

2014

ANNUAL
REPORT



RC 771

GUINNESS
NIGERIA



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Financial Highlights

	2014 N'000	2013 N'000	Change %
Results			
Revenue	109,202,120	122,463,538	(11)
Operating profit	16,123,378	20,933,616	(23)
Profit for the year	9,573,480	11,863,726	(19)
Total comprehensive income	9,495,530	11,779,956	(19)
Declared dividend	10,541,217	11,799,404	(11)
Proposed dividend	4,818,842	10,541,217	(54)
Total equity	45,061,717	46,039,111	(2)
Data per 50 kobo share (in kobo)			
Basic earnings	636	793	(20)
Declared dividend	700	800	(13)
Net assets	2,992	3,057	(2)
Stock exchange quotation at financial year end	20,000	25,107	(20)

The Directors recommend, subject to approval at the next Annual General Meeting, the payment of a final dividend of N4.8 billion (2013: N10.5 billion), which based on the number of ordinary shares in issue at year end, represents a dividend of 320k per ordinary share (2013: 700k). The dividend is subject to deduction of withholding tax at the applicable rate.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 64th Annual General Meeting of the Members of Guinness Nigeria Plc will be held at the Pearl Room, Transcorp Hotels, 10 Murtala Mohammed Highway, Calabar, Cross River State on 13 November 2014 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 2014 and the Report of the Auditors thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorise Directors to fix the remuneration of the 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, 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, 13 October 2014 to Friday, 17 October 2014, 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 16 November 2014 to holders of shares whose names appear in the Register of Members on Friday, 17 October 2014.

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.

Take note that further to Rule 42(5)(b) Securities and Exchange Commission Rules and Regulation, the tenure of Audit Committee members shall be for a period of 3 years after which members shall become ineligible for re-election until after the expiration of a further three years period.

In view of the above, any member or shareholder proposed to be elected to the Audit Committee must not have served on the Committee for a period exceeding three years.

Dated: 4 September 2014

By Order of the Board



SESAN SOBOWALE
Company Secretary

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. J. Rewane		
Z. Abdurrahman (Mrs.)		
R. J. O'Keeffe (Irish)		
P. J. Jenkins (British)		
Y. A. Ike (Ms.)		
A. Fennell (British)		
S. T. Dogonyaro (Appointed with effect from 04 September 2014)		
C. A. Afebuameh (Appointed with effect from 04 September 2014)		
B. E. Gwadah (Resigned with effect from 13 February 2014)		
L. G. Nichols (British) (Resigned with effect from 15 July 2014)		

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
Plot 89A, Ajose Adeogun Street
Victoria Island, Lagos.
Tel: (01) 2708930, 2783973, 2784168

Bankers

Citibank Nigeria Limited
Diamond Bank Plc
First Bank of Nigeria Limited
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

Chairman's Statement



Introduction

Fellow shareholders, my colleagues on the Board, ladies and gentlemen, it is indeed an honour to welcome you all to the 64th Annual General Meeting of our Company. I am pleased to present to you the financial statements and reports of the financial year ended 30 June 2014 together with a review of the performance of our Company in the course of the financial year.

Permit me ladies and gentlemen, to highlight some of the key events in our operating environment that underscored our performance in 2014.

Chairman's Statement cont'd

“The overall economic situation in the country affected the brewed products industry. While we have seen a slight growth in consumption, the segment enjoying the biggest improvement is the economy products segment which has attracted a large number of consumers who hitherto were adorers of premium stout and malt products. However, I am happy to report that in the last quarter of the financial year, we saw an improving trend in our performance.”

Business Environment

The economic environment remained challenging during the 2014 financial year. The overall Gross Domestic Product (GDP) improved and the rebasing of the GDP early in the year led to the announcement of Nigeria's economy as the biggest in Africa. Capacity utilisation improved marginally due mostly to contributions from the foods and beverage sector. The exchange rate was stable during the period and inflation declined to an average of 8%.

Government's revenue continued to come under pressure due to lower oil and gas production and increasing vandalism of oil pipeline and crude oil theft. The increasing insurgency in the North East of Nigeria continued unabated causing severe disruption to social and economic lives in the areas mostly affected.

It is our expectation that the government's economic transformation agenda will continue to focus on job creation and activities that will cause a trickling down of its positive effect on the general populace. This will in turn improve consumer disposable income and lead to continued growth of the economy.

The Brewing Industry

The beer market witnessed a slight recovery from the trend of general decline experienced in the 2013 financial year. This was driven largely by growth in the off-trade market due to the positive performance of value brands. The growth of new hypermarkets and supermarkets impacted urban shopping behaviour which equally impacted positively on the performance of the off trade market. The value and premium segment which accounts for about

a third of the market witnessed positive growth in the financial year (approximately 10% compared to the prior year) while the super-premium and mainstream segments of the beer market continued to decline albeit at a slower pace.

Your darling brand, Harp lager was refreshed with an exciting new look in the course of the financial year with the spectacular unveiling event taking place during the 2013 edition of the *Harp Rhythm Unplugged*, a popular musical and comedy show which is sponsored by your Company.

Harp lager also continued its 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.

Chairman's Statement cont'd

Guinness Foreign Extra Stout was also significantly reinvigorated with a new pack, advertising campaign and trade promotion aimed at keeping it relevant and appealing to its teeming consumers.

The Guinness Fly With the Eagles campaign continued with the support to the Super Eagles during the World Cup tournament held in Brazil in June 2014. Your Company made cash donations to the Super Eagles for every goal scored at the tournament in the spirit of encouraging strong support for the Super Eagles to fly to victory.

In support of our innovation agenda, Orijin Bitters, Origin Spirit Mixed Drink, Masters Choice and Alvaro were launched during the financial year. These great brands have been warmly received by consumers and are gaining traction in the market.

Our Performance

The overall economic situation in the country affected the brewed products industry. While we have seen a slight growth in consumption, the segment enjoying the biggest improvement is the economy products segment which has attracted a large number of consumers who hitherto were adorers of premium stout and malt products. However, I am happy to report that in the last quarter of the

financial year, we saw an improving trend in our performance. Although this was not sufficient to affect the overall performance significantly, we are confident that we will sustain this momentum into the new financial year especially with increased advertising support for our core brands and the success of our innovation brands.

This positive outlook is what has informed our recommendation of a dividend of 320 kobo per 50 kobo ordinary share, which we hope you will approve at the Annual General Meeting.

Corporate Social Responsibility

During the course of the financial year, your Company officially flagged off the Guinness Nigeria Foundation (GNF) as a vehicle for the business to deliver its community investments in the areas of provision of safe water, health, education, youth empowerment and job creation. The Foundation signed a Memorandum of Understanding with Concern Universal, a United Kingdom-based Non-Governmental Organization (NGO), to improve access to potable water in about 10 communities in Nigeria. Concern Universal is the local implementing partner to the Global Sanitation Fund (GSF), which is a global coalition on water provision that is funding a five-year sanitation and hygiene programme in Nigeria.

As part of our commitment to provide safe drinking water to communities in Nigeria, two water projects were launched in Ijebu Ode, Ogun State and at Sabo, Ikorodu, Lagos State under the Safe Water for Africa (SWA) Partnership. Both projects are expected to serve over 100,000 beneficiaries. The SWA is a regional project which is being implemented in partnership with the Diageo Foundation, the Coca Cola Foundation, Coca Cola Nigeria, Nigeria Bottling Company and the T Y Danjuma Foundation.

We launched the Guinness Ex-Scholars Excellence Programme (GEEP) during the financial year. The programme is dedicated to providing after-school life skills to graduates of the Guinness Scholarship Scheme to enable them to face life as paid employees or entrepreneurs. It is also expected that the programme will provide a platform for social networking for the ex-students.

Under the auspices of the employee-driven Friends of the Community (FOC) initiative, employees of the Company carried out an engagement activity to impart vocational skills to students of two colleges in Lagos State. This is designed to focus their minds on entrepreneurship as an alternative to seeking paid employment. The FOC in partnership with the Lagos State

Chairman's Statement cont'd

Voluntary Blood Donation Service also organised a voluntary blood donation exercise in commemoration of the World Blood Donor Day in June 2014. Over 100 employees participated in the exercise.

As part of our on-going commitment to promoting responsible consumption by our consumers, your Company collaborated with the Federal Road Safety Commission to carry out responsible drinking motor park rallies in Edo, Delta and Anambra states during the Easter festive period. The theme of the rally was 'Be Smart, Don't Drink and Drive'. In addition to this, the Company entered into a Responsible Drinking partnership with two radio stations – Lagos Traffic Radio and UNILAG FM during the festive season to enhance responsible drinking awareness among professional drivers and university students.

The Company continued its current partnership with the Lagos State Ministry of Health and the Lagos State Ministry of Transportation during the Mental Health week organised by the Lagos State Government. The programme was a weeklong series of trainings, awareness creation and medical testing for commercial drivers.

Our People

I am delighted to inform you that, for the second year running, Guinness Nigeria was recognized in the top 5 best companies to work for in Nigeria. The award was organized by the Great Place To Work Nigeria, an affiliate of Great Place to Work Institute, San Francisco in the United States. Guinness Nigeria Plc was also nominated for two special category awards namely: Best People Practices and Most Innovative HR Structure.

Conclusion

On behalf of the Board of Directors, I will like to thank you distinguished shareholders for your continued support and for the confidence you have reposed in the management and Board of the Company. I believe that we can continue to count on such support in the coming years.

I thank you for your attention.



Mr. B. A. Savage

Chairman

Signed on 4 September 2014

Directors' Report

for the year ended 30 June 2014

The Directors are pleased to present to members their Report together with the Financial Statements of the Company for the year ended 30 June 2014.

Legal Form and Principal Activities

Guinness Nigeria Plc, a public limited liability 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 Lager, Dubic Lager, Dubic Dark Ale, Snapp, Topmalt, Alvaro, Master's Choice, Orijin Spirit Mixed Drink and Orijin Bitters.

Operating Results

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

	2014 N'000	2013 N'000
Revenue	109,202,120	122,463,538
Operating profit	16,123,378	20,933,616
Net finance costs	(4,441,818)	(3,924,741)
Profit before taxation	11,681,560	17,008,875
Taxation	(2,108,080)	(5,145,149)
Profit for the year	9,573,480	11,863,726
Other comprehensive income, net of tax	(77,950)	(83,770)
Total comprehensive income for the year	9,495,530	11,779,956

Dividend

The Directors recommend, subject to approval at the next Annual General Meeting, the payment of a final dividend of N4.8 billion (2013: N10.5 billion), which, based on the number of ordinary shares in issue on 30 June 2014, represents a dividend of 320 kobo per ordinary share (2013: 700k). The dividend is subject to deduction of withholding tax at the applicable rate.

Board Changes

Since the last Annual General Meeting, Mr. Bitrus Gwadah and Ms. Lisa Nichols have resigned from the Board. On your behalf, we wish to thank Mr. Gwadah and Ms. Nichols for their contributions to the Company during their tenures.

To fill the vacancies created by these resignations, Messrs. S. T. Dogonyaro and C. A. Afebuameh were appointed to the Board. In accordance with the Articles and the provisions of the Companies and Allied Matters Act, Messrs. S. T.

Directors' Report cont'd

Dogonyaro and C. A. Afebuameh will retire at the forthcoming Annual General Meeting and, being eligible, hereby offer themselves for re-election.

The Directors to retire by rotation are Mrs. Z. Abdurrahman, Mr. R. J. O'Keeffe, Mr. P. J. Jenkins and Ms. Y. A. Ike 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 2014 No. of shares	As at 30 June 2013 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	503,530
Mr. B. J. Rewane	17,452	17,452
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	Nil	Nil
Ambassador S. T. Dogonyaro (Appointed with effect from 04 September 2014)	Nil	Nil
Mr. C. A. Afebuameh (Appointed with effect from 04 September 2014)	1,116	1,116
Mr. B. E. Gwadah (Resigned with effect from 13 February 2014)	2,144	2,144
Ms. L. G. Nichols (Resigned with effect from 15 July 2014)	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 (2013: 1,505,888,188 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 (2013: 699,892,739 shares) and 46.48% shareholding (2013: 46.48% 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 (2013: 118,052,388 shares) and a shareholding of 7.84% (2013: 7.84%). Total shareholding of Diageo Plc was 54.32% at year end (2013: 54.32%).

Directors' Report cont'd

Corporate Governance

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 the industry and Nigeria in this regard. In addition to self-regulation, we are committed to conducting business in line with 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.

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 with these corporate governance requirements during the year under review as set out below:

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, 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 plc.

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 statement.
- Approval of the dividend policy.
- Declaration of the 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.

Directors' Report cont'd

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 (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 external auditor to be put to shareholders for approval, following the recommendation of the Finance and Risk Committee.
- Appointments to boards of subsidiaries.

8. Remuneration

- Approval of the remuneration of 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, which should be in writing.
- 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.

Directors' Report cont'd

- 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 become 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, committees, and individual members are effective and productive and to identify opportunities for improvement and skill set needs.

