Contents

National Breweries Plc

National Breweries Plc is the leading producer of traditional African beer (TAB), namely Chibuku Shake Shake and Chibuku Super, pasteurized TAB with a longer shelf life, which gives it a distinct advantage with delivery to a wide geographic reach.

National Breweries Plc became part of Anheuser-Busch InBev (AB InBev), the largest brewer in the world, with more than 400 beer brands and some 200,000 employees in over 50 countries and also one of the world's largest bottlers of soft drinks, following a merger with SABMiller Plc in October, 2016.

This is the Annual Report of National Breweries Plc for the year ended 31 March 2017. 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).

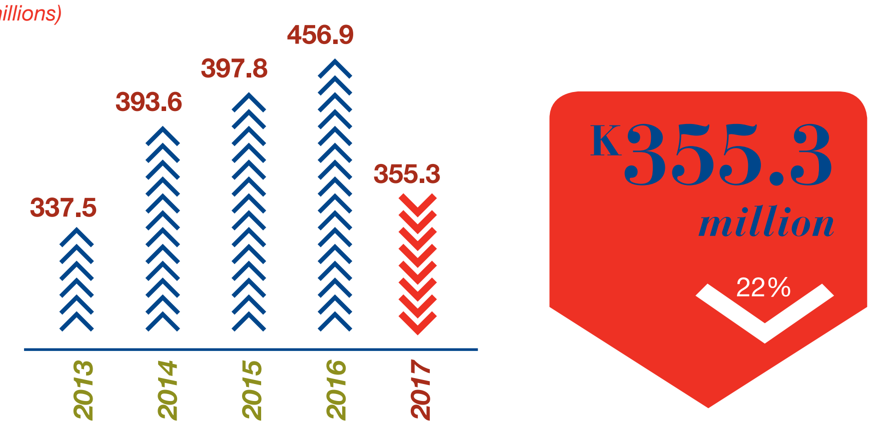
This report includes names of National Breweries Plc products, which constitute trademarks or trade names which National Breweries Plc owns or which others own and license to National Breweries Plc for use. In this report, the term 'Company' refers to National Breweries Plc, except as the context otherwise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

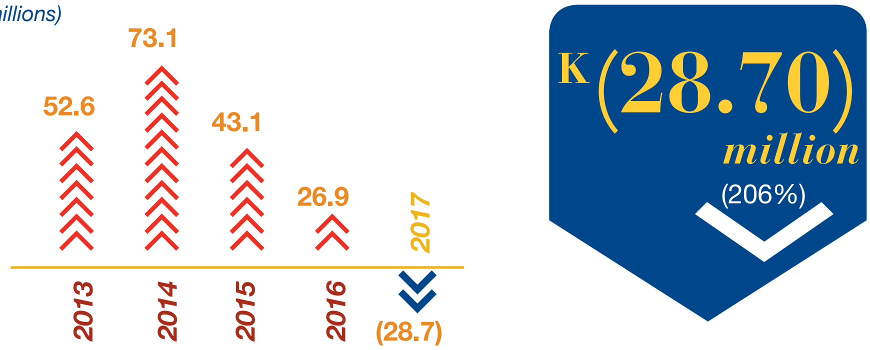
Financial Highlights

(In Kwacha thousands)	2013	2014	2015	2016	2017
Company turnover (Incl. excise duty)	374,176	429,068	431,154	491,978	377,257
Company revenue (Excl. excise duty)	337,470	393,618	397,799	456,983	355,273
Operating (loss)/profit	52,598	73,050	43,064	26,940	(28,672)
(loss)/Profit before income tax	52,381	73,588	43,708	53,797	(64,577)
(loss)/Profit for the year	32,457	46,423	27,684	38,196	(45,851)
Total assets	134,508	227,163	325,553	457,348	374,542
Current liabilities	63,603	103,878	174,022	277,498	250,917
Shareholders' funds	59,794	106,612	134,193	150,054	109,677

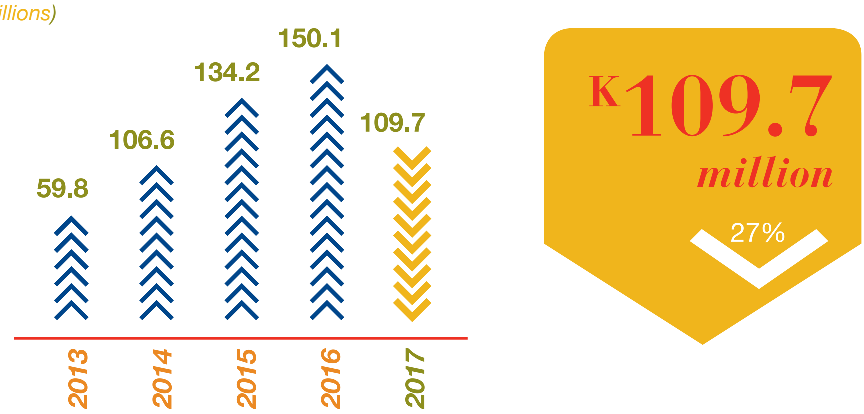
Company revenue
(in Kwacha millions)



Operating(loss)/profit
(in Kwacha millions)



Shareholders' funds
(in Kwacha millions)



1 Business Review

Chairman's Report

Valentine Chitalu
CHAIRMAN

In 2016 AB InBev merged with SABMiller globally. This meant a change in corporate structure and culture at country level, marking a milestone in the history of National Breweries Plc.

Set against a backdrop of a rapid increase in the sale of illegal bulk opaque from a number of large operators and significant inflationary cost increases, the business experienced a sharp decline in profitability in the period. As Management recognised the need to restructure costs, three breweries were closed which resulted in a number of exceptional one-off costs being recorded in the period. The restructuring of the operation and the improvement in operational efficiencies in the period has set the business on the right trajectory for profitable growth in the coming years.

Market Overview

The economic shocks experienced in the local economy for most of 2015 and part of 2016 that included power shortages, low copper prices, volatile exchange rates and the tripartite general elections of August, 2016 caused uncertainity. The tightening of liquidity meant that we saw a sharp decline in volumes in the last two quarters. There are some indications, however that the economy has started to turn the corner.

The Zambian economy is projected to grow about 4.2 % this year, with developments in the global copper market likely to have a significant impact.

A reasonable rainy season in 2016/17 contributed to a more consistent power supply to the mines, while copper prices remained firmly above US$5,500 per metric tonne in the last quarter after dipping below US$4,500 in June, 2016. Commentators expect the price to hit US$6,500 later in 2017, buoyed by growth in refined copper production in the world's largest consumer of copper, China.

Against this backdrop, we have seen cautious optimism around growth in Zambian economic fundamentals, with higher, more stable copper prices strengthening the Kwacha, stabilising inflation and a slight slowdown in interest rates.

We continued to experience significant pressure from large suppliers of bulk opaque beer sold illegally, and have stepped up our engagement with the Government in order to see that the existing legislation is enforced to stop this practice.

Statutory Instrument No. 72 of 2012 – the Liquor Licensing (Intoxicating Liquor) (Quantities and Packaging) Regulation, 2012 – bans the production, transport and sale of alcohol in bulk containers.

In this context we were particularly pleased to see the Government's 2017 budget announcement to introduce a new 'presumptive tax' on opaque beer, a move that is likely to discourage tax evasion and help promote compliance.

Strategic Review

The year started in April with the official opening by the Minister of Commerce, Trade and Industry of our new US$30 million Chibuku plant in Lusaka, the most modern Chibuku plant in Africa.

The development was part of the Group's long-term investment plan in Zambia and aims to improve the product quality and production efficiency of the popular and affordable opaque beer brand.

With the prospect of a restructured business, a brighter economic outlook and a new Group structure, National Breweries Plc focused its strategy on strengthening operational efficiencies for a better tomorrow.

Corporate Governance

The AB InBev transaction heralded the consolidation of the previously five Sustainable imperatives into three pillars of a Better Worlds strategy: growing livelihoods and healthier and cleaner worlds.

The Manja Pamodzi clean-up campaign continued in Lusaka with just under 300 collectors registered on the program, more than half being women. The business deepened its reach with supporting the agriculture sector through the procurement of some 15,000 tonnes of maize that was used in the production of the Chibuku products.

