



Annual Report & Accounts
2007

SEVEN-UP BOTTLING COMPANY Plc.

RC 1928

Table of Contents



	<i>Page</i>
Board of Directors and Corporate Information	2
Notice of Annual General Meeting	3
Chairman's Statement	4-5
Financial Highlights	6
Report of the Directors	7-10
Auditors' Report	11
Audit Committee's Report	12
Statement of Accounting Policies	13-15
Profit and Loss Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Accounts	19-26
Value Added Statement	27
Financial Summary	28-29
Financial Indicators	30-32
Proxy Form	33





Chairman	–	Faysal El-Khalil, O.O.N. (Lebanese)
Managing Director	–	Malcolm Jay Gibbons (Australian)
Directors	–	Chief Farid El-Khalil (Lebanese) Otunba (Dr.) Adekunle Ojora, O.F.R., C.O.N. <i>Alternate</i> - Adegboyega Ojora Alhaji Ahmadu Yaro Chief Emmanuel N. Nwokoro Mallam Mohammed Hayatu-Deen, O.O.N. Ziad A. El-Khalil (Lebanese) Femi Mokikan
Secretaries	–	Equity Services Limited, Jimade House, 2, Ojuelegba Road, Yaba, Lagos.
Registered Office	–	247, Moshood Abiola Way, Ijora, Lagos.
Registrar And Transfer Office	–	Union Registrars Limited 2, Burma Road, Apapa – Lagos.
Auditors	–	Egunjobi, Adegbite & Co. (Chartered Accountants), 9, Turton Street, Yaba, Lagos.
Members Of The Audit Committee	–	E. A. Falade - (Chairman) N. O. Oladimeji S. K. Bada (Mrs.) Otunba (Dr.) Adekunle Ojora, O.F.R., C.O.N. Chief Farid El-Khalil Femi Mokikan





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of the Members of Seven-Up Bottling Company Plc will be held in the Agip Recital Hall, Muson Centre, 8/9, Marina, Onikan, Lagos on Tuesday 27th November, 2007 at 11.00 o'clock in the forenoon to transact the following business:

ORDINARY BUSINESS

1. To receive the report of the Directors and the audited Financial Statements for the year ended 31st March, 2007 and the reports of the Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect retiring Directors two of whom are over the age of 70 years, Special Notice having been received by the Company pursuant to Section 256 of the Companies and Allied Matters Act 1990 of intentions to propose the following resolutions:
 - (a) "That Alhaji Ahmadu Yaro who has attained the age of 79 years be and he is hereby re-elected a Director of the Company".
 - (b) "That Otunba (Dr.) Adekunle Ojora (O.F.R., C.O.N.) who has attained the age of 75 years be and he is hereby re-elected a Director of the Company".
4. To approve the remuneration of the Directors.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. To elect Members of the Audit Committee.

BY ORDER OF THE BOARD

A. OLUKOYA
PP: EQUITY SERVICES LIMITED
(Secretaries)

Dated: 5th September, 2007.

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 and such proxy need not be a member of the Company. To be effective, proxy forms should be duly completed and stamped and must be deposited at either the Registered Office of the Company or the office of The Registrar not less than 48 hours before the time for holding the meeting. A detachable proxy form is at the end of the Annual Report booklet sent to each shareholder.

NOMINATION FOR AUDIT COMMITTEE

Pursuant to section 359(5) of the Companies and Allied Matters Act 1990, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to reach the Company Secretary at least 21 days before the Annual General Meeting.

CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and Transfer Books will be closed from Tuesday 2nd October, 2007, to Friday 12th October, 2007 both days inclusive.

PAYMENT OF DIVIDEND

If the dividend recommended by the Directors is approved, it will be paid net of appropriate withholding tax to shareholders whose names appear on the Register of Members at the close of business on Friday 28th September, 2007 and the warrants will be posted on 4th December, 2007.





Eminent Chiefs, distinguished Shareholders, Ladies and Gentlemen, it is indeed my pleasure to welcome you to the Forty Eighth Annual General Meeting of Seven-Up Bottling Company Plc and to present before you the Annual Report and Accounts for the year ended 31st March, 2007.

REVIEW OF ACTIVITIES

The macro economic environment in the country showed some improvement during the period under review. Better management of fiscal and monetary measures contributed to the attainment of single digit inflation figure. The country's external reserve rose appreciably due to record high oil prices in the international market. The rise in external reserves, introduction of WDAS (Wholesale Dutch Auction System) and the liberalization of the foreign market helped stabilize the exchange rate and contributed to appreciation of the naira. Gross Domestic Product (GDP) recorded growth rate of 5.6%.

Whilst the improvement in the economy is evident, major opportunities to improve the infrastructure still exist and need to be addressed. Of particular importance is the condition of the road network and lack of adequate gas pipelines to deliver this resource to the major cities within the country. If this resource is developed and executed effectively, it will ensure not only that gas flaring is eliminated but will also provide industry with much needed affordable and cleaner source of energy. The insecurity of life and property is a major concern for people and needs to be addressed with utmost urgency due to the unprecedented increase in the number of incidences that we are experiencing. A major improvement in these areas will undoubtedly promote a more friendly, stable and healthy business climate in Nigeria and encourage the inflow of foreign investment.

Despite the above challenges, the company has been able to achieve good results largely by devising and successfully implementing innovative marketing and cost saving strategies, with particular emphasis on energy conservation.

TRADING RESULTS

The financial performance of the company has been impressive. The turnover increased from N22.072 billion in 2006 to N27.309 billion in 2007 and the profit before tax went up from N1.706 billion in 2006 to N1.961 billion in 2007.

Despite the challenging operational environment, the company was able to grow its sales by 24% and profit before tax by 15% over the prior year. This was achieved, primarily as a result of strong sales growth and also through the various cost control measures implemented by the company in improving production yields and plant efficiencies and by closely monitoring operating expenses. These measures have enabled the company in protecting margins, despite significant increases to the cost base.





OUTLOOK

The economic prospects for Nigeria remain good as the forecasts indicate steady appreciation of the Naira against all major currencies, substantial rise in external reserves, moderate inflation and healthy growth in GDP. This improvement in economic indices should lead to greater business activity and consumer demand.

The company will continue to introduce new products to meet the expectations and demands of the marketplace and consumers. The company has invested substantial resources in recent years to strengthen its sales and distribution systems and upgrade manufacturing capacity and capabilities and plans to continue with this policy in the future. We anticipate, keeping in view the present economic situation that the financial results for the current year will be in line with our expectations.

CONCLUSION

In conclusion, I would like to thank all our numerous customers and consumers who have supported us through the year with their patronage and we assure them of our commitment to continue delivering value to them. I also take this opportunity to thank the Board, the Management and Staff of the company in displaying a very strong commitment and professionalism to the business. Lastly, but not the least, I thank all of you, our Shareholders, for the confidence and trust that you have entrusted in your company. This commitment from all our stakeholders gives us greater resolve to achieve and succeed in the years to come.

