Contents

The new Lusaka plant.

National Breweries Plc at a glance

National Breweries Plc is part of the SABMiller Group, one of the world's largest brewers, with more than 200 beer brands and some 70,000 employees in over 75 countries.

National Breweries Plc brews the market-leading Chibuku brand of opaque beer and distributes it countrywide as the economy brand Chibuku Shake Shake in cartons and returnable plastic bottles, and the premium brand Chibuku Shake Shake in plastic bottles.

The Company aims to create long-term sustainable growth through a combination of technical efficiency, marketing and brand strength, and strategic investment.

This is the Annual Report of National Breweries Plc for the year ended 31 March 2015. It includes information that is required by the Securities and Exchange Commission (SEC). This information may be updated or documented with the SEC or later amended if necessary, although National Breweries Plc does not undertake to update any such information. The Annual Report is made available to all shareholders on the Lusaka Stock Exchange website (www.luse.co.zm).

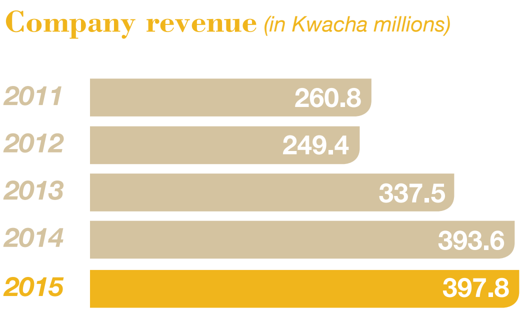
This report includes names of National Breweries Plc products, which constitute trademarks or trade names which National Breweries Plc owns or which others own and license to National Breweries Plc for use. In this report, the term 'Company' refers to National Breweries Plc and its consolidated subsidiaries, except as the context otherwise requires.

National Breweries Plc's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). References to IFRS hereafter should be construed as references to IFRS as issued by the IASB. Unless otherwise indicated, all financial information contained in this document has been prepared in accordance with IFRS.

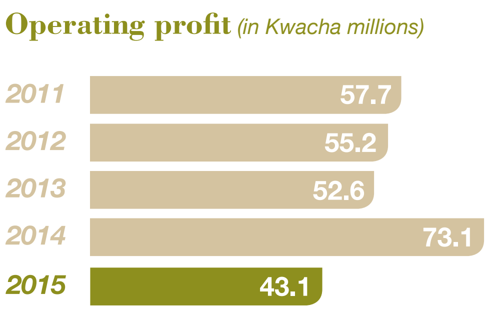
Financial Highlights

(In Kwacha thousands)	2011	2012	2013	2014	2015
Company turnover (Incl. excise duty)	289,429	276,098	374,176	429,068	**431,154**
Company revenue (Excl. excise duty)	260,777	249,373	337,470	393,618	**397,799**
Operating profit	57,681	55,194	52,598	73,050	**43,064**
Profit before income tax	57,757	54,708	52,381	73,588	**43,708**
Profit/(loss) for the year	37,170	35,257	32,457	46,423	**27,684**
Total assets	81,184	79,969	134,508	227,376	**325,710**
Current liabilities	44,544	43,801	63,603	103,878	**174,022**
Shareholder's funds	30,260	29,514	59,794	106,612	**134,193**

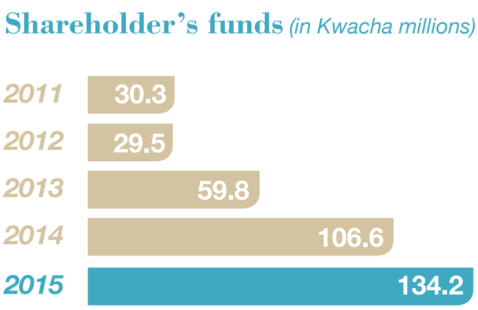
1%
K397.8 million



41%
K43.1 million



26%
K134.2 million



Above Palletization from the line.

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Business Review

'It was a year of change and new beginnings for National Breweries Plc as the Company grappled with tough economic and market conditions while undergoing the construction of a state-of-the-art brewery and PET packaging line in Lusaka at a cost of K200 million'

Valentine Chitalu
Chairman

It was a year of change and new beginnings for National Breweries Plc as the Company grappled with tough economic and market conditions while undergoing the construction of a state-of-the-art brewery and PET packaging line in Lusaka at a cost of K200 million.

Annabelle Degroot was appointed Managing Director on 1 December 2014, having previously been Finance Director, and Herman Lubbe took over as the Finance Director from March, 2015. Wesley Tiedt and David Cason left the business earlier in the year.

This new team is presiding over a functional integration of National Breweries Plc, Zambian Breweries Plc, and Heinrich's Syndicate Limited that is an on-going central plank of the new strategy to rejuvenate the Group.

Economic Overview

Global commodity prices fluctuated in 2014 with copper averaging US$6,528 per metric tonne in financial year 2015 during the major part of the year, down from US$7,115 per metric tonne in 2014. This reflected sluggish demand, particularly, from China. Crude oil prices were $104.27 per barrel at the beginning of the financial year 2015 and fell to $52.46 at the end of the financial year.

These global trends impacted on Zambia with a noticeable weakening of key economic fundamentals. A mix of policy inconsistency further affected key sectors, mainly the mining sector, which saw the introduction of a new tax regime. This proved challenging for the sector, which had been affected by adverse global conditions, with weakening copper prices and rising costs of production.

Year-on-year inflation eased to 7.2 percent in March and the Zambian Kwacha depreciated sharply in early 2015, in the context of a strengthening US Dollar, weakening export receipts from the copper sector and political uncertainty.

Strategic Review

The uncertainty created over the Government's position on the mining taxes and generally tough economic conditions reflected clearly in depressed consumer demand and the continued growth of cheaper illicit opaque bulk beer in the year.

Competition from illicit bulk beer became a significant concern in the period and threatened our ability to generate a fair return on investment. We will continue to engage with the enforcement agencies and regulators on this matter.
Competitive pricing of our products

remains our core strategy, backed by investments to improve production efficiency, and an efficient sales and distribution network.

Unfortunately, technical design issues with our new plant in the last two quarters of the year greatly impacted our ability to supply product to the market and this reflects in our financial performance. I am pleased to report that the technical issues are now fully resolved.

Corporate Governance
We have continued to be steadfast in observing a strict compliance culture with regard to sound corporate governance and we have maintained our record of nil significant breaches of corporate governance and anti-bribery codes that we have achieved over the past couple of years. In our efforts to enhance integrity and transparency in all our dealings, we have engaged Deloitte and Touche to manage our anti-bribery and whistle-blowing programme.

Outlook
Despite the economic headwinds, notably from exchange rate and inflation issues, and initial teething problems with the new plant, we draw confidence from the strong GDP outlook.

While domestic economic growth faltered, the growth prospects are positive and we have confidence in our country's economy in spite of the deterioration in inflation and exchange rate indicators.

Government's continued investment in infrastructure projects will continue to spur economic activity and promote employment creation.

Chairman

Top Finished product in the warehouse.

'Our response to the highly competitive market conditions has been to address both product and marketing weaknesses with management focusing on maintaining consistent quality delivery and an aggressive marketing campaign for Chibuku Super which differentiates us from the competitor.'

Annabelle Degroot
Managing Director

Weakening economic conditions, uncertainty over the imposition of a new mining royalty tax regime and declining copper prices put pressure on disposable incomes and impacted on market demand for opaque beer in the period. Our volumes came under further pressure from competition from illegal bulk beer and opposition breweries.

These difficult trading conditions and delays in commissioning our new Lusaka brewery, leading to an undersupply of product to the market in the second half of the financial year, culminated in a disappointing year for National Breweries Plc.

Total beer volumes for the twelve months to 31 March 2015 were down on the prior year by 2 percent while net producer revenue was up by 1 percent. Given that the commissioning of our new Lusaka brewery and Super packaging line was due in the current financial year, we had anticipated a much stronger performance.

