



**Unaudited Interim Financial Statements
As at 30 September 2014**

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Condensed Statement of Financial Position

As at 30 September 2014

	Notes	30-Sep-2014 N'000	30-Jun-2014 N'000
Assets			
Property, plant and equipment	11	89,050,248	90,683,405
Intangible assets	12	582,250	608,138
Prepayments	13	139,428	171,119
Other receivables	14	23,124	25,570
Total non-current assets		89,795,050	91,488,232
Current assets			
Inventories	15	16,286,907	13,469,248
Trade and other receivables	16	22,293,681	19,218,236
Prepayments	13	1,665,974	1,861,975
Cash and cash equivalents	17	3,794,569	6,290,582
Total current assets		44,041,131	40,840,041
Total assets		133,836,181	132,328,273
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		36,813,615	35,328,845
Total equity		46,546,487	45,061,717
Liabilities			
Non-current liabilities			
Loans and borrowings	20	27,436,330	27,429,985
Employee benefits		2,718,741	3,028,651
Deferred tax liabilities		12,559,441	12,559,441
Total non-current liabilities		42,714,512	43,018,077
Current liabilities			
Bank overdraft	17	9,128,530	4,680,225
Current tax liabilities	10	2,062,964	1,585,320
Dividend payable	19	3,779,753	4,110,475
Loans and borrowings	20	2,392,636	3,148,882
Trade and other payables	21	27,211,299	30,723,577
Total current liabilities		44,575,182	44,248,479
Total liabilities		87,289,694	87,266,556
Total equity and liabilities		133,836,181	132,328,273

Approved by the Board of Directors on xx October 2014 and signed on its behalf by:

	)	Seni Adetu (Managing Director)
	)	FRC/2013/IODN/00000003516
	)	Bolarinwa Lamidi (Financial Controller)
	)	FRC/2013/ICAN/00000003511

The notes on pages 7 to 25 are an integral part of these financial statements.

Condensed Income Statement

For the period ended 30 September

	Notes	30-Sep-2014 N'000	30-Sep-2013 N'000
Revenue	5	21,047,798	22,409,026
Cost of sales		(10,499,944)	(11,951,813)
Gross profit		10,547,854	10,457,213
Other Income	6	193,095	188,073
Marketing and distribution expenses		(5,304,463)	(5,551,815)
Administrative expenses		(2,533,464)	(2,392,514)
Operating profit		2,903,022	2,700,956
Other Finance income	7	245,504	68,272
Other Finance charges	7	(1,186,231)	(901,432)
Net Other Finance income / (cost)		(940,727)	(833,160)
Profit before taxation		1,962,295	1,867,797
Taxation	10	(477,644)	(124,948)
Profit for the period		1,484,651	1,742,849
Earnings per share			
Basic and diluted earnings per share (kobo)		94	116

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Condensed statement of Comprehensive Income

For the period ended 30 September,

	30-Sep-2014 N'000	30-Sep-2013 N'000
Profit for the period after taxation	<u>1,484,651</u>	<u>1,742,849</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>1,484,651</u></u>	<u><u>1,742,849</u></u>

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Condensed statement of changes in equity
For the period ended 30 September, 2014

	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 2014	752,944	8,961,346	18,582	35,328,845	45,061,717
Comprehensive income					
Profit for the period	-	-	-	1,484,651	1,484,651
Transaction with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Shares issued during the year	-	-	-	-	-
Unclaimed dividends written back	-	-	-	119	119
Share based payment charge	-	-	27,130	-	27,130
Share based payment recharge	-	-	(27,130)	-	(27,130)
Total transactions with owners	0	0	0	119	119
Balance at 30 September 2014	752,944	8,961,346	18,582	36,813,615	46,546,487

The notes on pages 7 to 25 are an integral part of these financial statements.

Condensed Statement of cash flows
For the period ended 30 September

	Notes	30-Sep-2014 N'000	30-Sep-2013 N'000
Cash flows from operating activities			
Profit for the period		1,484,651	1,742,849
Adjustment for:			
Depreciation and impairment loss	11	2,713,118	2,677,695
Ammortisation of intangible assets	12	25,888	23,842
Share based payments charge	7	27,130	-
Finance income	7	(245,504)	(68,272)
Finance costs	11	1,186,231	901,432
Write-off of property, plant and equipment	8	52,863	30,127
Gain on disposal of property, plant and equipment		(6,329)	(36)
Long service award charge		26,474	28,676
Income tax expenses	10	477,644	124,948
		5,742,166	5,461,261
Changes in:			
Inventories		(2,817,659)	(2,247,652)
Trade and other receivables		(3,071,053)	(6,080,785)
Prepayments		227,693	(5,495)
Trade and other payables		(1,047,745)	2,399,235
Cash generated from operating activities		(966,598)	(473,436)
Gratuity paid		(355,391)	(121,088)
Long service awards paid		(60,906)	(17,629)
Net cash from operating activities		(1,382,895)	(612,153)
Cash flows from investing activities			
Finance income		243,558	42,018
Proceeds from sale of property, plant and equipment		10,538	2,988
Acquisition of property, plant and equipment		(3,628,697)	(3,827,174)
Net cash used in investing activities		(3,374,601)	(3,782,168)
Cash flows from financing activities			
Repayment of finance lease liabilities		(749,187)	(793,409)
Finance cost	17	(1,107,032)	(815,141)
Dividends paid		(330,603)	(116,023)
Net cash flow used in financing activities		(2,186,822)	(1,724,573)
Net decrease in cash, cash equivalents		(6,944,318)	(6,118,894)
Cash and cash equivalents at the beginning of the year		1,610,357	(558,346)
Cash and cash equivalents at the end of the period		(5,333,961)	(6,677,240)

The notes on pages 7 to 25 are an integral part of these financial statements.

