



**Champion Breweries Plc**  
RC: 13388

# Unaudited Condensed Interim Financial Statements

As at 31<sup>st</sup> March, 2017

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**CONDENSED INTERIM INCOME STATEMENT**

For the three-months period ended 31st March

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
Revenue	1,106,476	871,887
Cost of Sales	(886,322)	(606,226)
<b>Gross Profit</b>	<b>220,154</b>	<b>265,661</b>
Other Income	5,658	11,849
Selling and Distribution Expenses	(78,086)	(82,282)
Administrative Expenses	(111,626)	(127,855)
<b>Results from operating activities</b>	<b>36,100</b>	<b>67,374</b>
Finance income	20,282	14,209
Finance costs	-	-
<b>Net Finance costs</b>	<b>20,282</b>	<b>14,209</b>
Profit before tax	56,382	81,583
Income tax expenses	(16,800)	(24,475)
<b>Profit after tax</b>	<b>39,582</b>	<b>57,108</b>
Profit for the year attributable to:		
Owners of the Company	39,582	57,108
Non-controlling interest	-	-
<b>Profit for the period</b>	<b>39,582</b>	<b>57,108</b>
Earnings per share		
Basic and diluted earnings/(loss) per share (kobo)	0.51	0.73


**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**


**For the three months period ended 31st March**

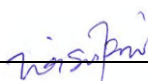
	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
<b>Profit/(Loss) for the period</b>	<b>39,582</b>	<b>57,108</b>
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>39,582</b>	<b>57,108</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	39,582	57,108
Non controlling interests	-	-
<b>Total comprehensive income for the period</b>	<b>39,582</b>	<b>57,108</b>

	31 March 2017 N'000	31 December 2016 N'000
<b>ASSETS</b>		
Property, plant and equipment	6,808,825	6,766,215
Deferred tax assets	986,727	986,727
Trade and other receivables	42,043	42,043
<b>Non-current assets</b>	<b>7,837,595</b>	<b>7,794,985</b>
Inventories	569,379	530,410
Trade and other receivables	254,438	252,177
Prepayments	392,117	264,469
Cash and cash equivalents	898,772	1,119,199
<b>Current assets</b>	<b>2,114,707</b>	<b>2,166,255</b>
<b>Total assets</b>	<b>9,952,302</b>	<b>9,961,240</b>
<b>EQUITY</b>		
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	(8,999,697)	(9,039,279)
<b>Equity attributable to owners of the company</b>	<b>7,710,442</b>	<b>7,670,860</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>7,710,442</b>	<b>7,670,860</b>
<b>LIABILITIES</b>		
Employee benefits	87,776	82,207
<b>Non-current liabilities</b>	<b>87,776</b>	<b>82,207</b>
Current tax liabilities	33,361	16,561
Trade and other payables	2,120,723	2,191,612
<b>Current liabilities</b>	<b>2,154,084</b>	<b>2,208,173</b>
<b>Total liabilities</b>	<b>2,241,860</b>	<b>2,290,380</b>
<b>Total equity and liabilities</b>	<b>9,952,302</b>	<b>9,961,240</b>

Approved by the Board of Directors on April 26, 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 8 to 10 are an integral part of these financial statements.

**Condensed interim statement of changes in equity**

For the three-months period ended 31st March, 2017

	<b>Share capital N'000</b>	<b>Share premium N'000</b>	<b>Accumulated loss N'000</b>	<b>Other reserves N'000</b>	<b>Total N'000</b>
Balance at 1 <sup>st</sup> January 2017	3,914,748	9,093,779	(9,039,279)	3,701,612	7,670,860
Profit/(Loss) for the period	-	-	39,582	-	39,582
Other comprehensive income for the period					
<b>Total comprehensive income for the period</b>	-	-	<b>39,582</b>	-	<b>39,582</b>
<b>Transaction with owners, recorded directly in equity</b>					
<b>Total contributions and distributions</b>	-	-	-	-	-
<b>Total transactions with owners of the company</b>					
<b>Balance as at 31st March, 2017</b>	<b>3,914,748</b>	<b>9,093,779</b>	<b>(8,999,697)</b>	<b>3,701,612</b>	<b>7,710,442</b>

The notes on pages 8 to 10 are an integral part of these financial statements.