Our Statement of Comprehensive Income reflects significant margin dilution from gross margin to operating margin and reflects a difficult second half of the financial year where all costs were geared up to run and maintain the new brewery that was unable to deliver the required volumes. This, combined with inflation, wage rises and exchange losses on our hedging position, pushed controllable fixed costs up by 24 percent, contributing to a 41 percent drop in operating profit for the year.

Strategic Review

Our response to the highly competitive market conditions has been to address both product and marketing weaknesses with management focusing on maintaining consistent quality delivery and an aggressive marketing campaign for Chibuku Super which differentiates us from the competitor.

The challenges also intensified management efforts to improve our route-to-market strategy, and we stepped up our lobbying against illegal bulk beer sales. The lack of enforcement by the authorities against bulk beer producers and the toughening economic conditions has allowed this industry to flourish as our consumers look for more affordable options. While the loss of volume is a major threat to our business, the social ills associated with this unregulated and often unsanitary beer, combined with the loss of tax revenue to the Government, is cause for concern.

Management

Internally, the year saw a number of changes at Board and Senior Management level as well as the launch of Prosper, our corporate social responsibility strategy.

The functional integration of National Breweries Plc, Zambian Breweries Plc and Heinrich's Syndicate Limited was set in motion covering the sales and distribution, technical, planning and marketing departments with final effect from 1 April 2015. A change management plan is in place and a full cost share allocation will take place monthly between the businesses.

This was reinforced in the last quarter of the financial year as members of the Executive Committee (Excom) visited all operations across the country, providing an opportunity to discuss key issues affecting the business and the workforce.

We now manage the three businesses as one business and we believe we will be able to demonstrate efficiencies and effectiveness to deliver higher quality products to our customers as a result.

Outlook

With the new Lusaka plant now fully operational, a reinvigorated management team, and signs that the worst of the recent economic turmoil are behind us, National Breweries Plc looks forward to a more stable year in 2015/16.

While there is still more to be done to combat illegal bulk opaque beer sales, our previous production hurdles have now been largely cleared, freeing up management attention to focus on moving the business forward, stepping up sales and marketing efforts, and building a solid base from which to grow sales and profitability.

A. Degroot

Managing Director

Above Shrink wrapper intake.

1. A view of the new Lusaka plant from a height

2. Quality control: advanced laboratory equipment for efficient analysis on observing set product parameters.

3. The production line in motion

2

Corporate Governance and Sustainable Development

Board of Directors

1. **VALENTINE CHITALU** | Valentine (50) is an entrepreneur in Zambia and Southern Africa specialising in private equity and local private sector development. Until December 2003, Valentine worked for CDC/Actis in London and Lusaka specialising in deals origination throughout Southern Africa and portfolio management in Zambia and Malawi. Valentine was previously Chief Executive Officer at the Zambia Privatisation Agency where he was responsible for the divestiture of over 240 enterprises. He also worked for KPMG Peat Marwick in the United Kingdom in the early part of his career. Valentine holds several board positions in Zambia, South Africa and the United Kingdom and is Chairman of several corporate organisations. Valentine is a qualified Accountant and holds a Master's Degree in Development Economics.

2. **ANNABELLE DEGROOT** | Annabelle (42) was appointed as Managing Director in December 2014, having formerly served as the Finance Director of the Zambia Group from February 2012. She has over 15 years' experience in audit and finance functions in the UK and Zambia. She holds a BA MA (Cantab) in Economics and is a qualified ACA with the Institute of Chartered Accountants, England & Wales (ICAEW). She is a Fellow of ZICA.

3. **GEORGE SOKOTA** | George (67) is a professional accountant by background and training. He spent most of his professional career with Deloitte & Touche, where he was Senior Partner for many years. He is a leading businessman with many business interests in various business sectors. He also sits on a number of boards of notable companies, several of which he is chairman.

4. **HERMAN LUBBE** | Herman (43) was appointed as Finance Director and took up a seat on the Board in March 2015. He has been with the SABMiller Plc Group since 1998 in various senior finance roles including regional roles, support to supply chain and manufacturing and business decision support. He has a background in the soft drinks and beer businesses with 19 years' experience in financial management. Herman holds a Bachelor of Commerce, Hons., Accounting from the University of Pretoria as well as ACMA and CGMA qualifications.

5. **WAYNE McCAULEY** | Wayne (51) was appointed to the Board in October 2014. He began his career in Production Planning with Unilever in Durban in 1984. He joined SABMiller Plc in 1988 as a sales representative in KwaZulu-Natal, progressing through various roles, including General Manager roles in Central and Isando Regions, before moving to Ohio, USA as General Manager-Mid-Central Market. He returned to South Africa in late 2006 as Sales and Distribution Director. He holds a Bachelor of Commerce Degree and a Master of Business Leadership Degree from UNISA.

6. **BRIAN HIRSCH** | Brian {39) was appointed to the Board in June 2014. He began his career with KPMG in Johannesburg in 1994 and qualified as a Chartered Accountant (SA) in 1999. Having joined SABMiller in 2000 as a Management Accountant, he transferred to London in 2002 and later became Project Manager. From 2005 he has held various roles at the Africa Hub: Head of the Sarbanes Oxley Project, Group Reporting Manager and Senior Manager Financial Reporting and Analysis. In 2012 he was appointed Finance Director of Kgalagadi Breweries in Botswana and is now at the Africa Hub in the role of Senior Manager Operations Finance.

Executive Committee

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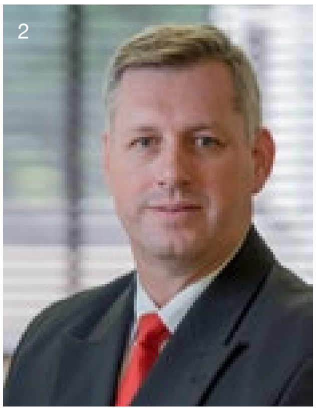
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1. **ANNABELLE DEGROOT - MANAGING DIRECTOR** | Annabelle (42) was appointed as Managing Director in December 2014, having formerly served as the Finance Director of the Zambia Group from February 2012. She has over 15 years' experience in audit and finance functions in the UK and Zambia. She holds a BA MA (Cantab) in Economics and is a qualified ACA with the Institute of Chartered Accountants, England & Wales (ICAEW). She is a Fellow of ZICA.

2. **HERMAN LUBBE - FINANCE DIRECTOR** | Herman (43) was appointed as Finance Director and took up a seat on the Board in March 2015. He has been with the SABMiller Plc Group since 1998 in various senior finance roles including regional roles, support to supply chain and manufacturing and business decision support. He has a background in the soft drinks and beer businesses with 19 years' experience in financial management. Herman holds a Bachelor of Commerce, Hons., Accounting from the University of Pretoria as well as ACMA and CGMA qualifications.

3. **FRANZ SCHEPPING - TECHNICAL DIRECTOR** | Franz (40) was appointed Technical and Supply Chain Director for Zambian Breweries Plc in December 2011 and is responsible for the integrated end-to-end supply chain function. He is a brewer by trade and started his career with Namibia Breweries where he worked as first Brewmaster. Before joining SABMiller, he was the Brewery Director at Carlsberg in Turkey where he was managing a 1.8 Mio hl brewery and its affiliated malting, with an annual capacity of 35,000 tons. He holds a Master's Degree from the Technical University in Munich in Brewing and Beverage Technology.

4. **NYANGU KANYAMBA - HUMAN RESOURCES DIRECTOR** | Nyangu (47) joined Zambian Breweries Plc in 2004 as Executive Trainee-Human Resources. She was appointed HR Manager South in 2005 and has worked as HR Director from 2007 to date. Prior to this, she had worked for Barclays Bank, the Inter African Network for Human Rights and Development and KEPA Zambia. She holds a Bachelor of Arts Degree and a Post Graduate Diploma in Financial Management and is a member of the Zambia Institute of Human Resources Management and the Institute of Directors.

