

07



ANNUAL REPORT & FINANCIAL STATEMENTS



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# Annual Report



## Financial Highlights

	2007 ₦'000	2006 ₦'000	%▲
Turnover	62,265,413	53,651,781	+16
Profit before taxation	14,884,450	11,436,771	+ 30
Taxation	(4,193,390)	(3,996,669)	+5
Profit after taxation	10,691,060	7,440,102	+44
Declared Dividend during the year	(4,719,762)	(3,539,821)	+33
Profit Retained in the Business	5,971,298	3,900,281	+53
Proposed Dividend	(6,637,165)	(4,719,762)	+41
Capital Expenditure	3,428,453	3,076,368	+11
Shareholders' funds	31,638,842	25,677,544	+23
Earnings per share	784k	631k	+24
Adjusted earnings per share	725k	504k	+44
Declared Dividend per share	346k	300k	+15
Net worth per share	2,321k	2,175k	+7
Adjusted net worth per share	2,145k	1,740k	+23
Share Price at Year End	12,655k	10,890k	+16

The Directors recommend the payment of a dividend of ₦6.6 billion in respect of the 2007 financial year, which based upon the ordinary shares in issue on 30 June 2007 represents a dividend of 450 kobo per ordinary share.

Declared dividend during the year represents dividend proposed for the preceding year but declared during the year reflecting the adoption of SAS 23. The basic per share figures above are based on the average number of shares in issue and ranking for dividend during the year.

## Financial Calendar

	DATE
■ 57 <sup>th</sup> Annual General Meeting to receive the audited results for the year ended 30 June 2007	15 November 2007
■ Payment of Dividend	16 November 2007



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 57<sup>th</sup> Annual General Meeting of the Members of Guinness Nigeria Plc will be held at the Shell Nigeria Hall of the MUSON Centre, 8/9, Marina, Lagos on Thursday, 15 November 2007 at 10.00 o'clock in the forenoon for the following purposes:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Report of the Directors, the Financial Statements for the year ended 30 June 2007 and the Report of the Auditors thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorise Directors to fix the remuneration of the Auditors.
5. To elect Members of the Audit Committee.

### SPECIAL BUSINESS

6. To approve the remuneration of the Directors.

By Order of the Board

SESAN SOBOWALE  
Company Secretary/Legal Adviser

20 September 2007

### REGISTERED OFFICE

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

### PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed and deposited at the office of the Registrar, Union Registrars Limited, 2, Burma Road, Apapa, Lagos not less than 48 hours before the time for holding the Meeting.

### CLOSURE OF REGISTER

The Register of Members and Transfer Book will be closed from Friday, 19 October 2007 to Friday, 02 November 2007, both days inclusive for the purpose of updating the Register of Members.

### DIVIDEND WARRANTS

If the payment of the dividend is approved, it is intended that the warrants will be posted on 16 November 2007 to holders of shares whose names appear in the Register of Members on Friday, 19 October 2007.

### AUDIT COMMITTEE

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

17 59



# GREATNESS

Now comes with every can



RRP 50c  
**N220**



RRP 33c  
**N140**

Same great quality. Same great taste.

Available now in supermarkets and neighbourhood shops

**18+**

START THE ARGUMENT WITH GUINNESS

**THE SMOOTH  
TASTE OF  
GREATNESS™**



# Board of Directors and Corporate Information

## Chairman

R. A. Alabi, (FNSE F. Inst D., OON)

## Vice Chairman

N. Blazquez (British)

## Managing Director

K.R.M. Taylor (British)

## Deputy Managing Director

B. A. Savage

## Directors

F. A. Ogunbamowo

J. O. Irukwu (SAN)

B. E. Gwadah

G. K. Mahinda (Kenyan)

O. J. Osinowo

R. C. Plumridge (British)

D. J. C. Nicholls (British)

O. Falase

L. Turnbull (British)

## Company Secretary/Legal Adviser

Sesan Sobowale

## Registered Office

The Ikeja Brewery

Oba Akran Avenue

P.M.B. 21071

Ikeja, Lagos

RC 771

## Auditors

KPMG Professional Services

(Chartered Accountants)

22A Gerrard Road,

Ikoyi, Lagos.

## Solicitors

T.O. Shobowale Benson & Co.

Plot 1538, Adeola Hopewell Street,

Victoria Island, Lagos.

## Registrars and Transfer Office

Union Registrars Limited

2, Burma Road, Apapa, Lagos.

## Bankers

Diamond Bank Plc

First Bank of Nigeria Plc

First City Monument Bank Plc

Guaranty Trust Bank Plc

Nigeria International Bank Limited

Standard Chartered Bank Nigeria Limited

Union Bank of Nigeria Plc

United Bank for Africa Plc

Zenith Bank Plc

## Head Office

24, Oba Akran Avenue

P.M.B. 21071 Ikeja

Tel: (01) 497 1560-9, 497 6420-9

497 0560 – 9, 2709100

Fax: (01) 4970560, 2709338

## Breweries:

### Ogba

Acme Road, Industrial Estate, Ogba.

Tel: (01) 497 1560-9, 497 6420-9

Fax: (01) 497 0560

### Ikeja

Oba Akran Avenue

Industrial Estate, Ikeja

Tel: (01) 497 1560-9, 497 6420-9

Fax: (01) 497 0560

### Benin

Benin-Asaba Road,

Oregbeni Industrial Estate,

Ikpoba Hill, Benin City

Tel: (052) 255608-9, 600629-31

Fax: (052) 252129

### Aba

Osioma Industrial Layout,

Aba, Abia State

Tel: (082) 350921, 351123



# Home of Greatness



## The Beginning of Greatness

Guinness is about greatness and our long heritage, the consistent quality of our brands and the drinking experience that our consumers share are all evidence of this impressive pedigree.

This is why when the business decided to launch the 'Greatness' Campaign, early in the 2007 Financial Year, the focus was not just on the great quality of brand Guinness but also to project a new way of working across the entire business. The greatness campaign is more than just a brand communication campaign. It is in fact a philosophy and a way of life. Central to the campaign is that there is a drop of greatness in everyone. The campaign defines greatness in



a uniquely refreshing way: *Greatness is not about the once-in-a-lifetime events; it is about the moments of inspirational behaviour that people demonstrate everyday.*

### Greatness, A Way of Life

Greatness represents the new way of life at Guinness Nigeria. It is demonstrated in the way we behave, communicated through everything we do and consistently recognised and rewarded in our consumers.

For instance, in April 2007, a group of beer supply experts from Africa, the Caribbean and Europe got together in London and drafted a 'Guinness Code of Greatness for Supply' which harnesses greatness as a business philosophy and looked at what greatness is for the beer supply team.



Our excellent performance in the 2007 trading year and the impressive array of awards and recognition the business received during the period is eloquent testimony that at Guinness Nigeria, we put a drop of greatness in everything we do and in every beer we brew.

### Recognition for Greatness

Guinness Nigeria participated in the MONDE Selection organised by the International Institute for Quality Selection, Bruxelles. The awards, which are global endorsements for good quality, came at the Institute's 2007 World Selection. Four of Guinness Nigeria Plc's premium brands - *Guinness FES*, *Guinness Extra Smooth*, *Harp* lager and *Satzenbrau* received the endorsement of the Institute's sensory and jury selection board. While two of the brands won in the Grand Gold category, the two others won Gold medals. *Guinness Foreign Extra Stout* and *Guinness Extra Smooth* are the only brands to win the top prize of Grand Gold from Africa.



*Project Stepchange*, launched by Diageo International Beer Supply in 2006 and championed locally by the Supply Function has yielded positive results in Guinness Nigeria. The business is also vigorously driving process compliance at its production sites through the 'Perfect Brew and Perfect Pack' campaign, which is impacting positively on quality and service.



At the beginning of 2007, the Lagos Brewery was declared number one in the Diageo League of Excellence Quality Charts, while Guinness Benin Brewery was in the sixth position. Similarly, the best packaging operation overall was won by Benin Brewery with the Lagos Brewery in second position. The Diageo League of Excellence represents a global rating of quality for brewery sites producing *Guinness Foreign Extra Stout*. It is based on four major parameters: sensory, packaging, process control and analytical process.



At the African market place of ideas hosted during the Diageo Africa Leadership Conference in Accra, Ghana in February 2007, Diageo Africa created its own market place within the Conference Centre to showcase and share great ideas across the African hub. Each market and function brought examples of brilliant work – promotions, campaigns, talent development programmes, force for good activities, new innovations, etc, and - using props, POS materials and great ingenuity - decorated the stalls to express these ideas and attract the most interest from participants flush with 'Diageo dollars' to spend on the most impressive market stalls. Guinness Nigeria's *Enhanced Water of Life* project was the runaway winner with the most amount of Diageo dollar proceeds to show for the innovative idea.

Following the launch of the 'Greatness' Campaign, a wide range of activities supported the communication. Some of these include a new TV commercial which has continued to receive widespread endorsements from consumers and a reality TV concept titled "Tales of Greatness" which ran

weekly on network television throughout Nigeria. The programme celebrated greatness in consumers and encouraged them to highlight everyday experiences where greatness was demonstrated. The goal was to inspire other citizens to reach within themselves and live out their moments of greatness in line with the campaign message: "There is a drop of Greatness in every man"

In a similar fashion, *Super Brands*, one of the world's leading global brand rating agencies operating in 73 countries around the world, published its current rating in the second half of the Financial Year and ranked three of Guinness Nigeria's brands among the top 100 brands in all market categories in Nigeria.

### The Key to Greatness - Great Heritage Sustained by Great People

The greatness campaign is about people and in the trading year 2007, our people demonstrated greatness in many important aspects of the business. The Company's people management focus was on building partnerships, releasing





people potential and driving change to deliver on its strategic business objectives. The intervention started from developing simpler, faster and better processes for our people and creating widespread awareness about HIV/AIDS among the employee population in order to ensure healthy bodies for healthy minds – the very foundation of greatness.

The business also devoted significant time and resources to creating an inspiring and enabling work environment and motivating its employees through a competitive total reward package that was well communicated to all employees.

In addition, the Company invested strongly behind the development and effective deployment of its employees by deepening and broadening its talent base and making significant investment in boosting their employability across Diageo global operations and beyond.

