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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**Form CB**

**TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM**  
(AMENDMENT NO. \_\_\_\_\_)

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

- Securities Act Rule 801 (Rights Offering)
- Securities Act Rule 802 (Exchange Offer)
- Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)
- Exchange Act Rule 14d-1(c) (Third Party Tender Offer)
- Exchange Act Rule 14c-2(d) (Subject Company Response)

Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)

Note: Regulation S-T Rule 101(b)(8) only permits the filing or submission of a Form CB in paper by a party that is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

GHANA BREWERIES LIMITED

(Name of Subject Company)

N/A

(Translation of Subject Company's Name into English (if applicable))

GHANA

(Jurisdiction of Subject Company's Incorporation or Organization)

GUINNESS GHANA LIMITED

(Name of Person(s) Furnishing Form)

ORDINARY SHARES

(Title of Class of Subject Securities)

N/A

(CUSIP Number of Class of Securities (if applicable))

OLESEGUN ADEGANBI, MILE 7, ACCRA-NSAWAM RD. PO BOX 41114, ACHIMOTA, ACCRA, GHANA

(Name, Address (including zip code) and Telephone Number (including area code) of Person(s) Authorized to Receive Notices and Communications on Behalf of Subject Company) of (00 233 21 402 999)

21 JUNE 2004

(Date Tender Offer/Rights Offering Commenced)

\* An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Any member of the public may direct to the Commission any comments concerning the accuracy of this burden estimate and any suggestions for reducing this burden. This collection of information has been reviewed by OMB in accordance with the clearance requirements of 44 U.S.C. 3507.

SEC 2560 (10-03) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

JUN 21 2004

PROCESSED

JUN 22 2004

THOMSON FINANCIAL

## GENERAL INSTRUCTIONS

### I. Eligibility Requirements for Use of Form CB

- A. Use this Form to furnish information pursuant to Rules 13e-4(h)(8), 14d-1(c) and 14e-2(d) under the Securities Exchange Act of 1934 ("Exchange Act"), and Rules 801 and 802 under the Securities Act of 1933 ("Securities Act").

#### *Instructions*

1. For the purposes of this Form, the term "subject company" means the issuer of the securities in a rights offering and the company whose securities are sought in a tender offer.
  2. For the purposes of this Form, the term "tender offer" includes both cash and securities tender offers.
- B. The information and documents furnished on this Form are not deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act.

### II. Instructions for Submitting Form

- A. (1) If the party filing or submitting the Form CB has reporting obligations under Exchange Act Section 13 or 15(d), Regulation S-T Rule 101(a)(1)(vi) (17 CFR 232.101(a)(1)(vi)) requires the submission of the Form CB in electronic format via the Commission's Electronic Data Gathering and Retrieval System (EDGAR) in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR Part 232). For assistance with technical questions about EDGAR or to request an access code, call the EDGAR Filer Support Office at (202) 942-8900. For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 942-2940.
- (2) If the party filing or submitting the Form CB is not an Exchange Act reporting company, Regulation S-T Rule 101(b)(8) (17 CFR 232.101(b)(8)) permits the submission of the Form CB either via EDGAR or in paper. When filing or submitting the Form CB in electronic format, either voluntarily or as a mandated EDGAR filer, a party must also file or submit on EDGAR all home jurisdiction documents required by Parts I and II of this Form, except as provided by the Note following paragraph (2) of Part II.
- (3) A party may also file a Form CB in paper under a hardship exemption provided by Regulation S-T Rule 201 or 202 (17 CFR 232.201 or 232.202). When submitting a Form CB in paper under a hardship exemption, a party must provide the legend required by Regulation S-T Rule 201(a)(2) or 202(c) (17 CFR 232.201(a)(2) or 232.202(c)) on the cover page of the Form CB.
- (4) If filing the Form CB in paper in accordance with Rule 101(b)(8) or a hardship exemption, you must furnish five copies of this Form and any amendment to the Form (see Part I, Item 1.(b)), including all exhibits and any other paper or document furnished as part of the Form, to the Commission at its principal office. You must bind, staple or otherwise compile each copy in one or more parts without stiff covers. You must make the binding on the side or stitching margin in a manner that leaves the reading matter legible.
- B. When submitting the Form CB in electronic format, the persons specified in Part IV must provide signatures in accordance with Regulation S-T Rule 302 (17 CFR 232.302). When submitting the Form CB in paper, the persons specified in Part IV must sign the original and at least one copy of the Form and any amendments. You must conform any unsigned copies. The specified persons may provide typed or facsimile signatures in accordance with Securities Act Rule 402(e) (17 CFR 230.402(e)) or Exchange Act Rule 12b-11(d) (17 CFR 240.12b-11(d)) as long as the filer retains copies of signatures manually signed by each of the specified persons for five years.

- C. You must furnish this Form to the Commission no later than the next business day after the disclosure documents submitted with this Form are published or otherwise disseminated in the subject company's home jurisdiction.
- D. If filing in paper, in addition to any internal numbering you may include, sequentially number the signed original of the Form and any amendments by handwritten, typed, printed or other legible form of notation from the first page of the document through the last page of the document and any exhibits or attachments. Further, you must set forth the total number of pages contained in a numbered original on the first page of the document.

### III. Special Instructions for Complying with Form CB

Under Sections 3(b), 7, 8, 10, 19 and 28 of the Securities Act of 1933, and Sections 12, 13, 14, 23 and 36 of the Exchange Act of 1934 and the rules and regulations adopted under those Sections, the Commission is authorized to solicit the information required to be supplied by this form by certain entities conducting a tender offer, rights offer or business combination for the securities of certain issuers.

Disclosure of the information specified in this form is mandatory. We will use the information for the primary purposes of assuring that the offeror is entitled to use the Form and that investors have information about the transaction to enable them to make informed investment decisions. We will make this Form a matter of public record. Therefore, any information given will be available for inspection by any member of the public.

Because of the public nature of the information, the Commission can use it for a variety of purposes. These purposes include referral to other governmental authorities or securities self-regulatory organizations for investigatory purposes or in connection with litigation involving the Federal securities laws or other civil, criminal or regulatory statutes or provisions.

## PART I - INFORMATION SENT TO SECURITY HOLDERS

### Item 1. Home Jurisdiction Documents

- (a) You must attach to this Form the entire disclosure document or documents, including any amendments thereto, in English, that you have delivered to holders of securities or published in the subject company's home jurisdiction that are required to be disseminated to U.S. security holders or published in the United States. The Form need not include any documents incorporated by reference into those disclosure document(s) and not published or distributed to holders of securities.
- (b) Furnish any amendment to a furnished document or documents to the Commission under cover of this Form. Indicate on the cover page the number of the amendment.

### Item 2. Informational Legends

You may need to include legends on the outside cover page of any offering document(s) used in the transaction. See Rules 801(b) and 802(b).

**Note to Item 2.** If you deliver the home jurisdiction document(s) through an electronic medium, the required legends must be presented in a manner reasonably calculated to draw attention to them.

## PART II - INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

The exhibits specified below must be furnished as part of the Form, but need not be sent to security holders unless sent to security holders in the home jurisdiction. Letter or number all exhibits for convenient reference.

(1) Furnish to the Commission either an English translation or English summary of any reports or information that, in accordance with the requirements of the home jurisdiction, must be made publicly available in connection with the transaction but need not be disseminated to security holders. Any English summary submitted must meet the requirements of Regulation S-T Rule 306(a) (17 CFR 232.306(a)) if submitted electronically or of Securities Act Rule 403(c)(3) (17 CFR 230.403(c)(3)) or Exchange Act Rule 12b-12(d)(3) (17 CFR 240.12b-12(d)(3)) if submitted in paper.

(2) Furnish copies of any documents incorporated by reference into the home jurisdiction document(s).

Note to paragraphs (1) and (2) of Part II: In accordance with Regulation S-T Rule 311(f) (17 CFR 232.311(f)), a party may submit a paper copy under cover of Form SE (17 CFR 239.64, 249.444, 259.603, 269.8, and 274.403) of an unabridged foreign language document when submitting an English summary in electronic format under paragraph (1) of this Part or when furnishing a foreign language document that has been incorporated by reference under paragraph (2) of this Part.

(3) If any of the persons specified in Part IV has signed the Form CB under a power of attorney, a party submitting the Form CB in electronic format must include a copy of the power of attorney signed in accordance with Regulation S-T Rule 302 (17 CFR 232.302). A party submitting the Form CB in paper must also include a copy of the signed power of attorney.

PART III - CONSENT TO SERVICE OF PROCESS

- (1) When this Form is furnished to the Commission, the person furnishing this Form (if a non-U.S. person) must also file with the Commission a written irrevocable consent and power of attorney on Form F-X.
- (2) Promptly communicate any change in the name or address of an agent for service to the Commission by amendment of the Form F-X.

PART IV - SIGNATURES

- (1) Each person (or its authorized representative) on whose behalf the Form is submitted must sign the Form. If a person's authorized representative signs, and the authorized representative is someone other than an executive officer or general partner, provide evidence of the representative's authority with the Form.
- (2) Type or print the name and any title of each person who signs the Form beneath his or her signature.

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct

(Signature)

LAURENCE TURNBULL, DIRECTOR

(Name and Title)

18 JUNE 2004

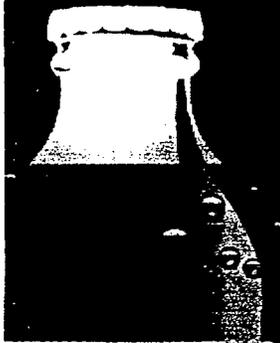
(Date)





Guinness Ghana Limited  
Annual Report & Financial Statements 2003

*Believing in Ghana  
Believing in Growth*





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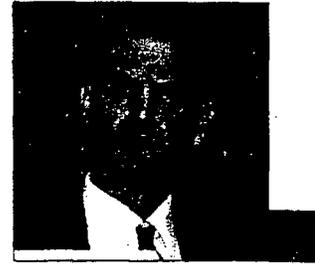
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**GUINNESS**



# Board of directors



David Herbert Campbell Hampshire 1

Devlin Hainsworth 2

Joseph Woahen Acheampong 3

Paul Victor Obeng 4

David James Armstrong 5

John Wheelhouse 6

Robert Njoya Kinuthia 7

Pamela Djamson-Tetty 8

Simon Kodzo Gollo 9

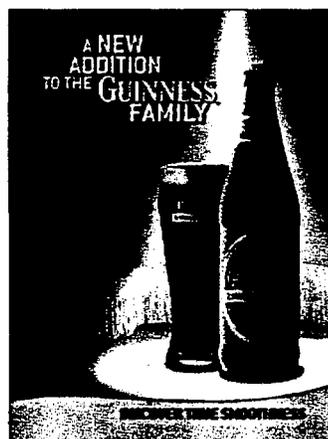
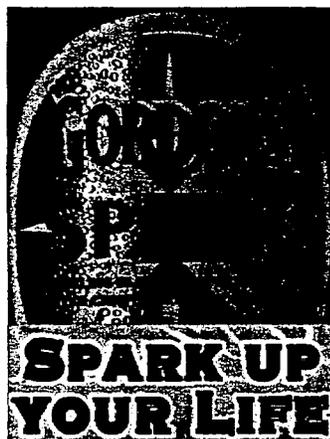
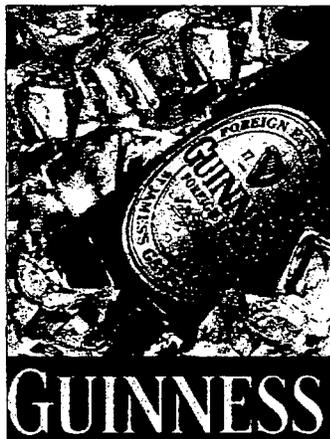


GUINNESS



# Financial highlights

	year ended 30 June 2003 €000	year ended 30 June 2002 €000	movement %
<b>Turnover</b>	<b>362,080,199</b>	<b>256,921,901</b>	<b>41%</b>
Profit before Taxation	65,188,228	48,172,841	35%
Taxation	14,557,320	12,983,292	12%
<b>Profit after Taxation</b>	<b>50,630,908</b>	<b>35,189,549</b>	<b>44%</b>
Dividends	29,370,000	20,559,000	43%
Retained Profit	21,260,908	14,630,549	45%
Capital Expenditure	88,096,838	26,422,138	233%
Depreciation	15,263,488	13,589,317	12%
Shareholders Fund	106,495,986	85,235,078	25%
Earnings per Share (¢)	430.97	299.54	44%
<b>Dividend per Share (¢)</b>	<b>250.00</b>	<b>175.00</b>	<b>43%</b>
Net Assets per Share (¢)	906.50	725.53	25%



GUINNESS



## **Board of directors, officials and registered office**

### **Board of directors**

David Herbert Campbell Hampshire (Chairman)  
Devlin Hainsworth (Managing)  
Prof Joseph Woahen Acheampong  
Paul Victor Obeng  
David James Armstrong  
John Wheelhouse  
Robert Njoya Kinuthia  
Pamela Djamson-Tettey  
Frank Cudjoe Damali (Retired 31/12/02)  
Augustine Kwame Addo (Resigned 14/06/03)

### **Secretaries**

Sena Chartered Secretaries Limited  
25 Liberia Road  
P. O. Box 5520  
Accra

### **Registered office**

Guinness Brewery  
Industrial Area, Kaasi  
P. O. Box 1536  
Kumasi

### **Auditors**

KPMG  
Chartered Accountants  
25 Liberia Road  
Accra

### **Registrars**

Merchant Bank (Ghana) Limited  
57 Examination Loop  
North Ridge  
Accra

### **Solicitors**

Sam Okudzeto & Associates  
25 Liberia Road  
P. O. Box 5520  
Accra

### **Bankers**

Barclays Bank of Ghana Limited  
Ecobank Ghana Limited  
Ghana Commercial Bank Limited  
SSB Bank Limited  
Standard Chartered Bank Ghana Limited  
Stanbic Bank Ghana Limited

**GUINNESS**



# **Notice of annual general meeting**

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**Notice** is hereby given that the next Annual General Meeting of Guinness Ghana Limited will be held at Prempeh Assembly Hall, Kumasi on 25 November 2003 at 10 o'clock in the forenoon for the following purposes:

## **Agenda**

1. To receive the Report of the Directors, Balance Sheet as at 30 June 2003 together with the Profit and Loss and Income Surplus Accounts for the year ended on that date and the Report of the Auditors thereon.
2. To declare a Dividend
3. To elect Directors in place of those retiring
4. To approve Non-Executive Directors' Fees
5. To authorise the Directors to fix the remuneration of the Auditors

A Member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of them. A proxy need not also be a Member.

A form of proxy is attached and for it to be valid for the purpose of the Meeting it must be completed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Dated 15 October 2003

**By order of the Board**  
**Sena Chartered Secretaries Ltd**

Registered Office:  
Guinness Brewery  
Kaasi Industrial Area  
P.O. Box 1536  
Kumasi

## **Dividend warrants**

If the dividend recommended is approved, payment will be made on 2 December 2003 to the holders of shares whose names are registered in the Register of Members on 22 October 2003.

**GUINNESS**



## Chairman's statement

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Distinguished shareholders, Nananom, ladies and gentlemen, it is my pleasure to welcome you to the 31st Annual General Meeting of your Company and present to you the Annual Report and Financial Statements for the period 1 July 2002 to 30 June 2003.

### **The business environment**

Prior to February month-on-month inflation had been relatively stable. However, February's 90% increase in the ex-pump price of petrol and the period adjustments made for water and electricity saw inflation surge, peaking at 30% in March 2003. Since then domestic price inflation has resulted in a very challenging business environment. Operating costs, margins and business profitability have been under pressure. In this context your Company's results are very good.

### **The Beer and Malt drinks market**

Both the Beer and Malt drink markets have recorded strong growth, up 20.6% and 7.7% respectively on the prior year. I am delighted to record your Company has grown volume and share ahead of the market. Guinness Foreign Extra Stout and Gordon's Spark combined to achieve volume growth of 35.1%, gaining over 3 percentage points of the Beer market. Malta Guinness also continues to dominate the Malt drinks sector with a share of 81.4%. Our advertising and promotions, particularly the movie "Critical Assignment", as well as the quality of our Brands has fuelled this growth.

I am also pleased to report that in August 2003 your Company launched a fourth premium brand "Guinness Extra Smooth". Ghana is the first market globally to launch Guinness Extra Smooth and was chosen because of the track record of successful delivery and the discerning taste of the Ghanaian consumer. This is part of your Company's ongoing commitment to identify new consumer opportunities and to invest behind its Brands to drive value.

### **Our performance**

Net turnover has grown 41% year-on-year from ₵257 billion to ₵362 billion, while profit after taxation is up 44%. While the macro-economic environment has continued to put pressure on margins, this has been astutely managed by driving top-line growth combined with effective cost and working capital control, and investment in more efficient processes. Please join me in congratulating the Executive team, management and staff on delivering yet another set of impressive results in a very challenging and competitive operating environment.

### **Dividend**

Reflecting the strong results recorded for the year, a final dividend of ₵192 per share before tax is proposed bringing the total for the year to ₵250 per share, up 43% on the previous year. The total dividend pay out for the year under review is ₵29.37 billion. We are also pleased to note that during the 2003 calendar year our share price has been the number one performer on the Ghana Stock Exchange, further increasing value creation for our Shareholders.

### **Social responsibility**

Your Company continues to support programmes that improve the quality of life in the communities we operate in. Our focus areas are community health, education, sports and culture. In response to the very important health issue of HIV/AIDS we are pleased to announce the launch, with the support of our parent company Diageo, of a major new initiative to provide all our employees with access to free anti-retroviral drugs. Other important health initiatives include support for the Cardiothoracic Centre and the provision of clean drinking water in a number of communities.

We also continue to honour our commitment to the Otumfuo Education Fund, the Chevening Scholarship Programme, the national team the "Black Stars" and a range of socio-cultural events across Ghana.



# Chairman's statement

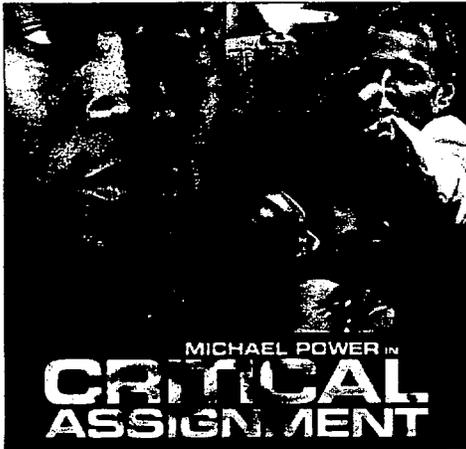
## Future prospects

Your Company has the Brands, the People and the Strategy to deliver superior performance. We continue to focus on the four Strategic initiatives of brand building including innovation, trade development, greater operational efficiency and inspiring exceptional people performance. It is the consistent focus and strong implementation of these strategic initiatives that has driven our success.

Your Company is now entering a period of significant investment to increase capacity. A world class packaging line will be commissioned in November which will double capacity and enable us to fully meet consumer demand over the years to come. Given supportive macro-economic conditions, your Company is ideally positioned to deliver strong sustainable growth and good returns to our Shareholders.

Thank you for your continued support.

David Hampshire  
Chairman



The movie Critical Assignment continues to thrill Ghanaian viewers and consumers alike.



David Armstrong, Commercial Director Diageo Africa confirms Guinness Ghana Limited's support to the Cadiothoracic Centre.



Guinness Ghana Limited is committed to the Otumfuo Education Trust.



