafact Beverages Limited and Pabod Breweries Limited all controlled by AB Inbev.

The predecessor value method of accounting for the merger was adopted as the three companies are under common control and the control is not transitory as enunciated in IFRS 3 which scopes out of its purview, business combinations by such companies under common control. The scheme of merger clearly states that the merged entities are categorized as business combinations under common control (BCUCC). The identified basis for categorizing the merged entities as under common control includes:

- The merged entities are ultimately controlled by ABInBev
- The common control is not transitory,
- Consequent upon the merger, ABInBev possesses the power to govern the financial and operating policies of the merged entities for the purposes of obtaining benefits from the Company's activities.
- The extent of non controlling interest in each of the merged entities, both before and after the business combination is not significant as to determine whether the combination involves entities under common control.

Under the predecessor value method adopted, goodwill is not recognised on acquisition. The net tangible and intangible assets acquired and liabilities assumed in the acquisition of Pabod Breweries Limited and Intafact Beverages Limited was deemed to be the purchase price on the acquisition date and presented in the common control reserve transferred to retained earnings on consolidation. As at 31 December 2017, the Company incurred a total sum of ~~N~~897million on acquisition related costs, consisting mainly of filing fees and professional services fees. These amounts have been reflected in the respective expense accounts in the statement of profit or loss and other comprehensive income.

The purchase transaction accounted for under the predecessor values method of accounting which requires, among other items, that assets and liabilities assumed be recognized in the combined statement of financial position at the previous carrying value as of the acquisition date. Therefore, the combined statement of financial position for the period after the acquisition includes the following price allocation based on the previous financial costs.

Assets	Intafact ₦'000	Pabod ₦'000	Total ₦'000
Property, plant and equipment (carrying amount)	107,168,100	46,807,812	153,975,912
Other non-current assets	6,094,256	206,598	6,300,854
Current assets	<u>14,789,763</u>	<u>13,483,731</u>	<u>28,273,494</u>
Total assets	128,052,119	60,498,141	188,550,260
Liabilities			
Long term debts	18,170,989	-	18,170,989
Other non-current liabilities	10,759,708	5,039	10,764,747
Current liabilities	70,898,562	63,358,833	134,257,395
Total liabilities	<u>99,829,259</u>	<u>63,363,872</u>	<u>163,193,131</u>
Total purchase price	<u>28,222,860</u> =====	<u>(2,865,731)</u> =====	<u>25,357,129</u> =====

The Company intends to retain its trade name which represents a respected brand with positive customer loyalty.

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.

The accompanying financial statements as at 31 December, 2017 and for the period from 01 April to 31 December, 2017 include the accounts of the company and the merged entities as of the date of the merger 13 November, 2017. The combined results of the merged entities for the period from 13 November, 2017 with those of the surviving company for the period from April 1, 2017.

The accompanying post-merger financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and include the accounts of the Company together with those of the merged entities. All significant intercompany transactions and accounts have been eliminated. Also, these financial statements reflect all consolidation adjustments which are necessary for fair presentation of the financial position and results of operations for the periods presented in accordance with generally accepted accounting principles (GAAP).

To align the reporting period of the merged entities with that of ABInBev, a change in accounting date was necessitated and as a result, the company has prepared the financial statements for nine months from 01 April to 31 December, 2017.

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.

The company revised the measurement basis for the amortization of containers and the provision of doubtful debts during the financial period under review. The amortization of containers in the current period has been based on the full cost of the containers without taking cognisance of customers' deposit. Also, the doubtful debts provision have been extended to specific debts outstanding 90 days and above in the current year as against the general provision made in the previous year.

In accordance with IAS 8 on the change in accounting estimates, the adjustments in these estimates applied are made prospectively. Hence, the full estimates are recognized in the financial statements for the current period.

c) Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

The following amendments to IFRSs became mandatorily effective in the current period. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

- Amendments to IAS 7 Disclosure Initiative;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; and
- Amendments to IFRS 12 included in Annual improvements to IFRS Standards 2014-2016 Cycle.

Amendments to IAS 7 Disclosure Initiative

(Effective for annual periods beginning on or after 1 January 2017)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

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

(Effective for annual periods beginning on or after 1 January 2017)

1. Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;

3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; **and**
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively.

Amendments to IFRS 12 included in the 2014 -2016 Annual improvements Cycle
(Effective for annual periods beginning on or after 1 January 2017)

The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017. See section 18 below for a summary of the other amendments included in this package that are not yet effective.