FAYSAL EL-KHALIL

Chairman



Financial Highlights



	2007 ₦000	2006 ₦000
Turnover	27,309,123	22,071,731
Profit Before Taxation	1,960,711	1,705,992
Profit After Taxation	1,219,402	1,167,213
Dividend Proposed	666,214	512,472
Capital Expenditure	4,527,184	2,073,788
Capital Employed	6,280,352	5,576,272
Shareholders' Fund	6,280,352	5,576,272
Basic Earnings Per Share (Kobo)	238k	285k
Adjusted Earnings Per Share	238k	228k
Dividend (Proposed) Per Share (Kobo)	130k	125k
Net Assets Per Share (Kobo)	1,226k	1,360k
Dividend Cover (Times)	1.83	2.28



The Directors have pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The company engages in the business of bottling and distribution of soft drinks which include the brands 7UP, Mirinda, Pepsi and Mountain Dew. The company remained committed to growing shareholders value through innovative marketing and cost saving strategies throughout the period under review.

RESULTS FOR THE YEAR

	31/03/2007 ₦000	31/03/2006 ₦000
TURNOVER	27,309,123	22,071,731
Profit before Taxation	1,960,711	1,705,992
Taxation	(741,309)	(538,779)
Profit after Taxation	1,219,402	1,167,213
Transferred to Revenue Reserves	1,219,402	1,167,213

LEGAL FORM

The Company was incorporated as a Private Limited Liability Company on 25th June, 1959 under the name Seven-Up Limited. On 16th May, 1960, the name was changed to Seven-Up Bottling Company Limited and in 1978 it became a Public Company. The name "Seven-Up Bottling Company Plc" was adopted on 26th November, 1991 in compliance with the provisions of the Companies and Allied Matters Act 1990. Currently, the Company's shares are quoted on the floor of the Nigerian Stock Exchange.

DIVIDEND

The Directors recommend to Shareholders the payment of a dividend of N666,213,977 representing N1.30k per share. The dividend, if approved by members will be paid subject to deduction of withholding tax at the appropriate rate.

BOARD OF DIRECTORS

The names of the Directors are listed on page 2 of this report. In accordance with the Company's Articles of Association, Chief Farid El-Khalil, Alhaji Ahmadu Yaro and Otunba (Dr.) Adekunle Ojora are the Directors retiring by rotation.

Being eligible, Chief Farid El-Khalil offers himself for re-election at the forthcoming Annual General Meeting. In respect of Alhaji Ahmadu Yaro and Otunba (Dr.) Adekunle Ojora who are 79 years and 75 years of age respectively, Special Notices have been received in accordance with section 256 of the Companies and Allied Matters Act 1990 to propose resolutions for their re-election.

DIRECTORS' INTERESTS

- (1) **Interests in Shares** – The interests of the Directors in the issued and paid up share capital of the Company as recorded in the Register of Members and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act, 1990 are:



NAMES	SHAREHOLDINGS
Alhaji Ahmadu Yaro	1,534,091
Otunba (Dr.) A. Ojora, O.F.R., C.O.N.	1,802,108
Chief Emmanuel N. Nwokoro	1,171,875
Mallam Mohammed Hayatu-Deen O.O.N.	-
Mr. Faysal El-Khalil, O.O.N.	-
Chief Farid El-Khalil	-
Mr. Malcolm Jay Gibbons	-
Mr. Ziad A. El-Khalil	-
Mr. Femi Mokikan	-

- (2) **Interests in Contracts** – None of the Directors has notified the Company of any declarable interest in contracts with which the Company was involved during the year ended 31st March, 2007 for the purpose of section 277 of the Companies and Allied Matters Act, 1990.

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 affairs of the Company as at the end of the financial period and its result for that period and comply with the Companies and Allied Matters Act, 1990. These responsibilities include ensuring that:

- (i) adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds and other irregularities;
- (ii) proper accounting records are maintained;
- (iii) applicable accounting standards are followed; and
- (iv) suitable accounting policies are used and consistently applied.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, Seven-Up subscribes to and adopts a responsible attitude towards corporate governance and issues of corporate social responsibility. The reputation of the company and the integrity of its brands are two essential values which form the hallmark of the company in all its activities directed towards the legitimate interests of its stakeholders.

In conformity with the code of best practice in corporate governance, the office of the Chairman and that of the Chief Executive Officer are separate and distinct. The Board consists of Executives and non-executive Directors, whose varied background, expertise and experience enable them to carry out their oversight function effectively.

The Company has an audit committee which is composed of three Directors and three Shareholders representatives. The audit committee is chaired by a member representing the shareholders. The statutory functions of the audit committee are stipulated in Section 359(6) of the Companies and Allied Matters Act 1990 and these are adhered to strictly by the committee.

SUPPLIERS

The Company acquires its major materials at arm's length basis from local and overseas suppliers. Among the Company's local and overseas suppliers are Pepsi-Cola International and Dangote Sugar Refinery Plc.





Report of the Directors (Contd.)

ANALYSIS OF SHAREHOLDINGS AS AT 31ST MARCH, 2007

RANGE	NO. OF HOLDERS	PERCENT	UNITS	PERCENT
1 - 5,000	32,406	91.41%	35,818,215	6.99%
5,001 - 10,000	1,532	4.32%	10,853,129	2.12%
10,001 - 50,000	1,201	3.39%	23,980,643	4.68%
50,001 - 100,000	139	0.39%	9,926,797	1.94%
100,001 - 500,000	149	0.42%	30,373,740	5.92%
500,001 - 1,000,000	7	0.02%	4,966,449	0.97%
1,000,001 and Above	16	0.05%	396,553,317	77.38%
Grand Total	<u>35,450</u>	<u>100.00%</u>	<u>512,472,290</u>	<u>100.00%</u>

SUBSTANTIAL SHAREHOLDER

As contained in the Register of Members, AFFELKA S. A. held 370,187,852 ordinary shares representing 72.24% of the issued and paid-up share capital of the Company as at 20th August, 2007. No other shareholder held 5% or more of the share capital of the Company as at that date.

FIXED ASSETS

The sum of N4,527,184,023 was expended on the acquisition of fixed assets during the year under review. Detailed information on fixed assets is contained in Note 5 to the accounts. In the opinion of the Directors, the market value of the company's fixed assets is not less than the value shown in the accounts.

DONATIONS/CHARITABLE GIFTS

The Company expended a total sum of ₦5,128,000 on charitable gifts and donations during the year under consideration. The analysis is as follows:

Items	Amount ₦
1. Leap Africa Ltd. GTE – Book launch	100,000
2. Akutupa Welfare Association, Kogi State – Community Development	100,000
3. Society for the Performing Arts in Nigeria	120,000
4. National Association of Polytechnic Students	258,000
5. Standard Chartered Bank – Sight Restoration for the blind	1,000,000
6. Emure Ekiti Palace Building project	1,000,000
7. National Association of Nigerian Students (NANS) Debate Aba, Abia-State	50,000
8. Umuola Egbelu Community – Project Development	500,000
9. Nigerian Employers Consultative Association (NECA)	2,000,000
Total	<u>5,128,000</u>

PERSONNEL

The Company's employment position at the end of the financial year was as follows:





	31/3/2007	31/03/2006
Management	140	132
Senior	374	363
Junior	3,493	4,188
	<u>4,007</u>	<u>4,683</u>

EMPLOYMENT OF DISABLED PERSONS

The Company does not condone discrimination on any basis. As such, employment opportunities are open to all suitably qualified applicants including the disabled. To ensure continuity of employment, employees who become disabled in the course of their employment are given appropriate training and support preparatory to their redeployment to new jobs within their capability. The company has three physically challenged persons in its employment during the year under consideration.

