



International Breweries Plc

RC 9632

Unaudited Condensed Interim Financial Statements

For nine months period ended 31 December 2016

INTERNATIONAL BREWERIES PLC

UNAUDITED FINANCIAL STATEMENTS

FOR NINE (9) MONTHS PERIOD ENDED 31 DECEMBER 2016

TABLE OF CONTENTS

Statement of Compliance	1
Statement of Profit or Loss and other Comprehensive Income	2
Statement of financial position	3-4
Statement of Change in Equity	5-6
Statement of Cash Flow	7
Notes to the financial statements:	
Corporate information	8
Statement of compliance	8
Significant accounting policies	8-17
Notes to the accounts:	
Revenue	18
Other Incomes	18
Other gains and losses	18
Finance income	18
Net Finance cost	18
Intangible assets	19
Property, Plant and Equipment	19
Deferred tax assets	20
Inventory	20
Trade and other receivables	20
Cash and cash equivalents	20
Trade and other payables	20
Borrowings	20
Income tax liabilities	21
Other payables	21
Employee Benefits	21
Share capital	21
Share Premium	21
Other reserves	21

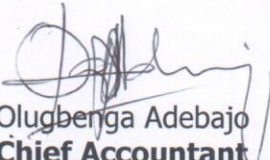
International Breweries Plc
Unaudited Financial Statements
For the nine (9) months ended 31 December 2016

COMPLIANCE CERTIFICATE ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 31 DECEMBER 2016

We the undersigned hereby certify that:

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


Christopher Tyne
Executive Director, Finance
FRC/2013/IODN/000000008084


Olugbenga Adebajo
Chief Accountant
FRC/2014/ICAN/00000006878

International Breweries Plc

Unaudited Interim Financial Statements for nine months period ended 31 December 2016

Unaudited Interim Statement of Profit Or Loss and Other Comprehensive income

For three (3) and nine (9) months period ended 31 December 2016

		Current year Unaudited	Current year Unaudited	Prior year Unaudited	Prior Year Unaudited
		3 Months (Oct - Dec)	9 Months (April - Dec)	3 Months (Oct - Dec)	9 Months (April - Dec)
		31-Dec 2016 N'000	31-Dec 2016 N'000	31-Dec 2015 N'000	31-Dec 2015 N'000
	Notes				
Revenue	5	9,240,487	22,739,334	6,320,362	16,460,802
Cost of sales	6	(4,846,324)	(11,859,353)	(2,914,208)	(8,168,684)
Gross profit		4,394,162	10,879,981	3,406,155	8,292,118
Other Income	7	2,133	6,869	(371)	11,381
Marketing and promotion expenses	8	(443,849)	(1,223,640)	(307,000)	(1,005,482)
Administrative expenses	9	(1,583,466)	(4,302,059)	(1,252,744)	(3,837,986)
Operating profit / (Loss)		2,368,980	5,361,151	1,846,040	3,460,031
Other gains and (losses)	10	(117,642)	(224,002)	(123,658)	(169,341)
Profit/ (Loss) before finance income and charges		2,251,338	5,137,148	1,722,382	3,290,690
Finance income	11	-	1,936	128	222,436
Finance cost	12	(231,046)	(4,618,503)	(317,953)	(1,108,340)
Profit (Loss) before taxation		2,020,292	520,582	1,404,556	2,404,787
Income tax expense	22 (a)	-	(374,000)	(399,352)	(694,770)
Deferred tax	22 (b)	(583,375)	(583,375)	-	-
Profit (Loss) for the period		1,436,917	(436,793)	1,005,204	1,710,016
Other Comprehensive Income, net of tax		-	-	-	-
Total Comprehensive Income for the period		1,436,917	(436,793)	1,005,204	1,710,016
Earnings per share - Basic (Kobo)		44	(13)	31	52
Earnings per share - Dilluted (Kobo)		44	(13)	31	52

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

International Breweries Plc

Unaudited Interim Financial Statements for nine months period ended 31 December 2016

