



Champion Breweries Plc
RC: 13388

Unaudited Condensed Interim Financial Statements

For the Six Months Ended 30th June, 2017

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CONDENSED INTERIM INCOME STATEMENT

For the three month period ended 30th June

	2017	2016
	N'000	N'000
Revenue	1,184,768	957,906
- Cost of Sales	(896,836)	(732,905)
Gross Profit	287,932	225,001
Other Income	4,211	10,955
Selling and Distribution Expenses	(99,532)	(97,689)
Administrative Expenses	(137,687)	(122,199)
Results from operating activities	54,925	16,068
Finance income	11,422	13,984
Profit before tax	66,346	30,052
- Income tax expenses	(19,800)	(8,290)
Profit after tax	46,546	21,762
 Basic and diluted earnings/(loss) per share (kobo)	0.59	0.28

**CONDENSED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME**

For the three month period ended 30th June

	2017	2016
	N'000	N'000
Profit/(Loss) for the period	46,546	21,761
Other comprehensive income:		
Defined benefit plan actuarial gain		
Tax on other comprehensive income	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	46,546	21,761

CONDENSED INTERIM INCOME STATEMENT

For the six month period ended 30th June

	2017	2016
	N'000	N'000
Revenue	2,291,245	1,829,793
-		
Cost of Sales	<u>(1,783,159)</u>	<u>(1,339,131)</u>
Gross Profit	508,086	490,662
Other Income	9,869	22,804
Selling and Distribution Expenses	(177,618)	(179,972)
Administrative Expenses	(249,313)	(250,054)
Results from operating activities	- 91,025	83,441
Finance income	31,704	28,193
Profit before tax	122,729	111,634
-		
Income tax expenses	(36,600)	(32,765)
-		
Profit after tax	<u>86,129</u>	<u>78,869</u>
Basic and diluted earnings per share (kobo)	<u>1.10</u>	<u>1.01</u>

**CONDENSED INTERIM STATEMENT OF OTHER
 COMPREHENSIVE INCOME**

For the six month period ended 30th June

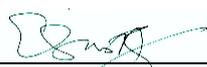
	2017	2016
	N'000	N'000
Profit/(Loss) for the period	86,129	78,869
Other comprehensive income:		
Defined benefit plan actuarial gain	-	-
Tax on other comprehensive income	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	86,129	78,869

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

For the six month period ended 30th June, 2017

	2017	2016
	N'000	N'000
ASSETS		
Property, plant and equipment	6,880,779	6,766,215
Deferred tax assets	986,728	986,727
Non-current assets	7,867,506	7,752,942
Inventories	729,148	530,410
Trade and other receivables	476,627	294,220
Prepayments	202,691	264,469
Cash and cash equivalents	546,992	1,119,199
Current assets	1,955,459	2,208,298
Total assets	9,822,965	9,961,240
EQUITY		
Share capital	3,914,748	3,914,748
Share premium	9,093,779	9,093,779
Other Reserves	3,701,612	3,701,612
Accumulated losses	(8,953,150)	(9,039,279)
Total Equity	7,756,989	7,670,860
LIABILITIES		
Employee benefits	95,841	82,207
Non-current liabilities	95,841	82,207
Current tax liabilities	36,600	16,561
Trade and other payables	1,022,955	1,281,032
Provisions	910,580	910,580
Current liabilities	1,970,135	2,208,173
Total liabilities	2,065,976	2,290,380
Total equity and liabilities	9,822,965	9,961,240

Approved by the Board of Directors on 26th July, 2017 and signed on its behalf by:



Dr Elijah Akpan (Chairman) FRC/2017/IODN/00000016127



Mr. Patrick Ejidoh (Managing Director) FRC/2017/IODN/00000016109



Additionally certified by Mr. Adesina Liasu (Finance Manager) FRC/2015/ICAN/00000013237

The notes on pages 9 to 11 are an integral part of these financial statements.

Condensed interim statement of changes in equity

For the six months period ended 30th June, 2017

	Notes	Share capital N'000	Share premium N'000	Accumulated loss N'000	Other reserves N'000	Total N'000
Balance at 1st January 2017		3,914,748	9,093,779	(9,039,279)	3,701,612	7,670,860
Profit/(Loss) for the period		-	-	86,129		86,129
Other comprehensive income for the period						
Total comprehensive income for the period		-	-	86,129	-	86,129
Transaction with owners, recorded directly in equity						
Total contributions and distributions	-	-	-	-	-	-
Balance as at 30th June, 2017		3,914,748	9,093,779	(8,953,150)	3,701,612	7,756,989

Condensed interim statement of changes in equity

For the six months period ended 30th June, 2016

	Notes	Share capital N'000	Share premium N'000	Accumulated loss N'000	Other reserves N'000	Total N'000
Balance at 1 st January 2016		3,914,748	9,093,779	(9,588,502)	3,701,612	7,121,637
Profit/(Loss) for the period		-	-	78,869	-	78,869
Other comprehensive income for the period						-
Total comprehensive income for the period		-	-	78,869	-	78,869
Transaction with owners, recorded directly in equity						
Total contributions and distributions		-	-	-	-	-
Balance as at 30th June, 2016		3,914,748	9,093,779	(9,509,633)	3,701,612	7,200,506