**Condensed interim statement of  
changes in equity**

For the Three-Months period ended 31<sup>st</sup> March 2016

	Notes	Share capital N'000	Share premium N'000	Accumulated loss N'000	Other reserves N'000	Total N'000
Balance at 1 <sup>st</sup> January 2016		3,914,748	9,093,779	(9,588,502)	3,701,612	7,121,637
Profit/(Loss) for the period		-	-	57,108	-	57,108
Other comprehensive income for the period						
<b>Total comprehensive income for the period</b>		-	-	<b>57,108</b>	-	<b>57,108</b>
<b>Transaction with owners, recorded directly in equity</b>						
<i>Contributions and distributions</i>						
<b>Total contributions and distributions</b>	-	-	-	-	-	-
<b>Changes in ownership interest</b>						
Acquisition of subsidiary						-
<b>Total transactions with owners of the company</b>						
<b>Balance as at 31st March, 2016</b>		<b>3,914,748</b>	<b>9,093,779</b>	<b>(9,531,394)</b>	<b>3,701,612</b>	<b>7,178,745</b>

The notes on pages 8 to 10 are an integral part of these financial statements.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**For the three-months period ended 31st March**

	Notes	2017 N'000	2016 N'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) for the period		39,582	57,108
Adjustments for:			
Depreciation		164,592	152,543
Amortization of intangible assets		-	-
Finance income		(20,282)	(14,209)
Interest expenses		-	-
Income tax expense		16,800	24,475
		<b>200,693</b>	<b>219,917</b>
Changes in:			
Inventories		(38,969)	(40,561)
Trade and other receivables		(2,261)	170,807
Prepayments		(127,648)	34,302
Trade and other payables		(50,575)	(252,989)
Employee Benefits		5,569	4,962
<b>Cash generated from operating activities</b>		<b>(13,192)</b>	<b>136,437</b>
VAT paid*		(20,315)	(22,060)
<b>Net cash from operating activities</b>		<b>(33,507)</b>	<b>114,377</b>
<b>Cash flows from investing activities</b>			
Finance income		20,282	14,209
Acquisition of property, plant and equipment		(207,202)	(75,076)
<b>Net cash used in investing activities</b>		<b>(186,920)</b>	<b>(60,867)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash used in financing activities</b>		-	-
Net (decrease)/increase in cash and cash equivalents		(220,427)	53,510
Cash and cash equivalents at 1 <sup>st</sup> January		1,119,199	1,169,753
<b>Cash and cash equivalents at 31st March</b>		<b>898,772</b>	<b>1,223,263</b>
<b>Represented by:</b>			
Cash balance		<b>898,772</b>	<b>1,223,263</b>

The notes on pages 8 to 10 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 31<sup>st</sup> 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 31<sup>st</sup> December 2016 are available upon request from the Company’s registered website [www.championbreweries.com](http://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 31<sup>st</sup> December 2016.

These condensed interim financial statements were approved by a written resolution of the Board of Directors of the Company on April 26, 2016

#### 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 31<sup>st</sup> 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 31<sup>st</sup> December 2016.

#### b. Income tax

Income tax expenses are recognised based on management’s best estimate 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 dependent 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 three-month period ended 31st March:

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
Raw materials & consumables	249,330	109,786
Advertising & sales expenses	34,487	48,796
Depreciation and amortization	164,592	152,543
Employee Benefits	189,386	175,673
Repairs & maintenance	84,012	108,467
Royalty & Technical fee	32,893	18,717
Energy & water	257,789	121,788
Others	63,546	80,591
<b>Total cost of sales, selling and distribution and administration expenses</b>	<b>1,076,034</b>	<b>816,362</b>

#### 6. INTEREST INCOME

##### a. Finance income

Interest income for the three-months period ended 31<sup>st</sup> March 2017 amounted to N20.28 million (three-month period ended 31<sup>st</sup> March 2016: N14.21 million).

#### 7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the three-months period ended 31<sup>st</sup> March 2017 was 30 per cent (for the three-months period ended 31<sup>st</sup> March 2016: 30 per cent).

## 8. PROPERTY PLANT AND EQUIPMENT

### Acquisitions

During the three-months period ended 31<sup>st</sup> March 2017 the Company acquired, property, plant and equipment with a cost of N207.20 million (three-months period ended 31<sup>st</sup> March 2016: N75.08 million).

### Capital commitments

As at 31<sup>st</sup> March 2017, the Company's capital expenditure commitments for property, plant and equipment amounted to N64.27 million (31<sup>st</sup> March 2016: N61.6 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 31<sup>st</sup> 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 three-months period ended 31<sup>st</sup> March 2017 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31<sup>st</sup> 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 31<sup>st</sup> March 2017 that have not been adequately provided for or disclosed in these condensed interim financial statements.