5. **DARRYL HASKIS - SALES AND DISTRIBUTION DIRECTOR** | Darryl (49) was appointed Sales and Distribution Director on 1 October 2014. He has 25 years' experience in Sales, Operations and Trade Marketing of which 23 years have been spent in Sales and Distribution in SABMiller Plc in various positions, including Sales Representative, Distribution Manager, various Depot Management roles, Regional Trade Marketing Management and most recently a District Manager role looking after sales and distribution.

6. **JOHN COCHRAN - MARKETING DIRECTOR** | John (54) served as Marketing Director of Zambian Breweries Plc from October 2011 to March 2015. Having commenced a career in marketing in 1984, he joined South African Breweries in 1984 where he held various positions including Castle Lager Brand Manager, Market Development Manager – Africa and International Brand Manager. He was appointed Executive Director Marketing for Tanzania Breweries Limited in 2002 and Marketing Director SABMiller Angola in 2008. He holds an IMM Marketing Diploma (South Africa).

7. **LUKE NJOVU - CORPORATE AFFAIRS DIRECTOR** | Luke (42) was appointed as Corporate Affairs Director in August 2012. Before joining the Company he was Head of Corporate Affairs for Standard Chartered Bank Plc, having been with the bank since 1999. He holds a Bachelors Degree in Engineering and is an Associate member of the Zambia Institute of Marketing.

'During the year the "Tip-Offs Anonymous" independent whistle-blowing mechanism was launched, which provides our stakeholders with an objective and confidential mode of communication to report any governance concerns.'

Deborah Bwalya
Company Secretary

During the period under review the Company has met its disclosure requirements and material compliance under the Lusaka Stock Exchange Code of Governance Code and continues to strive to improve its control environment and governance standards.

The tone at the top
The Board of Directors and Senior Management take responsibility for setting the tone at the top, which ensures that legal compliance and sound corporate governance architecture are priorities for the Company. They also take responsibility for ensuring that these values are rolled out to our employees and are embedded in our strategies, systems, policies and practices.

The Board sanctions and tracks compliance with the Company's Ethics & Anti-bribery Policy, which reflects the SABMiller ideals, requiring employees and stakeholders to act ethically, honestly and avoid conflicts of interest. The Board is also responsible for approving the Company's strategies and their alignment with the approved budget, and implementation through the existing human resources policies, key performance indicators for all functional heads and a robust performance management system.

The Company also ensures that it maintains independent certification from the Zambia Bureau of Standards (ZABS) for its manufacturing operations and international accreditation under the IS0 14000 standards.

During the year the "Tip-Offs Anonymous" independent whistle-blowing mechanism was launched, which provides our stakeholders with an objective and confidential mode of communication to report any governance concerns.

Communicating with our Stakeholders
Investors, consumers, government bodies, agencies and regulators, civil society and the community in which we operate have been identified as key stakeholders, in addition, of course, to the customers, suppliers and employees who are part of our core business.

Our Corporate Affairs Department engages regularly with consumers, the Government, civil society organisations and representatives from the community. We have appointed a Transfer Secretary for the timely disposal of shareholder enquiries and Senior Management conducts an investor briefing bi-annually.

Our Board
The Board of Directors sat three times during the past financial year to review strategic priorities and the control environment, and was assisted by the Audit Committee. Both the Board and Audit Committee comprise non-executive

members (including independent non-executives who do not represent any shareholders), with a broad balance of skills, knowledge of the business and the environment. The Audit Committee, having reviewed and deliberated comprehensive reports from both the internal and external Auditors, makes recommendations to the Board.

The Chairman of the Board is an independent non-executive director who provides leadership and ensures the effectiveness of the Board. The separation of responsibilities between the Board and the Managing Director are clearly set out in a formal Delegation of Authority document approved by the Board, ensuring no single individual has unfettered decision-making powers. The Board members retire and are re-elected at the Annual General Meeting in line with the Company's Articles of Association and the Zambian Companies Act. The appointment of the external Auditor and their remuneration is approved by the Board and the Shareholders at the Annual General Meeting.

Internal Controls
Each Departmental Head sits on the Executive Committee (Excom) and is accountable to the Board to ensure adequate controls are in place for the implementation of their respective functions. Excom members report to the Audit Committee on a regular basis regarding compliance of operational risks and implementation of control measures.

Risk Assessment
The Internal Audit function conducts regular audits in accordance with an audit plan approved by the Audit Committee and reports its findings to the Excom and to the Board through the Audit Committee. Departmental Heads are responsible for developing the Risk Register which is regularly updated and reviewed by the Excom before submission for deliberation to the Audit Committee.

Company Secretary

Above Process operator observing parameters on the shrink wrapping machine. Production efficiencies lie at the heart of the business strategy.

1. The maize we buy from local commercial and small scale farmers helps sustain rural economies.
2. Milling area: crushing of maize from whole grain to maize meal.
3. Transfer pipes for steam, water and product. State-of-the-art equipment has been installed in the new Lusaka plant.

Fermentation vessel

Managing Sustainable Development

‘Our sustainable development philosophy centres on the premise that today’s decisions should not compromise the ability of future generations to build meaningful livelihoods’

At the core of National Breweries Plc sustainable development agenda is the Prosper strategy through which the Company seeks to achieve the following five (5) imperatives:

1. **Accelerate growth and social development across our entire value chain**
2. **Endeavour to make our products the natural choice for the moderate and responsible drinker**
3. **Secure shared water resources for our business and local communities**
4. **Create value through the reduction of waste and carbon emissions**
5. **Support responsible and sustainable use of land for brewing crops**

Outlined, in more detail below, is the sustainable development strategy.

Accelerate growth and social development in our value chains - A thriving world

This involves accelerating growth and social development in our value chain. National Breweries Plc’s K 200 million investment in the Lusaka brewery demonstrates the long-term commitment to this imperative. The value chain supports small enterprises to enhance their business growth and family livelihoods.

Endeavour to make beer the natural choice for the moderate and responsible drinker - A sociable world

We strive to make beer a natural choice for the moderate and responsible drinker wherever our beers are developed, marketed, sold and consumed, with high regard for individual and community wellbeing that guarantees future markets for our products.

In promoting responsible alcohol consumption among consumers, we continued to partner with the Road Transport and Safety Agency (RTSA), in the enforcement of existing legislation on drinking and driving.

Secure shared water resources for our business and local communities - A resilient world

Global warming poses unique and potentially high risks and challenges to the environment in which we operate and strikes at the heart of our business. Continuous improvement was the hallmark for our consistent results on achieving annual reduction in water usage numbers. Focus was placed on ensuring less water usage for more beer production. We also ensured that water from the production line was cascaded within the plant for cleaning purposes and not wasted.