### Our Communities – Touched by Greatness

Our social investments in the communities in which we live and work are also eloquent testimonies of the values we hold dear in Guinness Nigeria. At the onset of the 2007 Financial Year, we set for ourselves the task of providing potable water to at least 300, 000 people in different communities across Nigeria. By the end of the trading year, we had surpassed this target by completing projects capable of providing improved water to 320, 000 people in Nassarawa, Lagos, Rivers, Imo and Niger States. Although many of the projects are yet to be formally commissioned, the joy brought to these communities by the availability of this essential amenity is such a delight to see and it is an inspirational story of how a simple action can bring about a great and lasting change – the idea at the hand of the ‘greatness’ campaign.



## Chairman's Statement



Engr. Chief (Dr.) R. A. Alabi  
Chairman



## Introduction

Distinguished Shareholders, fellow directors, invited guests, ladies and gentlemen, It is my pleasure to warmly welcome you all to the 57<sup>th</sup> Annual General Meeting of our Company and to present to you the Annual Report and Financial Statements for the year ended 30 June 2007.

I will now proceed to review briefly the business environment under which our Company operated in the last trading year and how this has impacted on our business activities.

## The Business Environment

The Government continued to focus on sustaining a stable macroeconomic environment through various policy initiatives. This has led to stability in the rate of inflation and the exchange rate. Interest rate also declined largely as a result of the introduction of the Monetary Policy Rate (MPR) to replace the Minimum Rediscount Rate (MRR).

These positive developments continued throughout the year in spite of the increased liquidity in the economy attributed mainly to increased spending to fund the expenses of the 2007 General Elections, an increase in Foreign Direct Investment into Nigeria especially from portfolio investors attracted by the impressive returns from the Nigerian Capital Market and rising crude oil prices.

The improvements in the economy continued to attract international attention as two leading global rating agencies – Standard & Poor's and Fitch – awarded a BB rating to Nigeria for the second time in two years.





## Chairman's Statement (cont'd)



In addition, the recapitalisation exercise in the insurance sector peaked in February 2007 resulting in the inflow of approximately ₦170 billion into the sector. The banking sector also embarked on a second round of consolidation exercise mainly through public offerings and mergers.

These developments though overall positive for the economy have meant that Guinness Nigeria has had to be innovative to compete effectively for consumer disposable income. The General Elections took place and were relatively trouble free. There were short-term disruptions in operations due to the additional days of public holiday and restrictions on movement.

Our Company held on valiantly in spite of these challenges and even the disruptions caused by 6 bank holidays in April 2007 alone (3 of them unplanned!) could not derail the momentum which started early in the Financial Year. Your Company was thus able to make some truly groundbreaking achievements in the year under review.

### The Brewing Industry

The beer market experienced some growth especially in the first half of 2007 fuelled largely by improved disposable income arising from General Elections-related spending. The regional brewers up-weighted their activities during the year with new partnerships and alignments with international brewing companies. These have led to the introduction of some international brands supported by new advertising campaigns which have heightened competition in the industry.

Volume growth for the Company has been driven by some excellent activities in the first half of the Financial Year including in-bar promotions in 6,000 outlets throughout Nigeria between August and October 2006 and a National Consumer Promotion that ran between December 2006 and the first week of March 2007. Brand Guinness recorded impressive equity gains created by an excellent launch of the Guinness 'Greatness' campaign in January 2007 with the tagline "There's a drop of greatness in every man". The



name "Udeme" from the 'Greatness' television commercial has now become a by-word in every home in Nigeria and beyond.

Above the line activities built on the Guinness Greatness communication on all elements of the media with the use of new iconic visuals on billboards. These were complemented by the "Friend or Foe" reality show, which was concluded in March 2007. Thereafter, a new television series "The Bachelors" ran on 5 key stations across Nigeria, serving as a good brand sponsorship vehicle for promoting the contemporariness of the brand.

Below the line activities on *Guinness Extra Smooth* continued in the last quarter of the Financial Year with a 4 day "Smooth Festival" in Jos which grew greater consumer understanding of the brand.

The Company also hosted a number of brand sponsorship activities including the Ogbe Hard Court Tennis Tournament, and the "Nite of a Thousand Laughs" shows on New Year's day and Easter day in Port Harcourt and Lagos respectively.

Increased above the line presence was achieved for *Gordon's Spark* during the year, with new style 'A' line billboards across Lagos, Port Harcourt, Enugu, Ibadan and Jos, in conjunction with the "Taste of Style" radio campaign across the same cities.

*Harp Lager* participated in the *Family Buy Scheme* in the second half of the Financial Year, resulting in increased awareness and excitement around the brand at the trade level. Below the line activities towards the end of the year focussed on significant distributor, wholesales and in-bar promotions, to drive volumes through the supply chain. A new communication campaign to leverage the key distinguishing functional and emotional attributes of *Harp Lager* was also launched just before the end of the 2007 Financial Year.

These excellent promotional activities have not gone unnoticed by the consumer. With the net sales of Guinness stout in the year going up by 18%, Nigeria has overtaken Ireland for the first time as the second biggest market in the world for Guinness stout.

### Our Performance

The challenging operational environment notwithstanding, the Company returned an improved financial and operational performance in the year under review. Our continuing focus on costs and effective cash management led to an increase in adjusted earnings per share by 44 per cent to 725 kobo.

I am pleased to state that the turnover of the Company rose to ₦62.26 billion up 16% over the ₦53.65 billion recorded in 2006. The profit before tax stood at ₦14.89 billion, an increase of 30% over the ₦11.44 billion in the previous year.

As a result of this successful performance, the Board is recommending a dividend of 450 kobo per share, up 12.5 per cent on the dividend declared per share in 2006.

This financial performance reflected the effectiveness of our strategy.

### Corporate Social Responsibilities

Since inception, Guinness Nigeria has committed itself to conducting business with a strong bias for the enrichment of the quality of life of its employees, customers and the community at large.

We also take seriously our obligations to all our stakeholders as we believe that excellence in corporate responsibility delivers competitive advantage and long-term success. Apart from its continued support for the 3 Guinness Eye Hospitals in Lagos, Onitsha and Kaduna, Guinness Nigeria also supported several new life-enriching programmes to benefit citizens in its host communities and beyond. Among our major community investments in the 2007 Financial Year are the *Water of Life* projects under which the Company provided improved water for an additional 320,000 people throughout Nigeria in Lagos, Rivers, Imo, Nasarawa and Niger States.

Guinness Nigeria Plc believes in the highest standards of Corporate Governance and works hard to maintain transparency, integrity and accountability in all its operations. We lay special emphasis on providing efficient and courteous service to our over 75,000 shareholders all



## Chairman's Statement (cont'd)

over Nigeria and abroad through a network of offices maintained by our Registrars, Union Registrars Limited. Details of these offices are contained on the Shareholders' Information Section of the Unclaimed Dividend List.

### Our People

The Board of Directors has been very impressed by the dedication and talent of our employees. It is because of these qualities that the impressive results we have returned in the 2007 trading year have been attained. I am also appreciative of the guidance and support of our Board of Directors. This Company is privileged to be served by people of such extraordinary passion and commitment, and I am fortunate to be working with them.

I would therefore like to thank on your behalf the management and all our employees very much for another successful year. Their commitment has been truly outstanding.

### The Future

With the successful conclusion of the 2007 General Elections and the taking over of the reins of powers by new public officers at all levels in a relatively peaceful manner, we look forward with hope to continued stability in the economy and improvements in several areas of human development indices especially power. It is heart-warming to note that the new government at the national level has set for itself an annual economic growth rate target of 13 percent with a stable and predictable macro-economic environment.

The Federal Government's stated commitment to develop major commercial and Industrial centres and mega cities such as Lagos, Port Harcourt, Ibadan, Kaduna, Kano and Enugu based on their potential as catalysts for enhanced industrial development and to ensure budget discipline as well as adherence to the rule of law will further provide the impetus required for economic development and growth.

The Company will, of course continue to watch as these policies unfold and take appropriate steps to ensure that we are well-positioned to benefit from the projected growth and protect our market share in the midst of increased competitive activities.

### Conclusion

After an exceptionally good year, we are well aware of the challenges ahead of us and we are fully committed to face these challenges squarely.

I am appreciative of our relationships and liaisons with governments in our many operating hubs throughout Nigeria. We look forward to profitably expand our operations in our current markets and explore new opportunities where we see the potential for added value.

The ongoing enthusiasm, dedication and commitment of our staff have been key components in our success and on behalf of the Board I would like to thank them again for their commitment. I would also like to thank our shareholders, our customers, our consumers and all our other stakeholders for their continued involvement and support. Finally, I would like to express our appreciation to Diageo Plc, our parent company for its continued support.

In conclusion, I am confident that our strategy will continue to deliver good results, with our strong management team ensuring excellence in execution.

Engr. Dr. (Chief) R. A. Alabi, *FNSE, FIoD, OON*  
Chairman

# CRISP TASTE



enjoy the refreshing taste  
of Smirnoff® Ice with a  
crisp bite of lemon.

**SMIRNOFF**

Clearly Smirnoff®

SMIRNOFF ICE VODKA 40% ALC/VOL (80 PROOF) © 2012 SMIRNOFF INC.