During the year the Board of Directors continued to set the direction of the Company by ensuring the right tone was set at the top through reviewing and approving the strategic plans. Management focused on ensuring that the approved strategy was executed and members of staff were guided in achieving their goals. A strong performance management and internal control environment was vital to the continued steady growth of the Company, albeit during a difficult phase of its existence.

Future Prospects

Following the AB InBev transaction, the parent company has taken steps to undertake a strategic review of the role that National Breweries Plc plays in the Group's larger portfolio. We are confident that the restructured Company is well-placed to thrive in the future, whether it is within or outside of the Group and that it may well present an exciting new opportunity for interested parties.
Post the year under review, the Board of

Directors has issued a Cautionary Announcement to shareholders and the market that Anheuser-Busch InBev SA/NV (NYSE:BUD) is undertaking a review of its strategic options relating to its investment in National Breweries Plc, including a possible sale of its effective 70% shareholding in National Breweries Plc.

The strategic review process will commence shortly, and is expected to complete in the second half of the calendar year.

Country Director's Report

Annabelle Degroot
COUNTRY DIRECTOR

As with 2016, 2017 was a challenging year to operate in. However, we did not relent, but pushed forward to find solutions and to restructure the business for the future. The backdrop of high inflationary cost increases and increasing competition from illegal bulk opaque players and unregulated cheap spirits required us to rethink our approach for the future.

Driving costs down was critical to maintaining the lean and efficient structure that was desired for the business. Consequently, we decided to close Chipata, Ndola and Kabwe breweries and all depots in the period following the Board's decision to reduce operational losses and fixed costs. All production now takes place at our state of the art brewery in Lusaka and at our Kitwe plant.

Our Shake Shake pack was given a fresh look by adopting the pan-African pack. The new look created excitement among consumers in Lusaka which helped to drive trial of our smoothened liquid and regain volume share from competition. In addition, our quality and brand equity for Super grew well in the period. During this period we conducted a successful voluntary separation exercise which involved dialogue with key stakeholders including national and local unions and Government.

The appointment of an experienced Commercial General Manager as of 1st August, 2016 has been instrumental in developing the business. All remaining temporary workers were converted to full-time employees in National Breweries Plc from 1st October, 2016. National Breweries Plc is fully compliant with the employment law on temporary and casual workers.

At a corporate level, the Company has continued to engage the Government on illegal bulk beer and illicit spirits and is spearheading the initiative of formulating an industry body to regulate illicit alcohol. As a result of our successful lobbying, Government introduced a presumptive tax on opaque producers in the 2017 budget. We continue to lobby Government on the enforcement of regulations on bulk sales. Unregulated, illicit alcohol remains a key challenge for our business and the beverage industry as a whole. We sincerely hope the relevant authorities will address this matter urgently

Sales environment

It has been a challenge to achieve competitive pricing of our products in the face of selective implementation of SI No. 72 of 2012, by the responsible Local Councils across the Country. The large scale and unregulated sale of sub-standard bulk opaque beer across the country makes it very hard for legitimate businesses such as ours to compete on a level playing field. Further, the poor quality of this product contributes significantly to alcohol related social ills which ultimately further damages the reputation of the total opaque beer category. The non-payment of tax by most of these entities means that Government looks increasingly to the legitimate businesses to raise revenue.

Performance

Total opaque volumes declined by 37% on the prior year for the period. This was partly deliberate as we took the decision to close breweries and to stop unprofitable delivery routes.

Despite a significant reduction in losses associated with delivery, fixed costs and a more effective distribution, the Company recorded an operating loss of K38 million for the period. Exceptional one-off costs related to forward contracts and the business restructuring contribruted to this loss. Unfortunately, as high inflationary cost increases impacted the business from the start of the year, and the restructuring was not complete until the final quarter, the business did not make an operating profit before exceptionals.

Outlook

Next year we plan to halt the decline in volumes through improved trade execution, growing Chibuku Super volume through a restructured route to market and improving price compliance and availability for the Super pack among other initiatives. We will operate as a leaner, more efficient business. The current stability in the economy and improved economic metrics, including a bumper maize harvest in 2017, has prepared the ground for a better year in 2017.

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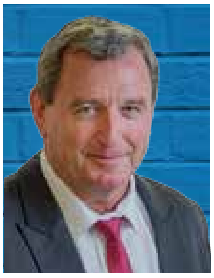
Corporate Governance and Sustainable Development

Board of Directors

VALENTINE CHITALU | Valentine (52) is an entrepreneur in Zambia and Southern Africa specializing in private equity and local private sector development. Until December, 2003, Valentine worked for CDC/Actis in London and Lusaka specializing 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 organizations. Valentine is a qualified Accountant.

GEORGE SOKOTA | George (69) 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 sectors. He also sits on a number of boards of notable companies, several of which he chairs.



WAYNE McCAULEY | Wayne (53) 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 the Central and Isando Regions, before moving to Ohio, USA as General Manager of the 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. Wayne resigned from the Board on 31^{st} December, 2016.

BRIAN HIRSCH | Brian (41) 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 Plc 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 Head Office: 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 before moving to the Africa Head Office in the role of Head of Strategy and Operations Finance.

LUCIA ADELE SWARTZ | Lucia (59) was appointed to the Board in January 2016. She joined SABMiller Africa (Pty) Ltd in February 2015 as Regional Human Resources Director. She has over 30 years' experience in the field of Human Resource Management, having started her career with Reckitt and Colman. She joined BP Southern Africa (Pty} Ltd in 1988 and held various posts in the Seagram Spirits and Wine Group, including Human Resources Director: Global Functions (New York). She was appointed as Group Head Human Resources at Sappi Ltd in May, 2002. She has International experience in both corporate and start–up operations and a proven track record of successfully building and aligning people capabilities to the needs of the business. She holds a BA in Psychology and Geography (University of the Western Cape), a Diploma in Human Resources Management (Peninsula Technicon) and completed the Advanced Management Program at Henley Business School (UK). She has also held various board appointments.

ANNABELLE DEGROOT | Annabelle (44) was appointed as Managing Director in December, 2014, having formerly served as the Finance Director of National Breweries Plc 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 accountant with the Institute of Chartered Accountants, England & Wales (ICAEW). She is a Fellow of ZICA.

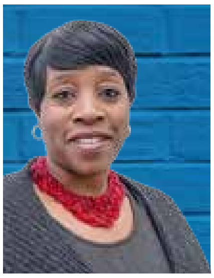
FAITH MUKUTU | Faith (36) was appointed as Finance Director and took up a seat on the Board in November 2015 having moved from Maluti Mountain Brewery (SABMiller Plc subsidiary) in Lesotho where she served in the same capacity from 2011. She originally joined National Breweries Plc in June, 2005 as a Management Accountant and was promoted to the position of Finance Director for the Malawi operation – Chibuku Products Ltd - in 2008. She has over 13 years' experience in Audit and Finance functions and started her career at PricewaterhouseCoopers. Faith is a Chartered Accountant and is a Fellow of ACCA.

Executive Committee

ANNABELLE DEGROOT - COUNTRY DIRECTOR | Annabelle (44) was appointed as Managing Director in December 2014, having formerly served as the Finance Director of National Breweries Plc 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 accountant with the Institute of Chartered Accountants, England & Wales (ICAEW). She is a Fellow of ZICA.

FAITH MUKUTU - FINANCE DIRECTOR | Faith (36) was appointed as Finance Director and took up a seat on the Board in November 2015 having moved from Maluti Mountain Brewery (SABMiller Plc subsidiary) in Lesotho where she served in the same capacity from 2011. She originally joined National Breweries Plc in June 2005 as a Management Accountant and was promoted to the position of Finance Director for the Malawi operation – Chibuku Products Ltd - in 2008. She has over 13 years' experience in Audit and Finance functions and started her career at PricewaterhouseCoopers. Faith is a Chartered Accountant and is a Fellow of ACCA.

FRANZ SCHEPPING - TECHNICAL DIRECTOR | Franz (42) was appointed Technical and Supply Chain Director for National 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 million hectolitres brewery and its affiliated malting plant, with an annual capacity of 35.000 tonnes. He holds a Master's Degree from the Technical University in Munich in Brewing and Beverage Technology.



NYANGU KAYAMBA - HUMAN RESOURCES DIRECTOR | Nyangu (49) joined the business in 2004 as Executive Trainee - Human Resources. She was appointed Human Resources Manager South in 2005 and took up the postion of Human Resources Director in 2007. 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. Nyangu resigned from the Company on 1st July, 2016.