Creating value through reducing waste and carbon emissions - A clean world

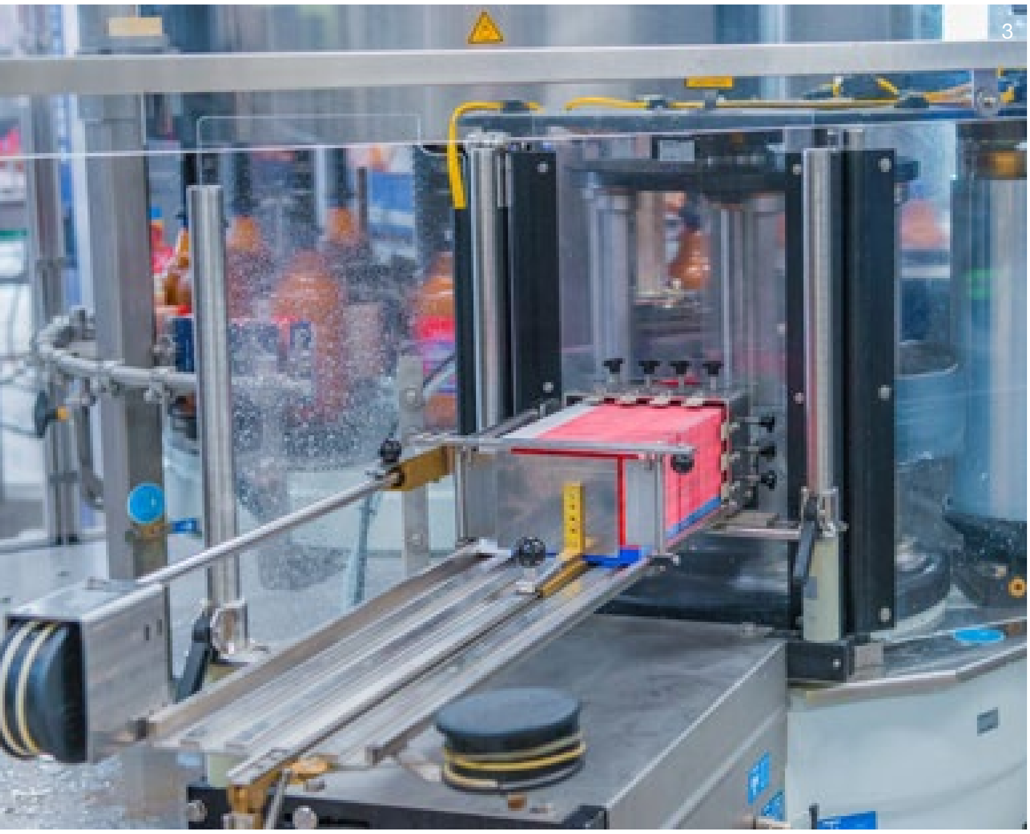
National Breweries Plc has a history of supporting waste management. We will continue to measure and report the percentage of co-product (e.g. spent grains) and facility waste re-used or recycled as well as ensure that waste minimum standards are adhered to, particularly that all hazardous waste is removed and disposed of by specialist contractors and all waste management contractors are assessed for suitability and competence.

Under our shared opportunity for “a clean world” we will further encourage consumer re-use, recycling and packaging innovation.

During the year, National Breweries Plc embarked on a Chibuku clean-up project that focused on the waste generated at the point of sale. The clean-up project has empowered local people, especially women, who collect empty Chibuku packs that are then removed from their various stations by National Breweries Plc. The project aims to create value at every stage of the collection process. As of end of the financial year, over 30 metric tons of empty Chibuku packs were collected by twenty eight private collectors and two agents from within selected townships in Lusaka. We have now identified partners to buy the empty Chibuku cartons, thus creating a value chain and further benefitting local communities. This will create a sustainable way of managing our waste. This project will form part of a larger recycling project to be launched with Zambian Breweries Plc for all major waste streams.

Support responsible, sustainable use of land for brewing crops - A productive world

We will continue to support strategies for improving food security for small-scale farmers through increased incomes and food production. We buy, locally, significant amounts of our total maize usage of 35,000 metric tonnes. We estimate that a combined number of 25,000 small scale farmers are engaged, by the business, across the value chain.



1. Converter: breaks down starches to fermentation sugars through hydrolysis.
2. Channel to the blow moulder
3. Label intake
4. Palletized Chibuku Super

Directors' Report

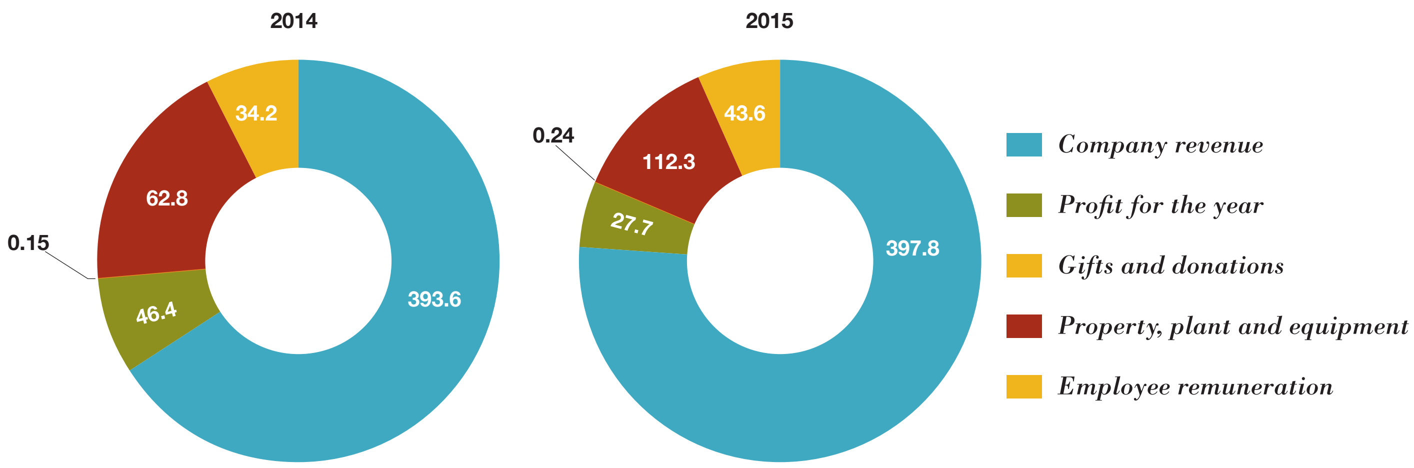
The Directors present their report and the audited financial statements for the year ended 31 March 2015, which disclose the state of affairs of National Breweries Plc (the "Company").

Principal activities
The principal activity of the Company continued to be the production, packaging, distribution and sale of traditional beverages.

In the opinion of the Directors, all the activities of the Company substantially fall within the same industry categorisation.

Share capital
The authorised share capital of the Company remained unchanged at 75,000,000 ordinary shares of K 0.01 each, of which 63,000,000 are issued and fully paid.

Operations overview *(in Kwacha millions)*



Results and dividends

	2015 K '000	2014 K '000
Revenue	397,799	393,618
Profit for the year	27,684	46,423

No interim dividend was paid during the year (2014: nil). The Directors do not recommend payment of a final dividend (2014: nil).

Directors
The Directors who held office during the year and to the date of this report were:

Valentine Chitalu	Chairman		
George Sokota	Non - Executive Director		
Annabelle Degroot	Managing Director		
Brian Hirsch	Non - Executive Director	Appointed	9 June 2014
Wayne McCauley	Non - Executive Director	Appointed	24 October 2014
Herman Lubbe	Finance Director	Appointed	31 March 2015
Gert Nel	Non - Executive Director	Resigned	4 June 2014
Wesley Tiedt	Managing Director	Resigned	2 July 2014
Anele Malumo	Executive Director	Resigned	17 December 2014

Directors' Report
Continued

Average number and remuneration of employees
The total remuneration of employees during the year amounted to K 43.6 million (2014: K 34.2 million) and the average monthly number of employees during the year was as follows:

Month	Number	Month	Number
April	700	October	710
May	695	November	715
June	687	December	713
July	697	January	723
August	694	February	715
September	705	March	718

Gifts and donations
During the year, the Company made donations of K 124,921 (2014: K 150,163) to various charitable organisations and events.

Exports
The Company did not export any products during the year (2014: nil).

Property, plant and equipment
The Company purchased property, plant and equipment amounting to K 112.3 million (2014: K 62.8 million) during the year.

In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

Research and development
The Company did not incur any research and development costs in the year (2014: nil).

Health and safety
The Company is committed to securing the reasonable health, safety and welfare of its employees at work and visitors against risks to health or safety arising out of or in connection with the activities of the Company.

Auditor
The Company's Auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office and a resolution for their reappointment will be proposed at the next Annual General Meeting.

Deborah Bwalya
Company Secretary

9 June 2015

Statement of Directors' Responsibilities

The Zambian Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Zambian Companies Act. The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards. The Directors are also responsible for such internal control, as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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.

