



International Breweries Plc
Unaudited Condensed Financial Statements
for the 6 months ended 30th June 2020

International Breweries Plc

Unaudited Condensed Financial Statements

for the 6 months ended 30th June 2020

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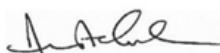
Statement of directors' responsibilities

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibility includes:

- a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;
- b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the unaudited condensed quarterly financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



HRM Nnaemeka Alfred Achebe, CFR, MNI
Chairman

FRC/2013/NIM/00000001568

21 July, 2020



Bruno Zambrano
Financial Director

FRC/2020/003/00000020628

21 July, 2020



Chinyere Ezeugwu
Country Finance Manager

FRC/2013/ICAN/00000000780

21 July, 2020

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Statement of profit or loss and other comprehensive income

		3 Months Apr - Jun 30 June 2020	6 Months Jan - Jun 30 June 2020	3 Months Apr - Jun 30 June 2019 restated	6 Months Jan - Jun 30 June 2019 restated
	Note	N'000	N'000	N'000	N'000
Revenue	6	25,265,552	60,614,077	33,533,900	68,630,676
Cost of sales	7	(21,899,827)	(51,075,460)	(27,793,252)	(53,944,233)
Gross profit		3,365,725	9,538,617	5,740,648	14,686,443
Administrative expenses	8	(5,941,094)	(10,701,909)	(6,212,333)	(11,103,527)
Marketing and promotion expenses	9	(1,473,512)	(5,270,586)	(2,967,374)	(6,893,987)
Other (expense)/income	10	1,054,634	(4,600,564)	174,811	(186,022)
		(2,994,247)	(11,034,442)	(3,264,248)	(3,497,093)
Finance income	11	620	1,330,753	-	511
Finance cost	11	(1,294,617)	(2,278,824)	(1,943,999)	(7,029,548)
Finance costs - net		(1,293,997)	(948,071)	(1,943,999)	(7,029,037)
Loss before tax		(4,288,244)	(11,982,513)	(5,208,247)	(10,526,131)
Income tax credit		577,020	2,625,289	2,354,534	3,684,734
Loss for the period		(3,711,224)	(9,357,224)	(2,853,713)	(6,841,397)
Basic and diluted loss earnings per share (Naira)		(0.14)	(0.35)	(0.33)	(0.80)
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Loss on cash flow hedge 17.1 Other comprehensive income/(loss) for the period		(9,040,131)	(9,040,131)	-	-
		(9,040,132)	(9,040,132)	-	-
Total comprehensive loss for the period		(12,751,356)	(18,397,356)	(2,853,713)	(6,841,397)

The notes on pages 8 to 13 are an integral part of these financial statements.

International Breweries Plc

Unaudited Condensed Financial Statements for the 6 months ended 30th June 2020 Statement of financial position

		30 June 2020	31 December 2019
		N'000	Restated N'000
ASSETS	Note		
Non-current assets			
Property, plant and equipment	12	264,115,979	271,160,045
Right of use assets		1,880,309	2,328,201
Intangible assets		689,449	364,352
Other receivables		146,333	207,485
Derivative financial Instruments		-	263,491
Deferred tax assets		12,259,806	9,237,326
		<u>279,091,876</u>	<u>283,560,900</u>
Current assets			
Inventories		22,375,447	21,976,390
Trade and other receivables		21,405,125	27,803,033
Cash and cash equivalents	13	31,628,198	31,806,209
		<u>75,408,770</u>	<u>81,585,632</u>
Total assets		<u>354,500,647</u>	<u>365,146,532</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		-	-
Borrowings	14	-	149,753,338
Lease liabilities		1,222,049	1,193,325
Derivative financial Instruments		9,140,211	-
Employee benefit obligations		2,630,107	2,630,107
		<u>12,992,367</u>	<u>153,576,770</u>
Current liabilities			
Trade and other payables		79,812,222	88,186,999
Borrowings	14	107,585,806	113,881,753
Lease liabilities		64,277	53,486
Current tax liabilities		2,203,863	1,983,825
		<u>189,666,168</u>	<u>204,106,062</u>
Total liabilities		<u>202,658,536</u>	<u>357,682,833</u>
EQUITY			
Share capital	15	13,431,034	4,297,931
Share premium	16	159,803,396	6,160,731
Other reserves	17.1	(7,679,375)	1,360,756
Employee benefit reserves		(1,415,242)	(1,415,242)
Retained earnings		(12,297,701)	(2,940,477)
Total equity		<u>151,842,112</u>	<u>7,463,699</u>
Total equity and liabilities		<u>354,500,647</u>	<u>365,146,532</u>