The world class packaging line, to be commissioned in November 2003, increasing capacity to 40,000 bottles per hour



Michael Power presenting the cheque for \$100,000,000 to Gordon Mambo, Country Representative Water Aid Ghana during the premier of Critical Assignment.

GUINNESS



GUINNESS



# Report of the directors

The Directors present their report and the financial statements of the Company for the period 1 July 2002 to 30 June 2003.

## Financial statements

The results for the year are set out in the financial statements on pages 13 to 22. The Directors consider the state of the Company's affairs to be satisfactory.

## Nature of business

There was no change in the nature of the business of the Company during the year.

## Our performance

### Turnover

Sales performance for the year was impressive, especially when considered against the competitive environment in which we operated.

Net turnover grew by 41% to €362 billion, fuelled principally by a 16% increase in volume. This was also the first full year for Gordon's Spark.

### Taxation

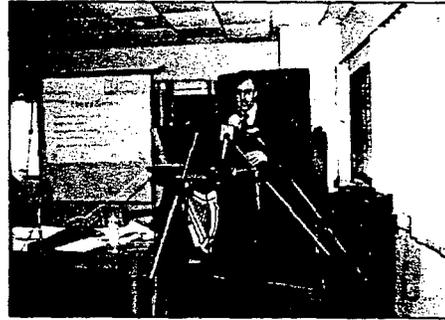
A total of €164 billion in Excise Duty and VAT was collected on behalf of the Government during the year, an increase of 46% over the previous year. Additionally, €15 billion in Corporation Tax including National Reconstruction Levy was charged, totalling €179 billion in Government Revenues.

### Profit

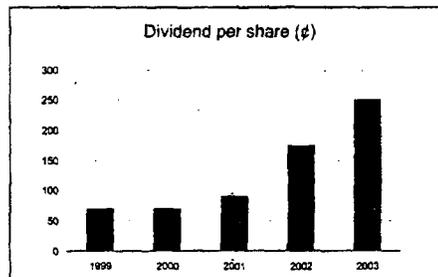
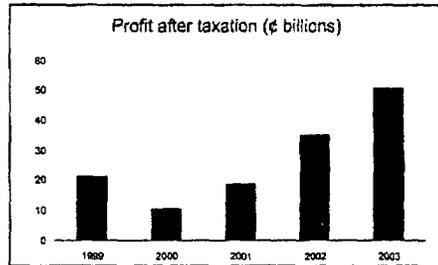
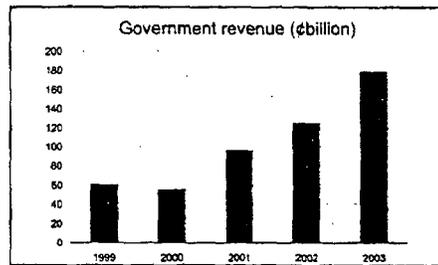
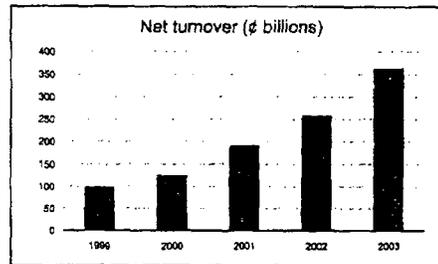
Profit after taxation increased from 44% to €51 billion. The increase in profit was due to the improved performance of our Brands, which recorded a 16% volume growth, combined with their premium price positioning. While the macro-economic environment continues to put pressure on margins, these have been offset by effective cost and working capital control, and investment in more efficient processes.

### Shareholder value creation

It is proposed to recommend to Members the payment of a final dividend of €192 per share before the deduction of tax at source at an appropriate rate. This added to the interim dividend paid in May 2003 would make a total dividend of €29.37 billion or €250 per share, representing a 43% increase over the previous year.



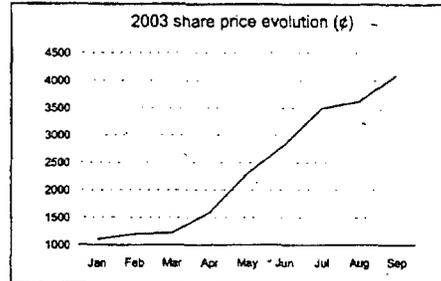
MD Devlin Hainsworth presents Guinness Ghana Limited's "Facts behind the figures" for the year ending 2003 to the Ghana Stock Exchange.





# Report of the directors

The other very important component of shareholder value creation is driving the growth of our share price through the consistent delivery of strong financial performance. We are especially proud of our performance on the Ghana Stock Exchange where our shares have been the number one performer during 2003, recording an increase of 290% up to the week ending 26 September.



## Our people

We continue to invest in the growth and development of our People as they contribute directly to the performance and results of our business. We are committed to inspiring exceptional people performance.



The Guinness Ghana Limited Management Team at the 2003 Conference, Elmina.

## Social Responsibility

We believe that the communities in which we operate, should benefit from our presence.

### Health

As noted previously we have just announced an exciting new HIV/AIDS initiative. Support also continues for Cardiothoracic unit at the Korle-bu Teaching Hospital and the provision of clean drinking water to communities nation-wide.



MD Devlin Hainsworth presents the prizes at The Guinness Golf Open, 2003.

### Education

A major component of our activity is channelled through the Otumfuo's Education Fund. Additionally through the Chevening Scholarship Programme we have supported two Ghanaians to pursue postgraduate studies in the United Kingdom.

### Sports

We continue to play a central role in sports development in Ghana, maintaining our support for the national soccer team the "Black Stars", Guinness Golf Open and Guinness National Challenge Cup.



The Elders of the Oguaa Traditional Council thank Marketing Director, Francis Vorgbe for Guinness Ghana Limited's support of Fetu Afahye Festival 2003

### Culture

Our Ghanaian culture is unique. It defines our People and is central to the success of our Brands. As a result we recognise the important role that we have to play in supporting cultural festivals and community related activities.

### Environment

We recognise that our operations can impinge on the natural world and take our environmental responsibility seriously. During the year we received the "Continuous Environmental Improvement" award for 2002 from the Environmental Protection Agency (EPA).

GUINNESS



# Report of the directors

## Future growth

Guinness Ghana Limited is now entering the next phase of its growth, which is to be fuelled through our commitment to invest in the capital expenditure necessary to increase capacity in line with demand. We will be continuing to focus on our four strategic initiatives that have been central to our success: brand building including innovation; trade development; greater operational efficiency and inspiring exceptional people performance.

We believe that, given the macro-economic stability of the Ghanaian economy, we have the Brands, the People and the Strategy to deliver strong, sustainable growth and thus returns to our Shareholders.

## Board changes

Since the Annual General Meeting held on 19 November 2002 Messrs F C Damali and A K Addo resigned from the office of Director of the Company. Mr K. Sarfo-Mensah was appointed to fill the vacancy arising out of the resignation of Mr A K Addo.

In accordance with the Regulations of the Company Messrs K. Sarfo-Mensah, D J Armstrong and Prof J W Acheampong retire at the Annual General Meeting and being eligible, offer themselves for re-election. The names of the Directors who were in office during the year under review are as published in this Annual Report

## Holding company

The company is a subsidiary of Guinness Overseas Limited, a company incorporated in the United Kingdom.

## Auditors

In accordance with Section 134(5) of the Companies Code 1963, the Auditors, KPMG continue as Auditors of the Company.

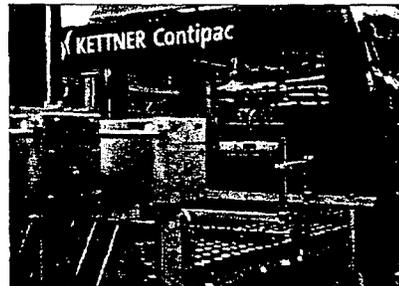
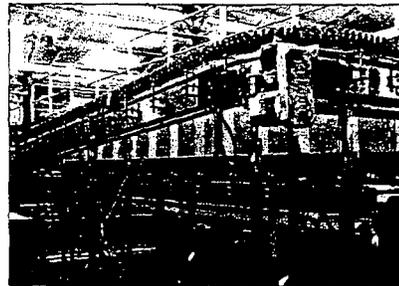
By the order of the board

Director  
D. M. Hainsworth

Director  
P. Djamson-Tetty



MD Devlin Hainsworth launches the new addition to the Guinness family, Guinness Extra Smooth.



The new packaging line that will support Guinness Ghana Limited's next phase of growth.

GUINNESS



# Corporate governance

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## **Introduction**

Guinness Ghana Limited recognises the importance of achieving the highest standards of corporate governance, corporate responsibility and risk management in controlling the business. It is also committed to conducting its business responsibly and in accordance with all laws and regulations to which our business activities are subject.

## **Board of directors**

It is the responsibility of the board of directors and the management team to ensure that the highest standards of corporate governance are achieved in directing and controlling the business.

## **The audit sub-committee**

The audit sub-committee is responsible for monitoring the adequacy and effectiveness of the Company's system of internal controls through its review and follow-up of the recommendations of the internal audit function and the external auditors.

## **Risk management and internal control**

A risk assessment is performed at least annually as part of the strategic planning process. The risk assessment and the activities planned to manage those risks are reviewed by management on a quarterly basis.

Additionally, a control self-assessment is completed annually against control objectives and criteria defined within the relevant business processes. This enables the evaluation of controls to ensure that appropriate ones are in place to manage a broad range of risks arising from day-to-day business activities. Action plans are developed to drive enhancements and progress is monitored by both the management team and the audit sub-committee.

## **Occupational health and environmental safety**

Guinness Ghana Limited is firmly committed to ensuring the health, safety and welfare of our People. Everyone plays a critical role in ensuring the quality and safety of the working conditions. In this regard, all aspects of our operations shall be conducted in strict compliance with all applicable health and safety laws and regulations, company policies and best practices pertaining to workplace safety.

GUINNESS

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## Report of the auditors

We have audited the financial statements on pages 13 to 22, which have been prepared in accordance with Ghana Accounting Standards. We have obtained all the information and explanations we required.

### Respective Responsibilities of Directors and Auditors

These financial statements are the responsibility of the directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 30 June 2003 and of the results of its operations and cash flows for the year then ended.

*U P n G*

Chartered accountants  
25 Liberia Road  
Accra

Dated 26 September 2003

GUINNESS

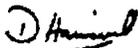


# Balance sheet

## Balance sheet at 30 June 2003

	Notes	at 30 June 2003		at 30 June 2002	
		€000	€000	€000	€000
<b>Fixed assets</b>	8		<b>150,199,858</b>		<b>81,293,722</b>
<b>Investments</b>	9		<b>3,346,122</b>		<b>3,346,122</b>
<b>Current assets</b>					
Stocks	10	57,772,391		36,404,738	
Debtors	11	19,463,708		20,186,907	
Cash and bank balances		46,698,630		21,501,375	
		<b>123,934,729</b>		<b>78,093,020</b>	
<b>Current liabilities</b>					
Bank overdraft	12	15,994,528		525,367	
Creditors	13	67,961,185		34,881,750	
Taxation	7	5,405,576		6,644,243	
Dividends	14	21,835,903		15,272,400	
Amount due to related companies	15	47,010,301		9,828,472	
		<b>158,207,493</b>		<b>67,152,232</b>	
<b>Net current (liabilities)/assets</b>			<b>(34,272,764)</b>		<b>10,940,788</b>
			<b>119,273,216</b>		<b>95,580,632</b>
Deferred Taxation	7		<b>(12,777,230)</b>		<b>(10,345,554)</b>
<b>Net assets</b>			<b>106,495,986</b>		<b>85,235,078</b>
<b>Financed by</b>					
Stated capital	16		7,686,032		7,686,032
Capital surplus	17		2,950,063		2,950,063
Income surplus			95,859,891		74,598,983
			<b>106,495,986</b>		<b>85,235,078</b>

GUINNESS

  
Director

  
Director



# Profit and loss and income surplus accounts

## Profit and loss account for the year ended 30 June 2003

	Note	year ended 30 June 2003 €000	year ended 30 June 2002 €000
Turnover	3	362,080,199	256,921,901
Cost of Sales		(214,814,657)	(143,482,110)
<b>Gross profit</b>		<b>147,265,542</b>	<b>113,439,791</b>
General administrative and selling expenses		(85,687,958)	(66,338,222)
<b>Trading profit</b>		<b>61,577,584</b>	<b>47,101,569</b>
Other income	4	3,636,748	1,320,161
<b>Profit before interest and taxation</b>	5	<b>65,214,332</b>	<b>48,421,730</b>
Net interest charges	6	(26,104)	(248,889)
<b>Profit before taxation</b>		<b>65,188,228</b>	<b>48,172,841</b>
Taxation including Reconstruction Levy	7	(14,557,320)	(12,983,292)
<b>Profit after taxation</b>		<b>50,630,908</b>	<b>35,189,549</b>
transferred to income surplus account			

## Income surplus account for the year ended 30 June 2003

	year ended 30 June 2003 €000	year ended 30 June 2002 €000
Balance at 1 July	74,598,983	59,968,434
Profit for the year	50,630,908	35,189,549
	125,229,891	95,157,983
Proposed dividend €250 (2002: €175) per share	(29,370,000)	(20,559,000)
<b>Balance at 30 June</b>	<b>95,859,891</b>	<b>74,598,983</b>

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# Cash flow statement

## Cash flow statement for the year ended 30 June 2003

	year ended 30 June 2003		year ended 30 June 2002	
	€000	€000	€000	€000
<b>Operating profit (before investment returns and servicing of finance)</b>		<b>65,059,297</b>		<b>48,421,730</b>
Depreciation charges	15,263,488		13,589,317	
Increase in stocks	(21,367,653)		(9,492,568)	
Decrease/(increase) in debtors	723,199		(9,834,238)	
Increase in creditors	33,079,435		15,445,408	
Increase/(decrease) in related company balances	37,181,829		(989,026)	
Profit on sale of fixed assets	(793,483)		-	
		<b>64,086,815</b>		<b>8,718,893</b>
<b>Net cash flow from operating activities</b>		<b>129,146,112</b>		<b>57,140,623</b>
<b>Investment returns and servicing of finance</b>				
Dividends paid	(22,806,497)		(14,047,058)	
Dividends received	155,035		-	
Interest paid	(649,223)		(939,022)	
Interest received	623,119		690,133	
		<b>(22,677,566)</b>		<b>(14,295,947)</b>
<b>Tax paid</b>		<b>(13,364,311)</b>		<b>(3,522,248)</b>
<b>Investing activities</b>				
Fixed assets purchased	(88,096,838)		(26,422,138)	
Proceeds from sale of fixed assets	4,720,697		-	
		<b>(83,376,141)</b>		<b>(26,422,138)</b>
<b>Increase in cash and cash equivalents</b>		<b>9,728,094</b>		<b>12,900,290</b>
<b>Analysis of changes in cash and cash equivalents during the year</b>				
Balance at 1 July		20,976,008		8,075,718
Net cash inflow		9,728,094		12,900,290
Balance at 30 June		30,704,102		20,976,008
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>				
Cash and Bank balances		46,698,630		21,501,375
Bank overdraft		(15,994,528)		(525,367)
Balance at 30 June		30,704,102		20,976,008

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# Notes forming part of the financial statements

## 1. Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

## 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements:

### a. Depreciation

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The annual rates generally in use are as follows:

	depreciation %
Leasehold, land and buildings	3.125%
Plant and machinery	6.5% - 12.5%
Motor vehicles and computers	25%
Furniture and equipment	12.5%

### b. Stocks

Stocks are valued on a first in first out basis, at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing stocks to their present condition and location. Work-in-progress and finished goods are valued at average production cost which includes all relevant direct costs and production overheads.

### c. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

### d. Foreign exchange

Transactions denominated in foreign currencies are translated into Cedis at the rates of exchange ruling at the dates of the transactions. Balances in foreign currencies are translated into Cedis at the rates of exchange ruling at the balance sheet date.

Differences arising from changes in exchange rates are dealt with through the profit and loss account.

### e. Deferred taxation

Provision is made for deferred taxation using the liability method on material timing differences to the extent that an asset or liability may crystallise.

### f. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.



# Notes forming part of the financial statements

## 3. Turnover

	year ended 30 June 2003		year ended 30 June 2002	
	€000	€000	€000	€000
Gross sales		<b>526,083,955</b>		369,037,225
Less:				
Excise Duty	<b>(105,549,983)</b>		<b>(71,111,188)</b>	
VAT	<b>(58,453,773)</b>		<b>(41,004,136)</b>	
		<b>(164,003,756)</b>		<b>(112,115,324)</b>
		<b>362,080,199</b>		<b>256,921,901</b>

## 4. Other income

	year ended 30 June 2003		year ended 30 June 2002	
	€000	€000	€000	€000
Sundry income		<b>2,343,487</b>		798,033
Net exchange gain		<b>344,743</b>		522,128
Dividends received		<b>155,035</b>		-
Profit on disposal of fixed assets		<b>793,483</b>		-
		<b>3,636,748</b>		<b>1,320,161</b>

## 5. Profit before interest and taxation is stated after charging

	year ended 30 June 2003		year ended 30 June 2002	
	€000	€000	€000	€000
Auditor's remuneration		<b>230,000</b>		120,000
Depreciation		<b>15,263,488</b>		13,589,317
Directors' remuneration		<b>1,277,726</b>		865,790
Donations		<b>104,295</b>		14,230
Provision for impairment of fixed assets		-		2,027,812

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# Notes forming part of the financial statements

## 6. Net interest charges

	year ended 30 June 2003	year ended 30 June 2002
	€000	€000
Interest income	623,119	690,133
Interest charges	(649,223)	(939,022)
	(26,104)	(248,889)

## 7. Taxation

	balance at 1 July 2002	payments	charge to P&L	balance at 30 June 2003
	€000	€000	€000	€000
<b>Income Tax</b>				
1997/98	(119,107)	-	-	(119,107)
2001/02	6,113,893	(5,802,844)	-	311,049
2002/03	-	(6,078,796)	10,495,938	4,417,142
	5,994,786	(11,881,640)	10,495,938	4,609,084
<b>National Reconstruction Levy</b>				
2000/01	25,416	-	-	25,416
2001/02	624,041	(730,746)	-	(106,705)
2002/03	-	(751,925)	1,629,706	877,781
	6,644,243	(13,364,311)	12,125,644	5,405,576
<b>Deferred Tax</b>	10,345,554	-	2,431,676	12,777,230
	16,989,797	(13,364,311)	14,557,320	18,182,806

The tax liabilities are subject to the agreement with Internal Revenue Service.

*National Reconstruction Levy.* This relates to a levy imposed on companies by the government on profits before tax for the years 2001 to 2005. The rate applicable to manufacturing companies is 2.5%.

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# Notes forming part of the financial statements

## 8. Fixed assets

	leasehold land and buildings	plant and machinery	motor vehicles	capital work-in-progress	furniture and office equipment	total
	€000	€000	€000	€000	€000	€000
<b>Cost/Valuation</b>						
At 1 July 2002	9,014,825	90,948,301	4,569,178	7,846,430	11,352,499	123,731,233
Additions	27,853	340,853	3,350,800	82,566,848	1,810,484	88,096,838
Disposals	(4,309,600)	(309,404)	-	-	(677)	(4,619,681)
Transfers	573,104	70,505,011	-	(71,523,701)	445,586	-
At 30 June 2003	5,306,182	161,484,761	7,919,978	18,889,577	13,607,892	207,208,390
<b>Depreciation</b>						
At 1 July 2002	1,980,743	34,144,287	2,137,432	-	4,175,049	42,437,511
Charge for the year	184,463	10,672,379	1,294,189	-	3,112,457	15,263,488
Release on Disposal	(645,950)	(46,517)	-	-	-	(692,467)
At 30 June 2003	1,519,256	44,770,149	3,431,621	-	7,287,506	57,008,532
<b>Net Book Value</b>						
At 30 June 2003	3,786,926	116,714,612	4,488,357	18,889,577	6,320,386	150,199,858
At 30 June 2002	7,034,082	56,804,014	2,431,746	7,846,430	7,177,450	81,293,722

Certain buildings, plant and machinery were professionally revalued by Nationwide Estate Services, Real Estate Valuers, Land Surveyors and Estate Managers on 31 December 1992 based on their open market values.