Standard	Subject of amendment	Details
IFRS 12	Clarification of the scope of the Standard	IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments apply retrospectively,

d) New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2017

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2017:

- IFRS 9: Financial instruments;
- IFRS 15: Revenue from Contracts with Customers and the related Clarifications;
- IFRS 16: Leases;
- Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or joint Venture;
- Amendments to IAS 40: Transfers of investment Property;
- Annual improvements to IFRS Standards 2014-2016 Cycle; **and**
- IFRIC 22: Foreign Currency Transactions and Advance Consideration.

The IASB has also issued Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts', which is effective for annual periods beginning on or after 1 January 2018; however, it is not applicable to International Breweries Plc as the company does not issue any insurance contracts.

IFRS 9 Financial instruments (as revised in 2014)

(Effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for

- (a) the classification and measurement of financial assets and financial liabilities,
- (b) impairment methodology, and
- (c) general hedge accounting.

IFRS 9 (as revised in 2014) will supersede IAS 39: Financial Instruments: Recognition and Measurement upon its effective date,

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity’s risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage — a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended in October 2014. The project is still under analysis at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

- 1 the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
- 2 hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for (i) classification and measurement of financial assets; (ii) impairment of financial assets; and (iii) hedge accounting.

IFRS 15 Revenue from Contracts with Customers

(Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue,"
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.

- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time,
Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or at a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services',
When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue — that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

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

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

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

The total landed cost 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 available for use. It is calculated to reflect the estimated pattern of consumption of the future economic benefits embodied in the asset and recognised in the income statement at the following rates:

- Bottles - 6 years
- Crates - 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:

	December 2017 N'000	March 2017 N'000
Net revenue from Nigeria	36,527,807 =====	32,711,218 =====
5. Total Revenue		
(a) Net Revenue (note 3 j)	36,527,807 =====	32,711,218 =====

Revenue is wholly derived from Nigeria in respect of the sale of beer and other alcoholic and non-alcoholic beverages.

6. Cost of sales

Cost of goods sold comprises raw materials, conversion cost and materials sourcing expenses.

	December 2017 N'000	March 2017 N'000
Materials consumed and allocated overheads	19,034,878	14,280,588
Salaries, wages and allowances (<i>production staff</i>)	554,772	1,005,086
Technical management fees	717,224	654,224
Royalties	-	11,452
Depreciation - plant machinery	1,052,763	907,098
Amortisation of containers	<u>1,460,282</u>	<u>688,311</u>
	22,819,920 =====	17,546,759 =====

7. Other Income

	N'000	N'000
Royalty received	-	93,345
Profit on sale of PPE	-	678
Sale of scrap	6,298	-
Foreign exchange gain	-	-
Others	<u>117,089</u>	<u>8,380</u>
	123,387 =====	102,403 =====

8. Marketing, promotion and distribution expenses

Transportation and distribution
Salaries, wages and allowances (*S&D staff*)
Advertising and promotion

N'000	N'000
3,271,726	2,882,520
896,516	681,174
<u>1,918,476</u>	<u>1,526,061</u>
6,086,719	5,089,755
=====	=====

9. Administrative expenses

- Salaries, wages and allowances (*admin staff*)
- Contribution to Pension
- Staff recruitment and training expenses
- Staff retirement benefits
- Auditor's remuneration
- Corporate social responsibilities & donations
- Loss on asset disposal
- Bad and doubtful debts
- Other staff related costs
- Business running Costs
- Depreciation

December 2017	March 2017
N'000	N'000
1,127,243	443,298
40,741	179,662
100,581	78,266
139,108	100,958
28,838	23,780
75,075	163,608
6,959	-
1,130,244	36,046
419,372	170,900
1,344,128	588,244
<u>137,478</u>	<u>307,920</u>
4,549,768	2,092,682
=====	=====

10. Results from operating activities

(a) This is arrived at after charging –

Depreciation/amortisation of PPE & intangible assets
Directors' emoluments - Fees
- allowances
Audit fee

December	March
2017	2017
₦'000	₦'000
2,650,521	1,903,328
9,700	9,600
14,239	25,643
24,372	21,618

(b) Emolument of directors –

(3) Emoluments of directors
Emoluments of directors who discharged their
Duties wholly or mainly in Nigeria
The Chairman's emolument totalled
The highest paid director's emoluments totalled

December 2017	March 2017
₦'000	₦'000
23,939	27,182
7,771	3,990
7,854	12,004
=====	=====

(c) The Directors received emoluments in the range of ₦3.1 million to ₦ 12.1 million as follows:

Less than ₦1 million
 ₦1 million - ₦5 million
 ₦5.1 million and above

Number
3
-
<u>3</u>
6
==
532,971
=====

Number
-
-
<u>3</u>
3
===

(d) Finance income

Interest on bank borrowings and intergroup loans

532,971

2,983

=====

=====

(e) Finance expense

Interest expense on bank borrowings and overdraft
 Interest expense on finance guarantees and amortisation
 Facility fees and other interests
 Realised exchange losses on financing