The notes on pages 8 to 13 are an integral part of these financial statements.

The financial statements on pages 4 to 13 were approved and authorised for issue by the board of Directors on 21 July 2020 and were signed on its behalf by:

HRM Nnaemeka Alfred Achebe, CFR,MNI (Chairman) FRC/2013/NIM/00000001568

Mr Bruno Zambrano (Financial Director) FRC/2020/003/00000020628

Ms Chinyere Ezeugwu (Country Finance Manager) FRC/2013/ICAN/00000000780

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Statement of changes in equity

	Share capital N'000	Share Premium N'000	Other reserves N'000	Employee benefit reserves N'000	Retained (losses)/ earnings N'000	Total equity N'000
At 1 January 2020	4,297,931	6,160,731	1,360,756	(1,415,242)	(2,940,477)	7,463,699
Loss for the period	-	-	-	-	(9,357,224)	(9,357,224)
Other comprehensive income	-	-	(9,040,131)	-	-	(9,040,131)
Total comprehensive loss for the period	-	-	(9,040,131)	-	(9,357,224)	(18,397,356)
Transactions with owners in their capacity as owners:						
Issue of shares	9,133,103	153,642,665	-	-	-	162,775,768
Balance at 30 June 2020	13,431,034	159,803,396	(7,679,375)	(1,415,242)	(12,297,701)	151,842,112

The notes on pages 8 to 13 are an integral part of these financial statements.

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Statement of cash flows

	30 June 2020	30 June 2019
Note	N'000	Restated N'000
Cash flows from operating activities		
Cash generated from/(used in) from operations	9,146,454	34,079,409
Net cash (outflow)/inflow from operating activities	9,146,454	34,079,409
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,303,940)	(18,796,116)
Proceeds from disposal of property, plant and equipment	-	310
Interest received	1,330,753	511
Net cash outflow from investing activities	(5,362,891)	(18,795,295)
Cash flows from financing activities		
Proceed from borrowings	-	9,094,767
Repayment of borrowings	(164,526,104)	-
Proceed from rights issue	162,775,768	-
Interest paid	(2,211,238)	(7,029,548)
Net cash inflow from financing activities	(3,961,574)	2,065,219
Net increase/(decrease) in cash and cash equivalents	(178,011)	17,349,333
Cash and cash equivalents at 1 January	31,806,209	(11,144,984)
Cash and cash equivalents at 30 June	31,628,198	6,204,349

The notes on pages 8 to 13 are an integral part of these financial statements.

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Notes to the 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. The ultimate parent company is ABInBev Nigeria Holdings BV.

Summary of accounting policies

2 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The condensed financial statements for the period ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations is included where appropriate. They do not include all the information required for a full annual financial statements, and should be read in combination with the year end financial statement of International Breweries Plc for the year ended 31st December, 2019.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of 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 financial statements therefore present the financial position and results fairly.

3 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the company will be in existence after 12 months. The directors do not intend to cease operations or stop any of the production lines.

The shareholders approved that a Rights Issue be conducted to deleverage the Company's balance sheet on 15 October, 2019. The company is strategically positioned for success in the future. Although it recorded a loss in the period ended 30 June 2020, it continues to grow in quality and number.

4 Changes in accounting policy and disclosures

The Company has applied the below standard and amendments for the first time for their annual reporting period commencing 1 January 2018:

IFRS 16 Leases

IFRS 16 Leases became effective on 1 January 2019 and was applied by the company for the first time as of that date, under the full retrospective application, with an initial application date as of 1 January 2018.