Signed on their behalf by:

Valentine Chitalu
Chairman

Annabelle Degroot
Managing Director

9 June 2015

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF NATIONAL BREWERIES PLC

Report on the financial statements

We have audited the accompanying financial statements of National Breweries Plc as set out on pages 24 to 56. These financial statements comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Zambia Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of National Breweries Plc at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Zambia Companies Act.

PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (211) 334000 , F: +260(211) 256474, www.pwc.com/zm

A list of Partners is available from the address above

Report on other legal requirements

The Zambia Companies Act requires that in carrying out our audit we consider whether National Breweries Plc has kept proper accounting records, other records and registers as required by this Act.

In our opinion, based on our examination of those records, National Breweries Plc has maintained proper accounting records, other records and registers as required by the Zambia Companies Act.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants 9 June 2015
Lusaka

Kimani Kariuki
Practising Certificate Number: M/PC 0000556
Partner signing on behalf of the firm

Financial Contents

3

Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

		Year ended 31 March	
	Notes	2015	2014
Revenue	5	397,799	393,618
Cost of sales		(262,727)	(257,043)
Gross profit		135,072	136,575
Other operating (expense) / income	6	(3,523)	3,216
Distribution costs		(53,587)	(34,162)
Administrative expenses		(34,898)	(32,579)
Operating profit		43,064	73,050
Finance income	9	825	734
Finance costs	9	(181)	(196)
Profit before income tax		43,708	73,588
Income tax expense	10	(16,024)	(27,165)
Profit for the year		27,684	46,423
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedge	10	292	395
Other comprehensive income for the year, net of tax		292	395
Total comprehensive income for the year		27,976	46,818
Earnings per share for profits attributable to the equity holders of the company			
-basic and diluted (Kwacha per share)	11	0.44	0.74

The notes on pages 28 to 56 are an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

	Notes	As at 31 March 2015	2014
Capital and reserves attributable to the Company's equity holders			
Share capital	13	630	630
Hedge reserve	14	292	395
Retained earnings		133,271	105,587
Total equity		134,193	106,612
Non-current liabilities			
Deferred income tax	15	17,495	16,886
Total equity and non-current liabilities		151,688	123,498
Non-current assets			
Property, plant and equipment	16	220,511	122,281
Intangible assets	17	1,278	1,891
		221,789	124,172
Current assets			
Inventories	18	39,166	43,960
Trade and other receivables	19	33,361	32,970
Derivative financial asset	20	449	608
Cash and cash equivalents	21	30,945	25,666
		103,921	103,204
Current liabilities			
Trade and other payables	22	167,887	97,117
Current income tax	10	6,135	6,761
		174,022	103,878
Net current liabilities		(70,101)	(674)
		151,688	123,498

The notes on pages 28 to 56 are an integral part of these financial statements.

The financial statements on pages 24 to 56 were approved for issue by the Board of Directors on 9 June 2015 and signed on its behalf by:

Valentine Chitalu
Chairman

Annabelle Degroot
Managing Director

Statement of Changes in Equity

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

Statement of changes in equity

	Note	Share capital	Retained earnings	Hedge reserve	Total
Year ended 31 March 2014					
At start of year		63	59,731	-	59,794
Comprehensive income					
Profit for the year		-	46,423	-	46,423
Other comprehensive income for the year	10	-	-	395	395
Total comprehensive income for the year		-	46,423	395	46,818
Transactions with owners:					
Transfer	13	567	(567)	-	-
Total transactions with owners		567	(567)	-	-
At end of year		630	105,587	395	106,612
Year ended 31 March 2015					
At start of year		630	105,587	395	106,612
Comprehensive income					
Profit for the year		-	27,684	-	27,684
Reclassification to profit and loss		-	-	(395)	(395)
Other comprehensive income for the year	10	-	-	292	292
Total comprehensive income for the year		-	27,684	(103)	27,581
At end of year		630	133,271	292	134,193

The notes on pages 28 to 56 are an integral part of these financial statements.

Statement of Cash-flows

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

	Notes	Year ended 31 March 2015	2014
Cash flows from operating activities			
Cash generated from operations	24	129,902	80,733
Interest received	6	809	3,100
Interest paid (arising on operating financing)	9	(181)	(196)
Income tax paid	10	(15,985)	(10,044)
Net cash generated from operating activities		114,545	73,593
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(112,340)	(62,786)
Proceeds from sale of property, plant and equipment		2,249	2,137
Purchase of intangible assets	17	-	(971)
Net cash used in investing activities		(110,091)	(61,620)
Net increase in cash and cash equivalents		4,454	11,973
Movement in cash and cash equivalents			
At start of the year		25,666	12,959
Increase in cash and cash equivalents		4,454	11,973
Exchange differences in cash and cash equivalents		825	734
At end of the year		30,945	25,666

The notes on pages 28 to 56 are an integral part of these financial statements.

1 General information

National Breweries Plc (the "Company") is incorporated in Zambia under the Zambia Companies Act as a public company, listed on the Lusaka Stock Exchange and is domiciled in Zambia. The address of the registered office is:

Plot Number 6438
Mungwi Road
Heavy Industrial Area
P O Box 31293
Lusaka
Zambia.

For Zambia Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 April 2014 and have a material impact on the Company:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

(i) New and amended standards adopted by the Company (continued)

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Company has applied the amendment and there has been no significant impact on the Company financial statements as a result.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company has applied the amendment and there has been no significant impact on the Company financial statements as a result.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

2 Summary of significant accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted (continued)

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha (K) which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in profit or loss within other operating income/(expense).

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and are subsequently measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings	25 – 40 years
Plant, containers & vehicles	1.5 – 20 years
Furniture and fittings	10 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds to their carrying amount and are included in profit or loss.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(e) Intangible assets

Computer software

Computer software is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Directly attributable costs that are capitalised as part of computer software include an approximate portion of overheads. The computer software is amortised over its useful life of 4 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(f) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2 Summary of significant accounting policies (continued)

(g) Financial assets

(i) Classification

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'non-current receivables and prepayments', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit and loss.

Notes

Continued

For the year ended 31 March 2015

(All amounts are in thousands of Kwacha unless otherwise stated)

2 Summary of significant accounting policies (continued)

(h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative instruments used for hedging purposes are disclosed in note 4. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of the foreign exchange hedge is recognised in other comprehensive income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the profit and loss. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'Other gains/(losses) – net'.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials, work in progress (WIP) and finished goods is determined using the standard cost method less provision for impairment. The cost of engineering spares is determined using the weighted average cost method less provision for impairment. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2 Summary of significant accounting policies (continued)

(j) Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

(k) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(l) Share capital

Ordinary shares are classified as 'share capital' in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's holders.

(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Trade payable is classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes
Continued
For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

2 Summary of significant accounting policies (continued)

(n) Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Employee benefits

Retirement benefit obligations

The Company operates defined contribution retirement benefit schemes for its employees. The Company and all its employees also contribute to the National Pension Scheme Authority Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Company and employees.

The Company's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due.

2 Summary of significant accounting policies (continued)

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), excise duty and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for the Company's activity as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods are recognised in the period in which the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

(q) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders. Proposed dividends are shown as a separate component of equity until declared.

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's risk management framework and governance structures are intended to provide comprehensive controls and ongoing management of its major risks. The Board of Directors exercises oversight through delegation from the Board to various sub-committees, notably the Audit Committee, which is organised in line with risk management policies of SABMiller Plc, the ultimate parent Company.

Financial risk management is carried out by the Finance Department and SABMiller Plc, under policies approved by the board.

An overview of the key aspects of risk management and use of financial instruments is provided below.

(a) Market risk

The significant market risks to which the Company is exposed are foreign exchange risk and price risk.

(i) Foreign exchange risk

The Company imports certain raw materials and services and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), the Euro (EUR) and the South African Rand (ZAR). Foreign exchange risk arises from bank balances and recognised liabilities.