The notes on pages 9 to 11 are an integral part of these financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 30th June

	Notes	2017 N'000	2,016 N'000
Cash flows from operating activities			
Profit/(Loss) for the period		86,129	78,869
Adjustments for:			
Depreciation		332,145	310,168
Finance income		(31,704)	(28,193)
Gain or loss on disposal of property, plant and equipment		-	(350)
Income tax expense		36,600	32,765
		423,170	393,258
Changes in:			
Inventories		(198,738)	(127,315)
Trade and other receivables		(182,407)	35,881
Prepayments		61,778	(39,934)
Trade and other payables		(201,258)	65,381
Employee Benefits		13,634	11,422
Deposit for Shares		-	-
Cash generated from operating activities			
		(83,821)	338,693
Income tax paid		(25,784)	(16,806)
VAT paid*		(47,597)	(42,368)
Net cash from operating activities		(157,202)	279,519
Cash flows from investing activities			
Finance income		31,704	28,193
Acquisition of property, plant and equipment		(446,709)	(213,437)
Proceeds from sale of property, plant and equipment		-	350
Net cash used in investing activities		(415,005)	(184,894)
Cash flows from financing activities			
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(572,207)	94,625
Cash and cash equivalents at 1 st January		1,119,199	1,169,753
Cash and cash equivalents at 30th June		546,992	1,264,378

The notes on pages 9 to 11 are an integral part of these financial statements

* Value Added Tax (VAT) paid shown separately above has been adjusted for in deriving the change in trade and other payables.

Notes to the condensed interim financial statements

1. REPORTING ENTITY

Champion Breweries Plc (the ‘Company’), which is a company domiciled in Nigeria, was incorporated on 31st July 1974 and converted to a public limited company in 1983. The address of the Company’s registered office is Industrial layout, Aka Uffot, Uyo, Akwa Ibom State, Nigeria, from where brewing activities are carried out. The major shareholders include The Raysun Nigeria Limited, Asset Management Nominee and Akwa Ibom State Government whose shareholdings are 60.71%, 12.29% and 10% respectively.

The principal activity of the company is to carry on business of brewing and marketing of alcoholic and non-alcoholic beverages in Nigeria as well as provide contract brewing and packaging services.

The financial statements of Champion Breweries Plc as at and for the year ended 31st December 2016 are available from the Company’s registered website www.championbreweries.com

2. BASIS OF PREPARATION

a. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Champion Breweries Plc as at and for the year ended 31st December 2016.

These condensed interim financial statements were approved by a written resolution of the Board of Directors of the Company on 26th July, 2017.

b. Functional and presentation currency

These condensed interim financial statement are presented in Naira, which is the Company’s functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimate and assumptions that affects the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31st December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

a. General

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31st December 2016.

b. Income tax

Income tax expenses are recognised based on management’s best estimated of the weighted average expected full year income tax rate.

4. SEASONALITY

The performance of the Company is subject to seasonal fluctuations as a result of weather conditions and festivities. The Company's full year results and volumes are depended on the performance in the peak-selling season, typically resulting in higher revenue and profitability in the last quarter of the year. The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

5. ANALYSIS OF EXPENSES BY NATURE

For the six-month period ended 30th June:

	2017	2016
	N'000	N'000
Raw materials & consumables	496,387	262,523
Advertising & sales expenses	83,702	89,994
Depreciation and amortization	332,145	309,818
Employee Benefits	403,903	479,833
Repairs & maintenance	242,538	206,180
Royalty & Technical fee	57,147	43,777
Energy & water	444,799	238,770
Others	149,469	138,262
Total cost of sales, selling and distribution and administration expenses	2,210,090	1,769,156

6. INTEREST INCOME

a. Finance income

Interest income for the six month period ended 30th June 2017 amounted to N31.7 million (six month period ended 30th June 2016: N28.2 million)

7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the nine-months period ended 30th June 2017 was 30 per cent (for the six-months period ended 30th June 2016: 30 per cent).

8. PROPERTY PLANT AND EQUIPMENT

Acquisitions

During the six-month period ended 30th June 2017 the Company acquired, property, plant and equipment with a cost of N446.71 million (six-months period ended 30th June 2016: N213.44 million).

Capital commitments

As at 30th June 2017, the Company's capital expenditure commitments for property, plant and equipment amounted to N278.37 million (30th June 2016: N114.76 million)

9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at end for the year ended 31st December 2016.

10. CONTINGENCIES

No material updates in comparison with 2016 year-end reporting were identified that need to be reported.

11. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first six-months period ended 30th June 2017 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2016.

12. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30th June 2017 that have not been adequately provided for or disclosed in these condensed interim financial statements.