Notes to the condensed financial statements

For the period ended 30 September, 2014

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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 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, Gordon's Spark, Smirnoff Ice, Satzenbrau Pilsner Lager, Dubic Lager, Dubic Ale, SNAPP, Orijin, Orijin Bitters, Masters Choice 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.

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 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:

When measuring the 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 condensed financial statements (cont'd)

For the period ended 30 September, 2014

If the inputs used to measure the fair value of an asset or 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.

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.

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

6. 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 condensed financial statements (cont'd)

For the period ended 30 September, 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 effects 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, 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 (cont'd)

For the period ended 30 September, 2014

(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 periods are as follows:

Leasehold land	-	Lease period
Industrial and other buildings	-	50 years
Plant and machinery	-	2 to 37 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.

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

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

(d) Intangible assets

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

The Company's intangible assets with finite useful life comprises computer software.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates.

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

(a) 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 condensed financial statements (cont'd)

For the period ended 30 September, 2014

(b) 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.

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

ii. Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories is 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.

(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.

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

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.

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.

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

(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.

(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:

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

- 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 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.

(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.

Notes to the condensed financial statements (cont'd)

For the period ended 30 September, 2014

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.

Notes to the condensed financial statements

For the period ended 30 September, 2014

5 Revenue

	30-Sep-2014	30-Sep-2013
	N'000	N'000
Nigeria	20,727,289	22,137,390
Export	320,509	271,636
	<u>21,047,798</u>	<u>22,409,026</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 and blended products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

6 Other income

	30-Sep-2014	30-Sep-2013
	N'000	N'000
Operating lease income	138,706	162,623
Sale of by-products	48,060	25,414
Gain on disposal of property, plant and equipment	6,329	36
	<u>193,095</u>	<u>188,073</u>

7 Finance income and costs

(a) Finance income comprises the following:

Interest income on bank deposits	73,810	47,384
Other interest income	506	112
Net gain on foreign exchange transactions	171,188	0
	<u>245,504</u>	<u>47,496</u>

(b) Finance costs comprises the following:

Finance expense on loans and borrowings	755,657	436,484
Interest expense on overdraft	260,583	283,767
Unwinding of discount on employee benefits	79,913	86,291
Other interest expense	90,078	73,184
Net loss on foreign exchange transactions	0	21,706
	<u>1,186,231</u>	<u>901,432</u>

Notes to the condensed financial statements

For the period ended 30 September, 2014

8 Profit before taxation

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

	30-Sep-2014	30-Sep-2013
	N'000	N'000
Depreciation of property, plant and equipment (Note 11)	2,713,118	2,677,695
Write-off of property plant and equipment (Note 11)	52,863	30,127
Amortisation of intangible assets (Note 12)	25,888	23,841
Personnel expenses (Note 9)	2,460,587	2,352,030
Gain on property, plant and equipment disposed	(6,329)	(36)
	<u>2,460,587</u>	<u>2,352,030</u>

9 Personnel expenses

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

	30-Sep-2014	30-Sep-2013
	N'000	N'000
Salaries, wages and allowances	2,157,886	2,033,954
Contributions to defined contribution plans	249,097	231,310
Share based payments expenses	27,130	58,090
Charge for other long term employee benefits	26,474	28,676
	<u>2,460,587</u>	<u>2,352,030</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-Sep-2014	30-Sep-2013
	N'000	N'000
Current tax expense:		
Income tax	439,319	499,268
Tertiary education tax	38,325	12,105
Prior year tax credit (Note i)	-	(386,425)
	<u>477,644</u>	<u>124,948</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 prior year

Balance at 1 July	1,585,320	4,050,356
Payments during the year	-	-
Tax (credit)/charge for the period	477,644	124,948
Withholding tax credit notes utilised	-	-
Balance at the end of the period	<u>2,062,964</u>	<u>4,175,304</u>

Notes to the condensed financial statements
For the period ended 30 September, 2014

