



**Unaudited Interim Financial Statements
As at 30 September, 2013**

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Condensed Statement of Financial Position
As at 30 September 2013

	Notes	30-Sept-2013 N'000	30-Jun-2013 N'000
Assets			
Property, plant and equipment	11	89,457,234	88,112,852
Intangible assets	12	554,930	578,771
Prepayments	13	69,367	98,768
Other receivables	14	17,649	31,611
Total non-current assets		90,099,180	88,822,002
Current assets			
Inventories	15	14,647,754	12,400,102
Trade and other receivables	16	21,259,750	15,138,749
Prepayments	13	1,545,426	1,510,529
Cash and cash equivalents	17	4,650,708	3,189,239
Total current assets		42,103,638	32,238,619
Total assets		132,202,818	121,060,621
Equity			
Share capital		752,944	752,944
Share premium		8,961,346	8,961,346
Share based payment reserve		18,582	18,582
Retained earnings		38,049,088	36,306,239
Total equity		47,781,960	46,039,111
Liabilities			
Non-current liabilities			
Loans and borrowings	20	8,938,760	8,796,183
Employee benefits		2,970,806	2,994,557
Deferred tax liabilities	22	11,955,673	11,955,673
Total non-current liabilities		23,865,239	23,746,413
Current liabilities			
Bank overdraft	17	11,327,948	3,747,585
Current tax liabilities	10	4,175,304	4,050,356
Dividend payable	19	4,370,720	4,486,743
Loans and borrowings	20	7,784,630	8,557,059
Trade and other payables	21	32,897,017	30,433,354
Total current liabilities		60,555,619	51,275,097
Total liabilities		84,420,858	75,021,510
Total equity and liabilities		132,202,818	121,060,621

Approved by the Board of Directors on 15 November 2013 and signed on its behalf by:



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



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

The notes on pages 7 to 23 are an integral part of these financial statements

Condensed Income Statement
For the period ended 30 September

	Notes	30-Sept-2013 N'000	30-Sept-2012 N'000
Revenue	5	22,409,026	23,691,868
Cost of sales		(11,951,813)	(12,478,207)
Gross profit		10,457,213	11,213,661
Other Income	6	188,073	183,325
Marketing and distribution expenses		(5,551,815)	(5,791,845)
Administrative expenses		(2,478,805)	(2,171,726)
Operating profit		2,614,666	3,433,415
Other Finance income	7	68,272	47,496
Other Finance charges	7	(815,141)	(824,103)
Net Other Finance income / (cost)		(746,869)	(776,607)
Profit before taxation		1,867,797	2,656,808
Taxation	10	(124,948)	(850,179)
Profit for the period		1,742,849	1,806,629
Earnings per share			
Basic earnings per share (kobo)		116	120
Diluted earnings per share (kobo)		116	120

The notes on pages 7 to 23 are an integral part of these financial statements.

Condensed statement of Comprehensive Income

For the period ended 30 September, 2013

	30-Sept-2013	30-Sept-2012
	N'000	N'000
Profit for the period after taxation	<u>1,742,849</u>	<u>1,806,629</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,742,849</u>	<u>1,806,629</u>

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Condensed statement of changes in equity
For the period ended 30 September, 2013

	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 2013	752,944	8,961,346	18,582	36,306,239	46,039,111
Comprehensive income	-	-	-	-	-
Profit for the period	-	-	-	1,742,849	1,742,849
Transaction with owners, recorded directly in equity	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-
Shares issued during the year	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-
Share based payment charge	-	-	-	-	-
Share based payment recharge	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 30 September 2013	752,944	8,961,346	18,582	38,049,088	47,781,960