## IMAGES OF GREATNESS

1. Engr. Chief (Dr.) R. A. Alabi, Chairman of Guinness Nigeria Plc with Mr. K. R. M. Taylor at the 2006 Nigerian Stock Exchange President's Merit Award ceremony. The Award was won in 2006 by Guinness Nigeria for the second year running.
2. Guinness Nigeria's Managing Director, Mr. K. R. M. Taylor in a group photographs with executives of the Nigerian Stock Exchange and other awardees at the 2006 NSE President's Merit Award.
3. Guinness Nigeria Plc's directors and Company Secretary at the 2006 Annual General Meeting.
4. Head of Quality, Mr. Greg Udeh proudly displaying the Monde Selection awards won by four of the Company's premium brands.
5. Guinness Nigeria's Vice Chairman, Dr. Nick Blazquez and Deputy Managing Director, Mr. B. A. Savage with the former Head of State, Chief Ernest Shonekan, during the 2006 Pre-AGM Cocktail in Abuja.
6. Executives of Guinness Nigeria Plc at the launch of *Smirnoff Ice*.
7. Excited consumers as *Smirnoff Ice*, the world's best selling Ready-To-Drink joins the Guinness Nigeria family of premium brands.
8. Supply Director, Doug Nicholls and Raymond Ugboh, Plant Manager, Ogba Brewery making a presentation of the first instalment of a donation of N15 million to the Institute for Industrial Technology (IIT) to support the acquisition of technical education and vocational skills by indigent students in Nigeria.
9. The Deputy Managing Director, Mr. Tunde Savage and the Managing Director of Nigeria Gas Company, Mr. Chris Ogiwoniyi signing a Gas Supply & Purchase Agreement to supply gas to Guinness Nigeria's Benin Plant.
10. The Diageo Africa Legal Team at the yearly Legal Conference hosted by Guinness Nigeria.
11. Ify Ejikeme, a housemate in the first Big Brother Nigeria Reality Show during a visit to Dublin, Ireland, the home of Guinness sponsored by the Company.
12. Senior executives of the Company with the plaque for the first position awarded to Guinness Nigeria for presenting the most innovative ideas - the enhanced Water of Life programme in Northern Nigeria - at the Market Place of Ideas during the first Diageo Africa Leadership Conference in Accra, Ghana.
13. Mr. Keith Taylor, Managing Director and Mr. Tunde Savage, Deputy Managing Director at the Global Road Safety Week organised by the Federal Road Safety Commission.
- 14&15 A cross-section of the Company's executives and guests at the Pre-AGM Cocktail in November 2006.
16. Shareholders exercising their rights at the Company's 2006 Annual General Meeting in Abuja.
17. Members of the Company's Audit Committee with the Company's management during an inspection tour of Ogba Brewery.
18. The former Director of Sales, Mr. Kelvyn Shantry with top executives and trade partners cutting a cake to commemorate the departure of Mr. Shantry from Nigeria at the Company's Sales and Marketing Conference in Abuja.
- 19&20 Directors and members of the Audit Committee at the 2006 Pre-AGM Cocktail in Abuja.





## Directors' Report



Mr. K. R. M. Taylor  
Managing Director



The Board of Directors have pleasure in submitting to members their Report together with the Financial Statements of the Company for the year ended 30 June 2007.

## Directors' Responsibilities

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, the Company's Directors are responsible for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and its results for that period and comply with the Companies and Allied Matters Act. These responsibilities include ensuring that:

- (a) adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds and other irregularities;
- (b) proper accounting records are maintained;
- (c) applicable accounting standards are followed;
- (d) suitable accounting policies are used and consistently applied; and
- (e) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the company will not continue in business.

## Principal Activities

The Company's principal activities continue to be brewing, packaging and marketing of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Harp Lager Beer, Gordon's Spark, Smirnoff Ice and Satzenbrau.

## Results

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

	2007 ₦'000	2006 ₦'000
Turnover	62,265,413	53,651,781
Trading Profit	14,227,302	12,223,864
Interest received / (paid)	657,148	(787,093)
Profit before Taxation	14,884,450	11,436,771
Taxation	(4,193,390)	(3,996,669)
Profit after Taxation	10,691,060	7,440,102
Declared Dividend	(4,719,762)	(3,539,821)
Profit Retained in the Business	5,971,298	3,900,281

## Dividend

The Directors recommend to the shareholders the declaration of a dividend at this Annual General Meeting of ₦6,637 million that is 450k per 50k share. This dividend is subject to deduction of withholding tax.

## Board Changes

Since the last Annual General Meeting, Mr. Thorsten Knopp resigned from the board, while Mr. R.C. Plumridge resigned his position as the Commercial Director to take up the role of Finance Director in Diageo Africa. Mr. Plumridge however remains on the board as a non-executive director. Mr. Ebighe Emafo, the Human Resources Director also resigned to take up a Senior HR position in Diageo America. On your behalf, we thank them for their contributions to the Company during their tenures. To fill the vacancies left by these resignations, Messrs L. Turnbull and O. Falase have been appointed



## Directors' Report (cont'd)

For the year ended 30 June 2007

to the board. In accordance with the Articles and provisions of the Companies and Allied Matters Act, Messrs L. Turnbull and O. Falase will retire at the forthcoming Annual General Meeting and being eligible hereby offer themselves for re-election. The Directors to retire by rotation are Messrs K.R.M. Taylor, B.A. Savage, G.K. Mahinda and D.J.C. Nicholls and being eligible, also offer themselves for re-election.

### Record of Directors' Attendance

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

### Directors and Their interests

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

	As at 30 June 2007 No. of shares	As at 20 August 2007 No. of shares
Engr. (Chief) R.A Alabi	309,865	309,865
Dr. N. Blazquez	Nil	Nil
Mr. K. R. M. Taylor	6,844	6,844
Otunba F.A. Ogunbamowo	39,481	39,481
Mr. B. A. Savage	600,888	600,888
Prof. J.O. Irukwu	484,565	484,565
Mr. B.E. Gwadah	2,082	2,082
Mr. G.K. Mahinda	Nil	Nil
Mr. O.J. Osinowo	50,000	50,000
Mr. R.C. Plumridge	Nil	Nil
Mr. D.J.C. Nicholls	3,765	3,765
Mr. O. Falase (Appointed with effect from 09/02/07)	Nil	Nil
Mr L. Turnbull (Appointed with effect from 01/06/07)	Nil	Nil
Mr. T. Knopp (Resigned with effect from 09/02/07)	Nil	Nil
Mr. E. Emafo (Resigned with effect from 20/09/07)	8,912	8,912

### Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act of any declarable interest in contracts in which the Company is involved either as at 30 June or 20 August 2007.

### Corporate Governance

The Board of Guinness Nigeria Plc recognises that good corporate governance can become a powerful force for business growth and sustainability. In recognition of this, the Board in February 2007 approved for implementation a programme of corporate governance enhancement for the Company starting with the board.

Substantial progress has been made on the implementation of this programme and as at the date of this report, the Company has in place, the following Board Committees:



### **General Purposes Committee**

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

### **Finance and Risk Committee**

The Finance and Risk Committee is responsible for monitoring the integrity of the financial statements of the Company and reviewing the effectiveness of the Company's internal control and risk management system, among others. Members of the Committee are:

Professor J. O. Irukwu, SAN - Chairman  
Otunba F. A. Ogunbamowo  
Mr. R. C. Plumridge  
Mr. B. E. Gwadah

### **Nomination Committee**

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

Dr. N. Blazquez - Chairman  
Otunba F. A. Ogunbamowo  
Mr. K. R. M. Taylor  
Mr. B. A. Savage

### **Code of Business Conduct**

The Company has adopted a Code of Business Conduct subscribed to by all members of the Board of Directors and all employees. The Code is applicable to all Directors and employees and the Company mandates strict adherence to the Code in its day-to-day operation.

### **Dealings in Securities Code**

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

### **Acquisition of Own Shares**

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

### **Fixed Assets**

Information relating to changes in fixed assets is given in Note 7 to the financial statements

### **Post Balance Sheet Events**

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



## Directors' Report (cont'd)

For the year ended 30 June 2007

### Employment and Employees

#### (a) Training and Development

It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs. This entails identifying the training needs of our employees and prioritising implementation of plans to address such needs consistent with the requirements of the business.

#### (b) Dissemination of Information

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

Circulars and newsletters are published in respect of significant corporate issues. Information is exchanged by different groups of employees at Joint Consultative Committee meetings. A good communications link with the workforce is also maintained through regular meetings between Union Representatives and Management. In order to further facilitate the exchange of information, an in-house journal, 'Guinness News' is published quarterly featuring contributions from, and about employees of the Company.

#### (c) Employment of Disabled Persons

We do not discriminate against disabled persons in the Company.

#### (d) Health and Safety

All efforts are geared towards providing a safe and conducive working environment for employees. To this end, there is a written health and safety policy supported by systems and procedures for ensuring that safe working practices are followed in the performance of all Company functions. The Company has a Corporate Safety Manager in place to monitor and guide compliance with safety regulations. In the event of accidents or ailments occurring at the work place, there are adequate provisions for medical care in our clinics which are well stocked and competently managed by qualified staff. Furthermore, all employees of the Company are provided free medical care in designated hospitals.

### Distribution

The Company's products are distributed through numerous distributors who are spread across the country. The Company has a total of 11,376 distribution outlets made up of direct and indirect outlets for its products. The breakdown is as follows:

#### Direct Outlets:

Hotels & Clubs	49
Wholesalers	327
	<hr/>

376

#### Indirect Outlets:

Large Bars	3,300
Medium Bars	7,700
	<hr/>

11,000

Grand Total

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11,376



## Donations

	₦
Water of Life-Mararaba, Nassarawa State	30,788,000
Water of Life-Eleme, River State	26,761,000
Water of Life-Mbaise, Imo State	26,495,000
Water of Life-Suleja, Niger State	23,883,000
Water of Life, Epe Lagos	13,176,000
Institute of Brewing & Distilling	10,000,000
Guinness Eye Centre-(LUTH)	3,100,000
National Paediatric Hospital	2,000,000
Nigeria-Britain Association	1,000,000
Advertising Practitioners' Council of Nigeria	800,000
West African Business Association	250,000
Nigerian Police-Community Relations Committee	200,000
<b>Total</b>	<b>138,453,000</b>

In accordance with Section 38(2) of the Companies and Allied Matters Act, [Cap.C20, Laws of the Federation of Nigeria, 2004], the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

## Royalty and Technical Services Agreement

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

## Audit Committee

In accordance with Section 359(3) of the Companies and Allied Matters Act, an Audit Committee of the Company was elected at the Annual General Meeting held in Abuja on 16 November, 2006 comprising three Directors and three shareholders namely Otunba F.A. Ogunbamowo, Mr. B.A. Savage, Mr. B.E. Gwadah, Mr. A. Shonubi, Mr. A. Ojomaikre and Mr. D.O. Odebiyi.