As part of the process, each member completes a detailed and thorough questionnaire. While results are aggregated and summarized 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 bBoard with on the outcome of the its assessment. A Director will not be nominated for re-election unless it is affirmatively determined that he/she is substantially contributing to the overall effectiveness of the Board

Attendance at Board Meetings

The Board held 4 meetings during the 2014 financial year. The following table shows membership and attendance of directors at the Board meetings in the 2014 financial year:

S/N	Directors	12/09/2013	15/11/2013	13/02/2014	24/04/2014	Total No. of Meetings Attended
1.	B. A. Savage	P	P	P	P	4
2.	N. B. Blazquez	P	P	AWA	P	3
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	LTB	3
6.	B. J. Rewane	P	P	P	P	4
7.	M. A. Taylor	P	LTB	LTB	LTB	1
8.	L. G. Nichols (Ms.)	P	P	P	AWA	3
9.	Z. Abdurrahman (Mrs.)	P	P	P	P	4
10.	R. J. O'Keeffe	P	P	P	AWA	3
11.	P. J. Jenkins	P	P	P	P	4
12.	Y. A. Ike (Ms.)	P	P	P	P	4
13.	A. Fennell	P	P	AWA	P	3
14.	S. T. Dogonyaro	NYA	NYA	NYA	NYA	Nil
15.	C. A. Afebuameh	NYA	NYA	NYA	NYA	Nil

*** P – Present

AWA – Absent with Apology

LTB – Left the Board

NYA – Not Yet Appointed

Directors' Report cont'd

Board Committees

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

- Executive Committee;
- Finance and Risk Committee;
- Governance and Remuneration Committee; and
- Audit Committee.

Executive Committee

This is a Committee comprising all members of the Leadership Team of the Company and has delegated authority 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 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.

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 business 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 external auditors, KPMG, in the absence of management.

The following table shows the attendance of the members of the Committee at the meetings:

Directors	10/09/2013	14/11/2013	11/02/2014	22/04/2014	16/06/2014	Total No. of Meetings Attended
Prof J.O. Irukwu	P	P	P	P	P	5
P. J. Jenkins	P	P	P	P	P	5
B. J. Rewane	P	P	P	P	P	5
Y. A. Ike	P	P	AWA	P	P	4

*** P – Present

AWA – Absent with Apology

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 external auditors, KPMG was also present with key members of her team. Other member of senior management are invited to attend to brief the Committee on agenda items related to their areas of responsibilities from time to time.

During the year, the Committee reviewed the Company's quarterly financial reports, the annual reports and accounts and 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 statements. 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. This is in addition to receiving regular updates on the Company's controls and governance environment.

Directors' Report cont'd

The Committee reviews the plans of both the internal and external auditors and approves the plans at the beginning of the year. The Committee considered the proposed audit fee structure for the 2014 financial year and recommended to the Board a suitable fee for the external auditors, in line with the mandate received at the last Annual General Meeting.

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
Mrs. Z. Abdurrahman	-	Member

The Committee met two (2) times during the financial year. The following table shows the attendance of the members of the Committee at the meetings:

Members	10/09/13	11/02/2014	Total No. of Meetings Attended
N.B. Blazquez	P	P	2
S. Adetu	P	P	2
Z. Abdurrahman (Mrs.)	P	P	2

*** P – Present

Audit Committee

The Company has an Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. It comprises an equal number of non-executive directors and ordinary shareholders elected at the Annual General Meeting. It evaluates annually, the independence and performance of external auditors, receives the planning, interim and final audit presentation from the external auditors and also reviews with management and the external auditors the annual audited financial statements before its submission to the Board. During the year, the Committee approved the audit plan and scope of the external auditors for the financial year and reviewed quarterly and half yearly financial results before presentation to the Board. The Committee also received reports from management on the accounting system and internal controls framework of the Company. The members of the Statutory Audit Committee during the 2014 financial year are as follows:

Mr. G.O. Ibhade	-	Chairman/Shareholder
Mr. M. O. Igbrude	-	Shareholder
Mr. C. O. Ajaegbu	-	Shareholder
Mr. B. E. Gwadah	-	Director (ceased to be a member from 13 February 2014)
Mrs. Z. Abdurrahman	-	Director
Mr. P. J. Jenkins	-	Director

Directors' Report cont'd

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	10/09/2013	14/11/2013	11/02/2014	22/04/2014	16/06/2014	Total No. of Meetings Attended
Mr. G.O. Ibhade	P	P	P	P	P	5
Mr. M. O. Igbrude	P	P	P	P	P	5
Mr. C. O. Ajaegbu	P	AWA	AWA	AWA	P	2
Mr. B. E. Gwadah	P	AWA	P	LTC	LTC	2
Mrs. Z. Abdurrahman	P	P	P	P	P	5
Mr. P. J. Jenkins	P	P	P	P	P	5

*** P – Present

AWA – Absent with Apology

LTC – Left the Committee

Code of Business Conduct and Code of Governance for Directors

The Company has a Code of Business Conduct which defines the Company's mission within a corporate governance framework. The Code is applicable to all employees as well as directors and business partners of the Company. Employees are trained and annually certified on the salient provisions of the Company's Code of Business Conduct.

In our bid to continue to create awareness on the essence and importance of compliance and ethics to every aspect of the Company's operations and to bring compliance front of the mind, the Company has an annual event "the Pathway of Pride" which is geared at stimulating commitment to and understanding of the compliance message. It is designed as an engaging and interactive session on compliance and is designed to help all employees understand the "Why" rather than just emphasising the "What" of compliance and ethics.

We have zero tolerance to all forms of unethical behaviour including bribery and corruption. 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 protect that reputation and support our long term business success. To reinforce this stand and create greater simplicity in this area, we have the Anti-Corruption and Anti-Money Laundering Policies. The policies apply to all employees and third parties acting for or on behalf of Guinness Nigeria Plc. There is continuous training, communication and awareness on the salient aspect of these policies. In addition, the Company has a whistle blowing mechanism – "Speak Up" – for employees and business partners to report unethical conduct if they believe something to be happening which breaks the law, our Code of Business Conduct, the policies or standards.

The Anti-Corruption 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 in line with the UK Bribery Act. It also provides guidance on the following:

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 the responsibility of ensuring the maintenance of a sound system of internal control and risk management which it does through the Finance and Risk Committee of the Board. In compliance with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission in 2011, the Company provided assurance

Directors' Report cont'd

during the financial year that the risk management control and compliance systems are operating efficiently and effectively in all respect in Guinness Nigeria Plc.

Specifically, our risk management objectives are to:

- Identify and maximize 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;
- Prioritize appropriately between different opportunities and risks; and.
- Provide the assurance that we understand and are effectively managing our risks.

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

- Controls Assurance and Risk Management (CARM) is an annual process to ensure compliance with the Sarbanes Oxley Act, 2002.
- The Business Performance Management process ensures risks and opportunities are identified and addressed.
- There is an Internal Audit function which ensures that the internal control framework remains strong through risk based audits.

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 those 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. The Company Secretary has been designated the Code Manager to ensure adherence to the provisions of the Code. With the introduction of enhanced insider dealings framework in the Amendments to the Nigerian Stock Exchange (NSE) Listing Regulations during the year, the Company has commenced a review of its Dealings in Securities Code to inform necessary amendments to the Code and bring it in line with the NSE's requirements.

Sustainability Report

At the core of our business strategy in Guinness Nigeria Plc is a firm belief that the impact that we make in the society and on 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 2014, Guinness Nigeria Plc focused on providing responsible drinking education, specifically targeting drink-driving. We also prioritized the provision of water within our environment as well as invested in community development programmes.

Alcohol in Society

Guinness Nigeria Plc has been part of the social and cultural life of communities throughout Nigeria for over fifty years. Our brands play a positive role at social occasions and celebrations for those who choose to drink. Guinness Nigeria Plc recognizes that alcohol misuse causes serious problems for individuals, communities

and the society. We therefore work to market our brands responsibly to adults in addition to supporting programmes and policies that create a more positive role for alcohol in society.

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

Guinness Nigeria Plc 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. Therefore, all our programmes and interventions are driven by research and data.

We have partnerships with various stakeholders such as the Lagos State Ministry of Health, Federal Road Safety Commission and the Lagos State Ministry of Transportation aimed at creating awareness and combating drink-driving and associated risks of excessive consumption of alcohol. Guinness Nigeria continues to spearhead the alcohol industry's self-regulation 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 in the production of our brands. It therefore makes sense that it is also a focus of

Directors' Report cont'd

our environmental and community programmes. Our key initiative in this area is the Water of Life scheme, in 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 built 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 working on and improving the unique partnership we have with the Diageo Foundation, Coca-Cola Foundation, 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. As part of this initiative the Company has constructed 2 projects in Sabo area in Ikorodu Lagos State and Ijebu Ode, Ogun State to serve a over 200,000 people during the 2014 financial year. We have plans to commission another project in the near future.

The Global Sanitation Fund (GSF), under the auspices of the Water, Supply and Sanitation Collaborative Council (WSSCC), is funding a five-year sanitation and hygiene programme in Nigeria called Rural

Sanitation and Hygiene Promotion in Nigeria (RUSHPIN) which was developed by the Programme Coordinating Mechanism (PCM) consisting of key Water, Sanitation and Hygiene (WASH) sector experts, led by the Federal Ministry of Water Resources and supported by the National Task Group for Sanitation (NTGS).

The GSF grant is for an initial \$5 million and target 2,000 communities in six Local Government Areas (LGAs) within two states. The Federal Government of Nigeria has made a commitment to match the funds to support the construction of public and institutional sanitation facilities in the targeted LGAs and an additional three LGAs in each state. The aim of the programme is to significantly increase sanitation coverage by 100% and attain a positive and sustained hygiene behavioural change.

To support these initiatives, the recently established Guinness Nigeria Foundation (GNF) also signed a Memorandum of Understanding with Concern Universal, the local implementing partner to improve access to potable water in about 10 communities in the GSF funded states.

In recognition of the Company's contribution 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 and in 2014, it also received recognition as the Africa Youth WASH Ambassador from the Federal Ministry of Water Resources and Youth WASH initiative Nigeria

Communities

We are proud of our record of supporting Nigerian communities, particularly those which play host to our production sites. Members of these communities include our employees, consumers and commercial partners. Our continued engagement with these stakeholders is central to Guinness Nigeria Plc's long term viability. Community investment is not simply a matter of making charitable donations, though we do contribute to philanthropic causes where appropriate. For us, 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

The health sector is a key focus of our social investment policy. 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, in the interest of providing a sustainable support system for the hospitals, we conducted an impact assessment and facility evaluation exercise at the Lagos University Teaching Hospital Guinness Eye Hospital and developed a 5 year plan.

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 employees and other members of the public.

Directors' Report cont'd

Education

Guinness Nigeria has established a tertiary education scholarship scheme for young school leavers in its host communities in Lagos, Edo and Abia states. The scheme is being implemented in collaboration with the Nigerian Society of Engineers and the Nigerian Institute of Management. 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 Nigerian Society of Engineers (NSE), and the Nigeria Institute of Management (NIM).

Our scholarship scheme also extends to skills acquisition. This year working with the Institute of Industrial Technology, Lagos the Company awarded 10 students 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 students for gainful employment in various multinationals or as entrepreneurs.

Employee Community Programme

The Friends of the Community (FOC) is an initiative of the employees of Guinness Nigeria Plc. Under this initiative, employees of the Company carry out sustainable activities within its host communities thereby impacting lives positively in the area of social, medical and educational needs.

In the course of the financial year, employees visited orphanage homes in the spirit of giving during the Easter season. The objectives was to put smiles on the faces of children in Love Home Orphanage Magodo in Lagos, St. Mary Immaculate Orphanage Home, Ikhueniro, Edo State and Omosefe Orphanage Home in Benin, Edo State. Overall, about 250 children benefited from this initiative. Products used in the activities were donated by employees of the Company.

To save lives, employees also embarked on voluntary donation of blood in commemoration of the World Blood Donor Day on 14 June, 2014. The activity, which is part of the employee led 'Friends of the Community' initiative, was held in partnership with the Lagos State Voluntary Blood Donation Service at the Guinness Nigeria Headquarters and at the Ogba Brewery in Lagos State. Over 100 employees participated in this exercise.

Donations

During the course of the year, the Company made the under-listed charitable donations:

Charitable donations	Amount N'000
Scholarship - IIT Payments	370
Skills for life -Training of GEEP scholars	1,150
Water of Life, Ikorodu and Ijebu Ode	1,348
Maintenance of Water of Life Projects - Onitsha and Enugu	319
Eye equipment for Guinness Eye centre, LUTH, Lagos	3,370
Provision of Ice making machine for small scale entrepreneurs	4,849
Total	11,406

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.

Directors' Report cont'd

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 shows some major environmental projects and improvement initiatives adopted in our breweries during the 2014 financial year. This is in addition to some other minor internal initiatives implemented during the financial year at various sites. Our focus is on adoption of the options with the most benefit or the least damage to the environment, in order to minimize the environmental impact of the Company's operations.

Lagos Brewery

Project Name	Description	Environmental Benefit Type
Upgrade of the Effluent Treatment Plant (ETP)	The project which started during the 2013 financial year continued through the commissioning phase in the 2014 financial year. It is aimed at treating all the brewery waste water in a bid to reduce the polluting power of the waste water to the environment.	Water Use Reduction Reduction in Biological Oxygen Demand to the environment

Benin Brewery

Project Name	Description	Environmental Benefit Type
Gas Generator 3 (GG3)	The Gas Generator burns natural gas and hence reduces greenhouse gasses emission. The heat from exhaust gas is also recycled to fire the Waste Heat Boiler.	Energy Use Reduction Water Use Reduction
Installation of a new CO ₂ plant with Liquid vac system	This provides for a larger capacity to recover more CO ₂ and less dependence on water and IMS	Energy Use Reduction Water Use Reduction Reduction in Green House Gasses emission

Environmental Sustainability

Guinness Nigeria Plc uses a wide range of resources in its business. Some like fuel are finite, others like cereal are vulnerable to the effects of climate change. The Company is conscious of this and is therefore focused on reducing the environmental impact of its operations. Environmental Impact Assessments (EIA) are usually carried out before the commencement of new projects. Environmental audits are also 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.