The notes on pages 7 to 23 are an integral part of these financial statements

Condensed Statement of cash flows
For the period ended 30 September

	Notes	30 Sept-2013 N'000	30 Sept- 2012 N'000
Cash flows from operating activities			
Profit for the period		1,742,849	1,806,629
Adjustment for:			
Depreciation and impairment loss	11	2,677,695	2,379,828
Amortization of intangible assets	12	23,842	87,557
Finance income	7	(68,272)	(47,496)
Finance costs	7	815,141	824,103
Write-off of property, plant and equipment	11	30,127	86,696
Gain on disposal of property, plant and equipment	8	(36)	(5,378)
Gratuity charge		58,090	74,247
Long service award charge		56,877	44,657
Income tax (credit)/ expenses	10	124,948	850,179
		<u>5,461,261</u>	<u>6,101,022</u>
Changes in:			
Non-current other receivables		13,962	(17,325)
Non-current prepayments		29,402	60,834
Inventories		(2,247,652)	(4,095,522)
Trade and other receivables		(6,094,747)	(3,964,813)
Prepayments		(34,897)	(219,246)
Trade and other payables		2,399,234	3,276,750
Cash generated from operating activities		(473,437)	1,141,700
Gratuity paid		(121,088)	(98,975)
Long service awards paid		(17,629)	(17,172)
Net cash from operating activities		(612,154)	1,025,553
Cash flows from investing activities			
Finance income		42,018	45,784
Proceeds from sale of property, plant and equipment		2,988	7,067
Acquisition of property, plant and equipment		(3,827,173)	(4,078,431)
Net cash used in investing activities		(3,782,167)	(4,025,580)
Cash flows from financing activities			
Repayment of loans and borrowings		(793,409)	(579,550)
Finance cost		(815,141)	(824,104)
Dividends paid	19	(116,023)	(1,033,952)
Net cash used in financing activities		(1,724,573)	(2,437,606)
Net decrease in cash and cash equivalents		(6,118,894)	(5,437,633)
Cash and cash equivalents, beginning of the period		(558,346)	(156,762)
Cash and cash equivalents, end of the period	17	(6,677,240)	(5,594,395)

The notes on pages 7 to 23 are an integral part of these financial statements

Notes to the Condensed Financial Statements

For the period ended 30 September, 2013

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Notes to the condensed financial statements

For the period ended 30 September, 2013

1. Reporting entity

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

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are prepared on a going concern basis under the historical cost convention.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Foreign currency transactions

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

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

(b) Financial instruments

i. Non-derivative financial assets

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

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

The Company has the following non-derivative financial assets:

Cash and cash equivalents

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

Loans and receivables

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

ii. Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

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

iii. Share capital

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

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

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

(c) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent costs

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

iii. Depreciation

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

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

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

Leasehold land	-	Lease period
Industrial and other buildings	-	50 years
Plant and machinery	-	2 to 20 years
Furniture and office equipment	-	3 to 5 years
Motor vehicles	-	4 years
Returnable Packaging Materials	-	5 to 10 years

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

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

(d) Intangible assets

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

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

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

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

(e) Leases

Leased assets

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

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

Lease payments

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

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

(f) Inventories

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

Raw materials, non-returnable packaging materials and consumable 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.

Notes to the condensed financial statements

For the period ended 30 September, 2013

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

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

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

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

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

(h) Employee benefits

i. Defined contribution plan

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

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

ii. Gratuity

– Defined benefit gratuity scheme

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

– Defined contribution gratuity scheme

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

iii. Other long-term employee benefits

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

iv. Termination benefits

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

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 condensed financial statements

For the period ended 30 September, 2013

(l) Finance income and finance costs

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

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

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

(m) Income and deferred tax

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

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

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

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

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

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

(n) Earnings per share

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

(o) Segment reporting

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

Notes to the condensed financial statements

For the period ended 30 September, 2013

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

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

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

(p) Statement of cash flows

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

(q) New standards and interpretations not yet adopted

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

4. Determination of fair values

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

(a) Trade and other receivables

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

(b) Share-based payment transactions

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

(c) Non-derivative financial instruments

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

Notes to the condensed financial statements
For the period ended 30 September, 2013

5. Revenue

	30-Sept-2013	30-Sept-2012
	N'000	N'000
Nigeria	22,137,390	23,570,130
Export	271,636	121,738
	<u>22,409,026</u>	<u>23,691,868</u>

Nigeria is the Company's primary geographical segment as over 98% of the Company's sales are made in Nigeria. Additionally, all of the Company's sales comprise of brewed products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

6. Other income

	30-Sept-2013	30-Sept-2012
	N'000	N'000
Operating lease income	162,623	124,066
Sale of by-products	25,414	53,882
Gain on disposal of property, plant and equipment	36	5,377
	<u>188,073</u>	<u>183,325</u>

7. Finance income and costs

(a) Finance income comprises the following:

Interest income on bank deposits	66,333	47,384
Other interest income	1,939	112
	<u>68,272</u>	<u>47,496</u>