### Disposal of fixed assets

	at 30 June 2003	at 30 June 2002
	€000	€000
Cost of assets disposed off	4,619,681	-
Accumulated depreciation	(692,467)	-
Net book value	3,927,214	-
Proceeds on disposal	(4,720,697)	-
Profit on disposal of fixed assets	793,483	-

### Depreciation has been charged in the financial statements as follows:

	at 30 June 2003	at 30 June 2002
	€000	€000
Cost of sales	10,672,379	9,100,903
General, administrative and selling expenses	4,591,109	4,488,414
	15,263,488	13,589,317

GUINNESS



# Notes forming part of the financial statements

## 9. Investments

	at 30 June 2003	at 30 June 2002
	€000	€000
Trade investments	3,346,122	3,346,122

This relates to investments in the ordinary shares of a listed company and is shown at cost.

## 10. Stocks

	at 30 June 2003	at 30 June 2002
	€000	€000
Raw and packaging materials	46,544,074	29,161,242
Work-in-progress	1,619,866	1,064,496
Finished products	1,980,915	1,092,339
Engineering and consumables	7,627,536	5,086,661
	57,772,391	36,404,738

## 11. Debtors

	at 30 June 2003	at 30 June 2002
	€000	€000
Trade debtors	8,281,383	12,966,620
Sundry debtors	11,182,325	7,220,287
	19,463,708	20,186,907

## 12. Bank overdraft

This represents amounts drawn by the company under facilities granted by its bankers to support its working capital requirements. Unutilised facilities at the year-end amounted to €59,005 million (2002: €69,475 million).

## 13. Creditors

	at 30 June 2003	at 30 June 2002
	€000	€000
Trade creditors	12,613,142	9,310,700
Sundry creditors	7,901,090	8,654,749
Accruals and provisions	47,446,953	16,916,301
	67,961,185	34,881,750



# Notes forming part of the financial statements

## 14. Dividends

	at 30 June 2003	at 30 June 2002
	€000	€000
Balance at 1 July	15,272,400	8,760,458
Proposed Dividends	29,370,000	20,559,000
	44,642,400	29,319,458
Payments during the year	(22,806,497)	(14,047,058)
Balance at 30 June	21,835,903	15,272,400

## 15. Amounts due to related companies

	at 30 June 2003	at 30 June 2002
	€000	€000
Materials and equipment	43,676,638	6,920,545
Royalty and technical service fees	3,333,663	2,907,927
	47,010,301	9,828,472

## 16. Stated capital

	Number of shares		Proceeds	
	2003	2002	2003	2002
	'000	'000	€000	€000
<b>Authorised</b>				
Ordinary shares of no par value	150,000	150,000		
<b>Issued</b>				
For cash	24,208	24,208	4,935,584	4,935,584
Transfer from surplus	93,272	93,272	2,750,448	2,750,448
	117,480	117,480	7,686,032	7,686,032

There is no share in treasury and no call or instalment unpaid on any share.

## 17. Capital surplus

	2003	2002
	€000	€000
Balance at 30 June	2,950,063	2,950,063

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## Notes forming part of the financial statements

### 18. Capital commitments

Capital commitments authorised but not expended at the balance sheet date, amounted to €69,833 million (2002: €44,500 million).

### 19. Contingent liabilities

Contingent liabilities, in respect of possible claims and lawsuits at the year-end, amounted to €894 million (2002: €704 million).

### 20. Related party transactions

- i. The ultimate holding company is Diageo plc, a company registered in the United Kingdom. Diageo is the beneficiary holder of the shares in Guinness Overseas Limited and Atalantaf Limited.
- ii. Raw materials costing €128,205,438,325 were procured from Guinness Overseas Limited.
- iii. Included in cost of sales is an amount of €15,494,083,822 in respect of technical and management services fees payable to Guinness Overseas Limited.

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# Statement of value added

	year ended 30 June 2003		year ended 30 June 2002	
	₦000	%	₦000	%
Gross Sales Proceeds	526,083,955		369,037,225	
Excise Duties	(105,549,983)		(71,111,188)	
Sales Tax/VAT	(58,453,773)		(41,004,136)	
Turnover	362,080,199		256,921,901	
Other Income	4,259,867		2,010,294	
Bought in Materials & Services	(270,246,386)		(186,124,819)	
<b>Value added</b>	<b>96,093,680</b>	<b>100%</b>	<b>72,807,376</b>	<b>100%</b>

Applied as follows:

To pay employees salaries, wages & benefits	14,992,741	16%	10,106,196	14%
To provide for Depreciation	15,263,488	16%	13,589,317	19%
To pay for Taxation	14,557,320	15%	12,983,292	18%
To pay Dividends	29,370,000	30%	20,559,000	28%
To pay Interest charges	649,223	1%	939,022	1%
Retained for company growth	21,260,908	22%	14,630,549	20%
	96,093,680	100%	72,807,376	100%



**GUINNESS**



# Shareholder information

## Directors shareholding

	number of shares
David HC Hampshire	4,000
<b>Total</b>	<b>4,000</b>

## Analysis of shareholding

number of shares	number of holdings	%	number of holders	%
1 - 1,000	517,441	0.44%	1,661	55.53%
1,001 - 5,000	1,463,711	1.25%	540	18.05%
5,001 - 10,000	3,810,194	3.24%	475	15.88%
10,001 and over	111,688,654	95.07%	315	10.53%
	<b>117,480,000</b>	<b>100.00%</b>	<b>2,991</b>	<b>100.00%</b>

## 20 largest shareholders

		number of holdings	%
1	Guinness Overseas Ltd	55,590,088	47.32%
2	Social Security & National Insurance Trust	18,151,032	15.45%
3	Atalantaf Limited	15,331,140	13.05%
4	BBGN/Chase Manhattan	5,161,037	4.39%
5	BBGN/Chase Manhattan Offshore	3,906,408	3.33%
6	D M Ventures	1,931,265	1.64%
7	Daniel Ofori	1,343,578	1.14%
8	BBGN/Epac Investment Fund Ltd.	1,132,424	0.96%
9	Ghanaian Employees of Guinness	1,050,374	0.89%
10	BBGN/Boston Safe Deposit & Trust Co	634,277	0.54%
11	BBGN/Unilever Ghana Managers Pension	633,470	0.54%
12	BBGN/Unilever Ghana Provident Fund	548,059	0.47%
13	State Insurance Company Limited	400,000	0.34%
14	Ghana Reinsurance Organisation	329,900	0.28%
15	Enterprise Insurance Company Limited	200,000	0.17%
16	BBGN/GTP Provident Fund	162,500	0.14%
17	Dr.R.H.M.Nanka-Bruce	156,669	0.13%
18	Teachers Fund	143,800	0.12%
19	RETCO Company Limited	105,600	0.09%
20	W A Wiafe	91,080	0.08%
	<b>Total</b>	<b>107,002,701</b>	<b>91.07%</b>
	Others	10,477,299	8.93%
	<b>Grand total</b>	<b>117,480,000</b>	<b>100.00%</b>

GUINNESS



## Five year financial summaries

	2003	2002	2001	2000	1999
	€000	€000	€000	€000	€000
<b>Results</b>					
Turnover	<b>362,080,199</b>	256,921,901	190,643,212	125,360,500	96,517,325
Profit before Taxation	<b>65,188,228</b>	48,172,841	26,388,896	11,149,452	33,993,104
Taxation	<b>(14,557,320)</b>	(12,983,292)	(8,030,110)	(704,956)	(13,083,646)
Profit after Taxation	<b>50,630,908</b>	35,189,549	18,358,786	10,444,496	20,909,458
Dividends	<b>(29,370,000)</b>	(20,559,000)	(10,573,200)	(8,223,600)	(8,223,600)
Retained earnings	<b>21,260,908</b>	14,630,549	7,785,586	2,220,896	12,685,858

### Balance sheet

Fixed Assets	<b>150,199,858</b>	81,293,722	68,460,901	67,976,504	47,599,867
Investments	<b>3,346,122</b>	3,346,122	3,346,122	3,346,122	3,346,122
Cash & Cash Equivalents	<b>46,698,630</b>	21,501,375	16,492,599	40,404,530	36,339,965
Other Currents Assets	<b>77,236,099</b>	56,591,645	40,523,306	48,110,107	25,923,962
Total Assets	<b>277,480,709</b>	162,732,864	128,822,928	159,837,265	113,209,916
Total Liabilities	<b>(170,984,723)</b>	(77,497,786)	(58,218,399)	(97,018,322)	(52,611,869)
Net Assets	<b>106,495,986</b>	85,235,078	70,604,529	62,818,943	60,598,047

Share Capital	<b>7,686,032</b>	7,686,032	7,686,032	7,686,032	7,686,032
Capital Surplus	<b>2,950,063</b>	2,950,063	2,950,063	2,950,063	2,950,063
Income Surplus	<b>95,859,891</b>	74,598,983	59,968,434	52,182,848	49,961,952
Shareholders Funds	<b>106,495,986</b>	85,235,078	70,604,529	62,818,943	60,598,047

### Revenue collected for Government

Excise Duties	<b>105,549,983</b>	71,111,188	57,317,924	37,758,825	34,066,483
Sales Tax/VAT	<b>58,453,773</b>	41,004,136	30,995,142	16,590,078	13,258,592
Total	<b>164,003,756</b>	112,115,324	88,313,066	54,348,903	47,325,075

### Statistics

EPS (¢)	<b>430.97</b>	299.54	156.27	88.90	177.98
Dividend per share (¢)	<b>250.00</b>	175.00	90.00	70.00	70.00
Net Assets per share (¢)	<b>906.50</b>	725.53	600.99	534.72	515.82
Current ratio	<b>0.78:1</b>	1.16:1	1.2:1	0.98:1	1.36:1
Return on shareholders fund (%)	<b>47.54</b>	41.26	26.00	16.63	34.51
Return on net sales value (%)	<b>13.98</b>	13.69	9.63	8.33	21.66

**GUINNESS**



# Proxy form

Annual General Meeting to be held at 10 a.m. on 25 November 2003 at the Prempeh Assembly Hall, Kumasi.

I/we

Being a Member(s) of Guinness Ghana Limited hereby appoint:

\*

Or failing him the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of that Company to be held on 25 November 2003 and at any and every adjournment thereof.

For Company's Use		
Number of shares		
Resolution	For	Against
1. To declare a dividend		
2. To re-elect Mr K Sarfo-Mensah		
3. To re-elect Mr D J Armstrong		
4. To re-elect Prof J W Acheampong		
5. To approve Directors' Fees		
6. To fix remuneration of the Auditors		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the Proxy will vote or abstain from voting at their discretion.

Date this .....day of .....2003

Shareholder's Signature

This proxy form should not be sent to the secretary if the Member will be attending the meeting

Notes:

1. A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space marked \* the name of any person whether a Member of the Company or not, who will attend the Meeting to vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it to us at the address page 27 not later than 10 a.m. on 24 November 2003.
6. The Proxy must produce the Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.

GUINNESS



# Notes

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The Company Secretary  
Guinness Ghana Limited  
P. O. Box 1636  
kumasi



**Notes**

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**GUINNESS**







ANNUAL REPORT & FINANCIAL STATEMENTS  
2001-2002



**FINAL VERSION**

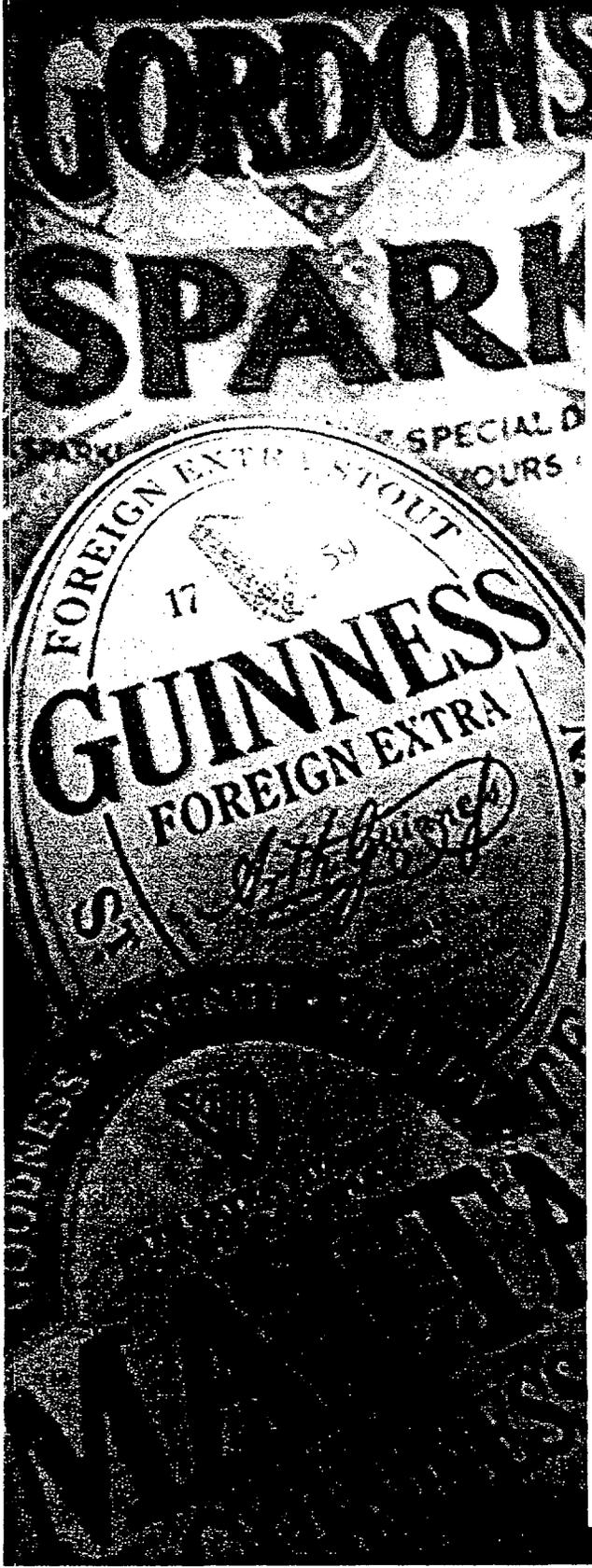


**GUINNESS GHANA LIMITED**

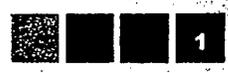
**FINANCIAL STATEMENTS  
30TH JUNE 2002**



# Content Page

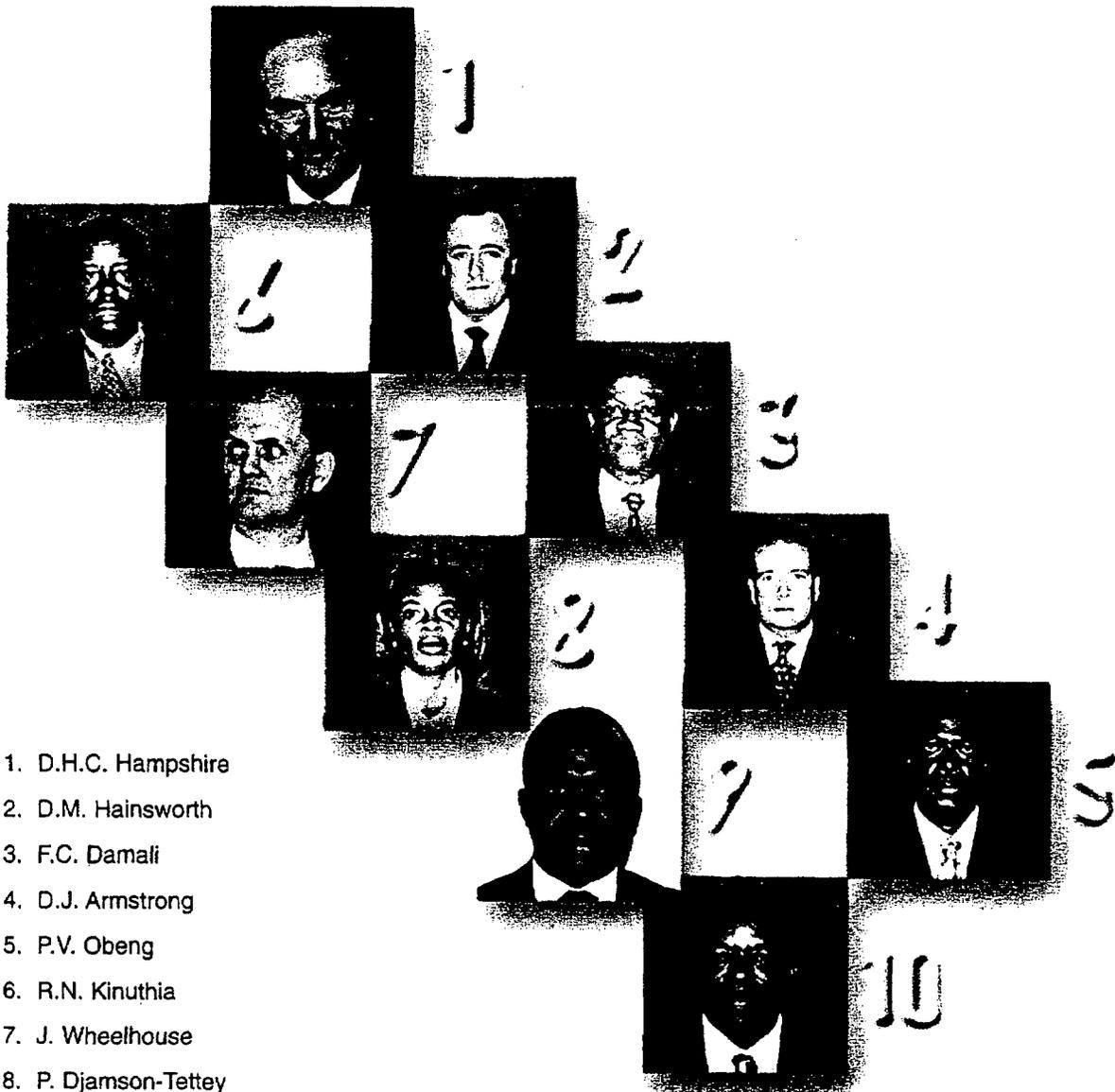


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# BOARD OF DIRECTORS



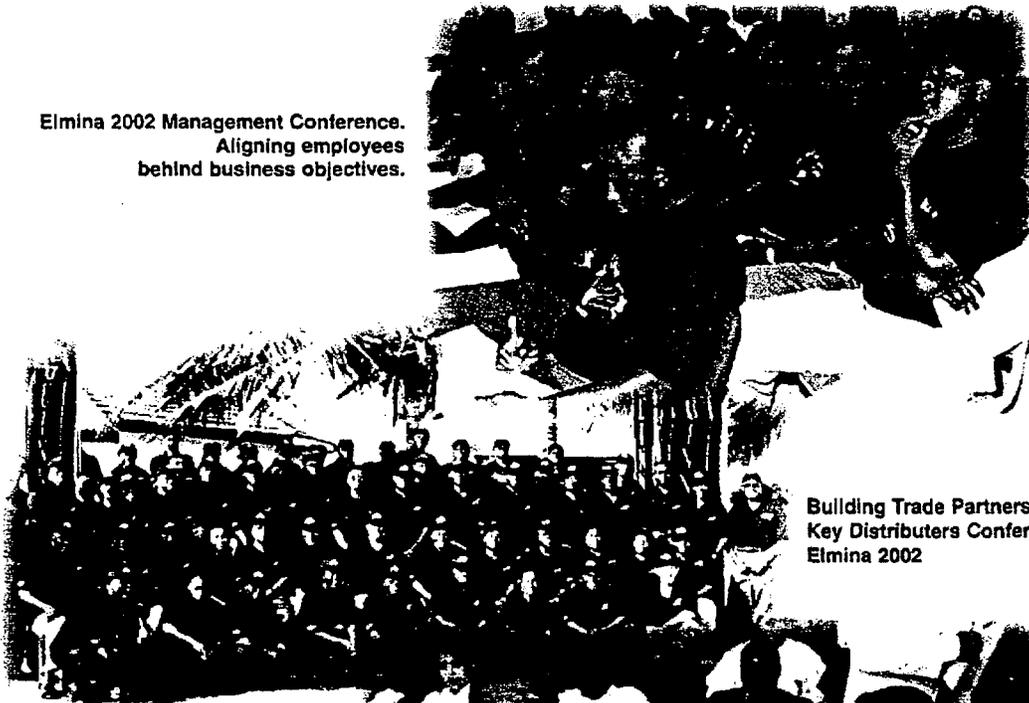
1. D.H.C. Hampshire
2. D.M. Hainsworth
3. F.C. Damali
4. D.J. Armstrong
5. P.V. Obeng
6. R.N. Kinuthia
7. J. Wheelhouse
8. P. Djamson-Tettey
9. J.W. Acheampong
10. S.K. Gollo