DARRYL HASKIS - SALES AND DISTRIBUTION DIRECTOR | Darryl (51) was appointed Sales and Distribution Director on 1st 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.

THOMAS KAMPHUIS - MARKETING DIRECTOR | Thomas, (40) was appointed to the Executive Committee in April, 2015. He joined SABMiller Africa (Pty) Ltd in January, 2013 as Regional Manager Global Brands. He has over 14 years' experience in the field of First Moving Consumer Goods (FMCG) Marketing. He started his career with Mars inc. He joined SABMiller Plc in February, 2006 and holds an MSc degree from Wageningen University in the Netherlands. Thomas resigned on 31st January, 2017.

EZEKIEL SEKELE - CORPORATE AFFAIRS DIRECTOR | Ezekiel (46) was appointed in April 2015 as Corporate Affairs Director, having moved from Cervejas de Mocambique (SABMiller Plc subsidiary) where he served as Decision Support Manager and later Commercial Finance Manager from 2010 to 2014. He originally joined National Breweries Plc in January, 2004 as Group Chief Accountant. He has over 15 years' experience in the field of Finance, Corporate Governance and Planning. He started his career with Deloitte & Touche and later worked for the Commonwealth Development Corporation at the Mpongwe Development Company. He is a board member of the Zambia Chamber of Commerce and Industry and a member of the Institute of Directors of Zambia. He is a Fellow of both ACCA and ZICA, Associate of the Institute of Chartered Secretaries and Administrators of the United Kingdom (ICSA UK), holds postgraduate Diplomas in Corporate Governance (DipCG), International Financial Reporting Standards and a Masters Degree in Business Administration.

THECLA CHILOKOTA - COUNTRY PEOPLE LEAD | Thecla Chilokota (48) was appointed as Country People Lead on 1st March, 2017. She has over 20 years' experience in both the Technical and Human Resource fields. She began her career with the Zambia Bureau of Standards as a Standards Officer for 5 years before taking up positions at Zambia Bottlers Limited in the Manufacturing and Quality Department as Quality Systems Coordinator and then Quality Assurance Manager. She transferred to the Zambian Breweries Plc Lusaka Plant in 2004 as Quality Systems Manager and then Quality Assurance Manager in 2006. In 2010 she took up the role of Human Resources Manager – Technical and later Human Resources Business Partner in National Breweries Plc, before her appointment as acting Human Resource Director on 1st July, 2016. She holds a BSc in Biology and Chemistry from the University of Zambia and is a member of the Zambia Institute of Human Resources Management.

Corporate Governance Statement

Deborah Bwalya
COMPANY SECRETARY

The Corporate Governance framework for National Breweries Plc is underpinned by the application of best practices and processes through which the business is directed and controlled. This framework guides the balancing of the various stakeholder's interests including shareholders, management, employees, customers, suppliers, financiers, government and communities.

To achieve this objective, the Company's Board and Management continued to embed performance management across the business. The Human Resources function ensured that key performance indicators were measured, for employee productivity, growth and on the job development. Operational performance indicators were maintained in Sales, Distribution and Manufacturing functions whilst the Finance function tracked and reported the financial indicators on profitability and working capital management.

Using the Sustainable Assessment Matrix, the Corporate Affairs function undertook to coordinate and track the oversight on key indicators on water usage, carbon emissions control, empowerment, local sourcing and human rights. These indicators provide important feedback to management that is then used for decision-making risk control and management.

We summarise the Company's Corporate Governance framework as follows:

SETTING THE DIRECTION – THE BOARD

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 the Code of Ethics and tracks its compliance. 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 (KPIs) for all Functional Heads and a robust Performance Management System.

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), with a broad balance of skills, knowledge of the business and the environment. The Audit Committee reviews and deliberates comprehensive reports from the Internal Audit function and the Statutory Auditor and makes recommendations to the Board. Nominations to the Board are approved by the full Board of Directors, taking into consideration the skills balance on the Board.

The Chairman of the Board is an independent non-executive Director who provides leadership and ensures the effectiveness of the board. The Board members retire and are re-elected at the Annual General Meeting in line with the Company's Articles of Association and the Companies Act. The appointment of the Statutory Auditors and their remuneration is approved by the Board and the shareholders in the Annual General Meeting.

Delegation of Authority

The separation of responsibilities between the Board and the Country 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.

Corporate acts, strategic planning, capital expenditure and annual budget approval, asset disposals, and borrowing powers are reserved as the mandate of the Board.

The Chart of Authority also covers in detail the various levels of approval for the following: credit policies, write off of current assets and book value adjustments, sales and operating revenue, approval of operating expenses, lease agreements and contracts, corporate social investments, recruitments, payroll, collective labour agreements and training, legal, statutory and enterprise resource planning, insurance claims, donations, code of conduct and communications policy.

Board Attendance and Meetings

The Board of Directors is composed of the following members:

Valentine Chitalu	Independent Non-Executive
George Sokota	Independent Non-Executive
Wayne McCauley*	Non-Executive
Sean Smuts***	Non-Executive
Pedro Cruz***	Non-Executive
Brian Hirsch**	Non-Executive
Lucia Swartz**	Non-Executive
Annabelle Degroot	Executive
Faith Mukutu	Executive

* Resigned 31st December, 2016   ** Resigned 12th May, 2017   *** Appointed 12th May, 2017

The following meetings were held during the period under review:

Board Meetings

Member	27th May 2016	10th November 2016	15th February 2017
Valentine Chitalu	√	√	√
George Sokota	√	√	√
Wayne McCauley	√	√	N/A
Brian Hirsch	√	√	√
Lucia Swartz	√	√	√
Annabelle Degroot	√		√
Faith Mukutu	√	√	√

Audit Committee

The Audit Committee sits to review, make recommendations and provide assurance to the Board as to the state of the company's internal control environment and financial management adequacy. Some of the key matters reviewed include, but are not limited to, Financial Statements, Internal Audit Report, Risk Register, Delegation of Authority and Management Representation Letters.

The Audit Committee is composed of the following members:

George Sokota	Independent Non-Executive
Brian Hirsch	Non-Executive
Luiza Moreira	Non-Executive

Audit Committee Meetings

Member	26th May 2016	9th November 2016	14th February 2017
George Sokota **(Chairman)**	√	√	√
Brian Hirsch	√	√	√
Luiza Moreira		√	

Corporate Governance Statement

MANAGEMENT AND CONTROL

Executive Committee

MEMBER	FUNCTION
Annabelle Degroot	Country Director
Faith Mukutu	Finance Director
Darryl Haskis	Sales and Distribution Director
Thomas Kamphuis**	Marketing Director
Ezekiel Sekele	Corporate Affairs Director
Nyangu Kayamba*	Human Resources Director
Thecla Chilokota	Country People Lead

*Resigned 1st July 2016 **Resigned 31st January 2017

The role of the Executive Committee is to implement strategy and provide operational oversight. The Committee meets monthly to review the KPIs as set out in the KPI dashboard. The meetings place focus on the following:

1. **Marketing:**
   - *Market and volume growth indicators*
2. **Sales and Distribution:**
   - *Consumer and Customer performance indicators*
3. **People:**
   - *High performance culture*
   - *Leadership development*
4. **Operations:**
   - *Improving of work environment*
   - *Productivity*
5. **Sustainable development:**
   - *Alcohol responsibility*
   - *Stakeholder engagement*

Internal Controls

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

An independent whistle-blowing mechanism is in place and provides our stakeholders with an objective and confidential mode of communication to report any governance concerns.

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 Executive Committee and to the Board through the Audit Committee. Function heads are responsible for developing the Risk Register which is regularly up-dated and reviewed by the Executive Committee before submission for deliberation by the audit committee. The Risk Register addresses the top ten risks and detailed management plans for mitigation which are reviewed by the Audit Committee of the Board at each meeting.

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

This financial year has seen an indirect change of control as AB InBev finalized a transaction with SABMiller Plc. As a result, we have already experienced the entrenchment of a new governance culture, focused on 10 principles, including:

"We never take shortcuts. Integrity, hard work, quality and responsibility are key to building our company."