IFRS 16 replaces the current lease accounting requirements and introduces significant changes to lessee accounting, removing the distinction between operating and finance leases under IAS 17 Leases and related interpretations and requiring a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires the recognition of depreciation charges relating to right-of-use assets and interest expenses on lease liabilities, as compared to the recognition of operating lease expenses or rental costs on a straight-line basis over the lease term, as was the case under prior requirements. In addition, the company has amended the cash flow statement presentation in order to segregate the payment of leases into a principal portion presented within financing activities and an interest component presented within operating activities.

The company has chosen the full retrospective application of IFRS 16 and, consequently, has restated the comparative information in these financial statements. In addition, the company has applied the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease under IAS 17 and its related interpretations will continue to apply to the leases entered or modified before 1 January 2019.

5 Significant changes in the current reporting period

5.1 Derivatives and hedging activities

Effective Q2 2020, as part of its risk management strategy, the company decided to adopt cash flow hedge accounting for hedges taken out to mitigate particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses) (see Note 17 for further details).

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Notes to the financial statements

6	Revenue	3 Months	6 Months	Restated	Restated
		Apr - Jun 30 June 2020	Jan - Jun 30 June 2020 N'000	3 Months Apr - Jun 30 June 2019 N'000	6 Months Jan - Jun 30 June 2019 N'000
	Net revenue from contracts with customers	25,265,552	60,614,077	33,533,900	68,630,676
7	Cost of sales	3 Months	6 Months	3 Months	6 Months
		Apr - Jun 30 June 2020	Jan - Jun 30 June 2020 N'000	Apr - Jun 30 June 2019 N'000	Jan - Jun 30 June 2019 N'000
	Materials consumed and allocated overheads	15,646,496	38,256,215	20,449,840	40,538,355
	Employee benefit expenses	718,399	1,727,714	729,615	1,440,975
	Technical management fees	593,740	1,424,431	1,269,032	2,058,920
	Amortisation of container	3,543,263	5,639,444	2,611,091	5,857,108
	Depreciation - plant machinery	1,397,929	4,027,658	2,733,674	4,048,875
		21,899,827	51,075,460	27,793,252	53,944,233
8	Administrative expenses	3 Months	6 Months	3 Months	6 Months
		Apr - Jun 30 June 2020	Jan - Jun 30 June 2020 N'000	Apr - Jun 30 June 2019 N'000	Jan - Jun 30 June 2019 N'000
	Employee benefit expenses	818,375	1,710,761	892,704	1,860,507
	Other staff related costs	942,584	1,587,857	975,879	1,646,879
	Business running costs	1,638,009	3,433,832	1,477,371	3,334,603
	Depreciation	2,542,126	3,969,459	2,866,379	4,261,537
		5,941,094	10,701,909	6,212,333	11,103,527
9	Marketing, promotion and distribution expenses	3 Months	6 Months	3 Months	6 Months
		Apr - Jun 30 June 2020 N'000	Jan - Jun 30 June 2020 N'000	Apr - Jun 30 June 2019 N'000	Jan - Jun 30 June 2019 N'000
	Marketing and Sales Expenses	1,473,512	5,270,586	2,967,374	6,893,987
10	Other income/(expense)	3 Months	6 Months	3 Months	6 Months
		Apr - Jun 30 June 2020 N'000	Jan - Jun 30 June 2020 N'000	Apr - Jun 30 June 2019 N'000	Jan - Jun 30 June 2019 N'000
	Waste and scrap sales	1,273	3,002	2,420	5,353
	Gain/(loss) on derivatives	1,858,461	6,402,280	-	-
	Sundry income	1,460,399	1,216,130	37,789	37,789
	Net foreign exchange gain/(loss) - realised	210,296	(4,480,160)	(1,302,113)	(490,553)
	"Net foreign exchange (loss) - unrealised	(1,570,700)	(6,823,010)	2,083,697	920,080
	Net impairment charge on financial assets	(905,096)	(918,805)	(658,690)	(658,690)
	Loss on disposal of PPE	-	-	11,708	-
		1,054,634	(4,600,564)	174,811	(186,022)
11	Finance income and costs	3 Months	6 Months	3 Months	6 Months
		Apr - Jun 30 June 2020 N'000	Jan - Jun 30 June 2020 N'000	Apr - Jun 30 June 2019 N'000	Jan - Jun 30 June 2019 N'000
	Interest income	620	1,330,753	-	511
	Finance costs	-	-	-	-
	Interest expense on borrowings	(1,260,824)	(2,211,238)	(1,943,999)	(7,029,548)
	Interest expense Right of use assets	(33,793)	(67,586)	-	-
	Finance costs	(1,294,617)	(2,278,824)	(1,943,999)	(7,029,548)