# THE YEAR IN SUMMARY

## JUNE, 2002.

	2002 €'000	2001 €'000	% Change
Turnover	256,921,901	190,643,212	35
Profit before Tax	48,172,841	26,388,896	83
Taxation	12,983,292	8,030,110	62
Profit after Taxation	35,189,549	18,358,786	92
Dividends	20,559,000	10,573,200	94
Retained Profit	14,630,549	7,785,586	88
Capital Expenditure	26,422,128	10,016,167	164
Depreciation	13,589,317	9,480,264	43
Shareholders Fund	85,235,078	70,604,529	21
Earnings per Share	299.54	156.27	92
Dividend per Share	175.00	90.00	94
Net Assets per Share	725.53	600.99	21

**Elmina 2002 Management Conference.**  
Aligning employees  
behind business objectives.



**Building Trade Partners.**  
Key Distributors Conference,  
Elmina 2002

**The Guinness Action Hero, Michael Power**  
meets Hon. Osei Kwaku, Minister of Sports





## BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

### BOARD OF DIRECTORS

David Herbert Campbell Hampshire (Chairman)  
Devlin Hainsworth (Managing)  
Joseph Woahen Acheampong  
Frank Cudjoe Damali  
Paul Victor Obeng  
Augustine Kwame Addo  
David James Armstrong  
John Wheelhouse  
Robert Njoya Kinuthia (Appointed 20/05/02)  
Pamela Djamson-Tettey (Appointed 20/05/02)  
Christopher Ojareda Enase (Resigned 15/03/02)  
Francis Wussar-Narh (Resigned 31/12/01)

### SECRETARIES

Sena Chartered Secretaries Limited  
3rd Floor, Mobil House  
Liberia Road  
P. O. Box 5520  
Accra

### REGISTERED OFFICE

Guinness Brewery  
Industrial Area, Kaasi  
P. O. Box 1536  
Kumasi

### AUDITORS

KPMG  
Chartered Accountants  
2nd Floor, Mobil House  
Liberia Road  
P. O. Box 242  
Accra

### REGISTRARS

Merchant Bank (Ghana) Limited  
57 Examination Loop  
North Ridge  
Accra

### SOLICITORS

Sam Okudzeto & Associates  
3rd Floor, Mobil House  
Liberia Road  
P. O. Box 5520  
Accra

### BANKERS

Barclays Bank of Ghana Limited  
Ecobank Ghana Limited  
Ghana Commercial Bank Limited  
SSB Bank Limited  
Standard Chartered Bank Ghana Limited

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the next Annual General Meeting of Guinness Ghana Limited will be held at Prempeh Assembly Hall, Kumasi on 19 November, 2002 at 11 o'clock in the forenoon for the following purposes.

## AGENDA

1. To receive the Report of the Directors, Balance Sheet as at 30 June 2002 together with the Profit and Loss and Income Surplus Accounts for the year ended on that date and the Report of the Auditors thereon.
2. To declare a Dividend.
3. To elect Directors in place of those retiring.
4. To approve Non-Executive Directors' Fees.
5. To approve the terms of appointment of two Directors.
6. To authorize the Directors to fix the remuneration of the Auditors.

A Member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Member.

A form of proxy is attached and for it to be valid for the purpose of the Meeting it must be completed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Dated 11 October, 2002.

BY ORDER OF THE BOARD  
SENA CHARTERED SECRETARIES LTD.

Registered Office:  
Guinness Brewery  
Kaasi Industrial Area  
P.O. Box 1536  
Kumasi.

## DIVIDEND WARRANTS

If the dividend recommended is approved, payment will be made on 18 December, 2002 to the holders of shares whose names are registered in the Register of Members on 8 October, 2002.



# REPORT OF THE DIRECTORS

## PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be brewing, packaging (Product Supply), marketing and sale (Product Demand) of Foreign Extra Stout, Malta Guinness and Gordon's Spark.

## TURNOVER

The Company's sales performance for the year was impressive when considered against the competitive environment in which it operated.

Turnover (net of taxes) grew year on year by 35% from €190.6 billion to €256.9 billion.

## TRADING PROFIT

The Company earned an operating profit before tax of €48 billion; that is, a year on year increase of 82.5% and the highest in the Company's history.

The increase in profit was due mainly to effective cost and working capital control, improved performance of our brands, which recorded a 24% volume growth over the previous year.

## TAX

Guinness Ghana Limited paid a total of €112 billion in Excise Duty and VAT during the year, an increase of 27 % over the previous year. Additionally, the Company paid € 4 billion in corporate tax including National Reconstruction Levy.

## DIVIDENDS

In view of the satisfactory results, the Directors are pleased to recommend to Members, the payment of a final dividend of €15,272,400,000 that is €130 per share before deduction of tax at source at the appropriate rate. This added to the interim dividend paid in April 2002 would make a total dividend of €20,559,000,000, which is €175 per share, that is, 94.4%, increase over the previous year.

## BOARD CHANGES

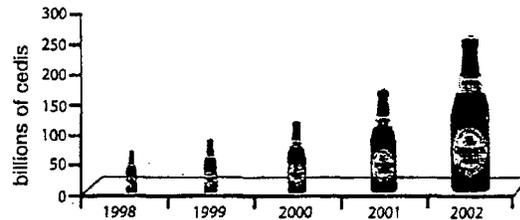
Since the Annual General Meeting held on 20 November 2001 Messrs F Wussar-Narh and C O Enase resigned from the office of Director of the Company and Mr Robert Njoya Kinuthia and Mrs Pamela Djamson-Tetty were appointed to fill the casual vacancy arising thereof.

Mr F C Damali, our former Marketing Director was appointed to the post of Deputy Managing Director with effect from 1 January 2002.

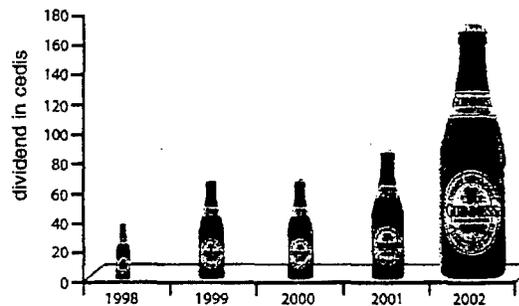
In accordance with the Regulations of the Company Messrs R N Kinuthia, F C Damali and Mrs P Djamson - Tetty retire at the Annual General Meeting and being eligible, offer themselves for re-election.

The names of the Directors who were in office during the year under review are as published in this Annual Report.

### Corporate Turnover (1998 - 2002)



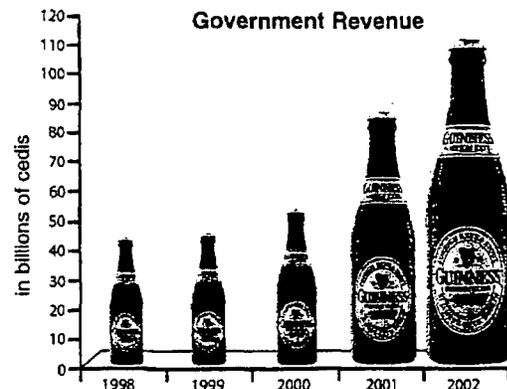
### Dividend per share



### Net assets per share



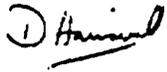
### Government Revenue



**AUDITORS**

In accordance with Section 134(5) of the Companies Code 1963, the Auditors, KPMG, continue in office as Auditors of the Company.

**BY ORDER OF THE BOARD**

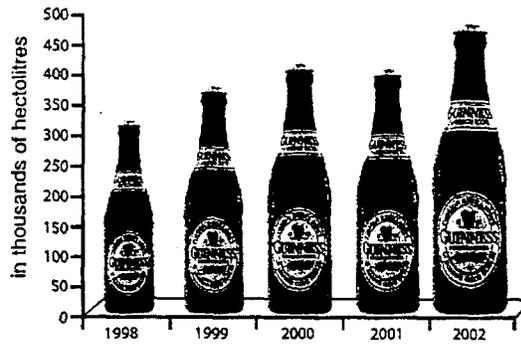


( D. M. Hainsworth )  
Director

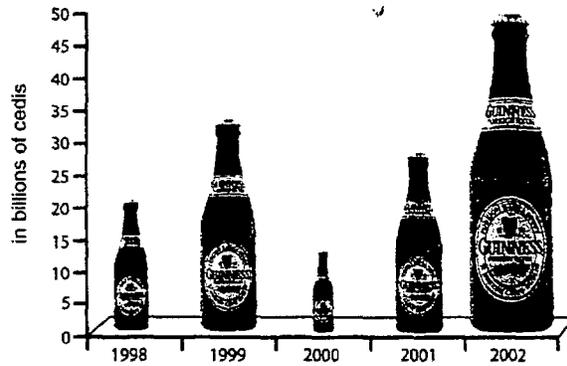


( F. C. Damali )  
Director

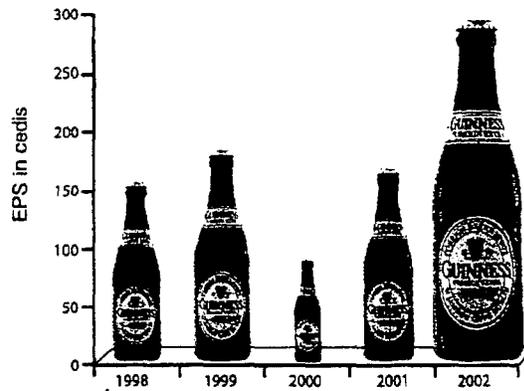
Corporate Sales Volume (1998 - 2002)



Profit before Tax



Earnings per share





# CHAIRMAN'S STATEMENT

## GUINNESS GHANA ANNUAL STATEMENT OF ACCOUNTS

July 2001 – June 2002

Distinguished shareholders, Nananom, ladies and gentlemen, on behalf of the Board of Directors, I am delighted to welcome you to the 30th Annual General Meeting of your company. I shall present to you, this morning, the Annual Report and Financial Statements for the financial year, 1st July 2001 to 30th June 2002.

### THE BUSINESS ENVIRONMENT.

Though Ghana's economy has shown a greater degree of stability during the year under review, the Cedi devalued by 18% over the twelve months and has continued to decline against major currencies.

With Bank of Ghana prime lending rate at 24.5%, interest rates appear to have stabilised and the rate of domestic price inflation has started to come down. Notwithstanding these positive developments, the cost of running our operations has increased by 36.5%, driven by the continuing devaluation of the Cedi and high inflation. Allowing for increased volumes, the underlying cost inflation is running at 10.5%.

In view of the economic environment, we decided against increasing prices in line with inflation. Our operating margins, subsequently, came under significant pressure.

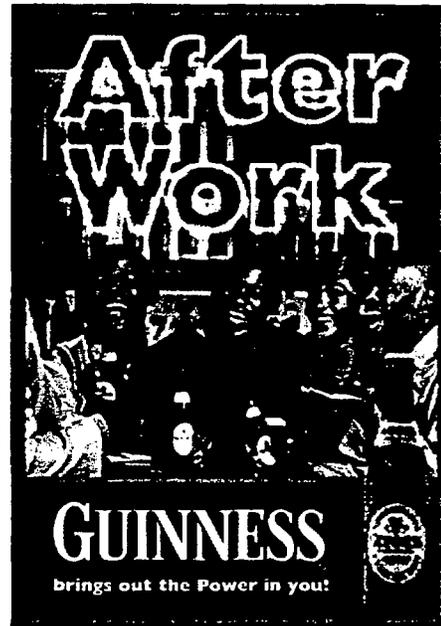
### THE BEER & MALT DRINKS INDUSTRY.

Severe competition for volume in the retail trade also restrained prices for beer and malt drinks from rising with the double digit inflation in the period under review. The resulting creation of value to the consumer grew total beer volumes up 6.2% and malt drinks up 41.0%.

Despite severe attack from cheaper stout brands, your Company invested significantly and successfully in very creative marketing initiatives. This secured for the Guinness Stout brand a volume growth of 5.1%, a volume share of 26.3% and a value share of total beer of 40.0%, up 2.0 share points over the same period last year. This was an excellent performance.

Malta Guinness volumes were up 43.0% on the same period last year. The brand recorded a volume share of circa 90% of total malt sales. The creation of very competitive consumer value through quality, stable prices and ease of access through our network of vending points will continue to drive the growth of this brand.

After an exhaustive research into new drinker needs, your company in May 2002 launched a new brand, Gordon's Spark into the Ready to Drink category of the Ghana alcoholic beverage market. Consumer reception has been outstanding. Gordon's Spark, from consumer feedback, is already a market leader in its category.





## Guinness in the Community

### OUR PERFORMANCE & DIVIDEND PROPOSAL

In the year under review, the Management and Staff of your Company built on the strong performance of the year before. Gross turnover (net of taxes) was up 35% principally due to a combined volume growth of 24%.

Our decision not to raise prices in line with inflation has resulted in erosion to our margins. Fortunately, prudent controls on costs and working capital, increased productivity arising out of further investment in technology and an outstanding sales performance have resulted in a substantial increase in earnings.

I would like to emphasize, at this point, the excellent sustained performance that all of our employees have shown. This has delivered an outstanding year in a very difficult and competitive market.

### SOCIAL RESPONSIBILITY

Your Company is an active part of the local community and believes in its responsibility as a good corporate citizen. We continue to support projects involving the environment, health, education, sports and culture.

### ENVIRONMENT

Guinness Ghana is upgrading its environmental controls to fully comply with international best practice. As an initial step, your company has acquired an Environmental Monitoring Unit, AQUASCAN, for installation at the Kaasi Plant. Additionally a new Effluent Treatment Plant will soon be commissioned. The EPA continues to monitor all aspects of your companies operations regularly.

### HEALTH

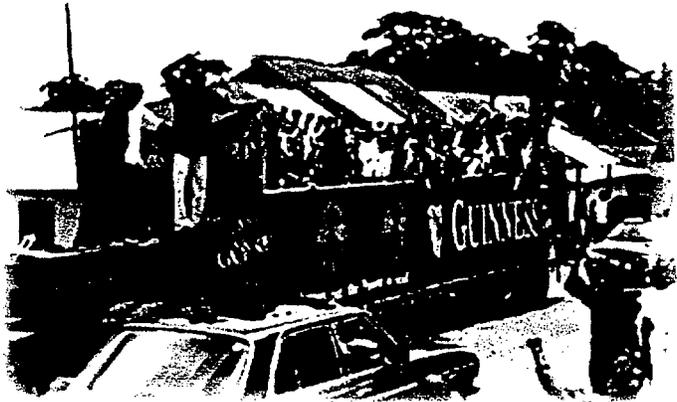
Your company has continued to provide support to the Cardio-Thoracic Unit at the Korle-bu Teaching Hospital. This support and that of some other areas in the national health delivery will continue in the years ahead.

### EDUCATION

The bulk of our support for education is now channelled through the Otumfuo's Education Fund. In addition, under the Chevening Scholarship, which is supervised by The British High Commission, your Company, supported by its parent company, Diageo, has offered post-graduate training in the United Kingdom for 2 Ghanaians.

### SPORTS

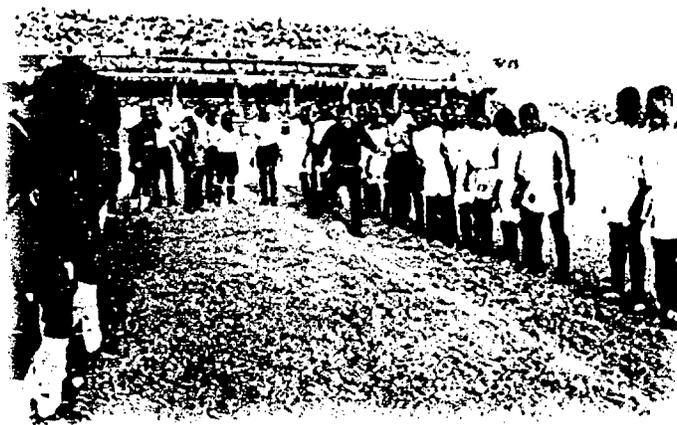
This year, we have maintained our support for the National Soccer Team, The Black Stars, We have also sponsored the prestigious National



A Guinness Float at the Odwira Festival, Amanokrom



A Durbar of Chiefs



MD takes the "kickoff" - Guinness Football Gala



Challenge Gold Cup, the Guinness Golf Open, and the Guinness Football Gala. All these events were immensely successful.

**CULTURE**

Your company is proud of its Ghanaian identity and has supported a wide range of cultural activities in the year under review. The Amanokrom Odwira Festival, Bakatue, Kloyo Mountain Climbing, Kontonkyi and Ga Homowo, are some of these.

**OPERATIONS**

**PRODUCT SUPPLY.**

Your company achieved a record output last year. Production efficiencies, quality management and operating practices continue to deliver first world standards. Our aim is to ensure that we continue to be the highest quality and lowest cost producer in Ghana.

Your company has initiated a pilot sorghum project in Northern Ghana to develop local sources of raw material for our brewing operations and generate new business and job opportunities for Ghanaians. The investment is approximately six billion Cedis.



**Aligning Employees behind Corporate Goals.  
MD reviewing performance at Management Conference**

**TRADE DEVELOPMENT:**

Accessibility of our brands for all consumers in order to secure sustained growth has been a major area of focus for our sales operations. Your Company has invested behind the development of a trade partnership scheme, which seeks to build the capabilities of our key distributors and retailers to enhance distribution and improve both service quality and consumer satisfaction. This project is delivering good results with mutual benefits to your company and our trade partners. We shall continue to exploit new opportunities in this area.

**TRAINING & DEVELOPMENT.**

People are key to our success. Our objective is to release the best in every employee. Coaching is seen as a critical factor and the development of coaching skills has been given priority. We link our reward strategies to skill, competencies, correct job behaviours and good performance. These schemes are instrumental in driving the record performance that your company continues to deliver.

**PROSPECTS.**

Distinguished shareholders, the Board of Directors, thanks all of you sincerely for your continuing confidence in the Company. The focus of the Board is to create increasing value for our shareholders. We have achieved a good result in 2001/02 and intend to maintain this trend.



