



RC9632

International Breweries Plc

Unaudited Condensed Interim Financial Statements

For the (6) Six months ended 30 June 2019

International Breweries Plc

Unaudited Financial statements
For the (6) Six Months ended 30 June 2019

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for the Six (6) Months period ended 30 June 2019

COMPLIANCE CERTIFICATE ON THE COMPANYS UNAUDITED FINANCIAL STATEMENTS FOR (6) MONTHS ENDED 30 JUNE 2019

We the undersigned hereby certify that:

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



Annabelle Degroot
Director
FRC/2017/IODN/00000018097



Zuber Momoniat
Director
FRC/2018/IODN/00000018772



Alex Atuona
Country Finance Manager
FRC/2019/ICAN/00000019271

International Breweries Plc

Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Statement of Profit or loss and other comprehensive income

	Note	Unaudited 3 Months (Apr - Jun) 30 June 2019 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2019 N'000	Unaudited 3 Months (Apr - Jun) 30 June 2018 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2018 N'000
Revenue	5	33,533,900	68,630,676	27,143,850	53,109,996
Cost of sales	6	(22,828,078)	(45,437,520)	(16,341,075)	(32,198,295)
Gross Profit		10,705,822	23,193,156	10,802,774	20,911,701
Other income	7	40,209	43,142	10,116	25,530
Net Impairment losses on financial assets		(658,690)	(658,690)	-	(236,392)
Marketing and Promotion expenses	8	(5,848,348)	(13,510,701)	(5,676,558)	(10,352,573)
Other gains/(losses) net	9	793,292	429,527	(1,532,777)	(1,602,643)
Administrative expenses	10	(8,296,533)	(12,993,527)	(3,707,061)	(7,802,175)
Results from operating activities		(3,264,249)	(3,497,093)	(103,505)	943,448
Finance income	10 (a)	-	511	4,762	5,070
Finance costs	10 (b)	(1,943,999)	(7,029,548)	(2,587,080)	(6,191,364)
(Loss)/Profit before tax		(5,208,247)	(10,526,130)	(2,685,823)	(5,242,846)
Company income tax expense		15,034	(68,173)	71,338	(63,673)
Deferred tax		2,339,500	3,752,907	2,008,475	2,460,170
(Loss)/Profit after tax		(2,853,713)	(6,841,397)	(606,011)	(2,846,348)
Total comprehensive income:					
Total comprehensive (loss)/Income for the period		(2,853,713)	(6,841,397)	(606,011)	(2,846,348)
Earnings per share (basic)		(33)	(80)	(7)	(33)
Earnings per share (diluted)		(33)	(80)	(7)	(33)

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for the Six (6) Months period ended 30 June 2019

Statement of Financial Position

	Note	6 Months ended 30 June 2019 Unaudited	12 Months ended December 2018 Audited
		N'000	N'000
Assets			
Non-current assets			
Property, Plant and Equipment	11	248,041,844	243,373,657
Intangible assets	12	415,895	467,506
Right of use assets		301,497	-
Other receivables		45,684	45,684
Derivative financial instrument		-	656,500
Deferred tax asset		3,942,525	189,618
		<u>252,747,445</u>	<u>244,732,965</u>
Current Assets			
Inventories	13	29,499,010	19,857,541
Trade and other receivables	14	30,898,130	28,330,564
Cash and cash equivalents		34,201,533	17,357,850
		<u>94,598,674</u>	<u>65,545,955</u>
Total assets		347,346,119	310,278,920
Non-current liabilities			
Borrowings	16	152,652,720	153,738,160
Employee benefits		2,613,799	2,500,402
Derivative financial instrument		87,580	-
Lease Liability		144,635	-
Deferred tax liabilities		-	-
		<u>155,498,734</u>	<u>156,238,562</u>
Current liabilities			
Trade and other payables	15	89,323,589	53,994,967
Borrowings	16	72,533,644	63,438,877
Current tax liabilities		1,513,764	1,445,591
Lease liability		156,862	-
		<u>163,527,859</u>	<u>118,879,435</u>
Total liabilities		319,026,593	275,117,997
Net assets		28,319,526	35,160,923

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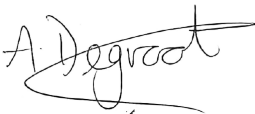
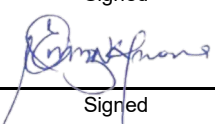
Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Statement of Financial Position (cont.)