Directors' Report cont'd

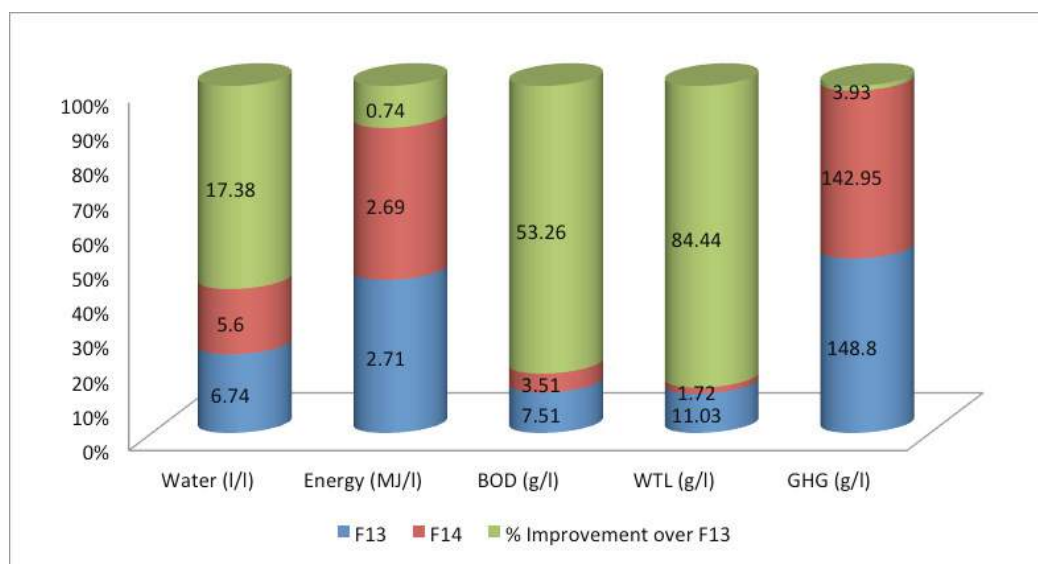
Efficient water management is a challenge our business has voluntarily taken upon itself because of the realization that our business is largely dependent on water. Significant improvement on water usage of approximately 17.38% was made in the 2014 financial year over that of the 2013 financial year. This improvement was due to the following water reduction strategies put in place by the Company – installation and efficient management of the hybrid lubrication technology on our packaging lines, installation of water flow meters for monitoring and controlling water usage, optimization 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 a marginal improvement of about 3.93% in the 2014 financial year over that of 2013. This marginal but significant improvement shows our commitment as an organisation to going green by 2015. The improvement was driven by the installation of Gas Generator 3 in the Benin brewery and the continued optimization of the existing 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, as well as the 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 84.44% over the 2013 financial year figures on waste to landfill in 2014. This gain was through efficient and effective waste management strategies such as the optimization of the Beer Membrane Filtration Technology both in Ogba and Benin 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'13 vs F'14 Environmental KPIs Performance Data

	Water (l/l)	Energy (MJ/l)	BOD (g/l)	WTL (g/l)	GHG (g/l)
F13	6.74	2.71	7.51	11.03	148.8
F14	5.6	2.69	3.51	1.72	142.95
% Improvement over F13	17.38	0.74	53.26	84.44	3.93



Directors' Report cont'd

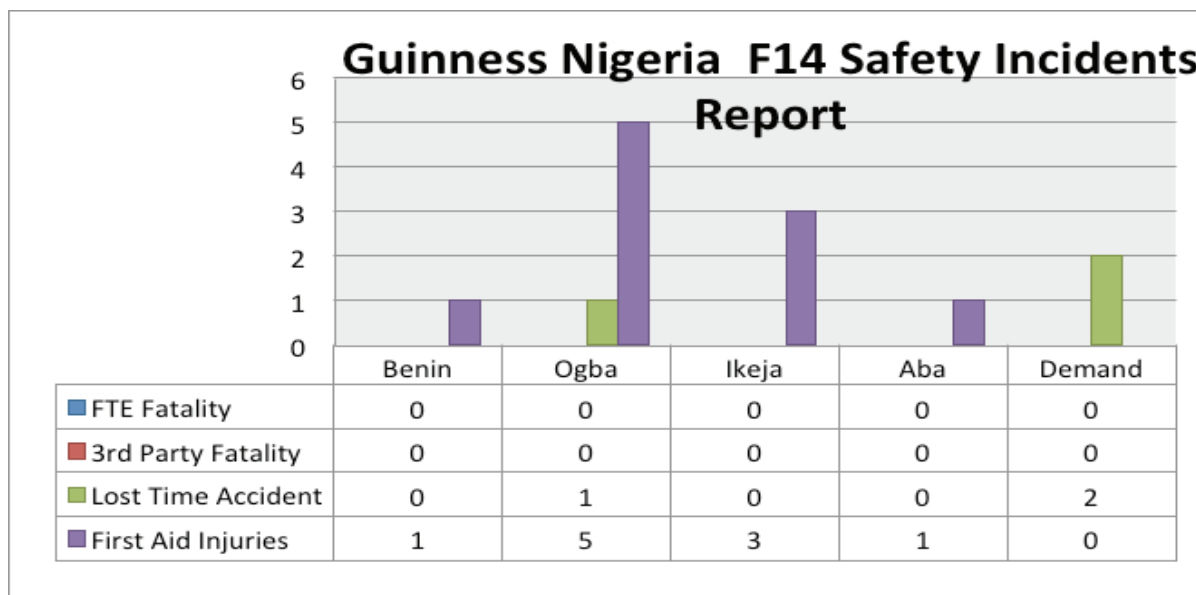
Health and Safety

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. In Guinness Nigeria, Occupational Health and Safety has equal importance as with all other business activities. In 2007, Diageo launched its Zero Harm Strategy to ensure that every one working or visiting our sites 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 recognizing the benefits of safe behaviour and celebrating safety success.

In the 2014 financial year, the business had one Lost Time Accident (1 LTA) against a target of two with 10 minor incidents against a target of 15. In 2014, our minor injuries dropped from 18 in 2013 to 10 representing an 80% reduction over the previous year. In the 2014 financial year, five strategic areas of focus aimed at delivering our safety objective of Zero Harm were identified. These areas were confined space entry, emergency response, segregation/removal of forklift truck operation from production areas, contractor management and 100% completion of the severe and fatal incident prevention protocols. Interestingly, Guinness Nigeria's safety record has continually improved over the years with clear cut evidence of a growing safety culture collectively driven by both employees and contractors.

S/N	Type of Incident	No. of Incidents	Comments
1	Occupational Illnesses	Nil	No Occupational Illness was Reported
2	First Aid Injuries	10	Operations
3	Lost Time Accidents Supply	1	Nil
4	Lost Time Accidents Demand	2	Nil
5	3rd Party Fatality	Nil	None Recorded
6	Employee Fatality	Nil	None Recorded



Directors' Report cont'd

Combating the Global Challenge on HIV/AIDS, Malaria, and Tuberculosis

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:
- Voluntary Counselling & Testing: and
- Care and Support.

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 the 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).

A rather visible component of our workplace ATM activity is the female/male condoms distribution activity whereby packs are conspicuously placed in 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 Stigmatization 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.

Beyond ATM related programmes, periodic health-related information and awareness (support) materials are disseminated as monthly online tips on contemporary issues, one-on-one counselling, bi-ennial comprehensive health screening for early diagnosis through our well sustained workplace surveillance programmes; while employees with chronic conditions like hypertension, asthma and diabetes are closely monitored with

the objective of enhanced compliance with treatment and control.

Employment and Employees

(a) Training and Development

It is our policy to equip all employees with the skills and knowledge required for 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 interventions focused 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 at Joint Consultative Committee meetings. A good communication link with the workforce is also maintained through regular meetings between Union Representatives and Management.

Directors' Report cont'd

(c) **Employment of Physically Challenged Persons**

Guinness Nigeria Plc is an equal opportunity employer and does not discriminate on any ground. 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 2014 financial year, we have six (6) (2013: three (3)) 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, gender, 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 1,309 (1,121 male and 188 female). We have on-boarded our new joiners through the corporate induction programme and built people manager capability using the Leadership Development Pack which consists of Managing Self module, Coaching Essentials module, Managing Performance module

etc. amidst various other 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 were awarded the ACCA Approved Employer Gold Status in the year under review.

A further reflection of our people development is the promotion of 90 people across levels and functions and a total record of 20 people being on international assignments within the Diageo Group.

Acquisition of Own Shares

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

Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 15 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.

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.

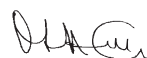
Independent Auditors

Messrs. KPMG Professional Services were the Company's Independent Auditors during the year under review.

Messrs KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990.

4 September 2014

By Order of the Board



SENI ADETU

Managing Director/CEO

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Board of Directors & Company Secretary



Board of Directors & Company Secretary

1 Mr. Babatunde Abayomi Savage Chairman

Mr. Babatunde 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 with effect from 1st July 2009.

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

2 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 President of Diageo Africa and Asia and a member of the Diageo Executive Committee. He has worked for Diageo in a number of senior roles in Asia and Europe. He is also a Non-Executive Director of Mercy Corps.

He holds a Bachelor of Science degree from the University of Aberdeen and a PhD from the University of Bristol. Dr. Blazquez is the Chairman the Governance and Remuneration Committee of the Board. He resides in the United Kingdom.

3 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, MBA (with specialization 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, Seni 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.

Seni 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 1st July 2012. He resides in Nigeria.

4 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.

Board of Directors & Company Secretary cont'd

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.

5 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 such positions 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 board 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.

6 Mrs. Zainab Abdurrahman Non-Executive Director

Mrs. Zainab Abdurrahman holds an honours degree in Economics from the Ahmadu Bello University, Zaria specializing 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.

7 Mr. Rory John O'Keefe Non-Executive Director

Mr. John O'Keefe holds a Bachelor of Commerce degree from the University College, Cork, Ireland specializing in Economics & Marketing. He joined Diageo Plc in 1994 and he 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'Keefe was appointed to the Board as a Non-Executive Director on 9th February 2012. He resides in the Republic of Ireland.

Board of Directors & Company Secretary cont'd

8 | Mr. Phil Jenkins
Non-Executive Director

Mr. John Phillip 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 a 20 year record of success in blue chip, sales, marketing and manufacturing environments. He is a member of the institute of Chartered Accountants of 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 earlier in the year.

Mr. Jenkins was appointed to the Board 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 the United Kingdom.

9 | Ms. Yvonne Ike
Non-Executive Director

Ms. Yvonne Ike has more than 20 years' experience in financial services, covering notably Fixed Income, Credit, Equity and Equity Derivatives and Asset Management, Capital Markets and Corporate Finance. Her areas of specialization include financial institutions, the general industrial sector, and oil and gas. Over the course of her career, she has led senior teams in New York, Geneva, Hong Kong, London, New York and South Africa.

Ms. Ike is currently a Managing Director at Bank of America Merrill Lynch where she is responsible for Sub-Saharan Africa (excluding South Africa). Before that she was the CEO, West Africa for Renaissance Capital. She worked briefly with Africapital Management from 2009 to 2011. Prior to that she was a Managing Director at JP Morgan where she worked for 15 years. She started her career as an accountant at Ernst and Young and later worked for Lehman Brothers before joining JP Morgan.

Ms. Ike is currently a trustee of Bridge Leadership Academy, Christopher Kolade Foundation, Dangote Foundation and is an independent director of Guinness Nigeria PLC. Ms. Ike was appointed to the Board as a Non-Executive Director on 26 April 2014. She is a member of the Finance and Risk Committee.

10 | 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 both in 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 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.

11 | Ambassador S. T. Dogonyaro,
OON, mni
Non- Executive Director

Ambassador Sunday Thomas Dogonyaro graduated from the Ahmadu Bello University, Zaria, Nigeria with a First Class Honours degree in Business Administration. He also attended the London School of Economics and Political Science, London, United Kingdom where he graduated with an MSc degree in Economics with emphasis on Human Resource Management. He is a member of the National Institute

Board of Directors & Company Secretary cont'd

(mni) having attended the one year Strategic Management Course at the Nigerian Institute for Policy and Strategic Studies, Kuru, Jos in 1998. He is also a Certified Management Trainer and Consultant.

He started his career as an academic with the Department of Business Administration, Ahmadu Bello University Zaria (ABU). He moved from ABU to set up the School of Business Studies at the then Sokoto State Polytechnic, Birnin Kebbi. He has served in the defunct Nigeria Security Organisation (NSO), the Nigerian Foreign Service in the Nigerian Missions in London, United Kingdom and Pretoria, South Africa where he was Deputy Head of Mission. He became Nigeria's pioneer Ambassador-in-situ and Coordinator of Programmes at the New Partnership for Africa's Development (NEPAD) Secretariat, Midrand, South Africa with responsibility for developing the initial programmes and documents on NEPAD. He was Nigeria's Ambassador to Sao Tome & Principe between 2007 and 2010.

He co-founded the African Policy Research Institute (APRI), an independent think tank based in Abuja which is committed to bridging the development gap in Africa through informed public policies. He holds the National Honour of Officer of the Order of Niger, (OON) having been decorated for outstanding contributions to Nigerian Foreign Service. He has served previously on the Boards of the Commonwealth Foundation, London, Swazi Sugar Company, Swaziland and Centre for Africa's International Relations

(CAIR) of the University of Wits, Johannesburg, South Africa. He is currently on the Board of Trustees of the Family Ministries (Africa) International, Abuja and Faith Revival for the Nations (FRen) based in Livingstone, Zambia and Australia. He was appointed to the Board as a Non-Executive Director on 4th September 2014 and resides in Nigeria.