HEALTH, SAFETY AND WELFARE

The company continues to accord priority to the health and welfare of its staff and safety at all its work places. Health and Safety regulations are in force within the company's premises and employees are trained in the use of appropriate equipment for prevention and control of accidents.

The company's clinics at the plants provide good health care services to employees and these are complemented by top class private hospitals retained by the company where medical services are provided for employees and their immediate families at the company's expense. All levels of employees also enjoy meal, housing and transport subsidies.

EMPLOYEES INVOLVEMENT AND TRAINING

Employees are carried along on the goings-on in the organization using formal and informal channels of communication. Management meet regularly with union representatives to discuss issues which affect the performance and progress of the company and the employees. In the furtherance of the company's policy of continuous manpower development, in-house training facilities are provided in the company's training centre for employees at various levels and these are complemented by external courses to sharpen skills and enhance self development at all levels.

PRODUCT DISTRIBUTION

The Company distributes its products through depots located throughout the country.

AUDITORS

The Auditors of the company, Messrs Egunjobi, Adegbite & Co., indicated their intention to continue in office as required in section 357(2) of the Companies and Allied Matters Act, 1990. A resolution will however be proposed at the Annual General Meeting authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

A. OLUKOYA
PP: EQUITY SERVICES LIMITED
(Secretaries)

Dated 5th September, 2007





Report of the Auditors

Egunjobi, Adegbite & Co.

CHARTERED ACCOUNTANTS
Member of the Public Practice Section of the ICAN

9, TURTON STREET, YABA

G.P.O. BOX 7625

LAGOS, NIGERIA

TEL: 7744149, 4731475

Email address: egunade2004@yahoo.com

OTHER OFFICES: KADUNA AND IBADAN

TO THE MEMBERS OF SEVEN-UP BOTTLING COMPANY PLC

We have audited the financial statements set out on pages 16 to 29 which have been prepared on the basis of the accounting policies set out on Pages 13-15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As stated on page 8, the company's Directors are responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion based on our audit, on those statements prepared by the directors and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statement.

OPINION

In our opinion, the Company has kept proper books of accounts and the financial statements are in agreement with the records. The financial statements conform with the accounting standards issued to date by the Nigerian Accounting Standards Board and, give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the Profit and Cash Flow for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004.

Egunjobi, Adegbite & Co

CHARTERED ACCOUNTANTS

Lagos, Nigeria.

14th September, 2007



Partners:

P. O. Maitanni

B. F. Kujimiyo

B. O. James

O. Adebajo



Report of the Audit Committee



TO THE MEMBERS OF SEVEN-UP BOTTLING COMPANY PLC.

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we the members of the Audit Committee of Seven-Up Bottling Company Plc, having carried out our statutory functions, hereby report as follows:

1. That the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
2. That the scope and planning of the audit for the year ended 31st March, 2007 were adequate.
3. That having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management's responses thereto.
4. That the External Auditors have issued an unqualified opinion in their Report set out on page 11.

Dated this 12th September, 2007

ENIOLA ADENIYI FALADE

Chairman, Audit Committee

MEMBERS OF THE AUDIT COMMITTEE

E. A. Falade (*Chairman*)

N. O. Oladimeji

Otunba (Dr.) Adekunle Ojora, (O.F.R., C.O.N.)

Chief Farid El-Khalil

Femi Mokikan

S. K. Bada (Mrs.)



Statement of Accounting Policies

I. BASIS OF PREPARATION OF ACCOUNTS

The Company's accounts are prepared under the historical cost convention except for fixed assets which would be carried at revalued amounts where there is revaluation of such assets by professional valuers.

2. FIXED ASSETS

2.1 Plant and Machinery

Plant and Machinery are stated at cost or at the revalued amount less accumulated depreciation.

- Any Borrowing costs that are directly attributable to Plant and Machinery are capitalised up to the point they are put into use.
- Plant and Machinery under construction are categorised as capital work-in-progress. Cost of construction comprises of those costs that are directly related and other expenses attributable to such construction.

2.2 Other Fixed Assets

- (i) These are also stated at cost or valuation less accumulated depreciation.
- (ii) Other fixed assets under construction like Buildings are also disclosed as capital - work in progress from where they are reclassified at completion.

2.3 Fixed Assets Revaluation Reserves

Surpluses/(deficits) arising from revaluation of Individual Fixed Assets are credited/(debited) to the fixed assets revaluation reserve account which is non-distributable.

Revaluation deficits in excess of the amount of prior revaluation surpluses on the same assets are charged to the profit and loss account.

The company's Fixed Assets were last revalued by Professional Valuers on the basis of free Market Value as at 31st March, 1980. The assets involved have been fully depreciated to date. Subsequent additions were stated at cost.

- 2.4 On disposal of previously revalued fixed assets an amount equal to the revaluation surplus attributable to such assets is transferred from the Fixed Assets revaluation reserve to Revenue Reserve.

2.5 Depreciation

Depreciation of fixed assets has been calculated on a straight line basis at the following principal annual rates in order to write off the cost or valuation of the assets over their expected useful lives:

Freehold Land	- No depreciation is provided
Buildings.....	5%
Plant and Machinery.....	15%
Motor Vehicles.....	20%
Furniture, Fittings & Equipment.....	10%
Advertising and Computer Equipment.....	25%

- (i) Assets are not depreciated until they are put into use.
- (ii) Capital work in progress is not depreciated. Upon completion the attributable cost of each asset is transferred to the relevant assets category immediately the asset is available for use and depreciated accordingly.
- (iii) Gains or losses on disposal of fixed assets are included in the profit and loss account.



3. STOCKS

Stocks are valued at the lower of cost and net realisable value except for finished product which is valued at direct cost of materials and appropriate portion of overheads as follows:-

Raw Materials	- Actual cost of purchase or landed cost.
Finished products and products in process	- average cost of direct materials and labour plus a proportion of production overheads based on normal level of activity.
Returnable packaging materials (Bottles, cases and pallets)	- Deposit Value which is equal to the net realisable value.

4. DEBTORS

Debtors are stated net of provision for bad and doubtful debts (where such debts are doubtful of recovery).

5. CASH AND CASH EQUIVALENTS

Cash And Cash Equivalents include cash on hand, cash balances with banks. Commercial papers and investment in money market instruments.

6. FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies during the year are converted to Naira at the exchange rates ruling at the transaction dates. Balances due to foreign creditors at year end (if any) are translated at the rate of exchange ruling at the Balance Sheet date. Profits and Losses arising therefrom (if any) are dealt with in the profit and loss account. There were no outstanding balances due to foreign creditors as at the year end.

7. INCOME TAX

Income Tax is recognised in the profit and loss account. Current income tax is the expected income tax payable on the taxable income for the year using applicable statutory rates at balance sheet date.

8. DEFERRED TAXATION

Deferred Tax for all material timing differences is calculated by the liability method in accordance with the provision of the Nigerian Statement of Accounting Standard (SAS) No. 19 on income Taxes.

9. TURNOVER

Turnover represents the net value of sale of goods and services to third parties.