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Notes to the financial statements

12 Property, plant and equipment

	Land N'000	Buildings 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							
As at 1 January 2020	2,625,774	48,611,928	153,442,785	13,901,283	88,889,528	31,480,192	338,951,490
Additions	-	-	-	-	2,407,535	3,896,406	6,303,940
Reclassification	-	99,425	2,389,801	3,470,345	-	(5,959,571)	-
Disposals	-	-	-	-	-	-	-
As at 30 June 2020	2,625,774	48,711,353	155,832,586	17,371,628	91,297,063	29,417,027	345,255,430
Accumulated Depreciation							
As at 1 January 2020	-	3,022,535	22,529,571	4,232,314	38,007,025	-	67,791,445
Depreciation for the period	-	649,211	5,331,508	1,727,845	5,639,444	-	13,348,007
Disposals	-	-	-	-	-	-	-
As at 30 June 2020	-	3,671,746	27,861,078	5,960,159	43,646,469	-	81,139,452
Net book value							
As at 30 June 2020	2,625,774	45,039,607	127,971,508	11,411,469	47,650,594	29,417,027	264,115,979
At 31 December 2019	2,625,774	45,589,393	130,913,214	9,668,969	50,882,503	31,480,192	271,160,045
At 1 January 2020	2,625,774	45,589,393	130,913,214	9,668,969	50,882,503	31,480,192	271,160,045

13	Cash and cash equivalents	6 Months Jan - Jun N'000	31 December 2019 N'000
	Cash in hand	-	-
	Cash at bank	12,573,952	15,694,953
	Restricted cash*	19,054,246	16,111,256
		<u>31,628,198</u>	<u>31,806,209</u>

The company classifies its cash on hand and in bank, and investments in short term liquid instruments as cash and cash equivalents.

*Restricted cash is collateral deposit held by the bank till the maturity date of forward contracts.

14 Borrowings

The overdraft facilities from the various banks are usually all secured by corporate guarantee of the company. Interest on the bank overdrafts is payable at rates ranging from 7% to 13%; There are no overdraft facilities during the period.

A balance of a loan amounting to \$278m which was obtained in 2018 with maturity date of May 2021. The Company has entered into non deliverable forward contracts to mitigate the forex risk on the contractual interest and principal repayments. There is also a loan (revolving credit facility) of N57 billion that has not been drawn down by the company as at end of the reporting period.

Interest rates on the Company's loans range from 4% to 13%. The Company's borrowings are within the period from one year to three years.

(a)	Current	6 Months Jan - Jun 30 June 2020 N'000	31 December 2019 N'000
	Bank overdrafts	-	-
	Term bank loan	107,585,806	113,881,753
		<u>107,585,806</u>	<u>113,881,753</u>
		6 Months Jan - Jun 30 June 2020 N'000	31 December 2019 N'000
	Term bank loan	-	149,753,338
		<u>-</u>	<u>149,753,338</u>

15	Share capital	6 Months Jan - Jun N'000	31 December 2019 N'000
	Authorised:		
	30,000,000,000 Ordinary shares of 50 kobo each	15,000,000	4,300,000
	Issued and fully paid:		
	26,862,069,000 Ordinary shares of 50 kobo each	13,431,034	4,297,931

16	Share premium	31 March 2020 N'000	31 December 2019 N'000
	Balance as at 31 March	159,803,396	6,160,731

17 Fair Value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

At the reporting date, the Company valued its derivatives as measured at fair value in the level 2 fair value hierarchy. The carrying amounts of all other financial assets and liabilities at the reporting date approximate their fair values.