**Building Trade Partnership.  
Director of Sales presenting the Distributor of the Year Prize**

Thank you.

David Hampshire.

# REPORT OF THE AUDITORS TO THE MEMBERS GUINNESS GHANA LIMITED

We have audited the financial statements on pages 12 to 19, which have been prepared in accordance with Ghana Accounting Standards. We have obtained all the information and explanations we required.

## **Respective Responsibilities of Directors and Auditors**

These financial statements are the responsibility of the directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

## **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 30th June 2002 and of the results of its operations and cash flows for the year then ended.

*U P M G*

**CHARTERED ACCOUNTANTS  
2ND FLOOR, MOBIL HOUSE  
LIBERIA ROAD  
P. O. BOX 242  
ACCRA**

13th September 2002



# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2002

	Note	2002 €'000	2001 €'000
<b>TURNOVER</b>	3	256,921,901	190,643,212
Cost of Sales		(143,482,110)	(104,276,807)
<b>GROSS PROFIT</b>		113,439,791	86,366,405
General Administrative and Selling Expenses		(66,338,222)	(49,403,824)
<b>TRADING PROFIT</b>		47,101,569	36,962,581
Other Income	4	1,320,161	239,785
<b>PROFIT BEFORE INTEREST AND TAXATION</b>	5	48,421,730	37,202,366
Net Interest Charges	6	(248,889)	(10,813,470)
<b>PROFIT BEFORE TAXATION</b>		48,172,841	26,388,896
Taxation including Reconstruction Levy	7	(12,983,292)	(8,030,110)
<b>PROFIT AFTER TAXATION</b> transferred to Income Surplus Account		<u>35,189,549</u>	<u>18,358,786</u>

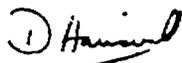
## INCOME SURPLUS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2002

	2002 €'000	2001 €'000
Balance at 1st July	59,968,434	52,182,848
Profit for the year	35,189,549	18,358,786
	95,157,983	70,541,634
Proposed dividend €175 (2001: €90) per share	(20,559,000)	(10,573,200)
Balance at 30th June	<u>74,598,983</u>	<u>59,968,434</u>

## BALANCE SHEET AT 30TH JUNE 2002

	Note	2002 €'000	2001 €'000
<b>FIXED ASSETS</b>	8	81,293,722	68,460,901
<b>INVESTMENTS</b>	9	3,346,122	3,346,122
<b>CURRENT ASSETS</b>			
Stocks	10	36,404,738	26,912,170
Debtors	11	20,186,907	10,352,669
Taxation	7	-	3,258,467
Cash and Bank balances		21,501,375	16,492,599
		<u>78,093,020</u>	<u>57,015,905</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	12	525,367	8,416,881
Creditors	13	34,881,750	19,436,342
Taxation	7	6,644,243	-
Dividends	14	15,272,400	8,760,458
Amount due to related companies	15	9,828,472	10,817,498
		<u>67,152,232</u>	<u>47,431,179</u>
<b>NET CURRENT ASSETS</b>		10,940,788	9,584,726
		<u>95,580,632</u>	<u>81,391,749</u>
Deferred Taxation	7	(10,345,554)	(10,787,220)
<b>NET ASSETS</b>		<u>85,235,078</u>	<u>70,604,529</u>
<b>FINANCED BY:</b>			
<b>STATED CAPITAL</b>	16	7,686,032	7,686,032
<b>CAPITAL SURPLUS</b>	17	2,950,063	2,950,063
<b>INCOME SURPLUS</b>		74,598,983	59,968,434
		<u>85,235,078</u>	<u>70,604,529</u>



DIRECTOR



DIRECTOR

050



# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2002

	2002 €'000	2001 €'000
<b>Operating profit (before investment returns and servicing of finance)</b>	<b>48,421,730</b>	<b>37,116,235</b>
Depreciation charges	13,589,317	9,480,264
Profit on sale of fixed assets	-	(102,091)
(Increase)/Decrease in stocks	(9,492,568)	5,385,777
(Increase)/Decrease in debtors	(9,834,238)	881,374
Increase in creditors	15,445,408	9,097,028
Decrease in related company balances	(989,026)	(37,982,338)
<b>Net cash flow from operating activities</b>	<b>8,718,893</b>	<b>(13,239,986)</b>
	<b>57,140,623</b>	<b>23,876,249</b>
<b>Investment returns and servicing of finance</b>		
Dividends paid	(14,047,058)	(12,897,212)
Dividends received	-	86,131
Interest paid	(939,022)	(11,413,169)
Interest received	690,133	599,699
	<b>(14,295,947)</b>	<b>(23,624,551)</b>
<b>Tax paid</b>	<b>(3,522,248)</b>	<b>(2,943,287)</b>
<b>Investing activities</b>		
Fixed assets purchased	(26,422,138)	(10,016,167)
Proceeds from sale of fixed assets	-	153,599
	<b>(26,422,138)</b>	<b>(9,862,568)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>12,900,290</b>	<b>(12,554,157)</b>
<b>Analysis of changes in cash and cash equivalents during the year</b>		
Balance at 1st July	8,075,718	20,629,875
Net cash inflow/(outflow)	12,900,290	(12,554,157)
Balance at 30th June	<b>20,976,008</b>	<b>8,075,718</b>
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>		
Cash and bank balances	21,501,375	16,492,599
Bank Overdraft	(525,367)	(8,416,881)
Balance at 30th June	<b>20,976,008</b>	<b>8,075,718</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2002

## 1. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

## 2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements:

### a. Depreciation

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The annual rates generally in use are as follows:

Leasehold, Land and Buildings	-	3.125%
Plant and Machinery	-	6.5% - 12.5%
Motor Vehicles and Computers	-	25%
Furniture and Equipment	-	12.5%
Wooden Pallets	-	16.67%

### b. Stocks

Stocks are valued on a first in first out basis, at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing stocks to their present condition and location. Work-in-progress and finished goods are valued at average production cost which includes all relevant direct costs and production overheads.

### c. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

### d. Foreign Exchange

Transactions denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the dates of the transactions. Balances in foreign currencies are translated into cedis at the rates of exchange ruling at the balance sheet date.

Differences arising from changes in exchange rates are dealt with through the profit and loss account.

### e. Deferred Taxation

Provision is made for deferred taxation using the liability method on material timing differences to the extent that an asset or liability will crystallise.

### f. Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

## 3. TURNOVER

	2002 ¢'000	2001 ¢'000
Gross Sales	369,037,225	278,956,278
Less: Excise Duty	(71,111,188)	(57,317,924)
VAT	(41,004,136)	(30,995,142)
	<u>(112,115,324)</u>	<u>(88,313,066)</u>
	<u>256,921,901</u>	<u>190,643,212</u>



#### 4. OTHER INCOME

Profit on disposal of fixed assets	-	102,091
Sundry income	798,033	51,563
Exchange Gain	522,128	-
Dividends received	-	86,131
	<u>1,320,161</u>	<u>239,785</u>

#### 5. PROFIT BEFORE INTEREST AND TAXATION is stated after charging:

Auditor's remuneration	120,000	100,000
Depreciation	13,589,317	9,480,264
Directors' remuneration	865,790	510,478
Donations	14,230	35,651
Net exchange gain	(522,128)	(892,866)
Provision for impairment of fixed assets	2,027,812	-
	<u>2,027,812</u>	<u>-</u>

#### 6. NET INTEREST (CHARGES)/INCOME

Interest Income	690,133	599,699
Interest Charge	(939,022)	(11,413,169)
	<u>(248,889)</u>	<u>(10,813,470)</u>

#### 7. TAXATION

	Balance at 01/07/01 €'000	Payments €'000	Charge to P & L €'000	Balance at 30/06/02 €'000
<b>Income Tax</b>				
1997/98	(119,107)	-	-	(119,107)
1998/99	(759,010)	-	759,010	-
1999/00	(3,700,000)	-	2,405,766	(1,294,234)
2000/01	1,294,234	-	-	1,294,234
2001/02	-	(2,949,996)	9,063,889	6,113,893
	<u>(3,283,883)</u>	<u>(2,949,996)</u>	<u>12,228,665</u>	<u>5,994,786</u>
<b>National Reconstruction Levy</b>				
2000/01	25,416	-	-	25,416
2001/02	-	(572,252)	1,196,293	624,041
	<u>(3,258,467)</u>	<u>(3,522,248)</u>	<u>13,424,958</u>	<u>6,644,243</u>
<b>Deferred Tax</b>	10,787,220	-	(441,666)	10,345,554
	<u>7,528,753</u>	<u>(3,522,248)</u>	<u>12,983,292</u>	<u>16,989,797</u>

The tax liabilities are subject to the agreement with Internal Revenue Service.

*National Reconstruction Levy:* This relates to a levy imposed on companies by the government on profits before tax for the years 2001 and 2002. The rate applicable to manufacturing companies is 2.5%.

8. **FIXED ASSETS**

	Leasehold Land & Buildings €'000	Plant Machinery €'000	Motor Vehicles €'000	Capital Work in- Progress €'000	Furniture Equipment/ Wooden Pallets €'000	Total €'000
<b>Cost/Valuation</b>						
At 1/7/01	4,770,280	75,765,335	3,003,045	11,706,552	2,063,883	97,309,095
Additions	120,164	264,144	1,566,133	19,540,056	4,931,641	26,422,138
Transfers	4,124,381	14,918,822	-	(23,400,178)	4,356,975	-
At 30/6/02	<u>9,014,825</u>	<u>90,948,301</u>	<u>4,569,178</u>	<u>7,846,430</u>	<u>11,352,499</u>	<u>123,731,233</u>
<b>Depreciation</b>						
At 1/7/01	1,234,991	25,043,384	1,322,961	-	1,246,858	28,848,194
Charge for the year	745,752	9,100,903	814,471	-	2,928,191	13,589,317
At 30/6/02	<u>1,980,743</u>	<u>34,144,287</u>	<u>2,137,432</u>	<u>-</u>	<u>4,175,049</u>	<u>42,437,511</u>
<b>Net Book Value</b>						
At 30/6/02	<u>7,034,082</u>	<u>56,804,014</u>	<u>2,431,746</u>	<u>7,846,430</u>	<u>7,177,450</u>	<u>81,293,722</u>
At 30/6/01	<u>3,535,289</u>	<u>50,721,951</u>	<u>1,680,084</u>	<u>11,706,552</u>	<u>817,025</u>	<u>68,460,901</u>

Certain buildings, plant and machinery were professionally revalued by Nationwide Estate Services, Real Estate Valuers, Land Surveyors and Estate Managers on 31st December 1992 based on their open market values.

**Disposal of fixed assets**

	2002 €'000	2001 €'000
Cost of assets disposed off	-	408,713
Accumulated depreciation	-	(357,205)
Net book value	-	51,508
Proceeds on disposal	-	153,599
Profit on disposal of fixed assets	-	<u>102,091</u>

**Depreciation has been charged in the financial statements as follows:-**

	2002 €'000	2001 €'000
Cost of sales	9,100,903	8,470,361
General, administrative and selling expenses	4,488,414	1,009,903
	<u>13,589,317</u>	<u>9,480,264</u>

9. **INVESTMENTS**

Trade investments	<u>3,346,122</u>	<u>3,346,122</u>
-------------------	------------------	------------------

This relates to investments in the ordinary shares of a listed company and is shown at cost.



## 10. STOCKS

	2002 €'000	2001 €'000
Raw and packaging materials	29,161,242	10,992,784
Work-in-progress	1,064,496	425,175
Finished products	1,092,339	4,286,053
Engineering and consumables	5,086,661	5,067,814
Goods in transit	-	6,140,344
	<u>36,404,738</u>	<u>26,912,170</u>

## 11. DEBTORS

Trade debtors	12,966,620	6,653,408
Staff debtors	97,196	28,223
Sundry debtors	7,123,091	3,671,038
	<u>20,186,907</u>	<u>10,352,669</u>

The maximum amount due from officers of the company during the year was €97 million (2001: €41 million).

## 12. BANK OVERDRAFT

This represents amounts drawn by the company under facilities granted by its bankers to support its working capital requirements. Unutilised facilities at the year-end amounted to €69,475 million (2001: €61,583 million).

## 13. CREDITORS

	2002 €'000	2001 €'000
Trade creditors	9,310,700	1,172,781
Sundry creditors	8,654,749	8,402,647
Accruals and provisions	16,916,301	9,860,914
	<u>34,881,750</u>	<u>19,436,342</u>

## 14. DIVIDENDS

Balance at 1st July	8,760,458	11,084,470
Proposed Dividend	20,559,000	10,573,200
	<u>29,319,458</u>	<u>21,657,670</u>
Payment during the year	(14,047,058)	(12,897,212)
Balance at 30th June	<u>15,272,400</u>	<u>8,760,458</u>

## 15. AMOUNTS DUE TO RELATED COMPANIES

Materials and equipment	6,920,545	8,661,934
Royalty and technical service fees	2,907,927	2,155,564
	<u>9,828,472</u>	<u>10,817,498</u>

**16. STATED CAPITAL**

	Number of Shares		Proceeds	
	2002 '000	2001 '000	2002 €'000	2001 €'000
<b>Authorised</b>				
Ordinary shares of no par value	150,000	150,000		
<b>Issued</b>				
For Cash	24,208	24,208	4,935,584	4,935,584
Transfer from Surplus	93,272	93,272	2,750,448	2,750,448
	117,480	117,480	7,686,032	7,686,032

There is no share in treasury and no call or installment unpaid on any share.

**17. CAPITAL SURPLUS**

	2002 €'000	2001 €'000
Balance at 30th June	2,950,063	2,950,063

**18. CAPITAL COMMITMENTS**

Capital commitments authorised but not expended at the balance sheet date, amounted to €44,500 million (2001: €13,200 million).

**19. CONTINGENT LIABILITIES**

Contingent liabilities, in respect of possible claims and lawsuits at the year-end, amounted to €704 million (2001: €650 million).

**20. RELATED PARTY TRANSACTIONS**

i. The company is a subsidiary of Diageo plc, a U.K. registered company. Diageo is the beneficial holder of the shares in Guinness Overseas Limited and Atalantaf Limited.

ii. Raw materials costing €103,808,553,921 was procured from Guinness Overseas Limited.

iii. Included in cost of sales is an amount of €11,219,406,390 in respect of technical and management services fees payable to Guinness Overseas Limited.



Michael Power at the brewery



Launching Gordon's Spark,  
the new product in our premium range



## VALUE ADDED STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2002

	2002		2001	
	€'000	%	€'000	%
Gross Sales Proceeds	369,037,225		278,956,278	
Excise Duties	(71,111,188)		(57,317,924)	
Sales Tax/Vat	(41,004,136)		(30,995,142)	
Turnover	256,921,901		190,643,212	
Other Income	2,010,294		839,484	
	258,932,195		191,482,696	
Bought in Materials & Services	(186,124,819)		(138,539,803)	
<b>VALUE ADDED</b>	<b>72,807,376</b>	<b>100</b>	<b>52,942,893</b>	<b>100</b>
Applied as follows				
To pay employees salaries Wages & benefits	10,106,196	14	5,660,564	11
To provide for Depreciation	13,589,317	19	9,480,264	18
To pay for Taxation	12,983,292	18	8,030,110	15
To pay Dividends	20,559,000	28	10,573,200	20
To pay Interest charges	939,022	1	11,413,169	22
Retained for company growth	14,630,549	20	7,785,586	14
	<u>72,807,376</u>	<u>100</u>	<u>52,942,893</u>	<u>100</u>

# SHAREHOLDING INFORMATION

JUNE, 2002

## DIRECTORS SHAREHOLDINGS

David H.C.Hampshire 4,000

TOTAL 4,000

## ANALYSIS OF SHAREHOLDINGS

no.of shares	no.of holdings	%	no. of holders	%
1-1000	459,782	0.39	1477	54.26
1001-5000	1,277,715	1.09	457	16.79
5001-10000	3,891,915	3.31	480	17.63
10001 and over	111,850,588	95.21	308	11.32
Totals	117,480,000	100.00	2722	100

## 20 LARGEST SHAREHOLDERS

		%
1	GUINNESS OVERSEAS	55,590,088 47.32
2	SSNIT	18,151,032 15.45
3	ATALANTAF LIMITED	15,331,140 13.05
4	BBGN/CHASE MANHATTAN OFFSHORE	3,906,408 3.33
5	BBG NOMINEE./CHASE MANHATTAN ONSHORE	3,050,979 2.60
6	CAL MERCHANT BANK LTD	2,184,683 1.86
7	DM VENTURES	1,931,265 1.64
8	BBG NOM.LTD/CHASE MANHATTAN	1,903,737 1.62
9	BBG NOMINEE./CHASE MANHATTAN ONSHORE	1,606,810 1.37
10	GHANAIAAN EMPLOYEES OF GUINNESS	1,050,374 0.89
11	MIHL NOMINEES/BOSTON SAFE DEPOSIT&TRUST	634,277 0.54
12	BBG NOM. LTD/SSB GEN. ELECTRIC	447,300 0.38
13	MIHL NOMINEES/BROWN BROTHERS HARRIMAN	432,827 0.37
14	BBG NOM. LTD/SSB CALVERT AFRICA	339,900 0.29
15	GHANA REINSURANCE ORGANISATION	329,900 0.28
16	BBGN/UNILEVER GHANA MANAGERS	224,480 0.19
17	EPAC INVESTMENT FUND LIMITED	113,705 0.10
18	BBGN/UNILEVER GHANA PROVIDENT FUND	109,000 0.09
19	RETCO COMPANY LIMITED	105,600 0.09
20	MR S ODURO - MINTAH	99,900 0.09
	TOTAL	107,543,405 91.54
	Others	9,936,595 8.46
	GRAND TOTAL	117,480,000 100.00

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# FIVE YEAR FINANCIAL SUMMARIES

## JUNE, 2002.

	2002	2001	2000	1999	1998
	€'000	€'000	€'000	€'000	€'000
<b>RESULTS</b>					
Turnover	256,921,901	190,643,212	125,360,500	96,517,325	68,178,796
Profit before Tax	48,172,841	26,388,896	11,149,452	33,993,104	20,702,190
Taxation	(12,983,292)	(8,030,110)	(704,956)	(13,083,646)	(3,001,934)
Profit after Tax	35,189,549	18,358,786	10,444,496	20,909,458	17,700,256
Dividends	(20,559,000)	(10,573,200)	(8,223,600)	(8,223,600)	(4,699,200)
Retained earnings	<u>14,630,549</u>	<u>7,785,586</u>	<u>2,220,896</u>	<u>12,685,858</u>	<u>13,001,056</u>
<b>BALANCE SHEET</b>					
Fixed Assets	81,293,722	68,460,901	67,976,504	47,599,867	28,244,916
Investments	3,346,122	3,346,122	3,346,122	3,346,122	1,623,507
Cash & Cash Equivalents	21,501,375	16,492,599	40,404,530	36,339,965	23,371,684
Other Current Assets	<u>56,591,645</u>	<u>40,523,306</u>	<u>48,110,107</u>	<u>25,923,962</u>	<u>22,270,223</u>
Total Assets	162,732,864	128,822,928	159,837,265	113,209,916	75,510,330
Total Liabilities	(77,497,786)	(58,218,399)	(97,018,322)	(52,611,869)	(27,598,141)
Net Assets	<u>85,235,078</u>	<u>70,604,529</u>	<u>62,818,943</u>	<u>60,598,047</u>	<u>47,912,189</u>
Stated Capital	7,686,032	7,686,032	7,686,032	7,686,032	7,686,032
Capital Surplus	2,950,063	2,950,063	2,950,063	2,950,063	2,950,063
Income Surplus	<u>74,598,983</u>	<u>59,968,434</u>	<u>52,182,848</u>	<u>49,961,952</u>	<u>37,276,094</u>
Shareholders Funds	<u>85,235,078</u>	<u>70,604,529</u>	<u>62,818,943</u>	<u>60,598,047</u>	<u>47,912,189</u>
<b>REVENUE COLLECTED FOR GOVERNMENT</b>					
Excise Duties	71,111,188	57,317,924	37,758,825	34,066,483	30,379,699
Sales Tax/Vat	<u>41,004,136</u>	<u>30,995,142</u>	<u>16,590,078</u>	<u>13,258,592</u>	<u>14,769,771</u>
Total	<u>112,115,324</u>	<u>88,313,066</u>	<u>54,348,903</u>	<u>47,325,075</u>	<u>45,149,470</u>
<b>STATISTICS</b>					
Eps (¢)	299.54	156.27	88.90	177.98	150.67
Div. per share (¢)	175.00	90.00	70.00	70.00	40.00
Net assets per share (¢)	725.53	600.99	534.72	515.82	407.83
Current ratio	1.16:1	1.2:1	0.98:1	1.36:1	1.90:1
Return on Shareholders fund (%)	41.26	26.00	16.63	34.51	36.94
Return on net sales value (%)	13.69	9.63	8.33	21.66	25.96

# PROXY FORM

ANNUAL GENERAL MEETING to be held at 11 a.m.  
on 19 November 2002 at the Prempeh Assembly Hall,  
Kumasi.

