Guinness Nigeria Plc.

Unaudited Interim Financial Statements

For the 9 months ending 31 March, 2013

Guinness Nigeria Plc

Statement of financial position

As at 31 March 2013

	Notes	As at 31 March 2013 ₦'000	As at 30 June 2012 ₦'000	As at 1 July 2011 ₦'000
Assets				
Non-current assets				
Intangible assets	9	603,562	679,792	1,031,280
Property, plant and equipment	10	86,475,486	75,056,258	56,817,429
Long term debtors and prepayment	11	345,063	522,072	675,476
Deferred tax asset	18	1,606,167	1,606,167	1,613,716
		89,030,278	77,864,289	60,137,901
Current assets				
Inventories	12	16,757,531	14,513,058	10,192,563
Trade and other receivables	13	23,028,658	10,862,318	18,027,080
Short Term Investment	14	-	-	774,000
Cash and cash equivalents	15	3,049,632	4,778,321	8,191,711
		42,835,821	30,153,697	37,185,354
Total assets		**131,866,099**	**108,017,986**	**97,323,255**
Liabilities				
Current liabilities				
Bank Overdraft	15	13,841,409	4,928,916	-
Trade and other payables	20	42,194,376	29,611,081	32,290,148
Corporate tax payable	7(b)	3,594,917	5,189,181	6,324,044
Dividend payable	19	4,091,961	4,452,710	3,921,648
Borrowings	16	2,662,745	891,300	-
		66,385,408	45,073,188	42,535,840
Non-current liabilities				
Finance lease obligations		7,816,307	8,513,059	1,332,933
Deferred tax liabilities	18	12,721,196	12,721,196	11,508,182
Long term employee benefits		3,054,852	3,087,076	3,739,799
		23,592,355	24,321,331	16,580,914
Total liabilities		**89,977,763**	**69,394,519**	**59,116,754**
Equity				
Ordinary share capital	17	752,944	737,463	737,463
Share Premium		8,961,346	1,545,787	1,545,787
Retained earnings		32,174,046	36,340,217	35,923,251
Equity attributable to equity holders of the Company		**41,888,336**	**38,623,467**	**38,206,501**
Total equity		**41,888,336**	**38,623,467**	**38,206,501**
Net equity and liabilities		**131,866,099**	**108,017,986**	**97,323,255**

The financial statements on pages 2 to 29 were approved and authorised for issue by the Board of Directors on _______________and were signed on its behalf by:

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Lisa Nichols (Finance and Strategy Director)

Guinness Nigeria Plc

Income Statement
For the Nine month ended 31 March 2013

	Notes	9 months ended 31 March 2013 ₦'000	9 months ended 31 March 2012 ₦'000	Year ended 30 Jun 2012 ₦'000
Gross revenue		94,928,310	92,074,546	135,773,490
Excise duty		(6,486,416)	(7,035,656)	(9,485,307)
Revenue	3	88,441,894	85,038,890	126,288,183
Cost of sales		(48,187,247)	(45,201,597)	(70,321,876)
Gross profit		40,254,647	39,837,293	55,966,307
Distribution and Administrative expenses		(26,759,400)	(26,162,750)	(34,161,918)
Other Income / (expenses)	4	292,207	754,074	1,158,868
Operating profit		13,787,454	14,428,617	22,963,257
Other Finance income	5	156,265	261,966	306,990
Other Finance charges	5	(2,709,602)	(1,084,542)	(2,093,463)
Net Other Finance income / (cost)		(2,553,337)	(822,576)	(1,786,473)
Profit before taxation	6	11,234,117	13,606,041	21,176,784
Taxation	7(a)	(3,600,884)	(4,348,023)	(6,322,544)
Profit for the period		7,633,233	9,258,018	14,854,240
Earnings Per Share	8	507k	628k	1,436k
Earnings Per Share (Diluted)	8	507k	628k	1,436k

The notes on pages 7 to 29 are an integral part of these financial statements.