10. RETIREMENT BENEFIT AND GRATUITY SCHEME

- 10.1 The company operates contributory retirement benefits scheme for its Permanent staff based on the provisions of the New Pension Reform Act, 2004. The scheme is funded by contributions from Employees through payroll deductions while the company's contribution is charged to the profit and loss account. The rates applicable for each party is 7.5% Employees and 7.5% company, of the sum of Basic, Housing and Transport allowances.





10.2 The company also operates a gratuity scheme for its permanent Nigerian staff but the liability is recognised in full only on payment. The gratuity payable to staff upon retirement or resignation, are accrued for over the service lives of management and non-management staff of the company. The liability for employee retirement benefits is periodically determined by an independent actuarial valuation. This scheme is not funded but the company ensures that adequate arrangements are in place to meet its obligation under the scheme.

II. PROVISIONS

- (i) A provision is recognised if, as a result of a past event, the company has a present obligations (legal or constructive) that can be reliably estimated. And it is probable that an outflow of economic benefits will be required to settle such obligation.
- (ii) This is a new accounting policy arising from the Statement of Accounting Standard No. 23 (SAS23) issued by the Nigerian Accounting Standards Board on 1st June, 2006 and it became effective from 31st December, 2006.
- (iii) The effect of the adoption of this standard is a change in Accounting policy with regard to Dividend. Consequently proposed Dividend will only now be recognised when declared and approved by Shareholders at the Annual General Meeting. The effect of this change in Accounting policy is shown in note 13.



Profit and Loss Account



FOR THE YEAR ENDED 31ST MARCH, 2007

	NOTE	2007 ₦000	2006 ₦000
Turnover		27,309,123	22,071,731
Cost of Sales		(16,293,388)	(13,089,139)
Gross Profit		11,015,735	8,982,592
Selling & Distribution Expenses		(5,576,791)	(4,757,690)
Administration Expenses		(2,782,540)	(2,150,908)
		2,656,404	2,073,994
Other Income	2.2	18,714	5,269
Operating Profit		2,675,118	2,079,263
Interest Expenses & Similar Charges	1	(714,407)	(373,271)
Profit on Ordinary Activities before Tax		1,960,711	1,705,992
Tax on Profit on Ordinary Activities	3	(741,309)	(538,779)
Profit on Ordinary Activities after Tax transferred to Revenue Reserves		1,219,402	1,167,213
Basic Earnings Per Share (kobo)	14	238k	285k
Adjusted Earnings Per Share	14.1	238k	228k

Notes to the financial statements are on pages 19 to 26





Balance Sheet

AS AT 31 MARCH, 2007

	NOTE	2007 ₹000	2006 ₹000
FIXED ASSETS	5	11,240,326	<u>8,098,747</u>
CURRENT ASSETS			
Stocks	7	4,211,370	3,632,947
Debtors	8	2,935,993	1,978,181
Cash at Bank & in Hand		3,259,678	3,390,616
		<u>10,407,041</u>	<u>9,001,744</u>
Creditors:			
Amount falling due within one year	9.1	(7,241,397)	(7,549,665)
Taxation	3.2	(582,434)	(467,096)
		<u>(7,823,831)</u>	<u>(8,016,761)</u>
Net Current Assets		2,583,210	<u>984,983</u>
Total Assets Less Current Liabilities		13,823,536	9,083,730
Deferred Taxation	3.3	(1,750,938)	(1,390,709)
Creditors: Amount falling due more than one year			
Loans	9.2	(4,485,746)	(947,256)
PROVISIONS FOR LIABILITY & CHARGES			
Retirement Benefit	10	(1,306,500)	(1,169,493)
NET ASSETS		<u>6,280,352</u>	<u>5,576,272</u>
CAPITAL AND RESERVES			
Issued and Fully Paid Share Capital	11.2	256,236	204,989
Capital Reserves	12	304,133	306,983
Revenue Reserves	13.1	5,719,983	5,064,300
SHAREHOLDERS' FUND		<u>6,280,352</u>	<u>5,576,272</u>


FAYSAL EL-KHALIL


MALCOLM GIBBONS

} Directors

Notes to the financial statements are on pages 19 - 26



Cash Flow Statement



	NOTE	2007 ₱000	2006 ₱000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Flow from Ordinary Activities			
Receipts from Customers		26,729,278	21,726,390
Payments to Employees/Suppliers/Services		(23,587,960)	(18,990,864)
Other Income		15,176	3,489
Taxes Paid		(265,743)	(266,127)
Net Cash Provided by Operating Activities	4	<u>2,890,751</u>	<u>2,472,888</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sales of Fixed Assets		150	2,947
Interest Received		3,388	2,771
Payment for Purchase of Fixed Assets		(4,527,184)	(2,073,788)
Net Cash Utilised in investing Activities		<u>(4,523,646)</u>	<u>(2,068,070)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan Interest and Similar Charges		(714,407)	(373,271)
Share Issue Expenses		(2,850)	0
Dividend Paid		(512,472)	(512,472)
Net Cash Utilised in Financing Activities		<u>(1,229,729)</u>	<u>(885,743)</u>
Net Increase/(Decrease) in Cash and Cash Equivalent		(2,862,624)	(480,925)
Cash and Cash Equivalent at Beginning of Financial Year		(3,213,864)	(2,732,939)
Cash and Cash Equivalent at End of Financial Year		<u>(6,076,488)</u>	<u>(3,213,864)</u>
REPRESENTED BY			
Cash and Bank Balances		3,259,678	3,390,616
Bank Overdraft		(612,242)	(1,080,337)
Commercial Papers and Bankers Acceptance		(3,379,767)	(3,083,917)
Medium Term Loan		(5,344,157)	(2,439,726)
		<u>(6,076,488)</u>	<u>(3,213,864)</u>

Notes to the financial statements are on pages 19 to 25





Notes to the Accounts

1.0	INTEREST EXPENSES AND SIMILAR CHARGES	2007	2006
		₦000	₦000
	Bank Charges	107,545	94,719
	Interest Payable	606,862	278,552
	On bank loans repayable wholly within five years	<u>714,407</u>	<u>373,271</u>
2.0	PROFIT BEFORE TAXATION		
	Profit before taxation is arrived at:		
2.1	After Charging:		
	Depreciation of Fixed Assets	1,385,605	1,254,085
	Directors' Emoluments	4,616	3,903
	Auditors fees	<u>8,000</u>	<u>7,500</u>
2.2	After Crediting: (Other Income)		
	Rental Income from Property	(99)	(99)
	Management Fee Received	(48)	(48)
	Interest Received	(3,388)	(2,771)
	Sale of Scraps	(15,029)	(3,341)
	(Profit)/Loss On Disposal	<u>(150)</u>	<u>990</u>
2.3	Directors' Emoluments:		
	(a) The Aggregate emoluments of the Directors were:		
	Fees	700	410
	Other Emoluments	3,916	3,493
		<u>4,616</u>	<u>3,903</u>
	(b) The Chairman's Emoluments totalled	<u>1,560</u>	<u>1,196</u>
	(c) The Emoluments of the highest Paid Director amounted to	<u>1,560</u>	<u>1,420</u>

(d) The table below shows the number of Directors of the company (excluding the Chairman) whose remunerations excluding pension contribution fell within the range shown:

N	to	N		
40,001		50,000	0	5
90,001		100,000	4	0
170,001		180,000	1	0
1,020,001		1,030,000	1	0
1,030,001		1,040,000	0	1
1,410,001		1,420,000	0	1
1,460,001		1,470,000	1	0
1,560,001		1,570,00	1	0
			<u>8</u>	<u>7</u>



Notes to the Accounts (Contd.)