Unaudited Interim Statement of Financial position as at 31 December 2016

		Current year Unaudited	Prior Year Unaudited	Year End Audited
		31-Dec 2016	31-Dec 2015	31-Mar 2016
	Note	N'000	N'000	N'000
Assets				
Property, plant and equipment	13	30,960,034	24,039,665	25,216,244
Intangible assets	14	54,923	18,512	54,923
Available for sale investment	15	-	1,000	-
Deferred tax assets	16	142,021	106,699	127,458
Non-current assets		31,156,978	24,165,876	25,398,625
Inventory	17	3,298,419	2,950,732	2,909,333
Trade and other receivables	18	2,752,068	3,843,132	4,072,090
Cash and cash equivalents	19	1,006,375	1,392,833	1,102,058
Current assets		7,056,861	8,186,697	8,083,481
Total Assets		38,213,839	32,352,574	33,482,106
Liabilities				
Trade and other payables	20	9,735,952	5,057,887	6,573,209
Employee benefits	24 (a)	58,343	3,392	138,153
Borrowings	21 (a)	2,575,149	4,597,498	8,552,420
Current tax liabilities	22 (a)	1,202,405	1,405,548	676,952
Provisions	23	90,714	102,110	-
Current liabilities		13,662,564	11,166,435	15,940,734
Borrowings	21 (b)	7,953,200	4,865,518	-
Deferred tax liabilities	22 (b)	3,717,060	2,771,238	3,119,122
Employee benefits	24 (b)	473,404	494,670	424,859
Non-current liabilities		12,143,664	8,131,426	3,543,981
Total liabilities		25,806,228	19,297,861	19,484,715
Net assets		12,407,611	13,054,713	13,997,391

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

International Breweries Plc

Unaudited Interim Financial Statementst for nine (9) months period ended 31 December 2016

Unaudited Interim Statement of Financial position as at 31 December 2016 (Cont'd)**Equity**

Share capital	25	1,647,125	1,647,125	1,647,125
Share premium	26	6,160,731	6,160,731	6,160,731
Retained earnings	28	3,238,999	3,886,101	4,828,779
Total shareholders' equity		11,046,855	11,693,957	12,636,635
Other reserves	27	1,360,756	1,360,756	1,360,756
Total equity		12,407,611	13,054,713	13,997,391

Approved and signed on 19th January 2017


SignedMr Christopher Tyne - Finance Director
FRC/2013/IODN/00000008084
SignedMr Olugbenga Adebajo - Chief Accountant
FRC/2014/ICAN/00000006878

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

National Breweries Plc

Interim Financial Statements for nine months period ended 31 December 2016

Statement of change in equity for nine months period ended 31 December 2016

	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Balance as at 1 April 2016	1,647,125	6,160,731	1,360,756	4,828,779	13,997,391
For the period					
Comprehensive income for the period				(436,793)	(436,793)
Comprehensive income for the period				(436,793)	(436,793)

Transactions with owners, recorded directly in equity:

Distributions and distributions:

Shares

Premium

Dividends

Dividends written back

				(1,152,987)	(1,152,987)
				(1,152,987)	(1,152,987)
Balance as at 31 December 2016	1,647,125	6,160,731	1,360,756	3,238,999	12,407,611

These financial statements form an integral part of these financial statements.

Statement of change in equity
for the (9) months period ended 31 December 2015

Notes	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
Balance as at 1 April 2015	1,647,125	6,160,731	1,360,756	2,999,647	12,168,259
For the period				1,710,016	1,710,016
Comprehensive income for the period				-	-
Comprehensive income for the period				1,710,016	1,710,016

Transactions with owners, recorded directly in equity:

Distributions and distributions:

Shares

Premium

Dividends

Dividends written back

(823,562)

-

(823,562)

Balance as at 31 December 2015	1,647,125	6,160,731	1,360,756	3,886,101	13,054,713
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to 28 form an integral part of these financial statements.

International Breweries Plc

Statement of cash flow

For nine (9) months period ended 31 December 2016

		Current year Unaudited (9 months) to	Prior year Unaudited (9 months) to
		31-Dec	31-Dec
		2016	2015
		N'000	N'000
Cash flows from operating activities			
Profit /(Loss) after tax for the period		(436,793)	1,710,016
Company income tax expense		374,000	694,770
Deferred tax		583,375	-
Interest expense		4,618,503	1,108,340
		5,139,085	3,513,126
Deduct:			
Interest received		(1,936)	(222,436)
(Profit)/Loss on sale of fixed assets		351	117,355
		5,137,499	3,408,045
Adjustment for items not involving movement of cash:			
Depreciation		663,813	744,634
Amortisation		539,883	219,231
Provision for gratuity		76,301	58,599
Other Provisions		9,800	16,748
		6,427,296	4,447,257
Operating profit before working capital changes			
Working capital changes			
(Increase)/decrease in stock and W.I.P.		(389,086)	(150,340)
(Increase)/decrease in trade debtors and other receivables		1,320,022	(167,527)
Increase/(decrease) in trade creditors and other payables		3,162,743	386,722
		10,520,975	4,516,112
Deduct:			
Income tax paid		(222,888)	(16,058)
VAT paid		(940,113)	(713,466)
Gratuity paid		(24,979)	(2,929)
Net cash flow (applied) / from operating activities		9,332,995	3,783,659
Cash flow from investing activities:			
Purchase of fixed assets		(5,635,055)	(2,704,224)
Net investment in intangible assets		-	-
Proceeds from sale of fixed assets		-	117,355
Interest received		1,936	222,436
Net cash flow / (applied) to investing activities		(5,633,119)	(2,364,433)
Cash flow from financing activities:			
Increase/(decrease) in LT loans		7,953,200	(2,965,339)
Increase/(decrease) in bank loan and overdraft		(5,977,271)	4,017,178
Interest payment		(4,618,503)	(1,108,340)
Dividend Payment		(1,152,987)	(823,562)
Net cash flow / (applied to) financing activities:		(3,795,560)	(880,062)
Net increase in cash and cash equivalent		(95,683)	539,165
Cash and cash equivalence at the beginning of the period		1,102,058	853,668
Cash and cash equivalence at the end of the period		1,006,375	1,392,833