**December
2017**

4,436,724

46,305

-

2,030,962

6,513,991

413,384

6,927,374

=====

**March
2017**

784,624

102,181

-

454,599

1,341,403

3,854,256

5,195,659

=====

Unrealized net exchange losses on financing

11. Employee benefit

(a) The average number of persons employed (excluding directors) was as follows: -

Management staff
 Senior staff
 Junior staff

Number

126

619

703

1,448

=====

Number

41

216

299

556

=====

(b) The number of employees in receipt of emolument

0-~~₦~~1,500,000
 ₦1,500,000 - ₦3,000,000
 ₦3,000,000 - ₦4,500,000
 ₦4,500,000 – above

Number

11

585

668

184

1,448

=====

Number

10

342

135

69

556

=====

(c) The aggregate payroll costs of the employees amounted to -

Wages and salaries including staff bonus
 Contributions to pension scheme

₦'000

2,747,003

161,932

2,908,935

=====

₦'000

2,129,558

179,662

2,309,220

=====

12. Property, Plant and Equipment

Property Plant and Equipment movements in December, 2017

	Land and buildings N'000	Plant and machinery N'000	Vehicles, furniture & equipment N'000	Returnable containers N'000	Assets in course of construction N'000	Total N'000
Gross value:						
Cost/valuation at						
01/04/2017	3,446,302	21,444,687	1,432,152	9,271,793	4,975,194	40,570,128
Post-merger transfers	<u>13,528,986</u>	<u>36,790,080</u>	<u>6,777,489</u>	<u>24,505,151</u>	<u>64,012,455</u>	<u>145,614,161</u>
At 12 November, 2017	16,975,288	58,234,767	8,209,641	33,776,944	68,987,649	186,184,289
Additions	212,001	1,088,660	358,064	9,886,870	31,672,078	43,217,674
Reclassifications	9,444,800	23,281,290	1,497,273	1,218,387	(35,441,750)	-
Impairment	-	-	-	-	-	-
Disposals	<u>-</u>	<u>(384)</u>	<u>(35,241)</u>	<u>689,792</u>	<u>-</u>	<u>(725,417)</u>
At 31/12/2017	<u>26,632,088</u>	<u>82,604,333</u>	<u>10,029,737</u>	<u>44,192,410</u>	<u>65,217,978</u>	<u>228,676,546</u>
Depreciation:						
At 01/04/2017	277,905	5,267,380	602,002	2,674,773	-	8,822,060
On post-merger transfers	<u>1,197,279</u>	<u>6,269,003</u>	<u>3,242,035</u>	<u>5,271,291</u>	<u>-</u>	<u>15,979,608</u>
At 12 November, 2017	1,475,184	11,536,383	3,844,037	7,946,064	-	24,801,668
For the period	132,395	1,433,854	412,963	-	-	1,979,211
Impairment	-	-	-	10,558,701	-	10,558,701
Disposals	<u>-</u>	<u>(240)</u>	<u>(23,541)</u>	<u>(194,232)</u>	<u>-</u>	<u>(218,013)</u>
At 31/12/2017	<u>1,607,578</u>	<u>12,969,996</u>	<u>4,233,458</u>	<u>18,310,536</u>	<u>-</u>	<u>37,121,568</u>
Net book value:						
At 31/12/2017	<u>25,024,511</u>	<u>69,634,337</u>	<u>5,796,280</u>	<u>25,881,875</u>	<u>65,217,978</u>	<u>191,554,980</u>
At 31/03/2017	<u>3,168,397</u>	<u>16,177,307</u>	<u>830,150</u>	<u>6,597,020</u>	<u>4,975,194</u>	<u>31,748,068</u>