	2007 ₱000	2006 ₱000
(a) The aggregate number of persons employed (excluding Directors) during the year was as follows:		
Management	140	132
Senior Staff	374	363
Junior Staff	3,493	4,188
	<u>4,007</u>	<u>4,683</u>

(b) The table below shows the number of employees of the company who earns over ₱60,000 in the year and which fell within the ranges stated:

₱	₱	2007	2006	₱	₱	2007	2006	
140,001	to	150,000		450,001	to	460,000	34	36
150,001	to	160,000		460,001	to	470,000	57	97
160,001	to	170,000		470,001	to	480,000	93	83
170,001	to	180,000		480,001	to	490,000	18	56
180,001	to	190,000		490,001	to	500,000	55	59
190,001	to	200,000		500,001	to	510,000	31	50
200,001	to	210,000		510,001	to	520,000	69	57
210,001	to	220,000		520,001	to	530,000	6	65
220,001	to	230,000		530,001	to	540,000	48	35
230,001	to	240,000	9	540,001	to	550,000	16	83
240,001	to	250,000	3	550,001	to	560,000	48	8
250,001	to	260,000	254	560,001	to	570,000	22	78
260,001	to	270,000	96	570,001	to	580,000	58	6
270,001	to	280,000	101	580,001	to	590,000	12	89
280,001	to	290,000	62	590,001	to	600,000	34	13
290,001	to	300,000	80	600,001	to	610,000	50	17
300,001	to	310,000	14	610,001	to	620,000	13	66
310,001	to	320,000	22	620,001	to	630,000	72	17
320,001	to	330,000	87	630,001	to	640,000	3	83
330,001	to	340,000	82	640,001	to	650,000	60	11
340,001	to	350,000	42	650,001	to	660,000	25	30
350,001	to	360,000	425	660,001	to	670,000	2	22
360,001	to	370,000	290	670,001	to	680,000	63	4
370,001	to	380,000	139	680,001	to	690,000	14	42
380,001	to	390,000	54	690,001	to	700,000	1	
390,001	to	400,000	96	700,001	to	710,000	61	5
400,001	to	410,000	94	710,001	to	720,000	12	40
410,001	to	420,000	74	720,001	to	730,000	11	15
420,001	to	430,000	43	730,001	to	740,000	57	
430,001	to	440,000	83	740,001	to	750,000	3	21
440,001	to	450,000	88	750,001	and above		721	307



Notes to the Accounts (Contd.)



3.0 TAXATION	2007	2006
	₹000	₹000
3.1 Tax Charge (per profit and loss account) based on the profit for the year		
Income Tax	307,139	261,363
Education Tax	73,941	59,388
Deferred Tax Account	360,229	218,028
	<u>741,309</u>	<u>538,779</u>
3.2 Tax Liability (per Balance Sheet)		
Opening Balance:		
Income Tax	370,823	325,126
Education Tax	96,273	87,347
	<u>467,096</u>	<u>412,473</u>
Payments during the year:		
Income Tax	(206,464)	(215,665)
Education Tax	(59,279)	(50,462)
	<u>(265,743)</u>	<u>(266,127)</u>
Provision for the year:		
Income Tax	307,139	261,363
Education Tax	73,941	59,388
	<u>381,080</u>	<u>320,751</u>
Closing Balance		
Income Tax	471,499	370,823
Education Tax	110,935	96,273
	<u>582,434</u>	<u>467,096</u>

The amount provided for Income Tax on the profit for the year has been computed on the basis of the Company Income Tax rate of 30% in line with the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (Revised). Education Tax represents 2% of Assessable Profit in accordance with Education Tax Act, CAP E4 LFN 2004 (Revised).

3.3 Deferred Taxation:	₹000	₹000
Balance at 1st April, 2006	1,390,709	1,172,681
Charge to Profit and loss Account	360,229	218,028
Balance at 31st March, 2007	<u>1,750,938</u>	<u>1,390,709</u>

In accordance with the accounting policy on page 14 item 8 full provision is made in the year for deferred tax.



4.0 RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2007 ₱000	2006 ₱000
Net Income After Tax	1,219,402	1,167,213
Adjustment to Reconcile Net Income to Net Cash Provided:		
Depreciation	1,385,605	1,254,085
Interest Received	(3,388)	(2,771)
(Profit)/Loss On Fixed Asset Disposal	(150)	990
Interest And Similar Charges	714,407	373,271
Changes In Asset And Liabilities		
Increase in Stocks	(578,423)	(541,988)
Increase In Debtors	(957,812)	(381,678)
Increase In Creditors And Accruals	498,536	80,391
Increase In Taxation	115,338	54,624
Increase In Retirement Benefit	137,007	250,723
Increase In Deferred Tax Provision	360,229	218,028
	<u>1,671,349</u>	<u>1,305,675</u>
Net Cash Provided By Operating Activities	<u>2,890,751</u>	<u>2,472,888</u>

5.0 FIXED ASSETS

MOVEMENT COST/VALUATION	Work	Land &	Plant &	Motor	Office	Total
	In Progress	Building	Machinery	Vehicles	Equipment	
	₱000	₱000	₱000	₱000	₱000	₱000
Balance as at 1st April, 2006	315,374	2,435,833	5,150,346	3,222,902	1,893,523	13,017,978
Addition	723,268	354,099	2,561,320	693,178	195,319	4,527,184
Reclassification	(816,677)	516,446	300,231	0	0	0
Disposal	0	0	(2,739)	0	0	(2,739)
As at 31st March, 2007	<u>221,965</u>	<u>3,306,378</u>	<u>8,009,158</u>	<u>3,916,080</u>	<u>2,088,842</u>	<u>17,542,423</u>
ACCUMULATED DEPRECIATION						
As at 1st April 2006	0	255,019	2,372,042	1,072,328	1,219,842	4,919,231
Charge for the Year	0	115,661	601,902	497,038	171,004	1,385,605
Disposal	0	0	(2,739)	0	0	(2,739)
As at 31st March, 2007	<u>0</u>	<u>370,680</u>	<u>2,971,205</u>	<u>1,569,366</u>	<u>1,390,846</u>	<u>6,302,097</u>
Closing Bal. 31st March, 2007	<u>221,965</u>	<u>2,935,698</u>	<u>5,037,953</u>	<u>2,346,714</u>	<u>697,996</u>	<u>11,240,326</u>
Closing Bal. 31st March, 2006	<u>315,374</u>	<u>2,180,814</u>	<u>2,778,304</u>	<u>2,150,574</u>	<u>673,681</u>	<u>8,098,747</u>

Notes to the Accounts (Contd.)