(b) Finance costs comprises the following:

Finance expense on loans and borrowings	436,484	426,582
Interest expense on overdraft	283,767	301,744
Other interest expense	73,184	74,724
Net loss on foreign exchange transactions	21,706	21,053
	<u>815,141</u>	<u>824,103</u>

Notes to the condensed financial statements
For the period ended 30 September, 2013

8. Profit before taxation

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

	30-Sept-2013 N'000	30-Sept-2012 N'000
Depreciation of property, plant and equipment (Note 11)	2,677,695	2,379,828
Write-off of property plant and equipment (Note 11)	30,127	86,696
Amortisation of intangible assets (Note 12)	23,841	87,557
Personnel expenses (Note 9)	2,380,231	2,205,888
Gain on property, plant and equipment disposed	(36)	(5,378)
	<u>2,380,231</u>	<u>2,205,888</u>

9. Personnel expenses

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

	30-Sept-2013 N'000	30-Sept-2012 N'000
Salaries, wages and allowances	2,033,954	1,888,350
Contributions to defined contribution plans	231,310	198,635
Expenses related to defined benefit plans	58,090	74,247
Charge for other long term employee benefits	56,877	44,656
	<u>2,380,231</u>	<u>2,205,888</u>

10. Taxation

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

	30-Sept-2013 N'000	30-Sept-2012 N'000
Current tax expense:		
Income tax	499,268	797,042
Tertiary education tax	12,105	53,137
Prior year tax credit (Note i)	(386,425)	-
	<u>124,948</u>	<u>850,179</u>

- (i) The Company was granted a pioneer status by Nigerian Investment Promotion Commission following extensive capacity expansion investment and new products development with effect from 1 May 2012. Consequently, tax credit on pioneer operations has been added to the tax charge for the period.

(b) Movement in current tax liability

	30-Sept-2013 N'000	30-Jun-2013 N'000
Balance at 1 July	4,050,356	5,189,181
Payments during the year	-	(5,191,667)
Tax (credit)/charge for the period	124,948	4,056,323
Withholding tax credit notes utilised	-	(3,481)
Balance at the end of the period	<u>4,175,304</u>	<u>4,050,356</u>

Notes to the condensed financial statements
For the period ended 30 September, 2013

11. Property plant and equipment

	Leasehold Land	Building	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Returnable packaging materials	Capital work-in- progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	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	171,416	-	59,900	-	202,637	1,008,047	2,613,156	4,055,156
Transfers	-	-	466,659	-	-	-	(466,659)	-
Write-offs	-	-	-	-	-	(102,418)	-	(102,418)
Disposals	-	-	-	-	(13,493)	-	-	(13,493)
At 30 June 2013	807,707	19,141,123	74,494,801	1,418,372	6,035,469	25,415,473	10,169,167	137,482,112
Depreciation								
Balance as 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	3,181	84,521	1,458,295	66,701	275,089	789,908	-	2,677,695
Write-offs	-	-	-	-	-	(72,291)	-	(72,291)
Disposals	-	-	-	-	(10,541)	-	-	(10,541)
At 30 September 2013	85,546	1,976,834	28,056,504	993,475	3,658,930	13,253,589	-	48,024,878
Carrying Amount								
At 30 September, 2013	722,161	17,164,289	46,438,297	424,897	2,376,540	12,161,884	10,169,167	89,457,234
At 1 July 2013	553,926	17,248,810	47,370,033	491,598	2,451,943	11,973,872	8,022,670	88,112,852

Notes to the condensed financial statements

For the period ended 30 September, 2013

12. Intangible assets

	Computer software
	N'000
Cost	
Balance at 1 July 2013	2,089,123
Balance at 30 September 2013	<u>2,089,123</u>
Amortisation	
Balance at 1 July 2013	1,510,352
Charge for the year	23,841
Balance at 30 June 2012	<u>1,534,193</u>
Carrying amount	
At 30 June 2013	<u>578,771</u>
At 30 September 2013	<u>554,930</u>

13 Prepayments

Non-current and current prepayments represent rental expenses prepaid by the Company.

14 Other receivables

Non-current other receivables represent the long term portion of loans granted to employees of the Company. No interest is charged on these loans. The loans are secured by the employees' retirement benefits. The current portion of other receivables is included in Trade and other receivables reported in current assets.