This has entailed the roll out of new Policies on Anti-Bribery, Code of Ethics, Human Rights and Anti-Money Laundering and a more stringent compliance Programme. The Code of Business Conduct covers the following areas:

- *Honest and Ethical Conduct*
- *Environment, Health and Safety*
- *Human Rights*
- *Responsible Drinking*
- *Compliance with Competition and AntiTrust Laws*
- *Conflicts of Interest*
- *Compliance with Anti-Corruption Laws*
- *Gifts and Hospitality*
- *Political Contributions, Mandates*
- *Books, Records and Controls*
- *Confidentiality*
- *E-mails, Internet and Information Systems*
- *Social Media*
- *Use of Company Assets*
- *Code of Responsible Communication*
- *External Communication*
- *Code of Dealing*

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 function engages regularly with consumers, the Government, civil society organizations and representatives from the community. We have appointed a Transfer Secretary for the timely disposal of shareholder enquiries.

We formalised our collaboration with the Road Traffic and Safety Agency, in September, 2016, and the Lusaka Province Liquor Traders' Association through separate Memoranda of Understanding in order to further our Responsible Alcohol Policy to address drunk driving, under-age drinking and compliance with legal opening hours for the sale of alcohol.

Responsible Alcohol Consumption Strategy

Being an alcohol producing Company, we are committed to upholding best practices in the production, sale, distribution and marketing of our products.
During the year we continued to raise our game in the manner in which we play in the alcohol sector.

Of prime importance was playing a pivotal role in seeing that the alcohol sector in Zambia was regulated. Through this initiative, various engagements were held with the Zambia Association of Manufacturers (ZAM) which saw the creation of an Alcohol Sub-Committee within the institution.

Furthermore, the level of illicit alcohol and weak enforcement in the industry was a concern. The business engaged with the various Government ministries, City Councils and Zambia Revenue Authority (ZRA). Trade visits to selected outlets were undertaken in Lusaka by a combined team from the Zambia Bureau of Standards (ZABS), ZRA, City Council officials and the Company.

In order to enhance self-regulation, the Company continued to maintain the Sales, Marketing, and Compliance Committee (SMCC). The Committee is tasked with ensuring that all Sales and Marketing activities such as brand campaigns, promotions, new launches, print media or digital communication and outdoor advertising are all reviewed by the Committee prior to being released to the market. Further, the Committee is headed by an independent chairperson who is a medical doctor by profession.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Chibuku

National Breweries Plc is committed to creating employment and empowering individuals in the communities in which it operates

Sustainable Development Goals as guided by the United Nations is concerned with meeting of today's needs without impacting negatively on the ability of future generations to have a meaningful livelihood. To this end, our business is concerned with the following:

1. Environmental protection
2. Social responsibility
3. Economic participation

National Breweries Plc is committed to the promotion of Sustainable Development across the business. Following the merger of SABMiller and AB InBev in October, 2016 the business has seen the consolidation of its, previously, five Prosper sustainability imperatives into three pillars under AB InBev's Better World strategy.

Striving for a Better World:

Our Better World strategy aligns our environmental, social and alcohol responsibility efforts around three core pillars to make the world a better place:

- A growing world where everyone has the opportunity to improve their livelihoods.
- A cleaner world where natural resources are shared and preserved for the future.
- A healthier world where every experience with beer is a positive one for lives well lived.

Throughout our operations and supply chain, we are aligning our Better World pillars to the UN Sustainable Development Goals (SDGs) that address areas most material to our business and critical to our stakeholders.

We set out below how the most important SDGs for our business are aligned to our Better World strategy.

National Breweries Plc is committed to creating employment and empowering individuals in the communities in which it operates. This commitment can be seen through the empowering of individuals, youths and women. Last year the Company empowered youths and women in Lusaka and Ndola, among other areas.

Due to high unemployment levels among the youths in Zambia, the Company supported efforts to launch a Youth Empowerment Programme (YEP) called Kick-Start in November 2016, in Lusaka and Ndola. In addition, five Aggregators from the Manja Pamodzi Recycling Project for Solid Waste Management were empowered with land, an operating office (container) and tools.

Skills development

Small-scale shopkeepers and bar owners are benefiting from a new initiative that aims to give them the skills to grow their business. The ''Mayo Mpapa" Retailer Development Program gives entrepreneurs an opportunity to expand their capacity and improve their output significantly. The program is aimed at developing and nurturing small retailers and taverns through targeted skills development to create an enabling environment for small businesses within urban and peri-urban areas across the Country.

The program is composed of four major modules, including personal money management, basic business skills, "running my beer business" and responsible retailing and environmental awareness. A total of 700 small scale retailers have been trained since 2015.

Agriculture

National Breweries Plc is one of the largest business partners and employers in the many rural areas. The Company actively promotes the procurement of locally produced raw materials from rural farmers, resulting in poverty alleviation and the sustainable development of these rural economies. The Company has continued its support to the agriculture sector through the buying of agriculture products and empowering small scale farmers. Last year, the Company bought 15,000 tonnes of maize from small scale farmers for use in the production of Chibuku.

National Breweries Plc is committed to expanding its sourcing from smallholders in a way that generates commercial value for the business and improves the lives of those in the communities in which it operates through job creation and economic empowerment.

A HEALTHIER WORLD – SOCIAL SUPPORT:
Responsible Alcohol Consumption

Responsible drinking is a key focus area for the Company. We have a continuous program in schools to highlight the dangers of under-age drinking, and we have also joined with the Road Transport and Safety Agency (RTSA) to curtail drunk-driving.

During the year we appointed Dr Mulimansenga Michael Chanda as the first independent Chairperson of our Sales and Marketing Compliance Committee tasked with ensuring that our marketing messages encourage responsible consumption.

The Company realises that the challenge of under-age drinking is real. As such we continued to roll out under-age drinking programmes across secondary schools in Lusaka. The program will be rolled out to other areas in the Country.

Road Safety

In October, 2016 we signed a Memorandum of Understanding with RTSA, donating K200,000 to its campaign to help enforce safety measures during the festive period. The monitoring activities were a success and a further contribution was planned for the subsequent year for the same amount.

Partnership with Building

We progressed with building partnerships in the area of alcohol trading with the Lusaka Province Liquor Traders' Association, Lusaka City Council and the Zambia Association of Manufacturers. We continued to engage with key stakeholders around our concerns on the rapid increase in the availability of cheap unregulated spirits in the market including the Government and the Zambia Revenue Authority.

A CLEANER WORLD – SOLID WASTE MANAGEMENT:
Water

Water has continued to be a challenge, mostly in Lusaka. The Lusaka plant is operating in an area which is highly water stressed and this given the severe climatic conditions of the recent past. The Company continued to put in place measures that ensured that more products were produced from less water. During the year improvements were made in the water management arena.

Community Sanitation

In our bid to help with community sanitation, especially that there are blocked drains in most parts of Lusaka, we continued rolling out our Manja Pamodzi initiative in new areas in the City. Our long term view of the recycling project is to exit and allow for the project to have more partners with the ability to independently manage the industry on a commercial basis. Our expectations for now are to kick-start the industry in Zambia.

As part of launching the project in communities surrounding Lusaka, the District Clean-up Days were initiated in various areas of the City, and with over 3,000 Lusaka residents benefiting from the Manja Pamodzi 'Keep Your Community Clean' awareness campaign.

The project is co-funded by Zambian Breweries Plc. and the Millennium Challenge Account. A number of other supporting organizations joined the project during the course of the year and included the French Embassy, Lusaka Water Security Initiative
UNICEF, GIZ and other partners from the private and public sectors, civil society and international organisations.

Social Investment

National Breweries Plc is constantly strengthening its commitment to social investment. The Company is relentlessly supporting worthy causes, organisations and charities aimed at poverty alleviation and social responsibility.

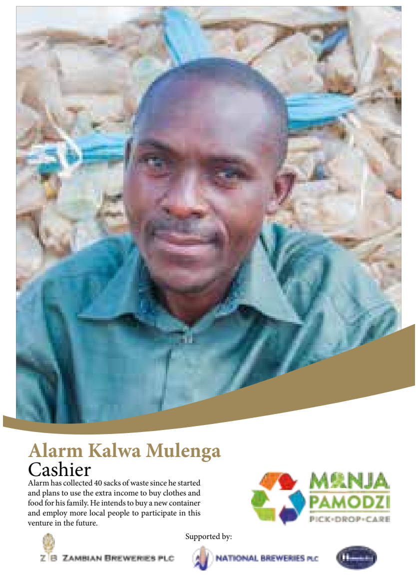
Environmental Conversation

Global warming poses unique and potentially high risks and challenges to the environment. The stewardship of the environment in which National Breweries Plc operates is a responsibility the Company takes extremely seriously.