11. Property, plant and equipment

	Leasehold Land N'000	Building 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 2014	636,291	20,615,018	87,306,751	1,429,442	6,380,952	27,288,411	507,544	144,164,409
Additions	-	-	-	-	-	-	1,137,034	1,137,034
Transfers	4,000	-	63,033	180	176,243	499,743	(743,199)	-
Write-offs	-	-	(2,539)	-	(565,396)	(159,397)	-	(727,332)
Disposals	-	-	(2,121)	(104)	(22,532)	(51,687)	-	(76,444)
At September 30, 2014	640,291	20,615,018	87,365,124	1,429,518	5,969,267	27,577,070	901,379	144,497,667
Depreciation								
At 1 July 2014	95,091	2,304,062	31,873,827	1,198,088	4,323,318	13,686,618	-	53,481,004
Charge for the year	16,790	99,181	1,530,135	64,082	214,408	788,522	-	2,713,118
Write-offs	-	-	(2,407)	-	(556,461)	(115,601)	-	(674,469)
Disposals	-	-	(778)	(17)	(20,178)	(51,261)	-	(72,234)
At September 30, 2014	111,881	2,403,243	33,400,777	1,262,153	3,961,087	14,308,278	0	55,447,419
Carrying Amount								
At 1 July 2014	541,200	18,310,956	55,432,924	231,354	2,057,634	13,601,793	507,544	90,683,405
At 30 September, 2014	528,410	18,211,775	53,964,347	167,365	2,008,180	13,268,792	901,379	89,050,248

Notes to the condensed financial statements
For the period ended 30 September, 2014

12 Intangible assets

	Computer software N'000
Cost	
Balance at 1 July 2014	2,212,923
Balance at 30 September 2014	<u>2,212,923</u>
Amortisation	
Balance at 1 July 2014	1,604,785
Charge for the year	25,888
Balance at 30 September 2014	<u>1,630,673</u>
Carrying amount	
At 1 July 2014	<u>608,138</u>
At 30 September 2014	<u>582,250</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-Sep-2014 N'000	30-Jun-2014 N'000
Finished products	5,465,283	4,929,607
Products in process	1,596,423	1,270,493
Raw materials and packaging materials	7,594,334	6,039,502
Engineering spares	597,770	562,574
Inventory in transit	1,033,097	667,071
	<u>16,286,907</u>	<u>13,469,248</u>

Notes to the condensed financial statements
For the period ended 30 September, 2014

16 Trade and other receivables	30-Sep-2014	30-Jun-2014
	N'000	N'000
Trade receivables	16,039,623	15,491,920
Other receivables	5,876,668	3,329,543
Due from related parties	377,390	396,772
	22,293,681	19,218,236
17 Cash and cash equivalents		
Bank balances	565,635	3,061,650
Short-term deposits	3,228,934	3,228,934
Cash and cash equivalents	3,794,569	6,290,584
Bank overdrafts	(9,128,530)	(4,680,225)
Cash and cash equivalents in the statement of cash flows	(5,333,961)	1,610,359

Included in cash and cash equivalents are unclaimed dividends amounting to N3,200 million (30 June 2014:N3,200 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-Sep-2014	30-Jun-2014
	N'000	N'000
(a) Authorised ordinary shares of 50k each		
<i>in thousands of shares</i>		
At 1 July	2,500,000	2,500,000
Balance at the end of the period	2,500,000	2,500,000
(b) Issued and fully paid-up ordinary shares of 50k each		
<i>in thousands of shares</i>		
At 1 July	1,505,889	1,505,889
Balance at the end of the period	1,505,889	1,505,889

Notes to the condensed financial statements
For the period ended 30 September, 2014

19 Dividends

Dividend payable	30-Sep-2014 N'000	30-Jun-2014 N'000
At 1 July	4,110,475	4,486,743
Declared dividend	-	10,541,217
Unclaimed dividend transferred to retained earnings	(119)	(68,293)
Payments during the year	<u>(330,603)</u>	<u>(10,849,192)</u>
At the end of the period	<u>3,779,753</u>	<u>4,110,475</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-Sep-2014 N'000	30-Jun-2014 N'000
Non-current liabilities		
Unsecured term loan (Note i)	21,599,983	21,599,983
Finance lease liabilities	<u>5,836,347</u>	<u>5,830,002</u>
	27,436,330	27,429,985
Current liabilities		
Term loans	52,373	52,368
Finance lease liabilities	<u>2,340,263</u>	<u>3,096,513</u>
	<u>2,392,636</u>	<u>3,148,882</u>
	<u>29,828,966</u>	<u>30,578,867</u>

- (i) During the previous 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.

Notes to the condensed financial statements

For the period ended 30 September, 2014

	30-Sep-2014	30-Jun-2014
	₦'000	₦'000
(b) Movement in loans and borrowings		
At the beginning of the period	30,578,867	17,353,242
Loans and borrowings obtained during the period	-	23,061,385
Accrued finance costs	58,882	59,595
Repayments during the period - principal	(749,187)	(9,895,355)
Repayments during the period - finance cost	(59,595)	-
At the end of the period	<u><u>29,828,966</u></u>	<u><u>30,578,867</u></u>
 21 Trade and other payables	 30-Sep-2014	 30-Jun-2014
	₦'000	₦'000
Trade payables	18,782,270	20,404,418
Other payables and accrued expenses	3,349,572	6,353,088
Amount due to related parties	5,079,457	3,966,071
	<u><u>27,211,299</u></u>	<u><u>30,723,577</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 2014 that have not been adequately provided for or disclosed in the interim financial statements.