12 Mr. C. A. Afebuameh
Supply Chain Director

Mr. Cephas Afebuameh holds a B.Engr. degree in Electrical/Electronics engineering from Federal University of Agriculture (formerly University of Technology), Makurdi, an MBA from University of Benin, and a Certificate of Proficiency in German language from Goethe Institute.

He joined Guinness Nigeria over twelve years ago as Packaging Shift Manager and subsequently functioned as Operations Improvement Manager in both Benin and Lagos breweries at various times before taking on the role of Packaging Manager. In November 2008, Cephas was appointed the Plant Manager, Benin Brewery and in this role, he provided exceptional leadership to deliver great performance for the site. In August 2010, he was appointed Operations Director, Tusker Plants in Kenya Breweries Limited, a subsidiary of East Africa Breweries Limited (EABL), Nairobi and, in that role, he made a significant impact across the business leading to his being

celebrated as the most inspirational leader/ employee of the year in 2011. The Tusker Brewery Kenya under his leadership also won the Most Transformed Site award during the Diageo Manufacturing excellence conference as the most transformed site in Diageo in 2011. He was promoted the Supply Chain Director of Guinness Nigeria in 2012 and became a member of the Guinness Leadership Team. He was appointed to the Board on 4th September 2014 and resides in Nigeria.

13 Mr. Sesan Sobowale
Company Secretary/Corporate Relations Director

Mr. Sesan Sobowale qualified as a Solicitor and Advocate of the Supreme Court of Nigeria and was admitted to the Bar in December 1990. After 13 years of hands on commercial legal experience in Nigeria's leading commercial law firms including G. M. Ibru & Co., Udo-Udoma & Belo-Osagie and the Law Union, Sesan joined MTN Nigeria Communications Limited as Legal and Regulatory Advisor. He joined Guinness Nigeria as Legal Adviser in 2005 and became Company Secretary/Legal Adviser in October 2006. He was appointed Corporate Relations Director and member of the Leadership Team of the Company in 2011 and continues as Company Secretary. Sesan is an Associate member of the Chartered Institute of Taxation of Nigeria (CITN) and the Institute of Chartered Secretaries and Administrators (ICSAN, Nigeria and UK). He is also a director of Diageo Brands Nigeria Limited.

S. T. Dogonyaro was appointed a Non-Executive Director with effect from 04 September 2014. C. A. Afebuameh, an Executive Director, was appointed to the Board on 04 September 2014.

B. E. Gwadah ceased to be a Non-Executive Director on 13 February 2014 and L. G. Nichols ceased to be an Executive Director on 15 July 2014.

GUINNESS LEA



Left to Right
Chizoba Ojielo
*Regional Sales Director,
East and North East*

Mohammed Iqbal
Acting Finance & Strategy Director

Eyitemi Taire
Customer Marketing Director

Wale Adediran
Logistics Transformation Director

Lisa Nichols
Finance & Strategy Director

Cephas Afebuameh
Supply Chain Director

Seni Adetu
Managing Director/Chief Executive Officer

Afeez Ajibowu
*Regional Sales Director
– West and North West*

Gavin Pike
*Marketing & Innovation
Director*

Monica Peach
Human Resources Director

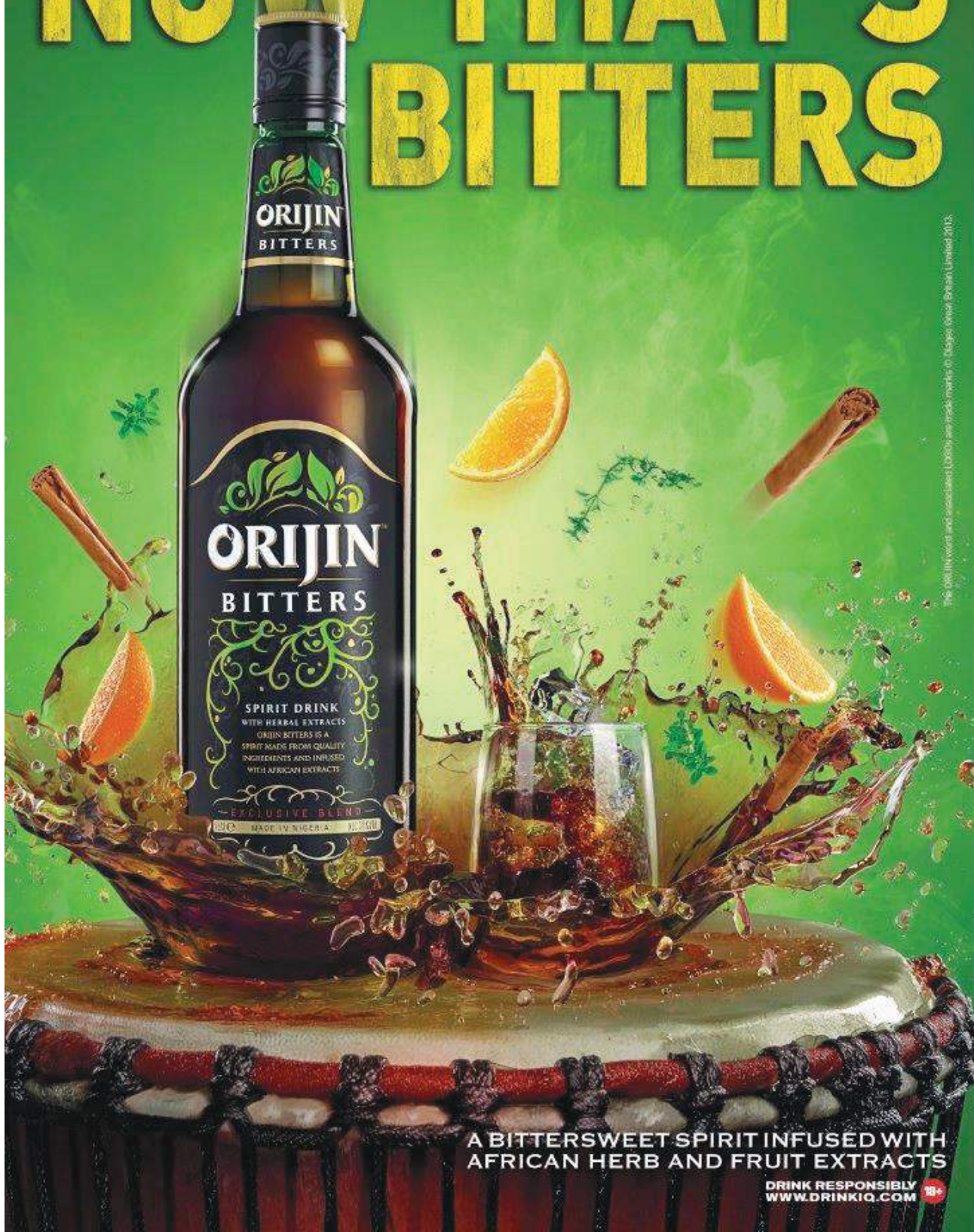
Austin Ufomba
Trade Development Director

Sesan Sobowale
Company Secretary/Corporate Relations Director

BOARD OF DIRECTORS TEAM



NOW THAT'S BITTERS



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A BITTERSWEET SPIRIT INFUSED WITH AFRICAN HERB AND FRUIT EXTRACTS

DRINK RESPONSIBLY
WWW.DRINKIQ.COM

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 @Guinness/IP

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GUINNESS™

MADE OF MORE™

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TOP LOOK.
TOP VALUE.

The TOP MALT word and associated logo are trademarks. © Guinness & Co. 2013

**TOP
MALT**
Non Alcoholic Malt Drink
with Vitamins



**TOP
MALT**
Non Alcoholic Malt Drink
with Vitamins

NUTRITIONAL INFORMATION PER 100ml
Energy: 219.7 kJ / 52.5 Kcal Carbohydrate: 12.9g
Protein: 0.2g, Fat: 0.1g, Vitamin C: 2.4mg, Vitamin B9: 2.2ug
INGREDIENTS: Carbonated Water, Sorghum, Sugar, Malted Sorghum, Caramel, Hops, Stabilizer (E400)
Consumer Careline: 01-2719337. **Email:** consumer@care.guinnessnigeria.com
Best Before: See Shoulder of Bottle **NAFDAC Reg. No. AT-5824**
Produced by: Guinness Nigeria PLC, 24 Oba Akran Avenue, Ikeja, Lagos.

DRINKIQ.COM 300ml

LIGHT UP *YOUR* WORLD

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YOURS FOR
THE MAKING

DRINK RESPONSIBLY **18+**
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Harp thrills fans of Dolphins and Sunshine Stars FCs

The partnership between Harp Premium Lager and five football clubs in the Nigerian Professional Football League (NPFL) provided the brand with an opportunity to connect with consumers at the regional level. Two matches were chosen for activation based on consumer appeal - Dolphins vs Enugu Rangers at Liberation Stadium, Port Harcourt and Sunshine Stars vs 3SC which took place at the Akure Township stadium. On the selected Match Day, consumers were treated to the “Harp Arena” with football themed games, sampling of the brand as well as entertainment by local artistes. A raffle draw was held to bring a satisfactory close to the exciting day as lucky consumers walked away with prizes including a deep freezer, and a 32” LCD television, amongst others.



Harp New Label Launch

Harp Premium lager was refreshed with an exciting new look just before Christmas at a spectacular reveal event during the 2013 edition of the Harp Rhythm Unplugged held at the Eko Hotel Convention Centre, Lagos. The Harp Rhythm Unplugged 2013 was hosted by ace comedian, Bovi and International recording artiste, Wyclef with other top Nigerian artistes like P-Square, D'banj, 2face and Banky W dishing out show-stopping performances. The climax of the event was a remarkable reveal sequence showcasing the new look of Harp with a 30 feet inflatable bottle.



Harp Music Night

The Harp Music Night was held in exquisite bars in four Eastern Cities (Aba, Enugu, Port Harcourt and Warri) where consumers and fans of the brand were treated to a memorable experience with Harp Brand Ambassadors – Flavour and Ice Prince. The Bars were packed full with enthusiastic consumers who could not wait to see their favorite artistes perform while relaxing with their preferred Harp Premium Lager.





TOSCANA HOTEL
1 AGULANI STREET
INDEPENDENT LAYOUT, ENJOY.
31ST MAY, 2014.

SUGARLAND BAR
BAR AREA - DIVISION ROAD,
OFF ESTERHUYSEN CITY MALL,
THUNDERBOLT, G.A.A.
1ST JUNE, 2014.

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Guinness Foreign Extra Stout Label Relaunch



SNAPP Runway Show

SNAPP believes that women are amazing, strong human beings who contribute a huge amount to the world and deserve the best choices in life. Through our brand, our flavours and formats, and our activities, we aim to give women a sophisticated and aspirational choice that's right for them. SNAPP believes in the women of Africa, and will always be focused on helping their natural confidence flourish. The Runway Show was one way SNAPP demonstrated this commitment.





Diageo Africa Business Reporting Awards (DABRA)

The finals of the Diageo Africa Business Reporting Awards 2013 held on 17 July 2013, marking 10 years of the awards. There were a record number of finalists from Nigeria, with Diageo sponsoring three journalists to London to attend the event in person. Two winners emerged from the group.



Guinness Fly with the Eagles 2.0

Nigeria versus Ethiopia Match

Guinness Foreign Extra Stout, the major supporter of the Super Eagles charged the team to go for outright victory when it confronted the Walya Antelopes of Ethiopia in the first leg of the FIFA World Cup qualifier at the Ydnekachew Tesema Stadium, Addis Ababa. The brand rewarded the National Team with \$2,000 for each goal scored against Ethiopia.



Audit Committee Visit to Aba Brewery

The statutory Audit Committee, in pursuance of its mandate, visited the Aba Brewery and a trade partner in the town where members held discussions with the managers at the site and members of the sales force to understand better the operations of the company in the area. The visit provided useful insights which were shared with management.





Roberto Di Matteo's Visit

Guinness Foreign Extra Stout kicked off the Guinness Football Manager Campaign with the visit of the Former Chelsea coach, Roberto Di Matteo.



Safe Water for Africa Project

The first water project of the Safe Water for Africa Partnership was commissioned in the course of the 2014 financial year in Ijebu Ode, Ogun State. The project was launched in partnership with Water Health International (WHI), and other private sector collaborators like the Diageo Foundation, Coca-Cola Nigeria Limited, The Coca-Cola Africa Foundation, Nigerian Bottling Company Limited and the T. Y. Danjuma Foundation.



From L-R: Mrs. Dorcas Owolabi, representative of Iyaloja Sabo Market Ikorodu; Hon. Sheriff Anipole, Executive Chairman, Ikorodu Local Government; Mr. Sesan Sobowale, Corporate Relations Director, Guinness Nigeria Plc and Mr. Ramakrishna Varma, Business Development Manager, Water Health Nigeria Limited at the commissioning of the Guinness Nigeria Plc funded Safe Water For Africa (SWA) Partnership water project at Sabo, Ikorodu Lagos.



Employee Volunteer Programme (Friends of the Community, FOC)

Our employees visited Orphanage Homes in the course of the year. This was in the spirit of giving during the Easter season. The aim was to put smiles on the faces of children at the Love home Orphanage Magodo in Lagos, St. Mary Immaculate Orphanage Home, Ikhuenirola and Omosefe Orphanage Homes in Benin. Overall, about 250 children benefitted from the visit. Products used in the activities were purchased from voluntary donations by employees.