I/we .....

being a member(s) of GUINNESS GHANA LIMITED hereby appoint :-

\* .....

Or failing him the Chairman of the Meeting as my/our Proxy to  
vote for me/us and on my/our behalf at the Annual General  
Meeting of that Company to be held on 19 November, 2002  
and at any and every adjournment thereof.

Date this ..... day of ..... 2002

.....

Shareholder's Signature

For Company's Use		
Number of Shares		
Resolution	For	Against
1. To declare a dividend		
2. To re-elect Mr R N Kinuthia		
3. To re-elect Mrs P Djamson-Tettey		
4. To re-elect Mr F C Damali		
5. To approve Directors' Fees		
6. To approve the terms of appointment of two Directors		
7. To fix the remuneration of the Auditors		

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.

**THIS PROXY FORM SHOULD NOT BE SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING.**

Notes:-

1. A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space marked \* the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 10 a.m. on 18 November, 2002.
6. The Proxy must produce the Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.

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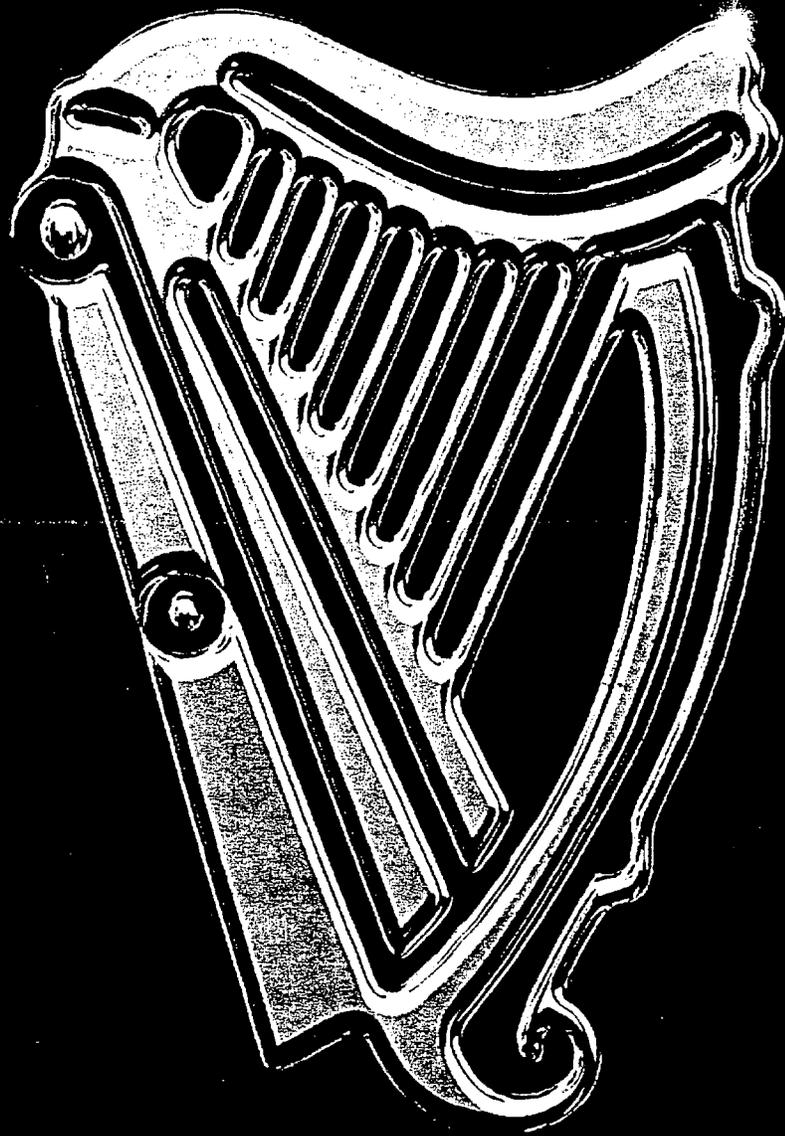
NOTES



# GUINNESS

GHANA

ANNUAL REPORT & FINANCIAL STATEMENTS 2000 - 2001



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Feel good every day.



# **GUINNESS GHANA LIMITED**

**FINANCIAL STATEMENTS  
30TH JUNE 2001**

## BOARD OF DIRECTORS



**Members of the Board Of Directors:**

*From left; F. Wussar-Naahr, Deputy Managing Director, D. M. Hainsworth, Managing Director, D. H. C. Hampshire, Chairman, P. V. Obeng, Director, J. W. Acheampong, Director. Standing from left; J. Wheelhouse, Director, F. C. Damali, Marketing Director, D. J. Armstrong, Director, C. O. Enase, Product Supply Director, S. K. Gollo, Secretary to the Board.*

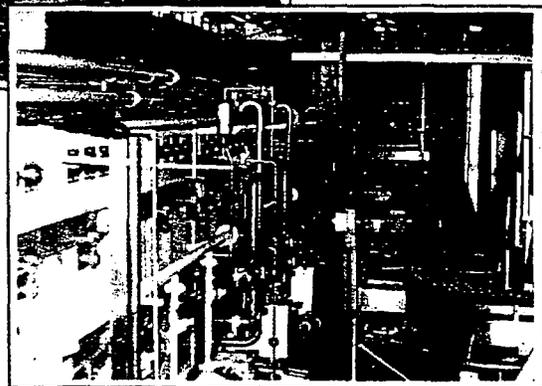
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GUINNESS  
GHANA  
LIMITED

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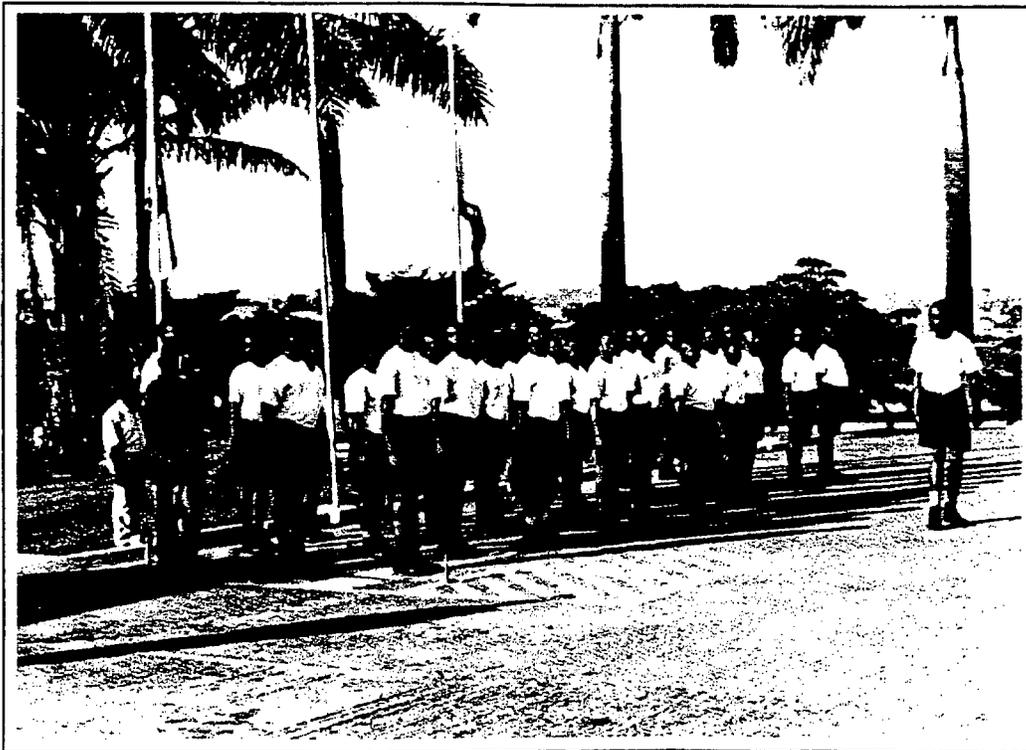
*Continuing investments in leading-edge technology secures premium quality for our brands.*



GUINNESS  
GHANA  
LIMITED

# THE YEAR IN SUMMARY JUNE, 2001

	30\6\01 €000	30\6\00 €000	% change
Turnover	190,643,212	125,360,500	52
Profit before Tax	26,388,896	11,149,452	137
Taxation	8,030,110	704,956	1,039
Profit after Taxation	18,358,786	10,444,496	76
Dividends	10,573,200	8,223,600	29
Retained Profit	7,785,586	2,220,896	251
Capital Expenditure	10,016,167	27,712,724	(64)
Depreciation	9,480,264	7,083,180	34
Shareholders Fund	70,604,529	62,818,943	12
Earnings per Share	156.27	88.90	76
Dividend per Share	90.00	70.00	29
Net Assets per Share	600.99	534.72	12



*Safety is at the heart of all operations. The Guinness Fire Brigade on parade*

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GUINNESS  
GHANA  
LIMITED

# BOARD OF DIRECTORS, OFFICIALS & REGISTERED OFFICE

## BOARD OF DIRECTORS

David Herbert Campbell Hampshire (Chairman)  
Devlin Marc Hainsworth (Managing)  
Dr. Joseph Woahen Acheampong  
Frank Cudjoe Damali  
Paul Victor Obeng  
Francis Wussar-Narh  
Augustine Kwame Addo  
David James Armstrong  
Christopher Ojareda Enase  
John Wheelhouse (Appointed 15/2/01)  
Christopher John Emptage (Resigned 15/2/01)

## SECRETARIES

Sena Chartered Secretaries Limited  
3rd Floor, Mobil House  
Liberia Road  
P.O. Box 5520  
Accra

## REGISTERED OFFICE

Guinness Brewery  
Industrial Area, Kaasi  
P.O. Box 1536  
Kumasi

## AUDITORS

**KPMG**  
Chartered Accountants  
2nd Floor, Mobil House  
Liberia Road  
P.O. Box 242  
Accra

## REGISTRARS

Merchant Bank (Ghana) Limited  
57 Examination Loop  
North Ridge  
Accra

## SOLICITORS

Sam Okudzeto & Associates  
3rd Floor, Mobil House  
Liberia Road  
P.O. Box 5520  
Accra

## BANKERS

Agricultural Development Bank  
Barclays Bank of Ghana Limited  
CAL Merchant Bank  
Ecobank Ghana Limited  
Ghana Commercial Bank Limited  
SSB Bank Limited  
Standard Chartered Bank Ghana Limited



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the next Annual General Meeting of Guinness Ghana Limited will be held at The International Conference Centre, Accra, on 20 November, 2001 at 11 o'clock in the forenoon for the following purposes.

## AGENDA

1. To receive the Report of the Directors, the Balance Sheet as at 30 June 2001 together with the Profit and Loss and Income Surplus Accounts for the year ended on that date and the Report of the Auditors thereon.
2. To declare a Dividend.
3. To elect Directors in place of those retiring.
4. To approve Non-Executive Directors' Fees.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To pass the following as an Ordinary Resolution:

"That in accordance with Section 59 (b) of the Companies Code, 1963 and Regulation 11. 1 (a) of the Company's Regulations the Company is hereby authorised to purchase its own shares up to a maximum of 10% of the number of shares issued."

A Member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not also be a Member.

A form of proxy is attached and for it to be valid for the purpose of the Meeting it must be completed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Dated 18 October, 2001

BY ORDER OF THE BOARD  
SENA CHARTERED SECRETARIES LTD.

## Registered Office:

Guinness Brewery  
Kaasi Industrial Area  
P.O. Box 1536  
Kumasi.

## DIVIDEND WARRANTS

If the dividend recommended is approved payment will be made on 18 December, 2001 to the holders of shares whose names are registered in the Register of Members on 9 October, 2001

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GUINNESS  
GHANA  
LIMITED

# REPORT OF THE DIRECTORS

TO THE MEMBERS GUINNESS GHANA LIMITED

## PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be the brewing, packaging (Product Supply), marketing and sale (Product Demand) of Foreign Extra Stout and Malta Guinness.

## TURNOVER

The Company's sales performance for the year was impressive when considered against the competitive environment in which it operated.

Turnover (net of taxes) grew year on year by 52% from ₵125 billion to ₵190 billion.

## TAX

Guinness Ghana paid a total of ₵88 billion in excise duty and VAT during this year. Additionally the Company paid ₵ 8.98 billion in customs duties and corporate tax.

## TRADING PROFIT

The Company earned an operating profit before tax of ₵26.3 billion, that is, a year on year increase of 136.6%.

The increase in profit was due mainly to effective cost and working capital control, improved performance of our brands, especially Foreign Extra Stout which recorded a 4% volume growth, and the stability of the cedi during the second half of the year.

## DIVIDENDS

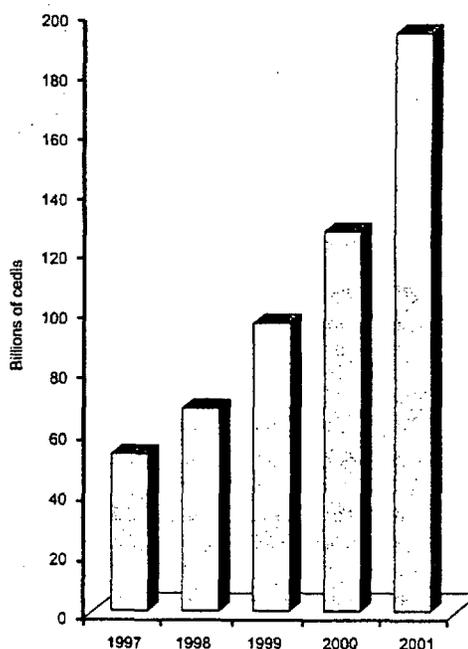
In view of the satisfactory results, the Directors are pleased to recommend to Members, the payment of a final dividend of ₵5,874,000,000 that is ₵50 per share before deduction of tax at source at the appropriate rate. This added to the interim dividend paid in April 2001 will make a total dividend of ₵10,573,200,000 which is ₵90 per share, that is, 29% increase over the previous year.

## BOARD CHANGES

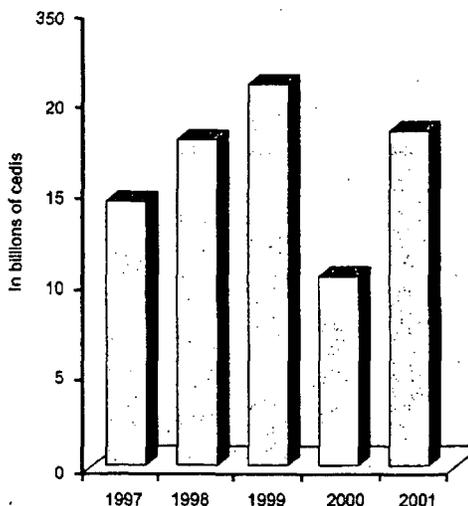
Since the Annual General Meeting held on 22 November, 2000 Mr. C. J. Emptage resigned from the office of Director of the Company on 15 February, 2001 and Mr John Wheelhouse was appointed to fill the casual vacancy arising thereof.

In accordance with the Regulations of the Company Messrs J. Wheelhouse, P. V. Obeng and DHC Hampshire retire at the Annual General Meeting and being eligible, offer themselves for re-election.

TURNOVER



PROFIT AFTER TAX



GUINNESS  
GHANA  
LIMITED

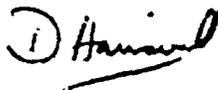
**REPORT OF THE DIRECTORS**  
TO THE MEMBERS GUINNESS GHANA LIMITED (Cont)

The names of the Directors who were in office during the year under review are as published in this Annual Report

**COMPANY'S REGULATIONS**

As you must have read from the Agenda for this meeting the Directors are seeking Members' authority for the Company to purchase its own shares up to a maximum of 10% of the number of shares issued. We believe that the directors should have the authority to consider this option if the conditions are suitable.

**BY ORDER OF THE BOARD**

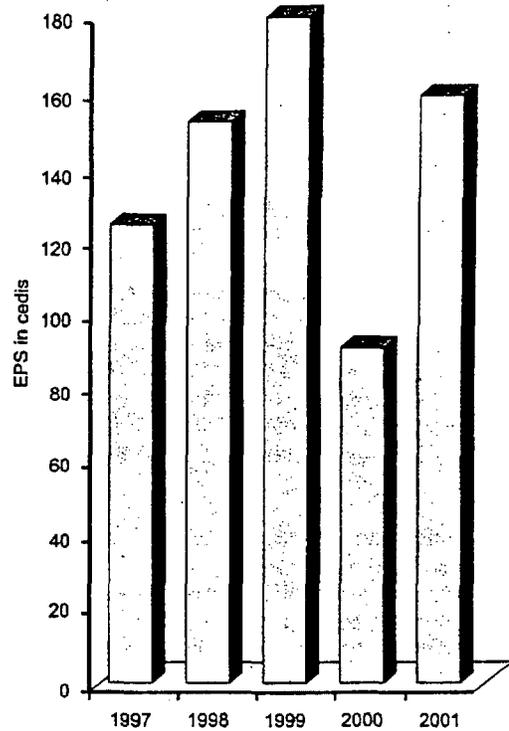


(D. M. Hainsworth)  
Director

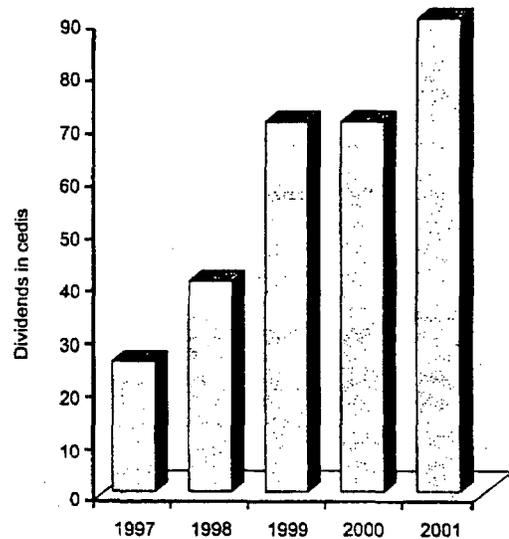


(F. Wussar-Narh)  
Director

**EARNINGS PER SHARE**



**DIVIDEND PER SHARE**



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# CHAIRMAN'S STATEMENT

Distinguished shareholders, invited guests, Nananom, ladies and gentlemen, on behalf of the Board of Directors, I welcome you to the 29<sup>th</sup> Annual General Meeting of your company. I shall present to you this morning, the Annual Report and Financial Statements for the July 1, 2000 to June 30, 2001 financial year.