## Auditors

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

BY ORDER OF THE BOARD

**Mr. K. R. M. Taylor**  
Managing Director  
20 September 2007

# The Board



**K. R.M. Taylor**  
Managing Director



**B. A. Savage**  
Deputy Managing Director



**F.A.Ogunbamowo**  
Non-Executive Director



**J.O. Irukwu**  
Non-Executive Director



**B.E.Gwadah**  
Non-Executive Director



**E. Emafo**  
Human Resources Director  
2005 - 2007



**D.J.C Nicholls**  
Supply Director



**O. Falase**  
Marketing Director



**R.A. Alabi**  
Chairman



**N. Blazquez**  
Vice Chairman



**G.K. Mahinda**  
Non-Executive Director



**O.J. Osinowo**  
Non-Executive Director



**R.C. Plumridge**  
Non-Executive Director

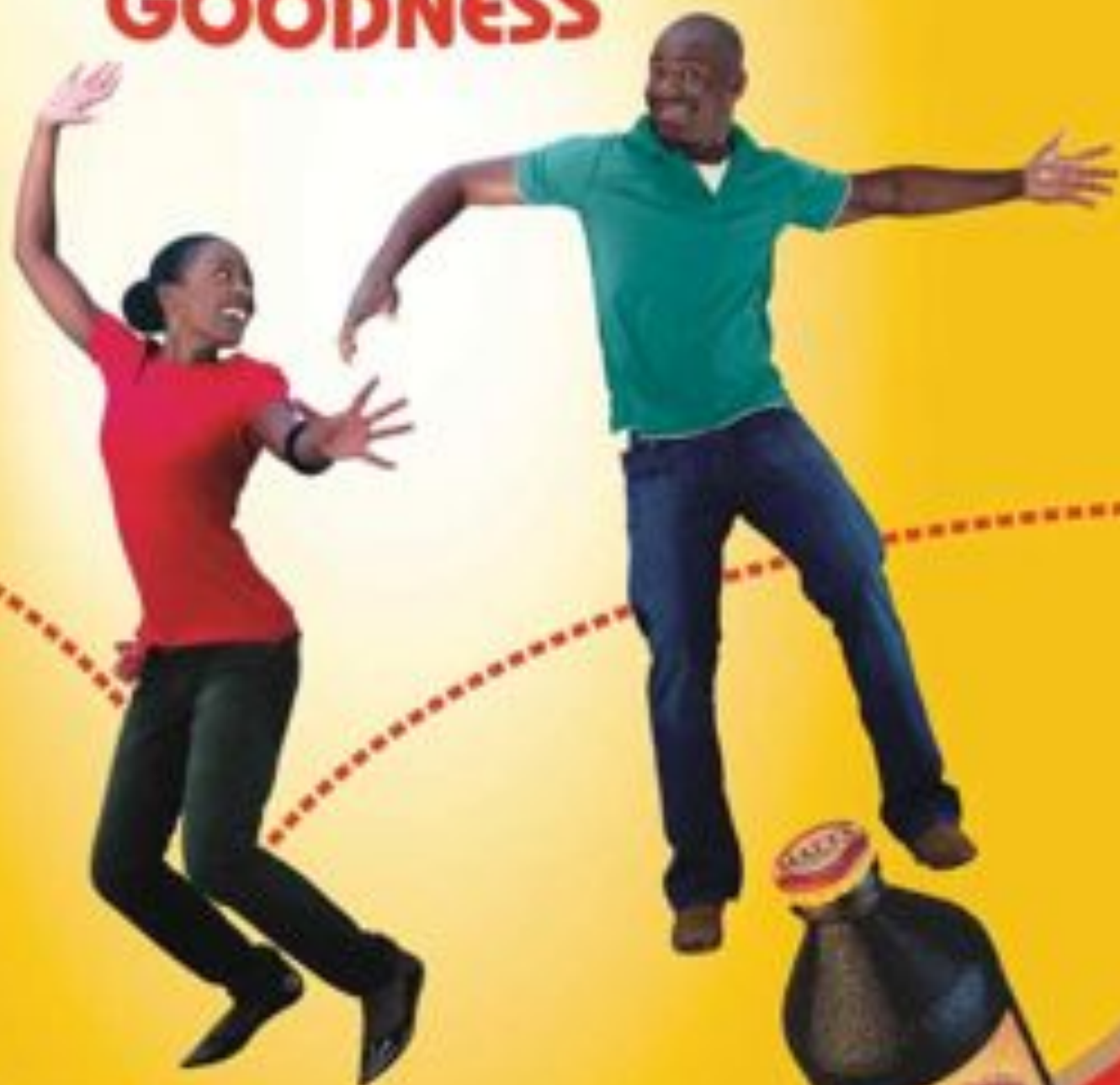


**L. Turnbull**  
Commercial Director



**S. Sobowale**  
Company Secretary/Legal Adviser

# ALIVE WITH NATURAL GOODNESS



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# CSR REVIEW

## Touched by Greatness

### The Impact of our 2007 Water Projects

The scene last March at *Igbonla*, a locality of *Eredo* Local Government in *Epe*, Lagos was touching. The visiting Guinness Nigeria team of Tunde Savage, Deputy Managing Director and Norah Odwesso, former Corporate Relations Director, Diageo Africa stood in awe as the pupils of *Igbonla* Primary School poured out their appreciative hearts.

“We are saying thank you Guinness, thank you Guininneeess, we are saying thank you Guinness, thank you Guininneeess”, the pupils of the school sang.

The song modelled upon a popular Christian spiritual song in Nigeria was the pupils’ way of showing appreciation to Guinness Nigeria for bringing potable water to their community and specifically to the entrance of their school.

*Igbonla* is a hinterland community. For the 800 residents of the area potable water is a luxury. Their best access to ‘clean’ water is hand-dug and unsanitary open wells as well as algae-infested streams. But all this has changed. The community is now a proud beneficiary of a hand-pump water project implemented this financial year by Guinness Nigeria under its *Water of Life* programme.

“We have suffered a lot. We use the water from these wells you are seeing for everything – cooking, drinking and all. We have no other choice. Even the wells usually dry up during the dry season. This water you have given us, we are very happy. You can see we are already using it,” said Kehinde Akibo, one of the community leaders.

Alongside *Igbonla*, Guinness Nigeria implemented one hand-pump project each in twenty-four other communities in *Eredo*. Some of the communities are *Ilara*, *Talara Oke*, *Imeru*, *Agodo*, *Igboye*, *Eredo*, *Ajebende* and *Noforija*. The total number of beneficiaries of these projects in *Eredo* is 20,000 people.

Access to safe drinking water is one of the biggest problems faced by people today in Nigeria and the rest of Africa, where an estimated 400 million people have little or no access to potable water. In response to this, Diageo Africa challenged itself to provide safe drinking water to one million people in the continent by the end of 2007. Guinness Nigeria committed to deliver 300,000 of this number and has gone ahead to exceed this number by an additional 20,000.





To achieve its numbers, Guinness Nigeria implemented major water projects in five states of the country including the projects at *Eredo* as shown in the table below.

State	Location	Project type	Beneficiaries
Lagos	<i>Eredo, Epe</i>	Hand pump (1 each in 25 communities)	20,000 people
Imo	<i>Uvuru Mbaise</i>	Mini water works (borehole, treatment plant, overhead tank, generator and reticulation)	100,000 people
Rivers	<i>Alode Eleme</i>	Mini water works (borehole, treatment plant, overhead tank, generator and reticulation)	100,000 people
Nassarawa	<i>Mararaba</i>	Mini water works in 5 different communities (borehole, overhead tank, generator and reticulation)	50,000 people
Niger	<i>Suleja</i>	Mini water works in 3 different communities (borehole, overhead tank, generator and reticulation)	50,000 people

communities as a key element of its corporate citizenship agenda. Prior to the financial year under review, the Company had implemented three water projects located at *Oregbeni*, Benin City (1997), *Osisioma*, Aba (2004) and *Badia*, Lagos (2005). To date, the total number of beneficiaries in Guinness Nigeria's Water of Life programme is about 600,000 people.

Guinness Nigeria's intervention has been very much welcome in all the communities and the impact of the projects are not lost on the beneficiaries.

"We have been travelling many kilometres to fetch water, as potable water remains a luxury for a few in our community," said HRH *Eze P A Uduhirinwa* of *Uvuru Mbaise*

Community, Imo State. And now, "this (Guinness Nigeria project) is the greatest thing that has ever happened to our community. Guinness actually felt our pulse by putting this project in our community" he added.

Water problem in the northern part of the country is even more daunting with the semi-arid nature of the region.

"See, this water runs about once a week and when it does, we try to fill all our water receptacles", a female resident of *Rafinsanyi* in *Suleja*, Niger State said of government water supply in the community. *Rafinsanyi* is one of the three communities benefiting from the Water of Life programme in the state. "Our joy knows no bounds now that Guinness has put this water for us" she said.



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PREMIUM PILSNER LAGER



BEYOND WORDS.

# financials

# Report of the Audit Committee

To the members of Guinness Nigeria Plc

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

- (a) Reviewed the scope and planning of the audit requirements;
- (b) Reviewed the external Auditors' Memorandum of Recommendations on Accounting Policies and Internal Controls together with Management Responses thereon; and
- (c) Ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2007 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 30 June, 2007 were adequate and the Management Responses to the Auditors' findings were satisfactory.



Mr. A. Shonubi  
Chairman, Audit Committee

13 September 2007

Members of the Audit Committee

Mr. A. Shonubi	-	Shareholder/Chairman
Mr. A. Ojomaikre	-	Shareholder
Mr. D.O. Odebiyi	-	Shareholder
Otunba F.A. Ogunbamowo	-	Director
Mr. B.A. Savage	-	Director
Mr. B.E. Gwadah	-	Director

**KPMG Professional Services**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Guinness Nigeria Plc

**Report on the Financial Statements**

We have audited the accompanying financial statements of Guinness Nigeria Plc ("the Company") which comprise the balance sheet as at 30 June, 2007, and the profit and loss account, statement of cashflows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 28 to 53.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of Guinness Nigeria Plc as at 30 June, 2007, and of its profit and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

**Report on Other Legal and Regulatory Requirements****Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria**

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books. The Company's balance sheet and profit and loss account are in agreement with the books of accounts.

KPMG

20 September 2007  
 Lagos, Nigeria





## Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding years except as described in note (g) is set out below:

### (a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention as modified by the revaluation of leasehold properties and plant and machinery at depreciated replacement cost.

### (b) Turnover

Turnover represents the value of beer, ready-to-drink and malt beverages despatched to third parties inclusive of excise duty thereon but exclusive of VAT and net of trade discounts and volume rebates.

### (c) Fixed Assets

- i. Fixed assets are stated at cost or valuation less accumulated depreciation.
- ii. On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from revaluation reserve to revenue reserve.
- ii. Fixed assets being constructed or developed for future use are disclosed as assets in progress.

### (d) Depreciation of Fixed Assets

Depreciation is calculated to write off the cost or valuation of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purposes are:

Leasehold land and buildings	-	2%
Heavy - Plant and machinery	-	5%
Light - Plant and machinery	-	10%
Furniture and equipment	-	20%
Motor vehicles-Others	-	25%
Motor vehicles-Sales	-	33.33%

Assets in progress are not depreciated. Upon completion, the attributable cost of asset is transferred to the relevant asset category and depreciated accordingly.

