RC 771

GUINNESS
NIGERIA

ANNUAL REPORT & FINANCIAL STATEMENTS 2013

annual report & financial statements 2013

contents.

REPORT

FINANCIAL STATEMENTS

Financial Highlights

	2013 N'000	2012 N'000	Change %
Results			
Revenue	122,463,538	116,461,882	5
Operating profit	20,614,339	21,895,799	(6)
Profit for the year	11,863,726	14,214,620	(17)
Total comprehensive income	11,779,956	14,301,431	(18)
Declared dividend	11,799,404	14,749,255	(20)
Proposed dividend	10,541,217	11,799,404	(11)
Total equity	46,039,111	38,611,514	19
Data per 50 kobo share (in kobo)			
Basic earnings	793	964	(18)
Declared dividend	800	1,000	(20)
Net assets	3,057	2,618	17
Stock exchange quotation at financial year end	25,107	22,600	11

The Directors recommend, subject to approval at the next Annual General Meeting, the payment of a final dividend of N10.5 billion (2012: N11.8 billion), which, based on the number of ordinary shares in issue at year end, represents a dividend of 700 kobo per ordinary share (2012: 800 kobo). The dividend is subject to the deduction of withholding tax at the applicable rate.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 63rd Annual General Meeting of the Members of Guinness Nigeria Plc will be held at the Flamingo Hall of the Best Western Homeville Hotel, Evbuomwan Street, Off Sapele Road, Etete, Benin City, Edo State on Friday, 15 November 2013 at 10.00 O'clock in the forenoon to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Report of the Directors, the Financial Statements for the year ended 30 June 2013 and the Report of the Independent Auditors thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorise Directors to fix the remuneration of the Independent Auditors.
5. To elect Members of the Audit Committee.

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.

NOTES:

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed and deposited at the office of the Registrar, Veritas Registrars Limited (formerly Zenith Registrars Limited), Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos not less than 48 hours before the time for holding the Meeting.

CLOSURE OF REGISTER

The Register of Members and Transfer Book will be closed from Monday, 21 October 2013 to Friday, 25 October 2013, both days inclusive for the purpose of updating the Register of Members.

DIVIDEND WARRANTS

If the payment of the dividend is approved, it is intended that the warrants will be posted on 18 November 2013 to holders of shares whose names appear in the Register of Members on Friday, 18 October 2013

AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act [cap C20, Laws of the Federation of Nigeria, 2004], a nomination (in writing) by any member or a shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

Dated: 12 September 2013

By Order of the Board

SESAN SOBOWALE
Company Secretary
FRC/2013/IODN/00000003535

REGISTERED OFFICE
The Ikeja Brewery, Oba Akran Avenue Private Mail Bag 21071, Ikeja.

Board of Directors & Corporate Information

Directors

B. A. Savage	-	Chairman
N. B. Blazquez (British)	-	Vice Chairman
S. Adetu	-	Managing Director/CEO

J. O. Irukwu (SAN)
B. E. Gwadah
B. J. Rewane
L. G. Nichols (Ms.) (British)
Z. Abdurrahman (Mrs.)
R. J. O'Keeffe (Irish)
P. J. Jenkins (British)
Y. A. Ike (Ms.)
A. Fennell (British) (Appointed with the effect from 12 September 2013)
M. A. Taylor (British) (Resigned with effect from 12 September 2013)

Company Secretary
Sesan Sobowale

Independent Auditors
KPMG Professional Services
(Chartered Accountants)
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island, Lagos.

Registrars and Transfer Office
Veritas Registrars Limited
(formerly Zenith Registrars Ltd.)
Plot 89A, Ajose Adeogun Street
Victoria Island, Lagos.
Tel: (01) 2708930, 2783973, 2784168

Bankers
Citibank Nigeria Limited
Diamond Bank Plc
First Bank of Nigeria Plc
First City Monument Bank Plc
Guaranty Trust Bank Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

Registered Office
The Ikeja Brewery
Oba Akran Avenue
P.M.B. 21071
Ikeja, Lagos

Registration Number
RC 771

Head Office
24, Oba Akran Avenue
P.M.B. 21071 Ikeja
Tel: (01) 2709100
Fax: (01) 2709338

Breweries

Ogba Brewery
Acme Road, Industrial Estate Ogba,
Lagos.
Tel: (01) 2709100
Fax: (01) 2709338

Benin Brewery
Benin-Asaba Road
Oregbeni Industrial Estate
Ikpoba Hill, Benin City
Tel: (01) 2709100
Fax: (01) 2709338

Aba Brewery
Osisioma Industrial Layout
Aba, Abia State
Tel: (01) 2709100
Fax: (01) 2709338

Babatunde A. Savage
Chairman

Chairman's Statement

Introduction

Distinguished shareholders, fellow directors, ladies and gentlemen, it is with great pleasure that I welcome you all to the 63rd Annual General Meeting of our Company holding in the ancient city of Benin. I feel honoured to present to you the financial statements and reports of the financial year ended 30 June 2013 together with a review for the performance of our Company in the course of the financial year.

Fellow shareholders, thank you for your continued support and co-operation to the Company and the Board during the financial year. This has greatly encouraged the Board and management to continue to make giant strides in operational excellence and business performance in spite of a pretty challenging business environment.

Permit me ladies and gentlemen, to highlight some of the key events in our operating environment that underscored our performance in 2013.

Business Environment

The business environment remained challenging in the 2013 financial year. Inconsistent power supply and risks to oil production was persistent during the year impacting negatively on the economy and leading to slower growth in Gross Domestic Product. Although power generation rose to a high point of 4,502.2MW in December 2012 reflecting the government's commitment to improve the power sector, it fell to as low as 2,290mw in the fourth quarter of the financial year due to disruption of gas supply in several generating stations. During the second half of the financial year, the economy recorded steady decline in crude oil production due to increased activities of pipeline vandals and crude oil theft which slowed down oil production.

The heightened insecurity in the country culminating in the state of emergency declared in some parts of the northern region, flooding experienced in some parts of the country leading to a hike in food prices and the continued impact of the removal of fuel subsidy by the Nigerian Government in January 2012 impacted negatively on consumer spending patterns during the financial year.

The Brewing Industry

The beer market declined during the financial year affecting mainly the super-premium and mainstream segments which both accounts for over 70% of beer volume. The main driver behind the decline was pressure on discretionary income due to high cost of living as consumers are now spending more on basic needs such as food, education and transportation. This trend in spending patterns was evident in consumers' down trading from super premium to premium and from mainstream to value brands. Other factors impacting market performance were heightened security concerns nationwide which restricted consumer consumption to safe locations and occasions, decrease in government spending, leading to reduced cash in circulation and the partial removal of petroleum subsidy in January 2012 which left a strain on consumers' disposable income.

Although the beer market declined, I am pleased to inform you that your darling malt drink, *Malta Guinness* retained the leadership of the category ahead of other malt brands. It is worthy of note that growing consumer trend of health consciousness was largely responsible for the impressive growth of *Malta Guinness Low Sugar* which we launched last year. The Malta Guinness Africa Rising campaign has kicked off and it is expected that this will provide positive gearing for the brand.

In the course of the year, *Harp* lager signed an exciting partnership with 5 football clubs in the Nigerian Professional Football League - Heartland FC, Rangers FC, Sunshine Stars, Lobi Stars, and Dolphins FC - as the Official Beer Partner. *Harp Rhythm Unplugged*, a popular musical and comedy show which is in its 3rd year of sponsorship by your Company, continued to gain traction and has positively impacted on brand awareness and consumption.

The *Guinness Fly with the Eagles* campaign was launched in November 2012. The campaign was dedicated to supporting the Super Eagles on their

Chairman's Statement

journey to the African Cup of Nations. The campaign had several dimensions which drove massive support for the national team and inspired them to victory at the African Cup of Nations in South Africa. Consumers got the opportunity to win an all-expense paid trip for two to South Africa to cheer the Super Eagles, N100, 000 cash prizes, authentic Super Eagles jerseys, free airtime for mobile telephones and millions of free drinks. As you are already aware, our support for the team provided the inspiration required for the Super Eagles to soar as they became the champions at the end of the tournament. In its continuing support for the Super Eagles, Guinness Nigeria hosted the Super Eagles after their victory at the African Cup of Nations. The Eagles visited our headquarters in Ikeja, Lagos where they formally presented the trophy to the Managing Director/ Chief Executive of the Company.

As part of events for the *Guinness Fly with the Eagle Campaign*, Guinness Nigeria created a very large Super Eagles jersey and I am delighted to inform you that your Company is now officially recognised in the Guinness World Records for creating the Largest Jersey ever made anywhere in the world!

We have continued to have confidence in the vast opportunities available in innovation and continued to commit resources during the financial year to support our innovation agenda. *Dubic* lager was revamped with an exciting new green bottle and the brand is presently the official sponsor of both Enyimba International FC of Aba and 3 SC FC of Ibadan.

Our Performance

Despite the continued decline of the beer market and the stiff competition in the industry, the strength of our brands and the greater emphasis we are placing on our route to consumer delivered a 5% net sales growth during the financial year. The Board remains confident that our range of leading brands, our continued focus on distribution and our investment in our brands and people will continue to deliver growth for the business in the coming years. This confidence has led the Board to propose in respect of the year ended 30 June 2013, a dividend of N10.5 billion that is, 700 kobo per 50 kobo ordinary share.

Meritorious Awards

I am pleased to inform you that Guinness Nigeria won two awards at the Social Enterprise Report and Awards (SERA) 2012, an award event that recognises exemplary corporate social responsibility initiatives. The Company won the 'Best Company in Labour Practice' award and shared a "Development Partnership Award" for its Safe Water for Africa (SWA) partnership with the Coca-Cola Africa Foundation, Diageo Plc, Water Health International, T. Y. Danjuma Foundation and the International Finance Corporation, a member of the World Bank Group. The organisers recognised the SWA as a "collaboration with high potential impact to reduce the prevalence of water-borne diseases in Nigerian communities and which supports the Millennium Development Goals 4 and 5".

In recognition of the exceptional safety culture in Guinness Nigeria, the Nigerian Employers' Consultative Association (NECA) and the Nigerian Social Insurance Trust Fund, (NSITF) in November 2012 honoured Guinness Nigeria Plc with an award for *Exceptional Safety Culture and Safe Work Place Practices* thus enhancing the Company's corporate reputation. The Company received a brand new Toyota Hiace ambulance as the prize for this recognition to further help the organisation continue to set the standard for safety within the industry and beyond.

Corporate Social Responsibility

As part of our on-going support to the Guinness Eye Centres, we donated state-of-the-art optical equipment to the Guinness Eye Centre at the Lagos University Teaching Hospital, Idi Araba and the Guinness Eye Hospital at Onitsha. Our support went a long way to maintain the hospitals as centres of excellence for eye care and ophthalmological training in West Africa.

At Guinness Nigeria, our Responsible Drinking Campaign is at the core of what we do as we believe that our brands must be consumed in a responsible manner. During the financial year, your Company partnered with the Lagos State Ministry of Health and Ministry of Transportation on an anti-drink drive campaign called *"Motor Park Health and Safety Programme"*. Also, during the Festive season, the Company collaborated with the Lagos State Sector Command of the Federal Road Safety Commission during their *"Ember months awareness drive against drink-driving"* to raise awareness during the festive season among drivers on responsible consumption of alcohol. Furthermore, in continuation of our continued partnership with the Lagos State Ministry of Health we ran an alcohol educational programme, *DrinkIQ*, for key Nollywood scriptwriters and health editors of leading media houses.

As part of activities marking Nigeria's 52nd Independence Anniversary, Guinness Nigeria sponsored a very successful golf tournament at the Ikeja Golf Club.

The Guinness Scholarship scheme has been expanded to include other disciplines apart from engineering. This decision was reached in the bid to create more value for the communities through the scholarship scheme. The scheme is jointly managed by the Nigerian Society of Engineers and the Nigerian Institute of Management. A good number of students benefitted under this scheme during the financial year.

Water of Life projects were completed and commissioned in Agoi-Ibami Community, Cross River State and Agbor, Delta State during the financial year which are intended to serve at least 65,000 beneficiaries in the communities. Construction work on other water projects in various parts of the country have commenced and are expected to be completed during the course of the 2014 financial year.

Our People

At Guinness Nigeria, people are at the core of our achievements, success and continued growth. We believe that our success depends on motivated and committed employees and we make it a priority to treat our employees well, help them develop their full potentials and give them a rewarding working life. We want our people to thrive at Guinness Nigeria and are committed to their professional and personal development and to ensuring that Guinness Nigeria is a great place to work.

In the course of the 2013 financial year, we had a hugely successful All Staff Conference where our entire employee population gained an understanding of our strategy and their individual roles in ensuring that this is executed brilliantly. Our executive team was strengthened with the addition of internally promoted managers as well as external Nigerian talents. The Company also promoted more female managers to senior leadership positions in furtherance of the Company's gender diversity aspiration. We also have strong development programmes in place for all levels of the employee population – from the Graduate Management Trainees programme to the Leadership Performance Programme for senior leaders in the business. These initiatives were supported with increased leadership team engagement of all employees through Town Hall meetings held quarterly across our various sites. It is therefore not surprising that in the 2013 Diageo Value Survey, which is an annual survey to measure the level of employee engagement, the results showed quite significant improvement over the prior year across various parametres.

I am confident that we have the right talent and the right structure that will ensure the delivery of our business objectives and financial success for the Company in the new financial year and beyond. I would like to thank all our hardworking and talented people for their contributions to grow and nurture our brands and ensure excellent returns on shareholders' investments during the financial year.

The Future

In spite of the continuing challenges of the operating environment, we are encouraged by the government's increasing focus on the transformation agenda as seen in the power sector privatisation programme and growing investments in the development of key transportation infrastructure all over the country. It is our hope that these efforts will be sustained as we draw nearer the 2015 general elections and partisan politics takes the front burner. A successful conclusion of these reform efforts, especially the power sector reform will surely give fillip to the government's desire to put the economy on the path of sustainable growth.

Conclusion

Permit me to appreciate the management team led by our very able Managing Director/Chief Executive Officer, Mr. Seni Adetu, and all our committed employees, for their hardwork and dedication in ensuring that our great Company delivers commendable results in spite of the challenging business climate and stiff competition.

I must also appreciate our parent company, Diageo Plc, for its support for Guinness Nigeria. We look forward to its continued partnership in the years ahead. I will also like to thank my fellow Directors for their continued commitment to the success of the Company.

Finally, let me on behalf of the Board of Directors, thank you, our distinguished shareholders, for the dedication and support you have given to the Board and management of the Company over the years. I trust that we can continue to count on this cooperation in the future.

Thank you and God bless you all.

Mr. B. A. Savage
Chairman
Signed on 12 September 2013
FRC/2013/ICAN/00000003514

Directors' Report

for the year ended 30 June 2013

The Directors are pleased to present to members their Report together with the Financial Statements of the Company for the year ended 30 June 2013.

Legal form and Principal Activities

Guinness Nigeria Plc, a public limited liability company currently quoted on the Nigerian Stock Exchange, was incorporated on 29 April 1950 as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging and marketing of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Malta Guinness Low Sugar, Harp Lager, Smirnoff Ice, Satzenbrau Pilsner Lager, Dubic Lager, Snapp and Topmalt.

Operating Results

The following is a summary of the Company's operating results:

	2013 **N'000**	**2012** **N'000**
Revenue	122,463,538	116,461,882
Operating profit	20,614,339	21,895,799
Net finance costs	(3,605,464)	(1,512,641)
Profit before taxation	17,008,875	20,383,158
Taxation	(5,145,149)	(6,168,538)
Profit for the year	11,863,726	14,214,620
Other comprehensive income, net of tax	(83,770)	86,811
Total comprehensive income for the year	11,799,956	14,301,431

Dividend

The Directors recommend, subject to approval at the next Annual General Meeting, the payment of a final dividend of N10.5 billion (2012: N11.8 billion), which, based on the number of ordinary shares in issue on 30 June 2013, represents a dividend of 700 kobo per ordinary share (2012: 800k). The dividend is subject to deduction of withholding tax at the applicable rate.

Board Changes

Since the last Annual General Meeting, Mr. Mark Taylor has resigned from the Board. On your behalf, we wish to thank Mr. Mark Taylor for his contributions to the Company during his tenure.

To fill the vacancy created by this resignation, Mr. Andy Fennell was appointed to the Board. In accordance with the Articles and the provisions of the Companies and Allied Matters Act, Mr. Andy Fennell will retire at the forthcoming Annual General Meeting and, being eligible, hereby offers himself for re-election.

The Directors to retire by rotation are B. A. Savage, J. O. Irukwu, B. E. Gwadah and Ms L. G. Nichols and, being eligible, hereby offer themselves for re-election.

Record of Directors' Attendance

The Register showing Directors' attendance at Board Meetings will be made available for inspection at the Annual General Meeting as required by Section 258(2) of the Companies and Allied Matters Act.

Directors and their interests

The interests of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:-

	As at 30 June 2013 No. of shares	As at 30 June 2012 No. of shares
Mr. B. A. Savage	601, 263	601,263
Dr. N. B. Blazquez	Nil	Nil
Mr. S. Adetu	Nil	Nil
Prof. J. O. Irukwu	503,530	488,865
Mr. B. E. Gwadah	2,144	2,082
Mr. B. J. Rewane	17,452	16,944
Ms. L. G. Nichols	Nil	Nil
Mrs. Z. Abdurrahman	Nil	Nil
Mr. R. J. O'Keeffe	Nil	Nil
Mr. P. J. Jenkins	Nil	Nil
Ms. Y. A. Ike	Nil	Nil
Mr. A. Fennell (Appointed with effect from 12 September 2013)	Nil	Nil
Mr. M. A. Taylor (Resigned with effect from 12 September 2013)	Nil	Nil

Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act of any declarable interest in contracts in which the Company is involved.

Shareholding and Substantial Shareholder

The issued and fully paid-up share capital of the Company is 1,505,888,188 ordinary shares of 50 kobo each (2012: 1,474,925,519 ordinary shares of 50 kobo each). The Register of Members shows that only one company, Guinness Overseas Limited (a subsidiary of Diageo Plc) with 699,892,739 shares (2012: 678,958,195 shares) and 46.48% shareholding (2012: 46.03% shareholding) held more than 10% interest in the Company. Diageo Plc also owns another shareholder of the Company, Atalantaf Limited, with 118,052,388 shares (2012: 114,613,969 shares) and a shareholding of 7.84% (2012: 7.77%). Total shareholding of Diageo Plc was 54.32% at year end (2012: 53.80%).

Directors' Report

Corporate Governance Report

In Guinness Nigeria Plc, our actions and interactions with our consumers, customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles.

Our business is largely self-regulated and we pride ourselves as leading our peers in our industry and in Nigeria in this regard. In addition to self-regulation, we are committed to conducting business in line with international best practice, in accordance with applicable laws and regulations in Nigeria and the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria, 2011.

To further sustain our commitment to good corporate governance, ethical business standards and the values of integrity, honesty and fairness, Guinness Nigeria Plc signed up to the Convention on Business Integrity in September 2011.

The Company complied substantially with major corporate governance requirements during the year under review as set out below. Details of the Company's compliance with these corporate governance requirements are set out in this section of the Directors' report.

Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing the implementation of controls and procedures including, in particular, maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. There are currently four (4) regularly scheduled Board meetings during each fiscal year.

Composition of the Board of Directors and Procedure for Board Appointments

The Board consists of the Chairman, 9 non-executive directors and 2 executive directors. The non-executive directors are independent of management and are free from any constraints, which may materially affect the exercise of their judgement as directors of the Company.

All directors are selected on the basis of certain core competencies including experience in marketing, general operations, strategy, human resources, technology, law, media or public relations, finance or accounting, retail, consumer products, international business/markets, logistics, product design, merchandising or experience as a Chief Executive Officer or Chief Financial Officer. In addition to having one or more of these core competencies, candidates for appointment as Directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand the Company's business.

Separation of the positions of Chairman and Managing Director

The positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and the Managing Director is responsible for implementation of the Company's business strategy and the day-to-day management of the business.

Schedule of Matters Reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

1. Strategy and Management

- Input into the development of the long-term objectives and overall commercial strategy for the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

2. Structure and capital

- Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- Major changes to the Company's corporate structure.
- Changes to the Company's management and control structure.
- Any changes to the Company's listing or its status as a public listed company.

3. Financial reporting and controls

- Approval of preliminary announcements of interim and final results.
- Approval of the annual report and accounts, including the corporate governance report.
- Approval of the dividend policy.
- Declaration of any interim dividend and recommendation of the final dividend.
- Approval of any significant changes in accounting policies or practices.
- Approval of treasury policies including foreign currency exposure.

4. Internal controls

- Ensuring maintenance of a sound system of internal control and risk management including:
  - receiving reports from the Finance and Risk Committee on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes through the Finance and Risk Committee; and
  - approving an appropriate statement for inclusion in the annual report.

5. Contracts

- Major capital projects.
- Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business,

for example bank borrowings and acquisitions or disposals of fixed assets of amounts above the threshold reserved for executive directors under the Schedule of Limits and Authorities.
- Contracts of the Company not in the ordinary course of business, for example loans and repayments; foreign currency transactions and; major acquisitions or disposals of amounts above the thresholds reserved for executive directors under the Schedule of Limits and Authorities.
- Major investments including the acquisition or disposal of interests of more than five (5) *percent* in the voting shares of any Company or the making of any takeover offer.

6. Communication
- Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).
- Approval of press releases concerning matters decided by the Board.

7. Board membership and other appointments
- Changes to the structure, size and composition of the Board, following recommendations from the Governance and Remuneration Committee.
- Ensuring adequate succession planning for the Board and senior management following recommendations from the Governance and Remuneration Committee.
- Appointments to the Board, following recommendations by the Governance and Remuneration Committee.
- Approval of appointment of the Chairman of the Board following recommendations by the Governance and Remuneration Committee.
- Appointment of non-executive directors including independent directors following recommendations by the Governance and Remuneration Committee.
- Membership and Chairmanship of Board committees.
- Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- Continuation in office of non-executive directors at any time.
- Appointment or removal of the Company Secretary following recommendations by the Governance and Remuneration Committee.
- Appointment, reappointment or removal of the independent auditor to be put to shareholders for approval, following the recommendation of the Finance and Risk Committee.

8. Remuneration
- Approval of the remuneration policy for the Directors, Company Secretary and other senior executives following recommendations by the Governance and Remuneration Committee.
- Approval of the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate following recommendations by the Governance and Remuneration Committee.
- The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Governance and Remuneration Committee.

9. Delegation of Authority
- The division of responsibilities between the Chairman and the Chief Executive.
- Approval of terms of reference of Board Committees.
- Receiving reports from Board Committees on their activities.

10. Corporate governance matters
- Undertaking a formal and rigorous review of its own performance, that of its committees and individual Directors.
- Determining the independence of Directors.
- Considering the balance of interests between shareholders, employees, customers and the community.
- Review of the Company's overall corporate governance arrangements.
- Receiving reports on the views of the Company's shareholders.

Induction and Training
The Company has in place a formal induction programme for newly appointed Directors. As part of this induction, each new director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team.

The Governance and Remuneration Committee is in charge of evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the Company and the Directors' service on the Board.

Performance Evaluation process
The Governance and Remuneration Committee oversees a formal evaluation process to assess the composition and performance of the Board, each committee, and each individual Director on an annual basis. The assessment is conducted to ensure the Board, its committees, and individual members are effective and productive and to identify opportunities for improvement of skills.

Directors' Report

As part of the process, each member completes a detailed and thorough questionnaire. While results are aggregated and summarised for discussion purposes, individual responses are not attributed to any member and are kept confidential to ensure honest and candid feedback is received. The Governance and Remuneration Committee reports annually to the full Board with its assessment. A Director will not be nominated for re-election unless it is affirmatively determined that the Director is substantially contributing to the overall effectiveness of the Board.