Guinness Nigeria Plc

Statement of comprehensive income
For the Nine month ended 31 March 2013

	Notes	9 months ended 31 March 2013 ₦'000	9 months ended 31 March 2013 ₦'000	Year ended 30 June 2012 ₦'000
Profit for the period		7,633,233	9,258,018	14,854,240
Other comprehensive income:				
Actuarial Gain		-	-	124,014
Total comprehensive income for the period		7,633,233	9,258,018	14,978,254

Guinness Nigeria Plc

Statement of Changes in Equity
Period ended 31 March 2013

	Share Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total ₦'000
At 1 July 2011	737,463	1,545,787	35,923,251	38,206,501
Other comprehensive income				-
Statute Barred Dividend	-	-	147,071	147,071
Dividend relating to 2011 year end	-	-	(13,417,075)	(13,417,075)
Total comprehensive income/(expense) for the period	-	-	9,258,018	9,258,018
Balance at 31 March 2012	737,463	1,545,787	31,911,265	34,194,515
At 1 April 2012	737,463	1,545,787	31,911,265	34,194,515
	-	-		
Share Option Reserve	-	-	40,895	40,895
Actuarial Gain	-	-	124,015	124,015
Dividend relating to 2011 year end	-	-	(1,332,180)	(1,332,180)
Total comprehensive income/(expense) for the period	-	-	5,596,222	5,596,222
Balance at 30 June 2012	737,463	1,545,787	36,340,217	38,623,467
Balance at 1 July 2012	737,463	1,545,787	36,340,217	38,623,467
Scrip Issue of Shares	15,481	-	-	15,481
Share premium on Script Issue	-	7,415,559	-	7,415,559
Dividend relating to 2012 year end	-	-	(11,799,404)	(11,799,404)
Total comprehensive income/(expense) for the period	-	-	7,633,233	7,633,233
Balance at 31 March 2013	752,944	8,961,346	32,174,046	41,888,336

Guinness Nigeria Plc
Statement of Cash Flow
9 months to 31 March 2013

	9 months to 31 March 2013 ₦'000	**9 months to 31 March 2012 ₦'000**
Cash flows from operating activities		
Operating profit	13,787,454	14,428,617
Adjusted for:		
Depreciation of property plant and equipment	7,315,880	5,744,986
Amortisation of intangible assets	77,819	263,690
Loss on disposal of property plant and equipment	730,744	367,520
Provision for gratuity	222,741	225,660
Provision for Long service award	133,969	184,048
Operating Profit before working capital changes	**22,268,607**	**21,214,521**
Working capital changes:		
Change in Inventories	(2,244,473)	(6,604,183)
Change in trade and other receivables	(12,171,068)	1,299,936
Change in long term debtors and prepayments	177,009	86,170
Change in trade and other payables	8,386,454	2,647,637
Cash generated from operations	**16,416,530**	**18,644,081**
Tax paid	(5,191,667)	(3,427,542)
Interest paid	(2,689,292)	(1,084,542)
Gratuity paid	(327,307)	(386,794)
Long service awards paid	(61,627)	(65,965)
Net cash flow generated from operating activities	**8,146,638**	**13,679,238**
Cash flows from investing activities		
Interest received	149,353	257,922
Purchase of property, plant and equipment	(12,348,120)	(14,796,284)
Proceeds from sale of property, plant and equipment	19,531	317,555
Short term investments	-	774,000
Net cash used in investing activities	**(12,179,235)**	**(13,446,807)**
Cash flows from financing activities		
Dividends paid	(4,729,113)	(13,882,129)
Finance lease obligations paid	(1,879,470)	(548,158)
Net cash flow used in financing activities	**(6,608,583)**	**(14,430,287)**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(10,641,181)	(14,197,856)
Cash, cash equivalents and bank overdrafts at the beginning of the year	(150,596)	8,191,711
Cash, cash equivalents and bank overdrafts at the end of the year	**(10,791,777)**	**(6,006,145)**

Notes to the Financial Statements
For the Period ended 31 March 2013

1. **Reporting entity**

Guinness Nigeria Plc, is incorporated as a public company in Nigeria under the Company and Allied Matters Act and is domiciled in Nigeria. The address of the registered office is:
The Ikeja Brewery
Oba Akran Avenue,
P.M.B 21071, Ikeja Lagos,

The Company is into manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Extra smooth, Malta Guinness, Harp Lager Beer, Gordon's Spark, Smirnoff Ice, Satzenbrau Pilsner Lager, Top Malt, Armstrong Dark Ale, Dubic Lager and Snapp.

These financial statements are presented in Nigerian Naira because that is the functional currency of the primary economic environment in which the company operates.

The company's shares are listed on The Nigerian Stock Exchange. The company is a subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available.

2. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 **Basis of preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the International Accounting Standards Board (IASB).

The interim financial statements are prepared under IAS 34. These financial statements are the first Guinness Nigeria Plc financial statements to be prepared in accordance with IFRS.

