



Champion Breweries Plc
RC: 13388

Unaudited Condensed Interim Financial Statements

For the Six months ended 30th June, 2019

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CONDENSED INTERIM INCOME STATEMENT

For the three month period ended 30th June

	2019	2018
	N'000	N'000
Revenue	1,626,180	1,058,946
- Cost of Sales	(985,982)	(711,298)
Gross Profit	640,198	347,648
Other Income	5,385	9,674
Selling and Distribution Expenses	(272,723)	(226,247)
Administrative Expenses	(231,451)	(125,003)
Results from operating activities	141,410	6,071
Finance income	0	14,193
Profit before tax	141,410	20,263
- Income tax expenses	(42,300)	(7,170)
Profit after tax	99,110	13,093
 Basic and diluted earnings/(loss) per share (kobo)	1.27	0.17

**CONDENSED INTERIM STATEMENT OF OTHER
 COMPREHENSIVE INCOME**

For the three month period ended 30th June

	2019	2018
	N'000	N'000
Profit/(Loss) for the period	99,110	13,093
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	99,110	13,093

CONDENSED INTERIM INCOME STATEMENT

For the six month period ended 30th June

	2019	2018
	N'000	N'000
Revenue	3,447,994	2,188,375
-		
Cost of Sales	(2,216,509)	(1,514,275)
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Gross Profit	1,231,484	674,100
Other Income	12,343	14,552
Selling and Distribution Expenses	(575,927)	(347,461)
Administrative Expenses	(369,653)	(238,612)
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Results from operating activities	298,247	102,580
Finance income	0	14,193
	<hr/>	<hr/>
Profit before tax	298,247	116,772
-		
Income tax expenses	(89,400)	(36,270)
	<hr/>	<hr/>
Profit after tax	208,847	80,502
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Basic and diluted earnings per share (kobo)	2.67	1.03
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**CONDENSED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME**

For the six month period ended 30th June

	2019	2018
	N'000	N'000
Profit/(Loss) for the period	208,847	80,502
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	208,847	80,502

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

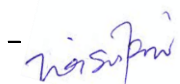
For the six month period ended 30th June

	2019	2018
	N'000	N'000
ASSETS		
Property, plant and equipment	7,561,802	7,533,632
Deferred tax assets	898,809	898,809
Non-current assets	8,460,611	8,432,441
Inventories	585,428	739,277
Trade and other receivables	700,449	1,090,183
Tax Assets	26,251	26,251
Prepayments	24,047	12,979
Cash and cash equivalents	38,781	185,879
Current assets	1,374,955	2,054,569
Total assets	9,835,566	10,487,010
EQUITY		
Share capital	3,914,748	3,914,748
Share premium	519,100	519,100
Other Reserves	3,701,612	3,701,612
Accumulated losses	8,919	(199,928)
Total Equity	8,144,379	7,935,532
LIABILITIES		
Employee benefits	245,813	245,987
Non-current liabilities	245,813	245,987
Current tax liabilities	78,492	0
Trade and other payables	861,139	1,799,747
Provisions	505,744	505,744
Current liabilities	1,445,374	2,305,491
Total liabilities	1,691,188	2,551,478
Total equity and liabilities	9,835,566	10,487,010

Approved by the Board of Directors on July 29th 2019 and signed on its behalf by:



Mr. Patrick Ejidoh (Managing Director) FRC/2013/IODN/00000002629



Additionally certified by Mr. Adesina Liasu (Chief Financial Officer) 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, 2019

	Notes	Share capital N'000	Share premium N'000	Accumulated loss N'000	Other reserves N'000	Total N'000
Balance at 1st January 2019		3,914,748	519,100	(199,928)	3,701,612	7,935,532
Profit/(Loss) for the period		-	-	208,847		208,847
Other comprehensive income for the period						
Total comprehensive income for the period		-	-	208,847	-	208,847
Transaction with owners, recorded directly in equity						
Total contributions and distributions Changes in ownership interest	-	-	-	-	-	-
Balance as at 30th June, 2019		3,914,748	519,100	8,919	3,701,612	8,144,379

