

# **SEYCHELLES BREWERIES LIMITED**

**INTERIM FINANCIAL STATEMENTS**

**FOR HALF YEAR ENDED 31 DECEMBER 2017**

The Board of Directors of Seychelles Breweries Limited (SBL) is pleased to announce its half year results for the six months ended 31<sup>st</sup> December 2017.

### Half year performance overview

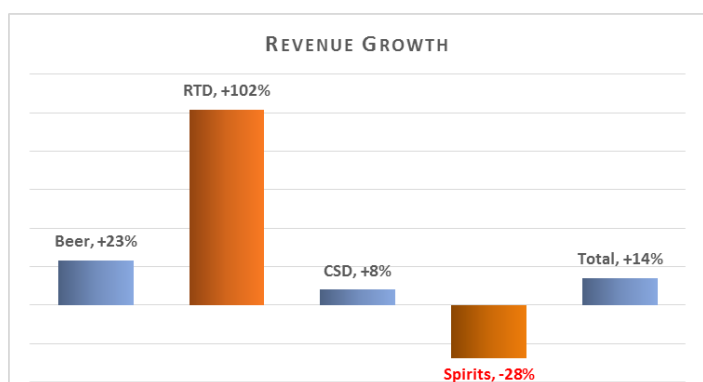
SBL generated net revenue of R204.9 million (F17 HY: R179.6 million), registering a growth of 14.1% and delivered profit after tax of R31.4 million (F17 HY: R23.3 million), which is 34.6% above the same period last year.

### Revenue

The revenue growth of 14.1% over F17 is mainly as a result of strong performance of our beer and carbonated soft drink (CSD) brands, underpinned by our increased focus on trade execution, investment behind brands equity and consistent availability of high quality products to our customers and consumers across all islands.

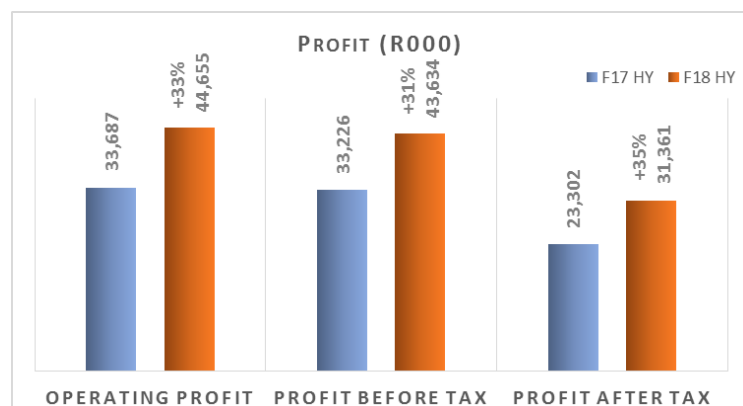
Our ready-to-drink (RTD) Smirnoff Ice brand cycled the nearly out-of-stock position last year due to non-availability of the key ingredient. The issue has now been resolved and the product is back in the chillers.

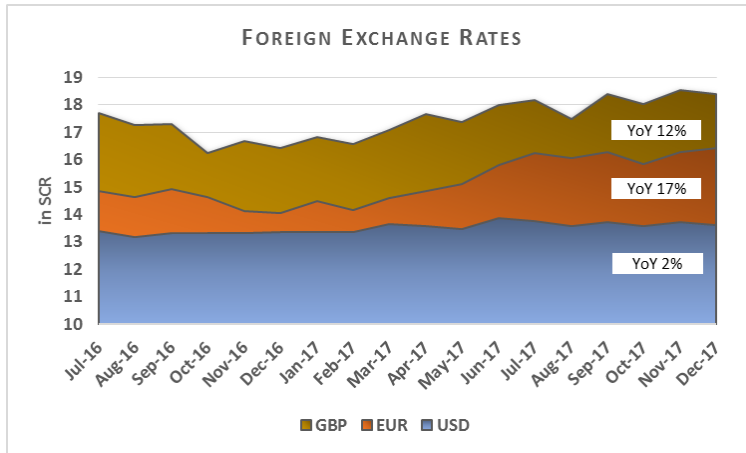
The performance of imported Spirits registered a revenue decline of 28%. The decline is mainly attributed to parallel importation by unauthorized non-Diageo importers.



### Profit

The Operating Profit of R44.7 million (F17 HY: R33.7 million) is 33% above the same period last year. The sales revenue growth, the improved sales mix and the better cost management contributed to the strong profit growth, which is partly offset by the devaluation of Seychelles Rupees against all major currencies and writing-off of engineering spare parts R6.0 million.

