



RC9632

International Breweries Plc

Unaudited Condensed Interim Financial Statements

For the (9) Nine months ended 30 September 2019

International Breweries Plc

Unaudited Financial statements

For the (9) Six Months ended 30 September 2019

Table of Contents

Compliance certification	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position.....	5
Statement of financial position (continued)	6
Statement of changes in equity	7
Statement of cash flows.....	8
Notes to the condensed interim financial statements	9
Statement of value added.....	18

International Breweries Plc

Unaudited Financial statements

for the Six (9) Months period ended 30 September 2019

COMPLIANCE CERTIFICATE ON THE COMPANYS UNAUDITED FINANCIAL STATEMENTS FOR (9) MONTHS ENDED 30 SEPTEMBER 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 (9) Months period ended 30 September 2019

Statement of Profit or loss and other comprehensive income

	Note	Unaudited 3 Months (Jul - Sep) 30 September 2019 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2019 N'000	Unaudited 3 Months (Jul - Sep) 30 September 2018 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2018 N'000
Revenue	5	28,629,671	97,260,347	30,236,919	83,346,915
Cost of sales	6	(20,700,982)	(66,138,501)	(18,916,346)	(51,114,641)
Gross Profit		7,928,689	31,121,845	11,320,573	32,232,274
Other income	7	3,395	46,537	4,665	30,195
Net Impairment charge on financial assets		(455,007)	(1,113,697)	-	(236,392)
Marketing and promotion expenses	8	(9,278,470)	(22,789,171)	(6,409,873)	(16,762,446)
Other gains/(losses) net	9	864,043	1,293,569	(1,622,417)	(3,225,061)
Administrative expenses	10	(6,506,477)	(19,500,004)	(4,417,539)	(12,219,713)
Results from operating activities		(7,443,827)	(10,940,920)	(1,124,591)	(181,143)
Finance income	10 (a)	1,265	1,776	498	5,569
Finance costs	10 (b)	(6,107,838)	(13,137,386)	(2,822,991)	(9,014,354)
(Loss)/Profit before tax		(13,550,400)	(24,076,530)	(3,947,083)	(9,189,928)
Company income tax expense		68,173	-	(31,901)	(95,574)
Deferred tax		3,878,269	7,631,176	(312,126)	2,148,044
(Loss)/Profit after tax		(9,603,958)	(16,445,354)	(4,291,110)	(7,137,459)
Total comprehensive income:					
Total comprehensive (loss)/Income for the period		(9,603,958)	(16,445,354)	(4,291,110)	(7,137,459)
Earnings per share (basic)		(112)	(191)	(50)	(83)
Earnings per share (diluted)		(112)	(191)	(50)	(83)

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Statement of Financial Position

	Note	9 Months ended 30 September 2019 Unaudited	12 Months ended December 2018 Audited
		N'000	N'000
Assets			
Non-current assets			
Property, Plant and Equipment	11	255,244,391	243,373,657
Intangible assets	12	390,087	467,506
Other receivables		1,255,644	45,684
Derivative financial instrument		1,089,199	656,500
Deferred tax assets		7,820,794	189,618
		<u>265,800,115</u>	<u>244,732,965</u>
Current Assets			
Inventories	13	30,684,660	19,857,541
Trade and othe receivables	14	29,397,739	28,330,564
Cash and cash equivalents		25,590,427	17,357,850
		<u>85,672,826</u>	<u>65,545,955</u>
Total assets		<u>351,472,941</u>	<u>310,278,920</u>
Non-current liabilities			
Borrowings	16	153,504,960	153,738,160
Employee benefit obligations		2,538,271	2,500,402
		<u>156,043,231</u>	<u>156,238,562</u>
Current liabilities			
Trade and other payables	15	84,948,478	53,994,967
Borrowings	16	90,320,073	63,438,877
Current tax liabilities		1,445,591	1,445,591
		<u>176,714,142</u>	<u>118,879,435</u>
Total liabilities		<u>332,757,373</u>	<u>275,117,997</u>
Net assets		<u>18,715,569</u>	<u>35,160,923</u>

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Statement of Financial Position (cont.)

Equity		
Share capital	4,297,931	4,297,931
Share premium	6,160,731	6,160,731
Other reserves	1,360,756	1,360,756
Employee benefit reserves	(1,555,357)	(1,555,357)
Retained earnings	8,451,508	24,896,862
Total equity	18,715,569	35,160,923
Total equity	18,715,569	35,160,923

Approved by the board on 25 October 2019 and signed on its behalf by:



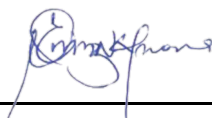
Signed

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

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Statement of Changes in Equity

	Share capital N'000	Share premium N'000	Other reserves N'000	Employee benefit 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	-	-	-	-	(16,445,354)	(16,445,354)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(16,445,354)	(16,445,354)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Balance at 30 September 2019	4,297,931	6,160,731	1,360,756	(1,555,357)	8,451,508	18,715,569