Manja Pamdozi: working for a cleaner world

Manja Pamodzi: cleaning up Lusaka

Aggregating packaging waste inpreparation for recycling.



Providing livelihoods for local people

Celebrating community collectors.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2017, 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.

Results and dividends

	2017 K' 000	2016 K' 000
Revenue	355,273	456,983
(Loss)/Profit for the year	(45,851)	38,196

The net loss for the year has been added to retained earnings. During the year, the Company did not pay any interim dividend (2016: K16.6 million). The Directors do not recommend payment of a final dividend (2016: 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	
Faith Mukutu	Finance Director	
Sean Smuts	Non - Executive Director	Appointed 12 May 2017
Pedro Cruz	Non - Executive Director	Appointed 12 May 2017
Brian Hirsch	Non - Executive Director	Resigned 12 May 2017
Lucia Swartz	Non - Executive Director	Resigned 12 May 2017
Wayne McCauley	Non - Executive Director	Resigned 31 December 2016

Average number and remuneration of employees

The total remuneration of employees during the year amounted to K62 million (2016: K46.8 million) and the average monthly number of employees during the year was as follows:

Month	Number	Month	Number
April	781	October	548
May	780	November	546
June	779	December	549
July	759	January	536
August	731	February	531
September	703	March	366

Gifts and donations

During the year, the Company made donations of K 41,869 (2016: K 149,462) to various charitable organisations and events.

Exports

The Company did not export any products during the year (2016: Nil).

Property, plant and equipment

The Company purchased property, plant and equipment amounting to K 9.5 million (2016: K 108 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 (2016: 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.

Developments during the year

In October 2016, SABMiller Plc merged with the global beverage manufacturing company,' Anheuser Busch InBev (AB InBev), thereby becoming the new ultimate parent company.

Auditor

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

By order of the Board

Deborah Bwalya
Company Secretary

2nd June, 2017

Statement of Directors' Responsibilities

The Zambia 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 Zambia 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 further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement 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 the statement of financial postion.

Valentine Chitalu
Chairman

Annabelle Degroot
Country Director

2nd June, 2017

Independent auditor's report

To the Shareholders of National Breweries Plc

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of National Breweries Plc (the "Company") as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the requirements of the Zambia Companies Act.

What we have audited

The financial statements of National Breweries Plc are set out on pages 27 to 60 comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 March 2017;
- the statement of financial position as at 31 March 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment As described in Note 4: critical accounting estimates and judgments, the Company tests assets for impairment when indicators of impairment exist. We determined this to be an area of focus for the audit on account of the significant judgements applied by the directors in estimating recoverable amounts and materiality of the amounts involved. Details of the impairment test are further disclosed in Note 16 to the financial statements.	We obtained an understanding of the nature of the assets subjected to the impairment assessment; We reconciled the impairment workings to the financial statements; We held discussions with management in the technical department to understand judgments applied in performing the impairment assessment and corroborated those judgements with our knowledge and experience of the business; and We checked the impairment loss computation performed by management for internal consistency and reasonableness of judgements applied.

Other information

The directors are responsible for the other information. The other information comprises Financial highlights, Chairman's report, Country director's report, Board of directors, Executive committee, Corporate Governance statement, Managing sustainable development, Directors' report, Principal shareholders, Corporate information and Glossary of terms (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers
Chartered Accountants
Lusaka

Date: 5th June 2017

Charity Mulenga
Practising Certificate Number: AUD/F000945
Partner signing on behalf of the firm

3 Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

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

	Notes	2017	2016
Revenue		355,273	456,983
Cost of sales		(250,161)	(317,040)
Gross profit		105,112	139,943
Other operating income/(expense)	6	2,860	(6,205)
Distribution costs		(64,312)	(67,845)
Administrative expenses		(72,332)	(39,510)
Operating (loss)/profit		(28,672)	26,383
Finance income		5,059	27,872
Finance costs		(40,964)	(458)
Finance (costs)/income - net	9	(35,905)	27,414
(Loss)/profit before income tax		(64,577)	53,797
Income tax expense	10	18,726	(15,601)
(Loss)/Profit for the year		(45,851)	38,196
Other comprehensive income/ (loss):			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedge	10	5,474	(5,766)
Other comprehensive income/ (loss) for the year, net of tax		5,474	(5,766)
Total comprehensive (loss)/ income for the year		(40,377)	32,430
Earnings per share for profits attributable to the equity holders of the Company			
-basic and diluted (Kwacha per share)	11	(0.73)	0.61

The notes on pages 31 to 60 are an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 March 2017
(All amounts are in thousands of Kwacha unless otherwise stated)

	Notes	2017	2016
Capital and reserves attributable to the Company's equity holders			
Share capital	13	630	630
Hedge reserve	14	-	(5,474)
Retained earnings		109,047	154,898
Total equity		109,677	150,054
Non-current liabilities			
Deferred income tax	15	13,948	29,796
Total equity and non-current liabilities		123,625	179,850
Non-current assets			
Property, plant and equipment	16	281,296	311,019
Intangible assets	17	84	666
		281,380	311,685
Current assets			
Inventories	18	38,573	56,857
Trade and other receivables	19	34,141	28,898
Current income tax	10	5,113	5,183
Cash at bank and in hand	21	15,335	54,725
		93,162	145,663
Current liabilities			
Trade and other payables	22	250,917	269,076
Derivative financial instruments	20	-	8,422
		250,917	277,498
Net current liabilities		(157,775)	(131,835)
		123,625	179,850

The notes on pages 31 to 60 are an integral part of these financial statements.

The financial statements on pages 27 to 60 were approved for issue by the Board of Directors on 2nd June, 2017 and signed on its behalf by:

Valentine Chitalu
Chairman

Annabelle Degroot
Country Director

Statement of Changes in Equity

For the year ended 31 March 2017
(All amounts are in thousands of Kwacha unless otherwise stated)

	Note	Share capital	Retained earnings	Hedge reserve	Total
Year ended 31 March 2016					
At start of year		630	133,271	292	134,193
Comprehensive income					
Profit for the year		-	38,196	-	38,196
Reclassification to profit or loss		-	-	(292)	(292)
Other comprehensive income for the year	10	-	-	(5,474)	(5,474)
Total comprehensive income for the year		-	38,196	(5,766)	32,430
Transactions with owners					
Interim dividends paid	12	-	(16,569)	-	(16,569)
Total transactions with owners		-	(16,569)	-	(16,569)
At end of year		630	154,898	(5,474)	150,054
Year ended 31 March 2017					
At start of year		630	154,898	(5,474)	150,054
Comprehensive income					
Loss for the year		-	(45,851)	-	(45,851)
Reclassification to profit or loss		-	-	5,474	5,474
Total comprehensive income for the year		-	(45,851)	5,474	(40,377)
At end of year		630	109,047	-	109,677

The notes on pages 31 to 60 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2017
(All amounts are in thousands of Kwacha unless otherwise stated)

Cash flows from operating activities			
Cash generated from operations	24	(13,562)	150,410
Interest received	9	16	557
Interest paid (arising on operating financing)	9	(18,243)	(458)
Income tax paid	10	-	(11,513)
Net cash generated from operating activities		(31,789)	138,996
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(9,484)	(107,970)
Proceeds from sale of property, plant and equipment		5,541	1,593
Net cash used in investing activities		(3,943)	(106,377)
Cash flows from financing activities			
Dividends paid to shareholders		-	(16,569)
Net cash used in financing activities		-	(16,569)
Net (decrease)/ increase in cash at bank and in hand		(35,732)	16,050
Movement in cash at bank and in hand			
At start of the year		54,725	30,945
Increase in cash at bank and in hand		(35,732)	16,050
Exchange differences in cash and cash equivalents		(3,658)	7,730
At end of the year	21	15,335	54,725

The notes on pages 31 to 60 are an integral part of these financial statements.

1 General information

National Breweries Plc (the "Company") is incorporated in Zambia under the Zambian 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 the Zambian 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 profit or loss and other 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.