Property Plant and Equipment movements in March 2017

	Land and buildings N'000	Plant and machinery N'000	Vehicles, furniture & equipment N'000	Returnable containers N'000	Assets in course of construction N'000	Total N'000
Gross value:						
Cost/valuation at						
01/04/2016	2,802,616	17,218,124	1,136,703	6,063,314	5,079,032	32,299,789
Additions	-	-	-	3,221,388	5,288,650	8,510,038
Reclassifications	643,686	4,235,948	512,854	-	(5,392,488)	-
Impairment	-	-	-	(12,909)	-	(12,909)
Disposals	<u>-</u>	<u>(9,385)</u>	<u>(217,405)</u>	<u>-</u>	<u>-</u>	<u>(226,790)</u>
At 31/03/2017	<u>3,446,302</u>	<u>21,444,687</u>	<u>1,432,152</u>	<u>9,271,793</u>	<u>4,975,194</u>	<u>40,570,128</u>
Depreciation:						
At 01/04/2016	220,637	4,294,269	573,786	1,994,853	-	7,083,545
For the year	57,268	978,711	169,853	688,311	-	1,894,143
Impairment	-	-	-	(8,391)	-	(8,391)
Disposals	<u>-</u>	<u>(5,600)</u>	<u>(141,637)</u>	<u>-</u>	<u>-</u>	<u>(147,237)</u>
At 31/03/2017	<u>277,905</u>	<u>5,267,380</u>	<u>602,002</u>	<u>2,674,773</u>	<u>-</u>	<u>8,822,060</u>
Net book value:						
At 31/03/2017	<u>3,168,397</u>	<u>16,177,307</u>	<u>830,150</u>	<u>6,597,020</u>	<u>4,975,194</u>	<u>31,748,068</u>
At 31/03/2016	<u>2,581,979</u>	<u>12,923,855</u>	<u>562,917</u>	<u>4,068,461</u>	<u>5,079,032</u>	<u>25,216,244</u>

- (b) During the period, the company incurred capital expenditure on projects that were under construction as at balance sheet date. The cost of property plant and Equipment under construction, development or processing as at the balance sheet date was ₦31.660 billion (March 2017: ~~₦4975~~billion).

13. Intangible asset

	December 2017 ₦'000	March 2017 ₦'000
Computer software		
Balance at 1 April	83,779	83,779
Addition	<u>396,714</u>	<u>-</u>
As at 31 December, 2017	480,493	83,779
	=====	=====
Amortization and impairment loss:		
Balance at 1 April	28,856	28,856
Amortization for the year	<u>19,046</u>	<u>9,185</u>
As at 31 December, 2017	47,901	38,041
	=====	=====
Carrying amount:		
As at 31 December, 2017	432,592	45,738
	=====	=====

14. Deferred tax assets

The amount of deferred tax assets by type is as follows:

	December 2017 ₦'000	March 2017 ₦'000
Employee benefits b/forward	152,941	127,458
Deferred tax assets in the year:		
Bad and doubtful debt	1,171,991	-
Unutilized capital allowances	17,090,413	-
Unutilized tax losses	1,243,425	-
Unrealised exchange loss	565,090	1,076,739
Employee benefits	<u>74,520</u>	<u>25,483</u>
	20,298,380	1,229,680
	=====	=====

15. Inventories

	₦'000	₦'000
Raw materials	7,026,464	2,050,725
Spare parts, fuel and lubricants	2,764,866	1,114,753
Production in progress	1,066,096	397,167
Consumables	91,033	-
Goods –in –transit	2,492,415	-
Finished products	<u>2,763,912</u>	<u>272,679</u>
	16,204,786	3,835,324
	=====	=====

16. Trade and other receivables

		December 2017 N'000	March 2017 N'000
(a) Current trade and other receivables			
Trade receivables	16(c)	11,529,026	3,164,113
Deposit for supplies	16(b)	1,663,642	3,165,236
Amount due from associated companies	28	623,403	78,041
Other receivables		221,383	98,868
Staff receivables		23,739	-
Prepayments - Others		<u>1,688,996</u>	<u>432,464</u>
		<u>15,750,190</u>	<u>6,938,722</u>
		=====	=====

(b) Deposit for supplies

Deposit for supplies represent Naira deposits for foreign currencies purchased for funding of letters of credit as well as deposits made for related domestic supplies of raw materials, machinery and spare parts.

	December 2017 N'000	March 2017 N'000
Trade receivables		
(c) Due from customers	15,071,383	3,276,328
Allowances for impairment	<u>(3,542,357)</u>	<u>(112,215)</u>
	<u>11,529,026</u>	<u>3,164,113</u>
	=====	=====

(d) Age analysis of trade receivables

	-----December 2017-----			-----March 2017-----		
	Gross Amt. N'000	Allow'ce N'000	Net Amt. N'000	Gross Amt. N'000	Allow'ce N'000	Net Amt. N'000
Aged current	7,388,782	-	7,388,782	1,750,300	-	1,750,300
1 to 30 days	2,542,992	-	2,542,992	339,981	-	339,981
30 to 60 days	1,511,742	-	1,511,742	151,422	-	151,422
60 to 90 days	655,759	(570,249)	85,510	80,154	-	80,154
90 to 180 days	465,438	(465,438)	-	63,292	-	63,292
Over 180 days	<u>2,506,670</u>	<u>(2,506,670)</u>	<u>-</u>	<u>891,179</u>	<u>(112,215)</u>	<u>778,964</u>
	<u>15,071,383</u>	<u>(3,542,357)</u>	<u>11,529,026</u>	<u>3,276,328</u>	<u>(112,215)</u>	<u>3,164,113</u>
	=====	=====	=====	=====	=====	=====

- (e) The management of the company has credit policies in place to monitor the exposure to credit risk on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and prospective credit customers analysed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. Credit limits are established for

qualifying customers and these limits are regularly reviewed. Customers that fail to meet the company's creditworthiness standards are allowed to transact business with the company only on cash basis.

