



**Unaudited Interim Financial Statements
as at 31st December 2014**

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Statement of Financial Position

As at 31 December 2014

In thousands of naira

	Notes	31-Dec-2014	30-Jun-2014
Assets			
Property, plant and equipment	13	88,972,014	90,683,405
Intangible assets	14	991,314	608,138
Prepayments	15	74,505	171,119
Other receivables	16	19,187	25,570
Non-current assets		90,057,020	91,488,232
Inventories	17	14,061,143	13,469,248
Trade and other receivables	18	25,003,568	19,218,236
Prepayments	15	871,426	1,861,975
Cash and cash equivalents	19	5,892,183	6,290,582
Current assets		45,828,320	40,840,041
Total Assets		135,885,340	132,328,273
Equity			
Share capital	20	752,944	752,944
Share premium		8,961,346	8,961,346
Share based payment reserve		18,582	18,582
Retained earnings		33,908,711	35,328,845
Total equity		43,641,583	45,061,717
Liabilities			
Loans and borrowings	22	25,653,203	27,429,985
Employee benefits		2,672,007	3,028,651
Deferred tax liabilities		12,559,440	12,559,441
Non-current liabilities		40,884,650	43,018,077
Bank overdraft	19	10,627,162	4,680,225
Current tax liabilities		2,077,001	1,585,320
Dividend payable	21	4,289,880	4,110,475
Loans and borrowings	22	1,614,010	3,148,882
Trade and other payables	23	32,751,054	30,723,577
Current liabilities		51,359,107	44,248,479
Total liabilities		92,243,757	87,266,556
Total equity and liabilities		135,885,340	132,328,273

Approved by the Board of Directors on 29 January 2015 and signed on its behalf by:

Babatunde A. Savage
FRC/2013/ICAN/00000003514

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

The accompanying notes on page 5 to 21 are integral parts of these financial statements

Condensed Income Statement

For the period ended 31 December 2014

		3 months ending 31 December 2014	3 months ending 31 December 2013	6 months ending 31 December 2014	6 months ending 31 December 2013
<i>In thousands of naira</i>	<i>Note</i>				
Revenue	7	34,219,442	30,348,540	55,267,240	52,757,566
Cost of sales		<u>(19,013,387)</u>	<u>(15,519,825)</u>	<u>(29,513,331)</u>	<u>(27,471,638)</u>
Gross profit		15,206,055	14,828,716	25,753,909	25,285,928
Other Income	8	197,375	204,772	390,470	392,845
Marketing and distribution expenses		(7,840,798)	(6,992,880)	(13,145,261)	(12,544,695)
Administrative expenses		<u>(3,486,738)</u>	<u>(2,521,147)</u>	<u>(6,020,202)</u>	<u>(4,913,106)</u>
Operating profit		4,075,894	5,519,461	6,978,916	8,220,972
Finance income		142,183	79,553	387,687	147,825
Finance charges		<u>(1,522,080)</u>	<u>(1,052,168)</u>	<u>(2,708,311)</u>	<u>(1,954,155)</u>
Net Other Finance income / (cost)	9	<u>(1,379,897)</u>	<u>(972,615)</u>	<u>(2,320,624)</u>	<u>(1,806,330)</u>
Profit before taxation	10	2,695,997	4,546,845	4,658,292	6,414,642
Taxation	12	<u>(782,057)</u>	<u>(1,292,804)</u>	<u>(1,259,701)</u>	<u>(1,417,752)</u>
Profit for the period		<u>1,913,940</u>	<u>3,254,041</u>	<u>3,398,591</u>	<u>4,996,890</u>
Earnings per share					
Basic earnings per share (kobo)		<u>127</u>	<u>216</u>	<u>226</u>	<u>332</u>
Diluted earnings per share (kobo)		<u>127</u>	<u>216</u>	<u>226</u>	<u>332</u>

Condensed Statement of Other Comprehensive Income

	3 months ending 31 December 2014	3 months ending 31 December 2013	6 months ending 31 December 2014	6 months ending 31 December 2013
<i>In thousands of naira</i>				
Profit for the year after taxation	<u>1,913,940</u>	<u>3,254,041</u>	<u>3,398,591</u>	<u>4,996,890</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>1,913,940</u>	<u>3,254,041</u>	<u>3,398,591</u>	<u>4,996,890</u>