Going Concern

As shown on the statement of financial position, the Company had net current liabilities of K 158 million (2016: K 132 million). The Company further reported a loss after tax of K 45.9 million (2016: K 38.2 million) during the year which was compounded by significant exceptional costs during the year. This state of affairs may be indicative of the existence of a condition that casts significant doubt over the Company's ability to continue as a going concern. As a result, the Directors performed an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business next twelve months from the balance sheet date. This conclusion has been arrived at after taking into account the following:

- The Company has accumulated profits of K 109 million which the Company continues to net off its current losses;
- The Company is in a net assets position of K 109.7 million (2016: K 150.1 million);
- The Company does not have any external debts; and
- The Directors are implementing various business strategies aimed at improving performance and enhancing sustainable operations in the foreseeable future.

The Directors are confident that the Company will have sufficient working capital to finance its operations and meet financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

Annual Improvements to IFRSs 2012-2014 Cycle. The latest annual improvements, effective 1 January 2016, clarify:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for de recognition.

- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

Amendments to IAS 16 and IAS 38; The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or

- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

As these amendments merely clarify the existing requirements, they do not affect the Company's accounting policies or any of the disclosures.

The adoption of the improvements made in the 2012-2014 Cycle did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statement. 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 still assessing the impact of the new standard.

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 2018 and earlier application is permitted. The Company is still assessing the impact of the new standard.

IFRS 16,'Leases' After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

(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. The Executive Committee consists of the following personnel:

- Managing Director
- Finance Director
- Technical Director
- Human Resources Director
- Sales and Distribution Director
- Marketing Director
- Corporate Affairs Director

(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).

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 and machinery	15 – 20 years
Motor vehicles, furniture and fittings and computer equipment	5 - 10 years
Crates	1 - 2 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.

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(g) Financial assets (continued)

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.

(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.

2 Summary of significant accounting policies (continued)

(h) Derivative financial instruments and hedging activities (continued)

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.

(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.

2 Summary of significant accounting policies (continued)

(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 and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(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.

The Company has tax incentives offered under investment licenses issued by the Zambia Development Agency (ZDA) for capital investments. The income taxable for these specific investments are subjected to a lower corporate tax rate for the first ten years under the ZDA license.

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.

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(s) Comparatives

Under IAS 1, comparative information must be provided for all amounts reported in the financial statements, except when a standard provides otherwise.

IAS 1 further states that comparative information should also be provided for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

(t) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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 AB InBev, the ultimate parent Company.

Financial risk management is carried out by the Finance Department and AB InBev, 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.

The Company previously had a policy that required the Company to manage its foreign exchange risk against the Company's functional currency. The Company was required to hedge 95% of its foreign exchange risk exposure with the SABMiller Group Treasury. The Company used forward contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities.

The Group Treasury risk management policy was to hedge 60% to 95% of the anticipated cash flows (mainly purchase of inventory) in each major foreign currency for the subsequent 6 months. Approximately 95% of the projected purchases in each major currency previously qualified as highly probable forecast transactions for hedge accounting purposes. In the current period, due to losses incurred from the use of forward contracts for hedging purposes, the Company discontinued the use of forward contract in foreign currency risk management. Management purchased foreign currency from the spot market.

At 31 March 2017, if the currency had weakened/strengthened by 14% (2016: 13%) against the USD with all other variables held constant, post-tax profit for the year and shareholder equity would have been K 7.1 million (2016: K 0.7 million) higher/lower, mainly as a result of USD denominated trade payables and bank balances.

At 31 March 2017, if the currency had weakened/strengthened by 22% (2016: 13%) against the EUR with all other variables held constant, post tax profit for the year and shareholder equity would have been K14.4 million (2016: K4.1 million) lower/higher, mainly as a result of EUR denominated trade payables and bank balances.

At 31 March 2017, if the currency had weakened/strengthened by 3% (2016: 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 (2016: immaterial).

(ii) 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:

	2017	2016
- Current	6,432	2,160
Past due but not impaired:		
- by up to 30 days	618	233
- by more than 31 to 60 days	107	373
- above 60 days	509	25
Total past due but not impaired	1,234	631
Total trade receivables due but not impaired	7,666	2,791
Impaired	1,330	141
Receivables individually determined to be impaired:		
Carrying amount before provision for impairment loss	1,330	141
Provision for impairment loss	(1,330)	(141)
Net carrying amount	-	-

(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.

	Less than 3 months	Between 3 months and 1 year	Total
At 31 March 2017			
Trade and other payables (excluding statutory liabilities and dividends)	30,156	209,806	239,962
At 31 March 2016			
Trade and other payables (excluding statutory liabilities and dividends)	72,613	163,788	236,401

(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.

During 2017, the Company's strategy, which was unchanged from 2016, was to maintain a gearing ratio less than 50%. As at 31 March 2017 and 31 March 2016, 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 2016	**Level 2**
Assets	
Financial assets at fair value through profit or loss	
– Trading derivatives	8,422
Total assets	8,422

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.

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.

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.

Income Tax

Significant judgment is required in determining the Company's income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Specifically, the directors have applied judgment in determining an appropriate approach of applying ZDA tax incentives in computing current and deferred income taxes for the year.

The Company records provisions for potential liabilities based on estimates of whether it is probable that additional taxes may be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Useful lives

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 2(d) above. The carrying value of property, plant and equipment is disclosed in Note 16.

Impairment of property, plant and equipment

The Company performs an impairment assessment of assets within the business when events and circumstances indicate impairment. This requires significant judgement in determining the amount of assets that are recoverable. Specifically, the directors have applied judgements in determining the recoverable amounts of individual assets.

The Company records an impairment loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The impairment provision is disclosed in Note 16, property, plant and equipment.

5 Segment information

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. Consequently no operating segments have been identified for the purposes of IFRS 8 reporting.

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

6 Other operating income/(expense)

	2017	2016
Net foreign exchange gain/(loss) other than on borrowings and cash and cash equivalents	2,267	(6,332)
Other income	183	-
Profit on disposal of property, plant and equipment	410	127
	2,860	(6,205)

7 Expenses by nature

The following expenses have been charged in arriving at the profit before income tax:

	2017	2016
Raw materials and consumables used	196,964	261,989
Employee benefits expense (Note 8)	61,981	46,827
Transport expenses	28,003	32,556
Depreciation on property, plant and equipment (Note 16)	25,753	15,996
Maintenance costs	14,374	13,154
Royalties	10,700	13,709
Impairment loss (Note 16)	8,323	-
Amortisation of intangible assets (Note 17)	582	612
Auditor's remuneration	491	331
Provision for inventory write down	368	1,082
Other expenses	39,266	38,139
Total cost of sales, distribution and administrative costs	386,805	424,395

8 Employee benefits expense

The following are included within the employee benefits expense:

	2017	2016
Salaries and wages	43,472	43,735
Voluntary separation costs	12,674	-
Defined contribution scheme – NAPSA and Saturnia	5,835	3,092
	61,981	46,827

9 Finance income and costs

	2017	2016
Finance income:		
Interest income	16	557
Foreign exchange gain on cash and cash equivalents	5,043	27,315
	5,059	27,872
Finance costs:		
Interest expense:		
- Overdrafts	(74)	(155)
- Intercompany (Note 27)	(18,169)	(303)
	(18,243)	(458)
Foreign exchange loss on cash and cash equivalents	(22,721)	-
	(40,964)	(458)
Finance (cost)/income - net	(35,905)	(27,414)

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

10 Income tax

	2017	2016
Current income tax	70	195
Deferred income tax (Note 15)	(17,221)	1,214
Provision held against ZDA benefit	(1,575)	14,192
Income tax (credit)/ expense	(18,726)	15,601

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:

	2017	2016
(Loss)/ Profit before income tax	(64,577)	53,797
Tax calculated at the statutory income tax rate of 35% (2016: 35%)	(22,602)	18,829
Income not subject to tax	-	(19,077)
Provision held against ZDA benefit	(1,575)	14,192
Expenses not deductible for tax purposes	5,451	1,657
Income tax (credit)/expense	(18,726)	15,601

Current income tax movement in the statement of financial position

	2017	2016
At start of the year	(5,183)	6,135
Charge for the year	70	195
Payments	-	(11,513)
At end of the year – (asset)/liability	(5,113)	(5,183)

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 2017. Quarterly tax payments for the year ended 31 March 2017 were made on the due dates during the year.