	6 Months ended 30 June 2019 Unaudited	12 Months ended December 2018 Audited
Equity		
Share capital	4,297,931	4,297,931
Share premium	6,160,731	6,160,731
Revaluation reserve	1,360,756	1,360,756
Other reserves	(1,555,357)	(1,555,357)
Retained earnings	18,055,465	24,896,862
Total equity	28,319,526	35,160,923
Total equity	28,319,526	35,160,923

Approved by the board on 17 July 2019 and signed on its behalf by:

 _____ Signed	Mrs Annabelle Degroot - Director FRC/2018/IODN/00000018097
 _____ Signed	Mr Zuber Momoniat - Director FRC/2018/IODN/00000018772
 _____ Signed	Mr Alex Atuona - Country Finance Manager FRC/2019/ICAN/00000019271

The notes on pages 9 to 17 form an integral part of these interim financial statements

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Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Statement of Changes in Equity

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Other reserves N'000	Retained earnings N'000	Total Equity N'000
Balance at 1 January 2019	4,297,931	6,160,731	1,360,756	(1,555,357)	24,896,862	35,160,923
Loss for the period	-	-	-	-	(6,841,397)	(6,841,397)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(6,841,397)	(6,841,397)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Balance at 31 March 2019	4,297,931	6,160,731	1,360,756	(1,555,357)	18,055,465	28,319,526

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Other reserves N'000	Retained earnings N'000	Total Equity N'000
Balance at 01 January 2018	4,297,931	6,160,731	1,360,756	(1,357,215)	28,763,160	39,225,363
Loss for the period	-	-	-	-	(3,866,298)	(3,866,298)
Other comprehensive income	-	-	-	(198,142)	-	(198,142)
Total comprehensive loss for the period	-	-	-	(198,142)	(3,866,298)	(4,064,440)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Balance at 31 December 2018	4,297,931	6,160,731	1,360,756	(1,555,357)	24,896,862	35,160,923

The notes on pages 9 to 17 form an integral part of these interim financial statements

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Statement of Cash Flows

	Note	6 Months ended 30 June 2019 Unaudited	6 Months ended 30 June 2018 Unaudited
Cash flow from operating activities			
Cash flow before operating activities before working capital	17	11,054,906	9,129,412
Changes in working capital	17	23,119,585	(1,646,170)
Cash generated from operations		34,174,491	7,483,242
Taxation paid		-	-
Employee benefits paid		-	-
Net cash flow from operating activities		34,174,491	7,483,242
Cash flow from investing activities			
Purchase of property plant and equipment		(18,796,116)	(30,529,182)
Purchase of intangible assets		-	-
Proceeds on sale of plant property and equipment		310	-
Interest income		511	5,070
Net cash applied to investing activities		(18,795,294)	(30,524,112)
Cash flow from financing activities			
Proceeds of borrowings		9,094,767	134,994,771
Borrowings repaid			(47,976,231)
Interest paid		(7,029,548)	(6,191,364)
Net cash from financing activities		2,065,219	80,827,176
Net increase in cash and cash equivalents		17,444,416	57,786,306
Cash and cash equivalents at beginning of period		(11,144,984)	8,098,189
Cash and cash equivalents at end of period		6,299,432	65,884,495

The notes on pages 9 to 17 form an integral part of these interim financial statements

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Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Notes to the condensed interim financial statements

1. General information

These financial statements are the financial statements of International Breweries Plc ("the Company"). The Company was incorporated in Nigeria as a private limited liability company on 22 December 1971 under the Companies and Allied Matters Act, and is domiciled in Nigeria. The Company became a public limited liability company on 26 April, 1994.

The address of its registered office is:
22/36 Glover road,
Ikoyi,
Lagos, Nigeria

The principal activities of the Company are brewing, packaging and marketing of beer, alcoholic flavoured/ non-alcoholic beverages and soft drinks.

2. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IRFS) IAS 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of International Breweries Plc as at and for the year ended 31 December 2018.

3. Summary of accounting policies

a. General

The accounting policies as applied in these condensed interim financial statements are the same as applied in the Company's financial statements as at and for the year ended 31st December 2018.

b. Basis of preparation of condensed interim financial statements

The condensed interim financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the condensed interim financial statements.

The condensed interim financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for the following:

- certain financial assets and liabilities – measured at amortised cost
- derivative instruments – measured at fair value

All values are rounded to the nearest thousand, except when otherwise indicated. The condensed interim financial statements are presented in thousands of Naira.

The preparation of condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's condensed interim financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

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Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Notes to the condensed interim financial statements

4. Critical accounting estimates, judgements and errors

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

a. Deferred taxation

The Company is subject to income taxes within Nigeria, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilize the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income is based on forecast cash flows from operations.