## THE BUSINESS ENVIRONMENT.

The 2000 calendar year was very challenging. Inflation rose to 40.3% from 13.8% in 1999. The Cedi depreciated 49% against the Dollar compared to 32.7% the previous year and interest rates climbed to over 50.0%.

However, since the beginning of 2001, there has been a change in economic policy. Tight money stabilisation measures have reduced the rate of decline in the value of the Cedi. In the six months to June 2001 this was at 4.0% against 32.0% for the same period last year. The rate of price inflation has declined to 32.0% at end of August against over 40% at the end of 2000. Interest rates have, however, remained high and the private sector finance needs continue to be crowded out in the capital market.

Though signs of improvement are starting to show with a fairly stable exchange rate and declining inflation, the operational and financial costs of running the business have remained high. This is the result of the current cost of foreign exchange, double digit interest rate charges and a relatively high excise duty rate on beer.

## THE BEER & MALT DRINKS INDUSTRY.

Total beer sales recorded a moderate growth of about 3.8%. Malt drinks sales and the whole carbonated soft drinks category suffered a double digit decline.

In spite of very difficult competitive circumstances Guinness Stout recorded very good sales and grew in line with the total beer market. The strong performance during the year was driven by substantial new investment behind the Guinness Stout brand and very creative consumer initiatives that continue to sustain the brand in its leadership position.

Though the whole non alcoholic drinks category is in decline, Malta Guinness is outperforming the category. The brand is benefiting from stable prices and enhanced marketing support and these initiatives have significantly reinforced the brand.



David Hampshire reviews business issues with the president of the Republic of Ghana

*Though signs of improvement are starting to show with a fairly stable exchange rate and declining inflation, the operational and financial costs of running the business have remained high.*



## CHAIRMAN'S STATEMENT (Cont)

### OUR PERFORMANCE.

Distinguished Shareholders, ladies and gentlemen, our financial year to June 30, 2001 has recorded a significant "bounce back" after the foreign currency difficulties of the year before. Net Turnover was C190.0bn, up 52.0% delivering a profit before tax figure of C 26.3 billion up 136.6% on the previous year.

This result was driven by the strength of our brands, enhanced commercial and technical efficiencies, exceptionally prudent operational management by the Executive Board and the commitment of the entire management and staff, and was facilitated by a relatively stable exchange rate in the second half of the year.

### DIVIDEND.

In view of the improved results, the Directors are pleased to recommend to Members, the payment of a final dividend of ₵5,874,000,000 that is ₵50 per share before deduction of tax at source at the appropriate rate.

This added to the interim dividend paid in April 2001 will bring the total dividend pay out to ₵10,573,200,000 i.e. ₵90 per share, up 29% over the previous year.

### SOCIAL RESPONSIBILITY.

Your Company continues to play its role as a responsible corporate citizen. We shall continue our policy of putting back into the communities where we operate part of our profits to improve the quality of life in those communities. We focus on the environment, education, health, culture and sports.

#### Environment.

Your company is committed to a policy of "cleaner environment." We have accessed the latest in technology and operational practice available to ensure that our business operations impact on our environment positively and constructively. We have assisted communities close to our plant with funding, technology and management skills to improve on their management of solid waste.

#### Health

Your company has provided support for the Cardio-Thoracic Unit and the Burns and Re-Constructive Plastic Surgery Centre at Korle-bu Teaching Hospital to leverage their health care services. Guinness Ghana delivered timely support when disaster struck at the Accra Sports Stadium.

#### Education

We have, through the Otumfuo's Education Fund provided support for needy students, and we continue to provide equipment and facilities to the Chirapatre Community Library to service the 72 community schools.

#### Sports

For four years running, Guinness Ghana has supported the Ghana National Soccer Team in trying times and stood by them in their bleakest hour. We believe in their future success. Our role in enhancing the game of Golf is well known and acknowledged. Under the distinguished Patronage of His Excellency President J. A. Kufuor, Guinness Ghana sponsored the prestigious National Challenge Gold Cup, Ghana's Ascot!

#### Culture

We shall continue to support a wide range of cultural activities in the years ahead.



*Delivering timely support to the Cardio-Thoracic Centre Korle-Bu Teaching Hospital*



*Supporting the pride of the Nation, - The Black Stars.*



*Building partnership with the trade. Guinness Staff interact with Key Distributors at a Distributor Conference, Ada.*



*Supporting the development of Ghanaian culture*

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# CHAIRMAN'S STATEMENT (Cont)

## OPERATIONS

### PRODUCT SUPPLY

Your Company's market place competitiveness gained considerably from significant cost savings during the year. In particular these were created through enhanced line yields and step change reductions in utility usage rates. Our plan is to continue to improve and ensure we maintain world class standards.

### INFORMATION MANAGEMENT

Your Company has made substantial investment in bringing world class technology into information management. Your business now benefits from automated business processes, a state of the art local area network, voice and data networking and satellite linkage to the Guinness International Network. Lead time on data capture, analysis and business decision making has shrunk substantially.

### TRAINING AND DEVELOPMENT.

Sustained top quality performance depends on the quality of our people. The development of our human resources is a top priority. We are committed to forging a high performance culture and employee reward structures that inspire exceptional performance.

We have implemented a communication strategy that has built supportive management - employee relations and an a conducive industrial relations environment. Employee motivation and morale is good. This has clearly contributed to record breaking results in the year.

### PROSPECTS.

Distinguished shareholders, as we celebrate the good results of the last financial year, we thank you for your confidence and support. Your Board of Directors have full confidence in the strength of your company and will continue to take every step necessary to grow value for our shareholders.

Thank You.



DHC Hampshire



*Aligning employees behind the corporate strategy. The MD welcoming GGL Managers at GGL "Be A Hero" Conference - Elmina.*

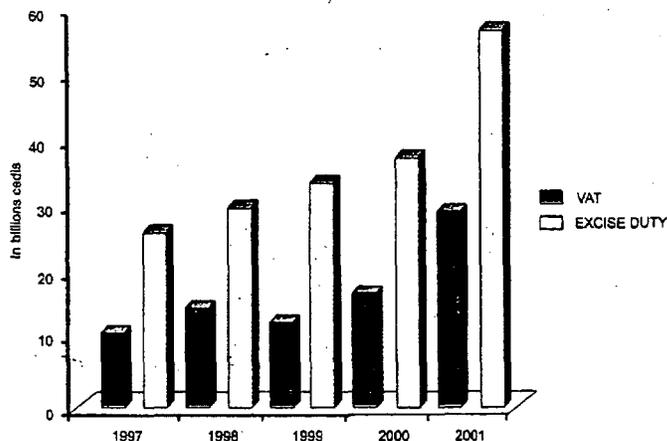


*Team review at the "Be A Hero" Conference - Elmina.*

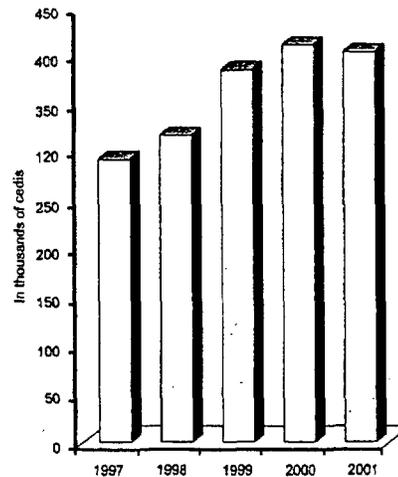


*Colin Storm (right) - MD Guinness Ltd., retires*

GOVERNMENT REVENUE



SALES VOLUME



GUINNESS  
GHANA  
LIMITED

# REPORT OF THE AUDITORS

TO THE MEMBERS GUINNESS GHANA LIMITED

We have audited the financial statements on pages 12 to 19, which have been prepared in accordance with International Accounting Standards. We have obtained all the information and explanations we required.

## Respective Responsibilities of Directors and Auditors

These financial statements are the responsibility of the directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

## Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion, proper books have been kept and the financial statement, which are in agreement therewith, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 30th June 2001 and of the results of its operations and cash flows for the year then ended.

*U P n G*

CHARTERED ACCOUNTANTS  
2ND FLOOR, MOBIL HOUSE  
LIBERIA ROAD  
P.O. BOX 242  
ACCRA

6th September, 2001

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GUINNESS  
GHANA  
LIMITED

# REPORT OF THE AUDITORS

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U P M G

CHARTERED ACCOUNTANTS  
2ND FLOOR, MOBIL HOUSE  
LIBERIA ROAD  
P.O. BOX 242  
ACCRA

6th September, 2001

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GUINNESS  
GHANA  
LIMITED

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2001

	Note	2001 ¢'000	2000 ¢'000
<b>TURNOVER</b>	3	190,643,212	125,360,500
Cost of Sales		(104,276,807)	(58,543,889)
<b>GROSS PROFIT</b>		86,366,405	66,816,611
General Administrative and Selling Expenses		(49,403,824)	(60,157,989)
<b>TRADING PROFIT</b>		36,962,581	6,658,622
Other Income	4	239,785	11,572
<b>PROFIT BEFORE INTEREST AND TAXATION</b>	5	37,202,366	6,670,194
Net Interest (Charges)/Income	6	(10,813,470)	4,479,258
<b>PROFIT BEFORE TAXATION</b>		26,388,896	11,149,452
Taxation including Reconstruction Levy	7	(8,030,110)	(704,956)
<b>PROFIT AFTER TAXATION</b> transferred to Income Surplus Account		18,358,786	10,444,496

# INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2001

	2001 ¢'000	2000 ¢'000
Balance at 1st July	52,182,848	49,961,952
Profit for the year	18,358,786	10,444,496
	70,541,634	60,406,448
Proposed dividend ¢90 (2000: ¢70) per share	(10,573,200)	(8,223,600)
Balance at 30th June	59,968,434	52,182,848



# BALANCE SHEET

AT 30TH JUNE 2001

	Note	2001 €'000	2000 €'000
<b>FIXED ASSETS</b>	8	68,460,901	67,976,506
<b>INVESTMENTS</b>	9	3,346,122	3,346,122
<b>CURRENT ASSETS</b>			
Stocks	10	26,912,170	32,297,947
Debtors	11	10,352,669	11,234,043
Taxation	7	3,258,467	4,578,117
Cash and Bank balances		16,492,599	40,404,530
		<u>57,015,905</u>	<u>88,514,637</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	12	8,416,881	19,774,655
Creditors	13	19,436,342	10,339,314
Dividends	14	8,760,458	11,084,470
Amount due to related companies	15	10,817,498	48,799,836
		<u>47,431,179</u>	<u>89,998,275</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>9,584,726</u>	<u>(1,483,638)</u>
		<u>81,391,749</u>	<u>69,838,990</u>
Deferred Taxation	7	<u>(10,787,220)</u>	<u>(7,020,047)</u>
<b>NET ASSETS</b>		<u>70,604,529</u>	<u>62,818,943</u>
<b>FINANCED BY:</b>			
<b>STATED CAPITAL</b>	16	7,686,032	7,686,032
<b>CAPITAL SURPLUS</b>	17	2,950,063	2,950,063
<b>INCOME SURPLUS</b>		59,968,434	52,182,848

*D. Amund*

DIRECTOR

*F.K.*

DIRECTOR

70,604,529

62,818,943



GUINNESS  
GHANA  
LIMITED

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2001

	2001 €'000	2000 €'000
<b>Operating profit</b>		
(before investment returns and servicing of finance)	37,116,235	6,667,694
Depreciation charges	9,480,264	7,083,180
(Profit)/Loss on sale of fixed assets	(102,091)	184,329
Decrease/(Increase) in stocks	5,385,777	(17,183,278)
Decrease/(Increase) in debtors	881,374	(424,750)
Increase in creditors	9,097,028	717,734
(Decrease)/Increase in related company balances	(37,982,338)	27,553,016
Fixed assets written off	-	10,226
<b>Net cash flow from operating activities</b>	<u>(13,239,986)</u>	<u>17,940,457</u>
	23,876,249	24,608,151
<b>Investment returns and servicing of finance</b>		
Dividends paid	(12,897,212)	(8,154,170)
Dividends received	86,131	2,500
Interest paid	(11,413,169)	(2,126,297)
Interest received	599,699	6,605,555
	<u>(23,624,551)</u>	<u>(3,672,412)</u>
<b>Tax paid</b>	<u>(2,943,287)</u>	<u>(7,339,840)</u>
<b>Investing activities</b>		
Fixed assets purchased	(10,016,167)	(27,712,724)
Proceeds from sale of fixed assets	153,599	58,350
	<u>(9,862,568)</u>	<u>(27,654,374)</u>
<b>Decrease in cash and cash equivalents</b>	<u>(12,554,157)</u>	<u>(14,058,475)</u>
<b>Analysis of changes in cash and cash equivalents during the year</b>		
Balance at 1st July	20,629,875	34,688,350
Net cash outflow	<u>(12,554,157)</u>	<u>(14,058,475)</u>
Balance at 30th June	<u>8,075,718</u>	<u>20,629,875</u>
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>		
Cash and bank balances	16,492,599	40,404,530
Bank Overdraft	<u>(8,416,881)</u>	<u>(19,774,655)</u>
Balance at 30th June	<u>8,075,718</u>	<u>20,629,875</u>



GUINNESS  
GHANA  
LIMITED

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

## 1. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

## 2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements:

### a. Depreciation

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The annual rates generally in use are as follows:

Leasehold, Land and Buildings	-	3.125%
Plant and Machinery	-	6.5% - 12.5%
Motor Vehicles and Computers	-	25%
Furniture and Equipment	-	12.5%
Wooden Pallets	-	16.67%

### b. Stocks

Stocks are valued on a first in first out basis, at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing stocks to their present condition and location. Work-in-progress and finished goods are valued at average production cost which includes all relevant direct costs and production overheads.

### c. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

### d. Foreign Exchange

Transactions denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the dates of the transactions. Differences arising from changes in exchange rates are dealt with through the profit and loss account.

Balances in foreign currencies are translated into cedis at the rates of exchange ruling at the balance sheet date.

### e. Deferred Taxation

Provision is made for deferred taxation using the liability method on material timing differences to the extent that an asset or liability will crystallise.

### f. Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

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GUINNESS  
GHANA  
LIMITED

**NOTES FORMING PART OF  
THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 30TH JUNE 2001 (Cont)

**3. TURNOVER**

	2001 €'000	2000 €'000
Gross Sales	278,956,278	179,709,403
Less: Excise Duty	(57,317,924)	(37,758,825)
VAT	(30,995,142)	(16,590,078)
	<u>(88,313,066)</u>	<u>(54,348,903)</u>
	<u>190,643,212</u>	<u>125,360,500</u>

**4. OTHER INCOME**

Dividends received	86,131	2,500
Profit on disposal of fixed assets	102,091	-
Sundry income	51,563	9,072
	<u>239,785</u>	<u>11,572</u>

**5. PROFIT BEFORE INTEREST**

**6. TAXATION** is stated after charging:

Auditor's remuneration	100,000	54,000
Depreciation	9,480,264	7,083,180
Directors' remuneration	510,478	288,730
Donations	35,651	47,217
Net exchange (gain)/loss	(892,866)	29,577,173
Loss on disposal of fixed assets	-	184,329
	<u>-</u>	<u>184,329</u>

**6. NET INTEREST (CHARGES)/INCOME**

Interest Income	599,699	6,605,555
Interest Charge	(11,413,169)	(2,126,297)
	<u>(10,813,470)</u>	<u>4,479,258</u>

**7. TAXATION**

	Balance at 1/7/00 €'000	Payments/ Transfer €'000	Charge to P & L €'000	Balance at 30/6/01 €'000
<b>Income Tax</b>				
1997/98	1,188,513	(1,307,620)	-	(119,107)
1998/99	1,572,960	(2,331,970)	-	(759,010)
1999/00	(7,339,590)	3,639,590	-	(3,700,000)
2000/01	-	(2,630,336)	3,924,570	1,294,234
Dividend tax	-	(8,613)	8,613	-
	<u>(4,578,117)</u>	<u>(2,638,949)</u>	<u>3,933,183</u>	<u>(3,283,883)</u>
<b>National Reconstruction Levy</b>	-	(304,338)	329,754	25,416
	<u>(4,578,117)</u>	<u>(2,943,287)</u>	<u>4,262,937</u>	<u>(3,258,467)</u>
<b>Deferred Tax</b>	7,020,047	-	3,767,173	10,787,220
	<u>2,441,930</u>	<u>(2,943,287)</u>	<u>8,030,110</u>	<u>7,528,753</u>

The tax liabilities are subject to the agreement of Internal Revenue Service.

National Reconstruction Levy: This relates to a levy imposed on companies by the government on profits before tax for the years 2001 and 2002. The rate applicable to manufacturing companies is 2.5%.



**NOTES FORMING PART OF  
THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 30TH JUNE 2001 (Cont)

**8. FIXED ASSETS**

	Leasehold Land & Buildings €'000	Plant Machinery €'000	Motor Vehicles €'000	Capital Work-in- Progress €'000	Furniture Equipment/ Wooden Pallets €'000	Total €'000
<b>Cost/Valuation</b>						
At 1/7/2000	4,770,280	75,583,503	1,932,213	3,660,773	2,087,616	88,034,385
Additions	-	292,772	1,365,050	8,140,209	218,136	10,016,167
Disposals	-	(110,940)	(294,218)	-	(3,555)	(408,713)
Transfers	-	-	-	(94,430)	94,430	-
Write-off	-	-	-	-	(332,744)	(332,744)
<b>At 30/6/2001</b>	<b>4,770,280</b>	<b>75,765,335</b>	<b>3,003,045</b>	<b>11,706,552</b>	<b>2,063,883</b>	<b>97,309,095</b>
<b>Depreciation</b>						
At 1/7/2000	1,085,240	16,683,954	1,099,088	-	1,189,597	20,057,879
Charge for the year	149,751	8,470,370	466,583	-	393,560	9,480,264
Release on disposals	-	(110,940)	(242,710)	-	(3,555)	(357,205)
Release on write off	-	-	-	-	(332,744)	(332,744)
<b>At 30/6/2001</b>	<b>1,234,991</b>	<b>25,043,384</b>	<b>1,322,961</b>	<b>-</b>	<b>1,246,858</b>	<b>28,848,194</b>
<b>Net Book Value</b>						
At 30/6/2001	3,535,289	50,721,951	1,680,084	11,706,552	817,025	68,460,901
At 30/6/2000	3,685,040	58,899,549	833,125	3,660,773	898,019	67,976,506

Certain buildings, plant and machinery were professionally revalued by Nationwide Estate Services, Real Estate Valuers, Land Surveyors and Estate Managers on 31st December 1992 based on their open market values.

**Disposal of fixed assets**

	2001 €'000	2000 €'000
Cost of assets disposed off	408,713	1,798,137
Accumulated depreciation	(357,205)	(1,555,458)
Net book value	51,508	242,679
Proceeds on disposal	153,599	58,350
Profit/(Loss) on disposal of fixed assets	102,091	(184,329)

**Depreciation has been charged in  
the financial statements as follows:-**

	2001 €'000	2000 €'000
Cost of sales	8,470,361	6,341,636
General, administrative and selling expenses	1,009,903	741,544
	9,480,264	7,083,180



**NOTES FORMING PART OF  
THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 30TH JUNE 2001 (Cont)

**9. INVESTMENTS**

	2001 €'000	2000 €'000
Trade investments	3,346,122	3,346,122

This relates to investments in the ordinary shares of a listed company and is shown at cost.