In preparing its opening IFRS balance sheet, the company has adjusted amounts reported previously in financial statements prepared with Nigerian GAAP. An explanation of how the transition from Nigerian GAAP to IFRSs has affected the company’s financial position, financial performance and cash flows is set out in notes of the financial statements. All financial information presented in Nigeria Naira (N) has been rounded to the nearest thousand.

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

2.2 Management estimates and judgements

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.
There were no significant changes in estimates from the last financial statement.

2.3 Segment reporting

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 which makes strategic decisions.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes but including interest receivable on sales on extended credit and income from the provision of technical services and agreements. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Sales of goods are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

2.5 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Sales of goods are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

Monetary assets and liabilities denominated in foreign currencies are retranslated into naira at the rates of exchange ruling at the balance sheet date or where appropriate, at the contracted rate of exchange if the balance is to be settled at a contracted rate. Any gain or loss arising from a change in exchange rates, subsequent to the dates of transaction, is included as an exchange gain or loss, in the profit for the period.

2.6 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs.

Cost is calculated as follows:

Raw materials, packaging materials - Purchase costs on a weighted average basis including transportation and applicable handling charges (excluding bottles and crates) and major qualifying engineering spares now included in Property plant and equipment.

Bottled beer and beer in process - Average cost of direct materials and labour plus the appropriate amount attributable to production overheads.

Stock in transit - Purchase cost incurred to date.

Weighted average and average cost are reviewed periodically to ensure they consistently approximate historical cost.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.7 Property, plant and equipment

Land and buildings comprise mainly of factories and offices.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated in the balance sheet at cost at the date of transition to IFRS less accumulated depreciation and any accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they occur.

Freehold Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalue amounts to their residual values over their estimated useful lives, as follows:

Leasehold land	-	50 years or period of lease (whichever is lower)
Industrial and other buildings	-	50 years
Plant and machinery	-	2 to 20 years
Furniture and office equipment	-	3 to 5 years
Motor vehicles	-	4 to 5 years
Returnable Packaging Materials	-	5 to 10 years

Asset in progress are 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.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.

2.8 **Intangible assets**

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of three to twelve years.

2.9 **Leases**

i) Finance leases

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of un-guaranteed or partially guaranteed residual value, which would accrue to the lessor at the end of the lease term. Subsequent to recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance expenses and a reduction of the outstanding liability. Finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining term of the lease, when the lease adjustment is confirmed.

ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where Guinness is the lessor, receipts are taken to the income statement on a straight-line basis over the life of the lease.

2.10 **Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

i.) Capitalisation of Borrowing costs

Finance costs attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of that asset. All other finance costs are recognised as charges in the statement of comprehensive income for the period in which they are incurred.

2.11 **Advertising**

Advertising expenditure, such as advertising costs, points of sale materials and sponsorship payments, are charged to the income statement when the company has the right of access to the goods or services acquired.

2.12 Share-based payments

i.)Share Option Scheme

The ultimate parent, Diageo plc, operates a number of share-based incentive schemes (awards of shares and options). Where the ultimate parent's shares or options over that company's shares are granted to a subsidiary undertaking's employees, an expense is recorded in the income statement, with a corresponding credit to reserves. This charge is measured at the fair value of the share or share option at the date of grant, and is recognised on a straight-line basis over the vesting period of the award. The fair value is measured on the Monte Carlo models, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

ii.) Share Appreciation Rights

The company operates Share appreciation rights (SARs), where the company grants to its managerial employees Shares with a minimum of 3 year vesting period based on certain performance conditions. An expense is recognised in the income statement, with a corresponding provision in payables over the vesting period of the award. The fair value is measured on the option pricing model (Monte Carlo), taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of share rights that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2.13 **Exceptional items**

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the financial statements or on the face of the income statement.

2.14 **Impairment of non-financial assets**

Assets that have an indefinite useful life – for example, intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 **Non-current assets held for sale**

Non-current assets (or disposal company's) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

2.16 **Financial assets**

2.16.1 **Classification**

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.16.2 **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

2.17 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.18 **Impairment of financial assets**

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    (i) Adverse changes in the payment status of borrowers in the portfolio; and
    (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held to- maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a company of financial assets is impaired. For debt securities, the company uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.19 **Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.20 **Cash, cash equivalents and bank overdrafts**

Cash, cash equivalents and bank overdrafts includes cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than six months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

2.21 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 **Investments**

Investments are classified as either held-to-maturity, held-for-trading, loans and receivables or available-for-sale. Held-to-maturity investments and loans and receivables are measured at amortised cost. Held-for-trading and available-for-sale investments are measured at subsequent reporting dates at fair value. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period.