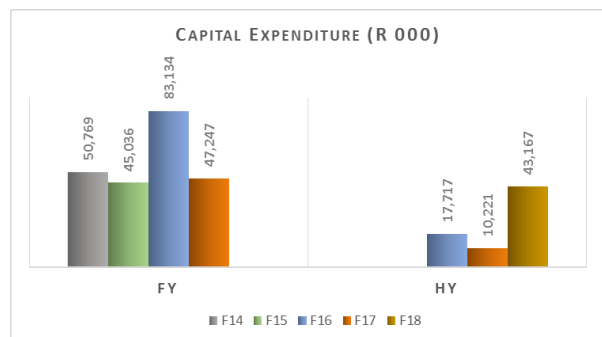
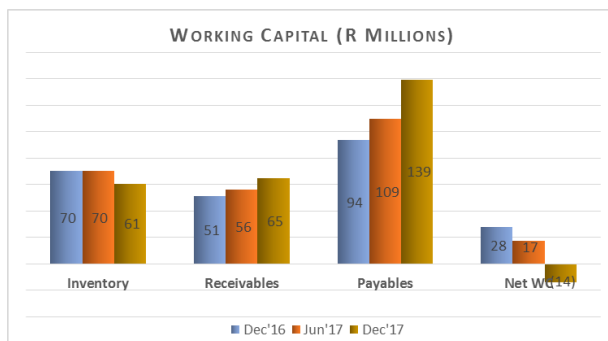
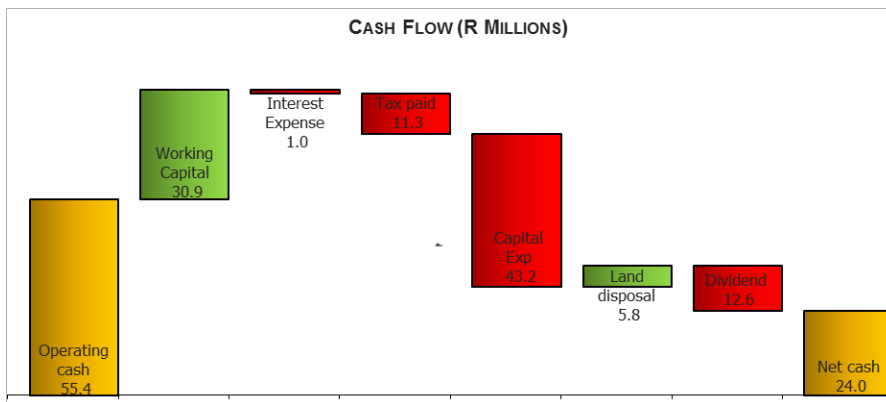




### Cash management

The company generated operating cash of R55.4 million (F17 HY: 41.7 million) in the first six month of the financial year 2018 (F18). Additionally, the company generated R5.8 million by disposing an investment property held for sale. The cash generated was applied for paying taxes and dividend, making investment in capital expenditure and managing the working capital requirements of the business.

The cash balance as at 31st December 2017 is increased by R14.4 million and the bank overdraft utilization is reduced by R9.6 million.



The reduction in the working capital investment is a result of increase in Payables, which includes the final dividend for F17 approved at the AGM in December 2017. The payment hit the bank in the first week of January 2018.

The long-term strategy of upgrading the production facilities is progressing as per the plan. The commissioning of tunnel pasteurizer and new equipment for Brewhouse has been completed, which is enabling us to consistently brew high quality beers. We are currently carrying out overhaul works on PET and glass lines, which is expected to be completed by the end of this financial year.

### **Full year performance outlook**

The members of the Board and the management team are delighted with the performance in the first half of this financial year and would like to maintain the momentum in the remainder of the year. Whilst we have had a great start we still have a lot to do to sustainably deliver the good performance every year. We must continue our focus on uninterrupted production and distribution of high quality products, trade execution and investment behind our brands and enhancing the capacity and capability of our people.

**Best performing, most trusted and respected beverages company in Seychelles.**

## Condensed statement of financial position

	Note	As at 31 Dec 2017 R'000	As at 30 Jun 2017 R'000
<b>ASSETS</b>			
Total non-current assets		291,850	259,365
Cash and cash equivalents		15,980	1,557
Current tax receivable	3	40,727	37,797
Assets held for sale		-	5,815
Other current assets		125,640	126,480
<b>Total assets</b>		<b>474,197</b>	<b>431,014</b>
<b>EQUITY</b>			
Share capital		63,000	63,000
Actuarial valuation gains		500	500
Retained earnings		235,163	216,402
<b>Total equity</b>		<b>298,663</b>	<b>279,902</b>
<b>LIABILITIES</b>			
Deferred tax liabilities	4	17,801	13,921
Post-employment provision		15,324	15,244
Bank overdrafts		3,018	12,621
Trade and other payables		139,391	109,326
<b>Total liabilities</b>		<b>175,534</b>	<b>151,112</b>
<b>Total equity and liabilities</b>		<b>474,197</b>	<b>431,014</b>