The estimates of deductible allowances for incurred losses on impairment in respect of trade and other receivables are established by the company. The main components of this allowance are a specific loss component that relates to individually significant exposures and customers with outstanding amounts but who have not placed orders for a period of one year or more. The collective loss allowance is determined based on historical data of payment statistics.

In monitoring customer credit risk, customers are grouped according to their credit mappings, including whether they are individual or corporate entities, whether they are key distributors or retail distributors and the verification of the existence of previous financial difficulties.

(f) Impairment provision movement analysis - Trade debtors	December 2017 ₹'000	March 2017 ₹'000
Balance as at 01/04/17	(112,215)	(76,373)
Post-merger provisions acquired	<u>(1,617,851)</u>	-
	(1,730,066)	<u>(76,373)</u>
Write-off during the year	<u>10,027</u> (1,720,040)	<u>85</u> (76,288)
Increase in allowances	<u>(1,822,318)</u>	<u>(35,927)</u>
Closing Balance	(3,542,357) =====	(112,215) =====
(g) Non-current receivables		
Long term prepayments	1,481,590 =====	- =====

17. Reconciliation of cash and cash equivalents

The company classifies its cash on hand and in banks, and investments in short term liquid instruments as cash and cash equivalents. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	December 2017 ₹'000	March 2017 ₹'000
Cash in hand	8,996	-
Cash in transit	-	-
Bank	<u>8,089,190</u>	<u>1,165,203</u>
	<u>8,098,186</u> =====	<u>1,165,203</u> =====

	December 2017 N'000	March 2017 N'000
18. Trade and other payables		
(a) Trade payables	39,358,862	2,722,201
Other payables	2,146,230	928,348
Customers' deposits	3,159,025	602,012
Due to related companies (Note 28)	44,349,369	6,963,207
Dividends payable	-	753,558
Accrued expenses	<u>5,814,697</u>	<u>507,146</u>
	94,828,183	12,476,472
	=====	=====
(b) Other payables		
Other provisions	1,053,562	928,348
Excise duty payable	368,361	-
WHT and VAT payable	<u>724,307</u>	<u>-</u>
	2,146,230	928,348
	=====	=====
(c) Other Payables - Non-current		
Unclaimed dividends	147,489	136,522
	=====	=====
19. Employee benefits		
(a) Current	N'000	N'000
Short term benefits accrued	544,620	165,438
	=====	=====
(b) Non-Current		
Staff gratuities	793,826	509,803
	=====	=====
(c) Gratuities		
Balance as at 1 April	588,281	424,859
Additional provisions during the year	<u>218,309</u>	<u>100,959</u>
	806,590	525,818
Payments made during the year	<u>(12,764)</u>	<u>(16,015)</u>
	793,826	509,803
	=====	=====

International Breweries Plc operates contributory pension scheme under the Nigerian Pension Reform Act, 2014. Contributions are through appointed Pension Fund Administrators that provide pension benefits for employees upon retirement.

Provision is made for gratuities due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. No actuarial valuation had been undertaken to ascertain the liabilities due on staff gratuities.

20. Borrowings

(a) Current

Bank overdrafts
Term Bank Loan
Financial guarantee maturing within 12 months

December 2017 N'000	March 2017 N'000
19,766,602	4,025,350
50,105,072	7,944,300
-	17,932
69,871,674	11,987,582
=====	=====

The overdraft facilities from the various banks are all secured by corporate guarantee of the company (including the merged entities). Interest on the bank overdrafts is payable at rates ranging from 19.5% to 23%; (March 2017:19.5% to 20%).

In 2015, the company benefited from a United States Dollar denominated syndicated Bank loan facility with Stanbic IBTC the lead banker, amounting to \$62 million of which \$25.2 million has been drawn at year end. The balance as at the yearend was \$25.266 million. The facility accrued interest at a margin of 1.9% plus LIBOR. The loan is repayable had been extended by mutual agreement to 5 February 2018.

On 11 September, 2017, there was a term loan facility agreement between the Intafact Beverages Limited (the borrower) and Anheuser-Busch InBev SA/NV (the Guarantor) with the Standard Bank of Bank of South Africa Limited (the Original lender) and Stanbic IBTC Capital Limited (the Arranger) for the sum of NGN10,500,000,000. The maturity date for the facility have been obtained to be one year from the date of the financial close (i.e. the date upon which the Lender has confirmed to the obligors that all of the conditions precedent to utilization, in which case, the borrower has received all of the documents and other evidences required in form and substance satisfactory to the lender). The rate of interest on the facility for each interest period is the percentage rate per annum of the aggregate of the margin and NIBOR

(b) Borrowing Maturity

Due between 1 and 2 years

December 2017 N'000	March 2017 N'000
69,871,674	11,987,582
=====	=====

There were no facilities in default of scheduled repayments during the year.