17.1 Cash flow hedges that qualify for hedge accounting

In May 2020, the company took out a new hedge instrument to protect the volatility of foreign exchange movements on the outstanding loan balance. Fair value loss recognized within Reserves is shown below:

	6 Months Jan - Jun 30 June 2020	3 Months Apr - Jun 30 June 2019
Fair value loss on cash flow hedge instrument	9,040,131	9,040,131

18 Earnings/(Loss) per share

Basic earnings/(loss) per share (EPS) is calculated by dividing the loss after taxation by the weighted average number of ordinary shares in issue at the end of the reporting period.

	3 Months Apr - Jun 30 June 2020	6 Months Jan - Jun 30 June 2020	3 Months Apr - Jun 30 June 2019	6 Months Jan - Jun 30 June 2019
Loss attributable to shareholders (N'000)	(3,711,224)	(9,357,224)	(2,853,713)	(6,841,397)
Weighted average number of ordinary shares in issue ('000)	26,862,069	26,862,069	8,595,862	8,595,862
Basic and diluted loss per share (Naira)	(0.14)	(0.35)	(0.33)	(0.80)

19 Cash generated from operating activities

	30 June 2020 N'000	30 June 2019 N'000
19.1 Reconciliation of cash generated from operations		
Loss before tax	(11,982,513)	(10,526,131)
Adjustment for non cash items:		
Depreciation of property, plant and equipment	13,348,007	14,115,910
Depreciation right of use	447,893	-
Amortisation of intangible assets	64,607	51,611
Fair value loss on derivatives	(6,402,280)	(744,080)
Interest received	(1,330,753)	(511)
Interest expense	2,278,824	7,029,548
Employee benefit expense	-	113,397
Loss on disposal of property plant and equipment	-	-
Impairment loss on financial assets	-	-
Unrealised exchange loss	1,565,174	920,080
Changes in working capital:		
(Increase) in trade and other receivables	6,459,059	(2,567,566)
Increase in inventories	(399,057)	(9,641,470)
Increase/(Decrease) in trade and other payables	5,097,494	35,328,622
Net cash generated from/(used in) operations	9,146,454	34,079,409

20 Related Party Transactions

The company's related parties include the ultimate parent company, AB InBev, SAB-Miller Finance BV and SAB-Miller Plc a subsidiary of AB InBev; 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 (AB InBev Nigeria Holding BV) as at 30 June, 2020 held an equity interest of 72.17% in International Breweries Plc.

21 Events after the reporting period

There were no events which could have materially impacted on the affairs of the company within the reporting period which have not been adequately disclosed in the unaudited condensed results for the period ended 30 June, 2020.

In view of the COVID-19 pandemic, we have strengthened our health and safety practices within our operations and with stakeholders. We are supporting efforts at ensuring the pandemic is combated in partnership with government at State and Federal levels and also, in the communities where we operate. While the economic impact of this pandemic on the Nigerian and global economy can not be fully assessed at this stage, our Board and Management have initiated our business continuity plans to ensure that the company remains a going concern.

22 Securities Dealing Policy

International Breweries Plc has in place a Securities Trading Policy "The Policy" which guides the Board and Employees when effecting transactions in the Company's shares. The Policy provides for periods for Dealing in Shares and other Securities, established communication protocols on periods when transactions are not permitted to be effected on the Company's Shares (Closed Period) as well as disclosure requirements when effecting such transactions.

Insiders covered in this Policy have not notified the Company of any dealing in the Company's Securities within this period and the Company is not aware of any breach of this Policy within the period.