Nicholas Cook  
Managing Director



Mohammad Iqbal  
Finance Director

20<sup>th</sup> March, 2018

**Condensed statement of comprehensive income**

	<b>Note</b>	<b>6 months ended 31 December</b>	
		<b>2017</b>	<b>2016</b>
		<b>R'000</b>	<b>R'000</b>
<b>Revenue</b>		<b>204,904</b>	<b>179,623</b>
Cost of sales		(118,607)	(104,757)
<b>Gross Profit</b>		<b>86,297</b>	<b>74,866</b>
Advertising and marketing costs		(6,760)	(6,898)
Administrative expenses		(27,022)	(30,783)
Other income/(expense)		(7,860)	(3,498)
<b>Operating profit</b>		<b>44,655</b>	<b>33,687</b>
Interest income		(1,021)	(461)
<b>Profit before tax</b>		<b>43,634</b>	<b>33,226</b>
Tax	2	(12,273)	(9,924)
<b>Net earnings</b>		<b>31,361</b>	<b>23,302</b>

**Statement of changes in equity**

	<b>Share capital R'000</b>	<b>Actuarial valuation gains R'000</b>	<b>Retained earnings R'000</b>	<b>Total equity R'000</b>
<b>At 1st July 2016</b>	<b>63,000</b>	<b>500</b>	<b>210,973</b>	<b>274,473</b>
Profit for year ended on 30 June 2017	-	-	18,029	18,029
Dividends	-	-	(12,600)	(12,600)
<b>At 30 June &amp; 1 July 2017</b>	<b>63,000</b>	<b>500</b>	<b>216,402</b>	<b>279,902</b>
Profit for 6 months ended 31 Dec 2017	-	-	31,361	31,361
Dividends	-	-	(12,600)	(12,600)
<b>At 31 Dec 2017</b>	<b>63,000</b>	<b>500</b>	<b>235,163</b>	<b>298,663</b>

**Condensed statement of cash flow**

	<b>6 months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>R'000</b>	<b>R'000</b>
	<u>          </u>	<u>          </u>
<b>Cash generated from operating activities</b>	<b>55,417</b>	<b>41,689</b>
Change in working capital	30,905	(18,202)
Interest received	(1,021)	(461)
Tax paid	(11,323)	(23,942)
<b>Net cash (absorbed)/generated from operating activities</b>	<b>73,978</b>	<b>(916)</b>
Acquisition of property, plant and equipment	(43,167)	(10,221)
Proceed on sale of investment property	5,815	-
Dividends paid during the year	(12,600)	(6,300)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>24,026</b>	<b>(17,437)</b>
Cash and cash equivalents at beginning of the period	(11,064)	41,977
<b>Cash and cash equivalents at end of the period</b>	<b>12,962</b>	<b>24,540</b>
	<u>          </u>	<u>          </u>



## Notes to the financial statements

### 1. General information

Seychelles Breweries Limited is incorporated as a limited liability company in Seychelles under the Companies Act 1972 and is domiciled in Seychelles. The address of its registered office and principal place of business is as follows:

Seychelles Breweries Limited,  
O Brien House,  
PO Box 273,  
Le Rocher,  
Mahe, Seychelles.

### 2. Tax expenses

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	6 months ended 31 December	
	2017	2016
	R'000	R'000
Business tax	7,028	9,794
Corporate social responsibility tax for the current year	1,365	1,401
Corporate social responsibility tax adjustment related to prior year	-	554
	<b>8,393</b>	<b>11,749</b>
Deferred tax movement	3,880	(1,825)
<b>Total tax expenses for the period</b>	<b>12,273</b>	<b>9,924</b>

### 3. Current tax receivable

The movement in the current tax receivable account is as follows:

	<b>As at 31 Dec 2017 R'000</b>	<b>As at 30 Jun 2017 R'000</b>
At the beginning of the period	37,797	19,492
Tax paid	11,323	28,586
Tax charged for the period	(8,393)	(10,281)
<b>At the end of the period</b>	<b>40,727</b>	<b>37,797</b>

### 4. Deferred tax

The movement in the deferred tax account is as follows:

	<b>As at 31 Dec 2017 R'000</b>	<b>As at 30 Jun 2017 R'000</b>
At the beginning of the period	(13,921)	(13,983)
Movement (charged)/credited to profit and loss	(3,880)	62
<b>Deferred tax liabilities at the end of the period</b>	<b>(17,801)</b>	<b>(13,921)</b>