15 Inventories

	30-Sept-2013	30-Jun-2013
	N'000	N'000
Finished products	3,089,414	2,166,660
Products in process	1,320,335	1,124,622
Raw materials and packaging materials	8,678,745	5,805,227
Engineering spares	1,137,214	1,148,031
Inventory in transit	422,046	2,155,562
	<u>14,647,754</u>	<u>12,400,102</u>

Notes to the condensed financial statements

For the period ended 30 September, 2013

16 Trade and other receivables	30-Sept-2013 N'000	30-Jun-2013 N'000
Trade receivables	15,563,833	9,066,066
Other receivables	5,468,110	5,141,773
Due from related parties	227,807	930,910
	<u>21,259,750</u>	<u>15,138,749</u>

17 Cash and cash equivalents		
Bank balances	1,303,975	1,507,947
Short-term deposits	3,346,733	1,681,292
Cash and cash equivalents	4,650,708	3,189,239
Bank overdrafts	(11,327,948)	(3,747,585)
Cash and cash equivalents in the statement of cash flows	<u>(6,677,240)</u>	<u>(558,346)</u>

Included in cash and cash equivalents are unclaimed dividends amounting to N3,317 million (30 June 2013: N1,652 million) held in a separate bank account in accordance with guidelines issued by the Securities and Exchange Commission. This amount is restricted from use by the Company.

18 Share capital	30-Sept-2013	30-Jun-2013
(a) Authorised ordinary shares of 50k each	N'000	N'000
<i>in thousands of shares</i>		
At 1 July	2,500,000	2,500,000
Balance at the end of the period	<u>2,500,000</u>	<u>2,500,000</u>
(b) Issued and fully paid-up ordinary shares of 50k each	30-Sept-2013	30-Jun-2013
<i>in thousands of shares</i>		
At 1 July	1,474,926	1,474,926
Issued during the year	30,963	30,963
Balance at the end of the period	<u>1,505,889</u>	<u>1,505,889</u>

Notes to the condensed financial statements
For the period ended 30 September, 2013

19. Dividends

Dividend payable	30-Sept- 2013 N'000	30-Jun-2013 N'000
At 1 July	4,486,743	4,452,710
Declared dividend	-	11,799,404
Unclaimed dividend transferred to retained earnings	-	(59,731)
Scrip dividends issued during the year	-	(7,431,040)
Payments during the year	(116,023)	(4,274,600)
At the end of the period	<u>4,370,720</u>	<u>4,486,743</u>

20. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

(a) Loans and borrowings comprise:

	30-Sept-2013 N'000	30-Jun-2013 N'000
Non-current liabilities		
Finance lease liabilities	<u>8,938,760</u>	<u>8,796,183</u>
Current liabilities		
Loan from related party (Note (i))	5,380,758	5,380,758
Finance lease liabilities	<u>2,403,872</u>	<u>3,176,301</u>
	<u>7,784,630</u>	<u>8,557,059</u>
	<u>16,723,390</u>	<u>17,353,242</u>

- (i) The Company entered into a loan agreement with Diageo Finance Plc. (a subsidiary of Diageo Plc.) to fund capital expenditure. The loan has a maximum limit of ₦10 billion with a maximum tenor of five (5) years. Interest is computed at average 90 days NIBOR (+1.5%). The interest rate on the loan during the period ranged between 13% and 15%. The loan agreement indicates that the loans are repayable on demand and consequently, are classified as having short term maturity. The loan is unsecured.

Notes to the condensed financial statements

For the period ended 30 September, 2013

	30-Sept-2013	30-Jun-2013
	N'000	N'000
(b) Movement in loans and borrowings		
At the beginning of the period	17,353,242	11,785,536
Loans and borrowings obtained during the period	163,557	8,104,277
Repayments during the period	(793,409)	(2,536,571)
At the end of the period	<u><u>16,723,390</u></u>	<u><u>17,353,242</u></u>

	30-Sept-2013	30-Jun-2013
	N'000	N'000
21 Trade and other payables		
Trade payables	20,662,817	20,899,579
Other payables and accrued expenses	7,190,877	6,250,852
Amount due to related parties	5,043,323	3,282,923
	<u><u>32,897,017</u></u>	<u><u>30,433,354</u></u>

22. Subsequent event

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