(c) Non Current

Term Bank Loan
Financial guarantee maturing after 12 months

December 2017 N'000	March 2017 N'000
18,170,989	-
-	-
18,170,989	-
=====	=====

There were no facilities in default of scheduled repayments during the year.

21. Taxation

(a) *Income tax expense in statement of comprehensive income*

	December 2017 ₹'000	March 2017 ₹'000
Education tax	129,884	187,123
Company income tax	-	1,305,564
Additional assessment for 2013 to 2015	-	200,494
	129,884	1,693,181
Deferred tax liabilities	9,029,984	1,266,434
Deferred tax assets	(13,788,804)	(1,102,223)
	(4,758,820)	164,211
	(4,628,936)	1,857,392
	=====	=====

(b) *The income tax expense for the year can be reconciled to the accounting profit as follows:-*

	December 2017	Effective	March 2017	Effective
(Loss)/Profit before tax from continuing operation	(3,199,617)	-	2,891,749	-
Expected tax based on statutory rate of 32%	129,884	32.00	925,360	32.00
Effect of expenses that are not deductible in determining taxable profit	-	-	2,059,322	71.21
Effect of balancing charge	-	-	14,634	0.51
Effect of capital allowance on taxable profit	-	-	(1,501,287)	(51.92)
Effect of expenses that are deductible in determining taxable profit	-	-	(5,341)	(0.18)
Additional tax assessment (2013-2015)	-	-	200,494	6.93
Income tax expense recognized in income statement	129,884	32.00	1,693,181	58.55
Effect of temporary difference in carrying amount and tax base of PPE	(4,758,820)	(91)	164,211	5.68
Income tax expense	(4,628,936)	(59.18)	1,857,392	64.23
	=====	=====	=====	=====

(c) *Current taxation*

	December 2017 ₹'000	March 2017 ₹'000
Balance as at 1 April	1,422,602	676,952
Under provision	-	130,409
Current period provision: Education tax	158,215	187,123
Company income tax	1,053,375	1,305,564
	1,211,590	1,492,687
	2,634,192	2,300,048
	-	(877,446)
Payments made during the year	2,634,192	1,422,602
	=====	=====

22. Deferred tax liability

Balance b/forward
Arising during the year

As at 31 December

**December
2017
N'000**

4,385,556
20,068,183

24,453,739
=====

**March
2017
N'000**

3,119,122
1,266,434

4,385,556
=====

23. Share capital

(a) *Authorised –*

8,600,000,000 Ordinary shares of 50 kobo each

4,300,000

2,000,000

=====

=====

(b) *Allotted, called-up and fully paid -*

8,595,861,920 Ordinary shares of 50 kobo each

4,297,931

1,647,125

=====

=====

24. Share premium

N'000

N'000

Balance as at 31 December

6,160,731

6,160,731

=====

=====

25. Retained earnings

(a) Balance as at 1 January

4,710,148

4,828,779

New share issue

(2,650,806)

-

Dividends paid

-

(1,152,988)

Adjustments on consolidation

29,330,038

-

Adjustment on container amortization

(1,180,420)

-

Pre-merger tax provision

(1,081,705)

-

Profit for the year

1,429,319

1,034,357

30,556,574

4,710,148

=====

=====

Kobo

Kobo

(b) Earnings per share

17

31

Earnings per share (adjusted)

17

31

EBT on ordinary shares

(37)

88

EBIT on ordinary shares

37

245

Dividends per share (Prior year)

-

35

(c) The number of shares was:

Ordinary shares

December 2017 Shares (in Thousands)	March 2017 Shares (in Thousands)
8,595,862	3,294,249
-----	-----
December 2017 ₦'000	March 2017 ₦'000
1,360,756	1,360,756
=====	=====

26. Other reserves

Accretion on revalued land and buildings

At the adoption of IFRS the carrying amount of land and building was recognised as deemed cost. The accretion on revaluation of land and building is recognised as none distributable reserve.