Tax losses

Tax losses are available for carrying forward for a maximum period of five years. The Company has tax losses as below:

Year	Tax loss	Utilised during the year	Losses expired during the period	Cumulative	Year of expiry
31-Mar-16	38,898	-	-	38,898	2021
31-Mar-17	120,126	-	-	159,024	2022

10 Income tax (continued)

The tax charge relating to components of other comprehensive loss/ (income) is as follows:

	2017		
	Before tax	**Tax charge**	**After tax**
Cash flow hedge	8,422	(2,948)	5,474
Other comprehensive income	8,422	(2,948)	5,474
Deferred income tax (Note 15)	-	(2,948)	-

	2016		
	Before tax	**Tax credit**	**After tax**
Cash flow hedge	(8,422)	2,948	(5,474)
Other comprehensive income	(8,422)	2,948	(5,474)
Deferred income tax (Note 15)	-	2,948	-

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.

	2017	**2016**
Profit attributable to equity holders of the Company	(45,851)	38,196
Weighted average number of ordinary shares in issue ('000s)	63,000	63,000
Basic earnings per share (K)	(0.73)	0.61

There were no potentially dilutive shares outstanding at 31 March 2017 or 2016. Diluted earnings per share are therefore the same as basic earnings per share.

12 Dividends per share

At the next Annual General Meeting, the Directors do not intend on proposing payments of final dividend in respect of the year ended 31 March 2017 (2016: Nil).

No interim dividends were paid during the year (2016: K16.6 million) relating to results as at 30 September 2016.

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 as at 1 April 2014, 31 March 2016 and 31 March 2017	63,000	630

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 2016	
At start of the year	292
Transfers to cost of sales	(449)
Tax on transfers to cost of sales	157
Fair value gains in year	(8,422)
Tax on fair value gains in year	2,948
At end of the year	(5,474)
Year ended 31 March 2017	
At start of the year	(5,474)
Transfers to cost of sales	8,422
Tax on transfers to cost of sales	(2,948)
At end of the year	-

The hedge reserve is use to record gains and losses on derivatives that are designated and qualify as cash flow hedges and that are recognized in other comprehensive income, as described in Note 20. Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

15 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2016: 35%). The movement on the deferred income tax account is as follows:

	2017	2016
At start of year	29,796	17,495
Deferred income tax charge	(17,221)	1,214
Provision held against ZDA benefit	(1,575)	14,192
Tax charge/ (credit) relating to other comprehensive income	-	(2,948)
Tax charge reclassified to profit or loss	2,948	(157)
At end of year	13,948	29,796

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

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

15 Deferred income tax (continued)

Year ended 31 March 2017

	At start of year	Charged/ (credited) to P/L	Current tax on items reclassified to P&L	At end of year
Deferred income tax liabilities				
Property, plant and equipment	31,907	24,404	-	56,311
Deferred Income tax assets				
Other deductible temporal differences	-	(143)	-	(143)
Hedging instrument	(2,948)	-	2,948	-
Tax loss	(13,355)	(41,482)	-	(54,837)
	(16,303)	(41,625)	2,948	(54,980)
ZDA impairment provision	14,192	(1,575)	-	12,617
Net deferred income tax liability	29,796	(18,796)	2,948	13,948

Year ended 31 March 2016

	1.4.2015	Charged/ (credited) to P/L	Charged to OCI	Current tax on items reclassified to P&L	31.03.2016
Deferred income tax liabilities					
Property, plant and equipment	18,649	13,258	-	-	31,907
Hedging instrument	157	-	-	(157)	-
	18,806	13,258	-	(157)	31,907
Deferred income tax assets					
Other deductible temporal differences	(1,311)	1,311	-	-	-
Hedging instrument	-	-	(2,948)	-	(2,948)
Tax loss	-	(13,355)	-	-	(13,355)
	(1,311)	(12,044)	(2,948)	-	(16,303)
ZDA impairment provision	-	14,192	-	-	14,192
Net deferred income tax liability	17,495	15,406	(2,948)	(157)	29,796

(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 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
Year ended 31 March 2016					
Opening net book amount	8,197	69,970	988	141,356	220,511
Additions	-	4,384	-	103,586	107,970
Disposals	-	(1,466)	-	-	(1,466)
Transfers	66,222	147,408	966	(214,596)	-
Depreciation charge	(769)	(15,167)	(60)	-	(15,996)
Closing net book amount	73,650	205,129	1,894	30,346	311,019
At 31 March 2016					
Cost	80,506	276,368	8,372	30,346	395,592
Accumulated depreciation	(6,856)	(71,239)	(6,478)	-	(84,573)
Net book amount	73,650	205,129	1,894	30,346	311,019
Year ended 31 March 2017					
Opening net book amount	73,650	205,129	1894	30,346	311,019
Additions	-	3,002	-	6,482	9,484
Disposals	-	(3,225)	-	-	(3,225)
CWIP transfers	10,929	21,198	76	(32,203)	-
Interco transfers	163	(2,069)	-	-	(1906)
Impairment loss*	(3,793)	(4,472)	(58)	-	(8,323)
Depreciation charge	(2,435)	(23,181)	(137)	-	(25,753)
Closing net book amount	78,514	196,382	1,775	4,625	281,296
At 31 March 2017					
Cost	91,598	295,274	8,449	4,625	399,946
Impairment loss*	(3,793)	(4,472)	(58)	-	(8,323)
Accumulated depreciation	(9,291)	(94,420)	(6,616)	-	(110,327)
Net book amount	78,514	196,382	1,775	4,625	281,296

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

*The Director's took a decision to close Chipata, Kabwe and Ndola breweries and all depots during the year in an effort to reduce operational losses and fixed costs. Consequently, the total carrying value of K20.1 million of the assets were assessed for impairment and K8.3 million was recognized as a loss.

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

17 Intangible assets

Computer software

	Software licenses
At 31 March 2015	
Cost	2,450
Accumulated amortization	(1,172)
Net book amount	1,278
Year ended 31 March 2016	
Opening net book amount	1,278
Amortisation charge	(612)
At end of year	666
At 31 March 2016	
Cost	2,450
Accumulated amortisation	(1,784)
Net book amount	666
Year ended 31 March 2017	
Opening net book amount	666
Amortisation charge	(582)
At end of year	84
At 31 March 2017	
Cost	2,450
Accumulated amortisation	(2,366)
Net book amount	84

18 Inventories

	2017	2016
Raw materials	31,989	48,446
Work in progress	632	1,445
Finished goods	1,719	2,454
General stores and consumables	4,233	4,512
	38,573	56,857

The cost of inventories recognised as an expense and included in cost of sales amounted to K 197 million (2016: K 262 million).

At 31 March 2017, the provision made for inventory amounted to K 0.4 million (2016: K 0.6 million).

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

19 Trade and other receivables

	2017	2016
Trade receivables	8,996	2,932
Less: Provision for impairment losses	(1,330)	(141)
	7,666	2,791
Amount due from related parties (Note 27)	23,745	18,716
Prepayments and accrued income	-	5,408
Other receivables	2,730	1,983
	34,141	28,898

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

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

	2017	2016
At start of the year	141	188
Provision for receivables impairment	1,189	-
Receivables written off during the year as uncollectible	-	(47)
At end of year	1,330	141

20 Derivative financial instruments

Forward exchange contracts:

	2017	2016
Liability	-	(8,422)

The derivative financial instruments comprised forward foreign exchange contracts that were designated as hedging instruments through other comprehensive income and were considered as trading derivatives. Trading derivatives were classified as current assets or current liabilities in the statement of financial position. The hedged item related to mostly inventory purchases.

The fair value of a trading derivative was classified as a non-current asset or liability if the remaining maturity of the hedged item was more than 12 months and as a current asset or liability, if the maturity of the hedged item was less than 12 months.

Owing to the significant foreign exchange losses recorded during the year, management took a decision to discontinue the use of forward exchange contracts. In the absence of a hedging instrument and the resulting hedge ineffectiveness, the Company did not meet the criteria for applying hedging accounting in the year ended 31 March 2017.

Consequently, all foreign exchange gains and losses previously recorded in other comprehensive income have been reclassified to profit or loss account

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

21 Cash at bank and in hand

	2017	2016
Cash at bank and in hand	15,335	54,725

22 Trade and other payables

	2017	2016
Trade payables	18,700	48,465
Amounts due to related companies (Note 27)	204,912	175,025
Accrued expenses	24,453	10,346
Dividends payable	1,967	25,913
Other payables	885	9,327
	250,917	269,076

23 Financial instruments by category

	Loans and receivables
At 31 March 2017	
Assets as per the statement of financial position:	
Trade and other receivables (excluding prepayments)	34,141
Cash at bank and in hand	15,335
	49,476

	Other financial liabilities at amortised cost
Liabilities as per the statement of financial position:	
Trade and other payables (excluding statutory liabilities)	239,962
	239,962

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

23 Financial instruments by category (continued)

At 31 March 2016	Loans and receivables
Assets as per the statement of financial position:	
Trade and other receivables (excluding prepayments)	23,490
Cash at bank and in hand	54,725
	78,215

	Financial liabilities at fair value	Other financial liabilities at amortised cost
Liabilities as per the statement of financial position:		
Derivative financial instruments	8,422	-
Trade and other payables (excluding statutory liabilities)	-	236,401
	8,422	236,401

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.