Blood Donation by Employees

To save lives, our employees embarked on voluntary donation of blood in commemoration of the World Blood Donor Day on 14 June 2014. The activity, which is part of the voluntary employees 'Friends of the Community' initiative, was organised in partnership with the Lagos State Voluntary Blood Donation Service at the Guinness Nigeria Headquarters and Ogba Brewery in Lagos State. Over 100 employees participated in the exercise.



Guinness Ex-Scholars Excellence Programme (GEEP)

Guinness Nigeria in the course of the year continued its leadership strides in the area of corporate social responsibility with the inauguration of a novel initiative known as the Guinness Ex-Scholars Excellence programme (GEEP). This initiative is targeted at the recipients of the Guinness Nigeria scholarship scheme who are indigenes of the company's host communities in Lagos, Benin and Aba. They were trained on life skills to help them after school. The company also facilitated the establishment of an alumni organisation for graduates from the scheme which is expected to help develop a social and business network that will be useful for them into the future.



A Day of Goodness

Our employees under the auspices of Friends of the Community (FOC) initiative during the year established the Day of Goodness programme which is a day that employees are encouraged to reach out and perform an act of kindness. The chosen activities are funded from voluntary donations by employees and from the proceeds of sale of customised T-shirts. During the 2014 Day of Goodness, the FOC empowered the Senior Secondary School students of Murtala Mohammed Secondary school, Ikeja, Lagos and Lagooz College, Agege, Lagos and equipped them with soft and vocational skills as part of efforts to instil entrepreneurial culture in the students. The programme consisted of lectures on etiquette and practical sessions on a number of vocational skills.



Guinness Nigeria partners with the Zonal FRSC - Anambra, Delta and Edo States - On a Responsible Drinking Easter Campaign

Guinness Nigeria Plc collaborated with the Federal Road Safety Corp Zone 5 on a Motor Park Rally with the theme: 'Be Smart, Don't Drink and Drive'. The event was held across the three states in the Zone – Edo, Delta and Anambra States.



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**LOW
SUGAR**

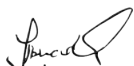
Financial Statements

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 external 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 2014 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 2014 were adequate and the Management Responses to the Auditors findings were satisfactory.



Mr. G.O. Ibhade
Chairman, Audit Committee

1 September 2014

Members of the Audit Committee

Mr. G. O. Ibhade	-	Shareholder/Chairman
Mr. C.O. Ajaegbu	-	Shareholder
Mr. M.O. Igrude	-	Shareholder
Mr. P.J. Jenkins	-	Director
Mrs. Z. Abdurrahman	-	Director
Mr. B. E. Gwadah	-	Director (Resigned with effect from 13 February 2014)



Mr. M. O. Igrude
Shareholder

Mr. P. J. Jenkins
Director

Mr. G. O. Ibhade
Shareholder/Chairman

Mrs. Z. Abdurrahman
Director

Mr. C. O. Ajaegbu
Shareholder

Mr. B. E. Gwadah
Director

Statement of Directors' Responsibilities

for the year ended 30 June 2014

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 51 to 92 that give a true and fair view in accordance with the 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:



Babatunde A. Savage

FRC/2013/ICAN/00000003514

4 September 2014



Seni Adetu

FRC/2013/IODN/00000003516

4 September 2014



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.kpmg.com/ng

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 2014, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 92.

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 of Nigeria Act, 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Guinness Nigeria Plc ("the Company") as at 30 June 2014, 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 of Nigeria Act, 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 the statement of comprehensive income are in agreement with the books of account.

Signed:

Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
4 September 2014
Lagos, Nigeria



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Registered in Nigeria No BN 986925

Abayomi D. Sanni
Adewale K. Ajayi
Ayo L. Salami
Joseph O. Tegbe
Olanike I. James
Oluwafemi O. Awotoye

Adebisi O. Lamikanra
Ajibola O. Olotomola
Chibuzor N. Anyanechi
Kabir O. Okunlola
Olumide O. Olayinka
Oluwatoyin A. Gbagi

Adekunle A. Elebute
Akinyemi J. Ashade
Goodluck C. Obi
Oladapo R. Okubadejo
Olusegun A. Sowande
Tayo I. Ogungbenro

Adetola P. Adeyemi
Ayodele H. Othihiwa
Ibitomi M. Adepoju
Oladimeji I. Saladeen
Oluseyi T. Bickersteth
Victor U. Onyenkpa

Statement of Financial Position

as at 30 June

	Notes	2014 N'000	2013 N'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	15(a)	90,683,405	88,112,852
Intangible assets	16(a)	608,138	578,771
Prepayments	18(a)	171,119	98,768
Other receivables	17	25,570	31,611
Total non-current assets		91,488,232	88,822,002
<i>Current assets</i>			
Inventories	19	13,469,248	12,400,102
Trade and other receivables	20	19,218,236	15,138,749
Prepayments	18(b)	1,861,975	1,510,529
Cash and cash equivalents	21	6,290,582	3,189,239
Total current assets		40,840,041	32,238,619
Total assets		132,328,273	121,060,621
Equity			
Share capital	22(b)	752,944	752,944
Share premium		8,961,346	8,961,346
Share based payment reserve	22(c)	18,582	18,582
Retained earnings		35,328,845	36,306,239
Total equity		45,061,717	46,039,111
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	24(a)	27,429,985	8,796,183
Employee benefits	25	3,028,651	2,994,557
Deferred tax liabilities	27	12,559,441	11,955,673
Total non current liabilities		43,018,077	23,746,413
<i>Current liabilities</i>			
Bank overdrafts	21	4,680,225	3,747,585
Current tax liabilities	13(e)	1,585,320	4,050,356
Dividend payable	23(b)	4,110,475	4,486,743
Loans and borrowings	24(a)	3,148,882	8,557,059
Trade and other payables	28	30,723,577	30,433,354
Total current liabilities		44,248,479	51,275,097
Total liabilities		87,266,556	75,021,510
Total equity and liabilities		132,328,273	121,060,621

Approved by the Board of Directors on 4 September 2014 and signed on its behalf by:

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

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

Additionally certified by:

Bolarinwa Lamidi (Financial Controller)
FRC/2013/ICAN/00000003511

The notes on pages 57 to 92 are an integral part of these financial statements.

Income Statement

for the year ended 30 June

	Notes	2014 N'000	2013 N'000
Revenue	8	109,202,120	122,463,538
Cost of sales		(57,868,906)	(66,385,104)
Gross profit		51,333,214	56,078,434
Other income	9	734,346	815,505
Marketing and distribution expenses		(25,931,970)	(26,003,038)
Administrative expenses		(10,012,212)	(9,957,285)
Operating profit		16,123,378	20,933,616
Finance income	10(a)	319,741	201,185
Finance costs	10(b)	(4,761,559)	(4,125,926)
Net finance costs		(4,441,818)	(3,924,741)
Profit before taxation	11	11,681,560	17,008,875
Taxation	13(a)	(2,108,080)	(5,145,149)
Profit for the year after taxation		9,573,480	11,863,726
Earnings per share			
Basic and diluted earnings per share (kobo)	14(a)	636	793

The notes on pages 57 to 92 are an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 30 June

	Notes	2014 N'000	2013 N'000
Profit for the year after taxation		9,573,480	11,863,726
Other comprehensive income			
Defined benefit plan actuarial loss	25(a)	(111,358)	(119,672)
Tax on other comprehensive income	13(b)	33,408	35,902
Other comprehensive income for the year, net of tax		(77,950)	(83,770)
Total comprehensive income for the year		9,495,530	11,779,956

The notes on pages 57 to 92 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2014

	Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		N'000	N'000	N'000	N'000	N'000
Balance at 1 July 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	23(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	23(b)	-	-	-	59,731	59,731
Share based payment charge		-	-	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
Balance at 1 July 2013		752,944	8,961,346	18,582	36,306,239	46,039,111
Comprehensive income for the year						
Profit for the year		-	-	-	9,573,480	9,573,480
Total other comprehensive income		-	-	-	(77,950)	(77,950)
Total comprehensive income for the year		-	-	-	9,495,530	9,495,530
Transaction with owners, recorded directly in equity						
Dividends to equity holders	23(b)	-	-	-	(10,541,217)	(10,541,217)
Unclaimed dividends written back	23(b)	-	-	-	68,293	68,293
Share based payment charge		-	-	103,465	-	103,465
Share based payment recharge		-	-	(103,465)	-	(103,465)
Total transactions with owners		-	-	-	(10,472,924)	(10,472,924)
Balance at 30 June 2014		752,944	8,961,346	18,582	35,328,845	45,061,717

The notes on pages 57 to 92 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 30 June

	Notes	2014 N'000	2013 N'000
Cash flows from operating activities			
Profit for the year		9,573,480	11,863,726
Adjustments for:			
Depreciation and impairment loss	15(a)	10,525,929	10,122,393
Amortisation of intangible assets	16(a)	94,433	102,609
Share based payment charge	26	75,809	88,821
Finance income	10(a)	(319,741)	(201,185)
Finance costs	10(b)	4,761,559	4,125,926
Write-off of property, plant and equipment		333,775	957,100
Loss/(gain) on disposal of property, plant and equipment		67,223	(24,158)
Long service awards charge	25(b)	37,893	232,337
Income tax expense	13(a)	2,108,080	5,145,149
		27,258,440	32,412,718
Changes in:			
Inventories		(1,069,146)	793,660
Trade and other receivables		(4,056,051)	(5,661,916)
Prepayments		(423,797)	(48,080)
Trade and other payables		1,810,252	2,452,960
Cash generated from operating activities			
Income tax paid	13(e)	23,519,698	29,949,342
Gratuity paid	25(a)	(3,902,176)	(5,191,667)
Long service awards paid	25(b)	(353,833)	(372,052)
		(106,487)	(87,486)
Net cash generated from operating activities			
		19,157,202	24,298,137
Cash flows from investing activities			
Finance income		268,582	198,151
Proceeds from sale of property, plant and equipment		14,828	50,386
Acquisition of intangible assets	16(a)	(123,800)	-
Acquisition of property, plant and equipment		(13,843,305)	(14,330,438)
Net cash used in investing activities			
		(13,683,695)	(14,081,901)
Cash flows from financing activities			
Repayment of loans and borrowings		(6,645,599)	-
Repayment of finance lease liabilities		(3,249,756)	(2,536,571)
Proceeds from loans and borrowings		21,796,544	-
Finance costs paid		(4,356,801)	(3,806,649)
Dividends paid	23(b)	(10,849,192)	(4,274,600)
Net cash used in financing activities			
		(3,304,804)	(10,617,820)
Net increase/(decrease) in cash and cash equivalents		2,168,703	(401,584)
Cash and cash equivalents at 1 July		(558,346)	(156,762)
Cash and cash equivalents at 30 June	21	1,610,357	(558,346)

The notes on pages 57 to 92 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2014

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Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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, Dubic Ale, SNAPP, Orijin, Orijin Spirit mixed drink, Masters Choice, Alvaro and Top Malt.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements were authorised for issue by the Board of Directors on 4 September 2014.

3. 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.

4. 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 estimates are recognised prospectively.

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 25	–	Employee benefits
Note 26	–	Share based payments
Note 31	–	Contingencies

Measurement of fair values

Some of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 26	–	Share based payments
Note 29	–	Financial risk management and financial instruments

5. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items which have been measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Non-derivative financial instruments	Initially measured at fair values and subsequently measured at amortised cost.
Share-based payment transactions	Fair value

6. Changes in accounting policies

Except for the change below, the Company has consistently applied the significant accounting policies as set out in Note 7 to all periods presented in these financial statements.

The Company has adopted the following new standard with a date of initial application of 1 January 2013:

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

7. Significant accounting policies

Except for the changes explained in Note 6, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(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 are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(b) Financial instruments

i. *Non-derivative financial assets*

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets 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. Loans and receivables comprise trade and other receivables.

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 with short-term maturities and no stated rates of interest are measured at original invoice amounts where the effect of discounting is not significant.

ii. *Non-derivative financial liabilities*

All financial liabilities 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, dividend payables, 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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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. 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 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 years are as follows:

Leasehold land	–	lease period
Buildings	–	50 years
Plant and machinery	–	2 to 37 years
Furniture and equipment	–	3 to 5 years
Motor vehicles	–	4 years
Returnable packaging materials (RPM)	–	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. During the year, the estimated useful lives of some plant and machinery was re-assessed from a range of 2 - 20 years to a range of 2 - 37 years. The resultant reduction in depreciation charge for the current year and the estimated reduction for the future years is as analysed below:

	30-Jun-14 N'000	30-Jun-15 N'000	30-Jun-16 N'000	30-Jun-17 N'000
Cost of sales	658,575	658,575	658,575	658,575

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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(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 and preceding 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.

(e) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on re-assessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(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 spare parts	–	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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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.

(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 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. Under this scheme, a specified amount is contributed by the Company to third party fund managers 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/losses and curtailment gains or losses arising from valuations are charged in full to profit or loss.

iv. *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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 liabilities

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 condition attaching to them and it is probable that the grants will be received from the government.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(l) Finance income and finance costs

Finance income comprises interest income on funds invested, 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 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 as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(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) 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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(p) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Guinness Leadership Team.

Segment information is required to be presented in respect of the Company's business and geographical segment, where applicable. The Company's primary format for segment reporting is based on geographical segments. The geographical segments are determined by management based on the Company's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis,

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.

(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 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are as follows:

IFRS 9 – *Financial instruments* (effective for the financial statements for the year ending 30 June 2019) removes the multiple classification and measurement models for financial assets required by IAS 39 – *Financial Instruments: Recognition and measurement* and introduces a model that has only two classification categories: amortised cost and fair value. Classification is determined by the business model used to manage the financial assets and the contractual cash flow characteristics of the financial assets.