2.23 **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 that 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 risk specific to the liability.

2.24 **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends these are recognised once paid.

2.25 **Current and deferred income tax**

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

2.26 **Employee benefits**

(i) Pension

(a) Defined Contribution scheme

In line with the provisions of the Pension Reform Act 2004, the Company 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 Income Statement the Company contributes 10% and 12% for management and non management staff respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport allowance).

(ii) Gratuity

(a) Defined Benefit Scheme

Lump-sum benefits payable upon retirement or resignation of employment of employees who had served a minimum of 5years on or before 31 December 2008 when the scheme was terminated. These benefits are fully accrued over the service lives of management and non management staff. Independent actuarial valuations are performed periodically on a projected unit credit basis. Actuarial gains or losses and curtailment gain or losses arising from valuations are charged in full to the Income statement, The Company ensures adequate arrangement s are in place to meet its obligation under the scheme.

(iii) Other Long Term Employee Benefits

These are Long Service awards payable upon completion of certain years in service and accrued over the service lives of the employees. The charge to the income statement is based on independent actuarial valuation performed using the projected unit credit method. Actuarial gains or losses arising from the valuation are charged in full to the Income statement

2.27 **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement as a net of the related expense (cost of sales) over the period necessary to match them with the costs that they are intended to compensate.

2.28 **New Standards and interpretations not yet adopted**

The following new standards, amendments to standards and interpretations have been
Issued, but are not effective for the financial year ended 30 June, 2012 and have not been early adopted. The company's assessment of the impact of these new standards and interpretations is set out below:

IAS 19 Employee Benefits effective for periods beginning on or after 1 January 2013

IFRS 9, ‘Financial instruments: classification and measurement’ is effective for accounting periods beginning after 1 January 2015.

IFRS 10, 'Consolidated financial statements' effective for annual periods beginning on or after 1 January 2013.

IFRS 11, 'Joint arrangements' effective for annual periods beginning on or after 1 January 2013.

IFRS 13,' Fair value measurements' effective for annual periods beginning on or after 1 January 2013.

Management is assessing the impact of the new requirements on the company.

	9 months ended 31 Mar 2013 ₦'000	9 months ended 31 Mar 2012 ₦'000
3 Revenue		
Local	87,119,875	84,453,827
Export	1,322,019	585,063
	88,441,894	**85,038,890**

The Company's primary geographical segment is Nigeria. Over 98% (2012: 99%) of the Company's sales are made in Nigeria. Also, all of the Company's products have identical risks and returns. No further business or geographical segment information is therefore reported.

The Company reported its revenue for periods ended 30 September 2012 and 31 December 2012 gross of excise duty. In line with IAS 18, the net revenue for the periods is stated below.

	3 months ended 30 September 2012 ₦'000	6 months ended 31 December 2012 ₦'000
3.1 Revenue		
Gross revenue	25,717,212	65,688,743
Excise duty	(1,924,324)	(4,587,409)
Net revenue	**23,792,888**	**61,101,334**

	9 months ended 31 Mar 2013 ₦'000	9 months ended 31 Mar 2012 ₦'000
4. Other Income / (expenses)		
Sale of by-products	164,889	183,384
Operating lease income	406,983	311,354
Gain /(loss) on asset disposal	(306,322)	(380,111)
Customer's deposit write back	286,405	616,342
Foreign Exchange (loss)/Gain	25,303	221,789
Other expenses	(285,051)	(198,684)
	292,207	**754,074**

5. Interest Income and Expense

Interest income represents income earned on bank deposits while interest expense represents charges paid on borrowings during the year

	9 months ended 31 Mar 2013 ₦'000	9 months ended 31 Mar 2012 ₦'000
6. Profit Before Tax		
Profit Before Taxation is stated after charging:		
Depreciation on property, plant and equipment	7,317,880	5,744,986
Amortisation of Intangible assets	77,819	263,690
Auditors' remuneration	24,120	21,927
Personnel expenses	6,715,020	6,629,478
Directors' emoluments	120,080	39,265
Royalty, Technical Service and Management Fees	1,914,930	1,736,176