	Share capital N'000	Share premium N'000	Other reserves N'000	Employee benefit 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

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Statement of Cash Flows

	Note	9 Months ended 30 September 2019 Unaudited	9 Months ended 30 September 2018 Unaudited
Cash flow from operating activities			
Cash flow before operating activities before working capital	17	9,954,176	14,059,527
Changes in working capital	17	17,849,257	(55,696,309)
Cash generated from operations		27,803,433	(41,636,782)
Taxation paid		-	(1,350,564)
Net cash flow from operating activities		27,803,433	(42,987,346)
Cash flow from investing activities			
Purchase of property plant and equipment		(32,087,650)	(52,868,616)
Purchase of intangible assets		-	(102,326)
Proceeds on sale of plant property and equipment		310	-
Interest income		1,776	5,569
Net cash applied to investing activities		(32,085,564)	(52,965,373)
Cash flow from financing activities			
Proceeds of borrowings		28,977,196	153,655,164
Repayment of borrowings		(2,096,000)	(41,183,441)
Interest paid		(12,271,988)	(9,014,354)
Net cash from financing activities		14,609,208	103,457,369
Net increase in cash and cash equivalents		10,327,077	7,504,649
Cash and cash equivalents at beginning of period		(11,028,584)	8,098,189
Cash and cash equivalents at end of period		(701,507)	15,602,838

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

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 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.

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 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.

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Notes to the condensed interim financial statements

Note		Unaudited 3 Months (Jul - Sep) 30 September 2019 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2019 N'000	Unaudited 3 Months (Jul - Sep) 30 September 2018 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2018 N'000
5	Net Revenue	28,629,671	97,260,347	30,236,919	83,346,915
6	Cost of Sales				
	Materials consumed	16,488,370	50,410,012	14,713,469	39,385,373
	Salaries, wages, allowances (production staff)	566,353	2,007,327	504,753	1,382,675
	Technical management fees	573,605	2,632,526	820,736	1,916,979
	Royalties	-	-	-	-
	Depreciation - plant and equipment	3,072,653	11,088,636	2,877,389	8,429,615
		20,700,982	66,138,501	18,916,346	51,114,641
7	Other Income				
	Sale of scrap	2,488	7,841	2,864	14,635
	Sundry income	907	38,696	1,802	15,560
		3,395	46,537	4,665	30,195
8	Marketing, promotion and distribution expenses				
	Transportation and distribution	3,627,398	10,244,111	2,883,962	7,503,374
	Employee benefit expense	1,156,835	3,485,017	1,032,870	2,602,304
	Advertising and promotion	4,494,238	9,060,043	2,493,041	6,656,767
		9,278,470	22,789,171	6,409,873	16,762,446

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Notes to the condensed interim financial statements

Note	Unaudited 3 Months (Jul - Sep) 30 September 2019 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2019 N'000	Unaudited 3 Months (Jul - Sep) 30 September 2018 N'000	Unaudited 9 Months (Jan - Sep) 30 September 2018 N'000
9 Other losses - Net				
Net foreign exchange gain/(loss) realised	501,257	754,784	(1,819,995)	(2,228,773)
Loss on disposal of asset	(11,708)	(11,708)	-	-
Sundry costs	-	-	1,636	(250,626)
Fair value gain/(loss) on derivatives	1,176,779	432,699	853,142	403,983
Net foreign exchange Gain/(loss) unrealised	(802,285)	117,795	(657,200)	(1,149,645)
	864,043	1,293,569	(1,622,417)	(3,225,061)
10 Administrative expenses				
Salaries wages and allowances (admin staff)	923,817	2,784,324	1,016,477	2,591,137
Staff recruitment and training	45,440	132,670	52,847	145,467
Auditors remuneration	67,342	112,274	22,060	65,820
Other staff related costs	689,856	2,249,505	573,640	1,761,803
Business running costs	1,737,880	5,027,551	1,161,012	3,530,234
Depreciation	3,016,334	9,116,261	1,569,111	4,080,535
Amortisation	25,808	77,419	22,392	44,717
	6,506,477	19,500,004	4,417,539	12,219,713
10 Results from continuing operations				
(a) Finance income	1,265	1,776	498	5,569
(b) Finance expense				
Interest expense on bank borrowings and overdraft	6,107,838	13,137,386	2,822,991	9,014,354
	6,107,838	13,137,386	2,822,991	9,014,354