Attendance at Board Meetings

The Board held 4 meetings during the 2013 financial year. The following table shows membership and the attendance of Directors at Board meetings in the 2013 financial year:

S/N	Directors	12/09/2012	2/11/2012	7/02/2013	9/05/2013	Total No. of Meetings Attended
1.	B. A. Savage	P	P	P	P	4
2.	N. B. Blazquez	AWA	P	AWA	AWA	1
3.	S. Adetu	P	P	P	P	4
4.	J. O. Irukwu, SAN	P	P	P	P	4
5.	B. E. Gwadah	P	P	P	P	4
6.	B. J. Rewane	P	P	P	P	4
7.	M. A. Taylor	P	AWA	P	P	3
8.	L.G. Nichols (Ms.)	P	P	P	P	4
9.	Z. Abdurrahman (Mrs.)	P	P	P	P	4
10.	R. J. O'Keeffe	AWA	P	P	P	3
11.	P. J. Jenkins	P	AWA	P	P	3
12.	Y. A. Ike (Ms.)	P	P	P	P	4

*** P – Present
AWA – Absent with Apologies

Board Committees

As at the date of this report, the Company has in place, the following Board Committees:

Executive Committee

This is a committee comprising of all members of the Leadership Team of the Company from time to time and has delegated responsibility for all businesses, which should be dealt with expeditiously and is not of such a nature as to necessitate consideration by a full meeting of the Board of Directors. In particular, the Committee exercises the approval powers vested in the Board of Directors in the Company's Schedule of Limits and Authorities in between meetings of the Board of Directors.

Finance and Risk Committee

The Finance and Risk Committee is responsible for monitoring the integrity of the financial statements of the Company and reviewing the effectiveness of the Company's internal control and risk management system, among others. The Committee comprises four non-executive directors selected to provide a wide range of financial, commercial and international experience. Members of the Committee who served during the year are:

Professor J. O. Irukwu, SAN	-	Chairman
Mr. B. J. Rewane	-	Member
Mr. P. J. Jenkins	-	Member
Ms. Y. A. Ike	-	Member

The Committee met five times during the year with an additional meeting with the Company's independent auditors, KPMG Professional Services, and the Controls, Compliance and Ethics Director, who leads the Company's internal audit function, in the absence of management. The following table shows the attendance of the members of the Committee at the meetings:

Directors	11/09/2012	30/10/2012	5/02/2013	7/05/2013	17/06/2013	Total No. of Meetings Attended
Prof. J. O. Irukwu	P	P	P	P	P	5
B. J. Rewane	P	P	P	P	P	5
P. J. Jenkins	P	AWA	P	P	P	4
Y. A. Ike (Ms.)	P	AWA	P	AWA	P	3

*** P – Present
AWA – Absent with Apologies

Each of the Committee's meetings was attended by the Finance and Strategy Director, the Financial Controller, the Controls, Compliance and Ethics Director, the Legal Adviser and the Head of Security. The engagement partner of the independent auditors, KPMG Professional Services, was also present with other key members of her team. Other senior management staff of the Company are invited to attend to brief the Committee on agenda items related to their areas of responsibilities.

During the year, the Committee received briefing on various financial reporting developments including the Company's preparedness for first time adoption of the International Financial Reporting Standards (IFRS) and current and emerging risk issues. The Committee reviewed the Company's quarterly financial reports, the annual reports and accounts, the auditors' recommendations on internal controls, the management letter and draft letter of representation before recommending their approval to the Board. The Committee also reviewed the critical accounting policies, judgements and estimates applied in the preparation of the financial reports. Similarly, the Committee reviewed reports on key risks affecting the Company's operations and the related controls and assurance processes designed to manage and mitigate such risks as well as management of significant tax risks, the Company's strategy on growth and innovation and the impact of social media and emerging technology on information management and customer/consumer engagement.

The Committee reviews the plans of both the internal and independent auditors and approves the plan at the beginning of the year. The Committee also recommends to the Board of Directors the appointment and remuneration of independent auditors.

The Board was kept updated and informed at its regular quarterly meetings of the activities of the Finance and Risk Committee through the minutes of the Committee and verbal updates provided to the Board by the Chairman of the Committee which is included as a regular item on the agenda of Board meetings.

Governance and Remuneration Committee

The Governance and Remuneration Committee is charged with instituting a transparent procedure for the appointment of new directors to the Board of Directors and making recommendations to the Board regarding the tenures and the re-appointment of non-executive directors on the Board. The Committee comprised of the following members during the financial year:

Dr. N. B. Blazquez	-	Chairman
Mr. S. Adetu	-	Member (appointed to the Committee with effect from 12 September 2012)
Mrs. Z. Abdurrahman	-	Member

The Committee met three times during the financial year. The following table shows the attendance of the members of the Committee at the meetings:

Members	4/09/12	6/02/2013	7/05/2013	Total No. of Meetings Attended
N.B. Blazquez	P	P	P	3
S. Adetu	NYA	P	P	2
Z. Abdurrahman (Mrs.)	P	P	AWA	2

*** P – Present
AWA – Absent with Apologies
NYA – Not Yet Appointed

Audit Committee

The Company has an Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. It comprises of a mixture of non-executive directors and shareholders elected at the Annual General Meeting. The Committee annually evaluates the independence and performance of independent auditors, receives the interim and final audit presentation from the independent auditors and also reviews with management and the independent auditors the annual audited financial statements before its submission to the Board. During the year, management presented to the Committee the IFRS Implementation Plan of the business. The Committee also approved the audit plan and scope of the independent auditors for the financial year and reviewed the quarterly and half yearly financial results before presentation to the Board. The members of the Audit Committee during the 2013 financial year are as follows:

Mr. G. O. Ibhade	-	Chairman/Shareholder
Mr. M. O. Igbrude	-	Shareholder
Mr. C. O. Ajaegbu	-	Shareholder
Dr. M. O. Ojinka	-	Shareholder (ceased to be a member on 2 November 2012)
Mr. A. N. Ezechukwu	-	Shareholder (ceased to be a member on 2 November 2012)
Mr. B. E. Gwadah	-	Director
Mrs. Z. Abdurrahman	-	Director
Mr. P. J. Jenkins	-	Director

The Committee met five (5) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

Members	10/09/2012	30/10/2012	5/02/2013	7/05/2013	17/06/2013	Total No. Of Meetings Attended
Mr. G. O. Ibhade	P	P	P	P	P	5
Mr. M. O. Igbrude	NYE	NYE	P	P	P	3
Mr. C. O. Ajaegbu	NYE	NYE	P	P	AWA	2
Dr. M. O. Ojinka	P	AWA	LTC	LTC	LTC	1
Mr. A. N. Ezechukwu	P	P	LTC	LTC	LTC	2
Mr. B. E. Gwadah	P	P	P	P	P	5
Mrs. Z. Abdurrahman	NYA	NYA	P	P	P	3
Mr. P. J. Jenkins	P	AWA	AWA	P	P	3

*** P – Present
AWA – Absent with Apologies
NYA – Not Yet Appointed
NYE – Not Yet Elected
LTC – Left the Committee

Code of Business Conduct and Code of Governance for Directors

Our purpose and values are clearly stated in the Diageo Code of Business Conduct which is applicable to all Diageo subsidiaries globally. The document defines the way we work together and perform as a business. We want to constantly demonstrate our commitment to not just being one of Nigeria's most trusted and respected companies but also a highly respected business globally. We ensure that our customers, consumers, shareholders, government and the communities in which we operate, trust that we understand our responsibility as the world's premium leading drinks business and that we behave accordingly.

Our reputation is critical to our long term commercial success and business sustainability. We all have a responsibility to ensure that we do the right thing and in so doing, protect the Company's reputation. Our values guide us when taking decisions and agreeing priorities. Employees and all third parties are mandated to imbibe our values and comply with them.

As part of our continued drive to embed a culture of compliance & ethics in our Company, we host and celebrate the *Pathway of Pride* event which is an annual mandatory Ethics/ Integrity Awareness Programme for all Guinness Nigeria employees.

The Board of Directors is guided by Corporate Governance Guidelines. These guidelines on corporate governance was developed to help the Board fulfil its responsibilities to the shareholders and to ensure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as appropriate and to make decisions that are in the best interest of the Company, its shareholders and other key stakeholders.

Dealings in Securities Code

The Board has approved the Dealings in Securities Code, which prescribes a code of behaviour by Directors and senior employees, as well as employees in possession of market sensitive information. Affected persons are prohibited from dealing in the Company's securities during closed periods and mandated to obtain consent to deal from appropriate senior executives of the Company. A Code Manager has also been designated to ensure adherence to the provisions of the Code.

Anti-Corruption Drive

At Guinness Nigeria Plc, we do not tolerate bribery or corruption in any form. We know our reputation is built on the way we operate and how we conduct ourselves as a business. By ensuring our interactions are transparent, fair and consistent with our values, we can protect that reputation and support our long term business success. To reinforce this stand and create greater simplicity in this area, we launched an anti-corruption policy. The policy applies to all employees and third parties acting for or on behalf of Guinness Nigeria Plc.

The policy extends the principles on bribery and corruption in our Code of Business Conduct by consolidating some of our existing principles that could expose us to the risk of bribery and corruption as well as bringing in new content on dealings with our third party business partners. It also provides guidance on political and charitable contributions such as:

1. Gifts and entertainment.
2. Dealing with government officials.
3. Conflicts of interest.
4. Relationships with third parties.
5. Political, community and charitable contributions.

Statement of Company's Risk Management Policies and Practices

The Board has responsibility for ensuring the maintenance of a sound system of internal control and risk management and regularly receives reports from the Finance and Risk Committee on the effectiveness of the Company's risk and controls processes to support its strategy and objectives. In compliance with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission in 2011, we provided assurance during the financial year that the risk management control and compliance systems are operating efficiently and effectively in all respects in Guinness Nigeria Plc. Our aim is to manage risk and to control our business and financial activities cost effectively, and in a manner that enables us to exploit profitable business opportunities in a disciplined way, avoid or reduce risks that can cause loss, reputation damage or business failure.

Specifically, our risk management objectives are to:

- Identify and maximise the benefit from new opportunities, challenges and initiatives;
- Avoid unnecessary and reasonably foreseeable losses of, or damage to, our reputation, our brands, or our economic profit;
- Take appropriate risk for appropriate return in line with our values, risk culture and risk appetite;
- Prioritise appropriately between different opportunities and risks;
- Provide the assurance that we understand and are effectively managing our risks as required for best corporate governance.

In managing our risks during the year, we observed the following procedures:

- A risk assessment is done as an integral part of our business planning process and updated on a regular basis. The risks and the mitigating actions are reviewed regularly at monthly Risk Management Committee meetings attended by all members of executive management.
- Controls Assurance and Risk Management (CARM) process has been embedded to enable the Company meet the requirement of the Sarbanes Oxley Act 2002. As a subsidiary of Diageo Plc, which has United States of America listing, compliance with the Sarbanes-Oxley Act is mandatory for Guinness Nigeria Plc.
- An effective internal audit function exists to carry out risk based audit of operations and reports regularly to the Finance and Risk Committee of the Board.
- On a monthly basis, we capture and communicate risks and opportunities against the Annual Operating Plan through the Business Performance Management process.
- Regular review and monitoring of the overall risk and control environment of the business is done by the Finance and Risk Committee of the Board.

Sustainability Report

At the core of our business strategy in Guinness Nigeria Plc is a firm belief that the impact that we have on the society and our environment is as important as the financial performance that we report every year. Our sustainability and responsibility strategy therefore focuses on alcohol in society, water, environmental sustainability, community and people.

In the year ended 30 June 2013, Guinness Nigeria Plc focused on enhancing responsible drinking education, specifically targeting drink-driving. We also prioritised the provision of water within our environment as well as other community investment programmes.

Alcohol in Society

Guinness Nigeria Plc has been part of the social and cultural life of communities throughout Nigeria for over sixty years. Our brands play a positive role during social occasions and celebrations. Guinness Nigeria recognises that alcohol misuse causes serious problems for individuals, communities and society. We therefore work to market our brands responsibly to adults and we support programmes and policies that create a more positive role for alcohol in society. During the year, we had 17% increment on awareness levels of our Responsible Drinking (RD) campaigns based on research work conducted by an independent external agency.

Our system for the Diageo Marketing Code (DMC) compliance across all promotional, marketing, digital and innovation activities was actively maintained and we ensured compliance with the DMC in all our marketing activities. All marketing activities have Responsible Drinking activations embedded in them. We strive to work with the government and other like-minded organisations and agencies to make a positive contribution to addressing the misuse of alcohol.

Guinness Nigeria runs several programmes to address alcohol misuse, with a focus on drink-driving, underage drinking and excessive consumption. For us, it is very important to tackle alcohol misuse in an evidence-based manner. Thus all our programmes and interventions are driven by research and data.

We have partnerships, with various stakeholders like the Lagos State Ministry of Health, Federal Road Safety Commission and the Lagos State Ministry of Transportation, which are designed to create awareness in combating drink-driving and excessive alcohol consumption. Guinness Nigeria continues to spearhead the alcohol industry's self-regulation initiatives and will continue to make significant input to shape the development of a National Alcohol Policy with input from the industry.

Water

Water is a vital ingredient of our brands. It therefore makes sense that it is also a focus for our environmental and community programmes. Our key initiative in this area is the Water of Life programme, under which we establish mini water works for selected local communities to give them access to clean water. Over 2 million Nigerians have benefited so far under this programme.

Some of the water projects that we have constructed and donated under this scheme include: Iju in Lagos State; Oregbeni in Benin City, Edo State; Iperu-Remo in Ogun State; Owode in Ibadan, Oyo State; Ikpayongo in Benue State; Egbeluowo and Odeukwu communities in Aba, Abia State; Eleme in Rivers State; Onitsha in Anambra State; Odigbo in Ondo State; Nsude in Enugu State; Isu Ekiti in Ekiti State; Jebba, in Kwara State; Ozanogogo in Agbor, Delta State; Agoi-Ibami in Cross Rivers State and Awba Ofemili, Anambra State where we made use of a solar powered water filtration system.

Guinness Nigeria Plc is still involved in the unique partnership with Coca-

Cola, Nigerian Bottling Company, the TY Danjuma Foundation and Water Health International to further expand access to clean water to additional beneficiaries across Nigeria and the West African sub-region.

In recognition of the Company's contributions in the water sector, the Company was officially recognised by the Federal Ministry of Water Resources as the Most Socially Responsible Private Sector Company, during the 2013 International Year of Water Cooperation celebration.

Communities

We are proud of our record of supporting Nigerian communities, particularly those which play host to our breweries. Members of these communities include our employees, consumers and commercial partners. Our continued engagement is central to Guinness Nigeria's long term viability. For us, community investment is not simply a matter of making charitable donations, though we do contribute to philanthropic causes where appropriate. We believe the challenge is much more about using human and financial resources to create positive and long term change within our communities. To ensure that our efforts have an impact, we concentrate on a number of focus areas - health, education and sports.

Health

We have made some interventions in establishing and sustaining the Guinness Eye Hospitals in Lagos and Onitsha. We have continued to give support to these eye hospitals in the year under review in order to maintain them as centres of excellence for eye care and ophthalmological training not only in Nigeria but across the West African sub-region. In this year specifically, Guinness Nigeria Plc made a donation of eye equipment to the eye centres at the Lagos University Teaching Hospital (LUTH) and at the Guinness Eye Hospital in Onitsha. The equipment included advanced Slit Lamp Bio microscopes, which can be used to detect early onstage cataracts and glaucoma, the two leading causes of avoidable blindness in Nigeria.

In support of the fight against the spread of HIV/AIDS, the Company has consistently celebrated the World's AIDS Day with awareness walks, free lectures and VCT testing for members of its host communities. In the 2013 financial year, this event was celebrated at the Lagos State University Teaching Hospital (LASUTH).

Education

Guinness Nigeria has established a scholarship scheme for its host communities in Lagos, Edo and Abia states for the study of engineering and other disciplines. The scheme is implemented in collaboration with the Nigerian Society of Engineers (NSE) and the Nigerian Institute of Management (NIM). We recently made available scholarship grants to 17 undergraduate students from our host communities in Benin, Aba and Lagos for the entire duration of their university and polytechnic education. The scheme covers the entire cost of tuition, textbooks and part of living expenses. It affords the students the liberty of remaining fully focused on their studies without any encumbrances.

The beneficiaries, who were selected from a pool of applicants that responded to newspaper advertisements, went through a rigorous screening process supervised by the NSE and the NIM.

Our scholarship scheme also extends to skills acquisition. This year working with the Institute of Industrial Technology in Lagos, the Company awarded 10 beneficiaries from the communities in Aba, Benin and Lagos scholarships to gain technical skills in this prestigious institute. The scholarship covers their tuition and allowance for the period of 2 years. The skills acquired will go a long way to prepare the beneficiaries for gainful employment in various multinationals or as entrepreneurs.

Employee Community Programme

Friends of the Community Programme (FOC) is an initiative of the employees of Guinness Nigeria Plc. Under this initiative, employees of the Company carry out sustainable activities within the community thereby impacting the lives of beneficiaries positively. Its activities are in the area of social, medical and educational needs.

In the year under review, the FOC visited a number of orphanage homes to bring smiles to the faces of the inmates. A few of the places visited are the Love Home Orphanage, Magodo in Lagos, St. Mary Immaculate Orphanage Home, Ikhueniro and Omosefe Orphanage Homes in Benin. Overall, about 250 persons were impacted, tutored and inspired through sharing of craft making skills, as well as donation of food items and clothing.

Sports

Guinness Nigeria has continually shown commitment to the sponsorship of sporting events. The annual sponsorship of the Guinness Cup Golf Tournaments in Lagos and Benin respectively are some examples of this.

Donations

During the course of the year, the Company donated relief materials to victims of flooding in Edo State. In addition to this, various donations and contributions were made to several charitable ventures as illustrated below:

Description	Amount N'000
Water of Life, Agoi-Ibami, Cross Rivers State, and Oza Nogogo, Agbor, Delta State	28,610
Maintenance of Water of Life Projects	3,860
Guinness Technical Education Scholarship at the Institute of Industrial Technology, Lagos	3,400
Eye Equipment for Guinness Eye Centre, LUTH, Lagos	2,609
Guinness Tertiary Education Scholarship Scheme	1,675
Total	**40,154**

In accordance with Section 38(2) of the Companies and Allied Matters Act, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Environmental Policy

At Guinness Nigeria Plc, we recognise that our management of environmental issues is important to our stakeholders and fundamental to the long-term sustainability of the Company.

Our aim is to achieve and maintain environmental sustainability – a condition where our business causes neither long-term critical depletion of natural resources nor lasting damage to species, habitats, biodiversity or the climate. Our stance in this area is contained in our Environment Policy. The tables below show some environmental projects and improvement initiatives adopted in our breweries in 2013 financial year. Our focus is on adoption of options with the most benefit or least damage to the environment, in order to minimise the environmental impact of the Company's operations.

Lagos Brewery

Project Name	Description	Environmental Benefit Type
Waste Heat Boilers	Recycling of heat from the exhaust of the gas generators to generate steam to aid brewing and packaging operations	Water use reduction Energy use reduction Reduction in Green House gases emission
Beer Membrane Filtration	The beer membrane filtration technology replaces the Kieselghur filtration. The old filter generates lots of kieselghur and filter sheets wastes, thereby increasing wastes to landfill.	Waste to landfill reduction
Installation of a new CO_2 plant with Liquivac system	This provides for a larger capacity to recover more CO2 and less dependence on water and IMS	Water use reduction Energy use reduction Reduction in Green House gases emission

Benin Brewery

Project Name	Description	Environmental Benefit Type
Third gas generator set with waste heat boiler attached	The gas generator burns natural gas reduces Green House gases emission. Heat from exhaust gas is also recycled to fire the Waste Heat Boiler	Energy use reduction Water use reduction
2 new Cummins generator sets	To reduce fuel consumption and improve efficiencies and also to reduce GHG emission	Energy use reduction Green House Gases emission reduction

Environmental Sustainability

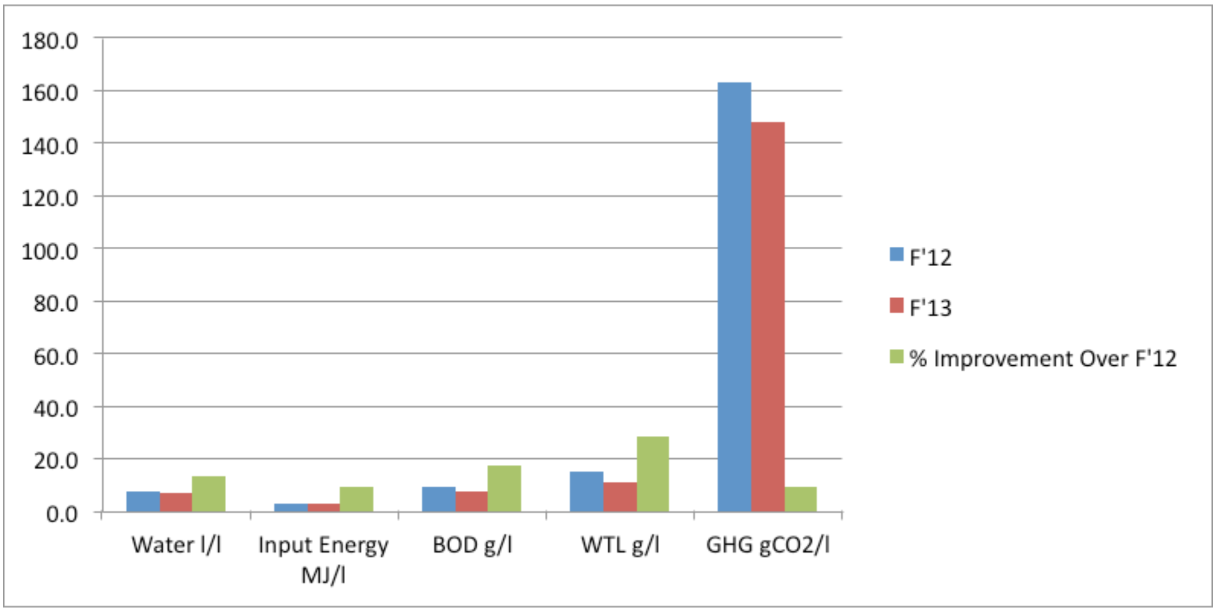
Guinness Nigeria Plc uses a wide range of resources in its business. Some like fuel are finite. Others like cereals are vulnerable to the effects of climate change. The Company is also committed to reducing the environmental impact of its operations. Environmental Impact Assessments (EIA) are usually carried out before the commencement of new projects and environmental audits are conducted with the recommendations from these audits being duly implemented. In this way, we ensured that, even though the Company was undergoing a large scale capacity expansion programme, our activities did not impact negatively on the environment during the year under review.

Efficient water management is a challenge our business had voluntarily taken upon itself because of the realisation that our business is largely dependent on water. Significant improvement on water usage of approximately 13.6% was made in 2013 financial year over that of 2012 financial year. This improvement was due to the following water reduction strategies put in place by the Company – installation of hybrid lubrication technology on our packaging lines, installation of water flow meters for monitoring and controlling water usage, optimisation of cleaning water in process areas, behavioural change/mind-set around cleaning through awareness and training, prompt curing of visible water leaks, over 95% condensate recovery brewery-wide and Cleaning-In-Place (CIP) optimisation.

On Green House Gases Reduction (GHG), we recorded an improvement of about 9.2% in the 2013 financial year over that of 2012. This was quite significant and shows our commitment as an organisation to going green by 2015. The improvement was driven by the commissioning of two Waste Heat Boilers at the Benin Brewery, continued optimisation of the gas generator sets in both Ogba and Benin Breweries, continued and effective production planning strategies on utilities usage, good asset care of all production facilities, regular review of heat balance and temperature control and management of high bay lights usage in all process areas.

Through continued focus and leadership around our deployed waste management initiatives, we recorded an improvement of about 28.5% over the 2012 financial year figure on waste to landfill in 2013. This gain was through the installation of the beer membrane filtration technology at the Benin Brewery for Kieselghur removal, reuse and recycling of brewing waste (e.g. spent grains and yeast for pig farmers and for compost plant), evacuation of sludge to palm plantations in Benin, waste cartons evacuation to paper mills and continued effective broken bottle removal from sites for recycling.