	9 months ended 31 March 2013 ₦'000	9 months ended 31 Dec 2011 ₦'000
6. 1. Personnel expenses		
Salaries, wages and allowances	5,717,866	5,609,407
Pension costs:		
- Pension fund Contribution	343,825	337,263
- Gratuity charge	222,741	225,660
- Defined contribution charge	296,619	272,719
- Long service award charge	133,969	184,429
Total Personnel expenses	6,715,020	6,629,478

	9 months ended 31 March 2013 ₦'000	9 months Ended 31 march 2012 ₦'000
7. Taxation		
(a). Current tax		
Nigeria corporation tax charge for the year	3,376,202	4,075,902
Education tax	224,682	272,121
	3,600,884	4,348,023

	9 months ended 31 March 2013 ₦'000	Year Ended 30 Jun 2012 ₦'000	Year Ended 30 Jun 2011 ₦'000
(b). Movement in Current Tax Liability Balance			
Liability Balance as at 1st July	5,189,181	6,324,044	6,229,669
Charge for the Period	3,600,884	5,101,982	6,322,178
Payment during the year	(5,191,667)	(6,231,075)	(6,219,973)
Withholding Tax Credit notes utilized	(3,481)	(5,770)	(7,830)
Liability balance	3,594,917	5,189,181	6,324,044

	9 months ended 31 March 2013	9 months Ended 31 March 2012
8. Earnings Per Share		
Profit for the period attributable to ordinary shareholders		
Profit for the period attributable to ordinary shareholders (₦'000)	7,633,233	9,258,018
Weighted Average number of ordinary shares		
Issued Common shares at 1st July	1,474,925,519	1,474,925,519
Effect of scrip dividend exercised	30,962,668	-
Weighted Average number of ordinary shares at 31 March	1,505,888,187	1,474,925,519
Earnings per share	507k	628k
Profit for the period attributable to ordinary shareholders (diluted)		
Profit for the period attributable to ordinary shareholders (₦'000)	7,633,233	9,258,018
Weighted Average number of ordinary shares at 31 March	1,505,888,187	1,474,925,519
Dilutive shares	-	
Weighted Average number of ordinary shares at 31 March	1,505,888,187	1,474,925,519
Earnings per share (diluted)	507k	628k

	31 Mar 2013
	₦'000
9. Intangibles	
Cost	2,624,211
At 1 July 2011	-
Additions	-
Disposals	(540,231)
Reclassifications	3,556
At 30 June 2012	2,087,536
At 1 July 2012	2,087,536
Additions	-
Disposals	-
Reclassifications	1,588
At 31 December 2012	2,089,124
Accumulated amortisation and impairment	
At 1 July 2011	1,592,931
Amortisation for the year	351,587
Impairment charge	-
Disposals	(540,231)
Reclassifications	3,456
At 30 June 2012	1,407,743
At 1 July 2012	1,407,743
Amortisation for the year	77,819
Impairment charge	-
Disposals	-
Reclassifications	-
At 31 March 2013	1,485,562
Net book values	
At 31 March 2013	603,562
At 30 June 2012	679,793

10. Property plant and equipment

Cost or Deemed Cost	**Leasehold land Buildings**	**Plant and Machinery**	**Furniture and Equipment**	**Motor Vehicles**	**Returnable packaging material**	**Assets in Progress**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1st July 2011	8,796,636	42,159,662	2,406,809	4,978,709	19,425,574	13,837,964	91,605,354
Additions	5,718	371,009	45,283	22,103	11,029	26,842,552	27,297,694
Transfers	5,970,807	21,720,959	318,707	1,115,293	3,952,097	(33,077,863)	-
Reclassifications	-		(3,555)	-	-	-	(3,555)
Write-offs	(19,413)	(2,275,855)	(1,543,025)	(707,654)	(1,175,702)	-	(5,721,649)
Disposals	-	(222,712)	(2,023)	(389,760)	(226,174)	-	(840,669)
At 30 June 2012	**14,753,748**	**61,753,063**	**1,222,196**	**5,018,691**	**21,986,824**	**7,602,653**	**112,337,175**
At 1 July 2012	14,753,748	61,753,063	1,222,196	5,018,691	21,986,824	7,602,653	112,337,175
Additions	-	320,882	11,951	21,473	-	19,132,665	19,486,971
Transfers	3,780,521	4,672,765	134,143	1,338,469	4,096,555	(14,022,453)	-
Reclassifications	-	-	-	-	-	(1,588)	(1,588)
Write-offs	(8,087)	(20,898)	(3,508)	(550,487)	(1,539,930)	-	(2,122,910)
Disposals	-	(27,702)	-	(123,915)	(13)	-	(151,630)
At 31 March 2013	**18,526,182**	**66,698,110**	**1,364,782**	**5,704,231**	**24,543,436**	**12,711,277**	**129,548,018**