Management has set up a policy to require the Company to manage its foreign exchange risk against the Company's functional currency. The Company is required to hedge 95% of its foreign exchange risk exposure with the SABMiller Group Treasury. The Company uses forward contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities.

The Group Treasury's risk management policy is to hedge between 60% and 95% of anticipated cash flows (mainly purchase of inventory) in each major foreign currency for the subsequent 6 months. Approximately 95% (2014: 95%) of projected purchases in each major currency qualify as 'highly probable' forecast transactions for hedge accounting purposes.

At 31 March 2015, if the currency had weakened/strengthened by 6% (2014: 10%) against the US dollar with all other variables held constant, post-tax profit for the year and shareholder equity would have been K 2,823,899 (2014: K 967,372) higher/lower, mainly as a result of US dollar denominated trade payables.

At 31 March 2015, if the currency had weakened/strengthened by 4% (2014: 10%) against the EUR with all other variables held constant, post tax profit for the year and shareholder equity would have been K 1,529,090 (2014: K 157,618) lower/higher, mainly as a result of EUR denominated trade payables.

At 31 March 2015, if the currency had weakened/strengthened by 4% (2014: 10%) against the ZAR with all other variables held constant, the impact on post tax profit for the year and shareholder equity would have been immaterial (2014: immaterial).

(ii) Interest rate risk

The Company's interest rate risk arises primarily from interest paid on floating rate borrowings. The floating rate borrowings expose the Company to cash flow interest rate risk.

There were no significant exposures arising from interest rate risk as at year end.

(All amounts are in thousands of Kwacha unless otherwise stated)

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

The Company is not exposed to commodity price risk.

(b) Credit risk

Credit risk arises from cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to distributor customers. The Company only banks with reputable well established financial institutions. Banks in Zambia have no external rating. The Company's main credit risk therefore comes from its exposure to trade and other receivables mainly arising from balances outstanding from its distributors during the year.

Credit risk is managed by the Finance Director. The Finance Director assesses the credit quality of each customer before standard payment and delivery terms are offered, taking into account its financial position, past experience and other factors. Individual credit limits and terms are set based on limits set by the Board. The utilisation of credit limits and the adherence to settlement terms are constantly monitored.

All receivables that are neither past due nor impaired are within their approved credit limits. The Company does not use external credit ratings for the purposes of assessing credit quality. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. All receivables from related parties are with parties that the Company has a history of trading with and there has been no history of default. No collateral is held for any of the assets.

The following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced) are past due but not impaired:

	2015	2014
Past due but not impaired:		
- by up to 30 days	103	73
- by more than 31 to 60 days	53	3
- above 60 days	30	27
Total past due but not impaired	186	103
Impaired	188	267
Receivables individually determined to be impaired:		
Carrying amount before provision for impairment loss	188	267
Provision for impairment loss	(188)	(267)
Net carrying amount	-	-
Trade receivables	1,301	1,686
Impairment provisions	(188)	(267)
Carrying amount	1,113	1,419

All receivables subject to litigation or past due by more than 60 days are considered to be impaired, and are carried at their estimated recoverable value.

Notes

Continued

For the year ended 31 March 2015

(All amounts are in thousands of Kwacha unless otherwise stated)

3 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Exposure in this aspect is limited as the Company is purely a cash business.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

At 31 March 2015	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 2 years**	**Total**
Trade and other payables (excluding statutory liabilities and dividends)	37,604	107,753	-	145,357

At 31 March 2014				
Trade and other payables (excluding statutory liabilities and dividends)	48,958	32,109	-	81,067

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the statement of financial position, plus net debt.

During 2015 the Company's strategy, which was unchanged from 2014, was to maintain a gearing ratio less than 50%. As at 31 March 2015 and 31 March 2014, the Company had no borrowings.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 Financial risk management (continued)

(e) Fair value estimation (continued)

The following table presents the group's financial assets and liabilities that are measured at fair value.

At 31 March 2015

Assets	**Level 2**
Financial assets at fair value through profit or loss	
– Trading derivatives	449
Total Assets	449

At 31 March 2014	**Level 2**
Assets	
Financial assets at fair value through profit or loss	
– Trading derivatives	608
Total Assets	608

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. Note that all of the resulting fair value estimates are included in Level 2 except for certain forward foreign exchange contracts explained below.

Notes

Continued

For the year ended 31 March 2015

(All amounts are in thousands of Kwacha unless otherwise stated)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the Company's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(ii) Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below.

Exposure arising on tax assessments

The Company is subject to tax exposures. In determining the level to provide for, the directors have to make an estimate of the likely outcome of discussions with the tax authorities and therefore probability of loss.

5 Segment information

The Executive Committee is the Company's chief operating decision-maker. The Directors have determined the operating segments based on the information reviewed by the Executive Committee for the purposes of allocating resources and assessing performance.

The Executive Committee has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The board considers the activities of the Company to substantially fall within the same product range and within Zambia. The products are distributed to similar classes of customers using similar distribution channels.

The Executive Committee assesses the performance of the Company based on EBITA. The Company did not incur any non-recurring expenditure and therefore does not adjust EBITA.

(All amounts are in thousands of Kwacha unless otherwise stated)

5 Segment information (continued)

The information provided to the executive committee for the reportable segment is as follows:

	2015	2014
Revenue from external customers	397,799	393,618
EBITA	43,693	71,212
Interest income	809	3,100
Interest expense	(181)	(196)
Amortisation	(613)	(528)
Income tax expense	(16,024)	(27,165)
Profit for the year	27,684	46,423
Total Assets	325,710	227,376
Total Liabilities	191,517	120,764

The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a measure consistent with that of the financial statements.

There were no customers during the year whose revenue accounts for more than 10% of the entity's total revenue.

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Executive Committee with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

The result of its revenue from external customers in Zambia is K 397.8 million (2014: K 393.6 million). There was no revenue from external customers from other countries (2014: Nil). All non-current assets are located in Zambia.

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

6 Other operating (expenses) / income

	2015	2014
Net foreign exchange loss other than on borrowings and cash and cash equivalents	(4,573)	(354)
Interest income	809	3,100
Other income	67	37
Profit on disposal of property, plant and equipment	174	433
	(3,523)	3,216

7 Expenses by nature

	2015	2014
The following expenses have been charged in arriving at the profit before income tax:		
Raw materials and consumables used	209,037	215,649
Employee benefits expense (note 8)	43,649	34,194
Depreciation on property, plant and equipment (note 16)	12,035	11,363
Amortisation of intangible assets (note 17)	613	528
Auditor's remuneration	301	279
Provision for inventory write down	59	132
Transport expenses	32,008	18,867
Maintenance costs	13,790	12,752
Other expenses	39,720	30,020
Total cost of sales, distribution costs and administrative costs	351,212	323,784

8 Employee benefits expense

	2015	2014
The following are included within the employee benefits expense:		
Salaries and wages	41,084	32,078
Defined contribution scheme – NAPSA and Saturnia	2,565	2,116
	43,649	34,194

9 Finance income and costs

	2015	2014
Finance income		
Foreign exchange gain on borrowings and cash equivalents	825	734
Finance costs		
Interest expense:		
- Overdrafts	(181)	(196)

(All amounts are in thousands of Kwacha unless otherwise stated)

10 Income tax

	2015	2014
Current income tax	15,409	21,775
Deferred income tax (note 15)	1,082	5,562
Prior year deferred tax over provision	(417)	-
Prior year current tax over provision	(50)	(172)
Income tax expense	16,024	27,165

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

	2015	2014
Profit before income tax	43,708	73,588
Tax calculated at the statutory income tax rate of 35% (2014: 35%)	15,298	25,756
Over provision in current tax from prior years	(50)	(172)
Over provision in deferred tax	(417)	-
Expenses not deductible for tax purposes	1,193	1,581
Income tax expense	16,024	27,165

Current income tax movement in the statement of financial position

	2015	2014
At start of the year	6,761	(4,798)
Charge for the year	15,409	21,775
Prior year over provision	(50)	(172)
Payments	(15,985)	(10,044)
At end of the year – liability	6,135	6,761

Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 31 March 2003. A self-assessment system for income tax was introduced for periods subsequent to 31 March 2003. Income tax returns have been filed with the ZRA for the years up to 31 March 2015. Quarterly tax payments for the year ended 31 March 2015 were made on the due dates during the year.