Note

11

19

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

INTERNATIONAL BREWERIES PLC

Notes to unaudited interim financial statements For nine (9) months period ended 31 December, 2016

1. Corporate information

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

2. Statement of compliance

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

3. Significant Accounting policies

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

a) Basis of preparation of the financial statements

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

b) Use of estimates and judgements

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

c) Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st April 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the company are set out below. The extent of the impact of these standards is yet to be determined. The company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated IFRS 9 Financial Instruments (2010) Effective date 1 January 2018 IFRS 15 Revenue from contracts with customers – Effective date 1 January 2017 IAS1 – Disclosure initiative – Effective date 1 January 2016 IAS 27 Equity method in separate financial statements Effective date 1 January 2016

d) Standards and interpretations effective 31st March 2015

New IFRS standards and amendments to existing standards that became effective for annual periods commencing on or after 1st April 2014 have been applied in preparing the financial statements resulted in additional disclosures but had no significant impact on the measurements of the company's assets and liabilities.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

IFRIC 21 Levies

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
Furniture and fittings	5 - 30 years

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

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

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

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

- Bottles (Excess over deposit value) - 3 years
- Crates (Excess over deposit value) - 7 years

iii) *Gains and losses on sale*

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

f) *Intangible assets*

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

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

g) *Leases*

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

The associated obligations are included under financial liabilities.

h) *Impairment*

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

Calculation of recoverable amount

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

value of the asset will only be up to the amount that it would have been had the original impairment not occurred.

i) *Investment in associate*

Investment in associate is the entity in which International Breweries Plc has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the company holds between 20 and 50 per cent of the voting power of another entity.

The company holds 37.59% equity participation in International Breweries (Agro-Allied) Limited for one million Naira (2014: ₦1 million). Agro-Allied Limited is in the process of liquidation. The management of International Breweries Plc estimates that the impairment loss on the investment will not be significant in view of the nature of the realisable assets of the company, mainly landed property.

In accordance with IAS 36 the investment had been stated at cost less provision for impairment.

j) *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 other income are recognised in other comprehensive income 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.

k) *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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) *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.

t) *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) *Spare parts, 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.

u) *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 7½% by employees and 7½% by the company of basic salary, transport and housing allowances invested outside the company through Pension Fund Administrators (PFAs) preferred by employees. The statutory amendment to the Act in 2014 raised the fixed contributory rates by employees and the company to 8% and 10%.

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.

v) *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.

w) *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.

International Breweries Plc

Unaudited Interim Financial Statement for nine (9) months period ended 31 December 2016