The accounting and presentation of financial liabilities and for derecognising financial instruments has been transferred from IAS 39 without any significant changes. The amendment to IFRS 7 – *Financial instruments: Disclosures* requires additional disclosures on transition from IAS 39 to IFRS 9.

IAS 32 *Financial Instruments: Presentation* (effective for the financial statements for the year ending 30 June 2015), which is expected to clarify the offsetting criteria for financial assets and liabilities.

IFRIC 21 – *Levies* (effective for the financial statements for the year ending 30 June 2015), which is expected to impact the recognition of liabilities for levies

The extent of the impact has not been determined and the Company does not plan to adopt these standards early.

8. Revenue

	2014 N'000	2013 N'000
Nigeria	106,893,928	119,585,317
Export	2,308,192	2,878,221
	109,202,120	122,463,538

Nigeria is the Company's primary geographical segment as over 95% of the Company's revenue is earned from sales in Nigeria. All of the Company's revenue is derived from sale of similar products with similar risks and returns. Additionally, none of the Company's customers accounts for more than ten percent of the Company's total revenue. Accordingly, no further business or geographical segment information is reported.

9. Other income

	2014 N'000	2013 N'000
Other income		
Operating lease income (Note 15(c))	562,555	580,819
Sale of scraps	171,791	210,528
Gain on disposal of property, plant and equipment	-	24,158
	734,346	815,505

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

10. Finance income and finance costs

(a) Finance income comprises the following

	2014 N'000	2013 N'000
Interest income on bank deposits	314,324	196,527
Other interest income	5,417	4,658
	319,741	201,185

(b) Finance costs comprises the following:

	2014 N'000	2013 N'000
Finance expense on loans and borrowings	2,278,492	1,589,921
Interest expense on overdraft	1,457,830	1,365,697
Unwinding of discount on employee benefits	345,163	319,277
Other interest expense	487,936	769,020
Net loss on foreign exchange transactions	192,138	82,011
	4,761,559	4,125,926

In prior year, the Company classified unwinding of discount on its obligation for long-term employee benefits as part of administrative expenses. Management believes it is more appropriate to classify the unwinding of discount as part of finance cost. Accordingly, current year unwinding of discount on long term employee benefits has been included in finance costs and the prior year comparative has been reclassified.

11. Profit before taxation

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

	2014 N'000	2013 N'000
Depreciation of property, plant and equipment (Note 15(a))	10,525,929	9,995,054
Impairment of property, plant and equipment	-	127,339
Write-off of property plant and equipment	333,775	957,100
Amortisation of intangible assets (Note 16(a))	94,433	102,609
Auditors' remuneration	33,470	31,575
Personnel expenses (Note 12(a))	9,527,408	8,899,803
Directors' remuneration (Note (b))	219,096	184,382
Loss/(gain) on property, plant and equipment disposed	67,223	(24,158)
Lease rental expenses (Note 30)	3,526,638	3,870,250
Royalty and technical service fees (Note 32)	2,260,167	2,639,972
	22,553,138	20,513,043

(b) Directors' remuneration
Remuneration, excluding certain benefits of directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

	2014 N'000	2013 N'000
Fees paid to non executive directors	10,204	8,572
Fees and remuneration paid to the chairman	24,210	22,476
Remuneration paid to executive directors	184,682	153,334
	219,096	184,382

The remuneration (excluding pension contributions and certain benefits) of the highest paid director amounted to N105.1 million (2013: N89.2 million).

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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:

	2014 Number	2013 Number
N1,000,001 – N2,000,000	1	5
N2,000,001 – N3,000,000	4	-
N30,000,000 and above	2	2
	7	7

(c) Analysis of expenses by nature

	2014 N'000	2013 N'000
Raw materials and consumables	34,840,325	43,620,113
Freight	13,455,762	12,239,981
Advertising and promotion	9,938,508	11,289,354
Employee benefits	9,527,408	8,899,803
Depreciation	10,525,929	9,995,054
Amortisation	94,433	102,609
Lease rental expenses	3,526,638	3,870,250
Royalty and technical service fees	2,260,167	2,639,972
Repairs and maintenance	2,407,565	2,751,999
Travel and entertainment	1,965,996	2,211,968
Others	5,270,357	4,724,324
Total cost of sales, marketing and distribution, and administrative expenses	93,813,088	102,345,427

12. Personnel expenses

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

	2014 N'000	2013 N'000
Salaries, wages and allowances	8,427,251	7,730,644
Contributions to defined contribution plans	986,455	848,001
Share based payments expenses (Note 26)	75,809	88,821
Charge for other long term employee benefits	37,893	232,337
	9,527,408	8,899,803

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

	2014 Number	2013 Number
Operations and technical	747	769
Sales and distribution	466	477
Commercial	72	104
Corporate affairs and human resources	60	58
Marketing	23	25
	1,368	1,433

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- (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:

		2014 Number	2013 Number
N500,000 and below		-	19
N500,001 – N1,000,000	N1,000,000	-	47
N1,000,001 – N1,500,000	N1,500,000	15	89
N1,500,001 – N2,000,000	N2,000,000	84	104
N2,000,001 – N2,500,000	N2,500,000	52	54
N2,500,001 – N3,000,000	N3,000,000	60	76
N3,000,001 – N3,500,000	N3,500,000	125	237
N3,500,001 – N4,000,000	N4,000,000	154	159
N4,000,001 – N4,500,000	N4,500,000	134	100
N4,500,001 – N5,000,000	N5,000,000	117	104
N5,000,001 – N5,500,000	N5,500,000	99	73
N5,500,001 – N6,000,000	N6,000,000	84	61
N6,000,001 – N6,500,000	N6,500,000	71	53
N6,500,001 – N7,000,000	N7,000,000	54	39
N7,000,001 – N7,500,000	N7,500,000	42	33
N7,500,001 – N8,000,000	N8,000,000	32	20
N8,000,001 – N8,500,000	N8,500,000	26	15
N8,500,001 – N9,000,000	N9,000,000	25	18
N9,000,001 – N9,500,000	N9,500,000	21	15
N9,500,001 – N10,000,001 and above	N10,000,000	21	11
		152	106
		1,368	1,433

13. Taxation

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:

- (a) Amounts recognised in profit or loss

	2014 N'000	2013 N'000
Current tax expense:		
Income tax	1,395,224	3,450,000
Tertiary education tax	379,813	512,165
Capital gains tax	-	993
Effect of pioneer status on preceding periods (Note (b))	(304,133)	
Prior year under charge	-	93,165
	1,470,904	4,056,323
Deferred tax expense:		
Origination and reversal of temporary differences	637,176	1,088,826
	2,108,080	5,145,149

- (b) Tax recognised in other comprehensive income

	2014 N'000	2013 N'000
Defined benefit obligation actuarial loss	(33,408)	(35,902)

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- (c) In September 2013, the Nigerian Investment Promotion Council (NIPC) granted the Company a pioneer status for a five year period with respect to the Company's production of Malta Guinness Low Sugar.

The effective commencement production date was certified by the Industrial Inspectorate Department of the Federal Ministry of Commerce and Industry as 1 May 2012. In accordance with the provisions of the Industrial Development (Income Tax Relief) Act, the Company's profit attributable to the pioneer line of business is therefore not liable to income taxes for the duration of the pioneer period.

The company income tax for the fourteen month period (1 May 2012 - 30 June 2013) has been re-estimated in current year and adjusted accordingly. The impact of the change in estimate amounts to a credit of N304.1 million in the current year's income statement.

- (d) Reconciliation of effective tax rate

	2014 N'000	2013 N'000
Profit before income taxation	11,681,560	17,008,875
Income tax using the statutory tax rate (30%)	3,504,468	5,102,663
Adjusted for:		
Impact of tertiary education tax and capital gains tax	379,813	513,158
Effect of tax incentives and exempted income	(1,984,527)	(765,293)
Non-deductible expenses	208,326	201,456
Adjustment for prior periods	-	93,165
Total income tax expense in profit or loss	2,108,080	5,145,149

- (e) Movement in current tax liability

	2014 N'000	2013 N'000
Balance at 1 July	4,050,356	5,189,181
Payments during the year	(3,902,176)	(5,191,667)
Charge for the year (Note (a))	1,470,904	4,056,323
Withholding tax credit notes utilised	(33,764)	(3,481)
Balance at 30 June	1,585,320	4,050,356

14. Earnings and declared dividend per share

- (a) Basic and diluted earnings per share

Basic earnings per share of 636 kobo (2013: 793 kobo) is based on the profit attributable to ordinary shareholders of N9,573,480,000 (2013: N11,863,726,000) and on the 1,505,888,188 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2013: 1,495,567,298) calculated as follows:

	2014	2013
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	1,505,888,188	1,474,925,519
Effect of shares issued during the year	-	20,641,779
Weighted average number of ordinary shares during the year	1,505,888,188	1,495,567,298

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 700 kobo (2013: 800 kobo) is based on total declared dividend of N10,514,217,000 (2013: N11,799,404,000) on 1,505,888,188 ordinary shares of 50 kobo each, being the ordinary shares in issue at the date the dividend was declared (2013: 1,505,888,188).

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

15. Property, plant 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								
At 1 July 2013	636,291	19,141,123	73,968,242	1,418,372	5,846,325	24,509,844	8,022,670	133,542,867
Additions	-	-	1,385,068	-	7,110	195,451	11,924,679	13,512,308
Transfers	-	1,473,895	12,207,722	12,504	693,298	5,052,386	(19,439,805)	-
Write-offs	-	-	(41,444)	(1,434)	(108,014)	(1,326,652)	-	(1,477,544)
Disposals	-	-	(212,837)	-	(57,767)	(1,142,618)	-	(1,413,222)
At 30 June 2014	636,291	20,615,018	87,306,751	1,429,442	6,380,952	27,288,411	507,544	144,164,409
Depreciation and impairment								
At 1 July 2013	82,365	1,892,313	26,598,209	926,774	3,394,382	12,535,972	-	45,430,015
Charge for the year	12,726	411,749	5,514,209	272,379	1,079,646	3,235,220	-	10,525,929
Write-offs	-	-	(27,034)	(1,065)	(102,603)	(1,013,067)	-	(1,143,769)
Disposals	-	-	(211,557)	-	(48,107)	(1,071,507)	-	(1,331,171)
At 30 June 2014	95,091	2,304,062	31,873,827	1,198,088	4,323,318	13,686,618	-	53,481,004
Carrying amount								
At 30 June 2013	553,926	17,248,810	47,370,033	491,598	2,451,943	11,973,872	8,022,670	88,112,852
At 30 June 2014	541,200	18,310,956	55,432,924	231,354	2,057,634	13,601,793	507,544	90,683,405

(b) 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	13,722,422	16,387,778
Accumulated depreciation	(2,005,121)	(3,792,125)	(5,797,246)
Net book value	660,235	9,930,297	10,590,532

The leased assets secures the finance lease obligations (Note 24(d)).

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- (c) 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 N2,794 million (2013: N2,650 million) with corresponding accumulated depreciation charges of N2,319 million (2013: N1,841 million).
- (d) Capital work-in-progress
Additions to capital work-in-progress during the year is analysed as follows:

	2014 N'000	2013 N'000
Plant and machinery	11,828,980	13,541,200
Buildings	95,699	2,931,597
	<u>11,924,679</u>	<u>16,472,797</u>

During the year, the borrowing costs amounting to N467.9 million (2013: N469.13 million relating to the acquisition plant and machinery, was capitalised with a capitalisation rate of 17.04% (2013: 22.78%).

- (e) Included in property, plant and equipment are assets purchased during the year amounting to N1,633 million that had not been paid for, which are included in creditors and accruals (2013: N3,228 million).
- (f) Capital expenditure commitments at the year end authorised by the board of directors comprise:

	2014 N'000	2013 N'000
Contracted	1,608,974	3,518,881
Not Contracted	14,239,929	11,313,467
	<u>15,848,903</u>	<u>14,832,348</u>

16. Intangible assets

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

	Computer software N'000
Cost	
Balance at 1 July 2013	2,089,123
Additions	123,800
Balance at 30 June 2014	<u>2,212,923</u>
Amortisation	
Balance at 1 July 2013	1,510,352
Charge for the year	94,433
Balance at 30 June 2014	<u>1,604,785</u>
Carrying amount	
At 30 June 2013	578,771
At 30 June 2014	<u><u>608,138</u></u>

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

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

17. 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.

18. Prepayments

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

(b) Current prepayments comprise:

	2014 N'000	2013 N'000
Prepaid rent	379,198	355,813
Prepaid advertising expense	388,388	132,829
Other prepaid expenses	1,094,389	1,021,887
	1,861,975	1,510,529

19. Inventories

	2014 N'000	2013 N'000
Finished products	4,929,607	2,166,660
Products in process	1,270,493	1,124,622
Raw materials and packaging materials	6,039,501	5,805,227
Engineering spares	562,575	1,148,031
Inventory in transit	667,072	2,155,562
	13,469,248	12,400,102

The value of raw and packaging materials, spare parts, changes in finished products and products in process recognised in cost of sales during the year amounted to N34.84 billion (2013: NN43.62 billion).

During the year, impairment of inventory amounted to N733.94 million (2013: N235.22 million). This impairment is included in cost of sales.