	2007 ₹000	2006 ₹000
6 CAPITAL COMMITMENTS		
Authorised but not Contracted	2,500,000	2,500,000
7 STOCKS		
Raw Materials	1,074,680	1,080,578
Bottles, Cases and Pallets	1,095,820	868,330
Finished Goods	165,160	186,863
Spare Parts	1,044,676	794,469
Others	272,364	209,176
Goods in Transit	558,670	493,531
	<u>4,211,370</u>	<u>3,632,947</u>
8 DEBTORS		
Trade Debtors	1,654,402	1,074,557
Debtors - Sundry	636,372	444,746
Staff Debtors	392,864	308,609
Prepayments	252,355	150,269
	<u>2,935,993</u>	<u>1,978,181</u>
9 CREDITORS		
9.1 Amount falling due within a year:		
Bank Overdraft	612,242	1,080,837
Trade Creditors	1,571,208	1,156,327
Sundry Creditors	668,442	652,518
Commercial Papers and Bankers Acceptance	3,379,767	3,083,917
Medium Term Loan (see Note 9.2)	858,411	1,492,470
Accruals	151,327	83,596
	<u>7,241,397</u>	<u>7,549,665</u>
9.2 Loans (UnSecured)		
Amount falling due more than one year:		
Medium Term Borrowing	5,344,157	2,439,726
Less: Amount falling due within one year transferred to short term loan	(858,411)	(1,492,470)
Amount Falling due more than one Year	<u>4,485,746</u>	<u>947,256</u>
10. RETIREMENT BENEFITS		
Balance Brought Forward	1,169,494	918,770
Provision In The Year	504,068	455,161
Payment In The Year	(367,062)	(204,438)
Balance Carried Forward	<u>1,306,500</u>	<u>1,169,493</u>



Notes to the Accounts (Contd.)



	2007 ₦000	2006 ₦000
11 SHARE CAPITAL		
11.1 Authorised:		
Balance Brought Forward:		
410,000,000 Ordinary Shares at 50k each	205,000	205,000
Addition in the Year:		
110,000,000 Ordinary Shares at 50k each	55,000	0
Balance Carried Forward	<u>260,000</u>	<u>205,000</u>
11.2 Issued and Fully Paid:		
Balance Brought Forward:		
409,977,832 Ordinary Shares at 50k each	204,989	204,989
Addition In The Year:		
102,494,458 Ordinary Shares at 50k each	51,247	0
Balance Carried Forward:	<u>256,236</u>	<u>204,989</u>
11.3	During the year at the 47th Annual General Meeting (AGM) of the company held on Tuesday 21st day of November, 2006, the shareholders passed an ordinary resolution approving the increase in Authorised Share Capital from N205,000,000 to N260,000,000 by the creation of additional 110,000,000 ordinary shares of 50 kobo each (N55,000,000) which ranked at par with existing shares of the company.	
11.4	Secondly, the shareholders at the same AGM also approved the issuance of bonus shares of 1 (one) share for every 4 (four) held by the existing shareholders. This translated to additional 102,494,458 ordinary shares of 50 kobo each (i.e. N51,247,229) to be capitalised from the Revenue Reserves account.	
	2007 ₦000	2006 ₦000
12 CAPITAL RESERVES		
Revaluation Reserves	4,993	4,993
This represents the surplus on revaluation of properties		
Share Premium Account	301,990	301,990
Less: Share Issue Expenses	(2,850)	0
	<u>299,140</u>	<u>301,990</u>
Total Capital Reserves	<u>304,133</u>	<u>306,983</u>





Notes to the Accounts (Contd.)

	2007 ₦000	2006 ₦000
13 REVENUE RESERVES		
13.1 Retained Profit Brought Forward	5,064,300	3,897,087
effect of adoption of SAS 23:		
Profit after Tax for the transferred add:	1,219,402	1,167,213
2005 Dividend declared in 2006	-	512,472
2005 Dividend paid in 2006	-	(512,472)
2006 Dividend declared and paid in 2007	(512,472)	-
Bonus shares issued in the year (note 11.4)	(51,247)	-
Balance at 31st March, 2007	<u>5,719,983</u>	<u>5,064,300</u>
Dealt with as follows:		
Reserved for Proposed Dividend	<u>666,214</u>	<u>512,472</u>
Retained in Revenue Reserves	<u>5,719,983</u>	<u>5,064,300</u>

13.2 Dividend

A new Statement of Accounting Standard No. 23 (SAS 23) was issued by the Nigerian Accounting Standards Board on June 1st, 2006 and it became effective from 31st December, 2006. Based on the requirements of this standard, provisions can only be recognised in the financial statements when an entity (The company) has a present obligation arising from a past event. Accordingly, proposed dividends in a year can only be recognised as a provision after such proposed dividends have been declared and approved by the shareholders at the Annual General Meeting (which usually falls in the following Accounting year). The Dividend and Revenue Reserves accounts are now being re-presented in line with the new Accounting policy consequent to the requirements of the new SAS 23.

13.3 The Directors proposed a dividend of 130 kobo per share (2006: 125 kobo per share) on the issued share capital of 512,472,290 ordinary shares of 50k kobo per share totalling N666,213,977; subject to approval by the shareholders at the next Annual General Meeting.

14 EARNINGS PER SHARE

14.1 Earnings Per Share (EPS) has been calculated on the basis of the company's profit after taxation of N1,219,401,634 and on the basis of 512,472,290 ordinary shares of 50 kobo per share after the capitalisation issues (Bonus issues) declared and approved at the Annual General Meeting held on 21st day of November, 2006. Earnings Per Share (EPS) for 2006 has been adjusted accordingly.

14.2 Basic Earnings Per Share (EPS) is being disclosed in this financial statements as the calculation have been made on the basis of actual shares in issue and ranking for dividend.

14.3 (i) There is no calculation for diluted earnings per share because the company have not incurred any obligations which may at some specified or unspecified future time result in the issue of additional equity or ordinary shares.





- (ii) Diluted earnings per share is usually calculated and disclosed in the financial statements where the company has issued;
 - (a) a separate class of equity shares which will rank for dividend at some future time.
 - (b) debentures and/or loan stock and/or preference shares convertible into equity shares of the company.
 - (c) options to subscribe for equity shares of the company.

15. **CONTINGENT LIABILITY**

There are few claims against the Company arising out of the Ordinary course of business of the Company. However, the Company Solicitors have advised that the Company has a strong defence in the actions and Directors believe that no material loss will arise therefrom. No provision has been made in the accounts for these contingent liabilities.

16. **POST BALANCE SHEET EVENTS**

There were no post balance sheet events to our knowledge which could have had a material effect on the state of affairs of the Company as at 31st March, 2007.

17. **APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board of Directors of the Company on the 5th September, 2007.



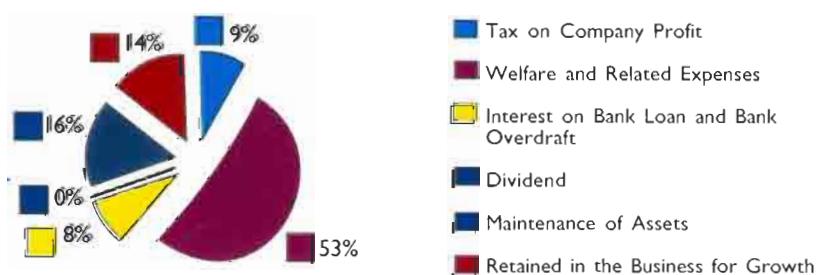
Value Added Statement



FOR THE YEAR ENDED 31ST MARCH, 2007

	2007 ₦000	%	2006 ₦000	%
Turnover	<u>27,309,123</u>		<u>22,071,731</u>	
Bought in Materials and Services:				
Imported	(6,650,520)		(5,698,579)	
Local	(12,105,893)		(9,147,724)	
	<u>(18,756,413)</u>		<u>(14,846,303)</u>	
Wealth Created by Trading Operations	8,552,710		7,225,428	
Non-trading Items - Other Income	18,714		5,269	
Total Wealth Created	<u>8,571,424</u>	<u>100</u>	<u>7,230,697</u>	<u>100</u>
Distribution of Wealth Created:				
To Government				
Tax on Company Profit	741,309	9	538,779	7
To Employees:				
Wages, Salaries, Pension Contributions, Welfare and Related Expenses	4,510,701	53	3,897,349	54
To Providers of Finance:				
Interest on Bank Loan and Bank Overdraft	714,407	8	373,271	5
To Pay Shareholders				
Dividend	-	-	512,472	8
To Provide for Growth				
Maintenance of Assets	1,385,605	16	1,254,085	17
Retained in the Business for Growth	1,219,402	14	654,741	9
	<u>8,571,424</u>	<u>100</u>	<u>7,230,697</u>	<u>100</u>