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

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	1,072,079	2,404,821	16,894,354	11,562,590	32,087,650
Transfers from asset in course of construction	1,025,731	8,029,752	662,141	-	(9,717,624)	-
Impairment						-
Disposal		(19,537)				(19,537)
At 30 September 2019	47,816,466	157,588,649	10,018,425	77,329,544	17,429,380	310,182,464
At 01 January 2019	1,334,165	11,943,486	1,029,370	20,433,673	-	34,740,694
For the period	1,078,384	8,629,470	2,523,592	7,973,451	-	20,204,897
Impairment						-
Disposals		(7,519)				(7,519)
At 30 September 2019	2,412,549	20,565,438	3,552,962	28,407,124	-	54,938,073
Net book value:						
At 30 September 2019	45,403,917	137,023,211	6,465,463	48,922,420	17,429,380	255,244,391
At 1 January 2019	45,302,764	136,562,869	5,922,093	40,001,517	15,584,414	243,373,657

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

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

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Notes to the condensed interim financial statements

		9 Months ended 30 September 2019 Unaudited	12 Months Ended 31 December 2018 Audited
12	Intangible assets		
	Computer software		
	Balance 1 January	582,819	480,493
	Additions	-	102,326
	As at September	582,819	582,819
	Amortisation and impairment loss:		
	Balance 1 January	115,313	47,901
	Amortisation for the year	77,419	67,412
	As at September	192,732	115,313
	Carrying amount		
	As at period end	390,087	467,506
13	Inventories		
	Raw materials	17,202,900	9,500,425
	Finished goods	2,788,675	1,997,732
	Production in progress	3,573,092	4,508,624
	Engineering spares	6,157,658	3,716,848
	Consumables	866,071	73,817
	Stationaries	96,264	60,095
		30,684,660	19,857,541
14	Trade and other receivables		
	Current trade receivables		
	Trade receivables	24,280,748	25,538,562
	Amounts due from related parties	780,407	275,284
	Other receivables	2,385,339	1,550,200
	Prepayment - others	1,951,245	966,518
		29,397,739	28,330,564

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Notes to the condensed interim financial statements

	9 Months ended 30 September 2019 Unaudited	12 Months Ended 31 December 2018 Audited
15 Trade and other payables		
Trade payables	38,185,109	11,925,626
Accrued expenses	1,265,319	16,780,264
Customers deposits	-	-
Due to related companies	39,883,595	20,714,990
Unclaimed dividends	180,062	175,963
Other payables	5,434,393	4,398,124
	84,948,478	53,994,967
16 Borrowings		
Current		
Bank overdraft	26,291,934	28,386,435
Term loans	64,028,139	35,052,442
	90,320,073	63,438,877
Non-Current		
Term loan	153,504,960	153,738,160

The overdraft facilities from the various banks are all unsecured.

Interest on the bank overdrafts is payable at rates ranging from 13.5% to 14%.

Interest rates on the Company's loans range from 2.6% to 14%. The Company's borrowings are for a period ranging from one year to three years.

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Notes to the condensed interim financial statements

		9 Months ended 30 September 2019 Unaudited	9 Months ended 30 September 2018 Unaudited
17	(Loss)/Profit before tax	(24,076,530)	(9,189,928)
	Add back		
	Finance income	(1,776)	(5,569)
	Finance expense	13,137,386	9,014,354
	Depreciation of property, plant and equipment	20,204,897	12,510,149
	Fair value (gain)/loss on derivatives	(432,699)	403,983
	Amortisation of intangible assets	77,419	44,717
	Unrealised exchange (gain)/loss	(117,795)	1,149,645
	Employee benefit expense	37,869	(104,217)
	Impairment loss on financial assets	1,113,697	236,392
	(Gains)/Loss on disposal of assets	11,708	-
		9,954,176	14,059,527
	Change in working capital		
	(Increase)/Decrease in inventory	(10,827,120)	3,241,899
	Increase in trade and other receivables	(2,277,134)	(15,991,930)
	Increase/(Decrease) in trade and other payables	30,953,511	(42,946,278)
		17,849,257	(55,696,309)

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 September, 2019 held an equity interest of 75.04% in International Breweries Plc.

20. Events after reporting period

On 15th October 2019 the board of International Breweries Plc. approved a rights issue of N164bn through the issuance of 18,266,206,614 shares of 50 kobo each at a price of ₦9.00 per share.

International Breweries Plc

Unaudited Interim Financial statements

for the Six (9) Months period ended 30 September 2019

Statement of value added

	9 Months ended 30 September 2019 Unaudited N'000	%	9 Months ended 30 September 2018 Unaudited N'000	%
Revenue	97,260,347		83,346,915	
Less: bought in materials and services	(79,766,238)		(64,471,988)	
Other gains/(losses)	46,537		30,195	
Value added	17,540,646	100	18,905,123	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	8,276,669	47	6,576,116	35
To pay government:				
Tax credit	(7,631,176)	(44)	(2,052,470)	(11)
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	20,127,478	115	12,465,432	66
Interest	13,135,610	75	9,008,785	48
Amortisation of intangible asset	77,419	0	44,717	0
(Loss)/Profit for the year	(16,445,354)	(94)	(7,137,459)	(38)
Value added/(eroded)	17,540,646	100	18,905,123	100