### (e) Stocks

Stock are valued at the lower of cost and net realisable value and are stated net of allowances for obsolete, slow moving or defective items where appropriate. Cost incurred in bringing each stock item to its present location and condition is derived as follows:

- i. Raw materials, bottles and containers and engineering spares - Purchase Costs on a weighted average basis including transportation and applicable handling charges
- ii. Bottled beer and beer in process - Average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.

The net realisable value of bottles and containers is deemed to be their prevailing deposit value. Gains or losses arising from a change in the valuation of bottles and containers (principally as a result of changes in the deposit value which are below cost) are taken to the profit and loss account. Bottles and containers of a design/product yet to be introduced into the market are valued at cost. After introduction into the market, all bottles and containers are carried at deposit value.

**(f) Debtors**

Debtors are stated after deduction of adequate allowances for any debts considered bad or doubtful of recovery.

**(g) Provisions**

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that a transfer of economic benefits will be required to settle the obligation. This new accounting policy is adopted in 2007 based on Statement of Accounting Standard No. 23 (SAS 23) issued by the Nigeria Accounting Standards Board on June 1, 2006. The effect of the adoption of this standard is shown in notes 5, 12 and 20 of the financial statements.

**(h) Foreign Currencies**

Transactions denominated in foreign currencies are translated into Naira and recorded at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

**(i) Employees Retirement Benefits****i. 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 of the Company. Independent actuarial valuations are performed periodically on a projected benefit obligation basis. Actuarial gains or losses arising from valuations are charged in full to the profit and loss account. The Scheme is not funded.

**ii. Pension Scheme.**

With effect from 1 January 2005, the Company in line with the provision of the Pension Reform Act 2004 has instituted a defined contribution Pension Scheme for its management and non management staff. Staff contributions to the schemes are funded through payroll deductions while the Company's contribution is charged to the profit and loss account.

**(j) Income Tax**

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using the statutory tax rates at the balance sheet date.

**(k) Deferred Taxation**

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by tax authorities) is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

**(l) Leases****i. Operating Leases**

Lease rental income/expense is recognised in the income statement on a systematic basis in line with the time pattern of the benefit provided/received by the Company.



## Statement of Accounting Policies (cont'd)

### ii. Finance Leases

Where the Company is the lessor, the Company recognises in its books simultaneously the gross investments in the lease and the unearned finance income from the lease at their fair value at the inception of the lease. Where it is not possible to determine the fair value, they are carried at the present value of minimum lease payments at the inception of the lease. Unearned finance income is deferred and allocated to the income statement over the lease term based on a pattern reflecting a constant periodic rate of return on the outstanding net investment.

### (m) Impairment

The carrying value of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

### (n) Fixed Assets Revaluation Reserve

Surpluses/ (deficits) arising on the revaluation of individual fixed assets are (credited)/debited to a non-distributable reserve known as the fixed assets revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same assets are charged to the profit and loss account.

On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from the fixed assets revaluation reserve to general reserve.

### (o) Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash in hand, cash balances with banks, bank overdrafts and short-term deposits with banks.

# Profit and Loss Account

for the year ended 30 June, 2007



	Notes	2007		2006	
		₦'000	₦'000	₦'000	₦'000
TURNOVER	1		62,265,413		53,651,781
Cost of Sales			(34,144,021)		(27,844,580)
GROSS PROFIT			28,121,392		25,807,201
Advertising and Promotion Expenses		(5,349,226)		(4,072,091)	
Distribution Expenses		(4,406,694)		(4,379,760)	
Administrative Expenses		(4,138,170)		(5,131,486)	
			(13,894,090)		(13,583,337)
Trading Profit			14,227,302		12,223,864
Interest Received	2(b)		2,196,894		764,119
Interest Paid	2(c)		(1,539,746)		(1,551,212)
Profit Before Taxation	2		14,884,450		11,436,771
Taxation	4(a)		(4,193,390)		(3,996,669)
Profit After Taxation			10,691,060		7,440,102
Declared dividend during the year	5		(4,719,762)		(3,539,821)
Retained Profit for the year transferred to General Reserves			5,971,298		3,900,281
Earnings per share (kobo)	6		784		631
Adjusted Earnings per share	6		725		504
Declared Dividend per share (kobo)	6		346		300

The accounting policies on pages 36 to 38 and the notes on pages 42 to 51 form part of these financial statements.



# Balance Sheet

As at 30 June, 2007

	Notes	2007		2006	
		₦'000	₦'000	₦'000	₦'000
Fixed Assets	7		30,124,847		29,531,969
Long Term Debtors and Prepayments	8		268,260		181,775
Current Assets (Amounts falling due within one year):					
Stocks	9	12,720,898		12,933,042	
Debtors and Prepayments	10	6,662,196		3,231,294	
Deposits for Imports		26,075		50,854	
Cash and Bank Balance	11	22,007,151		13,921,255	
			<u>41,416,320</u>		<u>30,136,445</u>
Current Liabilities (amounts falling due within one year):					
Creditors and Accruals	12	(16,547,803)		13,370,110	
Taxation	4(b)	(5,020,513)		2,580,134	
Current portion of term loan	15	(5,000,000)		-	
			<u>(26,568,316)</u>		<u>15,950,244</u>
Net Current Assets			<u>14,848,004</u>		<u>14,186,201</u>
Total Assets less current liabilities			<u>45,241,111</u>		<u>43,899,945</u>
Deferred Tax Liability	13	(6,646,775)		(6,968,521)	
Provision for Gratuity	14	(3,455,494)		(2,763,880)	
Term Loan	15	(3,500,000)		(8,500,000)	
Net Assets			<u>31,638,842</u>		<u>25,667,544</u>
Capital and Reserves					
Called up Share Capital	16		737,463		589,970
Bonus Issue Reserve	17		-		147,493
Share Premium Account	18		1,545,787		1,545,787
Fixed Assets Revaluation Reserve	19		3,751,089		3,790,263
Revenue Reserve	20		25,604,503		19,594,031
Total Equity (Shareholders' Funds)			<u>31,638,842</u>		<u>25,667,544</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

MR. K.R.M. TAYLOR

Approved by the Board of Directors on 20 September, 2007.

MR. L. TURNBULL

The accounting policies on pages 36 and 38 and the notes on pages 42 to 51 form part of these financial statements.

# Statement of Cash Flows

For the year ended 30 June, 2007



	Notes	2007 ₦'000	2006 ₦'000
<b>Cash Flows from Operating Activities</b>			
Trading Profit		14,227,302	12,223,864
Adjusted for:			
Depreciation of fixed assets	7	2,763,545	2,677,048
Gain on disposal of fixed assets		(111,294)	(9,897)
Provision for gratuity	14	822,441	909,323
Decrease/(Increase) in long-term debtors and prepayments		(86,485)	197,457
		<hr/>	<hr/>
Trading Profit before Working Capital Changes		17,615,509	15,997,795
Working capital changes:			
Decrease in stocks		212,144	847,804
Increase in debtors and prepayment		(3,430,902)	(1,780,199)
Decrease in deposits for imports		24,779	3,069,067
Increase in creditors and accruals		2,988,779	2,862,932
		<hr/>	<hr/>
		17,410,309	20,997,399
		<hr/>	<hr/>
Gratuity paid	14	(130,827)	(774,400)
Tax paid	4(b)	(2,074,757)	(1,213,828)
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>		<b>15,204,725</b>	<b>19,009,171</b>
		<hr/>	<hr/>
<b>Cash Flows from Investing Activities</b>			
Interest received	2(b)	2,196,894	764,119
Purchase of fixed assets	7	(3,428,453)	(3,076,368)
Proceeds from sale of fixed assets		183,324	56,812
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,048,235)</b>	<b>(2,255,437)</b>
		<hr/>	<hr/>
<b>Cash Flows from Financing Activities</b>			
Interest paid	2(c)	(1,539,746)	(1,551,212)
Dividend paid	12(b)	(4,530,848)	(3,337,225)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(6,070,594)</b>	<b>(4,888,437)</b>
		<hr/>	<hr/>
Net increase in cash and cash equivalents		8,085,896	11,865,297
Cash and cash equivalents at 1 July		13,921,255	2,055,958
		<hr/>	<hr/>
Cash and cash equivalents at 30 June		22,007,151	13,921,255
		<hr/>	<hr/>
<b>Cash and Cash Equivalents</b>			
This comprises:			
Cash and Bank Balances		2,402,938	4,121,255
Short-term deposits with Banks		19,604,213	9,800,000
		<hr/>	<hr/>
		22,007,151	13,921,255
		<hr/>	<hr/>

The accounting policies on pages 36 to 38 and the notes on pages 42 to 51 form part of these financial statements.



# Notes to the Financial Statements

For the year ended 30 June, 2007

## 1. Analysis of Turnover

The analysis of turnover and profit by geographical area is as follows:

	Turnover		Operating Profit	
	2007 ₦'000	2006 ₦'000	2007 ₦'000	2006 ₦'000
Nigeria	61,516,291	53,082,126	13,979,991	12,093,808
Export	749,122	569,655	127,491	130,056
	<u>62,265,413</u>	<u>53,651,781</u>	<u>14,107,482</u>	<u>12,223,864</u>

## 2. Profit before Taxation

(a) This is arrived at after charging/(crediting):

	2007 ₦'000	2006 ₦'000
Directors' emoluments (Note 3c)	82,655	68,477
Auditors' remuneration	14,375	14,375
Depreciation of fixed assets	2,763,545	2,677,048
Actuarial loss/(gain) for the year	44,497	(69,894)
Gain on disposal of fixed assets	(111,294)	(9,897)
(Gain)/loss on foreign exchange transactions	(34,506)	28,346
Operating lease income	(118,518)	(7,201)

(b) Interest received comprises:

	2007 ₦'000	2006 ₦'000
- Interest from short-term deposits	2,116,108	651,998
- Interest from finance lease	3,116	27,059
- Interest from letters of credit	5,333	10,057
- Other interest received	72,337	75,005
	<u>2,196,894</u>	<u>764,119</u>

(c) Interest paid comprises:

	2007 ₦'000	2006 ₦'000
- Interest on term loans	(1,275,000)	(1,233,019)
- Interest on overdraft	(264,746)	(318,193)
	<u>(1,539,746)</u>	<u>(1,551,212)</u>