F'12 Vs. F'13 Environmental KPIs Performance Data



	Water (l/l)	Input Energy (MJ/l)	BOD (g/l)	WTL (g/l)	GHG (gCO2/l)
F'12	7.8	2.99	9.07	15.42	163.28
F'13	6.74	2.71	7.51	11.03	148.2
% Improvement Over F'12	13.6	9.4	17.2	28.5	9.2

Health and Safety

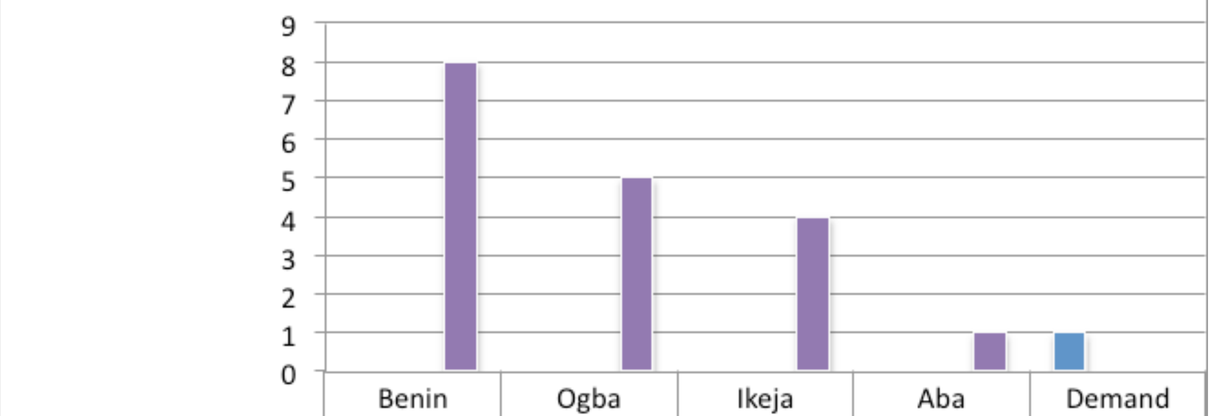
Guinness Nigeria Plc is committed to managing an Occupational Health and Safety system that promotes a safe working environment for all employees, contractors, customers and visitors to our sites. At Guinness Nigeria Plc, Occupational Health and Safety has equal importance with all other business activities. In 2007, Diageo launched her Zero Harm Strategy to ensure that every one working or visiting our breweries goes home safely everyday, everywhere. This is in line with the Diageo purpose of celebrating life, everyday, everywhere.

Our aim as a Company is to create a proactive safety culture in which all our employees believe that all injuries and occupational illnesses are foreseeable and preventable and act in a manner that demonstrates their personal commitment to this aim. Valuing each other is one of our values and this starts with every employee being passionate about keeping each other safe, obsessively committed to preventing every single injury and recognising the benefits of safe behaviour and celebrating safety success.

In the 2012 financial year, the Severe and Fatal Injury Prevention Programme (SFIPP) was launched. This programme aims to eliminate fatal and severe injuries from our supply and demand operations. The safety golden rules were also introduced to guide employees in their day to day behaviour while performing their duties. Our First Aid and minor accident record continue to trend downward when compared against prior years. In the 2013 financial year, we recorded a 70% reduction in First Aid injuries in supply operation and a 53% reduction in road traffic accidents in our demand operation. Lost Time Accidents (LTA) was nil for both full time employees and contractors. In the year under review, Guinness Nigeria Plc won the NECA – NISTF award for exceptional safety culture in the organisation which came with a gift of a Toyota Hiace Ambulance.

S/N	Type of Incident	No. of Incidents	Comments
1	Occupational Illnesses	Nil	No Occupational Illness was Reported
2	First Aid Injuries	18	Operations and Project Falcon
3	Lost Time Accidents	0	None Recorded
4	3rd Party Fatality	0	None Recorded
5	Employee Fatality	1	Road Traffic Accident in our Demand Operation

Guinness Nigeria F13 Safety Incidents Report



	Benin	Ogba	Ikeja	Aba	Demand
FTE Fatality	0	0	0	0	1
3rd Party Fatality	0	0	0	0	0
Lost Time Accident	0	0	0	0	0
First Aid Injuries	8	5	4	1	0

Combating the global challenge on HIV/AIDS, Malaria, and Tuberculosis (ATM).
Guinness Nigeria Plc has a robust HIV/AIDS, Tuberculosis and Malaria (ATM) workplace policy which is the bed rock of our programme to address ATM issues and other wellness and health programmes. The key elements of the policy include:

- Prevention;
- Protection;
- Testing; and
- Care and Support.

Directors' Report

The programme is targeted not only at the entire workforce but also our supply chain partners. The fulcrum of mitigating ATM is the dynamic peer health education programme put in place by management. Trained peer educators disseminate information and skills to their colleagues on how to prevent, protect and provide support for those infected. Another innovative way we reach out to the workforce is through well packaged health messages on employees' pay slips, distribution of insecticide-treated bed nets (ITNs), artemisinin-based combination therapies (ACTs) to treat malaria and intermittent preventive treatment for pregnant women (IPTp).

In addition, relevant support materials on ATM are distributed as are monthly online tips on current health issues, one-on-one counselling, bi-annual comprehensive health screening for early diagnosis and prompt treatment of chronic conditions and close monitoring of those with hypertensive/diabetic conditions. The Company also procures and distributes packs of condoms which are conspicuously placed in female/ male conveniences.

The Company provides HCT counselling/testing and employees are encouraged to know their HIV status. We are considering special events such as Family Days to further reach out to employees and their family members with information on how to prevent and identify signs and symptoms of ATM, and how to go about treatment if tested positive. As a result of these initiatives, stigma and discrimination have been reduced to the barest minimum and we are working towards Zero New Infection and Zero stigmatisation for all employees in the Company.

Guinness Nigeria Plc is an active member of Nigerian Business Coalition against AIDS (NIBUCCA). NIBUCCA is the workplace voice against HIV/AIDS and in this partnership, the Company continues to play a leading role in workplace HIV/AIDS prevention. We also provide HIV counselling and testing to our host communities during the celebration of World AIDS Day, World Malaria Day and the World Tuberculosis Day.

Employment and Employees

(a) Training and Development

It is our policy to equip all employees with the skills and knowledge required for the successful performance of their jobs. This entails identifying the training needs of our employees and prioritising implementation of plans to address such needs consistent with the requirements of the business. In line with this, in the year under review the Learning and Development strategy was reviewed to fully focus on both functional and leadership skills.

(b) Dissemination of Information

In order to maintain a shared perception of our goals, we are committed to communicating information to employees in as fast and effective a manner as possible. We consider this critical to the maintenance of team spirit and high employee morale.

Circulars and newsletters are published in respect of significant corporate issues. Information is exchanged by different groups of employees using electronic mails and other electronic means of communication. A good communication link with the workforce is also maintained through regular meetings between Union representatives and Management.

(c) Employment of Physically Challenged Persons

Guinness Nigeria Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but is driven by a deep conviction that even in disability, there could be immense ability. At the end of the 2013 financial year, we had three (3) (2012:five (5)) physically challenged persons in our employment.

Employment Equity, Gender Polices & Practices

Our resourcing policy ensures equity and is free from discriminatory bias of gender, ethnic origin, age, marital status, sexual orientation, disability, religion and other diversity issues. We have carried out employment processes across all levels in line with this practice.

Staff Diversity, Employee Development & Training Initiatives

In the year under review we had a staff strength of 1,433 (1,238 Males and 195 Females). We have on-boarded our new joiners through the corporate induction programme, equipped our new managers through the New Manager programme and built people manager capability using the Managing Self and the Coaching Essentials tools amidst various functional trainings. Our people are also encouraged and supported to be members of professional institutions. As a result of our continued employee development initiatives we have internally promoted 126 people across levels and functions and 9 people have taken on international assignments within the Diageo Group.

Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

Plant, Property and Equipment

Information relating to changes in plant, property and equipment are disclosed in Note 12 to the Financial Statements.

Distribution

The Company's products are distributed through numerous distributors who are spread across the country. The Company also has a distributor located in the United Kingdom.

Post Balance Sheet Events

There were no post balance sheet events, which could have had a material effect on the state of affairs of the Company as at the balance sheet date or on the financial results for the year then ended on that date, which has not been adequately provided for.

Royalty and Technical Services Agreement

It has been the practice for the Company to maintain a close relationship with Diageo Plc as technical partner and adviser. In this capacity, we receive technical and commercial support from certain members of the Diageo Group under a Technical Services Agreement and Trademark and Quality Control Agreement in respect of Guinness Foreign Extra Stout, Guinness Extra Smooth, Harp Lager, Malta Guinness, Malta Guinness Low Sugar, Smirnoff Ice, SNAPP and Satzenbrau Pilsner Lager.

Independent Auditors

Messrs. KPMG Professional Services were the Company's Independent Auditors during the year under review. The Independent Auditors' report was signed by Mrs. Oluwatoyin Atinuke Gbagi, a partner in the firm, with Institute of Chartered Accontants of Nigeria (ICAN) membership number '17186'.

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, Messrs KPMG Professional Services have indicated their willingness to continue in office as Independent Auditors to the Company.

12 September 2013

By Order of the Board

SENI ADETU
Managing Director/Chief Executive Officer
FRC/2013/IODN/00000003516


PREMIUM BEER
HARP
TRIPLE FILTERED
BREWED FROM THE FINEST INGREDIENTS
A/c 5.15% Vol. 600ml.
TRIPLE
FILTERED
PREMIUM BREW
DRINK RESPONSIBLY
WWW.DRINKiQ.COM
18+
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It starts with a
SNAPP
SPARKLING ALCOHOLIC DRINK
Alc 5% Vol
SNAPP
SPARKLING ALCOHOLIC DRINK
APPLE FLAVOUR
300ml Alc 5% Vol
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Board of Directors in Profile

Mr. Babatunde Abayomi Savage
Chairman

Mr. Savage holds a Bachelor of Science degree from the University of Ibadan. He had his accountancy training with Coopers & Lybrand (now PricewaterhouseCoopers) from 1978 to 1983. Mr. Savage has attended various overseas management training including a stint at Cranfield School of Management and Harvard Business School. He is a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Taxation of Nigeria (CITN).

Mr. Savage joined the Board of Guinness Nigeria Plc in 1996. He was the Company's Director of Finance and later Corporate Planning Director. He was appointed the Corporate Affairs Director in 1998 and the Deputy Managing Director in 2005.

Upon his retirement from the Company in June 2009, Mr. Savage was appointed Chairman of the Board of Directors of the Company.

He is the Chairman of the Council of the International Chamber of Commerce (ICCN). He resides in Nigeria.

Dr. Nick Blazquez
Vice Chairman

Dr. Blazquez was appointed as a director of the Company in September 2004 and Vice Chairman in February 2006. He is the President of Diageo Africa, Turkey, Russia and Central and Eastern Europe and a member of the Diageo Executive Committee. He has worked for Diageo for 24 years in a number of senior roles in Asia, Europe and Africa. He is a Non-Executive Director of Mercy Corps.

He holds a Bachelor of Science degree from University of Aberdeen and a Ph.D from the University of Bristol.

Dr. Blazquez is the Chairman the Board Governance and Remuneration Committee. He resides in the United Kingdom.

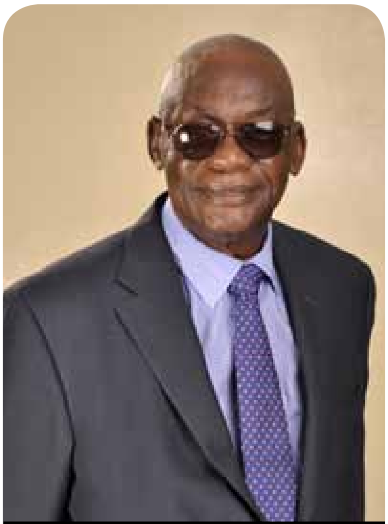
Mr. Seni Adetu
Managing Director/CEO

Mr. Seni Adetu holds a Bachelor of Science degree in Chemical Engineering from the University of Lagos, Nigeria and a Post-Graduate degree, M.B.A (with specialisation in Marketing) from the same University.

He began his career as a Brand/ Sales Manager with John Holt Plc and later joined Coca-Cola Nigeria Ltd, where he enjoyed a highly successful 14 year career. While at Coca-Cola, he held various senior positions which include Marketing Director and later General Manager Coca-Cola West Africa. His responsibilities covered various markets across Africa including Kenya and Ghana. He also served as the Commercial Director for Nigerian Bottling Company Plc.

In 2006, Mr. Adetu joined Diageo and was appointed Managing Director of Guinness Ghana Breweries Limited (GGBL) where he led the integration of Guinness Ghana and Ghana Breweries Limited, creating a winning culture and driving a strong market share growth.

He moved on to become Group Managing Director of East African Breweries Ltd in 2009, a position he held until his appointment as Managing Director for Guinness Nigeria Plc with effect from 1 July 2012. He resides in Nigeria.

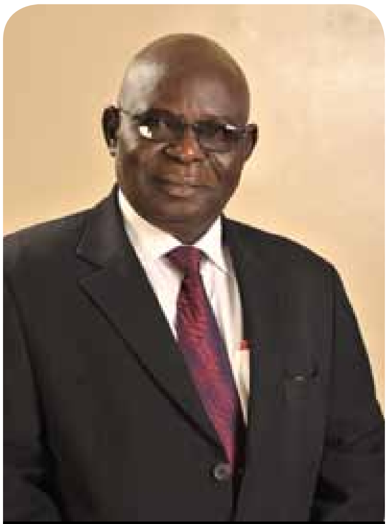


Professor J. O. Irukwu, SAN
Non-Executive Director

Professor Irukwu holds MBA and Ph.D. degrees as well as several honorary doctorate degrees. He is a Fellow of the Corporation of Insurance Brokers, a past president of the West African Insurance Companies Association and the Founding President of the Professional Reinsurers Association of Nigeria. He is a Professor of Law and Insurance

A Senior Advocate of Nigeria, Professor Irukwu is also a past president of *Ohaneze Ndigbo*, a socio-cultural group representing the third largest ethnic group in Nigeria. Professor Irukwu joined the Board of the Company as a non-executive director in December 1996.

Professor Irukwu is the current Chairman of the Finance and Risk Committee of the Board. He resides in Nigeria.



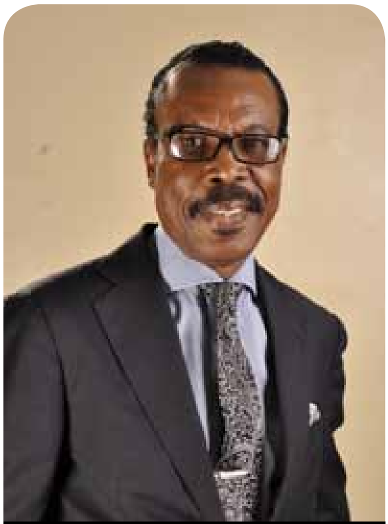
Mr. Bitrus Edward Gwadah
Non-Executive Director

Mr. Bitrus Gwadah has an honours degree in Law and was admitted to the Nigerian Bar as a Barrister and Solicitor.

He was Managing Director/ CEO, NIDB Trustees Limited, a subsidiary of Nigerian Industrial Development Bank Limited. In addition to being a director of Guinness Nigeria, he is also engaged in private legal practice and consultancy.

He joined the Board of Guinness Nigeria in 2000 as a non-executive director.

Mr. Gwadah represents the Board on the statutory Audit Committee. He resides in Nigeria.



Mr. Bismarck Jemide Rewane
Non-Executive Director

Mr Bismarck Rewane graduated from the University of Ibadan with a Bachelors and Honours degree in Economics (1972). He worked at several blue-chip financial institutions within Nigeria and abroad holding various senior management positions.

Between 1981 and 1989, he was with International Merchant Bank Nigeria Limited and held several positions such as General Manager, Assistant General Manager, Head of Development Finance and Divisional Credit Manager. He was also with the First National Bank of Chicago, Barclays Bank of Nigeria and Barclays Bank International Plc, United Kingdom.

An Associate of the Institute of Bankers, (England & Wales), Mr. Rewane has served on the boards of several organisations, including Navgas (a Vitol Group subsidiary), NLNG Prize Award Foundation, UNIC Insurance Plc, Nigeria Economic Summit Group, UBA Custodian Limited, Virgin Nigeria Airways Limited, Fidelity Bank Plc, First City Monument Bank Plc and Top Feeds Nigeria Limited.

Bismarck Rewane joined the Board of Guinness Nigeria as a non-executive director in 2008. He is a member of the Finance and Risk Committee of the Board. He resides in Nigeria.

Board of Directors in Profile

Mrs. Zainab Abdurrahman
Non-Executive Director

Mrs. Zainab Abdurrahman holds an honours degree in Economics from the Ahmadu Bello University, Zaria specialising in Finance, Operations, Research, Statistics, Project Evaluation, Accounting and Economic Analysis. She joined the Nigerian National Petroleum Corporation (NNPC) in 1979 where she held a number of increasing leadership responsibilities including Managing Director, Group General Manager, NNPC Retail Limited in charge of NNPC Petrol Stations – Land and Floating, General Manager, Investment Division, Manager, Domestic Investment and Finance and Head, Domestic and International Investments. She also represented the interest of NNPC on the boards of 2 Joint Venture trading companies and the Committee on the Review of the Joint Operating Agreements and Production Sharing Contracts in the Upstream Sector, among several important assignments.

Mrs. Abdurrahman retired from the NNPC in 2009 and now runs a private business. She was appointed to the Board as a non-executive director on 4th November 2011.

Mrs. Abdurrahman is a member of the Board's Governance and Remuneration Committee and represents the Board on the statutory Audit Committee. She resides in Nigeria.

Ms. Lisa Gillian Nichols
Finance and Strategy Director (Executive)

Ms. Lisa Nichols joined Diageo in September 1992 as Financial Analyst, IDV, Asia Pacific based in London. From there, she subsequently worked in Dubai, Beirut, Kingston Jamaica, Chicago, Budapest and London in several positions of increasing leadership responsibilities in finance, audit and general management roles spanning market finance director, financial control, treasury, financial planning and reporting and global audit and risk.

Ms. Nichols was the Global Business Support Director Africa and a member of the Diageo Africa executive in which role, she was responsible for strategy, decision support, business development and new business ventures.

Ms. Lisa Nichols holds a BA (Hons.) degree in Mathematics from Oxford University and is an associate member of the Chartered Institute of Management Accountants (ACMA). She has lived and operated successfully across many parts of the world and speaks French, basic German and basic Hungarian in addition to English. She joined Guinness Nigeria Plc as the Commercial Director with effect from 1st August 2011 and was appointed to the Board on 9th September 2011. She resides in Nigeria.

Mr. Rory John O'Keeffe
Non-Executive Director

Mr. John O'Keeffe holds a Bachelor of Commerce degree from the University College Cork, Ireland specialising in Economics and Marketing. He joined Diageo Plc in 1994 and has held a number of leadership responsibilities including Brand Manager, Diageo Ireland; New Product Development Manager, Diageo Ireland; Guinness Brand Manager, Diageo Ireland (based in Dublin); Marketing & Innovation Manager, Diageo Jamaica; Marketing Director, Diageo Jamaica/Caribbean; Marketing Director, Diageo Nordics; Commercial & Innovation Director, Diageo Nordics; General Manager, Diageo Sweden & Finland; Managing Director, Diageo Russia & CIS markets (based in Moscow) and Managing Director, Diageo Russia & Eastern Europe. Mr. O'Keefe is presently the Global Category Director, Beer and Baileys for Diageo Plc.

Mr. O'Keeffe was appointed to the Board as a non-executive director on 9th February 2012. He resides in the Republic of Ireland.

Mr. Phil Jenkins
Non-Executive Director

Mr. Phillip John Jenkins obtained an honours degree in Accounting and Financial Analysis from the University of Newcastle-Upon-Tyne. Mr. Jenkins is a senior finance professional with over 20 years record of success in blue chip, sales, marketing and manufacturing environments. He is a member of the Institute of Chartered Accountants in England and Wales.

Mr. Jenkins worked as the head of Finance in UK Brewing (UK subsidiary of S&N). He later became the Finance Director of Scottish Courage National Sales, another UK subsidiary of S&N. He was appointed the Corporate Development Manager of S&N Plc in August 2003 in which role he was responsible for group strategic planning and execution of key corporate development projects. He further worked as the Programme Director for S&N Plc before joining Diageo Plc in 2008. This is outside other commercial finance and internal and external audit roles he has held. He was the Business Development Director of Diageo Plc until his appointment as the Finance Director of Diageo Africa in 2011.

Mr. Jenkins was appointed to the Board of Guinness Nigeria as a non-executive director on 9th February 2012. He is a member of the Finance and Risk Committee of the Board and represents the Board on the statutory Audit Committee. He resides in England.

Ms. Yvonne Ike
Non-Executive Director

Ms. Yvonne Ike holds a Bachelor of Science Degree in Economics. She started her career as an auditor with Ernst and Young International and has been an FSA registered representative since 1994. She was a Managing Director at JP Morgan, where she spent 15 years of her career until 2009.

Ms. Ike is an internationally regarded investment banker credited with pioneering a number of ground breaking transactions in the West Africa region. She has more than 18 years' experience in financial services, including capital markets operations and fixed-income, derivatives and equities products. Over the course of her career, she has led senior teams in New York, Geneva, Hong Kong, Nigeria and South Africa.

She is presently the CEO West Africa, Renaissance Group (Investment Banking).

Ms. Ike was appointed to the Board as a non-executive director on 26th April 2012. She is a member of the Finance and Risk Committee of the Board. She resides in Nigeria.

Mr. Andy Fennell
Non-Executive Director

Mr. Andy Fennell holds an honours degree in Psychology from the Cardiff University in the UK. He joined Bass Plc as a graduate trainee and held various sales and marketing roles in both the soft drinks and beer divisions. He joined Guinness GB in 1997 and was appointed Marketing Director, Guinness (seed and developing markets) where he had responsibility for Guinness in the USA, Canada, Australia, Japan, Indonesia, France, Italy and Germany leading the various markets to double digit growth in that period. He subsequently held the roles of Global President (Smirnoff and Rum) and European Marketing Director. He was appointed the Chief Marketing Officer for Diageo Plc in October 2008, a position he held until his recent appointment as President/ Chief Operating Officer of Diageo Africa with effect from 1st July 2013. He is a member of Diageo Plc's Executive Committee.

Mr. Sesan Sobowale
Company Secretary

Mr. Sesan Sobowale qualified as a Solicitor and Advocate of the Supreme Court of Nigeria and was admitted to the Bar in December 1990. Sesan has over 20 years of commercial legal experience in Nigeria's leading commercial law firms including G. M. Ibru & Co., Udo-Udoma & Bello-Osagie and the Law Union. He is an Associate member of the Chartered Institute of Taxation of Nigeria and the Institute of Chartered Secretaries and Administrators (Nigeria and UK).

Mr. Sobowale joined MTN Nigeria Communications Limited as Regulatory Advisor in August 2004, a position he held until his appointment as the Legal Adviser, Guinness Nigeria Plc in April 2005.

He was appointed by the Board as Company Secretary in September 2006. He resides in Nigeria.