10. Property plant and equipment (cont'd)

Depreciation and impairment	**Leasehold land Buildings**	**Plant and Machinery**	**Furniture and Equipment**	**Motor Vehicles**	**Returnable packaging material**	**Assets in Progress**	**Total**
Charge for the year	251,669	4,092,174	246,330	806,367	2,634,678	-	8,031,218
Reclassifications	-	-	(3,456)	-		-	(3,456)
Write-offs	(16,121)	(2,105,109)	(1,540,464)	(707,654)	(506,836)	-	(4,876,184)
Disposals	-	(96,582)	(578)	(375,674)	(185,752)	-	(658,586)
At 30 June 2012	**1,644,438**	**21,131,016**	**682,296**	**3,123,151**	**10,700,016**	-	**37,280,917**
At 1 July 2012	1,644,438	21,131,016	682,296	3,123,151	10,700,016	-	37,280,917
Charge for the year	239,821	3,907,990	200,052	768,074	2,199,943	-	7,315,880
Impairment charge	-	-	-	-	-	-	-
Write-offs	(2,548)	(18,925)	(3,193)	(550,335)	(803,645)	-	(1,378,646)
Disposals	-	(23,232)	-	(122,377)	(10)	-	(145,619)
At 31 March 2013	**1,881,712**	**24,996,849**	**879,155**	**3,218,513**	**12,096,304**	-	**43,072,532**
Carrying amount							
At 31 March 2013	**16,644,470**	**41,701,261**	**485,627**	**2,485,718**	**12,447,132**	**12,711,277**	**86,475,486**
At 30 June 2012	**13,109,310**	**40,622,047**	**539,900**	**1,895,540**	**11,286,808**	**7,602,653**	**75,056,258**

	31 March 2013 ₦'000	30 June 2012 ₦'000	30 June 2011 ₦'000
11. Long Term Debtors			
Due from employees	159,464	274,523	332,091
Long-term prepayments	185,599	247,549	343,385
	345,063	522,072	675,476

(a)Amount due from employees represents the long term component of loans granted to employees which are secured by their retirement benefits.

	31 March 2013 ₦'000	30 June 2012 ₦'000	30 June 2011 ₦'000
12. Inventories			
Finished products	3,068,967	2,667,228	1,554,751
Products in process	830,987	810,704	815,689
Raw and packaging materials	7,788,537	6,486,618	5,257,577
Engineering spares	2,609,843	2,528,663	2,254,954
Stock in transit	2,459,197	2,019,845	309,592
	16,757,531	14,513,058	10,192,563

	31 March 2013 N'000	30 June 2012 N'000	30 June 2011 N'000
13. Trade and other receivables			
Trade receivables	14,158,399	4,518,839	11,032,758
Other receivables	8,353,774	6,109,982	6,157,976
Due from related parties	516,485	233,497	836,346
	23,028,658	10,862,318	18,027,080

14. Short term investment

Short term investment represents investment in treasury bills with a tenor of 91 days at an annual interest rate of 8.24%.

	31 March 2013 ₦'000	30 June 2012 ₦'000	30 June 2011 ₦'000
15. Cash and Cash Equivalent			
Cash at Bank and in hand	1,335,182	3,034,910	3,669,140
Short-term deposits with banks	1,741,450	1,743,411	4,522,571
Cash and Cash Equivalent	3,049,632	4,778,321	8,191,711
Bank Overdraft used for cash management purpose	(13,841,409)	(4,928,916)	-
Cash and cash equivalent in the statement of cash flow	(10,791,777)	(150,595)	8,191,711

Included in the Cash and Cash Equivalent are unclaimed dividend N 1,712million (2012: N1,714million, 2011: N1,094million) 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.

16. Borrowing

Borrowing represent finance lease payments made by a bank for assets under construction in the prelease period. These payments will be converted to finance leases after commissioning of the equipment.

31 March 2013 (N 2,663m): the borrowing is unsecured with a floating interest rate of 30days average of 90day NIBOR less 2.25%.