## 3. Particulars of Directors and Staff

(a) Staff cost

	2007 ₦'000	2006 ₦'000
- Salaries, wages and allowances	3,569,694	3,440,160
- Pension and Provident Funds Contribution	448,515	164,163
- Gratuity	822,441	909,323
	<u>4,840,650</u>	<u>4,513,646</u>

	2007 Number	2006 Number
Average number employed	1,078	1,332
Operations & Technical	612	806
Sales & Distribution	306	368
Commercial	62	76
Corporate Affairs & Human Resources	76	59
Marketing	22	23
	<u>1,078</u>	<u>1,332</u>



(b) The table below shows the number of employees of the Company who earned over ₦350,000 (excluding pension costs and certain benefits) in the period and which fell within the bands stated below:

			2007 Number	2006 Number
₦ 350,001	-	₦ 450,000	95	366
₦ 450,001	-	₦ 550,000	210	192
₦ 550,001	-	₦ 650,000	130	71
₦ 650,001	-	₦ 750,000	141	89
₦ 750,001	-	₦ 850,000	119	22
₦ 850,001	-	₦ 950,000	64	36
₦ 950,001	-	₦ 1,050,000	35	54
₦ 1,050,001	-	₦ 1,150,000	29	29
₦ 1,150,001	-	₦ 1,250,000	55	25
₦ 1,250,001	-	₦ 1,350,000	31	14
₦ 1,350,001	-	₦ 1,450,000	21	13
₦ 1,450,001	-	₦ 1,550,000	16	10
₦ 1,550,001	-	₦ 1,650,000	18	13
₦ 1,650,001	-	₦ 1,750,000	12	4
₦ 1,750,001	-	₦ 2,000,000	30	25
₦ 2,000,001	-	₦ 2,250,000	20	14
₦ 2,250,001	-	₦ 3,000,000	39	34
₦ 3,000,001	-	and above	65	47



## Notes to the Financial Statements (cont'd)

	2007 ₦ '000	2006 ₦ '000
(c) Emoluments of directors of the Company who discharged their duties wholly or mainly in Nigeria.		
Fees paid to Non-Executive Directors	3,000	2,520
Fees and emoluments paid to the Chairman	2,963	2,850
Emoluments paid to Executive Directors	76,692	63,107
	<u>82,655</u>	<u>68,477</u>
The emoluments (excluding pension contributions) of the highest paid Director amounted to	<u>29,040</u>	<u>24,000</u>

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

		2007 Number	2006 Number	
₦	₦			
200,001	-	600,000	9	7
1,000,001	-	2,000,000	-	2
2,000,001	-	3,000,000	-	-
3,000,001	-	4,000,000	1	2
4,000,001	-	5,000,000	1	1
5,000,001	-	6,000,000	-	1
6,000,001	-	7,000,000	-	-
7,000,001	-	9,000,000	1	-
9,000,001	-	10,000,000	-	-
10,000,001	-	30,000,000	2	2
		<u>14</u>	<u>15</u>	

### 4. Taxation

	2007 ₦ '000	2006 ₦ '000
(a) Tax charge (per profit and loss account) based on the profit for the year		
Current income tax	3,885,836	1,942,900
Education tax	355,801	281,942
Deferred tax (Note 13)	(321,746)	1,420,158
Prior year under-provision – Income tax	273,499	351,669
	<u>4,193,390</u>	<u>3,996,669</u>



	2007		2006	
	₦'000	₦'000	₦'000	₦'000
(b) Tax liability (per balance sheet)				
Balance at 1 July:				
Income tax		2,297,625		1,051,213
Education tax		282,509		166,238
		<u>2,580,134</u>		<u>1,217,451</u>
Charge for the year				
- Income tax		3,885,836		1,942,900
- Education tax		355,801		281,942
Payment during the year:				
- Income tax	(1,792,248)		(1,051,327)	
- Education	(282,509)		(162,501)	
	<u>(2,074,757)</u>		<u>(1,213,828)</u>	
Under-provision for prior year – income tax		273,499		351,669
Balance at 30 June		<u>5,020,513</u>		<u>2,580,134</u>

## 5. Declared Dividend during the year.

Statement of Accounting Standard No. 23 (SAS 23) on Provisions, Contingent Liabilities and Contingent Assets was issued by the Nigerian Accounting Standards Board on June 1, 2006 and became applicable for financial statements covering periods ending on or after December 31, 2006. Based on this standard, liabilities can only be recognised in the financial statements when an entity has a present obligation arising from a past event. In the case of proposed dividends, a present obligation only arises when such proposed dividends have been declared by the shareholders in the general meeting.

Accordingly, proposed final dividends which had previously been recognised as a liability in the financial statements of the financial year for which they were proposed will now only be recognised as a liability in the financial statements in the year in which they are declared. Only dividends recognised as distributions to shareholders during the period are shown on the face of the income statement while proposed dividends which had hitherto been shown on the face of the income statement is now shown in the notes.

This change in accounting policy has been recognised retrospectively and comparative figures for dividends, dividend per share, opening retained earnings and dividend payable are restated as shown below and in Notes 6, 12(b) and 20 respectively.

	2007 ₦'000	2006 ₦'000
Dividend proposed as previously reported	-	4,719,762
Implication of adoption of SAS 23:		
-Add/ (deduct) dividend proposed for 2006 but declared in 2007	4,719,762	(4,719,762)
-Add dividend proposed in 2005 but declared in 2006	-	3,539,821
Declared dividend during the year	<u>4,719,762</u>	<u>3,539,821</u>



## Notes to the Financial Statements (cont'd)

A dividend of ₦6,637 million i.e. 450k per 50k share (2006: ₦4,720 million i.e. 400k per 50k share) is proposed. This dividend when declared is payable to eligible shareholders subject to deduction of 10 % withholding tax, which is not retained by the Company but is payable to the Federal and State Tax Authorities.

### 6. Earnings and Dividend Per Ordinary Share

- (a) Earnings and declared dividend per share are based on the Company's profit after taxation and dividend for the year respectively of ₦10, 691million (2006: ₦7,440 million ) and declared dividends on ordinary shares of ₦4,720 million (2006: ₦3, 540 million ) and on 1,363, 396, 904 (2006: 1,179,940,415) ordinary shares of 50 kobo being the average number of ordinary shares in issue and ranking for dividend during the year.
- (b) Adjusted earnings per share and adjusted dividend per share have been computed on the basis of shares in issue as at 30 June 2007.

### 7. Fixed Assets

	Leasehold Land and Buildings ₦ '000	Plant and Machinery ₦ '000	Furniture & Equipment ₦ '000	Motor Vehicles ₦ '000	Assets in Progress ₦ '000	Total ₦ '000
<b>Cost or Valuation:</b>						
At 1st July, 2006	5,318,597	30,106,683	2,115,605	2,348,309	587,212	40,476,406
Additions	110,334	231,741	117,500	699,365	2,269,513	3,428,453
Disposals	(74,076)	(137,740)	(39,779)	(233,673)	-	(485,268)
Transfer	609,473	622,592	43,136	265,298	(1,540,499)	-
Re-classification	721,094	(697,471)	(23,623)	-	-	-
At 30 June,2007	<u>6,685,422</u>	<u>30,125,805</u>	<u>2,212,839</u>	<u>3,079,299</u>	<u>1,316,226</u>	<u>43,419,591</u>
<b>Depreciation:</b>						
At 1st July, 2006	690,155	7,914,972	1,337,202	1,002,108	-	10,944,437
Charge for the year	157,517	1,329,923	416,885	859,220	-	2,763,545
Disposals	(19,321)	(137,560)	(33,269)	(223,088)	-	(413,238)
Re-classification	-	1,111	(4,374)	3,263	-	-
At 30 June 2007	<u>828,351</u>	<u>9,108,446</u>	<u>1,716,444</u>	<u>1,641,503</u>	<u>-</u>	<u>13,294,744</u>
<b>Net Book Value</b>						
At 30 June 2007	<u>5,857,071</u>	<u>21,017,359</u>	<u>496,395</u>	<u>1,437,796</u>	<u>1,316,226</u>	<u>30,124,847</u>
Net Book Value						
At 30 June 2006	<u>4,628,442</u>	<u>22,191,711</u>	<u>778,403</u>	<u>1,346,201</u>	<u>587,212</u>	<u>29,531,969</u>

Certain of the Company's leasehold land and buildings, plant and machinery were revalued as at 2 January, 1997 by Messrs Knight Frank on the basis of depreciated replacement cost. The Net Book Value of revalued assets included in the above are as follows:

	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Net Book Value of revalued assets at 30 June 2007	<u>1,303,840</u>	<u>1,470,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,773,984</u>
Net Book Value of revalued assets as at 30 June 2006	<u>1,385,003</u>	<u>1,624,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,009,997</u>

Included in motor vehicles are assets under an operating lease arrangement with third parties. The cost of the assets is ₦513 million (2006: ₦246 million) and the accumulated depreciation at the balance sheet date is ₦138 million (2006: ₦34 Million).



	2007 ₦'000	2006 ₦'000
<b>8. Long-Term Debtors and Prepayment</b>		
Long-term debtor (Note a)	101,852	50,926
Long-term prepayment	166,408	130,849
	<u>268,260</u>	<u>181,775</u>
(a) This represents an investment in a finance lease and is analysed as follows:		
Gross investment	135,803	168,546
Less: Deferred Income	-	(15,768)
Net Investment	<u>135,803</u>	<u>152,778</u>
Less: current portion included in current debtors (Note 10)	<u>(33,951)</u>	<u>(101,852)</u>
Long-term portion	<u>101,852</u>	<u>50,926</u>
The current portion of the lease was restructured during the year. There is no un-guaranteed residual value in respect of the leased asset.		
<b>9. Stocks</b>		
Bottled beer	3,739,477	1,151,069
Beer in process	228,246	186,360
Raw materials	3,419,045	3,557,016
Empty bottles and containers	3,826,029	5,701,874
Engineering spares	1,508,101	2,336,723
	<u>12,720,898</u>	<u>12,933,042</u>
Included in the above are raw materials in transit of ₦550 million (2006: ₦1,161 million)	<u>12,720,898</u>	<u>12,933,042</u>
<b>10. Debtors and Prepayments</b>		
Trade Debtors	3,908,810	2,084,290
Other debtors (Note a)	2,315,588	703,124
Prepayments	403,847	342,028
Current portion of long-term debt (Note 8)	33,951	101,852
	<u>6,662,196</u>	<u>3,231,294</u>

(a) Included in other debtors is an amount of ₦202 million (2006: ₦104 million) arising from transactions with Diageo Group Companies.



