



**Champion Breweries Plc**  
RC: 13388

# Unaudited Condensed Interim Financial Statements

For the Nine Months Ended 30<sup>th</sup> September,  
2017

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**CONDENSED INTERIM INCOME STATEMENT**

**For the three months period ended 30th September**

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
Revenue	1,030,204	831,153
-	-	-
Cost of Sales	(721,614)	(635,782)
<b>Gross Profit</b>	<b>308,590</b>	<b>195,371</b>
Other Income	23,864	6,358
-	-	-
Selling and Distribution Expenses	(114,654)	(72,519)
-	-	-
Administrative Expenses	(137,989)	(113,801)
<b>Results from operating activities</b>	<b>79,812</b>	<b>15,409</b>
Finance income	14,382	11,898
<b>Net Finance costs</b>	<b>14,382</b>	<b>11,898</b>
<b>Profit before tax</b>	<b>94,194</b>	<b>27,307</b>
-	-	-
Income tax expenses	(28,200)	(9,214)
<b>Profit after tax</b>	<b>65,994</b>	<b>18,092</b>
Basic and diluted earnings/(loss) per share (kobo)	0.84	0.23

**CONDENSED INTERIM STATEMENT OF OTHER  
COMPREHENSIVE INCOME**

**For the three months period ended 30th September**

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
<b>Profit/(Loss) for the period</b>	<b>65,994</b>	<b>18,092</b>
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>65,994</b>	<b>18,092</b>

**CONDENSED INTERIM INCOME STATEMENT**

**For the nine months period ended 30th September**

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
Revenue	3,321,449	2,660,946
-		
Cost of Sales	<u>(2,504,772)</u>	<u>(1,974,913)</u>
<b>Gross Profit</b>	<b>816,676</b>	<b>686,033</b>
Other Income	33,734	29,162
Selling and Distribution Expenses	(292,271)	(252,491)
Administrative Expenses	<u>(387,302)</u>	<u>(363,855)</u>
<b>Results from operating activities</b>	<b>170,836</b>	<b>98,850</b>
Finance income	46,086	40,091
<b>Net Finance costs</b>	<u><b>46,086</b></u>	<u><b>40,091</b></u>
Profit before tax	216,922	138,941
-		
Income tax expenses	(64,800)	(41,979)
-		
<b>Profit after tax</b>	<u><b>152,122</b></u>	<u><b>96,961</b></u>
Basic and diluted earnings per share (kobo)	1.94	1.24

**CONDENSED INTERIM STATEMENT OF OTHER  
COMPREHENSIVE INCOME**

**For the nine months period ended 30th September**

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
<b>Profit/(Loss) for the period</b>	<b>152,122</b>	<b>96,961</b>
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>152,122</b>	<b>96,961</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

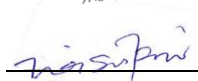
For the nine months period ended 30th September

	2017	2016
	N'000	N'000
<b>ASSETS</b>		
Property, plant and equipment	7,032,086	6,766,215
Deferred tax assets	986,728	986,727
<b>Non-current assets</b>	<b>8,018,814</b>	<b>7,752,942</b>
Inventories	665,285	530,410
Trade and other receivables	595,839	294,220
Prepayments	191,040	264,469
Cash and cash equivalents	433,441	1,119,199
<b>Current assets</b>	<b>1,885,605</b>	<b>2,208,298</b>
<b>Total assets</b>	<b>9,904,418</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	(8,887,157)	(9,039,279)
<b>Total Equity</b>	<b>7,822,982</b>	<b>7,670,860</b>
<b>LIABILITIES</b>		
Employee benefits	103,906	82,207
<b>Non-current liabilities</b>	<b>103,906</b>	<b>82,207</b>
Current tax liabilities	64,800	16,561
Trade and other payables	1,912,730	2,191,612
<b>Current liabilities</b>	<b>1,977,530</b>	<b>2,208,173</b>
<b>Total liabilities</b>	<b>2,081,436</b>	<b>2,290,380</b>
<b>Total equity and liabilities</b>	<b>9,904,418</b>	<b>9,961,240</b>

Approved by the Board of Directors on October 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 9 to 11 are an integral part of these financial statements.