30 Jun 2012 (N891m): 28% of the borrowing are unsecured , floating interest rate of 30days average of 90day NIBOR less 2.25%, while 72% is floating MPR +4% interest rate.

	31 March 2013 ₦'000	30 June 2012 ₦'000	30 June 2011 ₦'000
17. Capital and Reserves			
Authorised:			
2.5 billion ordinary shares of 50k each	1,250,000	1,250,000	1,250,000
Called up, allotted and fully paid:			
1,505,888,187 (2012: 1,474,925,519) ordinary shares of 50k each	752,944	737,463	737,463

The Increase in issued share capital is based on the scrip dividend exercised by shareholders during the period.

18. Deferred Tax Assets and Liabilities

	Deferred Tax Liabilities			**Deferred Tax Asset**			**Net**		
Deferred Tax Assets and Liabilities	31March 2013	30 June 2012	1July 2011	31-March 2013	30-Jun-2012	01-Jul-2011	31March 2013	30-Jun-2012	01-Jul-2011
Property Plant and Equipment	12,169,070	12,169,070	10,951,496	-	-	-	12,169,070	12,169,070	10,951,496
Intangible Assets	203,938	203,938	323,167	-	-	-	203,938	203,938	323,167
Provisions	-	-	-	(1,223,737)	(1,223,737)	(1,231,286)	(1,223,737)	(1,223,737)	(1,231,286)
Unrealised Exchange Loss-2013 YOA	348,188	348,188	233,519	-	-	-	348,188	348,188	233,519
Unrealised Exchange Difference in prior years	-	-	-	(382,430)	(382,430)	(382,430)	(382,430)	(382,430)	(382,430)
Total	**12,721,196**	**12,721,196**	**11,508,182**	**(1,606,167)**	**(1,606,167)**	**(1,613,716)**	**11,115,029**	**11,115,029**	**9,894,466**

Movement in Temporary Difference during the year	Balance 1st July 2011	Recognised in Income Statement	Recognised in Equity	Balance 30 June 2012	Recognised in Income Statement	Recognised in Equity	Balance 31 March 2013
Property Plant and Equipment	10,951,496	1,217,574	-	12,169,070	-	-	12,169,070
Intangible Assets	323,167	(119,229)	-	203,938	-	-	203,938
Provisions	(1,231,286)	7,549	-	(1,223,737)	-	-	(1,223,737)
Unrealised Exchange Loss-2013 YOA	233,519	114,669	-	348,188	-	-	348,188
Unrealised Exchange Difference in prior years	(382,430)	-	-	(382,430)	-	-	(382,430)
	9,894,466	**1,220,563**	**-**	**11,115,029**	**-**	**-**	**11,115,029**

	Per Share (kobo)	**9 months ended 31 March 2013 ₦'000**	Per Share (kobo)	**Year ended 30 June 2012 ₦'000**
19. Dividends				
Dividend were declared and paid by the company as follows:				
Final Dividend	800	11,799,404	1000	14,749,255

The Directors recommendation of the payment of a final dividend of N11.8billion (2011: 14.7billion), which was based on the number of ordinary shares in issue on 30 June 2012, represents a dividend of 800kobo per ordinary share (2011:1,000k). As an alternative, the directors also recommend, an option of a scrip dividend, which at the current trading price, represents an option of 1 ordinary share for every 33 ordinary share held by each shareholder. The dividend is subject to deduction of withholding tax at the applicable rate. These recommendations were approved at the Annual General Meeting held at the Congress Hall of the Transcorp Hilton Hotel on 02 November 2012.

	9 months ended 31 Mar 2013 ₦'000	**Year ended 30 Jun 2012 ₦'000**
Balance, beginning of year	4,452,710	3,921,648
Declared dividend	11,799,404	14,749,255
Transfer to share capital and Reserves	(7,431,040)	-
Dividend Paid	(4,729,113)	(14,071,121)
Unclaimed dividend transferred to retained earnings	-	(147,072)
Balance at end of year	4,091,961	4,452,710

	31 March 2013 ₦'000	**30 June 2012 ₦'000**	**30 June 2011 ₦'000**
20. Trade and Other Payables			
Trade payable	22,557,307	18,476,429	18,579,885
Non trade payables and accrued expenses	8,958,048	8,667,715	7,351,258
Amount due to related parties	10,679,021	2,466,937	6,359,005
	42,194,376	29,611,081	32,290,148