## Notes to the Financial Statements (cont'd)

	2007 ₦'000	2006 ₦'000
<b>11. Cash and Bank Balances</b>		
Cash at Bank and in hand	2,402,938	4,121,255
Short-term deposits with banks	19,604,213	9,800,000
	<u>22,007,151</u>	<u>13,921,255</u>
<b>12. Creditors and Accruals</b>		
Trade Creditors	3,353,730	1,707,043
Other creditors (Note a)	8,536,901	7,416,912
Accruals	3,854,707	3,632,604
Dividend payable (Note b)	802,465	613,551
	<u>16,547,803</u>	<u>13,370,110</u>
(a) Included in other creditors is an amount of ₦2,331 million (2006: ₦2,169 million) due to Diageo Group Companies.		
(b) Dividend Payable		
Balance at 1 July as previously stated	5,333,313	3,950,776
Effect of adoption of SAS 23 (Note 5):		
Less: Dividend proposed but undeclared at the beginning of the year.	<u>(4,719,762)</u>	<u>(3,539,821)</u>
Balance at 1 July as restated	613,551	410,955
Dividend declared (Note 5)	4,719,762	3,539,821
Payments	<u>(4,530,848)</u>	<u>(3,337,225)</u>
Balance at 30 June	<u>802,465</u>	<u>613,551</u>
In addition to the above balance, dividends (numbers 73 to 76) amounting to ₦726 million (2006: ₦458 million) are held by the Registrars.		
<b>13. Deferred Taxation</b>		
The movement on the deferred tax account is as follows:		
Balance at 1 July	6,968,521	5,548,363
(Write back)/ provision for the year (Note 4(a))	<u>(321,746)</u>	<u>1,420,158</u>
Balance at 30 June	<u>6,646,775</u>	<u>6,968,521</u>



	2007 N'000	2006 N'000
<b>14. Provision for Gratuity</b>		
Balance at 1 July	2,763,880	2,628,957
Provision for the year	822,441	909,323
Payment during the year	(130,827)	(774,400)
	<u>3,455,494</u>	<u>2,763,880</u>
Balance at 30 June	<u>3,455,494</u>	<u>2,763,880</u>
The gratuity provision is based upon independent actuarial valuation by HR Nig. Ltd. The last such valuation was carried out as at 30 June 2007.		
<b>15. Term Loan</b>		
Total amount drawn down	8,500,000	8,500,000
Current portion due within 1 year	(5,000,000)	-
	<u>3,500,000</u>	<u>8,500,000</u>
Amount due after 1 year	<u>3,500,000</u>	<u>8,500,000</u>
Term loan represents a facility obtained from a consortium of Nigerian banks between 2004 and 2005 to finance the Company's capital expansion programme. The loan was drawn in two tranches - ₦ 5 billion and ₦ 3.5 billion. The facility has a tenor of four (4) years from initial drawdown including a moratorium period of three (3) years and is priced at the Central Bank of Nigeria (CBN) Monetary Policy Rate (MPR) plus 1%. The loan is secured by a negative pledge on the assets of the Company.		
Amounts classified as current portion of term loan represents principal repayment obligations falling due in the next 1 year.		
There was no movement in the loan during the year.		
<b>16. Share Capital</b>		
Authorized:		
2 billion ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid:		
1,474,925,519 ordinary shares of 50k each		
Balance at 1 July	589,970	589,970
Transfer from bonus reserve (Note 17)	147,493	-
	<u>737,463</u>	<u>589,970</u>
Balance at 30 June	<u>737,463</u>	<u>589,970</u>
<b>17. Bonus Issue Reserve</b>		
Balance at 1 July	147,493	-
Transfer from share premium (Note 18)	-	147,493
Transfer to share capital (Note 16)	(147,493)	-
	<u>-</u>	<u>147,493</u>
Balance at 30 June	<u>-</u>	<u>147,493</u>



## Notes to the Financial Statements (cont'd)

	2007 ₦'000	2006 ₦'000
<b>18. Share Premium</b>		
Balance at 1 July	1,545,787	1,693,280
Transfer to Bonus Issue Reserve (Note 17)	-	(147,493)
	<u>1,545,787</u>	<u>1,545,787</u>
Balance at 30 June	<u>1,545,787</u>	<u>1,545,787</u>
<b>19. Fixed Assets Revaluation Reserve</b>		
This represents the surplus on the revaluation of leasehold properties, plant and machinery		
Balance at 1 July	3,790,263	3,945,560
Transfer to Revenue Reserve in respect of asset disposal (Note 20)	(39,174)	(155,297)
	<u>3,751,089</u>	<u>3,790,263</u>
Balance at 30 June	<u>3,751,089</u>	<u>3,790,263</u>
<b>20. Revenue Reserve</b>		
Balance at 1 July	14,874,269	11,998,632
Effect of adoption of SAS 23 (Note 5):		
Add dividend proposed for the preceding year but declared in current year	4,719,762	3,539,821
	<u>19,594,031</u>	<u>15,538,453</u>
Balance at 1 July as restated	19,594,031	15,538,453
Transfer from Fixed Assets Revaluation Reserve (Note 19)	39,174	155,297
Retained profit for the year	5,971,298	3,900,281
	<u>25,604,503</u>	<u>19,594,031</u>
Balance at 30 June	<u>25,604,503</u>	<u>19,594,031</u>

### 21. Capital Commitment

At 30 June 2007, the amount of capital expenditure authorised by the Board was ₦5,417 million (2006: ₦4,327 million). At the balance sheet date commitments of ₦1,178 million (2006: ₦409million) had been entered into in respect of the unspent amount.

### 22. Contingent Liabilities

- (a) Contingent liabilities at the balance sheet date arising in the ordinary course of business out of guarantees and agreements, amounted to ₦160 million (2006: ₦138 million). In the opinion of the Directors, no material loss is expected to arise from these guarantees and agreements.
- (b) No provision has been made in the financial statements for the contingent capital gains tax liability of ₦100 million (2006: ₦108 million) which might arise on disposal of revalued leasehold land and buildings at their present net book values. However, it is not the Directors' present intention to sell these assets.
- (c) The Company is subject to various claims and other liabilities arising in the normal course of business. The contingent liabilities in respect of pending litigation and other liabilities amounted to ₦1,546 million as at 30 June 2007 (2006: ₦1,062 million). In the opinion of the Directors, based on legal advice, no material loss is expected to arise from these claims.



### 23. Transactions with Related Companies

The Company sources certain raw materials, engineering spares and fixed asset additions from companies related to its ultimate holding Company, Diageo Plc. Additionally, the Company pays Technical Service fees and Royalties to Companies within the Diageo Group. At year end, the total amount due to Diageo Group was ₦2,331 million (2006: ₦2,169 million) (Note 12 (a)), of which ₦776 million (2006: ₦1,184 million) represents Technical Service Fees and Royalties.

Similarly, the Company incurs certain expenses on behalf of companies related to its ultimate holding company, Diageo Plc., such as staff exchange programmes, workshops and trainings. At year end, the total amount receivable from Diageo Group was ₦202 million (2006: ₦104 million) (Note 10 (a)).

Technical Services fees and Royalties incurred for the year include:

	2007 ₦'000	2006 ₦'000
Technical Service Fees	969,224	789,374
Royalties	477,927	394,687
	<u>1,447,151</u>	<u>1,184,061</u>

### 24. Post Balance Sheet Events

There were no significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 30 June 2007 which have not been adequately provided for.

### 25. Ultimate Holding Company

The ultimate holding Company is Diageo Plc incorporated in the United Kingdom.

### 26. Comparative Figures

As indicated in Note 5, certain prior year comparative figures have been restated in line with current year presentation.

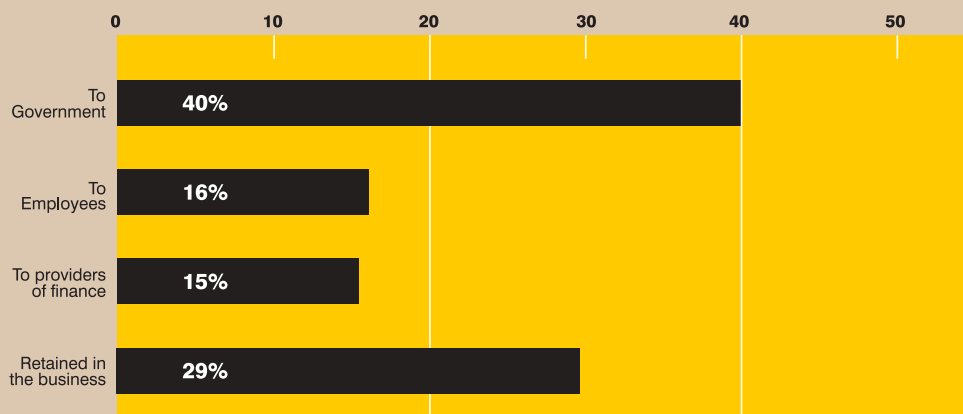


## Statement of Value Added

For the year ended 30 June, 2007

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

	2007	%	2006	%
	₦'000		₦'000	
Turnover	62,265,413		53,651,781	
Bought in materials and services				
- Imported	(8,671,339)		(7,297,263)	
- Local	(23,697,344)		(19,941,495)	
	<u>29,896,730</u>		<u>26,413,023</u>	
Interest Income, net	657,148		-	
Value added	<u>30,553,878</u>	100	<u>26,413,023</u>	100
Distribution of Value Added				
To Government:				
Tax on Company profit	4,193,390	14	3,996,669	15
Excise Duty	8,065,233	26	6,998,465	27
To Employees:				
Salaries, Wages and Fringe Benefits	4,840,650	16	4,513,646	17
To Providers of Finance:				
Dividend to Shareholders	4,719,762	15	3,539,821	13
Interest paid, net	-		787,093	3
Retained in the Business:				
To maintain and replace Fixed Assets	2,763,545	9	2,677,048	10
To augment Reserves	5,971,298	20	3,900,281	15
	<u>30,553,878</u>	100	<u>26,413,023</u>	100