20. Trade and other receivables

	2014 N'000	2013 N'000
Trade receivables	15,491,921	9,066,066
Other receivables	3,329,543	5,141,773
Due from related parties (Note 32)	396,772	930,910
	19,218,236	15,138,749

Included in other receivables is an amount of N60.4 million (2013: N9.2 million) which represents finance income receivable. The Company's exposure to credit and market risks as well as impairment losses related to trade and other receivables is disclosed in Note 29.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

21. Cash and cash equivalents

	2014 N'000	2013 N'000
Bank balances	3,061,648	1,507,947
Short-term deposits	3,228,934	1,681,292
Cash and cash equivalents	6,290,582	3,189,239
Bank overdrafts	(4,680,225)	(3,747,585)
Cash and cash equivalents in the statement of cash flows	1,610,357	(558,346)

Included in cash and bank balances are unclaimed dividends amounting to N3,200 million (2013: N1,652 million) held in a separate bank account in accordance with guidelines issued by the Securities and Exchange Commission (SEC). Under the SEC guidelines, these amounts are restricted from use by the Company.

22. Share capital and reserves

(a) Authorised ordinary shares of 50k each

in thousands of shares

	2014	2013
At 30 June	2,500,000	2,500,000

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

in thousands of shares

	2014	2013
At 1 July	1,505,889	1,474,926
Issued during the year	-	30,963
At 30 June	1,505,889	1,505,889

In the previous year, thirty one (31) million ordinary shares were issued to existing shareholders in respect of scrip dividends declared. 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.

(c) Share based payment reserve

The share based payment reserve comprises the cumulative weighted average fair value of executive share option and executive share award plans granted by Diageo Plc to Directors and employees of the Company which have not vested at year end.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

23. Dividends

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

	2014 N'000	2013 N'000
700k per qualifying ordinary share (2013: 800k)	10,541,217	11,799,404

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.

	2014 N'000	2013 N'000
320k per qualifying ordinary share (2013: 700k)	4,818,842	10,541,217

- (b) Dividend payable

At 1 July	4,486,743	4,452,710
Declared dividend	10,541,217	11,799,404
Unclaimed dividend transferred to retained earnings	(68,293)	(59,731)
Scrip dividends issued during the year	-	(7,431,040)
Payments during the year	(10,849,192)	(4,274,600)
At 30 June	4,110,475	4,486,743

- (c) As at 30 June 2014, N0.91 billion (2013: N2.84 billion) of the total dividend payable is held with the Company's registrar, Veritas Registrars Nigeria Limited. The balance of N3.2 billion (2013: N1.65 billion) represents unclaimed dividends, which have been returned to the Company by its Registrar and are held in separate interest yielding bank accounts in line with SEC guidelines.

24. Loans and borrowings

- (a) Loans and borrowings comprise:

	2014 N'000	2013 N'000
Non-current liabilities		
Unsecured term loans (Note (i))	21,599,983	-
Finance lease liabilities	5,830,002	8,796,183
	27,429,985	8,796,183
Current liabilities		
Loan from related party (Note (ii))	-	5,380,758
Term loan (Note (i))	52,368	-
Finance lease liabilities	3,096,514	3,176,301
	3,148,882	8,557,059
	30,578,867	17,353,242

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- (i) During the year, the Company entered into loan agreements with some of its banks to fund capital expenditure. The loans have a maximum principal of N28 billion and maximum tenor of five (5) years inclusive of a two (2) year principal moratorium. The loans are unsecured.
- (ii) During the previous year, the Company entered into a loan agreement with Diageo Finance Plc. (a subsidiary of Diageo Plc.) to fund capital expenditure. The contractual terms of the loan specified a maximum principal amount up to N10 billion and was repayable on demand with a maximum tenor of five (5) years. During the year, the loan was fully repaid.

(b) Movement in loans and borrowings

	2014 N'000	2013 N'000
At 1 July	17,353,242	11,785,536
Proceeds from loans and borrowings obtained during the year	23,061,385	8,104,277
Accrued finance costs	59,595	-
Repayments during the year	(9,895,355)	(2,536,571)
At 30 June	<u>30,578,867</u>	<u>17,353,242</u>

For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 29.

(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	Face value	Carrying amount	Face value
			2014 N'000	2014 N'000	2013 N'000	2013 N'000
Unsecured term loan 1 & 2	NIBOR -3.5%	2019	16,589,923	16,589,923	-	-
Unsecured term loan 3	NIBOR -2.5%	2019	5,010,060	5,010,060	-	-
Related party loan	NIBOR +1.5%	2018	-	-	5,380,758	5,380,758
Finance lease liabilities	11-15%	2013-2018	8,919,289	8,919,289	11,972,484	11,972,484
			<u>30,519,272</u>	<u>30,519,272</u>	<u>17,353,242</u>	<u>17,353,242</u>

(d) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Present value of minimum lease payments	Interest	Future minimum lease payments	Present value of minimum lease payments	Interest	Future minimum lease payments
	2014 N'000	2014 N'000	2014 N'000	2013 N'000	2013 N'000	2013 N'000
Less than one year	3,089,287	959,523	4,048,810	3,176,301	1,561,265	4,737,566
Between 1-2 years	4,737,817	556,499	5,294,316	3,045,956	1,105,580	4,151,536
Between 2-3 years	718,734	78,853	797,587	4,710,417	647,640	5,358,057
Between 3-4 years	373,451	16,733	390,184	678,986	82,430	761,416
More than 4 years	-	-	-	360,824	14,061	374,885
	<u>8,919,289</u>	<u>1,611,608</u>	<u>10,530,897</u>	<u>11,972,484</u>	<u>3,410,976</u>	<u>15,383,460</u>

The finance lease liabilities are secured by legal ownership of the leased assets (Note 15(c)).

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

25. Employee benefits

	2014 N'000	2013 N'000
Present value of gratuity obligation (Note (a))	2,068,945	2,079,061
Present value of long service awards benefit obligation (Note (b)).	959,706	915,496
	3,028,651	2,994,557
(a) Movement in the present value of the defined benefit gratuity obligation		
Defined benefit obligations at 1 July	2,079,061	2,113,704
Benefits paid by the plan	(353,833)	(372,052)
Interest expense on obligation	232,359	217,737
Actuarial losses in other comprehensive income	111,358	119,672
	2,068,945	2,079,061

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

	2014 N'000	2013 N'000
Current service costs (Note (i))	-	-
Interest on obligation	232,359	217,737
	232,359	217,737

(i) The defined benefit gratuity obligation was discontinued and frozen with effect from 31 December 2008. Consequently, there are no current service costs (2013: Nil).

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

	2014 N'000	2013 N'000
Defined benefit obligations at 1 July	915,496	669,105
Charge for the year	150,697	333,877
Benefits paid by the plan	(106,487)	(87,486)
Defined benefit obligations at 30 June	959,706	915,496

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

	2014 N'000	2013 N'000
Current service costs	223,346	205,052
Actuarial (gains)/losses	(185,453)	27,285
Interest on obligation	112,804	101,540
	150,697	333,877

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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

	2014 N'000	2013 N'000
At 1 July	-	-
Charge for the year	459,016	382,973
Payments	(459,016)	(382,973)
At 30 June	-	-

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

	2014 N'000	2013 N'000
At 1 July	187	136
Charge for the year	1,058,548	897,696
Payments during the year	(1,058,646)	(897,645)
At 30 June	89	187

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

(e) Actuarial gains and losses are recognised in other comprehensive income

	2014 N'000	2013 N'000
At 1 July	(501,572)	(417,802)
Losses recognised during the year	(111,358)	(119,672)
Tax charge	33,408	35,902
At 30 June	(579,522)	(501,572)

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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

	2014	2013
Long term average discount rate (p.a.)	13%	14%
Notional interest rate on accrued gratuity (p.a.)	5%	5%
Average pay increase (p.a.)	11%	12%
Average rate of inflation (p.a.)	8%	10%
Average length of service for current employees (years)	9.06	8.23

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:

	2014	2013
<i>Mortality in service</i>		
Sample age	Number of deaths in year out of 10,000 lives	
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26
<i>Withdrawal from service</i>		
Age band	Rate	Rate
1 - 30	12.0%	10.0%
31 - 39	10.0%	7.5%
40 - 44	5.5%	5.0%
45 - 50	5.5%	3.5%
51 - 55	5.5%	2.5%

- (g) Sensitivity analysis
Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

		Gratuity	Long service awards	Net periodic benefit cost
		N'000	N'000	N'000
Discount rate	-1%	(63,519)	47,167	10,837
	+1%	68,093	(43,180)	(11,472)
Inflation rate	+1%	-	8,123	2,281
	-1%	-	(7,527)	(2,094)
Salary increase	+1%	-	44,018	11,336
	-1%	-	(40,921)	(10,468)
Mortality improvement	+10%	3,497	1,552	814
	-10%	(3,489)	(1,549)	(812)

- (h) Historical information
- | | 2014
N'000 | 2013
N'000 |
|--|---------------|---------------|
| Present value of defined benefit obligation | 2,068,945 | 2,079,061 |
| Experience adjustments arising on plan liabilities | 11,130 | (60,429) |

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

26. Share based payments

- (a) Diageo Plc, has a number of executive share option and share award plans for directors and key management staff including directors and employees of Guinness Niigeria. A recharge arrangement exists between Diageo Plc and Guinness Nigeria Plc whereby vested share awards/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.

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 employee benefit expense recognised in respect of equity and cash settled share based payments is as follows:

	2014 N'000	2013 N'000
Equity-settled share based payment transactions		
Executive share option plans	69,404	73,322
Executive share award plans	34,061	3,236
	103,465	76,558
Cash-settled share based payment transactions		
Expense arising from SARS	-	-
Effect of changes in the fair value of SARs	(27,656)	12,263
	(27,656)	12,263
Total expense recognised as employee costs	75,809	88,821

The principal executive share awards/options are as follows:

- 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. 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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- Performance share plan (PSP)
Under the PSP, share awards can take a number of different forms. No payment is made for awards. To date, participants have been granted conditional rights to receive shares. Awards normally vest after a three-year period, the 'performance cycle', subject to achievement of three equally weighted performance tests;
- i) a comparison of Diageo's three-year total shareholder return (TSR) with a peer group of 17 companies including Diageo. The vesting range is 25% if Diageo's TSR produces a median ranking compared with the TSR of the peer group companies, up to 100% if Diageo is ranked first, second or third in the peer group;
- ii) compound annual growth in organic net sales over three years;
- iii) total organic operating margin improvement over three years.

Targets for net sales and operating margin are set annually by the remuneration committee. The vesting range is 25% for achieving minimum performance targets, up to 100% for achieving the maximum target level. Re-testing of the performance condition is not permitted. Dividends are accrued on awards and are given to participants to the extent that the awards actually vest at the end of the performance cycle. Dividends can be paid in the form of cash or shares.

The calculation of the fair value of each share option/award used the Monte Carlo pricing model and the following weighted average assumptions:

	2014	2013
<i>Risk free interest rate</i>		
Executive share options/awards	1.0%	0.3%
SARs	15.92%	15.92%
<i>Expected life</i>		
Executive share options/awards	36 months	36 months
SARs	120 months	120 months
<i>Dividend yield</i>		
Executive share options/awards	2.7%	2.7%
SARs	4.35%	4.35%
<i>Weighted average share price</i>		
Executive share options/awards	1,970p	1,760p
<i>Weighted average fair value of awards granted in the year</i>		
Executive share options/awards	1,147p	916p
<i>Number of awards granted in the year</i>		
Executive share options/awards	167,752	85,320

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

During the year, there were no share appreciation rights awarded to employees of the Company (2013: Nil).

Transactions on share based payment transactions

During the year, there were no transactions on share appreciation rights. Transactions on the executive share options/awards were as follows:

	2014	2013
	Number of	Number of
	awards/options	awards/options
Outstanding at 1 July	264,847	213,178
Granted	167,752	85,320
Exercised/awarded	(140,937)	(5,460)
Forfeited/expired/transferred	(11,013)	(28,191)
Outstanding at 30 June	280,649	264,847

At 30 June 2014, 275,655 (2013: 202,131) executive share options/awards were exercisable at a weighted average exercise price of 1,004 pence.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

27. Deferred tax liabilities

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

	Assets		Liabilities		Net	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Property, plant and equipment	-	-	(15,687,894)	(14,846,596)	(15,687,894)	(14,846,596)
Employee benefits	908,596	898,367	-	-	908,596	898,367
Intangible assets	-	-	(148,288)	(173,633)	(148,288)	(173,633)
Unrealised exchange losses	149,959	175,552	-	-	149,959	175,552
Inventories	1,941,949	1,721,766	-	-	1,941,949	1,721,766
Other items	276,237	268,871	-	-	276,237	268,871
Net deferred tax liabilities					<u>(12,559,441)</u>	<u>(11,955,673)</u>

(b) Movement in temporary differences during the year

	Balance 1 July 2013 N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	Balance 30 June 2014 N'000
Property, plant and equipment	(14,846,596)	(841,298)	-	(15,687,894)
Employee benefits	898,367	(23,179)	33,408	908,596
Intangible assets	(173,633)	25,345	-	(148,288)
Unrealised exchange losses	175,552	(25,593)	-	149,959
Inventories	1,721,766	220,183	-	1,941,949
Other items	268,871	7,366	-	276,237
	<u>(11,955,673)</u>	<u>(637,176)</u>	<u>33,408</u>	<u>(12,559,441)</u>

There are no unrecognised deferred tax assets and liabilities at the end of the current and preceding year.

28. Trade and other payables

	2014 N'000	2013 N'000
Trade payables	20,404,418	20,899,579
Other payables and accrued expenses	6,353,088	6,250,852
Amount due to related parties (Note 32)	3,966,071	3,282,923
	<u>30,723,577</u>	<u>30,433,354</u>

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

29. 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

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 risk management committee 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.

Internal Audit undertakes both regular and ad hoc reviews of risk management 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 in relation to trade receivables is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and customers' operating environment, has 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 established for each customers, which represents the maximum open amount. These limits are reviewed periodically.