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GUINNESS LEADERSHIP TEAM

Seni Adetu
Managing Director/Chief Executive Officer

Sesan Sobowale
Corporate Relations Director/
Company Secretary

Wale Adediran
Human Resources Director

Lisa Nichols
Finance and Strategy Director

Cephas Afebuameh
Supply Chain Director

Felix Enwemadu
GM Spirits

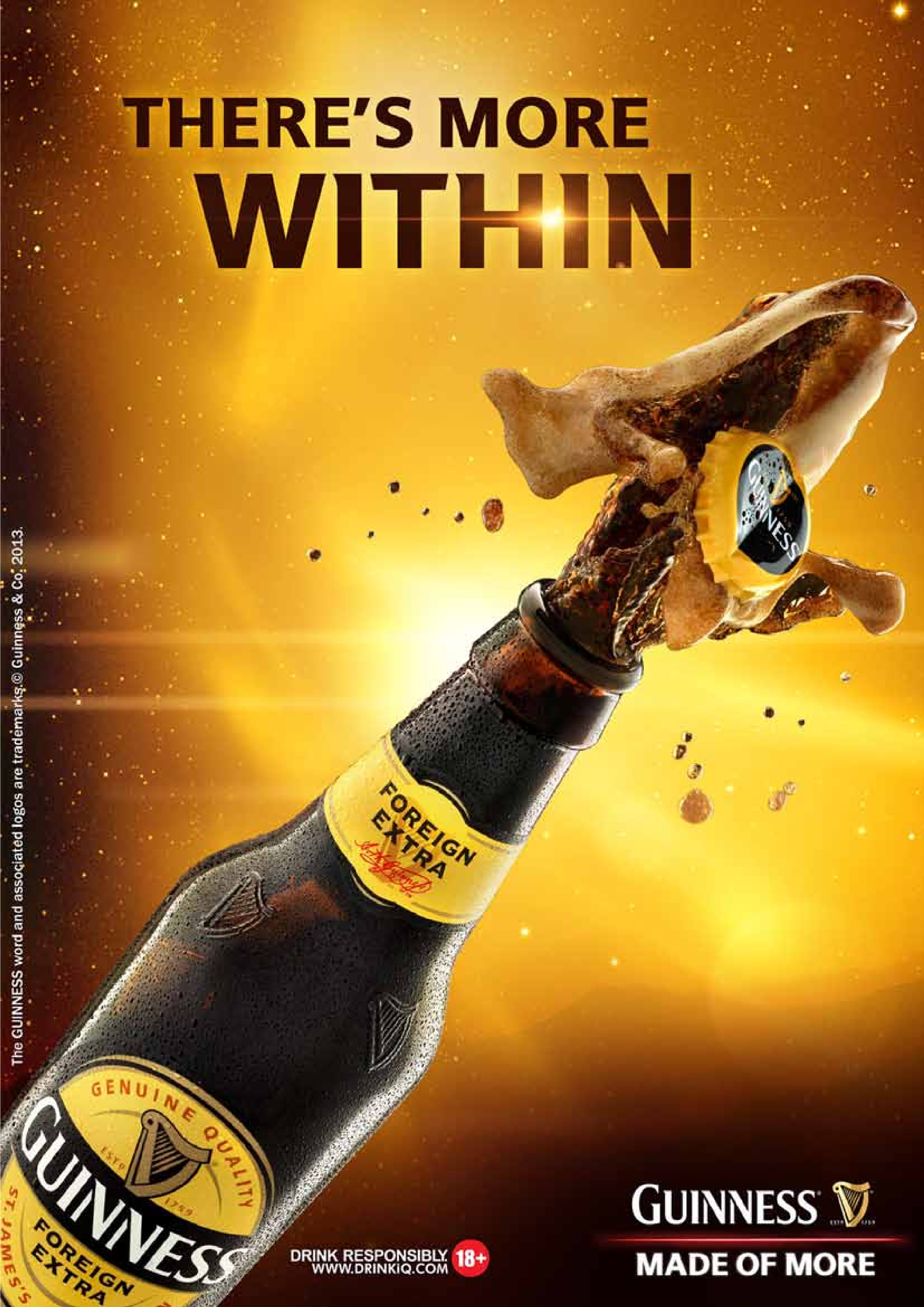
Austin Ufomba
Marketing and Innovation Director

Innocent Nwaononiwu
Sales Services Director

Afeez Ajibowu
Regional Sales Director,
West and North West

Chizoba Ojielo
Regional Sales Director,
East and North East


HERBS
FRUITS
ALCOHOL
ORIJINAL INSIDE
ORIJIN
Spirit Mixed Drink
With flavours of African herbs & fruit
ORIJIN
ALC.6.0% VOL
30cl ℮
A BITTERSWEET BLEND WITH
FLAVOURS OF AFRICAN HERBS AND FRUIT.
DRINK RESPONSIBLY 18+ WWW.DRINKIQ.COM


THERE'S MORE
WITHIN
FOREIGN EXTRA
GENUINE QUALITY
ESTD 1759
GUINNESS
FOREIGN EXTRA
ST. JAMES'S
DRINK RESPONSIBLY. 18+
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TOP LOOK.
TOP VALUE.
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Non Alcoholic Malt Drink
with Vitamins
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WORLD
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VODKA
MIXED DRINK
DRINK ICE COLD
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ICE
Triple Filtered
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Adding Value to our Communities

Guinness Eye Hospitals

During the Financial Year, as part of our commitment to sustaining and supporting the Guinness Eye Hospitals, Guinness Nigeria Plc made a substantial donation of eye equipment to the Guinness Eye Centres at Lagos University Teaching Hospital and Nnamdi Azikiwe University Teaching Hospital. The equipment included advanced slit lamp bio microscopes, which can be used to detect early onstage cataracts and glaucoma, the number one and two leading causes of avoidable blindness in Nigeria.

Water of Life: Providing Safe Drinking Water to our Communities

Guinness Nigeria Plc commissioned two Water of Life projects during the year, one in Ago-Ibami community in Cross River State and the other in Oza Nogogo community in Agbor, Delta State. The two projects are intended to serve at least 65,000 beneficiaries in the communities.

Guinness Nigeria Awards Scholarships to Deserving Undergraduates

Guinness Nigeria made scholarship grants to 17 undergraduates from our host communities in Benin, Aba and Lagos for the entire duration of their university and polytechnic education. The beneficiaries, who were selected from a pool of applicants that responded to newspaper advertisements, went through a rigorous screening process supervised by the Nigerian Society of Engineers (NSE), and the Nigeria Institute of Management (NIM).

Donation of Relief Materials to Flood Victims in Edo State

As a responsible corporate citizen, Guinness Nigeria donated relief materials to victims of flooding in Edo State in December 2012. The materials were presented by the Supply Chain Director, Mr. Cephas Afebuameh and the Plant Manager of the Benin Brewery, Mr. Afolabi Ige.

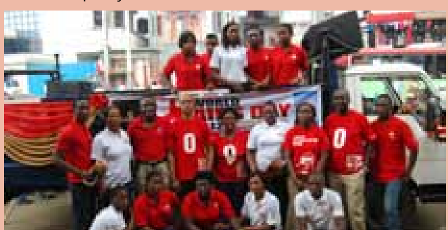
World Water Day Celebration

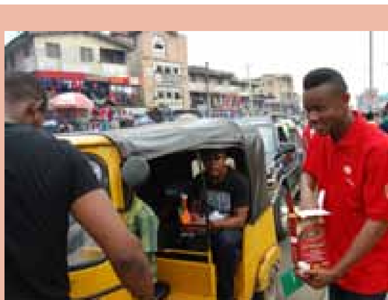
Guinness Nigeria Plc celebrated the World Water Day in March 2013. As part of the activities to celebrate the event, Guinness Nigeria's employees participated in a water sensitisation walk held in Abuja, and Mrs. Adrianne Nwagwu, the Head of Sustainability and Responsibility, delivered a lecture on the need for continued cooperation among all stakeholders in the water sector at the International Year of Water Cooperation event in Abuja.

In recognition of the giant strides the Company is making in the water sector, the Federal Ministry of Water Resources presented Guinness Nigeria with an award for the "Best Private Sector Company supporting the Water Sector."

Guinness Nigeria Plc 'Gets to Zero' on World AIDS day

Guinness Nigeria Plc marked the 2012 World AIDS Day with a continuation of the UN theme of 'Getting to Zero'. The Company donated supplements to people living with HIV/AIDS at the Lagos State University Teaching Hospital, Ikeja and the Central Hospital Benin. Free condoms were distributed during an awareness walk held at Ikeja, Lagos and voluntary counselling and testing was made available for all employees of the Company at our various locations.





Promoting Stakeholder & Investor Relations

Visit of United Kingdom Secretary of State for Business, Innovation and Skills to Ogba Brewery

The United Kingdom Secretary of State for Business, Innovation and Skills, Rt. Hon. Dr. (John) Vincent Cable MP, visited Guinness Nigeria Ogba brewery. While at the factory, he commissioned the newly installed Beer Membrane Filter (BMF) - the most innovatively advanced brewery filtration system in Africa. The BMF technology was the first of its kind in Africa and in Diageo worldwide and Guinness Nigeria was privileged to set the pace in this area with sister breweries in Benin and St James Gate in Ireland following suit.

Shareholders Forum

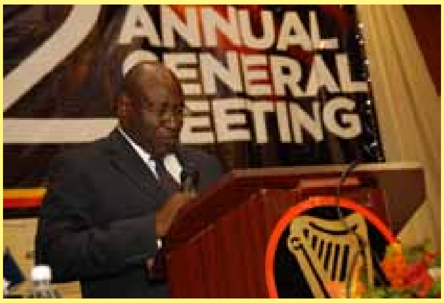
Guinness Nigeria Plc hosted shareholders to a forum in October 2012. The purpose of the forum was to afford shareholders an opportunity to discuss with management and members of the Board of the Company on matters relating to the business, its financial performance and future projections. Shareholders were also conducted on a tour of the Ogba Brewery to inspect the new facilities recently installed as part of the ongoing capacity expansion project.

Audit Committee Brewery Tour

Nigeria Stock Exchange Hosts Managing Director to Bell Ringing Ceremony

The CEO of the Nigerian Stock Exchange, Mr. Oscar Onyema hosted the Managing Director/CEO of Guinness Nigeria Plc, Mr. Seni Adetu to a Bell Ringing Ceremony on the Floor of the Nigerian Stock Exchange in Lagos. Mr. Adetu rang the bell that officially closed the trading for the day. The visit was to formally welcome Mr. Adetu to Nigeria.

62nd Annual General Meeting of Guinness Nigeria Plc held at Transcorp Hilton Hotel, Abuja on 2 November 2012



DABRA Awards 2013

Two Nigerian journalists emerged winners in the Best Tourism Feature and Best Financial Feature categories at the 2013 edition of the Diageo Africa Business Reporting Awards (DABRA) held in London in June 2013 and were celebrated by distinguished personalities including Dr. Nick Blazquez, Vice-Chairman of the Board and Mr. Seni Adetu.

Giving our Consumers a WOW Experience

Harp announced partnership with 5 Football Clubs

Harp Lager signed an exciting partnership with 5 football clubs in the Nigerian Professional Football League - Heartland FC, Rangers FC, Sunshine Stars FC, Lobi Stars FC and Dolphins FC - as the Official Beer Partner. The launch event to officially herald this sponsorship was held in Lagos in April 2013 and new Harp branded jerseys for each of the clubs were unveiled to the media and general public amidst fan-fare.




Smirnoff Midnight Circus

The 2013 Smirnoff Midnight Circus party kicked off with a launch event in Lagos in November 2012 followed by 3D disco. Guests were treated to first class live entertainment from some of Nigeria's hottest artists - Ice Prince, Davido, Danny Krane, Vector, Olamide and the latest female rap sensation, Eva. This was complemented by great music from DJ Spin'all. Guests also learnt how to enjoy Smirnoff at its best as they were treated to demonstrations on mixing Smirnoff by top Smirnoff mixologists.



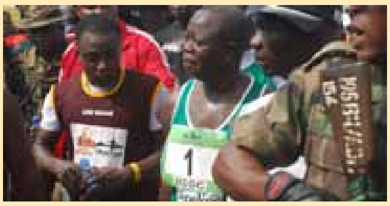



Harp Rhythm Unplugged

Harp Lager gave consumers a whole new exciting experience at the 2012 edition of the Harp Rhythm Unplugged which took place at Expo Hall of Eko Hotel & Suites shortly before Christmas. The event featured performances from top artistes like P Square, M.I, Ice Prince and Whiz Kid as well as comedians like AY, Seyi Law and Gordons.

Malta Guinness Low Sugar Sponsors Okpekpe Community Road Race

Malta Guinness Low Sugar sponsored the Okpekpe Community Race in Edo State. The event which took place in May 2013 was a 10km Road race (quarter marathon) and over 3,000 international and local athletes (including the Edo State Governor, Comrade Adams Oshiomhole, who ran the complete 10-km race) participated in the race.



Promoting Responsible Drinking

Motor Park Health & Safety Programme - Partnership with the Lagos State Ministry of Health against Drink-Driving

During the year, Guinness Nigeria Plc signed a Memorandum of Understanding (MoU) with the Lagos State Ministry of Health to raise awareness against drink-driving. Part of this partnership is the organisation of Motor Park Health Programmes. The major objective of the Motor Park Health Programme is to raise awareness about the dangers of irresponsible alcohol consumption and to induce a change in the attitudes of commercial motorists to drink-driving. The health programme also included health screening for diabetes and high blood pressure, visual examinations, data collection, substance testing, health education and responsible drinking education.

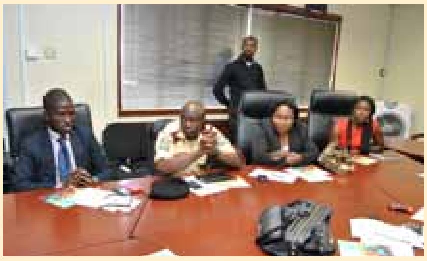
The maiden edition of this programme was held at Iyana-Ipaja Motor Park in Lagos with hundreds of commercial drivers in attendance.

FRSC Ember Months Anti Drink-Driving Awareness Campaign

Guinness Nigeria Plc., partnered with the Federal Road Safety Corp (FRSC) to encourage responsible and safe driving in the "Ember" months and through the 2012 Christmas festive period. Guinness Nigeria and FRSC Lagos State team led an enthusiastic crowd of officials, staff and members of the public on a 7km walk to raise awareness for the 'Don't Drive Drunk' campaign in Lagos.

DRINKiQ Training

As part of the partnership with the Lagos State Ministry of Health against Drunk Driving, Guinness Nigeria organised a DrinkiQ training for select staff and executives of the Ministry of Health and the Lagos State Traffic Management Authority. The same training was also organised for Nollywood Scriptwriters, Producers & Health Editors.



Celebrating Excellence in CSR

SERA Awards

Best Company in Labour Practice & Development Partnership Award

Guinness Nigeria won two awards at the Social Enterprise Report and Awards (SERA), an award event that recognises exemplary corporate social responsibility initiatives. The Company won the ‘Best Company in Labour Practice’ award and shared a “Development Partnership Award” for its Safe Water for Africa (SWA) partnership with the Coca-Cola Africa Foundation, Diageo Plc, Water Health International, and the International Finance Corporation, a member of the World Bank Group. The organisers recognised the SWA as a “collaboration with high potential impact to reduce the prevalence of water-borne diseases in Nigerian communities” and which supports the Millenium Development Goals 4 and 5.

NECA & NSITF Exceptional Safety Culture and Safe Work Place Practices Award

The Nigerian Employers Consultative Association (NECA) and the Nigerian Social Insurance Trust Fund, (NSITF) in November 2012 honoured Guinness Nigeria Plc with an award for Exceptional Safety Culture and Safe Work Place Practices. Guinness Nigeria also received a brand new Toyota Hiace Ambulance to further help the organisation continue to set the standard for safety within the industry and the country at large.

Guinness Nigeria Supports the Nigerian Eagles

The Guinness Fly with "the Eagles" campaign was launched in November 2012. The campaign was dedicated to supporting the Super Eagles on their journey to the African Cup of Nations. The campaign had several legs that drove massive support for the national team and inspired them to victory. Consumers got the opportunity to win an all-expense paid trip for two to South Africa to cheer on the Super Eagles, N100,000 cash, authentic super eagles jerseys, airtime and millions of free drinks.

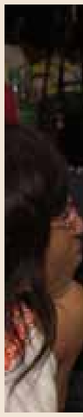
Guinness Nigeria also hosted the Super Eagles after their victory at the African Cup of Nations at its Headquarters where the team formally presented the trophy to the Managing Director/CEO of the Company, Mr. Seni Adetu.

As part of the *Guinness Fly with the Eagles* Campaign, Guinness Nigeria created a very large Super Eagles jersey which set a new Guinness World Record for being the largest jersey ever made anywhere in the world.

Snapp Launch

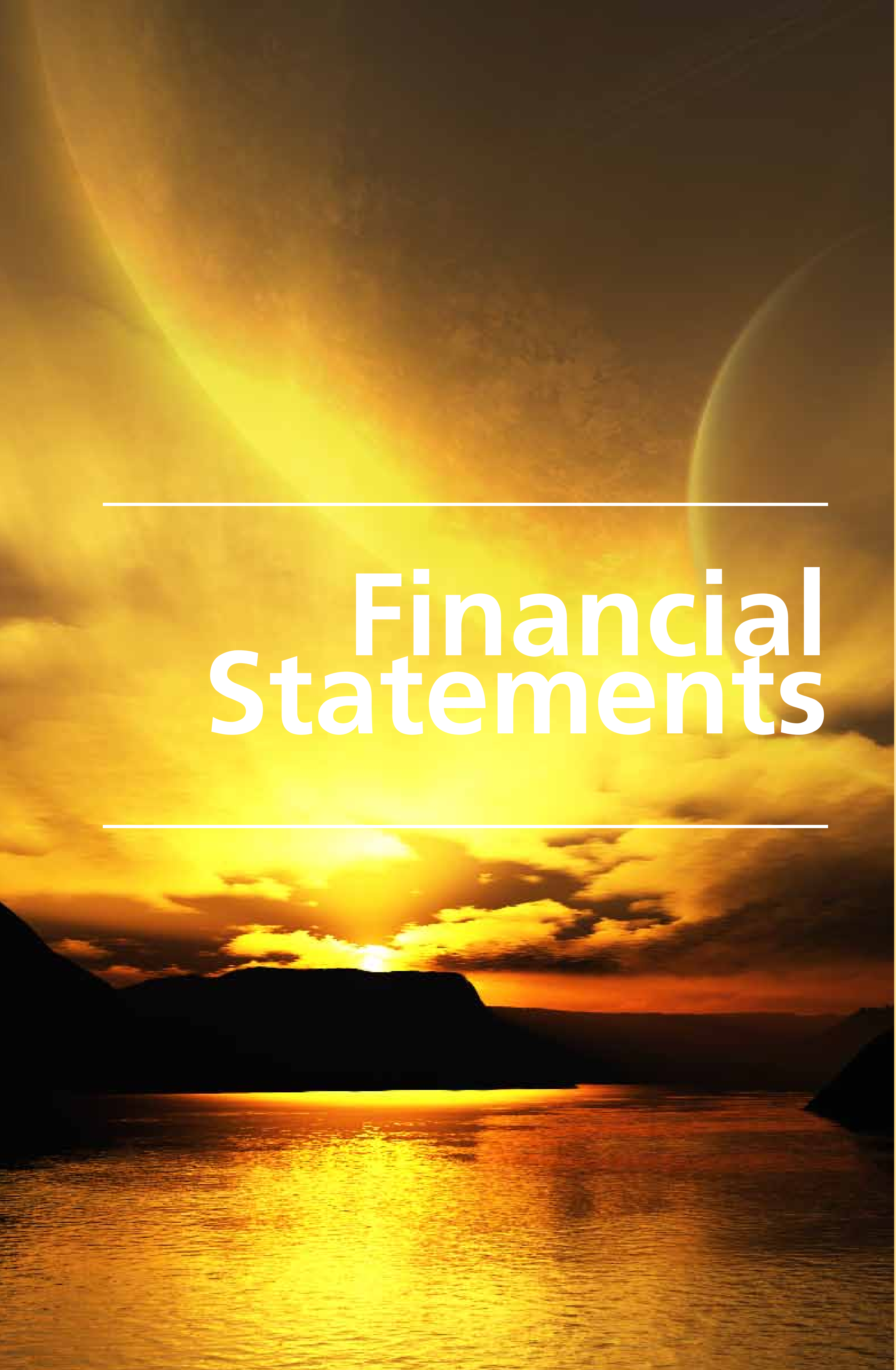
In September 2012, Guinness Nigeria Plc launched SNAPP Ready-to-Drink (RTD), an apple flavoured alcoholic drink in response to the increasing demand for an alcoholic drink that appeals to the Nigerian woman who wants to show her individuality and unique style when out socialising with friends. SNAPP is made with the choicest ingredients to give it a crispy and naturally refreshing taste.

The Managing Director/CEO of the Company, Mr. Seni Adetu, unveiled SNAPP to the audience at the "Reveal Party" and invited Nigerian women to celebrate their confidence with style.



all the way to Victory


Malta
GUINNESS
LOW SUGAR
ENERGY
LOW
SUGAR



Financial Statements

Report of the Audit Committee

In compliance with Section 359(6) of the Companies and Allied Matters Act, we have -

(a) reviewed the scope and planning of the audit requirements;

(b) reviewed the Independent Auditors' Memorandum of Recommendations on Accounting Policies and Internal Controls together with Management Responses; and

(c) ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2013 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 30 June 2013 were adequate and the Management Responses to the Independent Auditors findings were satisfactory.

Mr. G.O. Ibhade
Chairman, Audit Committee
FRC/2013/NBA/00000003515

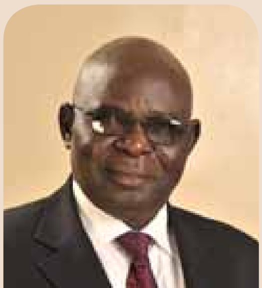
10 September 2013

Members of the Audit Committee

Mr. G. O. Ibhade	-	Shareholder/Chairman
Mr. C.O. Ajaegbu	-	Shareholder
Mr. M.O. Igbrude	-	Shareholder
Mr. B. E. Gwadah	-	Director
Mr. P.J. Jenkins	-	Director
Mrs. Z. Abdurrahman	-	Director


Mr. G. O. Ibhade
Shareholder/Chairman


Mr. C. Ajaegbu
Shareholder


Mr. B. E. Gwadah
Director


Mr. P. J. Jenkins
Director


Mrs. Z. Abdurrahman
Director


Mr. M. O. Igbrude
Shareholder

Statement of Directors' Responsibilities

for the year ended 30 June 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 49 to 104 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature	Signature
SENI ADETU	**LISA NICHOLS**
Name	Name
FRC/2013/IODN/00000003516	FRC/2013/IODN/00000000313
12 September 2013	12 September 2013
Date	Date

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.ng.kpmg.com

Independent Auditor's Report

To the Members of Guinness Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of Guinness Nigeria Plc ("the Company"), which comprise the statement of financial position as at 30 June 2013, income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information set out on pages 49 to 104.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council Act of Nigeria, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

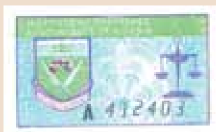
In our opinion, the financial statements give a true and fair view of the financial position of Guinness Nigeria Plc as at 30 June 2013, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council Act of Nigeria, 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position, income statement and statement of comprehensive income are in agreement with the books of account.

KPMG



12 September 2013
Lagos, Nigeria
FRC/2012/ICAN/00000000565

Statement of Financial Position

as at 30 June 2013

	Notes	2013 N'000	2012 N'000	1-Jul-2011 N'000
ASSETS				
Non-current assets				
Property, plant and equipment	12(a)	88,112,852	76,293,851	58,269,455
Intangible assets	13(a)	578,771	679,792	1,031,280
Prepayments	15(a)	98,768	247,549	343,385
Other receivables	14	31,611	10,292	27,824
Total non-current assets		88,822,002	77,231,484	59,671,944
Current assets				
Inventories	16	12,400,102	13,193,762	8,794,121
Trade and other recievables	17	15,138,749	9,498,599	16,963,772
Prepayments	15(b)	1,510,529	1,313,668	1,170,225
Short term investments		-	-	774,000
Cash and cash equivalents	18	3,189,239	4,772,154	8,080,590
Total current assets		32,238,619	28,778,183	35,782,708
Total assets		**121,060,621**	**106,009,667**	**95,454,652**
Equity				
Share capital		752,944	737,463	737,463
Share premium		8,961,346	1,545,787	1,545,787
Share based payment reserve		18,582	62,308	21,413
Retained earnings		36,306,239	36,265,956	36,566,708
Total equity		46,039,111	38,611,514	38,871,371
Liabilities				
Non-current liabilities				
Loans and borrowings	21(a)	8,796,183	8,513,058	1,332,933
Employee benefits	22	2,994,557	2,782,809	3,435,532
Deferred tax liabilities	24	11,955,673	10,902,749	9,798,989
Total non-current liabilities		23,746,413	22,198,616	14,567,454
Current liabilities				
Bank overdrafts	18	3,747,585	4,928,916	-
Current tax liabilities	10(d)	4,050,356	5,189,181	6,324,044
Dividend payable	20(b)	4,486,743	4,452,710	3,921,648
Loans and borrowings	21(a)	8,557,059	3,272,478	671,283
Trade and other payables	25	30,433,354	27,356,252	31,098,852
Total current liabilities		51,275,097	45,199,537	42,015,827
Total liabilities		75,021,510	67,398,153	56,583,281
Total equity and liabilities		**121,060,621**	**106,009,667**	**95,454,652**

Approved by the Board of Directors on 12 of September, 2013 and signed on its behalf by:

Babatunde A. Savage
(Chairman)
FRC/2013/ICAN/00000003514

Seni Adetu
(Managing Director / CEO)
FRC/2013/IODN/00000003516

Lisa Nichols
(Finance and Strategy Director)
FRC/2013/IODN/00000000313

The notes on pages 54 to 104 are an integral part of these financial statements.