Guinness Nigeria Plc

Explanation of Transition to IFRS

Reconciliation of Equity

	NGAAP (SAS) as at 1st July 2011	Adj.	IFRS as at 1st July 2011	NGAAP (SAS) as at 30 June 2012	Adj.	IFRS as at 30 June 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Assets						
Non-current assets						
Intangible assets	1,031,280	-	1,031,280	679,792	-	679,792
Property, plant and equipment	46,098,557	10,718,873	56,817,429	63,709,332	11,346,926	75,056,258
Other Long Term Debtors and prepayment	675,476	-	675,476	522,072	-	522,072
Deferred tax Asset	-	1,613,716	1,613,716	-	1,606,167	1,606,167
	47,805,313	12,332,589	60,137,901	64,911,196	12,971,293	77,864,289
Current assets						
Inventories	17,433,924	(7,241,362)	10,192,563	21,998,519	(7,485,461)	14,513,058
Trade and other receivables	18,133,997	(106,916)	18,027,080	10,852,303	10,015	10,862,318
Short Term Investment	774,000	-	774,000	-	-	
Cash and cash equivalents	8,080,590	111,121	8,191,711	4,772,154	6,167	4,778,321
	44,422,511	(7,237,157)	37,185,354	37,622,976	(7,469,279)	30,153,697
Total assets	**92,227,824**	**5,095,432**	**97,323,256**	**102,534,172**	**5,483,814**	**108,017,986**
Liabilities						
Current liabilities						
Bank overdraft	-	-	-	4,928,916	-	4,928,916
Trade and other payables	26,342,948	5,947,200	32,290,148	24,425,994	5,185,088	29,611,082
Corporate tax payable	6,324,044	-	6,324,044	5,189,181	-	5,189,181
Dividend payable	3,921,648	-	3,921,648	4,452,710	-	4,452,710
Borrowings	-	-	-	-	891,300	891,300
	36,588,640	5,947,200	42,535,840	8,996,801	6,076,388	45,073,189
Non-current liabilities						
Finance lease obligations	1,332,933	-	1,332,933	8,513,058	-	8,513,058
Deferred tax liabilities	10,282,960	1,225,223	1,508,182	11,584,733	1,136,462	12,721,195
Long term employee benefits	3,739,799	-	3,739,799	3,087,076	-	3,087,076
	15,355,692	1,225,223	6,580,914	23,184,868	1,136,463	24,321,331
Total liabilities	**51,944,332**	**7,172,423**	**59,116,754**	**62,181,668**	**7,212,851**	**69,394,519**
Equity						
Ordinary share capital	737,463	-	737,463	737,463	-	737,463
Share Premium	1,545,787	-	1,545,787	1,545,787	-	1,545,787
Revaluation reserve	3,524,134	(3,524,134)	-	3,392,339	(3,392,339)	-
Retained earnings	34,476,108	1,447,143	35,923,251	34,676,915	1,663,302	36,340,217
Equity attributable to equity holders of the Company	40,283,492	(2,076,991)	38,206,501	40,352,504	(1,729,037)	38,623,467
Total equity	**40,283,492**	**(2,076,991)**	**38,206,501**	**40,352,504**	**(1,729,037)**	**38,623,467**
Net equity and liabilities	**92,227,824**	**5,095,432**	**97,323,256**	**102,534,172**	**5,483,814**	**108,017,986**

Guinness Nigeria Plc

Reconciliation of comprehensive income
For the Nine month ended 31 March 2013

	NGAAP (SAS) N'000	Adjustment N'000	IFRS N'000	
Revenue	92,074,545	(7,035,656)	85,038,890	Excise duty netted off revenue.
Cost of sales	(52,402,216)	7,200,620	(45,201,597)	Excise duty netted off cost of sales and adjustment for returnable packaging and engineering spares depreciation
	-		-	
Gross profit	39,672,329	164,964	39,837,293	
Distribution and Administrative expenses	(26,115,400)	(47,349)	(26,162,750)	Reclassification of other income/ expenses items.
Other Income	610,084	143,989	754,074	Deposit write back and adjustment for returnable packaging.
Operating profit	14,167,013	261,604	14,428,617	
Other Finance income	261,966		261,966	
Other Finance charges	(1,084,542)		(1,084,542)	
Net Other Finance income / (cost)	(822,576)	-	(822,576)	
Profit before taxation	13,344,437	261,604	13,606,041	
Taxation	(4,270,220)	(77,803)	(4,348,023)	
Profit for the period	9,074,217	183,801	9,258,018	