The accompanying notes on page 5 to 21 are integral parts of these financial statements

Condensed statement of changes in equity

For the period ended 31 December 2014

<i>In thousands of naira</i>	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
Balance at 1 July 2014	752,944	8,961,346	18,582	35,328,845	45,061,717
Comprehensive income					
Profit for the period	-	-	-	3,398,591	3,398,591
Other Comprehensive income	-	-	-	-	-
Transaction with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(4,818,842)	(4,818,842)
Unclaimed dividends written back	-	-	-	117	117
Share based payment charge	-	-	54,259	-	54,259
Share based payment recharge	-	-	(54,259)	-	(54,259)
Total transactions with owners	-	-	-	(4,818,725)	(4,818,725)
Balance at 31 December 2014	752,944	8,961,346	18,582	33,908,711	43,641,583

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Statement of Cash Flows

For the period ended 31 December 2014

In thousands of naira

<i>Note</i>	<u>31-Dec-2014</u>	<u>31-Dec-2013</u>
<u>Cash flows from operating activities</u>		
Profit for the period	3,398,591	4,996,890
<u>Adjustment for:</u>		
Depreciation and impairment loss	5,480,319	5,096,193
Amortisation of intangible assets	78,154	47,685
Share based payments charge	54,259	48,954
Finance income	(387,687)	(147,825)
Finance costs	2,708,311	1,954,155
Write-off of property, plant and equipment	93,428	97,163
(Gain)/loss on disposal of property, plant and equipment	(957)	314
Long service award charge	52,948	72,070
Income tax expenses	1,259,701	1,417,752
	<u>12,737,067</u>	<u>13,583,351</u>
<u>Changes in:</u>		
Inventories	(591,895)	(3,257,483)
Trade and other receivables	(5,761,430)	(3,483,541)
Prepayments	1,087,163	524,741
Trade and other payables	2,909,384	2,658,378
Cash generated from in operating activities	<u>10,380,289</u>	<u>10,025,446</u>
Income tax paid	(768,020)	(1,348,439)
Gratuity paid	(447,451)	(198,830)
Long service awards paid	(121,967)	(37,656)
Value added tax (VAT) paid	(1,668,739)	(1,479,285)
Net cash from operating activities	<u>7,374,112</u>	<u>6,961,236</u>
<u>Cash flows from investing activities</u>		
Finance income	370,168	149,903
Proceeds from sale of property, plant and equipment	19,934	6,312
Acquisition of property, plant and equipment	(3,610,089)	(8,008,169)
Net cash used in investing activities	<u>(3,219,987)</u>	<u>(7,851,954)</u>
<u>Cash flows from financing activities</u>		
Loans and borrowings obtained during the year	3,220,320	1,461,384
Repayment of loans and borrowings	(5,000,000)	-
Repayment of finance lease liabilities	(1,533,708)	(1,608,012)
Finance cost	(2,546,752)	(1,837,975)
Dividends paid	(4,639,321)	(9,810,004)
Net cash flow used in financing activities	<u>(10,499,461)</u>	<u>(11,794,607)</u>
Net decrease in cash, cash equivalents	(6,345,336)	(12,685,325)
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	<u>(4,734,979)</u>	<u>(13,243,671)</u>

The accompanying notes on page 5 to 21 are integral parts of these financial statements

Notes to the condensed financial statements

For the period ended 31 December, 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 itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Malta Guinness Low Sugar, Harp Lager, 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 29 January 2015.

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

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).

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 basis
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.

(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 are 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.

(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.

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 comprise computer software.

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

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

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Leases

Determining whether an arrangement contains a lease

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

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

Leased assets

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

Lease payments

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

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

(f) Inventories

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

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

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

(g) Impairment

i. Non-derivative financial assets

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

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

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

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

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

ii. Non financial assets

The carrying 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.

(h) Employee benefits

i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its management and non-management employees. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution

is charged to profit or loss. The Company contributes 10% and 12% for management and non-management employees respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport allowance).

ii Gratuity

Defined benefit gratuity scheme

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

Defined contribution gratuity scheme

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

iii. Other long-term employee benefits

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

iv. Termination benefits

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

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 re-measured 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.