Income Statement

for the year ended 30 June 2013

	Notes	2013 N'000	2012 N'000
Revenue	5	122,463,538	116,461,882
Cost of sales		(66,385,104)	(61,278,681)
Gross profit		56,078,434	55,183,201
Other income	6	815,505	748,253
Marketing and distribution expenses		(26,003,038)	(24,607,059)
Administrative expenses		(10,276,562)	(9,428,596)
Operating profit		20,614,339	21,895,799
Finance income	7(a)	201,185	580,822
Finance cost	7(b)	(3,806,649)	(2,093,463)
Net finance costs		(3,605,464)	(1,512,641)
Profit before taxation	8	17,008,875	20,383,158
Taxation	10(b)	(5,145,149)	(6,168,538)
Profit for the year after taxation		**11,863,726**	**14,214,620**
Earnings per share			
Basic and diluted earning per share (kobo)	11(a)	793	964

The notes on pages 54 to 104 are an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 N'000	2012 N'000
Profit for the year after taxation		11,863,726	14,214,620
Other comprehensive income			
Defined benefit plan actuarial (loss)/ gain	22(a)	(119,672)	124,015
Tax on other comprehensive income	10(b)	35,902	(37,204)
Other comprehensive income for the year, net of tax		(83,770)	86,811
Total comprehensive income for the year		11,779,956	14,301,431

The notes on pages 54 to 104 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2013

	Notes	Share capital N'000	Share premium N'000	Share based payment reserve N'000	Retained earnings N'000	Total equity N'000
Balance as at 1 July 2011		737,463	1,545,787	21,413	36,566,708	38,871,371
Comprehensive income for the year						
Profit for the year		-	-	-	14,214,620	14,214,620
Total other comprehensive income		-	-	-	86,811	86,811
Total comprehensive income for the year		-	-	-	14,301,431	14,301,431
Transaction with owners, recorded directly in equity						
Dividends to equity holders	20(b)	-	-	-	(14,749,255)	(14,749,255)
Share based payment charge	23	-	-	40,895	-	40,895
Unclaimed dividends written back	20(b)	-	-	-	147,072	147,072
Total transactions with owners		-	-	40,895	(14,602,183)	(14,561,288)
Balance at 30 June 2012		737,463	1,545,787	62,308	36,265,956	38,611,514
Comprehensive income for the year						
Profit for the year		-	-	-	11,863,726	11,863,726
Total other comprehensive income		-	-	-	(83,770)	(83,770)
Total comprehensive income for the year		-	-	-	11,779,956	11,779,956
Transaction with owners, recorded directly in equity						
Dividends to equity holders	20(b)	-	-	-	(11,799,404)	(11,799,404)
Shares issued during the year	20(b)	15,481	7,415,559	-	-	7,431,040
Unclaimed dividends written back	20(b)	-	-	-	59,731	59,731
Share based payment charge	23	-	-	76,558	-	76,558
Share based payment recharge		-	-	(120,284)	-	(120,284)
Total transactions with owners		15,481	7,415,559	(43,726)	(11,739,673)	(4,352,359)
Balance at 30 June 2013		752,944	8,961,346	18,582	36,306,239	46,039,111

The notes on pages 54 to 104 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 N'000	2012 N'000
Cash flows from operating activities			
Profit for the year		11,863,726	14,214,620
Adjustments for:			
Depreciation and impairment loss	12(a)	10,122,393	7,529,560
Ammortisation of intangible assets	13(a)	102,609	351,587
Share based payment charge	23	88,821	57,032
Finance income	7(a)	(201,185)	(580,822)
Finance costs	7(b)	3,806,649	2,093,463
Write-off of property, plant and equipment		957,100	176,599
Gain on disposal of property, plant and equipment		(24,158)	(126,282)
Charge/(write back) long service awards	22(b)	333,877	(310,419)
Gratuity charge	22(a)	217,737	300,880
Income tax expense	10(b)	5,145,149	6,168,538
		32,412,718	29,874,756
Changes in:			
Non-current other receivables		(21,319)	57,568
Non-current prepayments		148,781	95,836
Inventories		793,660	(4,399,641)
Trade and other receivables		(5,640,597)	7,424,090
Prepayments		(196,861)	(143,443)
Trade and other payables		7,411,232	1,983,602
Cash generated from operating activities		34,907,614	34,892,768
Income tax paid	10(d)	(5,191,667)	(6,231,075)
Gratuity paid	22(a)	(372,052)	(433,470)
Long service awards paid	22(b)	(87,486)	(85,699)
Value added tax (VAT) paid		(4,958,272)	(4,600,334)
Net cash from operating activities		24,298,137	23,542,190
Cash flows from investing activities			
Finance income		198,151	576,099
Liquidation of short term investment		-	774,000
Proceeds from sale of property, plant and equipment		50,386	310,380
Acquisition of property, plant and equipment		(14,330,438)	(16,121,952)
Net cash used in investing activities		(14,081,901)	(14,461,473)
Cash flows from financing activities			
Repayment of loans and borrowings	21(b)	(2,536,571)	(1,153,485)
Finance costs	7(b)	(3,806,649)	(2,093,463)
Dividend paid	20(b)	(4,274,600)	(14,071,121)
Net cash used in financing activities		(10,617,820)	(17,318,069)
Net decrease in cash and cash equivalents		(401,584)	(8,237,352)
Cash and cash equivalents, beginning of the year		(156,762)	8,080,590
Cash and cash equivalents, end of the year	18	(558,346)	(156,762)

The notes on pages 54 to 104 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2013

1 Reporting entity

Guinness Nigeria Plc, a public Company quoted on the Nigerian Stock Exchange was incorporated on 29 April 1950, as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Malta Guinness Low Sugar, Harp Lager, Smirnoff Ice, Satzenbrau Pilsner Lager, Dubic Lager, SNAPP and Top Malt.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first set of financial statements prepared in accordance with IFRS and IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 31.

These financial statements were authorised for issue by the Board of Directors on 12 September 2013.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

* liabilities for share-based payment arrangements which are measured at fair value.
* defined benefit obligation which are measured as the present value of the defined benefit obligation.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 22	–	Measurement of defined benefit obligations
Note 23	–	Share based payments
Note 26	–	Financial risk management and financial instruments
Note 28	–	Contingencies

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1st July 2011 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

ii. Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii. Share capital

The Company has one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment was determined by reference to the previous (Nigerian) GAAP revaluation on 2 January 1997 by Messrs Knight Frank (Nigeria) – Chartered Surveyors. The Company elected to apply the optional exemption to use the previous revaluation as deemed cost at 1st July 2011, the date of transition to IFRS.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	–	Lease period
Industrial and other buildings	–	50 years
Plant and machinery	_	2 to 20 years
Furniture and equipment	–	3 to 5 years
Motor vehicles	–	4 years
Returnable packaging materials	–	5 years to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

(d) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Company's intangible assets with finite useful life comprises computer software. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current period is as follows:

Computer Software – SAP	–	11 years
Computer Software – Others	–	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. During the year, the estimated useful life of computer software - SAP was re-assessed from five and a half (5.5) to eleven (11) years. The resultant reduction in amortisation charge for the current and future years is as analysed below:

	30-Jun-13 N'000	30-Jun-14 N'000	30-Jun-15 N'000	30-Jun-16 N'000
Administrative expenses	267,731	267,731	267,731	267,731

(e) Leases

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable engineering spares	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.
Inventory-in-transit	–	purchase cost incurred to date.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

(g) Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an equity accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non financial assets

The carrying amount of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) 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.

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its management and non-management employees. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to profit or loss. The Company contributes 10% and 12% for management and non-management employees respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport allowance).

ii. Gratuity

– Defined benefit gratuity scheme

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non-management staff under the scheme. Employees under the defined benefit scheme are those who had served a minimum of 5 years on or before 31 December 2008 when the scheme was terminated. Independent actuarial valuations are performed periodically on a projected unit credit basis. Actuarial gains/losses and curtailment gains or losses arising from valuations are charged in full to other comprehensive income. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

– Defined contribution gratuity scheme

The Company has a defined contribution gratuity scheme for management and non-management staff which is funded. Under this scheme, a specified amount is contributed by the Company and charged as an employee benefit to profit or loss over the service life of the employees.

iii. Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards payable upon completion of certain years in service and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Actuarial gains or losses and curtailment gains or losses arising from valuations are charged in full to profit or loss.

iv. Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

v. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

vi. Share-based payment transactions

The fair value of equity settled share options and share grants is initially measured at grant date based on the binomial or Monte Carlo models and is charged in profit or loss over the vesting period. For equity settled shares, the credit is included in retained earnings in equity whereas for cash settled share-based payments a liability is recognised in the statement of financial position, measured initially at the fair value of the liability.

For cash settled share options and share grants, the fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognised in profit or loss. Cancellations of share options are treated as an acceleration of the vesting period and any outstanding charge is recognised in operating profit immediately.

(i) Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Contingent liabilties

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(j) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, sales returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(k) Government grants

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as a reduction to cost of sales in the periods in which the expenses are recognised if the Company will comply with the conditions attached to them and it is probable that the grants will be received from the government.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, interest expense on factoring of trade receivables and impairment losses recognised on financial assets except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(m) Income and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
iii. temporary differences arising on the initial recognition of goodwill.

(n) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(o) Segment reporting

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Executive Committee, which is considered to be the chief operating decision maker for the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Where applicable, Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(p) Statement of cashflows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost paid is also included in financing activities while finance income received is included in investing activities.

(q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are IFRS 13 Fair Value Measurement, IAS 19 Employee Benefits and IFRS 9 Financial Instruments, which is expected to impact the classification and measurement of financial assets. These standards will become mandatory for the Company's 2014 and 2016 financial statements. The extent of the impact has not been determined and the Company does not plan to adopt these standards early.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

(b) Share-based payment transactions

The fair value of the share based payment plan is measured at the grant date using the Monte Carlo model taking into account the terms and conditions of the plan.

(c) Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

		2013 N'000	2012 N'000
5	**Revenue**		
	Nigeria	119,585,317	115,811,609
	Export	2,878,221	650,273
		122,463,538	**116,461,882**

Nigeria is the Company's primary geographical segment as over 95% of the Company's sales are made in Nigeria. Additionally, all of the Company's sales comprise of brewed products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

		2013 N'000	2012 N'000
6	**Other income**		
	Operating lease income	580,819	402,671
	Sale of by-product	210,528	219,300
	Gains on sale of property, plant and equipment	24,158	126,282
		815,505	**748,253**

		2013 N'000	2012 N'000
7	**Finance income and costs**		
(a)	Finance income comprises the following:		
	Interest income on bank deposits	196,527	282,189
	Interest on treasury bills	-	23,185
	Other interest income	4,658	1,616
	Net gain on foreign exchange transactions	-	273,832
		201,185	**580,822**
(b)	Finance costs comprises the following:		
	Finance expense on loans and borrowings	1,589,921	661,194
	Interest expense on overdraft	1,365,697	791,119
	Other interest expense	769,020	641,150
	Net loss on foreign exchange transactions	82,011	-
		3,806,649	**2,093,463**

	2013 N'000	2012 N'000

8 Profit before taxation

(a) Profit before taxation is stated after charging/(crediting):

	2013 N'000	2012 N'000
Depreciation of property, plant and equipment (Note (12(a))	9,995,054	7,529,560
Impairment of property, plant and equipment (Note (12(a))	127,339	-
Write-off of property plant and equipment	957,100	(176,599)
Amortisation of intangible assets (Note (13(a))	102,609	351,587
Auditors' remuneration	31,575	29,236
Personnel expenses (Note (9(a))	9,219,080	8,340,142
Directors' remuneration (Note (b))	184,382	280,263
Gain on property, plant and equipment disposed (Note 6)	(24,158)	(126,282)
Lease rental payments (Note 27)	3,870,250	3,384,923
Royalty and technical service fees (Note 29)	2,639,972	2,373,419

(b) Directors' remuneration

Remuneration, excluding certain benefits of directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

	2013 N'000	2012 N'000
Fees paid to non executive directors	8,572	8,433
Fees and remuneration paid to the chairman	22,476	19,182
Remuneration paid to executive directors	153,334	252,648
	184,382	280,263

The remuneration (excluding pension contributions and certain benefits) of the highest paid director amounted to N89.2 million (2012: N118.5 million).

The table below shows the number of Directors of the Company (excluding the Chairman) whose remuneration excluding certain benefits, gratuity and pension contributions (in respect of services to the Company) fell within the bands shown below:

	2013 Number	2012 Number
N100,001 – N1,000,000	-	2
N1,000,001 – N2,000,000	5	2
N2,000,001 – N3,000,000	-	3
N7,000,001 – N8,000,000	-	1
N30,000,000 and above	2	2
	7	10

9. Personnel expenses

(a) Personnel expenses including the provision for gratuity liabilities and other long term employee benefits comprise:

	2013 N'000	2012 N'000
Salaries, wages and allowances	7,730,644	7,600,884
Contributions to defined contribution plans	848,001	691,765
Expenses related to defined benefit plans (Note 22(a))	217,737	300,880
Share based payments expenses (Note 23)	88,821	57,032
Charge/(write-back) for other long term employee benefits (Note 22(b))	333,877	(310,419)
	9,219,080	8,340,142

(b) The average number of persons employed as at 30 June are:

	2013 Number	2012 Number
Operations and technical	769	814
Sales and distribution	477	419
Commercial	104	97
Corporate affairs and human resources	58	54
Marketing	25	22
	1,433	1,406

(c) Number of employees of the Company as at 30 June, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

	2013 Number	2012 Number
N500,000 and below	19	2
N500,001 - N1,000,000	47	44
N1,000,001 - N1,500,000	89	100
N1,500,001 - N2,000,000	104	94
N2,000,001 - N2,500,000	54	24
N2,500,001 - N3,000,000	76	72
N3,000,001 - N3,500,000	237	211
N3,500,001 - N4,000,000	159	170
N4,000,001 - N4,500,000	100	141
N4,500,001 - N5,000,000	104	118
N5,000,001 - N5,500,000	73	88
N5,500,001 - N6,000,000	61	57
N6,000,001 - N6,500,000	53	51
N6,500,001 - N7,000,000	39	43
N7,000,001 - N7,500,000	33	28
N7,500,001 - N8,000,000	20	15
N8,000,001 - N8,500,000	15	19
N8,500,001 - N9,000,000	18	17
N9,000,001 - N9,500,000	15	22
N9,500,001 - N10,000,000	11	9
N10,000,001 and above	106	81
	1,433	**1,406**

10 Taxation

(a) The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2013 N'000	2012 N'000
Current tax expenses:		
Income tax	3,450,000	4,586,932
Tertiary education tax	512,165	515,050
Capital gains tax	993	-
Prior year under charge	93,165	-
	4,056,323	5,101,982
Deferred tax expense		
Origination and reversal of temporary differences	1,052,924	1,103,760
	5,109,247	6,205,742

(b) The tax for the year is further analysed as follows

	2013 N'000	2012 N'000
Tax recognised in profit or loss	5,145,149	6,168,538
Tax recognised in other comprehensive income	(35,902)	37,204
	5,109,247	6,205,742

(c) Reconciliation of effective tax rate

	2013 N'000	2012 N'000
Profit before taxation	17,008,875	20,383,158
Income tax using the statutory tax rate (30%)	5,102,663	6,114,947
Adjusted for:		
Impact of tertiary education tax and capital gains tax	513,158	515,050
Effect of tax incentives and exempted income	(765,293)	(724,126)
Non-deductible expenses	201,456	100,812
Adjustment for prior periods	93,165	161,855
Total income tax expense in profit or loss	5,145,149	6,168,538

(d) Movement in current tax liabilities

	2013 N'000	2012 N'000	1-Jul-11 N'000
Balance, beginning of the year	5,189,181	6,324,044	6,229,669
Payments during the year	(5,191,667)	(6,231,075)	(6,219,973)
Charge for the year	4,056,323	5,101,982	6,322,178
Withholding tax credit notes utilised	(3,481)	(5,770)	(7,830)
Balance, end of the year	4,050,356	5,189,181	6,324,044

11. Earnings and declared dividend per share

(a) Basic and diluted earnings per share

Basic earnings per share of 793 kobo (2012: 964 kobo) is based on the profit attributable to ordinary shareholders of N11,863,726,000 (2012: N14,214,620,000) and on the 1,495,567,298 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2012: 1,474,925,519) calculated as follows:

	2013	**2012**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	1,474,925,519	1,474,925,519
Effect of ordinary shares issued in November 2012	20,641,779	-
Weighted average number of ordinary shares during the year	1,495,567,298	1,474,925,519

There were no potential dilutive ordinary shares during the year, consequently, basic earnings per share equals diluted earnings per share.

(b) Declared dividend per share

Dividend declared per share of 800 kobo (2012: 1,000 kobo) is based on total declared dividend of N11,799,404,152 (2012: N14,749,255,190) on 1,474,925,519 ordinary shares of 50 kobo each, being the ordinary shares in issue at the date the dividend was declared (2012: 1,474,925,519).

12 Plant, property and equipment

(a) The movement on these accounts during the year was as follows:

	Leasehold land N'000	Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Returnable packaging materials N'000	Capital work-in-progress N'000	Total N'000
Cost								
Balance as at 1 July 2011	636,291	8,160,345	43,505,312	2,406,809	4,978,709	19,425,574	13,837,964	92,951,004
Additions	-	5,718	389,943	45,283	22,103	2,561,250	22,890,455	25,914,752
Transfers	-	5,970,807	21,720,959	318,707	1,115,293	-	(29,125,766)	-
Reclassification (Note 13(a))	-	-	-	(3,555)	-	-	-	(3,555)
Write-offs	-	(19,413)	(2,275,855)	(1,543,025)	(707,654)	-	-	(4,545,947)
Disposals	-	-	(222,712)	(2,023)	(389,760)	-	-	(614,495)
At 30 June 2012	**636,291**	**14,117,457**	**63,117,647**	**1,222,196**	**5,018,691**	**21,986,824**	**7,602,653**	**113,701,759**
At 1 July 2012	636,291	14,117,457	63,117,647	1,222,196	5,018,691	21,986,824	7,602,653	113,701,759
Additions	-	-	378,296	11,948	1,511,874	4,551,395	16,472,797	22,926,310
Transfers	-	5,037,557	10,797,685	215,950	-	-	(16,052,780)	(1,588)
Write-offs	-	(13,891)	(297,684)	(31,722)	(550,770)	(1,747,621)	-	(2,641,688)
Disposals		-	(27,702)	-	(133,470)	(280,754)	-	(441,926)
At 30 June 2013	**636,291**	**19,141,123**	**73,968,242**	**1,418,372**	**5,846,325**	**24,509,844**	**8,022,670**	**133,542,867**
Depreciation								
Balance as at 1 July 2011	56,913	1,351,977	19,240,533	1,980,464	3,293,736	8,757,926	-	34,681,549
Charge for the year	12,726	238,943	4,283,104	246,330	848,804	1,942,090	-	7,571,997
Reclassification (Note 13(a))	-	-	-	(3,456)	-	-	-	(3,456)
Write-offs	-	(16,121)	(2,105,109)	(1,540,464)	(707,654)	-	-	(4,369,348)
Disposals	-	-	(96,582)	(578)	(375,674)	-	-	(472,834)
At 30 June 2012	**69,639**	**1,574,799**	**21,321,946**	**682,296**	**3,059,212**	**10,700,016**	**-**	**37,407,908**
At 1 July 2012	69,639	1,574,799	21,321,946	682,296	3,059,212	10,700,016	-	37,407,908
Charge for the year	12,726	321,029	5,406,480	267,026	997,550	2,990,243	-	9,995,054
Impairment charge (Note 12(a))	-	-	127,339	-	-	-	-	127,339
Write-offs	-	(3,515)	(234,324)	(22,548)	(550,619)	(873,582)	-	(1,684,588)
Disposals	-	-	(23,232)	-	(111,761)	(280,705)	-	(415,698)
At 30 June 2013	**82,365**	**1,892,313**	**26,598,209**	**926,774**	**3,394,382**	**12,535,972**	**-**	**45,430,015**
Carrying amount								
At 1 July 2011	**579,378**	**6,808,368**	**24,264,779**	**426,345**	**1,684,973**	**10,667,648**	**13,837,964**	**58,269,455**
At 30 June 2012	**566,652**	**12,542,658**	**41,795,701**	**539,900**	**1,959,479**	**11,286,808**	**7,602,653**	**76,293,851**
At 1 July 2012	**566,652**	**12,542,658**	**41,795,701**	**539,900**	**1,959,479**	**11,286,808**	**7,602,653**	**76,293,851**
At 30 June 2013	**553,926**	**17,248,810**	**47,370,033**	**491,598**	**2,451,943**	**11,973,872**	**8,022,670**	**88,112,582**

(b) The impairment loss for the year relates to plant and machinery that are no longer useful for their intended purposes. The impairment loss is included in cost of sales.

(c) Included in property, plant and equipment are assets purchased under finance lease arrangements as follows:

	Motor vehicles N'000	Plant and machinery N'000	Total N'000
Cost	2,665,356	13,555,070	16,220,426
Accumulated depreciation	(1,431,378)	(3,266,953)	(4,698,331)
Net Book Value at 30 June 2013	**1,233,978**	**10,288,117**	**11,522,095**

The leased assets secures the finance lease obligations (Note 21(d)).

(d) Included in property, plant and equipment are plant and machinery and motor vehicles, which the Company has leased out to third parties under operating lease arrangements. The cost of these assets was N2,650 million (2012: N3,061 million) with corresponding accumulated depreciation charges of N1,841 million (2012: N1,863 million). Income from these operating lease arrangements during the year was N581 million (2012: N403 million).

(e) Capital work-in-progress
Additions to capital work in progress during the year is analysed as follows:

	2013 N'000	2012 N'000
Plant and machinery	13,541,200	17,601,079
Land and buildings	2,931,597	4,179,431
Motor vehicles	-	1,109,945
	16,472,797	22,890,455

During the year, the borrowing costs amounting to N469.13 million relating to the acquisition plant and machinery, was capitalised with a capitalisation rate of 100%.

(f) Included in property, plant and equipment are assets purchased during the year amounting to N3,228 million that had not been paid for, which are included in creditors and accruals (2012: N2,737 million).

(g) Capital expenditure commitments at the year end authorised by the Board of Directors comprise:

	2013 N'000	2012 N'000	1 Jul 2011 N'000
Contracted	3,518,881	3,083,150	2,747,562
Not contracted	11,313,467	22,291,061	7,850,432
	14,832,348	**25,374,211**	**10,597,994**

13 Intangible assets

(a) The movement on this account during the year was as follows:

	Computer Software N'000
Cost	
Balance at 1 July 2011	2,624,211
Write-offs	(540,231)
Reclassification (Note 12(a))	3,555
Balance at 30 June 2012	2,087,535
Balance at 1 July 2012	2,087,535
Transfers	1,588
Balance at 30 June 2013	2,089,123
Amortisation	
Balance at 1 July 2011	1,592,931
Charge for the year	351,587
Write-offs	(540,231)
Reclassification (Note 12(a))	3,456
Balance at 30 June 2012	1,407,743
Balance at 1 July 2012	1,407,743
Charge for the year	102,609
Balance at 30 June 2013	**1,510,352**
Carrying amount	
At 1 July 2011	**1,031,280**
At 30 June 2012	**679,792**
At 1 July 2012	**679,792**
At 30 June 2013	**578,771**

(b) The amortisation charge of all intangible assets is included in administrative expenses.