DISTRIBUTION OF WEALTH



Financial Summary



OF FIVE YEAR STATISTICS

BALANCE SHEET AS AT 31ST MARCH 2007

	2007 ₹000	2006 ₹000	2005 ₹000	2004 ₹000	2003 ₹000
Fixed Assets	11,240,326	8,098,747	7,282,981	5,025,595	4,019,787
Net Current Assets/Liabilities	2,583,210	984,983	(88,389)	836,211	352,895
Loan (Medium Term)	(4,485,746)	(947,256)	(694,082)	(221,162)	(495,347)
Retirement benefit	(1,306,500)	(1,169,493)	(918,770)	(818,584)	-
Deferred Taxation	(1,750,938)	(1,390,709)	(1,172,681)	(854,825)	(644,117)
Total Net Assets	<u>6,280,352</u>	<u>5,576,272</u>	<u>4,409,059</u>	<u>3,967,235</u>	<u>3,233,218</u>

REPRESENTED BY:

Share Capital	256,236	204,989	204,989	204,989	204,989
Capital Reserve	304,133	306,983	306,983	306,983	306,983
Revenue Reserve	5,719,983	5,064,300	3,897,087	3,455,263	2,721,246
Total Capital Employed	<u>6,280,352</u>	<u>5,576,272</u>	<u>4,409,059</u>	<u>3,967,235</u>	<u>3,233,218</u>





Financial Summary

OF FIVE YEAR STATISTICS

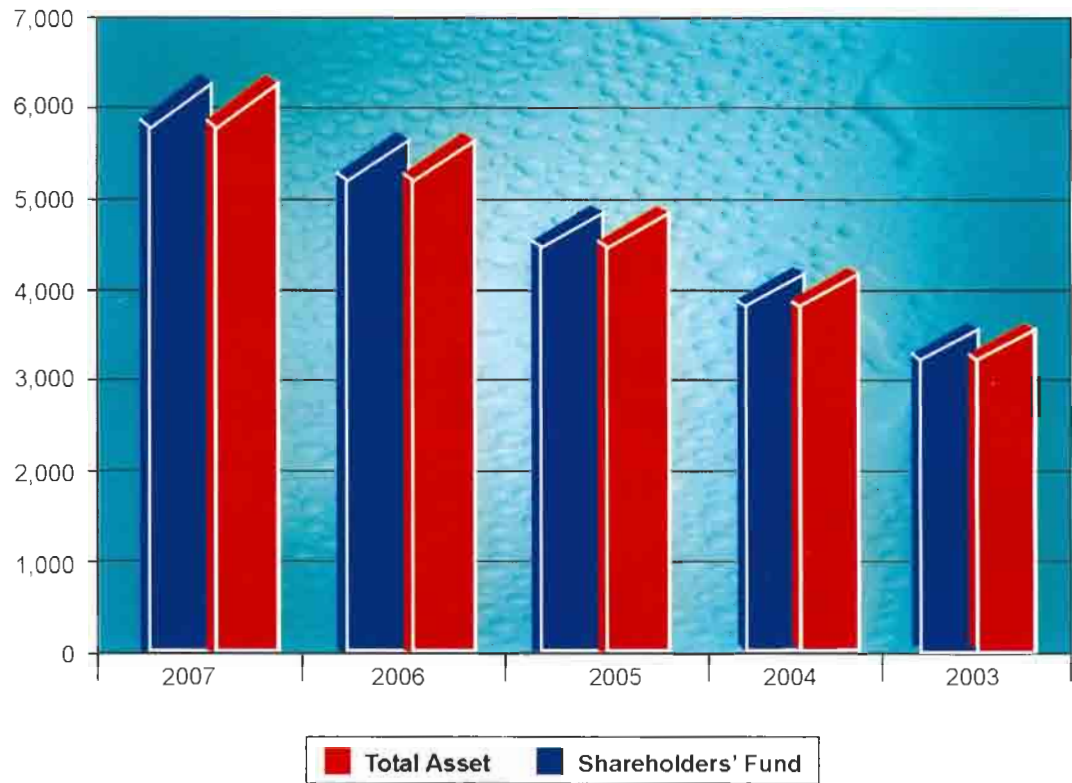
PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH

	2007	2006	2005	2004	2003
	₱000	₱000	₱000	₱000	₱000
TURNOVER	27,309,123	22,071,731	17,346,662	14,937,371	14,222,114
Profit before Taxation	<u>1,960,711</u>	<u>1,705,992</u>	<u>1,519,526</u>	<u>1,686,561</u>	<u>2,008,502</u>
Taxation	<u>(741,309)</u>	<u>(538,779)</u>	<u>(565,230)</u>	<u>(542,566)</u>	<u>(626,298)</u>
Profit after Taxation transferred to Revenue Reserve	1,219,402	<u>1,167,213</u>	954,296	1,143,995	1,382,204
Dividends	-	-	<u>(512,472)</u>	<u>(409,978)</u>	<u>(307,483)</u>
Retained Profit for the Year	<u>1,219,402</u>	<u>1,167,213</u>	<u>441,824</u>	<u>734,017</u>	<u>1,074,721</u>
Basic Earnings per 50k Share	238k	285k	233k	279k	337k
Adjusted Earnings Per 50k Share	238k	228k	186k	223k	270k
Dividend per 50k Share	-	125k	125k	100k	75k
Net Assets per 50k Share	1,226k	1,360k	1,075k	968k	789k