(l) Finance income and finance costs

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

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

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(m) Income and deferred tax

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

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

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

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

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

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

(n) Earnings per share

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

(o) Statement of cashflows

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

(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 2015, 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.

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

7 Revenue

In thousands of naira	31-Dec-2014	31-Dec-2013
Nigeria	54,289,738	52,193,943
Export	977,502	563,623
	<u>55,267,240</u>	<u>52,757,566</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.

8 Other income

In thousands of naira	31-Dec-2014	31-Dec-2013
Operating lease income	343,292	312,496
Sale of by-products	47,178	80,349
	<u>390,470</u>	<u>392,845</u>

9 Finance income and costs

a Finance income comprises the following:

In thousands of naira	31-Dec-2014	31-Dec-2013
Interest income on bank deposits	180,858	144,337
Other interest income	-	3,488
Net gain on foreign exchange transactions	206,829	-
	<u>387,687</u>	<u>147,825</u>

b Finance costs comprises the following:

In thousands of naira	31-Dec-2014	31-Dec-2013
Finance expense on loans and borrowings	1,858,605	821,486
Interest expense on overdraft	518,539	677,787
Other interest expense	331,167	386,167
Net loss on foreign exchange transactions	-	68,715
	<u>2,708,311</u>	<u>1,954,155</u>

10 Profit before taxation

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

In thousands of naira	31-Dec-2014	31-Dec-2013
Depreciation of property, plant and equipment (Note 13)	5,480,319	5,096,193
Write-off of property plant and equipment (Note 13)	93,428	97,163
Personnel expenses (Note 11)	5,812,434	4,947,298
Amortisation of intangible assets Note 14	<u>78,154</u>	<u>47,685</u>

11 Personnel expenses

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

In thousands of naira	31-Dec-2014	31-Dec-2013
Salaries, wages and allowances	5,200,052	4,349,636
Contributions to defined contribution plans	505,175	476,638
Charge for other long term employee benefits	52,948	72,070
Share based payments expenses	54,259	48,954
	<u>5,812,434</u>	<u>4,947,298</u>

12 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:

In thousands of naira	31-Dec-2014	31-Dec-2013
Current tax expense:		
Income tax	1,180,970	1,329,979
Tertiary education tax	78,731	87,773
	<u>1,259,701</u>	<u>1,417,752</u>

13 Property plant and equipment

(a) Movement in Property, Plants and Equipment during the year was as follows;

In thousands of naira

		Leasehold Land	Buildings	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Returnable packaging materials	Capital work-in- progress	Total
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		-	-	35,136	-	-	-	4,307,527	4,342,663
Reclassifications		16,953	45,913	521,871	180	219,173	2,164,297	(2,968,387)	-
Transfer to intangibles	Note (b)	(485,611)	-	-	-	-	-	-	(485,611)
Write-offs		-	-	(2,539)	-	(565,396)	(354,867)	-	(922,802)
Disposals		-	-	(4,303)	(104)	(42,129)	(51,685)	-	(98,221)
At 31 December, 2014		167,633	20,660,931	87,856,916	1,429,518	5,992,600	29,046,156	1,846,684	147,000,438
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		9,312	197,876	3,088,614	128,229	439,703	1,616,585	-	5,480,319
Transfer to intangibles		(24,281)	-	-	-	-	-	-	(24,281)
Write-offs		-	-	(2,407)	-	(556,461)	(270,506)	-	(829,374)
Disposals		-	-	(2,050)	-	(25,933)	(51,261)	-	(79,244)
At 31 December, 2014		80,122	2,501,938	34,957,984	1,326,317	4,180,627	14,981,436	-	58,028,424
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 31 December, 2014		87,511	18,158,993	52,898,932	103,201	1,811,973	14,064,720	1,846,684	88,972,014

(b) Transfer to intangibles

At the beginning of the year, the Company transferred to intangible assets, the cost and the accumulated depreciation on its investment on the reconstruction of a Public Road near one of its operational sites based on a concession agreement with the Government. The book value of the asset at the end of the period was N437 million (2014: N461 million)