14 Other receivables

Non-current other receivables represent the long term portion of loans granted to employees of the Company. No interest is charged on these loans.

The loans are secured by the employees' retirement benefits. The current portion of other receivables is included in trade and other receivables reported in current assets.

15 Prepayments

(a) Non current prepayments mainly represent the long-term portion of rental expenses prepaid by the Company.

(b) Current prepayments comprise:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Prepaid rent	355,813	442,853	463,348
Prepaid advertising expense	132,829	503,730	-
Other prepaid expenses	1,021,887	367,085	706,877
	1,510,529	1,313,668	1,170,225

16 Inventories

	2013 N'000	2012 N'000	1-Jul-2011 N'000
Finished products	2,166,660	2,667,228	1,554,751
Products in process	1,124,622	810,704	815,689
Raw and packaging materials	5,805,227	6,457,836	5,204,785
Engineering spares	1,148,031	1,238,149	909,304
Inventory in transit	2,155,562	2,019,845	309,592
	12,400,102	13,193,762	8,794,121

The value of raw and packaging materials, engineering spares, changes in finished products and products in process recognised in cost of sales during the year amounted to N43.62 billion (2012: N39.18 billion).

During the year, write-down of inventory to net realisable value amounted to N235.22 million (2012: N51.25 million). This write-down is included in cost of sales.

17 Trade and other receivables

	2013 N'000	2012 N'000	1-Jul-2011 N'000
Trade receivables	9,066,066	4,471,619	11,032,758
Other receivables	5,141,773	4,793,483	5,094,668
Due from related parties (Note 29)	930,910	233,497	836,346
	15,138,749	9,498,599	16,963,772

Included in other receivables is an amount of N9.2 million (2012: N6.2 million; 1 July 2011 N1.4 million) which represents finance income receivable. The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 26.

18. Cash and cash equivalents

	2013 N'000	2012 N'000	1-Jul-11 N'000
Bank balances	1,507,947	3,028,744	3,558,019
Short-term deposits	1,681,292	1,743,410	4,522,571
Cash and cash equivalents	3,189,239	4,772,154	8,080,590
Bank overdrafts	(3,747,585)	(4,928,916)	-
Cash and cash equivalents in the statement of cash flows	(558,346)	(156,762)	8,080,590

Included in cash and cash equivalents are unclaimed dividends amounting to N1,652 million (2012: N1,714 million) held in a separate bank account in accordance with guidelines issued by the Securities and Exchange Commission. This amount is restricted from use by the Company.

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 26.

19. Share capital

(a) Authorised ordinary shares of 50k each *in thousands of shares*

	2013	2012
Balance, beginning of the year	2,500,000	2,500,000
Balance, end of the year	2,500,000	2,500,000

(b) Issued and fully paid-up ordinary shares of 50k each
in thousands of shares

	2013	2012
Balance, beginning of the year	1,474,926	1,474,926
Issued during the year	30,963	-
Balance, end of the year	1,505,889	1,474,926

During the year, thirty-one (31) million ordinary shares were issued to existing shareholders in respect of scrip dividends declared at the annual general meeting of shareholders at a price of N240 per share. The total value of shares issued amounted to N15.5 million with an amount of N7,416 million recognised as share premium.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

20. Dividends

(a) Declared dividends
The following dividends were declared and paid by the Company during the year:

	2013 N'000	2012 N'000
800k per qualifying ordinary share (2012: 1,000k)	11,799,404	14,749,255

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	2013 N'000	2012 N'000
700k per qualifying ordinary share (2012: 800k)	10,541,217	11,799,404

(b) Dividend payable

	2013 N'000	2012 N'000	1-Jul-11 N'000
Balance, beginning of the year	4,452,710	3,921,648	4,952,635
Declared dividend	11,799,404	14,749,255	12,168,136
Unclaimed dividend transferred to retained earnings	(59,731)	(147,072)	-
Scrip dividends issued during the year	(7,431,040)	-	-
Payments during the year	(4,274,600)	(14,071,121)	(13,199,123)
Balance, end of the year	4,486,743	4,452,710	3,921,648

(c) As at 30 June 2013, N2.84 billion (2012: N2.74 billion; 1 July 2011: N2.05 billion) of the total dividend payable is held with the Company's registrar, Veritas Registrars Limited. The remaining dividend payable of N1.65 billion (2012: N1.71 billion; 1 July 2011: N1.87 billion) represents unclaimed dividends, which have been returned to the Company by the Registrar and are held in seperate interest yielding bank accounts.

21 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 26.

(a) Loans and borrowings comprise:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Non-current liabilities			
Finance lease liabilities	8,796,183	8,513,058	1,332,933
Current liabilities			
Loan from related party (Note (i))	5,380,758	-	-
Finance lease liabilities	3,176,301	3,272,478	671,283
	8,557,059	3,272,478	671,283
	17,353,242	**11,785,536**	**2,004,216**

(i) During the year, the Company entered into a loan agreement with Diageo Finance Plc., (a subsidiary of Diageo Plc.) to fund capital expenditure. The loan has a maximum limit of N10 billion with a maximum tenor of five (5) years. Interest is computed at average 90 days NIBOR (+1.5%). The interest rate on the loan during the year ranged between 13% and 15%. The loan agreement indicates that the loan is repayable on demand and consequently, are classified as having short term maturity. The loan is unsecured.

(b) Movement in loans and borrowings

	2013 N'000	2012 N'000
Balance, beginning of the year	11,785,536	2,004,216
Loans and borrowing obtained during the year	8,104,277	10,934,805
Repayment made during the year	(2,536,571)	(1,153,485)
Balance, end of the year	17,353,242	11,785,536

(c) Terms and repayment schedule
Terms and conditions of the outstanding loans and borrowings were as follows:

	Nominal interest rate	Year of maturity	Carrying amount 2013 N'000	Face value 2013 N'000	Carrying amount 2012 N'000	Face value 2012 N'000	Carrying amount 1-Jul-11 N'000	Face value 1-Jul-11 N'000
Related party loan	NIBOR +1.5%	2018	5,380,758	5,380,758	-	-	-	-
Finance lease liabilities	11-15%	2013-2018	11,972,484	15,383,460	11,785,536	15,718,349	2,004,216	2,297,612
			17,353,242	20,764,218	11,785,536	15,718,349	2,004,216	2,297,612

(d) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Present value of minimum lease payments 2013 N'000	Interest 2013 N'000	Future minimum lease payments 2013 N'000	Present value of minimum lease payments 2012 N'000	Interest 2012 N'000	Future minimum lease payments 2012 N'000	Present value of minimum lease payments 1-Jul-11 N'000	Interest 1-Jul-11 N'000	Future minimum lease payments 1-Jul-11 N'000
Less than one year	3,176,301	1,561,265	4,737,566	3,272,478	1,523,183	4,795,661	671,283	156,080	827,363
Betweeen 1-2 years	3,045,956	1,105,580	4,151,536	2,490,165	1,157,257	3,647,422	648,259	95,683	743,942
Betweeen 2-3 years	4,710,417	647,640	5,358,057	2,285,397	802,083	3,087,480	563,259	36,181	599,440
Betweeen 3-4 years	678,986	82,430	761,416	3,737,496	450,290	4,187,786	121,415	5,452	126,867
More than 4 years	360,824	14,061	374,885	-	-	-	-	-	-
	11,972,484	3,410,976	15,383,460	11,785,536	3,932,813	15,718,349	2,004,216	293,396	2,297,612

The finance lease liabilities are secured by legal ownership of the leased assets (Note 12(c)).

	2013 N'000	**2012 N'000**	**1-Jul-11 N'000**
22 Employee benefits			
Present value of gratuity obligations (Note (a))	2,079,061	2,113,704	2,370,309
Present value of long service awards benefit obligation (Note (b))	915,496	669,105	1,065,223
	2,994,557	2,782,809	3,435,532

(a). Movement in the present value of defined benefit obligations:

	2013 N'000	**2012 N'000**	**1-Jul-11 N'000**
Balance, beginning of the year	2,113,704	2,370,309	3,268,919
Benefits paid by the plan	(372,052)	(433,470)	(521,089)
Interest expense on obligation	217,737	300,880	250,569
Actuarial losses/ (gains) in other comprehensive income	119,672	(124,015)	(628,090)
Balance, end of the year	**2,079,061**	**2,113,704**	**2,370,309**

Defined benefit expenses recognised in the income statement for defined benefit obligation:

	2013 N'000	**2012 N'000**
Current service costs (Note (i))	-	-
Interest on obligations	217,737	300,880
	217,737	**300,880**

(i) The defined benefit gratuity obligation was discontinued and frozen with effect from 31 December 2008. Consequently, there are no current service costs.

(b) Movements in the present value of the long service awards benefit plan during the year was as follows:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Balance, beginning of the year	669,105	1,065,223	625,700
Charge for the year	333,877	(310,419)	510,129
Benefits paid by the plan	(87,486)	(85,699)	(70,606)
Balance, end of the year	915,496	669,105	1,065,223

Defined benefit expense recognised in the income statement for long service award benefit obligation:

	2013 N'000	2012 N'000
Current service cost	205,052	115,530
Actuarial losses/(gains)	27,285	(555,816)
Interest on obligation	101,540	129,867
	333,877	**(310,419)**

(c) Movement in the defined contribution gratuity plan during the year was as follows:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Balance, beginning of the year	-	-	-
Charge for the year	382,973	244,165	176,786
Payments	(382,973)	(244,165)	(176,786)
Balance, end of the year	-	-	-

(d) Pension payable

The balance on the pension payable account represents the amount due to the Pension Fund Adminstrators which is yet to be remmitted at the year end. The movement on this account during the year was as follows:

	2013 **N'000**	**2012** **N'000**	**2011** **N'000**
Balance, beginning of the year	136	3,418	20,165
Charge for the year	897,696	791,071	637,280
Payments during the year	(897,645)	(794,353)	(654,027)
Balance, end of the year	187	136	3,418

Pension payable is recognised as part of trade and other payables.

(e) The employee benefits related expenses are recognised in the following line items in the income statement:

	Cost of sales		**Adminstrative expenses**		**Total**	
	2013 **N'000**	**2012** **N'000**	**2013** **N'000**	**2012** **N'000**	**2013** **N'000**	**2012** **N'000**
Defined benefit obligation expenses	189,323	263,858	28,414	37,022	217,737	300,880
Pension expenses	780,551	693,734	117,145	97,337	897,696	791,071
Defined contribution plan	332,997	214,122	49,976	260,079	382,973	474,201
Long service award expenses/(write back)	290,308	(272,224)	43,569	(38,195)	333,877	(310,419)
	1,593,179	899,490	239,104	356,243	1,832,283	1,255,733

(f) Actuarial gains or losses are recognised in other comprehensive income

	2013 **N'000**	**2012** **N'000**
Amount accumulated in retained earnings, beginning of the year	(417,802)	(504,613)
(Losses)/gains recognised during the year	(119,672)	124,015
Tax credit/(charge)	35,902	(37,204)
Amount accumulated in retained earnings, end of the year	**(501,572)**	**(417,802)**

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2013	**2012**
Long term average discount rate (p.a.)	14%	13%
Notional interest rate on accrued gratuity (p.a.)	5%	5%
Average pay increase (p.a.)	12%	12%
Average rate of inflation (p.a.)	10%	10%
Average length of service for current employees (years)	8.23	9.00

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the United Kingdom (UK) as follows:

Mortality in service	**2013**	**2012**
Sample age	Number of deaths in year out of 10,000 lives	
25	7	11
30	7	12
35	9	13
40	14	19
45	26	33

Withdrawal from service

Age band	**Rate**	**Rate**
1 - 30	10.0%	10.0%
31 - 39	7.5%	7.5%
40 - 44	5.0%	5.0%
45 - 50	3.5%	3.5%
51 – 55	2.5%	2.5%

(h). Sensitivity analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

		Gratuity **N'000**	**Long service awards** **N'000**	**Net periodic benefit cost** **N'000**
Discount rate	-1%	80,646	48,410	(4,410)
	+1%	(74,840)	(44,256)	3,183
Salary increase rate	-1%	-	(40,707)	(11,358)
	+1%	-	43,826	12,318
Inflation rate	-1%	-	(40,707)	(11,358)
	+1%	-	43,826	12,318
Mortality improvement	-10%	(4,068)	(1,492)	(930)
	+10%	4,079	1,496	931

(i) Historical information

	2013 **N'000**	**2012** **N'000**	**1-Jul-11** **N'000**
Present value of defined benefit obligation	2,079,061	2,113,704	2,370,309
Experience adjustments arising on plan liabilities	(60,429)	(78,235)	(106,345)

(j) The Company expects N583.37 million in benefits to be paid in respect of its defined benefit obligation in 2014.

23 Share-based payments

(a) Diageo Plc, has a number of executive share option and executive share award plans for Directors and key management staff including Directors and employees of Guinness Nigeria Plc. A recharge arrangement exists between Diageo Plc and Guinnesss Nigeria Plc whereby shares awards/share options delivered to employees by Diageo Plc are recharged to Guinness Nigeria Plc. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognised in respect of the share-based payment.

Below are the principal plans:

Executive share option plans

- Diageo executive long term incentive plan (DELTIP)
  Awards made to executives under the plan are in the form of shares and share options at the market value at the time of grant. Executives are given the opportunity to elect to have their awards in the form of share options or shares or a combination of both. Share awards vest/are released on the third anniversary of the grant date. Share options granted under this scheme may normally be exercised between three and ten years after the grant date. There are no performance conditions to be satisfied.

- Diageo executive share option plan (DSOP)
  This plan grants options to executives at the market value at the time of grant. Options granted under this scheme may normally be exercised between three and ten years after the date granted.

Executive share award plans

- Performance share plan (PSP)
  Under the PSP, share awards can take a number of different forms. No payment is made for awards. Participants are granted conditional rights to receive shares. Awards normally vest after a three year period – the 'performance cycle' (subject to achievement of performance tests).

  Dividends are accrued on awards and are paid (either in the form of dividends or shares) to participants to the extent that the awards actually vest at the end of the performance cycle.

- Discretionary incentive plan (DIP)
  Awards over shares are granted under the plan, normally in the form of conditional rights to receive shares. No payment is made for awards. Awards vest over a three to five-year period with performance criteria varying by employee.

(b) Share appreciation rights (SARs)
The Company has a share appreciation rights scheme for senior management and employees under which employees are granted the right to receive, at the date the rights are exercised, cash equal to the appreciation in the Company's share price since the grant date. All of the rights vest 3 years after the grant date. The rights have a contractual life of 10 years.

The fair value of the SARs at grant date is determined using the Monte Carlo formula. The fair value of the liability classified as an employee benefit liability, is remeasured at the end of each reporting period and at settlement date.

Terms and conditions of share option programmes and SARs

The terms and conditions relating to the grants of the share option programme and share appreciation rights are as follows; all options are to be settled either by physical delivery of shares or in cash, while SARs are settled in cash:

Employees entitled/grant date	Number of instruments
Executive share option plans	
DELTIP	
Options granted to key management on 20 September 2010	30,113
Options granted to key management on 22 September 2011	57,126
Options granted to key management on 8 March 2012	6,958
Options granted to key management on 20 September 2012	74,848
Options granted to key management on 7 March 2013	5,300
DSOP	
Options granted to key management on 17 September 2009	40,922
Executive share award plans	
PSP	
Awards granted to key management on 17 September 2009	8,084
Awards granted to key management on 20 September 2010	8,240
Awards granted to key management on 22 September 2011	7,698
Awards granted to key management on 20 September 2012	5,172
DIP	
Awards granted to key management on 10 March 2009	23,777
Awards granted to key management on 17 September 2009	3,151
Awards granted to key management on 8 March 2012	21,626
	293,015
SARs granted to employees on 1 December 2006	556,624
SARs granted to employees on 1 December 2007	512,982
	1,069,606

The calculation of the fair value of each option and share award used the binomial and monte carlo option pricing models and the following weighted average assumptions:

	2013	**2012**	**1-Jul-11**
Risk free interest rate			
Executive share option plans	0.8%	1.3%	2.0%
Executive share award plans	0.3%	0.8%	1.3%
SARs	15.92%	15.92%	15.92%
Expected life of the options			
Executive share option plans	60 months	60 months	60 months
Executive share award plans	36 months	36 months	36 months
SARs	120 months	120 months	120 months
Expected volatility			
Executive share option plans	15%	15%	23%
Executive share award plans	-	-	-
SARs	28.10%	28.10%	28.10%
Dividend yield			
Executive share option plans	2.7%	3.3%	3.3%
Executive share award plans	2.7%	3.3%	3.3%
SARs	4.35%	4.35%	4.35%
Weighted average exercise price			
Executive share option plans (£)	1,725p	1,257p	1,087p
Executive share award plans (£)	-	-	-
SARs (N)	224	232	241
Weighted average share price			
Executive share option plans	1,745p	1,226p	1,098p
Executive share award plans	1,760p	1,253p	1,214p

The number and weighted average exercise prices of share options/awards is as follows:

	Number of options 2013	Weighted average exercise price (£) 2013	Number of options 2012	Weighted average exercise price (£) 2012
Outstanding at 1 July	213,178	7.67	153,327	7.61
Granted during the year	95,913	7.01	96,438	5.56
Vested during the year	(5,460)	7.59	(300)	6.27
Forfeited	(34,518)	8.30	(36,287)	6.43
Expired/transferred	(4,266)	7.23	-	-
Outstanding at 30 June	264,847	7.12	213,178	7.67
Exercisable at 30 June	202,131	7.12	198,846	7.67

The options outstanding at 30 June 2013 have an exercise price in the range of £6.00 to £19.99 and a weighted average contractual life of 80 months (2012: 78 months).

Employee expenses

	2013 N'000	**2012 N'000**
Equity-settled share based payment transactions		
Executive share option plans	73,322	36,341
Executive share award plans	3,236	4,554
	76,558	40,895
Cash-settled share based payment transactions		
Expense arising from SARS	-	-
Effect of changes in the fair value of SARs	12,263	16,137
	12,263	16,137
Total expense recognised as employee costs	88,821	57,032
Total carrying amount of liabilities for cash settled share based payments	59,029	66,941

24. Deferred tax liabilities

(a) Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Property, plant and equipment	-	-	(14,846,596)	(12,478,133)	(14,846,596)	(12,478,133)
Employee benefits	921,803	851,617	-	-	921,803	851,617
Intangible assets	-	-	(173,633)	(203,939)	(173,633)	(203,939)
Unrealised exchange losses	175,552	35,073	-	-	175,552	35,073
Inventories	1,721,766	1,055,780	-	-	1,721,766	1,055,780
Other items	245,435	(163,147)	-	-	245,435	(163,147)
	3,064,556	1,779,323	(15,020,229)	(12,682,072)	(11,955,673)	(10,902,749)

(b) Movement in temporary differences during the year

	Balance 1 July 2011	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2012	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2013
Property, plant and equipment	(11,425,423)	(1,052,710)	-	(12,478,133)	(2,368,463)	-	(14,846,596)
Employee benefits	1,030,324	(141,503)	(37,204)	851,617	34,284	35,902	921,803
Intangible assets	(309,385)	105,446	-	(203,939)	30,306	-	(173,633)
Unrealised exchange losses	148,911	(113,838)	-	35,073	140,479	-	175,552
Inventories	857,573	198,207	-	1,055,780	665,986	-	1,721,766
Other items	(100,989)	(62,158)	-	(163,147)	408,582	-	245,435
	(9,798,989)	(1,066,556)	(37,204)	(10,902,749)	(1,088,826)	35,902	(11,955,673)

There are no unrecognised deferred tax assets and liabilities in the current and preceding year.

25. Trade and other payables

	2013 N'000	**2012 N'000**	**1-Jul-11 N'000**
Trade payables	20,899,579	18,489,324	17,963,542
Other payables and accrued expenses	6,250,852	6,399,991	6,776,302
Amount due to related parties (Note 29)	3,282,923	2,466,937	6,359,008
	30,433,354	27,356,252	31,098,852

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

26. Financial risk management and financial instruments

The Company has exposure to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk
– Interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
The Board of Directors has established a risk management committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by internal Audit, Risk Management Committee (RMC), Global Audit and Risk team (GAR), Global Governance and control team. Internal Audit undertakes both regular and ad hoc reviews of risk managemnt controls and procedures, the results of which are reported to the audit committee.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristcs of each customer. The demographics of the Company's customer base, including the default risk of the industry and customers' operating environment, has less of an influence on credit risk.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limit are establised for each customers, which represents the maximum open amount. These limits are reviewed periodically.

In monitoring customers credit risk, customers are classified according to their credit characteristics, including whether they are an individual, corporate and wholesale, geographic location, maturity and existence of previous difficulties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical date of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables and related impairment losses at the reporting date was:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Trade receivables	9,643,927	4,979,435	11,267,338
Impairment	(577,861)	(507,816)	(234,580)
	9,066,066	4,471,619	11,032,758
Other receivables	5,461,685	4,812,105	5,136,297
Impairment	(319,912)	(18,622)	(41,629)
	5,141,773	4,793,483	5,094,668
Other receivables (non-current)	31,611	10,292	27,824
Due from related parties	930,910	233,497	836,346
	15,170,360	9,508,891	16,991,596

Impairment losses

The aging of trade and other receivables and related impairment allowances for the Company at the reporting date was:

	Gross 2013 N'000	Impairment 2013 N'000	Gross 2012 N'000	Impairment 2012 N'000	Gross 1-Jul-11 N'000	Impairment 1-Jul-11 N'000
Not past due	7,119,513	-	4,143,834	-	10,644,807	-
Past due 1 - 30 days	1,680,938	-	20,922	-	14,201	-
Past due 31-60 days	211,316	-	313,839	-	21,301	-
Past due 61 - 180 days	110,650	(15,219)	130,947	(107,504)	96,657	-
Past due by greater than 180 days	6,945,716	(882,554)	5,425,787	(418,934)	6,490,839	(276,209)
	16,068,133	(897,773)	10,035,329	(526,438)	17,267,805	(276,209)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2013 N'000	**2012 N'000**
Balance, beginning of the year	(526,438)	(276,209)
Impairment loss recognised	(371,335)	(250,229)
Balance, end of the year	(897,773)	(526,438)

The impairment loss as at 30 June 2013 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts past due are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

Based on historic default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due. As at the date of these financial statements, over 90 percent of the trade receivable balance, have been collected.

Cash and cash equivalents

The Company held cash and cash equivalents of N3.19 billion as at 30 June 2013 (2012: N4.77 billion; 1 July 2011: N8.08 billion), which represents its maximum credit exposure on these assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks and related parties which can be utilised to meet its liquidity requirements.