Other receivables includes employee debtors, related party receivables and other sundry receivables. The Company reviews amounts due in respect of other receivables on a periodic basis taking into consideration functions such as continued employment relationship/going concern status of the respective counterparties and its ability to offset amounts against balances due to these counterparties.

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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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

	2014 N'000	2013 N'000
Trade receivables	16,144,891	9,643,927
Impairment	(652,970)	(577,861)
	15,491,921	9,066,066
Other receivables	3,566,091	5,493,296
Impairment	(210,978)	(319,912)
	3,355,113	5,173,384
Due from related parties	396,772	930,910
	19,243,806	15,170,360

Impairment losses

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

	Gross 2014 N'000	Impairment 2014 N'000	Gross 2013 N'000	Impairment 2013 N'000
Not past due	10,929,356	-	7,119,513	-
Past due 1 - 30 days	2,915,479	-	1,680,938	-
Past due 31-60 days	656,685	-	211,316	-
Past due 61 - 180 days	336,716	-	110,650	(15,219)
Past due by greater than 180 days	5,269,518	(863,948)	6,945,716	(882,554)
	20,107,754	(863,948)	16,068,133	(897,773)

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

	2014 N'000	2013 N'000
Balance at 1 July	(897,773)	(526,438)
Impairment loss reversed	33,825	-
Impairment loss recognised	-	(371,335)
Balance at 30 June	(863,948)	(897,773)

The impairment loss as at 30 June 2014 relates to trade and other receivables which in the Company's assessment will not be recoverable from the counter parties mainly due to their economic circumstances. The Company believes that the unimpaired amounts past due are collectible, based on historic payment behaviour and extensive analyses of the underlying counter party's credit ratings. Based on historic default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade and other receivables past due. The impairment loss is included in administrative expenses.

Cash and cash equivalents

The Company held cash and cash equivalents of N6.29 billion as at 30 June 2014 (2013: N3.19 billion), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held by financial institutions in Nigeria.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(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 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 N32.0 billion (2013: N39.5 billion). The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount N'000	Total N'000	6 months or less N'000	Contractual cash flows		
				6-12 months N'000	1-2 years N'000	2-5 years N'000
Non-derivative financial liabilities						
30 June 2014						
Unsecured term loans	21,599,983	30,460,365	1,373,770	1,352,230	5,002,338	22,732,027
Finance lease liabilities	8,926,516	10,530,897	2,024,405	2,024,405	5,294,316	1,187,771
Dividend payable	4,110,475	4,110,475	4,110,475	-	-	-
Trade and other payables	30,723,577	30,732,577	30,723,577	-	-	-
Bank overdraft	4,680,225	4,680,225	4,680,225	-	-	-
	<u>70,040,776</u>	<u>80,505,539</u>	<u>42,912,452</u>	<u>3,376,635</u>	<u>10,296,654</u>	<u>23,919,798</u>
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	5,918,834	5,918,834	-	-	-
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	-	-	-
	<u>56,020,924</u>	<u>59,969,976</u>	<u>46,948,591</u>	<u>2,375,491</u>	<u>4,151,536</u>	<u>6,494,358</u>

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

(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:

	GBP (£) 000	30-Jun-14 Euro (€) 000	US\$ 000	GBP (£) 000	30-Jun-13 Euro (€) 000	US\$ 000
Financial assets						
Cash and cash equivalents	2,924	39	1,665	18	6	32
Trade and other receivables	682	-	541	-	-	299
	3,606	39	2,206	18	6	331
Financial liabilities						
Trade and other payables	(2,800)	(333)	(7,260)	(174)	(1,327)	-
Net exposure	806	(294)	(5,054)	(156)	(1,321)	331

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014 N	2013 N	2014 N	2013 N
GBP (£) 1	252.44	243.51	264.56	236.76
Euro (€) 1	210.59	200.88	211.92	203.08
US\$ 1	155.25	155.27	155.23	155.25

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 2013, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Increase/(decrease) in profit or loss N'000
30-Jun-14	
GBP (£)	(10,662)
Euro (€)	3,115
US\$	39,227
30-Jun-13	
GBP (£)	1,847
Euro (€)	13,413
US\$	(2,569)

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:

	2014 N'000	2013 N'000
Fixed rate instruments		
Financial assets	3,228,934	1,681,292
Financial liabilities	(4,680,225)	(3,747,585)
	(1,451,291)	(2,066,293)
Variable rate instruments		
Financial liabilities	30,578,867	17,353,242

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.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

Cash flow sensitivity analysis for variable rate instruments

At 30 June 2014, an increase/decrease in of one percentage (1%) point would have resulted in an decrease/increase in profit after tax of N132,239,718 (2013: N211,008,150). 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.

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for the year ended 30 June 2014

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

	2014 N'000	2013 N'000
Total liabilities	87,266,556	75,021,510
Less: cash and cash equivalents	6,290,582	3,189,239
Net debt	80,975,974	71,832,271
Total equity	45,061,717	46,039,111
Debt to adjusted capital ratio:	1.80	1.56

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 which have been determined using level 2 hierarchy, together with the carrying amount shown in the statement of financial position, are as follows:

	30-Jun-14		30-Jun-13	
	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)	25,570	23,780	31,611	29,398
Liabilities measured at amortised cost				
Unsecured term loans	21,599,983	21,167,983	-	-
Finance lease liabilities	8,926,516	8,747,986	11,972,484	11,254,135
Loan from related party	-	-	5,380,758	5,057,913
	30,526,499	29,915,969	17,353,242	16,312,048

All financial instruments except finance lease liabilities and non-current 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 finance lease liabilities is similar to interest rates prevailing in the market thus the carrying amount of the finance lease liability is not expected to be materially different from the carrying value.

30. Operating leases

(a)

Leases as lessee

The Company leases a number of offices, warehouse and factory facilities under operating leases. During the year, an amount of N1,027 million was recognised as an expense in profit or loss in respect of these leases (2013: N990 million). Lease rentals are paid upfront and included in prepayments and amortised to the profit and loss over the life of the lease.

The Company also leases trucks from a transporter for distribution of its products under operating leases. During the year, an amount of N2.50 billion (2013: N2.88 billion) was paid as lease rental in respect of this lease. At year end, minimum lease payments under operating lease rental commitments are payable as follows:

	2014 N'000	2013 N'000
Less than one year	-	2,618,000

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

- (b) Leases as lessor
The Company leases some of its plant and machinery and motor vehicles to third parties under operating lease arrangements. Income from these operating lease arrangements during the year was N563 million (2013: N581 million). At year end, minimum lease payments under operating lease rental commitments are receivable as follows:

	2014 N'000	2013 N'000
Less than one year	530,000	560,000
Between one and two years	560,000	540,000
Between two and three years	560,000	540,000
Between three and four years	560,000	540,000
	2,210,000	2,180,000

31. Contingencies

- (a) Guarantee and contingent liabilities
Contingent liabilities at the reporting date arising in the ordinary course of business out of guarantees, amounted to N4,070 million (2013: N4,049 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 N2,285 million as at 30 June 2014 (2013: N1,321 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.

32. 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 2014, Guinness Overseas Limited and Atalantaf Limited owned 46.48% (2013: 46.48%) and 7.84% (2013: 7.84%) respectively of the issued share capital of the Company.

Notes to the Financial Statements cont'd

for the year ended 30 June 2014

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	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Purchases and other services				
Parent	(125,549)	(134,217)	(337,635)	(120,557)
Other related parties	(17,713,340)	(23,439,952)	(1,891,862)	(2,407,154)
Technical service fees and royalties				
Other related parties	(2,260,167)	(2,639,972)	(1,736,574)	(755,212)
			(3,966,071)	(3,282,923)
Sales and other services				
Parent	120,427	38,904	38,072	6,829
Other related parties	2,946,417	4,045,841	358,700	924,081
			396,772	930,910
Related party loan and finance costs	(6,805,283)	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 26) and the Company's long service awards benefit plan. Key management personnel compensation comprised:

	2014 N'000	2013 N'000
Short-term employee benefits		
Salaries and wages	345,755	265,741
Long-term employee benefits		
Post-employment benefits	48,944	38,151
Long-service award benefit plan	6,498	4,567
Share based payments plan		
Diageo executive share options/awards	90,453	23,228
	491,650	331,687

33. Events after the reporting date

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 2014 that have not been adequately provided for or disclosed in the financial statements.

Additional Financial Information

Value Added Statement

for the year ended 30 June

	2014 N'000	%	2013 N'000	%
Revenue	109,202,120		122,463,538	
Bought-in materials and services				
- Local	(51,437,387)		(53,483,295)	
- Imported	(22,305,881)		(29,948,436)	
	35,458,852		39,031,807	
Other income	734,346		815,505	
Finance income	319,741		201,185	
Valued added	36,512,939	100	40,048,497	100
Distribution of Value Added:				
To Government:				
Taxation	2,108,080	6	5,145,149	13
To Employees:				
Salaries, wages and fringe benefits	9,527,408	26	8,899,803	22
To Providers of Finance:				
Finance costs	4,761,559	13	4,125,926	10
Retained in the Business:				
For replacement of property, plant and equipment	10,525,929	29	9,995,054	25
For replacement of intangible assets	94,433	-	102,609	1
Proposed dividend	4,818,842	13	10,541,217	26
To augment reserve	4,676,688	13	1,238,739	3
	36,512,939	100	40,048,497	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.

Financial Summary

Income statement

	2014 N'000	2013 N'000	2012 N'000
Revenue	109,202,120	122,463,538	116,461,882
Operating profit	16,123,378	20,933,616	21,895,799
Profit before taxation	11,681,560	17,008,875	20,383,158
Profit after taxation	9,573,480	11,863,726	14,214,620
Statement of comprehensive income			
Profit after taxation	9,573,480	11,863,726	14,214,620
Other comprehensive income, net of tax	(77,950)	(83,770)	86,811
Comprehensive income for the year	9,495,530	11,779,956	14,301,431

Statement of financial position

	2014 N'000	2013 N'000	2012 N'000	1-Jul-11 N'000
Employment of funds				
Property, plant and equipment	90,683,405	88,112,852	76,293,851	58,269,455
Intangible assets	608,138	578,771	679,792	1,031,280
Prepayments	171,119	98,768	247,549	343,385
Other receivables	25,570	31,611	10,292	27,824
Net current liabilities	(3,408,438)	(19,036,478)	(16,421,354)	(6,233,119)
Loans and borrowings	(27,429,985)	(8,796,183)	(8,513,058)	(1,332,933)
Employee benefits	(3,028,651)	(2,994,557)	(2,782,809)	(3,435,532)
Deferred tax liabilities	(12,559,441)	(11,955,673)	(10,902,749)	(9,798,989)
Net assets	45,061,717	46,039,111	38,611,514	38,871,371
Funds employed				
Share capital	752,944	752,944	737,463	737,463
Share premium	8,961,346	8,961,346	1,545,787	1,545,787
Share based payment reserve	18,582	18,582	62,308	21,413
Retained earnings	35,328,845	36,306,239	36,265,956	36,566,708
Shareholders' funds	45,061,717	46,039,111	38,611,514	38,871,371
Per 50k share data (in kobo)				
Basic and diluted earnings per share		636	793	
Declared dividend per share		700	800	
Net assets per share		2,992	3,057	

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

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 2014 is:

DATE	AUTHORISED SHARE CAPITAL		ISSUED AND FULLY PAID		CONSIDERATION
	VALUE (N)	SHARES	VALUE(N)	SHARES	
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 2014.

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

Shareholders' Information cont'd

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) 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	29,707	42.36%	11,831,250	0.79%
1,001 - 5,000	28,969	41.30%	74,318,505	5.02%
5,001 - 10,000	6,494	9.26%	47,019,339	3.19%
10,001 - 50,000	4,172	5.95%	78,452,257	5.35%
50,001 - 100,000	393	0.56%	27,673,360	1.92%
100,001 - 500,000	310	0.44%	64,907,894	4.48%
500,001 - 1,000,000	43	0.06%	29,816,869	1.92%
1,000,001 - 999,999,999	52	0.07%	1,171,868,714	77.33%
Grand Total	70,140	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)
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
2014**	9,570,223,809	4,818,842,202	320

- ** Dividend has not been declared by shareholders
 Dividends declared were gross as they were subject to deduction of withholding tax at the appropriate rates.

Shareholders' Information cont'd

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

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
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
84	15/11/2013

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Proxy Form

64th Annual General Meeting of the Members of Guinness Nigeria Plc to be held at the Pearl Room, Transcorp Hotels, 10 Murtala Mohammed Highway, Calabar, Cross River State on 13 November 2014 at 10.00 O'clock.

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 Thursday, 15 November 2014 and at any adjournment thereof.

Dated this day of 2014

Shareholder's signature

*Delete as necessary

- 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.

NUMBER OF SHARES		
RESOLUTION	FOR	AGAINST
To declare a dividend.		
To re-elect as Director, Mrs. Z. Abdurrahman		
To re-elect as Director, Mr. R. J. O'Keeffe		
To re-elect as Director, Mr. P. J. Jenkins		
To re-elect as Director, Ms. Y. A. Ike		
To re-elect as Director Ambassador S. T. Dogonyaro		
To re-elect as Director Mr. C. A. Afebuameh		
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.		

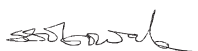


Admission Card

PLEASE ADMIT

To the Annual General Meeting of Guinness Nigeria Plc which will be held at the Pearl Room, Transcorp Hotels, 10 Murtala Mohammed Highway, Calabar, Cross River State on Thursday, 13 November 2014 at 10.00a.m

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

Name of Shareholder

Address of Shareholder

Number of Shares Held

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Notes

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