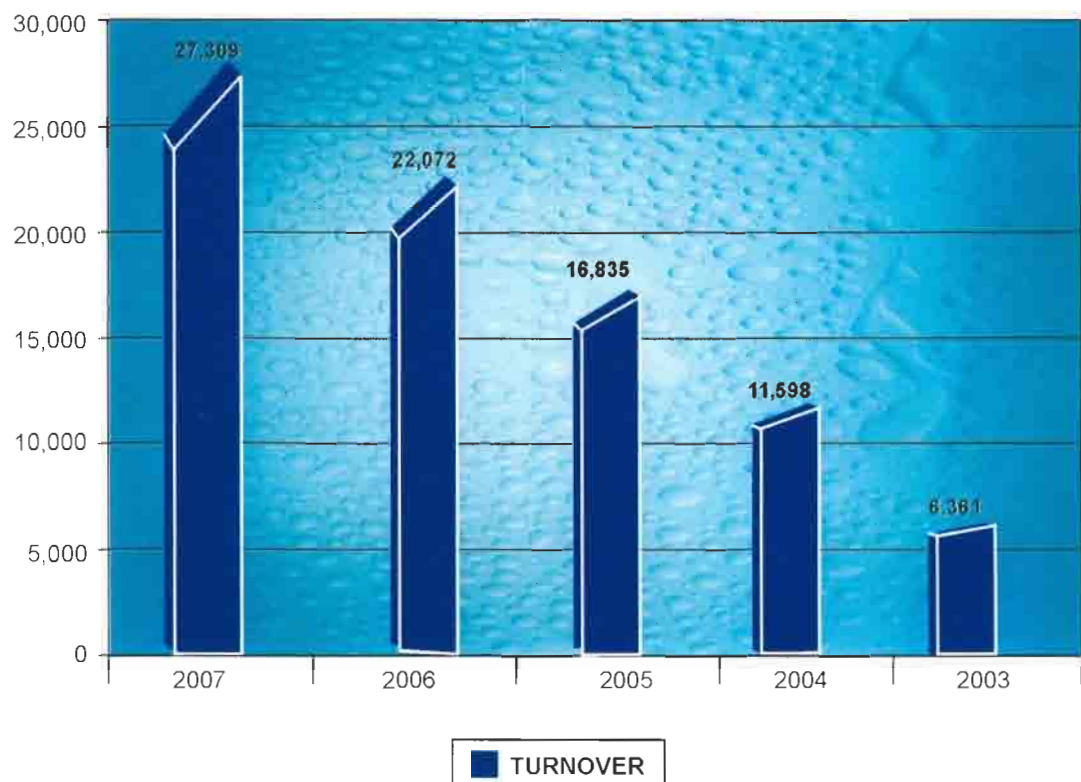




BALANCE SHEET (in millions of Naira)



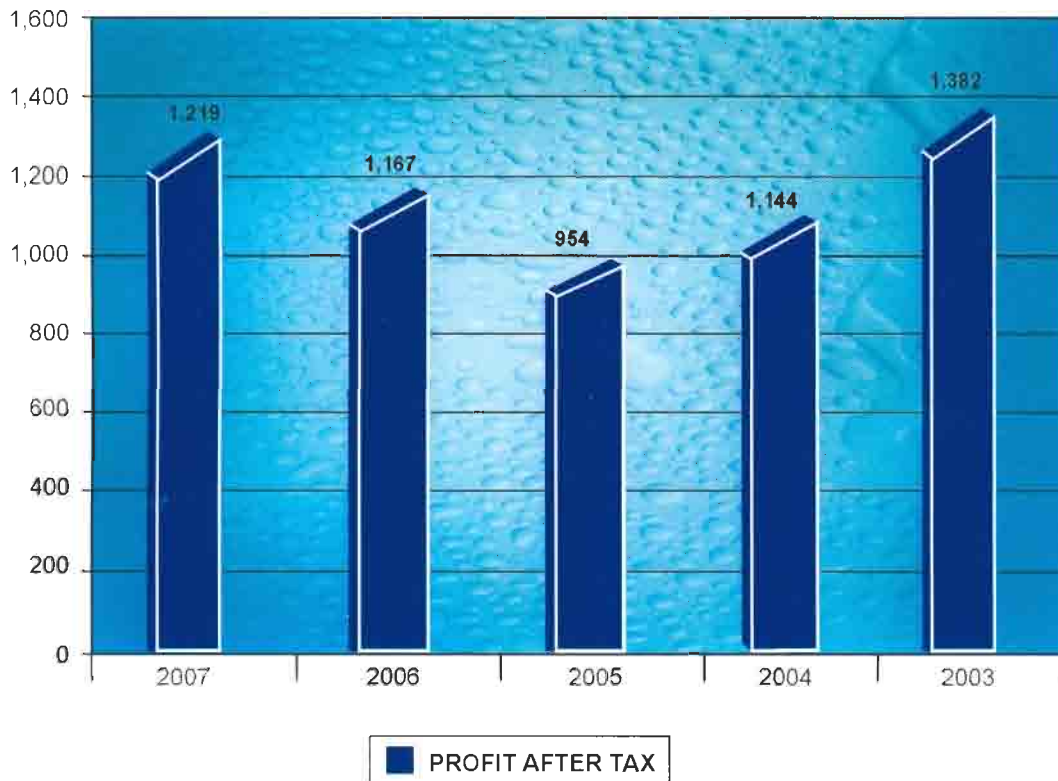
TURNOVER (in millions of Naira)



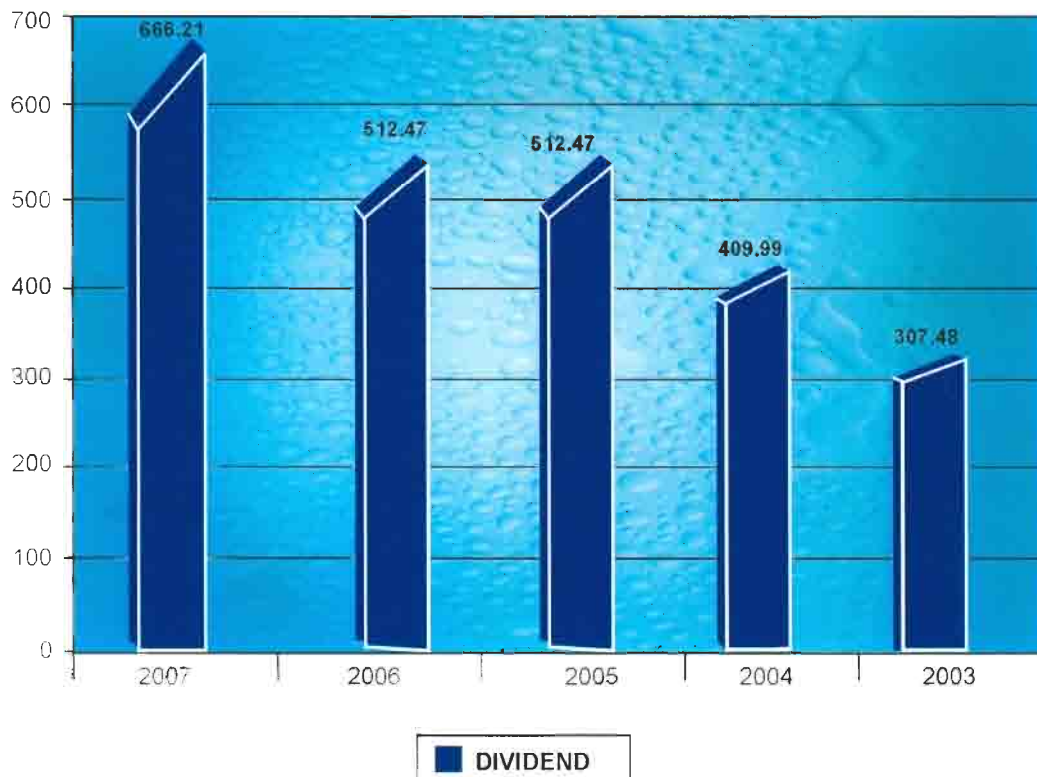


Financial Indicators

PROFIT AFTER TAX (in millions of Naira)



DIVIDEND (in millions of Naira)



BASIC EARNINGS PER SHARE