The credit terms with customers and payment terms to its vendors are favorable to the Company in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company has overdraft facilities with its banks to enable it manage its liquidity risks. At year end, the Company had overdraft facilities amounting to N39.5 billion (2012: N39.5 billion; 1 July 2011: Nil)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount N'000	Contractual cash flows N'000	6 months or less N'000	6-12 months N'000	1-2 years N'000	2-5 years N'000
Non-derivative financial liabilities						
30 June 2013						
Finance lease liabilities	11,972,484	15,383,460	2,362,075	2,375,491	4,151,536	6,494,358
Unsecured intercompany loan	5,380,758	5,380,758	5,380,758	-	-	-
Dividend payable	4,486,743	4,486,743	4,486,743	-	-	-
Trade and other payables	30,433,354	30,433,354	30,433,354	-	-	-
Bank overdraft	3,747,585	3,747,585	3,747,585	-	-	-
	56,020,924	59,431,900	46,410,515	2,375,491	4,151,536	6,494,358

	Carrying amount N'000	Contractual cash flows N'000	6 months or less N'000	6-12 months N'000	1-2 years N'000	2-5 years N'000
30 June 2012						
Finance lease liabilities	11,785,536	15,718,349	2,397,830	2,397,831	3,647,422	7,275,266
Dividend payable	4,452,710	4,452,710	4,452,710	-	-	-
Trade and other payables	27,356,252	27,356,252	27,356,252	-	-	-
Bank overdraft	4,928,916	4,928,916	4,928,916	-	-	-
	48,523,414	52,456,227	39,135,708	2,397,831	3,647,422	7,275,266

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Currency risk

The Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the Naira.The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis. The Company's exposure to foreign currency risk was as follows based on notional amounts:

	30-Jun-13			30-Jun-12			1-Jul-11		
	GBP (£)	Euro (€)	US$	GBP (£)	Euro (€)	US$	GBP (£)	Euro (€)	US$
	000	000	000	000	000	000	000	000	000
Financial assets									
Cash and cash equivalents	18	6	32	-	-	-	86	11	73
Trade and other receivables	-	-	299	-	-	-	75	-	-
	18	6	331	-	-	-	161	11	73
Financial liabilities									
Trade and other payables	(174)	(1,327)	-	(105)	(834)	(193)	-	(3,193)	(821)
Net exposure	(156)	(1,321)	331	(105)	(834)	(193)	161	(3,182)	(748)

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**		
	2013	**2012**	**2013**	**2012**	**1-Jul-11**
	N	**N**	**N**	**N**	**N**
GBP (£) 1	243.51	243.93	236.76	242.67	242.38
Euro (€) 1	200.88	206.23	203.08	195.78	218.78
US$ 1	155.27	154.01	155.25	155.44	151.29

Sensitivity analysis on foreign currency rates

A five percent (5%) strengthening of the Naira, against the Euro, Dollar and GBP at 30 June would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Increase/(decrease) in profit or loss
	N'000
30-Jun-13	
GBP (£)	1,847
Euro (€)	13,413
US$	(2,569)
30-Jun-12	
GBP (£)	1,274
Euro (€)	8,164
US$	1,500

A weakening of the Naira against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2013 N	2012 N
Fixed rate instruments		
Financial assets	97,499	-
Financial liabilities	(3,747,585)	(4,928,916)
	(3,650,086)	(4,928,916)
Variable rate instruments		
Financial liabilities	17,353,242	11,785,536

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At 30 June 2013, an increase/decrease of one percentage (1%) point would have resulted in a decrease/increase in profit after tax of N211,008,150 (2012: N167,144,520). This analysis assumes that all other variables remain constant.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management and the executive committee. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorisation of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company considers the following components of its statement of financial position to be capital: borrowings, bank overdraft and equity.

The Company's management is committed to enhancing shareholder value in the long term, both by investing in the businesses and brands so as to improve the return on investment and by managing the capital structure. The Company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels.

The Company regularly assesses its debts and equity capital levels against its stated policy for capital structure. The Company's management monitors the return on capital, which the company defines as result from operating activities divided by total shareholder's equity.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2013 **N'000**	**2012** **N'000**	**1-Jul-11** **N'000**
Total liabilities	75,021,510	67,398,153	56,583,281
Less: cash and cash equivalents	3,189,239	4,772,154	8,080,590
Net debt	71,832,271	62,625,999	48,502,691
Total equity	46,039,111	38,611,514	38,871,371
Debt to adjusted capital ratio:	1.56	1.62	1.25

There were no changes in the Company's approach to capital management during the year.

(g) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amount shown in the statement of financial position, are as follows:

	30-Jun-13		**30-Jun-12**	
	Carrying amount **N'000**	**Fair value** **N'000**	**Carrying amount** **N'000**	**Fair value** **N'000**
Assets measured at amortised cost				
Other receivables (non-current)	31,611	29,398	10,292	9,572
Trade and other receivables	15,138,749	15,138,749	9,498,599	9,498,599
Cash and cash equivalents	3,189,239	3,189,239	4,772,154	4,772,154
	18,359,599	18,357,386	14,281,045	14,280,325
Liabilities measured at amortised cost				
Finance lease liabilities	11,972,484	11,972,484	11,785,536	11,785,536
Loan from related party	5,380,758	5,380,758	-	-
Trade and other payables	30,433,354	30,433,354	27,356,252	27,356,252
Dividend payable	4,486,743	4,486,743	4,452,710	4,452,710
Bank overdraft	3,747,585	3,747,585	4,928,916	4,928,916
	56,020,924	56,020,924	48,523,414	48,523,414

The basis for determining fair values is disclosed in Note 4.

All financial instruments except finance lease liabilities and long term other receivables are short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values. The effective interest rate on financial lease liabilities is similar to interest rates prevailing in the market thus the carrying amount of the financial lease liability is not expected to be materially different from the carrying value.

27. Operating leases

(a) The Company leases a number of offices, warehouse and factory facilities under non-cancellable operating leases. During the year, an amount of N990 million was recognised as an expense in profit or loss in respect of these leases (2012: N525 million). Lease rentals are paid upfront and included in prepayments and amortised to the profit or loss over the life of the lease.

(b) The Company leases trucks from a transporter for distribution of its products under non- cancellable operating leases. During the year, an amount of N2.88 billion (2012: N2.86 billion) was paid as lease rental in respect of this lease. Operating lease rental committment payable are as follows:

	2013 N'000	2012 N'000	1-Jul-11 N'000
Less than one year	2,618,000	2,856,000	2,856,000
Between one and two years	-	2,380,000	2,856,000
Between two and three years	-	-	2,380,000
	2,618,000	5,236,000	8,092,000

28. Contingencies

(a) Guarantee and contingent liabiliies

Contingent liabilities at the reporting date arising in the ordinary course of business out of guarantees, amounted to N4,049 million (2012: N13,540 million). In the opinion of the Directors, no material loss is expected to arise from these guarantees.

(b) Pending litigation and claims

The Company is subject to various claims and other liabilities arising in the normal course of business. The contingent liabilities in respect of pending litigation and other liabilities amounted to N1,321 million as at 30 June 2013 (2012: N1,712 million). In the opinion of the Directors and based on legal advice, no material loss is expected to arise from these claims.

(c) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

29. Related parties

Parent and ultimate controlling entity

Related parties include the parent company, Diageo Plc. and Diageo group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

As at 30 June 2013, Guinness Overseas Limited and Atalantaf Limited owned 46.48% (2012: 46.03%) and 7.84% (2012: 7.77%) respectively of the issued share capital of the Company.

Transactions with related parties

The Company has transactions with its parent and other related parties who are related by virtue of being members of the Diageo group. The total amounts due to related parties by nature of the transaction are shown below:

	Transaction value		Balance due (to)/from		
	2013	**2012**	**2013**	**2012**	**1-Jul-11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Purchases and other services					
Parent	(134,217)	(17,356)	(120,557)	(5,811)	-
Other related parties	(23,439,952)	(7,793,169)	(2,407,154)	(1,759,915)	(4,831,332)
Technical service fees and royalties					
Other related parties	(2,639,972)	(2,373,419)	(755,212)	(701,211)	(1,527,676)
			(3,282,923)	(2,466,937)	(6,359,008)
Sales and other services					
Parent	38,904	47,158	6,829	8,710	8,206
Other related parties	4,045,841	1,391,822	924,081	224,787	828,140
			930,910	233,497	836,346
Related party loan	(5,380,758)	-	(5,380,758)	-	-

Transactions with key management personnel
Key management personnel compensation
In addition to their salaries, the Company also provides non-cash benefits to Directors and executive officers and contributes to post employment defined benefit and defined contribution plans on their behalf. In accordance with the terms of the plans, directors and executive officers retire at the age of 55 at which time they become entitled to receive post employment benefits.

Executive officers also participate in share based payment plans (see note 23) and the Company's long service awards benefit plan. Key management personnel compensation comprised:

	2013	**2012**
	N'000	**N'000**
Short-term employee benefits		
Salaries and wages	265,741	206,899
Long-term employee benefits		
Post-employment benefits	38,151	27,853
Long-service award benefit plan	4,567	5,589
Share based payments plan		
Diageo executive share options/awards	23,228	2,597
	331,687	242,938

30. Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30 June 2013 that have not been adequately provided for or disclosed in the financial statements.

31. Explanation of transition to IFRS

As stated in note 2(a), these are the Company's first set of financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 30 June 2013, the comparative information presented in these financial statements for the year ended 30 June 2012 and in the preparation of an opening IFRS statement of financial position at 1 July 2011 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Generally Acceptable Accounting Principles (GAAP).

An explanation of how the transition from previous Nigerian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Explanation of transition to IFRS (Cont'd)
Reconciliation of Nigerian GAAP statements to IFRS

(a) Statement of financial position as at 1 July 2011

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
ASSETS				
Non-current assets				
Property, plant and equipment	B	46,098,557	12,170,898	58,269,455
Intangible assets		1,031,280	-	1,031,280
Prepayments	E	-	343,385	343,385
Other receivables	E	675,476	(647,652)	27,824
Total non-current assets		47,805,313	11,866,631	59,671,944
Current assets				
Inventories	C	17,381,132	(8,587,011)	8,794,121
Trade and other receivables	D	18,133,997	(1,170,225)	16,963,772
Prepayments	D(ii)	-	1,170,225	1,170,225
Deposit for import		774,000	-	774,000
Cash and cash equivalents		8,080,590	-	8,080,590
Total current assets		44,369,719	(8,587,011)	35,782,708
Total assets		92,175,032	3,279,620	95,454,652
Equity				
Share capital		737,463	-	737,463
Share premium		1,545,787	-	1,545,787
Share based payment reserve	G	-	21,413	21,413
Revaluation reserve	A	3,524,134	(3,524,134)	-
Retained earnings	H	34,476,108	2,090,600	36,566,708
Total equity		40,283,492	(1,412,121)	38,871,371
Liabilities				
Non-current liabilities				
Loans and borrowings		1,332,933	-	1,332,933
Employee benefits	D(i)	3,739,799	(304,267)	3,435,532
Deferred tax liabilities	I	10,282,960	(483,971)	9,798,989
Total non current liabilities		15,355,692	(788,238)	14,567,454
Current liabilities				
Current tax liabilities		6,324,044	-	6,324,044
Dividend payable		3,921,648	-	3,921,648
Loans and borrowings	F(ii)	-	671,283	671,283
Trade and other payables	F	26,290,156	4,808,696	31,098,852
Total current liabilities		36,535,848	5,479,979	42,015,827
Total liabilities		51,891,540	4,691,741	56,583,281
Total equity and liabilities		92,175,032	3,279,620	95,454,652

Explanation of transition to IFRS (Cont'd)
Reconciliation of Nigerian GAAP statements to IFRS

(b) Statement of financial position as at 30 June 2012

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
ASSETS				
Non-current assets				
Property, plant and equipment	B	63,709,332	12,584,519	76,293,851
Intangible assets		679,792	-	679,792
Prepayments	E	-	247,549	247,549
Other receivables	E	522,072	(511,780)	10,292
Total non-current assets		64,911,196	12,320,288	77,231,484
Current assets				
Inventories	C	21,998,519	(8,804,757)	13,193,762
Trade and other receivables	D	10,852,303	(1,353,704)	9,498,599
Prepayments	D(ii)	-	1,313,668	1,313,668
Cash and cash equivalents		4,772,154	-	4,772,154
Total current assets		37,622,976	(8,844,793)	28,778,183
Total assets		102,534,172	3,475,495	106,009,667
Equity				
Share capital		737,463	-	737,463
Share premium		1,545,787	-	1,545,787
Share based payment reserve	G	-	62,308	62,308
Revaluation reserve	A	3,392,339	(3,392,339)	-
Retained earnings	H	34,676,915	1,589,041	36,265,956
Total equity		40,352,504	(1,740,990)	38,611,514
Liabilities				
Non-current liabilities				
Loans and borrowings		8,513,058	-	8,513,058
Employee benefits	D(i)	3,087,076	(304,267)	2,782,809
Deferred tax liabilities	I	11,584,733	(681,984)	10,902,749
Total non current liabilities		23,184,867	(986,251)	22,198,616
Current liabilities				
Bank overdraft		4,928,916	-	4,928,916
Current tax liabilities		5,189,181	-	5,189,181
Dividend payable		4,452,710	-	4,452,710
Loans and borrowings	F(ii)	-	3,272,478	3,272,478
Trade and other payable	F	24,425,994	2,930,258	27,356,252
Total current liabilities		38,996,801	6,202,736	45,199,537
Total liabilities		62,181,668	5,216,485	67,398,153
Total equity and liabilities		102,534,172	3,475,495	106,009,667

Explanation of transition to IFRS (Cont'd)
Reconciliation of Nigerian GAAP statements to IFRS

(c) Income statement for the year ended 30 June 2012

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
Revenue	K	126,288,184	(9,826,302)	116,461,882
Cost of sales	L	(70,088,245)	8,809,564	(61,278,681)
Gross profit		56,199,939	(1,016,738)	55,183,201
Other income		790,690	(42,437)	748,253
Marketing and distribution expenses		(24,607,059)	-	(24,607,059)
Administrative expenses	F,H,J	(9,522,147)	93,551	(9,428,596)
Result from operating activities		22,861,423	(965,624)	21,895,799
Finance income	J	306,990	273,832	580,822
Finance costs		(2,093,463)	-	(2,093,463)
Net finance costs		(1,786,473)	273,832	(1,512,641)
Profit before taxation		21,074,950	(691,792)	20,383,158
Taxation	M	(6,403,755)	235,217	(6,168,538)
Profit for the year after taxation		14,671,195	(456,575)	14,214,620
Earnings per share				
Basic earnings per share (kobo)		995		964
Diluted earnings per share (kobo)		995		964

Explanation of transition to IFRS (Cont'd)
Reconciliation of Nigerian GAAP statements to IFRS

(d) Statement of comprehensive Income for the year ended 30 June 2012

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
Profit for the year after taxation		14,671,195	(456,575)	14,214,620
Other comprehensive income				
Defined benefit plan actuarial gain	J	-	124,015	124,015
Tax on other comprehensive income	J	-	(37,204)	(37,204)
Other comprehensive income for the year, net of tax	J	-	86,811	86,811
Total comprehensive income for the year		14,671,195	(369,764)	14,301,431

Explanation of transition to IFRS (Cont'd)
Reconciliation of Nigerian GAAP statements to IFRS

(e) Statement of cash flows for the year ended 30 June 2012

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
Cash flows from operating activities				
Profit for the year		14,671,195	(456,575)	14,214,620
Adjustments for:				
Depreciation and impairment loss	B	5,393,836	2,135,724	7,529,560
Amortisation of intangible assets		351,587	-	351,587
Share-based payment charge	F,G	-	57,032	57,032
Finance income	J	(306,990)	(273,832)	(580,822)
Finance costs		2,093,463	-	2,093,463
Write-offs of PPE		176,599	-	176,599
Gain on disposal of PPE	B	(168,719)	42,437	(126,282)
Write back of long service awards		(310,419)	-	(310,419)
Gratuity charge	J	176,865	124,015	300,880
Income tax expense	M	6,403,755	(235,217)	6,168,538
		28,481,172	1,393,584	29,874,756
Changes in:				
Inventories		(4,617,387)	217,746	(4,399,641)
Non-current other receivables		153,404	(95,836)	57,568
Non-current prepayments		-	95,836	95,836
Trade and other receivables		7,280,647	143,443	7,424,090
Prepayments		-	(143,443)	(143,443)
Trade and other payables		1,276,982	706,620	1,983,602
Cash generated from operating activities		32,574,818	2,317,950	34,892,768
Gratuity paid		(433,470)	-	(433,470)
Income tax paid		(6,231,075)	-	(6,231,075)
Long service awards paid		(85,699)	-	(85,699)
VAT paid		(4,600,334)	-	(4,600,334)
Net cash from operating activities		21,224,240	2,317,950	23,542,190
Cash flows from investing activities				
Finance income	J	302,267	273,832	576,099
Liquidation of short term investment		774,000	-	774,000
Proceeds from sale of PPE	B	310,380	-	310,380
Acquisition of PPE		(13,530,170)	(2,591,782)	(16,121,952)
Net cash used in investing activities		(12,143,523)	(2,317,950)	(14,461,473)
Cash flows from investing activities				
Repayment of loans and borrowings		(1,153,485)	-	(1,153,485)
Finance cost		(2,093,463)	-	(2,093,463)
Dividends paid		(14,071,121)	-	(14,071,121)
Net cash used in financing activities		(17,318,069)	-	(17,318,069)
Net decrease in cash and cash equivalents		(8,237,352)	-	(8,237,352)
Cash and cash equivalents, beginning of the year		8,080,590	-	8,080,590
Cash and cash equivalents, end of the year		(156,762)	-	(156,762)

Notes to reconciliation

A. Deemed cost

On 2 January 1997, the Company revalued certain leasehold buildings and Plant and machinery under previous Nigerian GAAP. On transition to IFRS, the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under IFRS. The revaluation reserve amounting to N3.5 billion and N3.4 billion as at 1 July 2011 and 30 June 2012 respectively was reclassified to retained earnings.

B. Property, plant and equipment (PPE), inventory and other payables

The effect of transition to IFRS on PPE can be summarised below:

		30-Jun-12 **N'000**	**1-Jul-11** **N'000**
i.	RPM reclassified from inventory (Note (a))	11,286,808	10,667,648
ii.	Capitalisation of major spares from inventory (Note (b))	1,233,772	1,396,874
iii.	Adjustment of residual value of some PPE items (Note (c))	63,939	106,376
	Adjustment to net book value of PPE	12,584,519	12,170,898

(a) Under the previous Nigerian GAAP, the Company's returnable packaging materials (RPM) were classified as inventories. On transition to IFRS, the value of the returnable packaging materials were reclassified from inventories to property, plant and equipment (PPE) and the appropriate liability was recognised in the financial statements for deposits made by customers in respect of returnable packaging materials held by them.The impact of the above is summarised as follows:

	30-Jun-12 **N'000**	**1-Jul-11** **N'000**
Statement of financial position		
Gross book value (GBV) of RPM	21,986,824	19,425,574
Accumulated depreciation of RPM	(10,700,016)	(8,757,926)
Property, plant and equipment (Note B(i))	11,286,808	10,667,648
Inventories (Note C(i))	(7,469,620)	(7,196,884)
Trade and other payables - liability for RPM (Note F(i))	(7,373,903)	(6,118,853)
Taxation (Note I(i))	1,067,015	794,427
Adjustment to retained earnings (Note H)	(2,489,700)	(1,853,662)
Income Statement		
Depreciation of RPM	1,942,090	
Reversal of write down of RPM	(1,033,464)	
Adjustment before tax	908,626	
Taxation (Note M(i))	(272,588)	
Adjustment after tax	636,038	
Statement of cash flows		
Cashflows from operating activities		
Depreciation and impairment loss	1,942,090	
Reversal of writedown of RPM	(1,033,464)	
Net impact on net cash from operating activities	908,626	
Cashflows from operating activities		
Acquisition of property, plant and equipment	(2,561,250)	
Net impact on net cash used in investing activities	(2,561,250)	
Cumulative adjustment to statement of cash flows	(1,652,624)	

(b) Under the previous Nigerian GAAP, some engineering spares which met the criteria for recognition as PPE in line with the requirements of IAS 16 were included as part of inventory. On transition to IFRS, engineering spares which met the criteria for recognition as PPE were reclassified to PPE.The impact of the above is summarised as follows:

	30-Jun-12 N'000	**1-Jul-11 N'000**
Statement of financial position		
Gross book value of inventory capitalised	1,427,406	1,396,874
Accumulated depreciation	(193,634)	-
Property, plant and equipment (Note B(ii))	1,233,772	1,396,874
Inventories (Note C(ii))	(1,427,406)	(1,396,874)
Taxation (Note I(ii))	58,090	
Adjustment to retained earnings (Note H)	(135,544)	-
Income Statement		
Depreciation of capitalised engineering spares	193,634	
Taxation (Note M(ii))	(58,090)	
Adjustment after tax	135,544	
Statement of cash flows		
Cashflows from operating activities		
Depreciation and impairment loss	193,634	
Net impact on net cash from operating activities	193,634	
Cashflows from operating activities		
Acquisition of property, plant and equipment	(30,532)	
Net impact on net cash used in investing activities	(30,532)	
Cumulative adjustment to statement of cash flows	163,102	

(c) Under the previous Nigerian GAAP, some of the Company's motor vehicles were assigned zero residual values. On transition to IFRS, a re-assessment of residual values was made in line with the requirements of IAS 16. The impact of the re-assessment of the residual values on depreciation is summarised below:

	30-Jun-12 N'000	**1-Jul-11 N'000**
Statement of financial position		
Property, plant and equipment (Note B(iii))	63,939	106,376
Taxation (Note I(iii))	(19,182)	(31,913)
Adjustment to retained earnings (Note H)	44,757	74,463
Income Statement		
Re-assessment of residual values	42,437	
Taxation (Note M(iii))	(12,731)	
Adjustment after tax	29,706	

C. Inventory

The effect of transition to IFRS on Inventory can be summarised below:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Capitalisation of RPM (Note B(a))	(7,469,620)	(7,196,884)
ii.	Capitalisation of major spares (Note B(b))	(1,427,406)	(1,396,874)
iii.	Expensed engineering spares now capitalised (Note (a))	92,269	-
iv.	Reversal of inventory obsolescence allowances (Note (b))	-	6,747
	Adjustment to Inventory	(8,804,757)	(8,587,011)

(a) Under the previous Nigerian GAAP, the Company expensed some engineering spares which met the criteria for recognition as PPE in line with the requirements of IAS 16. On transition to IFRS, these engineering spares which met the criteria for recognition as PPE were reclassified to PPE.The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Inventories (Note C(iii))	92,269	-
Adjustment to retained earnings (Note H)	92,269	-
Income Statement		
Engineering spares expensed	(92,269)	
Adjustment after tax	(92,269)	

(b) Under the previous Nigerian GAAP, the Company recognised obsolescence allowances for some engineering spares which met the criteria for recognition as PPE in line with the requirements of IAS 16 were included as part of inventory. On transition to IFRS, engineering spares which met the criteria for recognition as PPE were reclassified to PPE and the related obsolescence allowances reversed. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Inventory (Note C(iv))	-	6,747
Taxation (Note I(iv))	-	(2,024)
Adjustment to retained earnings (Note H)	-	4,723
Income Statement		
Reversal of obsolescence allowance	6,747	
Taxation (Note M(iv))	(2,024)	
Adjustment after tax	4,723	

D. Trade and other receivables

The effect of transition to IFRS on trade and other receivables can be summarised below:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Reclassification of advance gratuity (Note (a))	(40,036)	-
ii.	Prepayments (Note (b))	(1,313,668)	(1,170,225)
	Adjustment to trade and other receivables	(1,353,704)	(1,170,225)

(a) Under the previous Nigerian GAAP, gratuity advances (after deducting appropriate taxes) to qualifying employees who are still in the employment of the Company which represent a part payment of the gratuity liability due to the employees, were included as part of trade and other receivables. On transition to IFRS, advance gratuity payments were reclassified from trade and other receivables to employee benefits obligations. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Employee benefits	304,267	304,267
Trade and other receivables (Non-current)	(264,231)	(304,267)
Trade and other receivables (Note D(i))	(40,036)	-
Taxation (Note I(v))	(91,280)	(91,280)
Adjustment to retained earnings (Note H)	(91,280)	(91,280)

(b) Under the previous Nigerian GAAP, prepayments were included as part of trade and other receivables. On transition to IFRS, prepayments were reclassified from trade and other receivables. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Prepayments (Note D(ii))	1,313,668	1,170,225
Trade and other receivables (Note D(ii))	(1,313,668)	(1,170,225)
Adjustment to retained earnings (Note H)	-	-

E. Non-current other receivables

The effect of transition to IFRS on non-current other receivables can be summarised below:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Reclassification of advance gratuity (Note D(i))	(264,231)	(304,267)
ii.	Reclassification of prepayments (Note (a))	(247,549)	(343,385)
		(511,780)	(647,652)

(a) Under the previous Nigerian GAAP, non-current prepayments were included as part of non-current other receivables. On transition to IFRS, the value of non-current prepayments was reclassified from non-current other receivables.The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Prepayments	247,549	343,385
Other receivables	(247,549)	(343,385)
Adjustment to retained earnings (Note H)	-	-