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Notes to the condensed interim financial statements

Note		Unaudited 3 Months (Apr - Jun) 30 June 2019 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2019 N'000	Unaudited 3 Months (Apr - Jun) 30 June 2018 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2018 N'000
5	Net Revenue	33,533,900	68,630,676	27,143,850	53,109,996
6	Cost of Sales				
	Materials consumed and allocated overheads	17,374,666	33,921,641	12,624,070	24,671,904
	Salaries, wages, allowances (production staff)	729,615	1,440,975	414,962	877,921
	Technical management fees	1,269,032	2,058,920	569,319	1,096,243
	Royalties	-	-	-	-
	Depreciation - plant and equipment	3,454,765	8,015,983	2,732,724	5,552,226
		22,828,078	45,437,520	16,341,075	32,198,295
7	Other Income				
	Sale of scrap	2,420	5,353	4,665	11,772
	Sundry income	37,789	37,789	5,452	13,759
		40,209	43,142	10,116	25,530
8	Marketing, Promotion and distribution expenses				
	Transportation and distribution	3,075,174	6,616,713	2,302,181	4,619,412
	Employee benefit expense	955,145	2,328,182	744,429	1,569,434
	Advertising and promotion	1,818,029	4,565,805	2,629,947	4,163,726
		5,848,348	13,510,701	5,676,558	10,352,573

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Notes to the condensed interim financial statements

Note	Unaudited 3 Months (Apr - Jun) 30 June 2019 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2019 N'000	Unaudited 3 Months (Apr - Jun) 30 June 2018 N'000	Unaudited 6 Months (Jan - Jun) 30 June 2018 N'000
9 Other gains/ (losses) - Net				
Net foreign exchange loss realised	501,967	253,527	(338,911)	(408,778)
Loss on disposal of asset	11,708	-		-
Sundry costs	-		(252,263)	(252,263)
Fair value loss on derivatives	419,537	(744,080)	(449,158)	(449,158)
Net foreign exchange Gain/(loss) unrealised	(139,920)	920,080	(492,445)	(492,445)
	793,292	429,527	(1,532,777)	(1,602,643)
10 Administrative expenses				
Salaries wages and allowances (admin staff)	1,086,904	1,860,507	766,996	1,574,660
Staff recruitment and training	61,737	87,230	50,143	92,619
Auditors remuneration	20,390	44,932	25,925	43,761
Other staff related costs	914,141	1,559,649	644,608	1,188,164
Business running costs	1,456,981	3,289,671	810,762	2,369,221
Depreciation	4,730,573	6,099,927	1,393,197	2,511,424
Amortisation	25,806	51,611	15,430	22,325
	8,296,533	12,993,527	3,707,061	7,802,175
10 Results from continuing operations				
(a) Finance income	-	511	4,762	5,070
(b) Finance expense				
Interest expense on bank borrowings and overdraft	1,943,999	7,029,548	2,587,080	6,191,364
	1,943,999	7,029,548	2,587,080	6,191,364

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Notes to the condensed interim financial statements

Note 11	Land and building N'000	Plant and machinery N'000	Vehicles, furniture and equipment N'000	Returnable containers N'000	Assets in course of construction N'000	Total N'000
Cost/valuation at 01 January 2019	46,636,929	148,506,355	6,951,463	60,435,190	15,584,414	278,114,351
Additions	153,806	609,895	1,193,103	11,918,681	4,920,631	18,796,116
Transfers from asset in course of construction	-	-	-	-	-	-
Impairment						-
Disposal		(19,537)				(19,537)
At 31 December 2018	46,790,735	149,096,713	8,144,566	72,353,871	20,505,045	296,890,930
At 01 January 2019	1,334,165	11,943,486	1,029,370	20,433,673	-	34,740,694
For the period	796,798	6,274,481	1,187,523	5,857,108		14,115,910
Impairment						-
Disposals		(7,519)				(7,519)
At 31 March 2019	2,130,963	18,210,449	2,216,893	26,290,781	-	48,849,086
Net book value:						
At 31 March 2019	44,659,772	130,886,264	5,927,673	46,063,090	20,505,045	248,041,844
At 1 January 2019	45,302,764	136,562,869	5,922,093	40,001,517	15,584,414	243,373,657

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Notes to the condensed interim financial statements

Note 11	Land and building N'000	Plant and machinery N'000	Vehicles, furniture and equipment N'000	Returnable containers N'000	Assets in course of construction N'000	Total N'000
Cost/valuation at 01 January 2018	25,434,810	75,708,486	6,758,894	38,437,054	65,217,977	211,557,221
Additions	-	-	-	-	69,772,968	69,772,968
Transfers from asset in course of construction	21,202,119	73,560,955	2,645,321	21,998,136	(119,406,531)	-
Impairment	-	(763,086)	(2,452,752)	-	-	(3,215,838)
Disposal	-	-	-	-	-	-
At 31 December 2018	46,636,929	148,506,355	6,951,463	60,435,190	15,584,414	278,114,351
At 01 January 2018	410,414	6,902,535	999,477	13,062,887	-	21,375,313
For the period	923,751	5,804,037	2,482,645	7,677,725	-	16,888,158
Write-off	-	(763,086)	(2,452,752)	(306,939)	-	(3,522,777)
Disposals	-	-	-	-	-	-
At 31 December 2018	1,334,165	11,943,486	1,029,370	20,433,673	-	34,740,694
Net book value:						
At 31 December 2018	45,302,764	136,562,869	5,922,093	40,001,517	15,584,414	243,373,657
At 1 January 2018	25,024,396	68,805,951	5,759,417	25,374,167	65,217,977	190,181,908