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

10 Income tax (continued)

The tax charge relating to components of other comprehensive income is as follows:

	2015		
	Before tax	**Tax (charge)**	**After tax**
Cash flow hedge	449	(157)	292
Other comprehensive income	449	(157)	292

	2014		
	Before tax	**Tax (charge)**	**After tax**
Cash flow hedge	608	(213)	395
Other comprehensive income	608	(213)	395

11 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	**2014**
Profit attributable to equity holders of the Company	27,684	46,423
Weighted average number of ordinary shares in issue ('000s)	63,000	63,000
Basic earnings per share (K)	0.44	0.74

There were no potentially dilutive shares outstanding at 31 March 2015 or 2014. Diluted earnings per share are therefore the same as basic earnings per share.

12 Dividends per share

At the Annual General Meeting to be held on 1 July 2015, the Directors do not intend on proposing payments of final dividend in respect of the year ended 31 March 2015 (2014: nil). During the year, no interim dividend was paid (2014: nil).

Payment of dividends is subject to withholding tax at rates varying between zero and 15% depending on the resident status of the shareholders. Dividends declared by a company listed on the Lusaka Stock Exchange and payable to a resident individual are exempt from withholding tax.

(All amounts are in thousands of Kwacha unless otherwise stated)

13 Share capital

	Number of shares (Thousands)	Ordinary shares K'000
Balance at 1 April 2013	63,000	63
Transfer from retained earnings on redenomination of par value	-	567
Balance at 31 March 2014 and 31 March 2015	63,000	630

Following a special resolution passed at the previous Annual General Meeting held on 15 July 2013, the shareholders resolved that the par value of shares be restated to K 0.01 per share in conformity with the Zambia Companies Act. This resulted in a transfer of K 567,000 from retained earnings to share capital.

The total authorised number of ordinary shares is 75 million with a par value of K 0.01 per share.

The total issued number of ordinary shares is 63 million with a par value of K 0.01 per share. All issued shares are fully paid.

14 Hedge reserve

	Cash flow hedge
Year ended 31 March 2014	
At start of the year	-
Fair value gains in year	608
Tax on fair value gains in year	(213)
At end of the year	395
Year ended 31 March 2015	
At start of the year	395
Transfers to cost of sales	(608)
Tax on transfers to cost of sales	213
Fair value gains in year	449
Tax on fair value gains in year	(157)
At end of the year	292

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

15 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2014: 35%). The movement on the deferred income tax account is as follows:

	2015	**2014**
At start of year	16,886	11,111
Deferred income tax charge	1,082	5,562
Tax charge relating to other comprehensive income	157	213
Current tax charge on hedge reclassified to P&L	(213)	-
Prior year over provision in deferred tax	(417)	-
At end of year	17,495	16,886

Deferred income tax liabilities and deferred income tax charge in profit or loss are attributable to the following items:

Year ended 31 March 2015	**1.4.2014**	**Charged/ (credited) to P/L**	**Charged to OCI**	**Current tax on items reclassified to P&L**	**31.03.2015**
Deferred income tax liabilities					
Property, plant and equipment	16,363	2,286	-	-	18,649
Hedges	213	-	157	(213)	157
Unrealised forex losses	310	(310)	-	-	-
	16,886	1,976	157	(213)	18,806
Deferred Income tax assets					
Other deductible temporal differences	-	(1,311)	-	-	(1,311)
Net deferred income tax liability	16,886	665	157	(213)	17,495

Year ended 31 March 2014	**1.4.2013**	**Charged to P/L**	**Charged to OCI**	**31.03.2014**
Deferred income tax liabilities				
Property, plant and equipment	11,060	5,303	-	16,363
Hedges	-	-	213	213
Unrealised forex losses	51	259	-	310
	11,111	5,562	213	16,886

(All amounts are in thousands of Kwacha unless otherwise stated)

16 Property, plant and equipment

	Buildings	Plant, containers & vehicles	Furniture and Fittings	Capital work in progress	Total
At 1 April 2013					
Cost	12,537	88,680	6,767	9,758	117,742
Accumulated depreciation	(4,010)	(36,372)	(4,798)	-	(45,180)
Net book amount	8,527	52,308	1,969	9,758	72,562
Year ended 31 March 2014					
Opening net book amount	8,527	52,308	1,969	9,758	72,562
Additions	-	3,598	-	59,188	62,786
Disposals	-	(1,124)	(580)	-	(1,704)
Transfers	845	13,263	1,157	(15,265)	-
Depreciation charge	(1,475)	(9,068)	(820)	-	(11,363)
Closing net book amount	7,897	58,977	1,726	53,681	122,281
At 31 March 2014					
Cost	13,382	104,417	7,344	53,681	178,824
Accumulated depreciation	(5,485)	(45,440)	(5,618)	-	(56,543)
Net book amount	7,897	58,977	1,726	53,681	122,281
Year ended 31 March 2015					
Opening net book amount	7,897	58,977	1,726	53,681	122,281
Additions	-	3,867	32	108,441	112,340
Disposals	-	(2,075)	-	-	(2,075)
Transfers	902	19,834	30	(20,766)	
Depreciation charge	(602)	(10,633)	(800)	-	(12,035)
Closing net book amount	8,197	69,970	988	141,356	220,511
At 31 March 2015					
Cost	14,284	122,186	7,406	141,356	285,232
Accumulated depreciation	(6,087)	(52,216)	(6,418)	-	(64,721)
Net book amount	8,197	69,970	988	141,356	220,511

The register showing the details of buildings and land, as required by the Section 193 of the Zambia Companies Act, is available during business hours at the registered office of the Company.

Notes
Continued
For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

17 Intangible assets

Computer software

	Software licenses
At 1 April 2013	
Cost	1,479
Accumulated depreciation	(31)
Net book amount	1,448
Year ended 31 March 2014	
Opening net book amount	1,448
Additions	971
Amortisation charge	(528)
At end of year	1,891
At 31 March 2014	
Cost	2,450
Accumulated amortisation	(559)
Net book amount	1,891
Year ended 31 March 2015	
Opening net book amount	1,891
Amortisation charge	(613)
At end of year	1,278
At 31 March 2015	
Cost	2,450
Accumulated amortisation	(1,172)
Net book amount	1,278

18 Inventories

	2015	2014
Raw materials	31,072	36,877
Work in progress	2,690	858
Finished goods	983	1,254
General stores and consumables	4,421	4,971
	39,166	43,960

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to K 209 million (2014: K 215.6 million).

At 31 March 2015, the provision made for inventory amounted to K 2.9 million (2014: K 2.8 million).

(All amounts are in thousands of Kwacha unless otherwise stated)

19 Trade and other receivables

	2015	2014
Trade receivables	1,301	1,686
Less: Provision for impairment losses	(188)	(267)
	1,113	1,419
Amount due from related parties (note 27)	14,516	11,122
Prepayments and accrued income	9,944	20,199
Other receivables	7,788	230
	33,361	32,970

The carrying amount of receivables and prepayments approximate their fair value.

Movements on the provision for impairment of trade receivables are as follows:

	2015	2014
At start of the year	267	-
Provision for receivables impairment	200	267
Receivables written off during the year as uncollectible	(279)	-
At end of year	188	267

20 Derivative financial instruments

	2015	2014
Forward exchange contracts:		
Asset	449	608

The derivative financial instrument comprises forward foreign exchange contracts that are designated as hedging instruments and are considered as trading derivatives. Trading derivatives are classified as a current asset or current liability in the statement of financial position. The hedged item relates mostly to inventory purchases.

The full fair value of a trading derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the remaining maturity of the hedged item is less than twelve months.