Notes to financial statements

	Oct - Dec 2016 N'000	April - Dec 2016 N'000	Oct - Dec 2015 N'000	April - Dec 2015 N'000
5 Revenue				
Revenue net of VAT and discounts	9,810,363	24,181,414	6,721,484	17,549,519
Less: Excise duty	(569,876)	(1,442,080)	(401,122)	(1,088,717)
Net Producer's Revenue	9,240,487	22,739,334	6,320,362	16,460,802
6 Cost of sales				
Cost of goods sold comprises raw materials, conversion costs and materials and sourcing expenses	N'000	N'000	N'000	N'000
Variable Production cost	3,837,238	9,099,724	2,208,350	6,298,143
Variable distribution cost	651,944	1,782,206	445,651	1,150,653
Variable Other costs	199,144	577,915	134,894	397,045
Technical / Management fees	184,744	454,787	126,214	329,023
Royalties	(26,746)	(55,278)	(902)	(6,180)
Impairments	-	-	-	-
Depreciation and amortisation of plants & equipment	-	-	-	-
	4,846,324	11,859,353	2,914,208	8,168,684
7 Other Income /(Loss)	N'000	N'000	N'000	N'000
Contract packaging for third party (net income)				
Proceeds from sale of scrapped assets				
Profit (loss) on sale of fixed assets				
Proceeds from by-products and other				
Interest on deposit				
Company Licence fees				
Sundry income	2,133	6,869	(371)	11,381
	2,133	6,869	(371)	11,381
8 Marketing and promotion expenses	N'000	N'000	N'000	N'000
Above the line (Sales Promotion, In-Bar Activations & POS Materials)	33,237	298,403	108,683	157,791
Below the line (Outdoor, Radio & TV, Newspaper Adverts)	363,714	824,292	165,720	783,932
Indirect marketing cost	1,488	5,321	4,572	13,238
Corporate brand management	45,410	95,625	28,025	50,522
	443,849	1,223,640	307,000	1,005,482
9 Administrative expenses (Controllable Fixed Cost)	N'000	N'000	N'000	N'000
Net Profit is arrived at after charging the following controllable fixed costs as administration expenses:	N'000	N'000	N'000	N'000
Paycosts	650,866	1,864,237	546,917	1,603,753
Manning Related costs	161,998	419,471	144,531	420,978
Administration costs (Incl Leasing costs, Rates & Taxes)	41,507	102,446	35,182	115,973
Operating costs	115,386	279,180	69,262	215,974
Insurance	7,276	58,963	22,652	59,647
Maintenance	241,583	549,038	133,983	527,057
Training Costs	26,417	63,892	15,809	53,327
Bad Debts	3,300	9,885	3,000	9,000
Audit Fees	7,904	19,511	7,909	20,035
IT costs	20,615	55,373	27,699	67,608
Depreciation	306,613	880,063	245,799	744,634
	1,583,466	4,302,059	1,252,744	3,837,986
10 Other gains and (losses)				
Profit / (Loss) on sale of fixed assets	7,072	(351)	(96,127)	(117,355)
Operating exchange gains (losses)	(124,715)	(223,652)	(27,531)	(51,986)
	(117,642)	(224,002)	(123,658)	(169,341)
11 Finance income				
Interest received		1,936	128	222,436
12 Net finance cost				
Exchange loss / (gain)	(2,856)	3,952,652	(1,572)	(2,002)
Interest on overdraft	233,902	665,851	319,525	1,110,342
	231,046	4,618,503	317,953	1,108,340

International Breweries Plc

Unaudited Interim Financial Statements for nine (9) months period ended 31 December 2016

Notes to financial statements
13 Property, Plant & Equipment - as at 31 December 2016

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

	Land and Buildings	Plant and Machinery	Vehicles, Furniture & Equipment	Returnable Containers	Assestes in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost / Valuation						
Cost at 01/04/2016	2,802,617	17,218,124	1,136,703	6,063,314	5,079,032	32,299,790
Additions	23,139	583,024	132,252	2,994,873	4,121,398	7,854,686
Transfer to fixed assets					(907,201)	-907,201
Disposals						-
At 31/12/2016	2,825,756	17,801,148	1,268,955	9,058,187	8,293,229	39,247,275
Depreciation						
At 01/04/2016	220,637	4,294,269	573,786	1,994,853	-	7,083,545
For the period	42,127	637,680	(15,995)	539,883	-	1,203,696
Disposal / Transfer					-	-
At 31/12/2016	262,764	4,931,949	557,791	2,534,736	-	8,287,241
Net Book Value						
At 31/12/2016	2,562,992	12,869,198	711,164	6,523,451	8,293,229	30,960,034

Property, Plant & Equipment - as at 31 December 2015

	Land and Buildings	Plant and Machinery	Vehicles, Furniture & Equipment	Returnable Containers	Assestes in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost / Valuation						
Cost at 01/04/2015	2,479,896	11,682,692	445,731	3,586,585	4,484,939	22,679,843
Additions	166,191	3,719,549	603,614	2,269,635	1,827,488	8,586,477
Transfer to fixed assets					(473,699)	(473,699)
Disposals						-
At 31/12/2015	2,646,087	15,402,241	1,049,345	5,856,220	5,838,728	30,792,621
Depreciation						
At 01/04/2015	166,191	3,583,669	506,154	1,533,076	-	5,789,091
For the period	39,640	492,216	60,121	371,888	-	963,865
Disposal / Transfer					-	-
At 31/12/2015	205,831	4,075,885	566,275	1,904,965	-	6,752,956
Net Book Value						
At 31/12/2015	2,440,256	11,326,356	483,069	3,951,256	5,838,728	24,039,665