27 Reconciliation of cash flows

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

	₦'000	₦'000
Profit after tax	1,429,319	1,034,357
Add back:		
Finance Income	(532,971)	(2,983)
Finance expense	6,927,374	5,195,659
Taxation expense	1,129,368	1,857,392
	8,953,090	8,084,425
Adjustment for items not involving the movement of cash:		
Depreciation and amortization	1,989,071	1,903,328
Impairment of Property Plant and Equipment	9,378,281	4,519
Additions in provisions for employee benefits	663,204	100,959
(Gain)/loss on sale of property, plant and equipment	6,959	(678)
Other provisions included in profit	29,330,037	-
	50,320,642	10,092,553
	=====	=====

(b) Changes in working capital

(Increase)/Decrease in inventory	(12,369,462)	(2,866,632)
Increase in trade and other receivables	(10,293,058)	(925,991)
Increase in trade and other payables (including vat paid)	83,988,693	7,413,798
	61,326,173	3,621,175
	=====	=====

28 Related party transactions

The company's related parties include the ultimate parent company, AB InBev, SAB-Miller Finance BV and SAB-Miller Plc a subsidiary of AB InBev; its group entities; the directors, their close family members and employees who are able to exert a significant influence on the company's operating policies. These may also include key management personnel having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Brauhaase International Management GMBH and its ultimate holding company as at 31 March, 2017 held an equity interest of 72.17% in International Breweries Plc.

During the year, transactions with companies related to the ultimate holding company were in respect of the following:

	December		March	
	2017	2017	2017	2017
	N'000	N'000	N'000	N'000
Transaction	Value	Balance	Transaction	Balance
Receivables from parent company	-	-	-	-
Receivables from other related parties	-	<u>1,304,343</u>	10,686,378	<u>780,041</u>
Total receivables from related parties		<u>1,304,343</u>		<u>78,041</u>
Payables to parent company	-	-	778,228	606,883
Payables to other related parties	-	<u>44,349,369</u>	11,457,872	<u>6,356,325</u>
Total payables to related parties		<u>44,349,369</u>		<u>6,963,207</u>

All outstanding balances with these related parties are priced on arm's length basis and are to be settled within the agreed periods. None of the balances are secured and do not bear interest.

29 Guarantees and other financial commitments

There are certain lawsuits and claims pending against the Company in various courts of Law which are being handled by external legal counsels.

In the opinion of the directors and based on independent legal advice, contingent liabilities at the balance sheet date in respect of pending litigation claims by the company on default of contractual obligation are not likely to arise, thus no provision has been made in the financial statements.

30 Going concern

Management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

31 Post balance sheet events

There were no post balance sheet events which could have a material effect on the state of affairs of the company as at 31 December, 2017 and the profit for the year ended on the date.

32 Responsibilities of directors on the financial statements

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap. C20 LFN 2004, the company's directors are responsible for the preparation of the annual financial

statements which give a true and fair view of the state of affairs of the company as at 31 December, 2017 and of its loss for the period ended on that date, and comply with the requirements of the Companies and Allied Matters Act, Cap C20 LFN 2004. These responsibilities include ensuring that:

- (i) adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities;
- (ii) proper accounting records are maintained;
- (iii) applicable accounting standards are followed; and
- (iv) suitable accounting policies are used and consistently applied.
- (v) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

33 Comparative figures

Certain prior year figures have been restated or reclassified in line with the current period's position.

34 Approval of financial statements

The financial statements were approved by the board of directors of the company on 19 March, 2018.

35 Risks arising from financial instruments

International Breweries' activities expose it to a variety of financial risks; market risk (foreign exchange risk, cash flow interest risk, product risk and equity risk), credit risk and liquidity risk. The company analyses each of these risks individually as well as on an interconnected basis and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy. The management meets on a frequent basis and is responsible for reviewing the results of the risk assessment, approving recommended risk management strategies, monitoring compliance with the financial risk management policy and reporting to the Board of Directors.

Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to IB Plc in relation to lending, settlement and other financial activities. The company has a credit policy in place and the exposure to counterparty credit risk is closely monitored.

Liquidity risk

International Breweries' primary sources of cash flow have historically been cash flows from operating activities, the issuance of debt, bank borrowings and the issuance of equity securities.

The company believes that cash flows from operating activities, available cash and cash equivalent and short term investments and access to borrowing facilities, will be sufficient to fund capital expenditures and financial instrument liabilities. It is the intention of the company to continue to reduce its financial indebtedness through a combination of strong operating cash flow generation and equity contribution by members.

Foreign currency risk

Foreign currency risk is the risk that the financial results of the company will be adversely impacted by unfavorable changes in exchange rates to which the company is exposed. The company incurs foreign currency risk on borrowings, purchases and interest expense and does not currently use any derivatives to manage such exposure.

