

**SEYCHELLES BREWERIES LIMITED**  
**ABRIDGED FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

## Performance Overview

### **Revenue**

The business registered overall revenue growth of 11.9% in F18 (3.9% in F17). All categories, except Spirits, registered strong growth over last year.

Beer revenue increased by 14% in F18 (13% in F17), underpinned by improved supply and a high standard of merchandizing in trade. It makes me immensely proud to see our darling Seybrew growing year after year in the face of strong competition from imported brands. I am also delighted to report that Seybrew draught revenue increased by 46% in F18.

Revenue from carbonated soft drink (CSD) increased by 18% in F18, which is primarily driven by successful relaunch of Seypearl brand and placement of additional chillers in trade.

Revenue from ready-to-drink (RTD) registered 73% growth versus last year. This was possible after successfully landing the alternate source for supply of key ingredients at an affordable price. However, more work is required for ensuring consistent supply of the brand through-out the year.

Revenue from Spirits registered a decline of 34%. The decline is mainly attributed to parallel importation by non-Diageo importers. We have developed a program in collaboration with our distributors to strengthening the trading partnership with Spirits retailers.

### **Profit**

The company registered gross profit growth of 4.5% over last year. The operating profit however, declined by 8.6% to SCR64.0 million (F17: SCR70.0 million). The decline in operating profit is mainly attributable to (a) increased investment in our brands to strengthen its equity (b) impairment of engineering spare parts SCR 8.7 million and (c) penalty related to late payment of taxes SCR 5.9 million. The details of the penalty was received in F18, which shows that payment of various taxes in 2011 and 2012 were paid late, in most cases by one day.

### **F19 performance outlook**

The investments made so far are having a positive impact on operational efficiency and the quality of our products. We are confident the supply related problems will be fully dealt with as we complete the ongoing capital investment projects and the new projects planned for F19. Also, with the success of the new route-to-market strategy and rigor in trade execution, the availability of SBL brands has improved significantly. The company will continue investment in advertising and marketing to support our core brands.

**Statement of financial position as at 30 June 2018**

<b>Figures in SCR'000</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Total non-current assets	314,647	259,365
Total current assets	151,422	171,649
<b>Total assets</b>	<b>466,069</b>	<b>431,014</b>
<b>EQUITY</b>		
Share capital	63,000	63,000
Actuarial valuation gains	500	500
Retained earnings	233,820	216,402
<b>Total equity</b>	<b>297,320</b>	<b>279,902</b>
<b>LIABILITIES</b>		
Total non-current liabilities	39,057	29,165
Total current liabilities	129,692	121,947
<b>Total Liabilities</b>	<b>168,749</b>	<b>151,112</b>
<b>Total equity and liabilities</b>	<b>466,069</b>	<b>431,014</b>

**Statement of profit or loss and other comprehensive income  
for the year ended 30 June 2018**

<b><i>Figures in SCR'000</i></b>	<b>2018</b>	<b>2017</b>
Revenue	375,534	335,606
Gross profit	152,196	145,595
Operating Profit	64,038	70,033
Profit before tax	62,113	28,248
<b>Net profit/total comprehensive income for the year</b>	<b>42,618</b>	<b>18,029</b>
Basic and diluted earnings per share - SCR	3.38	1.43

### Statement of changes in equity as at 30 June 2018

<i>Figures in SCR'000</i>	Share capital	Actuarial valuation gains	Retained earnings	Total equity
<b>Balance at 1 July 2016</b>	<b>63,000</b>	<b>500</b>	<b>210,973</b>	<b>274,473</b>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	18,029	18,029
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>18,029</b>	<b>18,029</b>
<b>Transactions with owners of the company:</b>				
Interim dividend for 2017	-	-	(6,300)	(6,300)
Final dividend for 2016	-	-	(6,300)	(6,300)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(12,600)</b>	<b>(12,600)</b>
<b>Balance at 30 June 2017</b>	<b>63,000</b>	<b>500</b>	<b>216,402</b>	<b>279,902</b>
<b>Balance at 1 July 2017</b>	<b>63,000</b>	<b>500</b>	<b>216,402</b>	<b>279,902</b>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	42,618	42,618
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>42,618</b>	<b>42,618</b>
<b>Transactions with owners of the company</b>				
Interim dividend for 2018	-	-	(12,600)	(12,600)
Final dividend for 2017	-	-	(12,600)	(12,600)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(25,200)</b>	<b>(25,200)</b>
<b>Balance at 30 June 2018</b>	<b>63,000</b>	<b>500</b>	<b>233,820</b>	<b>297,320</b>

**Statement of cash flow for the year ended 30 June 2018**

<b><i>Figures in SCR'000</i></b>	<b>2018</b>	<b>2017</b>
<b>Cash generated from operating activities</b>	<b>114,093</b>	<b>44,260</b>
Interest paid	(725)	(15)
Post employment benefits paid	(4,002)	(8,853)
Tax paid	(15,328)	(28,586)
<b>Net cash generated from operating activities</b>	<b>94,038</b>	<b>6,806</b>
<b>Net cash used in investing activities</b>	<b>(75,171)</b>	<b>(47,247)</b>
<b>Dividends paid during the year</b>	<b>(25,200)</b>	<b>(12,600)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,333)</b>	<b>(53,041)</b>
Cash and cash equivalents at 1 July	(11,064)	41,977
<b>Cash and cash equivalents at 30 June (Note 4)</b>	<b>(17,397)</b>	<b>(11,064)</b>

## Notes to the financial statements

### 1. General information

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

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

### 2. Tax

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

<b>Figures in SCR'000</b>	<b>2018</b>	<b>2017</b>
<i>a) Amounts recognized in income statement:</i>		
Business tax for the current year	6,114	7,287
Corporate Social Responsibility tax for the current year	2,487	2,440
Corporate Social Responsibility tax adjustment related to prior year	-	554
<b>Tax charge for the year</b>	<b>8,601</b>	<b>10,281</b>
Deferred tax movement (Note 23)	10,894	(62)
<b>Total tax expense for the year</b>	<b>19,495</b>	<b>10,219</b>

### 3. Deferred Tax

Deferred tax is calculated using the enacted tax rate of 25%. The movement on the deferred tax account is as follows:

<b>Figures in SCR'000</b>	<b>2018</b>	<b>2017</b>
At the beginning of the year	<b>(13,921)</b>	(13,983)
Movement (charged)/credited to profit or loss (Note 13a)	(10,894)	62
<b>Deferred tax liability at end of year</b>	<b>(24,815)</b>	<b>(13,921)</b>

### 4. Cash and cash equivalents

<b>Figures in SCR'000</b>	<b>2018</b>	<b>2017</b>
Cash and bank balances	1,991	1,557
Bank overdraft	(19,388)	(12,621)
	<b>(17,397)</b>	<b>(11,064)</b>

The Company has an overdraft facility of SCR 80,000,000 with Barclays bank Seychelles with an interest rate of 4.5% per annum below the base rate. This is secured by corporate guarantee from guarantor, Diageo PLC for SCR 80,000,000.