# Five-Year Financial Summary



	2007 ₦'000	2006 ₦'000	2005 ₦'000	2004 ₦'000	2003 ₦'000
<b>Results</b>					
Turnover	62,265,413	53,651,781	46,859,356	47,369,394	37,949,795
Trading Profit	14,227,302	12,223,864	8,053,537	11,907,166	10,073,143
Add back: Exceptional item	-	-	3,638,264	-	-
Trading Profit adjusted for Exceptional Item	14,227,302	12,223,864	11,691,801	11,907,166	10,073,143
Profit before taxation	14,884,450	11,436,771	6,276,167	11,687,494	9,901,668
Profit after taxation	10,691,060	7,440,102	4,859,019	7,913,503	6,636,335
Declared dividend *	(4,719,762)	(3,539,821)	(6,194,687)	(5,604,717)	(2,654,866)
Retained Earnings*	5,971,298	3,900,281	(1,335,668)	2,308,786	3,981,469
<b>Employment of Funds</b>					
Fixed assets	30,124,847	29,531,969	29,179,564	24,822,548	16,012,252
Investment	-	-	-	18,316	18,316
Long term Debtors and Prepayments	268,260	181,775	379,232	79,198	-
Net current assets*	14,848,004	14,186,201	8,885,787	11,391,576	10,655,899
Deferred Tax Liability	(6,646,775)	(6,968,521)	(5,548,363)	(5,456,673)	(3,725,419)
Provision for Gratuity	(3,455,494)	(2,763,880)	(2,628,957)	(2,752,034)	(2,166,903)
Term loan	(3,500,000)	(8,500,000)	(8,500,000)	(5,000,000)	-
<b>Total Net assets</b>	<b>31,638,842</b>	<b>25,667,544</b>	<b>21,767,263</b>	<b>23,102,931</b>	<b>20,794,145</b>
<b>Funds Employed</b>					
Share capital	737,463	589,970	589,970	589,970	353,982
Bonus issue reserve	-	147,493	-	-	235,988
Revaluation reserve	3,751,089	3,790,263	3,945,560	3,977,742	4,162,426
Share premium	1,545,787	1,545,787	1,693,280	1,693,280	1,693,280
Revenue reserves*	25,604,503	19,594,031	15,538,453	16,841,939	14,348,469
<b>Total equity (shareholders' Funds)</b>	<b>31,638,842</b>	<b>25,667,544</b>	<b>21,767,263</b>	<b>23,102,931</b>	<b>20,794,145</b>
<b>Statistics</b>					
Share price at period end	12,655k	10,890k	8,700k	16,100k	7,000k
Earnings per share	784k	631k	412k	794k	937k
Adjusted earnings per share	725k	504k	329k	537k	450k
Declared Dividend per share*	346k	300k	525k	563k	375k
Adjusted dividend per share*	320k	240k	420k	380k	180k
Net worth per share*	2,321k	2,175k	1,845k	2,319k	2,937k
Adjusted net worth per share*	2,145k	1,740k	1,476k	1,566k	1,410k
Current Assets: Current liabilities*	1.6	1.9	1.8	1.9	1.8

\*Restated to account for the retrospective adoption of SAS 23 (Note 5 to the financial statements)



## Shareholders' Information

### Share Capital History

The share capital history of the Company is as shown below. The issued and paid-up share capital of the Company as at 30 June, 2007 is ₦737,462,759

DATE	AUTHORISED SHARE CAPITAL		ISSUED AND FULLY PAID		CONSIDERATION
	VALUE (₦)	SHARES	VALUE (₦)	SHARES	
31-08-72	3,000,000	6,000,000	3,000,000	6,000,000	Conversion to Naira
14-12-72	5,000,000	10,000,000	5,000,000	10,000,000	Scrip Issue (2:3)
30-03-76	8,000,000	16,000,000	8,000,000	16,000,000	Scrip Issue (3:5)
05-11-76	10,000,000	20,000,000	10,000,000	20,000,000	Public Issue
11-03-77	15,000,000	30,000,000	15,000,000	30,000,000	Scrip Issue (1:2)
28-09-78	25,000,000	50,000,000	25,000,000	50,000,000	Scrip Issue (2:3)
21-02-80	37,500,000	75,000,000	37,500,000	75,000,000	Scrip Issue (1:2)
25-02-82	50,000,000	100,000,000	50,000,000	100,000,000	Scrip Issue (1:3)
15-03-84	75,000,000	150,000,000	75,000,000	150,000,000	Scrip Issue (1:2)
13-03-84	100,000,000	200,000,000	100,000,000	200,000,000	Scrip issue (1:3)
26-07-90	150,000,000	300,000,000	150,000,000	300,000,000	Scrip Issue (1:2)
18-07-90	200,000,000	400,000,000	180,000,000	360,000,000	Rights Issue(1:5)
29-09-95	350,000,000	700,000,000	270,000,000	540,000,000	Right Issue (1:2)
02-01-97	350,000,000	700,000,000	339,519,721	679,039,441	Conversion of ICLS to shares
19-06-97	400,000,000	800,000,000	339,519,721	679,039,441	Increase in authorised share capital
16-07-97	400,000,000	800,000,000	350,733,576	701,467,151	Scrip Dividend to Shares
13-07-98	400,000,000	800,000,000	353,982,125	707,964,249	Scrip Dividend to Shares
20-11-02	1,000,000,000	2,000,000,000	353,982,125	707,964,249	Increase in authorised share capital
20-11-03	1,000,000,000	2,000,000,000	589,970,207	1,179,940,415	Scrip issue (2:3)
16-11-06	1,000,000,000	2,000,000,000	737,462,759	1,474,925,519	Scrip issue (1:4)

### Substantial Interest in Shares

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

Shareholders	Number of Shares	Percentage
Guinness Overseas Limited	678,958,195	46.03%
Atalantaf Limited	114,613,969	7.77%



### Statistical Analysis of Shareholding

- a) The shares of the Company are held in the ratio of 46% by Nigerians and 54% by offshore investors.  
 b) The Company's issued shares of 1,474,925,519 as at year end are held by shareholders as follows:

Range	No. of Holders	%	Units	%
1 - 1,000	23,963	31.58	10,536,214	0.71
1,001 - 5,000	35,419	46.68	92,453,640	6.27
5,001 - 10,000	9,039	11.91	65,350,016	4.43
10,001 - 50,000	6,210	8.18	118,507,127	8.03
50,001 - 100,000	615	0.81	42,780,165	2.90
100,001 - 500,000	521	0.69	104,237,212	7.07
500,001 - 1,000,000	60	0.08	41,241,426	2.80
1,000,001 - 999,999,999	48	0.07	999,819,685	67.79
<b>Grand Total</b>	<b>75,875</b>	<b>100.00</b>	<b>1,474,925,485</b>	<b>100.00</b>

### Ten-Year Dividend History

Dividend in the last ten years

Year	Profit After Taxation	Dividend Proposed (₦)	Dividend per Share (k)
1997	717,920,000	701,467,151	100
1998 (Half Year)	906,321,000	424,778,549	60
1999	2,617,548,000	1,274,336,000	180
2000	3,094,570,000	1,699,114,000	240
2001	4,105,879,000	2,123,893,000	300
2002	4,149,536,000	2,654,866,000	375
2003	6,636,335,000	5,604,717,000	475
2004	7,913,503,000	6,194,687,000	525
2005	4,859,019,000	3,539,821,000	300
2006	7,440,102,000	4,719,762,000	400
*2007	10,691,064,000	6,637,164,836	450

\* Proposed Dividend yet to be declared by shareholders

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



## Shareholders' Information (cont'd)

### Unclaimed Dividends and Share Certificates

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

(a) **In the case of unclaimed dividends**

The Company Secretary,  
Guinness Nigeria Plc,  
24, Oba Akran Avenue,  
P.M.B. 21071, Ikeja,  
Lagos.

(b) **In the case of share certificates**

The Registrar,  
Union Registrars Limited,  
2, Burma Road, Apapa, Lagos.

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

The Company Secretary's office,  
Guinness Nigeria PLC,  
24, Oba Akran Avenue,  
P.M.B. 21071  
Ikeja - Lagos

### Unclaimed Dividends with Dates

Dividends	Date Declared
62	11/07/93
63	11/07/94
64	22/06/95
65	18/06/96
66	19/06/97
67	18/06/98
68	10/12/98
69	18/11/99
70	24/11/00
71	22/11/01
72	20/11/02
73	20/11/03
74	23/11/04
75	24/11/05

# Proxy Form



Annual General Meeting of the members of Guinness Nigeria Plc to be held at the Shell Nigeria Hall of the MUSON Centre, Marina, Lagos on Thursday, 15 November 2007 at 10.00 o'clock in the forenoon.

I/We\* .....  
being a member/ members of GUINNESS NIGERIA PLC., hereby appoint

\*\* .....

or failing him, **CHIEF R. A. ALABI** or failing him, **MR. K. R. M. TAYLOR**  
or failing him, **DR. N. BLAZQUEZ** as my/our proxy to act and vote for  
me/us and on my/our behalf at the Annual General Meeting of the  
company to be held on the 15 November 2007 and at any  
adjournment thereof.

Dated this .....day of ..... 2007

Shareholder's signature.....

**\*Delete as necessary**

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

NUMBER OF SHARES		
RESOLUTION	FOR	AGAINST
To declare a dividend		
To re-elect as Director K.R.M. Taylor		
To re-elect as Director B. A. Savage		
To re-elect as Director G.K.Mahinda		
To re-elect as Director D. J.C. Nicholls		
To re-elect as Director O. Falase		
To re-elect as Director L. Turnbull		
To approve the remuneration of the Auditors		
To elect members of the Audit Committee		
To approve the remuneration of the Directors		
<p><i>Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.</i></p>		

## ADMISSION CARD

PLEASE ADMIT \_\_\_\_\_  
to the Annual General Meeting of Guinness Nigeria PLC which  
will be held at the SHELL Hall of the MUSON Centre, Marina,  
Lagos on 15 November 2007 at 10.00 a.m.

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

**Sesan Sobowale**  
Company Secretary/Legal Adviser



\_\_\_\_\_  
*Name of shareholder*

\_\_\_\_\_  
*Address of Shareholder*

\_\_\_\_\_  
*Number of Shares Held*

*Second fold here*

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*please affix postage*

The Registrar,  
Union Registrars Limited,  
2, Burma Road,  
Apapa.  
P.M.B. 12717,  
Lagos.

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*first fold here*

**TRIPLE-FILTERED  
TO PERFECTION**

**SHARPEN UP**



GUINNESS