**Condensed interim statement of changes in equity**

For the nine months period ended 30th September, 2017

	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 2017	3,914,748	9,093,779	(9,039,279)	3,701,612	7,670,860
Profit/(Loss) for the period	-	-	152,122	-	152,122
Other comprehensive income for the period					
<b>Total comprehensive income for the period</b>	-	-	<b>152,122</b>	-	<b>152,122</b>
<b>Total contributions and distributions</b>	-	-	-	-	-
<b>Balance as at 30th September, 2017</b>	<b>3,914,748</b>	<b>9,093,779</b>	<b>(8,887,157)</b>	<b>3,701,612</b>	<b>7,822,982</b>

**Condensed interim statement of changes in equity**

For the nine months period ended 30th September, 2016

	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	-	-	96,961	-	96,961
Other comprehensive income for the period					-
<b>Total comprehensive income for the period</b>	-	-	<b>96,961</b>	-	<b>96,961</b>
<b>Total contributions and distributions</b>	-	-	-	-	-
<b>Balance as at 30th September, 2016</b>	<b>3,914,748</b>	<b>9,093,779</b>	<b>(9,491,541)</b>	<b>3,701,612</b>	<b>7,218,598</b>

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



**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**For the nine months period ended 30th September**

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) for the period	152,122	96,961
Adjustments for:		
Depreciation	511,615	469,470
Finance income	(46,086)	(40,091)
Gain or loss on disposal of property, plant and equipment	-	(350)
Income tax expense	64,800	41,979
	<b>682,451</b>	<b>567,970</b>
Changes in:		
Inventories	(134,875)	(176,321)
Trade and other receivables	(301,619)	(460,943)
Prepayments	73,429	5,879
Trade and other payables	(206,622)	374,210
Employee Benefits	21,699	(19,799)
<b>Cash generated from operating activities</b>	<b>134,464</b>	<b>290,994</b>
Income tax paid	(16,561)	(16,779)
VAT paid*	(72,260)	(57,531)
<b>Net cash from operating activities</b>	<b>45,643</b>	<b>216,684</b>
<b>Cash flows from investing activities</b>		
Finance income	46,086	40,091
Acquisition of property, plant and equipment	(777,487)	(329,924)
Proceeds from sale of property, plant and equipment	-	350
<b>Net cash used in investing activities</b>	<b>(731,401)</b>	<b>(289,483)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents	(685,758)	(72,798)
Cash and cash equivalents at 1 <sup>st</sup> January	1,119,199	1,169,753
<b>Cash and cash equivalents at 30th September</b>	<b>433,441</b>	<b>1,096,955</b>

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 31<sup>st</sup> December 2016 are available 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 October 26th, 2017

#### b. Functional and presentation currency

These condensed interim financial statements 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 estimates 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 nine-month period ended 30<sup>th</sup>September:

	<b>2017</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>
Raw materials & consumables	729,832	380,674
Advertising & sales expenses	143,152	122,745
Depreciation	511,615	469,120
Employee Benefits	566,740	649,591
Repairs & maintenance	331,657	316,827
Royalty & Technical fee	78,248	60,771
Energy & water	581,674	384,253
Others	241,429	207,277
<b>Total cost of sales, selling and distribution and administrative expenses</b>	<b>3,184,346</b>	<b>2,591,258</b>

#### 6. INTEREST INCOME

##### a. Finance income

Interest income for the nine months period ended 30<sup>th</sup>September 2017 amounted to N46.09 million (nine month period ended 30<sup>th</sup> September 2016: N40.09 million)

#### 7. INCOME TAX EXPENSES

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

## 8. PROPERTY PLANT AND EQUIPMENT

### Acquisitions

During the nine-month period ended 30<sup>th</sup> September 2017 the Company acquired, property, plant and equipment with a cost of N777.49 million (nine-months period ended 30<sup>th</sup> September 2016: N329.92 million).

### Capital commitments

As at 30<sup>th</sup> September 2017, the Company's capital expenditure commitments for property, plant and equipment amounted to N57.65 million (30<sup>th</sup> September 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 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 nine-months period ended 30<sup>th</sup> September 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 30<sup>th</sup> September 2017 that have not been adequately provided for or disclosed in these condensed interim financial statements.