(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:

	2017	2016
(Loss)/ Profit before income tax	(64,577)	53,797
Adjustments for:		
Interest income (Note 9)	(16)	(557)
Interest expense (Note 9)	18,243	458
Amortisation on computer software (Note 17)	582	612
Depreciation (Note 16)	25,753	15,996
Profit on sale of property, plant and equipment (Note 6)	(410)	(127)
Impairment loss (Note 16)	8,323	-
Foreign exchange effect	3,658	(7,730)
Changes in working capital		
- Trade and other receivables	(5,243)	4,463
- Inventories	18,284	(17,691)
- Trade and other payables	(18,159)	101,189
Cash generated from operations	(13,562)	150,410

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 12.8 million (2016: K 12.8 million).

26 Commitments

Capital commitments

The Company had material commitments of K 0.1 million (2016: K 11 million). These relate to raw material for to be utilised in production.

(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 AB InBev Plc (incorporated in Belgium). 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:

	2017	2016
i) Interest on amounts from related parties		
Fellow subsidiary:		
Zambian Breweries Plc	18,169	303
ii) Purchase of goods and services		
Fellow subsidiaries:		
SABMiller	-	8
Mubex	33,289	53,833
	33,289	53,841

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.

	2017	2016
iii) Sale of goods and services		
Parent company:		
Heinrich's Syndicate Ltd	4,955	-
	4,955	-

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

27 Related party transactions (continued)

(iv) Royalties	2017	2016
Fellow subsidiary:		
SABMiller International BV	10,700	13,709

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

v) Management fees

	2017	2016
Fellow subsidiaries:		
Bevman Services AG	3,962	5,337
	3,962	5,337

The management fees relate to support function services provided by Bevman Services AG following the integration of these functions.

vi) Key management compensation

	2017	2016
Salaries and other short-term employment benefits	2,568	3,009

vii) Directors' remuneration

	2017	2016
Fees for services as a director (included in key management compensation above)	1,768	320

(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

	2017	2016
Amounts due from related parties		
Parent company:		
Heinrich's Syndicate Limited	23,563	18,534
Fellow subsidiary:		
Chibuku Products Limited	182	182
	23,745	18,716
Amounts due to related parties		
Fellow subsidiaries:		
Zambian Breweries Plc	197,583	163,788
Sabi – Africa	-	8
Mubex	4,559	7,328
SABMiller International BV	2,008	2,706
Bevman Services AG (Management fees)	762	1,195
	204,912	175,025

ix) Dividend payable

	2017	2016
Parent company:		
Heinrich's Syndicate Limited	-	23,825

28 Subsequent Events

On 16 May, 2017 the Company issued a cautionary note that AB InBev is undertaking a review of its strategic options relating to its investment in the Company, including a possible sale of its effective 70% shareholding. The impact of the strategic review cannot yet be ascertained.

Principal Shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 March 2017 is as follows:

	Name of shareholder	%	Number of shares
1.	Heinrich Syndicate Limited	70.00	44,100,000
2.	Standard Chartered Securities Nominees Ltd	9.39	5,913,987
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	2.22	1,400,000
6.	Workers Compensation Fund C.B	1.24	780,666
7.	Local Authorities Superannuation Fund	0.60	378,620
8.	KCM Pension Trust Limited	0.44	277,290
9.	M.P.T.L.L	0.40	250,000
10.	Madison Pension Trust Fund	0.34	214,217
	Total selected	**95.55**	**60,197,457**
	Not selected	**4.45**	**2,802,543**
	Issued shares	**100.00**	**63,000,000**

Distribution of shareholders

	Number of shareholders	%	Number of Shares
Less than 500 shares	509	53.19	153,646
501 – 5,000 shares	366	38.25	673,763
5,001 – 10,000 shares	30	3.13	228,391
10,001 – 100,000 shares	38	3.97	1,128,266
100,001 – 1,000,000 shares	9	0.94	2,519,270
Over 1,000,000 shares	5	0.52	58,296,664
Total	**957**	**100**	**63,000,000**

Corporate Information

CHAIRMAN
V Chitalu*

DIRECTORS
G. Sokota*
A. Degroot***
S. Smuts**
P. Cruz****
F. Mukutu*

COMPANY SECRETARY
D. Bwalya***

REGISTERED OFFICE
Plot No. 1609
Sheki Sheki Road
Light Industrial Area
P O Box 35135
Lusaka

LEGAL ADVISORS
William Nyirenda & Co
Angoni House
Obote Avenue
P O Box 22144
Kitwe

MNB Legal Practitioners
5th Floor, Godfrey House
Longolongo Road
P O Box 34207
Lusaka

BANKERS
Barclays Bank Zambia Plc
Citibank Zambia Limited
Stanbic Bank Zambia Limited
Standard Chartered Bank Plc

AUDITOR
PricewaterhouseCoopers
PricewaterhouseCoopers Place
Thabo Mbeki Road
P O Box 30942
Lusaka

REGISTRARS
Corpserve Transfer Agents Ltd
6 Mwaleshi Road
Olympia Park
Lusaka

*Zambian, **South Africa, ***British, Portugueuse****

Profile

Founded	:	1952
Listed	:	1994

SECTOR
Consumer goods (Beverage Industry)

NATURE OF BUSINESS
Production and distribution of opaque beer

POSTAL ADDRESS
Box 35135, Lusaka, Zambia

REGISTERED ADDRESS
Plot No 6438, Mungwi Road,
Heavy Industrial Area, Lusaka
Telephone: +260 (211) 244-501/248 555

AUDITORS
PricewaterhouseCoopers

WEBSITE
www.ab-inbev.com

Glossary of Terms

BEIA
Before exceptional items and amortisation of acquisition related intangible assets.

Cash conversion ratio
Free operating cash flow/Net profit (beia) before deduction of non-controlling interests.

Depletions
Sales by distributors to the retail trade.

Dividend payout
Proposed dividend as percentage of net profit (beia).

Earnings per share
Basic
Net profit divided by the weighted average number of shares – basic – during the year.

Diluted
Net profit divided by the weighted average number of shares – diluted – during the year.

EBIT
Earnings before interest and taxes and net finance expenses.

EBITDA
Earnings before interest and taxes and net finance expenses before depreciation and amortisation.

Effective tax rate
Income tax expense expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures and impairments thereof (net of income tax).

EIA
Exceptional items and amortisation of acquisition-related intangible assets.

Fixed costs
Fixed costs include personnel costs, depreciation and amortisation, repair and maintenance costs, energy and water, and other fixed costs. Exceptional items are excluded from these costs.

Free operating cash flow
This represents the total of cash flow from operating activities, and cash flow from operational investing activities.

Innovation Rate
The Innovation Rate is calculated as revenues generated from innovations launched / introduced in the past twelve quarters divided by revenue

Net debt
Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.

Net debt/EBITDA (beia) ratio
The ratio is based on a twelve month rolling calculation for EBITDA (beia).

Net profit
Profit after deduction of non-controlling interests (profit attributable to equity holders of the Company).

Organic growth
Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items, amortisation of acquisition-related intangible assets.

Organic volume growth
Increase in volume, excluding the effect of the first time consolidation of acquisitions.

Operating profit
Results from operating activities.

Profit
Total profit of the Company before deduction of non-controlling interests.

@
All brand names mentioned in this report, including those brand names not marked by an @, represent registered trademarks and are legally protected.

Revenue
Net realised sales proceeds in Zambian Kwacha.

Top-line growth
Growth in net revenue.

Volume
100 per cent of beer volume produced and sold.

Weighted average number of shares
Basic
Weighted average number of issued shares including the weighted average of outstanding ASDI, adjusted for the weighted average of own shares purchased in the year.

Diluted
Weighted average number of issued shares including the weighted average of outstanding ASDI.

Notes

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