Condensed interim statement of changes in equity

For the six months period ended 30th June, 2018

	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 2018		3,914,748	9,093,779	(8,574,679)	3,701,612	8,135,460
Profit/(Loss) for the period		-	-	80,502	-	80,502
Other comprehensive income for the period						-
Total comprehensive income for the period		-	-	80,502	-	80,502
Transaction with owners, recorded directly in equity						
Total contributions and distributions		-	-	-	-	-
Balance as at 30th June, 2018		3,914,748	9,093,779	(8,494,177)	3,701,612	8,215,962

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	2019 N'000	2018 N'000
Cash flows from operating activities			
Profit/(Loss) for the period		208,847	80,502
Adjustments for:			
Depreciation		411,874	335,041
Finance income		0	(14,193)
Gain or loss on disposal of property, plant and equipment		-	-
Income tax expense		89,400	36,270
		710,121	437,621
Changes in:			
Inventories		153,849	(99,843)
Trade and other receivables		389,734	298,311
Prepayments		(11,068)	9,608
Trade and other payables		(792,467)	85,309
Employee Benefits		(174)	(3,054)
Deposit for Shares		-	-
		449,995	557,335
Cash generated from operating activities		449,995	557,335
Income tax paid		(10,908)	(29,286)
VAT paid*		(146,141)	(59,108)
		292,945	468,941
Net cash from operating activities		292,945	468,941
Cash flows from investing activities			
Finance income		0	14,193
Acquisition of property, plant and equipment		(440,044)	(489,343)
Proceeds from sale of property, plant and equipment		-	-
		(440,044)	(475,151)
Net cash used in investing activities		(440,044)	(475,151)
Cash flows from financing activities			
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(147,098)	(6,210)
Cash and cash equivalents at 1 st January		185,879	311,281
Cash and cash equivalents at 30th June		38,781	305,071

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’), was incorporated in Nigeria as a limited liability Company on 31 July 1974 and was later converted to a public limited liability Company on 1 September 1992. The address of the Company’s registered office is Industrial layout, Aka Uffot, Uyo, Akwa Ibom State, Nigeria.

The Company is involved in the brewing and marketing of Champion lager beer and Champ Malta. The company also provides contract brewing and packaging services to Nigerian Breweries Plc, a related party within the Heineken group.

The financial statements of Champion Breweries Plc as at and for the year ended 31st December 2018 are available upon request 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 2018.

These condensed interim financial statements were approved by a written resolution of the Board of Directors of the Company on May 3, 2019

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 2018.

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 2018.

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:

	2019	2018
	N'000	N'000
Raw materials & consumables	864,494	421,145
Advertising & sales expenses	377,433	203,485
Depreciation and amortization	411,874	335,041
Employee Benefits	528,547	458,886
Repairs & maintenance	294,619	165,297
Royalty & Technical fee	54,717	44,956
Energy & water	368,862	337,298
Others	261,542	134,239
Total cost of sales, selling and distribution and administration expenses	3,162,091	2,100,349

6. INTEREST INCOME

a. Finance income

Interest income for the six month period ended 30th June 2019 amounted to nil (six month period ended 30th June 2018: N14.2 million)

7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the six-months period ended 30th June 2019 was 30 per cent (for the six-months period ended 30th June 2018: 30 per cent).

8. PROPERTY PLANT AND EQUIPMENT

Acquisitions

During the six-month period ended 30th June 2019 the Company acquired, property, plant and equipment with a cost of N440.04million (six-months period ended 30th June 2018: N489.34 million).

Capital commitments

As at 30th June 2019, the Company's capital expenditure commitments for property, plant and equipment amounted to N927.08 million (30th June 2018: N858.94 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 2018.

10. CONTINGENCIES

No material updates in comparison with 2018 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 2019 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2018.

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 2019 that have not been adequately provided for or disclosed in these condensed interim financial statements.