F. Trade and other payables

The effect of transition to IFRS on trade and other payables can be summarised below:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Reclassification of liability for RPM (Note B(a))	7,373,903	6,118,853
ii.	Loans and borrowings (Note (a))	(3,272,478)	(671,283)
iii.	Reversal of liability for RPM (Note (b))	(1,164,772)	(616,342)
iv.	Re-measurment of liability for SARs (Note (c))	(6,395)	(22,532)
	Adjustment to trade and other payables	2,930,258	4,808,696

(a) Under previous Nigerian GAAP, finance lease liabilities and accrued pre-lease interest charges were included as trade and other payables. On transition to IFRS, these amounts have been presented as loans and borrowings. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Trade and other payables	(3,272,478)	(671,283)
Loans and borrowings (Note F(ii))	3,272,478	671,283
Adjustment to retained earnings (Note H)	-	-

(b) Under previous Nigerian GAAP, deposit liability for RPM was set-off against inventory. On transition to IFRS, RPM was capitalised as property, plant and equipment (PPE) and the related deposit liability reclassified to trade and other payables. On reclassification of the deposit liability for RPM, an amount was released to profit and loss as a result of the re-estimation of the liability in the books. The impact of the above is as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Trade and other payables (Note F(iii))	(1,164,772)	(616,342)
Taxation (Note I(vi))	349,432	184,903
	(815,340)	(431,439)
Income Statement		
Reversal of liability for RPM	(548,430)	
Taxation (Note M(v))	164,529	
Adjustment after tax	(383,901)	

(c) Under the previous Nigerian GAAP, liabilities for cash settled share-based payment transactions were not measured for in line with the requirements of IFRS 2. On transition to IFRS, the liabilities were re-measured in line with the requirements of IFRS 2. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Liabilities for SARs (Note F(iv))	(6,395)	(22,532)
Taxation (Note I(vii))	1,919	6,760
	(4,476)	(15,772)
Income Statement		
Remeasurement of liability for SARs	16,137	
Taxation (Note M(vi))	(4,841)	
Adjustment after tax	11,296	

G. Share based payments liabilities

Under the previous Nigerian GAAP, charge and liability for equity settled share-based payment transactions with Diageo Plc were not accounted for in line with the requirements of IFRS 2. On transition to IFRS, the charge was recognised as an employee expense with a corresponding liability recognised in share-based payment reserve in equity as a capital contribution from Diageo Plc. The impact of the above is summarised as follows:

	30-Jun-12 N'000	1-Jul-11 N'000
Share based payment reserve	62,308	21,413
Adjustment to share based payment reserve	62,308	21,413

	30-Jun-12 N'000	1-Jul-11 N'000
Statement of financial position		
Share based payment reserve	(62,308)	(21,413)
Taxation (Note I(viii))	18,692	6,424
Adjustment to retained earnings (Note H)	(43,616)	(14,989)
Income Statement		
Employee benefits expense	40,895	
Taxation (Note M(vii))	(12,268)	
Adjustment after tax	28,627	

H. Retained earnings

The cummulative adjustment to retained earnings (each net of tax) was as follows:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Reclassification of revaluation reserves (Note A)	3,392,339	3,524,134
ii.	Reclassification of RPM (Note B(a))	(2,489,700)	(1,853,662)
iii.	Depreciation of capitalised inventory (Note B(b))	(135,544)	-
iv.	Re-assessment of residual vaues of PPE (Note B(c))	44,757	74,463
v.	Reversal of engineering spares expensed (Note C(b))	92,269	
vi.	Reversal of obsolescence allowances (Note C(b))	-	4,723
vii.	Re-classification of advance gratuity (Note D(a))	(91,280)	(91,280)
viii.	Reversal of excess liability for RPM (Note F(b))	815,340	431,439
ix.	Re-measurement of share-based liabilities (Note F(c))	4,476	15,772
x.	Recognition of share based payment (Note G)	(43,616)	(14,989)
	Adjustment to retained earnings	1,589,041	2,090,600

I. Deferred tax liabilities

The effect of transition to IFRS on deferred tax liabilities can be summarised below:

		30-Jun-12 N'000	1-Jul-11 N'000
i.	Reclassification of RPM (Note B(a))	(1,067,015)	(794,427)
ii.	Depreciation on engineering spares capitalised (Note B(b))	(58,090)	-
iii.	Re-assessment of residual values (Note B(c))	19,182	31,913
iv.	Reversal of obsolescence allowances (Note C(a))	-	2,024
v.	Reclassification of advance gratuity (Note D(a))	91,280	91,280
vi	Reversal of RPM liability (Note F(b))	349,432	184,903
vii.	Remeasurement of share based payments (Note F(c))	1,919	6,760
viii.	Recognition of share based payment liabilities (Note G)	(18,692)	(6,424)
	Adjustment to deferred tax liabilities	(681,984)	(483,971)

J. Adminstrative expenses and finance income

Under the previous Nigerian GAAP, foreign exchange gains and losses and defined benefit actuarial gains and losses were recognised in administrative expenses. On transition to IFRS, foreign exchange gains and losses and defined benefit actuarial gains and losses were reclassified to finance income and other comprehensive income respectively. The impact of the above is summarised as follows:

	30-Jun-12 N'000
Income Statement	
Administrative expenses	(397,847)
Finance income	273,832
	(124,015)
Taxation	37,204
	(86,811)
Other comprehensive income	
Other comprehensive income: defined benefit actuarial gain	124,015
	37,204
Taxation (Note M(vii))	(37,204)
Cummulative adjustment to statement of comprehensive income	-

K. Revenue

Under the previous Nigerian GAAP, excise duties were included as part of cost of sales. However, on transition to IFRS, excise duties were set-off from revenue. The impact of the above is summarised as follows:

	30-Jun-12 N'000
Income Statement	
Revenue	9,826,302
Cost of sales (Note L)	(9,826,302)
Adjustment before tax	-

L. Cost of sales

The effect of transition to IFRS on cost of sales can be summarised below:

		30-Jun-12 N'000
i.	Reclassification of excise duties from revenue (Note K)	(9,826,302)
ii.	Depreciation of RPM (Note B(a))	1,942,090
iii.	Reversal of write down of RPM (Note B(b))	(1,033,464)
iv.	Depreciation of capitalised engineering spares (Note B)	193,634
vi.	Reversal of engineering spares expensed (Note C(a))	(92,269)
v.	Reversal of impairment allowance (Note C(b))	6,747
		(8,809,564)

M. Taxation charge

The effect of transition to IFRS on taxation charge can be summarised below:

		30-Jun-12 N'000
i.	Reclassification of RPM (Note B(a))	(272,588)
ii.	Depreciation of capitalised engineering spares (Note B(b))	(58,090)
iii.	Re-assessment of residual values (Note B(c))	(12,731)
iv.	Reversal of obsolescence allowance (Note C(b))	(2,024)
v.	Reversal of RPM liability (Note F(b))	164,529
vi.	Re-measurment of liability for share based payments (Note F(c))	(4,841)
vii.	Recognition of share based payment expense (Note G)	(12,268)
viii.	Reclassification of tax on actuarial gain (Note J)	(37,204)
		(235,217)

Other Information

Value Added Statement

for the year ended 30 June 2013

	2013 N'000	%	2012 N'000	%
Revenue	122,463,538		116,461,882	
Bought-in materials and services				
- Local	(53,483,295)		(57,605,932)	
- Imported	(29,984,338)		(21,363,100)	
	38,995,905		37,492,850	
Other income	815,505		748,253	
Finance income	201,185		580,822	
Valued added	40,012,595	100	38,821,925	100
Distribution of Value Added:				
To Government:				
Taxation	5,109,247	13	6,205,742	16
To Employees:				
Salaries, wages and fringe benefits	9,219,080	23	8,340,142	21
To Providers of Finance:				
Finance costs	3,806,649	10	2,093,463	5
Retained in the Business:				
For replacement of property, plant and equipment	9,995,054	25	7,529,560	19
For replacement of intangible assets	102,609	-	351,587	1
To augment reserves	11,779,956	29	14,301,431	38
	40,012,595	100	38,821,925	100

Value added represents the additional wealth which the Company has been able to create by its own employees' efforts. This statement shows the allocation of that wealth between government, employees, providers of capital and that retained in the business.

2013

TO GOVERNMENT:
TAXATION

TO EMPLOYEES:
SALARIES, WAGES & FRINGE BENEFITS

TO PROVIDERS OF FINANCE:
FINANCE COSTS

RETAINED IN THE BUSINESS

Financial Summary

	2013 N'000	2012 N'000
Income Statement		
Revenue	122,463,538	116,461,882
Operating profit	20,614,339	21,895,799
Profit before taxation	17,008,875	20,383,158
Profit after taxation	11,863,726	14,214,620
Statement of Comprehensive Income		
Profit after taxation	11,863,726	14,214,620
Other comprehensive income	(83,770)	86,811
Comprehensive income for the year	11,779,956	14,301,431

Statement of Financial Position

	2013 N'000	2012 N'000	1-Jul-11 N'000
Employment of Funds			
Property, plant and equipment	88,112,852	76,293,851	58,269,455
Intangible assets	578,771	679,792	1,031,280
Prepayments	98,768	247,549	343,385
Other receivables	31,611	10,292	27,824
Net current liabilities	(19,036,478)	(16,421,354)	(6,233,119)
Loans and borrowings	(8,796,183)	(8,513,058)	(1,332,933)
Employee benefits	(2,994,557)	(2,782,809)	(3,435,532)
Deferred tax liabilities	(11,955,673)	(10,902,749)	(9,798,989)
Net assets	46,039,111	38,611,514	38,871,371
Funds Employed			
Share capital	752,944	737,463	737,463
Share premium	8,961,346	1,545,787	1,545,787
Share based payment reserve	18,582	62,308	21,413
Retained earnings	36,306,239	36,265,956	36,566,708
Total equity (shareholders' funds)	46,039,111	38,611,514	38,871,371

Per 50K share data (in kobo)		
Basic and diluted earnings per share	793	964
Declared dividend per share	800	1,000
Net assets per share	3,057	2,618

Shareholders' Information

Share Capital History

The share capital history of the Company is as shown below. The issued and paid-up share capital of the Company as at 30 June 2013 is:

	AUTHORISED SHARE CAPITAL		ISSUED AND FULLY PAID		
DATE	VALUE (N)	SHARES	VALUE(N)	SHARES	CONSIDERATION
31-08-72	3,000,000	6,000,000	3,000,000	6,000,000	Conversion to Naira
14-12-72	5,000,000	10,000,000	5,000,000	10,000,000	Scrip Issue (2:3)
30-03-76	8,000,000	16,000,000	8,000,000	16,000,000	Scrip Issue (3:5)
05-11-76	10,000,000	20,000,000	10,000,000	20,000,000	Public Issue
11-03-77	15,000,000	30,000,000	15,000,000	30,000,000	Scrip Issue (1:2)
28-09-78	25,000,000	50,000,000	25,000,000	50,000,000	Scrip Issue (2:3)
21-02-80	37,500,000	75,000,000	37,500,000	75,000,000	Scrip Issue (1:2)
25-02-82	50,000,000	100,000,000	50,000,000	100,000,000	Scrip Issue (1:3)
15-03-84	75,000,000	150,000,000	75,000,000	150,000,000	Scrip Issue (1:2)
13-03-84	100,000,000	200,000,000	100,000,000	200,000,000	Scrip issue (1:3)
26-07-90	150,000,000	300,000,000	150,000,000	300,000,000	Scrip Issue (1:2)
18-07-90	200,000,000	400,000,000	180,000,000	360,000,000	Rights Issue(1:5)
29-09-95	350,000,000	700,000,000	270,000,000	540,000,000	Right Issue (1:2)
02-01-97	350,000,000	700,000,000	339,519,721	679,039,441	Conversion of ICLS to shares
19-06-97	400,000,000	800,000,000	350,519,721	679,039,441	
16-07-97	400,000,000	800,000,000	350,733,576	701,467,151	Scrip Dividend to Shares
13-07-98	400,000,000	800,000,000	353,982,125	707,964,249	Scrip Dividend to Shares
20-11-02	1,000,000,000	2,000,000,000	353,982,125	707,964,249	Increase in authorised share capital
20-11-03	1,000,000,000	2,000,000,000	89,970,207	1,179,940,415	Bonus issue (2:3)
16-11-06	1,000,000,000	2,000,000,000	737,462,759	1,474,925,519	Bonus issue (1:4)
10-07-08	1,250,000,000	2,500,000,000	737,462,759	1,474,925,519	Increase in authorised share capital
02-11-12	1,250,000,000	2,500,000,000	752,944,094	1,505,888,188	Scrip Dividend to Shares

Substantial Interest in Shares:

According to the Register of Members, the following persons held more than 5% of the issued share capital of the Company on 30 June 2013.

Shareholders	Number of Shares	Percentage
Guinness Overseas Limited	699,892,739	46.48%
Atalantaf Limited	118,052,388	7.84%

Statistical Analysis of Shareholding

a) The shares of the Company are held in the ratio of 46% by Nigerians and 54% by offshore investors.

b) b) The Company's issued shares of 1,505,888,188 as at year end are held by shareholders as follows:

Range	Total Holders	%	Units	%
1 - 1,000	29,500	41.70%	11,832,424	0.79%
1,001 - 5,000	29,482	41.67%	75,662,565	5.02%
5,001 - 10,000	6,663	9.42%	48,078,364	3.19%
10,001 - 50,000	4,284	6.06%	80,564,732	5.35%
50,001 - 100,000	410	0.58%	28,848,903	1.92%
100,001 - 500,000	317	0.45%	67,468,170	4.48%
500,001 - 1,000,000	40	0.06%	28,886,388	1.92%
1,000,001- 999,999,999	52	0.07%	1,164,546,642	77.33%
Grand Total	**70,748**	**100.00%**	**1,505,888,188**	**100.00%**

Ten – Year Dividend History

Dividend in the last ten years

Year	Profit After Taxation	Dividend Proposed (N)	Dividend per Share (k)
2003	6,636,335,000	5,604,717,000	475
2004	7,913,503,000	6,194,687,000	525
2005	4,859,019,000	3,539,821,000	300
2006	7,440,102,000	4,719,762,000	400
2007	10,691,060,000	6, 637,164,836	450
2008	11,860,880,000	8, 849, 553,000	600
2009	13, 541, 189, 000	11,061,941,393	750
2010	13, 736, 359, 000	12, 168, 135,531	825
2011	17,927,933,821	14,749,255,190	1,000
2012	14,671,194,963	11,799,404,152	800
2013**	11,863,726,504	10,541,217,309	700

** Dividend has not been declared by shareholders

Dividends declared were gross as they were subject to deduction of withholding tax at the appropriate rates.

Unclaimed Dividends and Share Certificates

Members are hereby informed that some dividend warrants and share certificates have been returned to the Registrars' office unclaimed because the addresses could not be traced. This notice is to request all affected shareholders to contact:

(a) In the case of unclaimed dividends
The Company Secretary
Guinness Nigeria Plc
24, Oba Akran Avenue
P.M.B. 21071
Ikeja, Lagos

OR

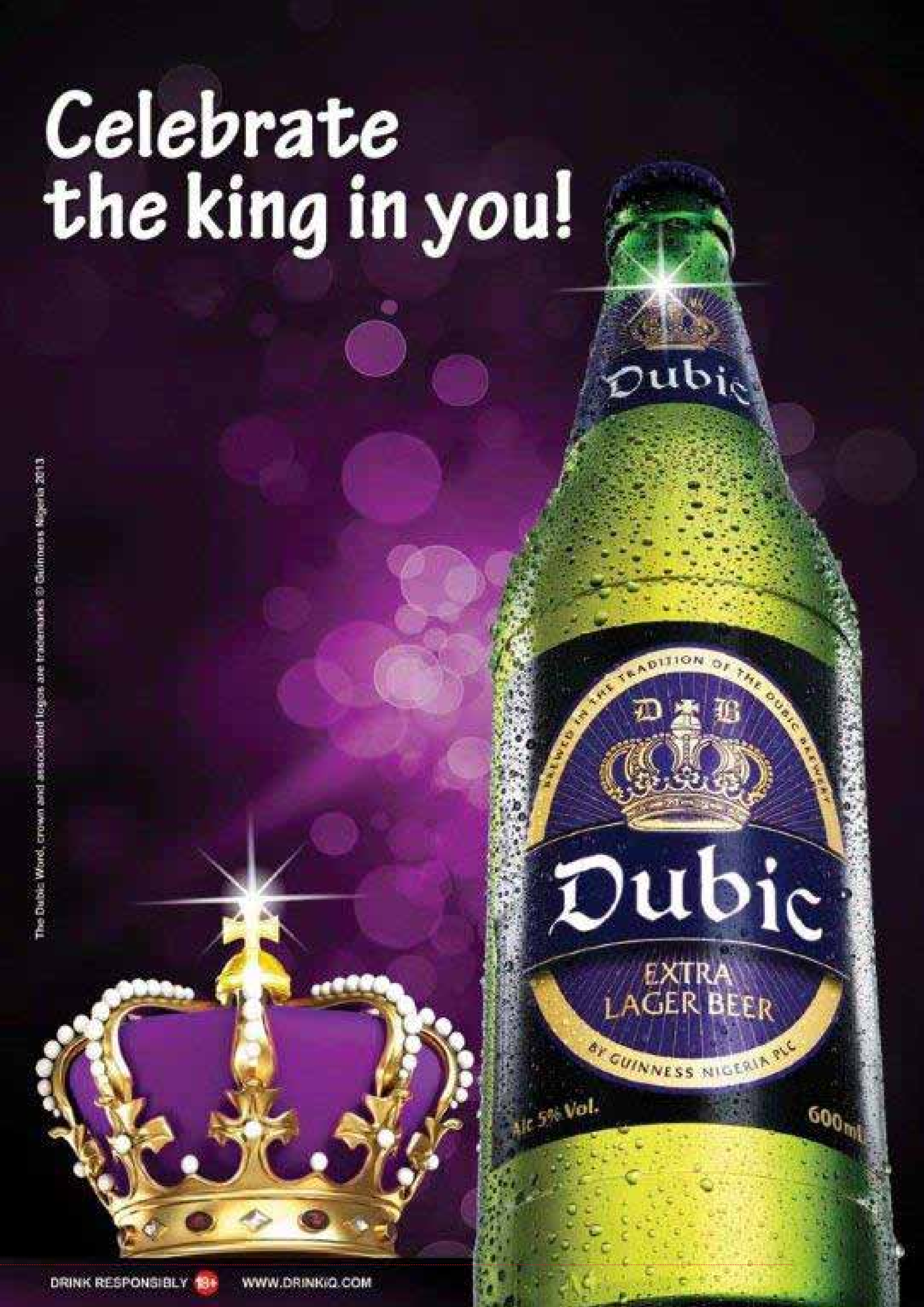
(b) In the case of share certificates
The Registrar
Veritas Registrars Limited
(formerly Zenith Registrars Limited)
Plot 89A, Ajose Adeogun Street,
Victoria Island,
Lagos.

Those applying to the Company Secretary for payment of unclaimed dividends should also include either the original dividend warrants or photostat copies of their certificates to facilitate payment.

The Company Secretary's office
Guinness Nigeria PLC
24, Oba Akran Avenue,
P.M.B. 21071, Ikeja, Lagos.
Tel: +234 1 2709100
Fax: +234 1 2709338
Mobile: +234 802 479 0564; +234 812 900 8712; +234 708 999 5390
Email: cosec.gn@diageo.com

Unclaimed Dividends With Dates

Dividends	Dates Declared
71	22/11/2001
72	20/11/2002
73	20/11/2003
74	23/11/2004
75	23/11/2005
76	24/11/2006
77	15/11/2007
78	10/07/2008
79	28/11/2008
80	03/11/2009
81	15/11/2010
82	10/11/2011
83	05/11/2012



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Dubic
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Alc 5% Vol.
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LAGER
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WWW.DRINKiQ.COM
18+

Proxy Form

63rd Annual General Meeting of the Members of Guinness Nigeria Plc to be held at the Flamingo Hall of the Best Western Hotel, Evbuomwan Street, Off Sapele Road, Etete, Benin City, Edo State on 15 November 2013 at 10.00 O'clock in the forenoon.

I/We* ....

Being a member/members of Guinness Nigeria Plc, hereby appoint ....

or failing him, Mr. B.A. Savage, or failing him Mr. S. Adetu or failing him Dr. N.B. Blazquez as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on Friday, 15 November 2013 and at any adjournment thereof.

Dated this .... day of 2013

Shareholder's signature ....

*Delete as necessary

NUMBER OF SHARES		
RESOLUTION	**FOR**	**AGAINST**
To declare a dividend.		
To re-elect as Director, Mr. B. A. Savage.		
To re-elect as Director, Prof. J. O. Irukwu.		
To re-elect as Director, Mr. B. E. Gwadah.		
To re-elect as Director, Ms. L. G. Nichols.		
To elect as Director, Mr. A. Fennell.		
To fix the remuneration of the auditors.		
To elect members of the Audit Committee.		
To fix the remuneration of the Directors		

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

1) A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxies should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting.
2) In the case of joint shareholders, any of such may complete the form, but the names of all joint shareholders must be stated.
3) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised.
4) Provision has been made on this form for some Directors of the Company to act as your proxy, but if you wish, you may insert in the blank spaces on the form (marked **) the name of the person whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of any of the Directors. The proxy must produce the admission card sent with the Notice of the Meeting to obtain entrance to the meeting.
5) The proxy must produce the Admission Card sent with the Notice of Meeting to obtain entrance to the meeting.

Admission Card

PLEASE ADMIT

....

To the Annual General Meeting of Guinness Nigeria Plc which will be held at Flamingo Hall of the Best Western Hotel, Evbuomwan Street, Off Sapele Road, Etete, Benin City, Edo State on Friday, 15 November 2013 at 10.00a.m

Name of Shareholder

Address of Shareholder

Number of Shares Held

This admission card must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Sesan Sobowale
Company Secretary

GUINNESS NIGERIA
RC 771

E-Dividend Payment Mandate & Change of Address Form

I PERSONAL DETAILS

Shareholder's name(s)*____
(Surname/Company name) (Other names)

Full Name(s) of any other holder*____

Shareholders Certificate No. (Where available)												

CSCS A/C No ____________________

(A separate form should be used where there is more than one certificate)

Stockbroker's name ____________________ Clearing House No (CHN) ____________________

No of units held: ____________________ Date of Birth/Incorporation of Company: ____________________

Address* (As appears in the Register of Shareholders): ____

____

____

Mobile (GSM) Number (s)* ____________________ Other Nos. ____________________

E-mail Address: ____________________ Fax ____________________

II BANK MANDATE*

Agreement and Aknowledgement

i I/We hereby agree that this mandate is an acceptance and acknowledgement of the receipt of our dividend payment in cash from Guinness Nigeria Plc and an authorisation to Guinness Nigeria Plc to act under item (iii) below.

ii I/We hereby agree that Guinness Nigeria Plc may act and rely on these instructions until Guinness Nigeria Plc receives written notification from me/us of the revocation or modification of these instructions.

iii I/We hereby authorise Guinness Nigeria Plc to credit or cause to be credited all dividend payments due to me/us into my/our Bank Account as detailed below, with effect from the date hereof.

Bank*: ____________________ Branch* ____________________

Shareholder's Bank Account No*:																						

Bank Sort Code*											

Dated this ____________________ day of ____________________ 201______

____________________ Shareholder's Signature*

____________________ Shareholder's Signature**

Authorised Signature & Stamp of Bankers*

III CHANGE OF ADDRESS

I/We hereby request that all correspondence relating to my/our holdings be sent to the address below:

New Address: ____

____

____

Completed forms should be returned to:
- The Company Secretary, Guinness Nigeria Plc, 24 Oba Akran Avenue, Ikeja, Lagos
- The Registrar, Veritas Registrars Limited (formerly Zenith Registrars Limited), Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos

*All fields marked are compulsory and must be filled.
**In the case of corporate shareholder, a company seal/stamp must be used.

Notes

Notes

Notes

www.guinness-nigeria.com

RC 771
GUINNESS
NIGERIA

annual report & financial statements 2013