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Notes to the condensed interim financial statements

12 Intangible assets

Computer software
Balance 1 January
Additions

As at March

Amortisation and impairment loss:
Balance 1 January
Amortisation for the year

As at March

Carrying amount
As at period end

Intangible assets - software

6 Months ended 30 June 2019 Unaudited

12 Months Ended 31 December 2018 Audited

582,819
-

582,819

115,313
51,611

166,924

415,895

480,493
102,326

582,819

47,901
67,412

115,313

467,506

13 Inventories

Raw Materials
Finished Goods
WIP
Engineering spares
Consumables
Stationaries

17,343,391
1,362,039
5,440,748
5,164,532
123,624
64,676

29,499,010

12 Months Ended 31 December 2018 Audited

9,500,425
1,997,732
4,508,624
3,716,848
73,817
60,095

19,857,541

14 Trade and other receivables

Current trade receivables
Trade receivables
Amounts due from related parties
Other receivables
Prepayment - others

26,757,167
635,527
1,610,869
1,894,568

30,898,130

25,538,562
275,284
1,550,200
966,518

28,330,564

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Notes to the condensed interim financial statements

	6 Months ended 30 June 2019 Unaudited	12 Months Ended 31 December 2018 Audited
15 Trade and other payables		
Trade payables	42,279,615	11,925,626
Accrued expenses	6,307,199	16,780,264
Customers deposits	-	-
Due to related companies	36,093,026	20,714,990
Unclaimed dividends	175,963	175,963
Other payables	4,467,786	4,398,124
	89,323,589	53,994,967
16 Borrowings		
Current		
Bank overdraft	27,997,182	28,386,435
Term loans	44,536,461	35,052,442
	72,533,644	63,438,877
Non Current		
Term loan	152,652,720	153,738,160

The overdraft facilities from the various banks are all secured by corporate guarantee of the company. Interest on the bank overdrafts is payable at rates ranging from 19.5% to 23%.

Interest rates on the Company's loans range from 21% to 23%. The Company's borrowings are for a period ranging from one year to three years.

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Notes to the condensed interim financial statements

		6 Months ended 30 June 2019 Unaudited	6 Months ended 30 June 2018 Unaudited
17	(Loss)/Profit before tax	(10,526,130)	(5,242,846)
	Add back		
	Finance income	(511)	(5,070)
	Finance expense	7,029,548	6,191,364
	Depreciation and amort	14,115,910	8,063,650
	Fair value (loss)/gain on derivatives	(744,080)	449,158
	Amortisation of intangible assets	51,611	22,325
	Unrealised exchange gain	920,080	(492,445)
	Employee benefit expense	113,397	143,275
	Lease liability	95,081	
	Impairment loss on financial assets	-	
	(Gains)/Loss on disposal of assets	-	-
		11,054,906	9,129,412
	Change in working capital		
	(Increase)/Decrease in inventory	(9,641,470)	4,403,549
	Increase in trade and other receivables	(2,567,566)	(4,515,218)
	(Decrease)/Increase in trade and other payables	35,328,622	(1,534,501)
		23,119,585	(1,646,170)

18. Contingencies

There are no new contingencies to report on except has been disclosed in the annual financial statements at 31 December 2018.

19. Related parties

The company's related parties include the ultimate parent company, AB InBev SA/NV and its subsidiaries; 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 30 June, 2019 held an equity interest of 72.17% in International Breweries Plc.

20. Events after reporting period

There were no significant events after the reporting period, which could have had a material effect on the state of affairs of the Company as at 30 June 2019 that have not been adequately provided for or disclosed in the financial statements.

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Unaudited Interim Financial statements

for the Six (6) Months period ended 30 June 2019

Statement of value added

	6 Months ended 30 June 2019 Unaudited N'000	%	6 Months ended 30 June 2018 Unaudited N'000	%
Revenue	68,630,676		53,109,996	
Less: bought in materials and services	(52,425,337)		(40,106,412)	
Other gains/(losses)	43,142		25,530	
Value added	16,248,481	100	13,029,114	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	5,629,664	35	4,022,016	31
To pay government:				
Tax credit	(3,684,734)	(23)	(2,396,497)	(18)
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	14,064,299	87	8,041,325	62
Interest	7,029,037	43	6,186,293	47
Amortisation of intangible asset	51,611	0	22,325	0
(Loss)/Profit for the year	(6,841,397)	(42)	(2,846,348)	(22)
Value added/(eroded)	16,248,481	100	13,029,114	100