14 Intangible assets

In thousands of naira	Asset concession licence	Computer software	Total
Cost			
Balance at 1 July 2014	-	2,212,923	2,212,923
Transfer from Property, Plant and Equipment (Note 13(b))	485,611	-	485,611
At 31 December, 2014	485,611	2,212,923	2,698,534
Amortisation			
Balance at 1 July 2014	-	1,604,785	1,604,785
Transfer from Property, Plant and Equipment (Note 13(b))	24,281	-	24,281
Charge for the year	24,281	53,873	78,154
At 31 December, 2014	48,562	1,658,658	1,707,220
Carrying amount			
At 1 July 2014	-	608,138	608,138
At 31 December, 2014	437,049	554,265	991,314

15 Prepayments

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

16 Other receivables

Non-current other receivables represent the long term portion of loans granted to employees of the Company. 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.

17 Inventories

In thousands of naira	31-Dec-2014	30-Jun-2014
Finished products	3,236,452	4,929,607
Products in process	2,108,638	1,270,493
Raw materials and packaging materials	7,403,042	6,039,501
Engineering spares	665,899	562,575
Inventory in transit	647,112	667,072
	<u>14,061,143</u>	<u>13,469,248</u>

18 Trade and other receivables

In thousands of naira	31-Dec-2014	30-Jun-2014
Trade receivables	19,050,283	15,491,921
Other receivables	4,359,787	3,329,543
Due from related parties	1,593,498	396,772
	<u>25,003,568</u>	<u>19,218,236</u>

19 Cash and cash equivalents

In thousands of naira	31-Dec-2014	30-Jun-2014
Bank balances	2,016,472	3,061,648
Short-term deposits	3,875,711	3,228,934
Cash and cash equivalents	5,892,183	6,290,582
Bank overdrafts	(10,627,162)	(4,680,225)
Cash and cash equivalents in the statement of cash flows	<u>(4,734,979)</u>	<u>1,610,357</u>

Included in cash and cash equivalents are unclaimed dividends amounting to N3,846 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.

20 Share capital

(a) Authorised ordinary shares of 50k each

	31-Dec-2014	30-Jun-2014
In thousands of naira		
<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

	31-Dec-2014	30-Jun-2014
In thousands of naira		
<i>in thousands of shares</i>		
At 1 July	1,505,889	1,505,889
Issued during the year	-	-
Balance at the end of the period	<u>1,505,889</u>	<u>1,505,889</u>

21 Dividends

Dividend payable

	31-Dec-2014	30-Jun-2014
In thousands of naira		
At 1 July	4,110,475	4,486,743
Declared dividend	4,818,842	10,541,217
Unclaimed dividend transferred to retained earnings	(117)	(68,293)
Payments during the year	<u>(4,639,320)</u>	<u>(10,849,192)</u>
At the end of the period	<u>4,289,880</u>	<u>4,110,475</u>

22 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:

	31-Dec-2014	30-Jun-2014
In thousands of naira		
Non-current liabilities		
Unsecured term loan (Note i)	19,820,303	21,599,983
Finance lease liabilities	<u>5,832,900</u>	<u>5,830,002</u>
	25,653,203	27,429,985
Current liabilities		
Term loans	61,329	52,368
Finance lease liabilities	<u>1,552,681</u>	<u>3,096,514</u>
	1,614,010	3,148,882
	<u>27,267,213</u>	<u>30,578,867</u>

- 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
- i. (5) years inclusive of a two (2) year principal moratorium. The loans are unsecured.

(b) Movement in loans and borrowings

In thousands of naira	<u>31-Dec-2014</u>	<u>30-Jun-2014</u>
At the beginning of the period	30,519,272	17,353,242
Loans and borrowings obtained during the period	3,220,320	23,061,385
Accrued finance cost	61,329	59,595
Repayments during the period	<u>(6,533,708)</u>	<u>(9,895,355)</u>
At the end of the period	<u><u>27,267,213</u></u>	<u><u>30,578,867</u></u>

23 Trade and other payables

In thousands of naira	<u>31-Dec-2014</u>	<u>30-Jun-2014</u>
Trade payables	20,332,985	20,404,418
Other payables and accrued expenses	7,298,076	6,353,088
Amount due to related parties	<u>5,119,993</u>	<u>3,966,071</u>
	<u><u>32,751,054</u></u>	<u><u>30,723,577</u></u>

24 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 31 December 2014 that have not been adequately provided for or disclosed in the interim financial statements.