Note
14 Intangible assets
Computer software

	31-Dec 2016	31-Dec 2015
	N'000	N'000
Opening Balance	83,779	38,265
Amortisation	-28,856	-19,753
Closing balance	54,923	18,512

International Breweries Plc

Unaudited Interim Financial Statement for nine (9) months period ended 31 December 2016

Notes to financial statements

		Oct - Dec N'000 2016	April - Dec N'000 2016	Oct - Dec N'000 2015	April - Dec N'000 2015
15	Investment in associated company Unquoted: Shares held in International Breweries (Agro-Allied) Ltd				1,000
16	Deferred tax assets Opening Balance 1 April Arising (Reversing) during the period		127,458 14,563 <u>142,021</u>		106,699 <u>106,699</u>
17	Inventories Spare parts Goods-in-transit Raw materials Production in progress (WIP) Finished products Consumables		964,384 1,772,091 179,321 187,150 195,473 <u>3,298,419</u>		897,485 1,266,980 230,040 405,285 150,942 <u>2,950,732</u>
18	Trade and other receivables Trade debtors Other debtors Prepayments Amount due from related companies		2,502,847 83,815 165,405 <u>2,752,068</u>		3,434,217 218,091 190,824 <u>3,843,132</u>
19	Cash and cash equivalents Cash Bank		2,248 1,004,127 <u>1,006,375</u>		2,425 1,390,408 <u>1,392,833</u>
20	Trade and other payables Current Trade creditors Other creditors Amount due to associated companies Unclaimed dividend Dividend payable Accrued Audit fees Accrued Expenses		2,711,046 1,086,243 4,718,919 93,848 753,558 7,913 364,426 <u>9,735,952</u>		2,757,613 669,037 1,074,482 98,468 458,288 <u>5,057,887</u>
21	Borrowings				
(a)	Current Amount due to associated companies Obligation under finance lease Term loans Bank overdrafts		2,575,149 <u>2,575,149</u>		4,597,498 <u>4,597,498</u>
(b)	Non-current Long Term Loans Obligation under lease		7,953,200 <u>7,953,200</u>		4,865,518 <u>4,865,518</u>

International Breweries Plc

Unaudited Interim Financial Statement for nine (9) months period ended 31 December 2016

Notes to financial statements

		Oct - Dec N'000 2016	April - Dec N'000 2016	Oct - Dec N'000 2015	April - Dec N'000 2015
22	Taxation				
(a)	Current tax				
	Balance as at 31 March				
	Education tax				
	Corporate Tax		421,474		400,862
	Sub Total Bal b/fwd	-	421,474	-	400,862
	Charged during the period:				
	Education tax				
	Corporate Tax		374,000	399,352	694,770
	Sub Total charged for the period	-	374,000	399,352	694,770
	Payment / Adjustment during the period:				
	Education tax				
	Corporate Tax			-	2,287
	Sub - Total	-	-	-	2,287
	Other accrued taxes (Excise, VAT & WHT)		406,931		312,202
	Total current tax liability	-	1,202,405		1,405,548
(b)	Deferred tax liability				
	Balance as at 31 March		3,133,685		2,771,238
	Arising during the period		583,375		-
	Total deferred tax liability		3,717,060		2,771,238
23	Provisions		90,714		102,110
24	Employees benefits				
(a)	Current				
	Short term benefits		58,343		3,392
(b)	Non-current				
	Accrued employees benefits		473,404		494,670
	Staff gratuities and terminal benefits		-		-
			473,404		494,670
25	Share capital				
(a)	Authorised -		2,000,000		2,000,000
	4,000,000,000 Ordinary shares of 50 kobo each		2,000,000		2,000,000
	(b) Allotted, called-up and fully paid (Bal /b fwd)		1,647,125		1,647,125
	Additional issues				
	Total: 3,294,249,280 Ordinary Shares of 50 kobo each		1,647,125		1,647,125
26	Share premium				
	Balance at 31 March		6,160,731		6,160,731
	Increase during the period				-
	Balance		6,160,731		6,160,731
27	Other reserves				
	Balance at 31 March		1,360,756		1,360,756
	Capital accretion on Land and Buildings Revaluation				-
	Balance		1,360,756		1,360,756
28	Retained earnings				
	Balance at 31 March		4,828,779		2,999,647
	Dividend paid		(1,152,987)		(823,562)
	Add: Net Profit/(Loss) for the period		(436,793)		1,710,016
			3,238,999		3,886,101