There was no ineffectiveness to be recorded from the cash flow hedges.

The notional principal amounts of the outstanding forward exchange contracts at 31 March 2015 were K 50.6 million (2014: K 17.7 million).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity (note 14) on forward foreign exchange contracts as of 31 March 2013 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of fixed assets, in which case recognition is over the lifetime of the asset.

Notes
Continued
For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

21 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2015	2014
Cash at bank and in hand	30,945	25,666

22 Trade and other payables

	2015	2014
Trade payables	11,853	25,824
Amounts due to related companies (note 27)	114,662	36,186
Accrued expenses	9,165	10,903
Dividends payable	13,934	13,934
Other payables	18,273	10,270
	167,887	97,117

23 Financial instruments by category

	Financial assets at fair value	Loans and receivables
At 31 March 2015		
Assets as per the statement of financial position:		
Trade and other receivables	-	23,417
Derivative financial instruments	449	
Cash and cash equivalents	-	30,945
	449	54,362

	Other financial liabilities at amortised cost
At 31 March 2015	
Liabilities as per the statement of financial position:	
Trade and other payables (excluding statutory liabilities)	159,291

(All amounts are in thousands of Kwacha unless otherwise stated)

23 Financial instruments by category (continued)

At 31 March 2014	**Financial assets at fair value**	**Loans and receivables**
Assets as per the statement of financial position:		
Trade and other receivables	-	12,771
Derivative financial instruments	608	-
Cash and cash equivalents	-	25,666
	608	38,437

At 31 March 2014	**Other financial liabilities at amortised cost**
Liabilities as per the statement of financial position:	
Trade and other payables (excluding statutory liabilities)	95,001

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial assets and liabilities measured at fair value are categorised in level 2.

Notes

Continued

For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

24 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2015	2014
Profit before income tax	43,708	73,588
Adjustments for:		
Interest income (note 6)	(809)	(3,100)
Interest expense (note 9)	181	196
Amortisation on computer software (note 17)	613	528
Depreciation (note 16)	12,035	11,363
Profit on sale of property, plant and equipment (note 6)	(174)	(433)
Foreign exchange effect	(825)	(734)
Changes in working capital		
- Trade and other receivables	(391)	(21,565)
- Inventories	4,794	(12,624)
- Trade and other payables	70,770	33,514
Cash generated from operations	129,902	80,733

25 Contingent liabilities

Legal proceedings

The Company is the subject of a number of legal claims relating primarily to employment issues. In the director's opinion, after taking appropriate legal advice, the outcome of these claims will not give raise to any significant loss. The value of potential claims against the Company, which are not provided for, is K 4.7 million (2014: K 4.7 million).

26 Commitments

Capital commitments

The Company had capital commitments of K12.2 million (2014: K 29.7 million). These relate mostly to the Lusaka Plant Project.

(All amounts are in thousands of Kwacha unless otherwise stated)

27 Related party transactions and balances

The Company is controlled by Heinrich's Syndicate Limited (incorporated in Zambia). The ultimate parent of the Company is SABMiller Plc (incorporated in England and Wales). There are other companies that are related to the Company through common shareholdings or common directorships.

The following were the transactions carried out and balances outstanding with related parties:

i) Interest on amounts from related parties	2015	2014
Fellow subsidiary:		
Zambian Breweries Plc	809	3,100

The amount receivable was unsecured and interest was charged based on the 182 treasury bill rates plus 200 basis points.

ii) Purchase of goods and services	2015	2014
Fellow subsidiaries:		
SABMiller	4,681	4,966
Mubex	40,056	47,083
Zambian Breweries Plc	68,291	-
Sabi - Africa	137	-
	113,165	52,049

Purchases from SABMiller are based on two long-term contracts for:

- The supply of management and technical services and technical assistance; and
- Licensing of know-how.

iii) Sale of goods and services	2015	2014
Parent company:		
Heinrich's Syndicate Ltd	3,382	-
Fellow subsidiary:		
Chibuku Products Ltd	12	30
	3,394	30

Notes
Continued
For the year ended 31 March 2015
(All amounts are in thousands of Kwacha unless otherwise stated)

27 Related party transactions (continued)

(iv) Royalties

	2015	2014
Fellow subsidiary:		
SABMiller International BV	11,936	11,774

Royalties are based on one long-term contract for the use of the Chibuku brand.

v) Management fees

	2015	2014
Fellow subsidiaries:		
SABMiller Management BV	5,621	5,745
Zambian Breweries Plc	7,353	4,092
	12,974	9,837

The management fees relate to support function services provided by Zambian Breweries Plc following the integration of these functions.

vi) Key management compensation

	2015	2014
Salaries and other short-term employment benefits	2,815	3,879

vii) Directors' remuneration

	2015	2014
Fees for services as a director (included in key management compensation above)	139	161

(All amounts are in thousands of Kwacha unless otherwise stated)

27 Related party transactions (continued)

viii) Outstanding balances arising from sale and purchase of goods/services

	2015	2014
Due from parent company:		
Heinrich's Syndicate Ltd	14,334	10,952
Due from fellow subsidiary:		
Chibuku Products Limited	182	170
	14,516	11,122
Due to parent company:		
Heinrich's Syndicate Ltd	-	339
Due to fellow subsidiaries:		
Zambian Breweries Plc	107,753	32,109
Sabi – Africa	80	19
Mubex Ltd	3,372	894
Sabmiller International BV	2,288	2,228
Bevman Services AG (Management fees)	1,169	597
	114,662	36,186

The receivables and payables to related parties are unsecured and interest is charged based on the Bank of Zambia lending rate at each month end payable and receivable monthly.

ix) Dividend payable

	2015	2014
Heinrich's Syndicate Ltd	12,228	12,228

The dividend payable is the amount owed by National Breweries Plc to the parent in respect of final dividend for 2011.

Related party transactions (continued)

viii) Outstanding balances arising from sale and purchase of goods/services

28 Comparatives

Where necessary, prior year comparatives have been reclassified in line with current year presentation.

The deferred income tax change on the fair value gain recognised on the cash flow hedge has been reclassified on the statement of financial position, from derivative financial asset to deferred income tax liability. In 2014, the deferred income tax charge was K 212,974. The reclassification is to ensure that the amount is classified as a deferred income tax liability instead of being netted against the derivative financial asset.

Principal Shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 March 2015 is as follows:

	Name of shareholder	%	Number of shares
1.	Heinrich Syndicate Limited	70.00	44,100,000
2.	Standard Chartered Securities Nominees Ltd	8.74	5,503,141
3.	Public Service Pension Fund	8.17	5,147,500
4.	Saturnia Regna Pension Trust Fund	2.75	1,735,177
5.	National Pension Scheme Authority	2.20	1,386,450
6.	Workers Compensation Fund C.B	1.24	780,666
7.	Local Authorities Superannuation Fund	0.60	378,620
8.	SCBZ Nominees – BBZ Staff Pension Fund	0.44	275,446
9.	M.P.T.L.L	0.40	250,000
10.	KCM Pension Trust Limited	0.33	206,570
	Total	**94.87**	**59,763,570**
	Other shareholders not listed	5.13	3,236,430

Distribution of shareholders

	Number of shareholders	%	Number of shares
Less than 500 shares	513	51.82	156,160
501 – 5,000 shares	389	39.29	736,254
5,001 – 10,000 shares	29	2.93	221,818
10,001 – 100,000 shares	36	3.64	1,159,523
100,001 – 1,000,000 shares	17	1.72	5,024,617
Over 1,000,000 shares	6	0.60	55,701,628
Total	**990**	**100**	**63,000,000**

Corporate Information

CHAIRMAN
V Chitalu

DIRECTORS
A Degroot
G Sokota
H Lubbe
W McCauley
B Hirsch

COMPANY SECRETARY
D Bwalya

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Citibank Zambia Limited
Stanbic Bank Zambia Limited
Standard Chartered Bank Plc
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