The carrying value of the company's foreign currency denominated liabilities as at the reporting date was as follows;

	Dec.2017	Mar 2017
	₦'000	₦'000
Trade and other Payables		
SA Rand	772,368	31,241
US Dollar	39,224,861	24,457
Euro	<u>6,860,924</u>	<u>-</u>
Currencies Total	<u>46,858,153</u>	<u>55,698</u>
	-----	-----
Borrowings		
US Dollar	-	7,962,232
	-----	-----
Intra-group liabilities		
US Dollar	-	9,644,342
	-----	-----
Total Foreign exchange risk		
SA Rand	-	31,241
US Dollar	-	17,631,031
Euro	<u>-</u>	<u>-</u>
	<u>46,858,153</u>	<u>17,662,272</u>
	=====	=====

OTHER NATIONAL DISCLOSURES

INTERNATIONAL BREWERIES PLC
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER, 2017

	9-Month ended December 2017		12-Month ended March 2017	
	₦'000	%	₦'000	%
Revenue	36,527,807		32,711,218	
Bought-in materials and services	<u>(27,653,976)</u>		<u>(24,265,518)</u>	
Value added	8,873,831	100	8,445,700	100
	=====	===	=====	===
Distribution of value added:				
To pay employees' salaries, wages and fringe benefits	2,908,935	32	2,309,220	27
To provide for maintenance of assets – amortisation	2,650,521	30	1,903,328	23
To pay bank interest	6,513,991	73	1,341,403	16
To pay Government –				
In taxes	(4,628,936)	(51)	1,857,392	22
Retained Earnings	<u>1,429,320</u>	<u>16</u>	<u>1,034,357</u>	<u>12</u>
Value added	8,873,831	100	8,445,700	100
	=====	===	=====	===

INTERNATIONAL BREWERIES PLC

FIVE-YEAR FINANCIAL SUMMARY

	9 Months	-----12 Months-----			
	December	March	March	March	March
	2017	2017	2016	2015	2014
Capital employed:	₦'000	₦'000	₦'000	₦'000	₦'000
Share capital	4,297,931	1,647,125	1,647,125	1,647,125	1,647,125
Share premium	6,160,731	6,160,731	6,160,731	6,160,731	6,154,725
Profit and loss account	<u>30,556,574</u>	<u>4,710,148</u>	<u>4,828,779</u>	<u>2,999,647</u>	<u>2,107,317</u>
Shareholders' fund	41,015,236	12,518,004	12,636,635	10,807,503	9,909,167
Other reserve	<u>1,360,756</u>	<u>1,360,756</u>	<u>1,360,756</u>	<u>1,360,756</u>	<u>1,360,756</u>
	<u>42,375,992</u>	<u>13,878,760</u>	<u>13,997,391</u>	<u>12,168,259</u>	<u>11,269,923</u>
	=====	=====	=====	=====	=====
Represented by: -					
Property, Plant & Equipment	191,554,980	31,748,068	25,216,244	22,679,843	18,677,771
Intangible assets	432,592	45,738	54,923	54,383	22,444
Other receivables/Trade investments	1,481,590	-	-	1,000	1,000
Deferred tax asset	<u>20,298,380</u>	<u>1,229,680</u>	<u>127,458</u>	<u>106,699</u>	<u>94,254</u>
Total Non-current assets	213,767,542	33,023,486	22,841,925	18,795,469	16,412,444
Current assets	40,053,162	11,939,249	8,083,481	7,329,665	5,575,071
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Total assets	253,820,704	44,962,735	33,482,106	30,171,590	24,370,540
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Current liabilities	167,878,669	26,052,094	15,846,886	(9,975,208)	(6,604,447)
Non-current liabilities	<u>43,566,043</u>	<u>5,031,881</u>	<u>3,637,829</u>	<u>(8,028,123)</u>	<u>(6,496,170)</u>
Total liabilities	211,444,712	31,083,975	19,484,715	(18,003,331)	(13,100,617)
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	<u>42,375,992</u>	<u>13,878,760</u>	<u>13,997,391</u>	<u>12,168,259</u>	<u>11,269,923</u>
	=====	=====	=====	=====	=====
Highlights:					
Revenue	<u>36,527,807</u>	<u>32,711,218</u>	<u>23,269,364</u>	<u>20,649,295</u>	<u>18,493,907</u>
(Loss)/ Profit before taxation	(3,199,616)	2,891,749	3,656,826	2,815,554	3,925,500
Tax expense	<u>4,628,936</u>	<u>(1,857,392)</u>	<u>(1,004,078)</u>	<u>(869,064)</u>	<u>(1,820,000)</u>
Profit after taxation	1,429,320	1,034,357	2,652,748	1,946,490	2,105,500
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Financial ratios:					
Earnings per share (kobo)	17	31	81	59	64
Earnings per share (kobo) (adjusted)	17	12	31	23	24
Dividends per share (kobo) (declared)	-	-	32	25	-
Net assets per share (Naira)	4.93	4.21	4.25	3.69	3.42