**10. STOCKS**

	2001 €'000	2000 €'000
Raw and packaging materials	10,992,784	17,882,915
Work-in-progress	425,175	1,078,498
Finished products	4,286,053	3,812,244
Goods in transit	6,140,344	5,375,883
Engineering and consumables	5,067,814	4,148,407
	<u>26,912,170</u>	<u>32,297,947</u>

**11. DEBTORS**

Trade debtors	6,653,408	8,952,188
Staff debtors	28,223	23,129
Sundry debtors	3,671,038	2,258,726
	<u>10,352,669</u>	<u>11,234,043</u>

The maximum amount due from officers of the company during the year was €41 million (2000: €56 million).

**12. BANK OVERDRAFT**

This represents amounts drawn by the company under facilities granted by its bankers to support working capital requirements. Unutilised facilities at end of the year amounted to €61,583 million (2000: €58,225 million).

**13. CREDITORS**

	2001 €'000	2000 €'000
Trade creditors	1,172,781	2,958,992
Sundry creditors	8,402,647	4,101,139
Accruals and provisions	9,860,914	3,279,183
	<u>19,436,342</u>	<u>10,339,314</u>



**NOTES FORMING PART OF  
THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 30TH JUNE 2001 (Cont)

**14. DIVIDENDS**

	2001 €'000	2000 €'000
Balance at 1st July	11,084,470	11,015,040
Proposed dividend	10,573,200	8,223,600
	<u>21,657,670</u>	<u>19,238,640</u>
Paid during the year	(12,897,212)	(8,154,170)
Balance at 30th June	<u>8,760,458</u>	<u>11,084,470</u>

**15. AMOUNTS DUE TO RELATED COMPANIES**

Materials and equipment	8,661,934	48,962,178
Royalty and technical service fees	2,155,564	(162,342)
	<u>10,817,498</u>	<u>48,799,836</u>

**16. STATED CAPITAL**

	Number of Shares		Proceeds	
	2001 '000	2000 '000	2001 €'000	2000 €'000
<b>Authorised</b>				
Ordinary shares of no par value	<u>150,000</u>	<u>150,000</u>		
<b>Issued</b>				
For Cash	24,208	24,208	4,935,584	4,935,584
Transfer from Surplus	93,272	93,272	2,750,448	2,750,448
	<u>117,480</u>	<u>117,480</u>	<u>7,686,032</u>	<u>7,686,032</u>

There is no share in treasury and no call or installment unpaid on any share.

**17. CAPITAL SURPLUS**

	2001 €'000	2000 €'000
Balance at 30th June	<u>2,950,063</u>	<u>2,950,063</u>

**18. CAPITAL COMMITMENTS**

Capital commitments authorised but not expended at the balance sheet date, amounted to €13.2 billion (2000: Nil)

**19. CONTINGENT LIABILITIES**

There are contingent liabilities amounting to €650 million (2000: €172m) in respect of possible claims on law suits.

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GUINNESS  
GHANA  
LIMITED

# STATEMENT OF VALUE ADDED JUNE, 2001

(In Thousands Of Cedis)

	30\6\01 €' 000	%	30\6\00 €' 000	%
<b>Gross Sales Proceeds</b>	<b>278,956,278</b>		<b>179,709,403</b>	
Excise Duties	(57,317,924)		(37,758,825)	
Sales Tax/Vat	(30,995,142)		(16,590,078)	
<b>Turnover</b>	<b>190,643,212</b>		<b>125,360,500</b>	
Other Income	839,484		6,617,127	
	<b>191,482,696</b>		<b>131,977,627</b>	
Bought in Materials & Services	(138,539,803)		(107,729,833)	
 <b>VALUE ADDED</b>	 <b>52,942,893</b>	 <b>100</b>	 <b>24,247,794</b>	 <b>100</b>
<b>Applied as follows</b>				
To pay employees salaries, wages & benefits	5,660,564	11	3,888,865	16
To provide for Depreciation	9,480,264	18	7,083,180	29
To provide for Taxation	8,030,110	18	704,956	3
To pay Dividends	10,573,200	18	8,223,600	34
To pay Interest charges	11,413,169	22	2,126,297	9
Retained for company growth	7,785,586	14	2,220,896	9
	<b>52,942,893</b>	<b>100</b>	<b>24,247,794</b>	<b>100</b>
 <b>BOUGHT IN MATERIALS &amp; SERVICES</b>				
Cost of Sales	104,276,807		58,543,889	
Selling, Gen. & Admi. Expenses	49,403,824		60,157,989	
	<b>153,680,631</b>		<b>118,701,878</b>	
<b>Less:</b>				
Staff Costs	5,660,564		3,888,865	
Depreciation Charge	9,480,264		7,083,180	
Interest Charge/(Income)	15,140,828		10,972,045	
	<b>138,539,803</b>		<b>107,729,833</b>	



# SHAREHOLDER'S INFORMATION JUNE, 2001

## DIRECTORS SHAREHOLDINGS

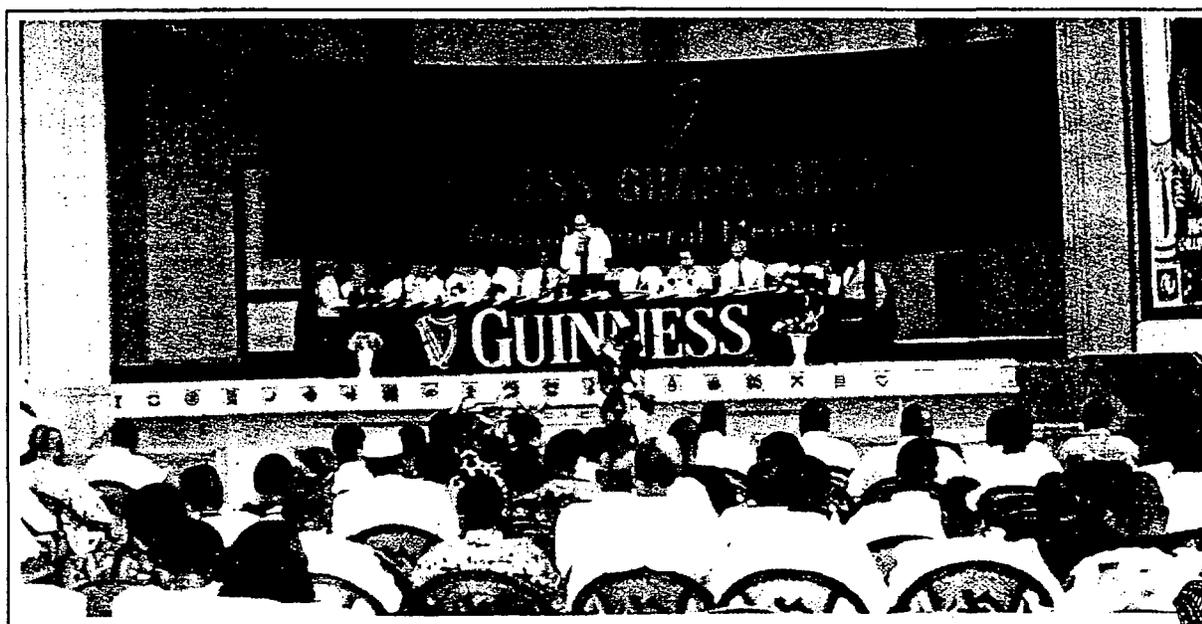
David H.C.Hampshire	4,000
F. Wussar-Narh	4,421
<b>TOTAL</b>	<b>8,421</b>

## ANALYSIS OF SHAREHOLDINGS

No. of shares	No. of holdings	%	No. of holders	%
1-1000	459,782	0.39	1477	54.26
1001-5000	1,277,715	1.09	457	16.79
5001-10000	3,891,915	3.31	480	17.63
10001 and over	111,850,588	95.21	308	11.32
<b>Totals</b>	<b>117,480,000</b>	<b>100.00</b>	<b>2722</b>	<b>100</b>

## 20. LARGEST SHAREHOLDERS

		%
1. GUINNESS OVERSEAS	55,590,088	47.32
2. SSNIT	18,151,032	15.45
3. ATALANTAF LIMITED	15,331,140	13.05
4. BBGN/CHASE MANHATTAN OFFSHORE	3,906,408	3.33
5. BBG NOMINEE./CHASE MANHATTAN ONSHORE	3,050,979	2.60
6. CAL MERCHANT BANK LTD	2,184,683	1.86
7. DM VENTURES	1,931,265	1.64
8. BBG NOM.LTD/CHASE MANHATTAN	1,903,737	1.62
9. BBG NOMINEE./CHASE MANHATTAN ONSHORE	1,606,810	1.37
10. GHANAIAI EMPLOYEES OF GUINNESS	1,050,374	0.89
11. MIHL NOMINEES/BOSTON SAFE DEPOSIT&TRUST	634,277	0.54
12. BBG NOM. LTD/SSB GEN. ELECTRIC	447,300	0.38
13. MIHL NOMINEES/BROWN BROTHERS HARRIMAN	432,827	0.37
14. BBG NOM. LTD/SSB CALVERT AFRICA	339,900	0.29
15. GHANA REINSURANCE ORGANISATION	329,900	0.28
16. BBGN/UNILEVER GHANA MANAGERS	224,480	0.19
17. EPAC INVESTMENT FUND LIMITED	113,705	0.1
18. BBGN/UNILEVER GHANA PROVIDENT FUND	109,000	0.09
19. RETCO COMPANY LIMITED	105,600	0.09
20. MR S ODURO - MINTAH	99,900	0.09
<b>TOTAL</b>	<b>107,543,405</b>	<b>91.54</b>
<b>Others</b>	<b>9,936,595</b>	<b>8.46</b>
<b>GRAND TOTAL</b>	<b>117,480,000</b>	<b>100.00</b>



Shareholders at GGL's Annual General Meeting

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GUINNESS  
GHANA  
LIMITED

# FIVE YEAR FINANCIAL SUMMARIES JUNE, 2001

(In Thousands Of Cedis)

	12 mths to 30/6/01 ¢000	12 mths to 30/6/00 ¢000	12 mths to 30/6/99 ¢000	12 mths to 30/6/98 ¢000	12 mths to 30/6/97 ¢000
<b>RESULTS</b>					
Turnover	190,643,212	125,360,500	96,517,325	68,178,796	51,063,807
Profit before tax	26,388,896	11,149,452	33,993,104	20,702,190	16,018,880
Taxation	(8,030,110)	(704,956)	(13,083,646)	(3,001,934)	(1,607,390)
Profit after tax	18,358,786	10,444,496	20,909,458	17,700,256	14,411,490
Dividends	(10,573,200)	(8,223,600)	(8,223,600)	(4,699,200)	(2,937,000)
Retained earnings	7,785,586	2,220,896	12,685,858	13,001,056	11,474,490
<b>BALANCE SHEET</b>					
Fixed Assets	68,460,901	67,976,506	47,599,867	28,244,916	25,484,656
Investments	3,346,122	3,346,122	3,346,122	1,623,507	1,615,193
Cash & Cash Equivalents	16,492,599	40,404,530	36,339,965	23,371,684	3,916,879
Other Current Assets	40,523,306	48,110,107	25,923,962	22,270,223	27,578,819
Total Assets	128,822,928	159,837,265	113,209,916	75,510,330	58,595,547
Total Liabilities	(58,218,399)	(97,018,322)	(52,611,869)	(27,598,141)	(20,088,908)
Net Assets	70,604,529	62,818,943	60,598,047	47,912,189	38,506,639
Stated Capital	7,686,032	7,686,032	7,686,032	7,686,032	7,686,032
Capital Surplus	2,950,063	2,950,063	2,950,063	2,950,063	2,950,063
Income Surplus	59,968,434	52,182,848	49,961,952	37,276,094	27,870,544
Shareholders Fund	70,604,529	62,818,943	60,598,047	47,912,189	38,506,639
<b>REVENUES COLLECTED FOR GOVERNMENT</b>					
Excise Duties	57,317,924	37,758,825	34,066,483	30,379,699	25,619,100
VAT / Sales Tax	30,995,142	16,590,078	13,258,592	14,769,771	11,481,968
Total	88,313,066	54,348,903	47,325,075	45,149,470	37,101,068
<b>STATISTICS</b>					
Eps (¢)	156.27	88.90	177.98	150.67	122.67
Div.per share (¢)	90.00	70.00	70.00	40.00	25.00
Net assets per share (¢)	600.99	534.72	515.82	407.83	327.77
Current ratio (%)	1.2:1	0.98:1	1.36:1	1.90:1	1.65:1
Return on shareholders fund (%)	26.00	16.63	34.51	36.94	37.43
Return on net sales value (%)	9.63	8.33	21.66	25.96	28.22



# PROXY

Annual General Meeting to be held at 11.00 a.m on 20th November 2000 at International Conference Centre, Accra.

I/we .....  
(Insert full name(s))

Being member(s) of Guinness Ghana Limited hereby appoint:-

\* .....  
(Insert full name)

Or failing him, the Chairman of the Meeting as my / our Proxy to vote for me/us on my/our behalf at the annual General meeting of the Company to be held on 20th November, 2001 and at any and every adjournment thereof.

Dated this .....day of .....2001

Shareholder's Signature .....

FOR COMPANY'S USE		
No. of Shares .....		
RESOLUTIONS	FOR	AGAINST
1. To declare a dividend		
2. To re-elect Mr. Wheelhouse		
3. To re-elect Mr. P. V. Obeng		
4. To re-elect Mr. Hampshire		
5. To approve Directors' fees		
6. To authorise the Company to purchase its own shares		
7. To fix the remuneration of the Auditor *		

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

**THIS PROXY FORM SHOULD NOT BE SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING**

**NOTES:**

1. A member who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote, if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish you may insert in the blank space marked \* the name of any person whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint Shareholders, each holder should sign.
4. If executed by Company/Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 10.00a.m. on 18th November, 2001.
6. The Proxy must produce the Admission card sent with the Notice of the Meeting to obtain entrance to the Meeting.

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GUINNESS  
GHANA  
LIMITED





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**GUINNESS GHANA LIMITED****Unaudited Profit & Loss Account For The Half Year Ending 31 Dec**

	2003 C'm	2002 C'm	% Change
Net Turnover	241,614	170,259	41.9%
Cost of sales	(155,192)	(109,027)	42.3%
Gross Profit	86,422	61,232	41.1%
General, Administrative	(46,638)	(29,623)	57.4%
Operating Profit	39,784	31,609	25.9%
Other Income	(890)	105	-949.7%
Exceptional Items	6,031	0	
Profit Before Financial Charges	44,925	31,714	41.7%
Financial Charges (Net)	(10,597)	71	-14975.9%
Profit Before Taxation	34,328	31,785	8.0%
Taxation /National Reconstruction	(7,839)	(7,098)	10.4%
Profit transferred to Income Surplus	26,489	24,687	7.3%

**Income Surplus Account For The Half Year Ending 31 Dec 2003**

	2003 C'm	2002 C'm
Balance as at 1st July	95,860	74,599
Transfer from Stated Capital	0	0
Profit /(Loss) for the Period	26,489	24,687
Interim Dividend	(6,814)	(6,814)
Balance as at 31st December 2003	115,535	92,472

**GUINNESS GHANA LIMITED****Balance Sheet As At 31 Dec**

	<b>2003</b> <b>C'm</b>	<b>2002</b> <b>C'm</b>
<b>FIXED ASSETS</b>	<b>203,505</b>	<b>80,533</b>
<b>CURRENT ASSETS</b>		
Stocks	77,407	37,655
Debtors	39,096	20,543
Bank and Cash Balances	4,208	65,813
<b>Total Current Assets</b>	<b>120,711</b>	<b>124,011</b>
Less:		
<b>CURRENT LIABILITIES</b>		
Creditors	(86,160)	(65,836)
Taxation	(8,739)	(7,522)
Dividend	(6,814)	(15,292)
Bank Overdraft	(48,555)	(2,440)
Bank Loans	(35,000)	0
Short Term Loan	0	0
<b>Total Current Liabilities</b>	<b>(185,268)</b>	<b>(91,090)</b>
<b>NET CURRENT ASSETS</b>	<b>(64,556)</b>	<b>32,921</b>
<b>DEFERRED TAX LIABILITY</b>	<b>(12,777)</b>	<b>(10,346)</b>
<b>NET ASSETS</b>	<b>126,711</b>	<b>109,109</b>
<b>REPRESENTING:</b>		
STATED CAPITAL	7,686	7,686
CAPITAL SURPLUS	2,950	2,950
INCOME SURPLUS	115,535	92,472
<b>INTEREST OF SHAREHOLDERS</b>	<b>126,711</b>	<b>109,109</b>

To the best of our Knowledge, the Financial Statements do not contain untrue statements, misleading facts or omit material facts

**D. Hainsworth**  
Managing Director

**L Turnbull**  
Finance Director

**GUINNESS GHANA LIMITED**
**Cash Flow Statement For The Half Year Ending 31 Dec**

	2003 C/m	2002 C/m
<b>Operating Profit</b>	<b>99,784</b>	<b>131,609</b>
Returns and Servicing of		
Depreciation	8,837	7,461
Other Income	890	(105)
Decrease/Increase in Stocks	(13,502)	774
Decrease/Increase in Debtors	(29,623)	(7,367)
Decrease/Increase in Creditors	(16,318)	6,059
<b>Net Cash Inflow From Operations</b>	<b>(9,932)</b>	<b>38,432</b>
Financial Charges		
Interest Received	170	326
Interest Paid	(10,769)	(255)
	(10,599)	71
<b>Net Cash Outflow from Re-investments and Servicing</b>		
Tax Paid	(4,736)	(6,450)
Dividend Paid	(21,836)	(22,556)
Investing Activities		
Fixed Assets Purchase	(62,142)	(5,382)
Proceeds from Sale of Investment	9,377	0
<b>Net Cash Outflow from Investing Activities</b>	<b>(99,868)</b>	<b>4,115</b>
<b>Net Cash Flow before Financing</b>	<b>(109,801)</b>	<b>42,547</b>
Financing		
Deposit for shares Purchase		
Proceeds from Rights issues		
Bank Loan (Paid)/ Received	35,000	0
Short-Term Loan Paid		
Medium-Term Loan Paid		
Net Cash Inflow/ (Outflow)		
Analysis of changes in Cash Equivalents during the year		
<b>Net Financing</b>	<b>35,000</b>	<b>0</b>
Balance as at 1st January	30,453	20,826
<b>Net Cash Inflow / (Outflow)</b>	<b>(74,801)</b>	<b>42,547</b>
<b>Balance at 31st December</b>	<b>(44,347)</b>	<b>63,373</b>
Analysis of cash and Cash		
Cash at Bank	4,208	65,813
Bank Overdraft	(48,555)	(2,440)
<b>Balance at 31st December</b>	<b>(44,347)</b>	<b>63,373</b>



***GHANA BREWERIES LIMITED***

***FINANCIAL STATEMENTS***

***31ST DECEMBER 2003***

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**GHANA BREWERIES LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**

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Notes Forming part of the Financial Statements	8

**GHANA BREWERIES LIMITED**  
**BOARD OF DIRECTORS, SECRETARY,**  
**REGISTERED OFFICE, AUDITORS AND REGISTRARS**

**DIRECTORS**

M. Eson-Benjamin - Chairman  
 O.S. Adebajji - Managing  
 Th.A. de Man (*Appointed 9/12/2003*)  
 J-L. M. Homé  
 L E. Yamson  
 E.M. Boye  
 Sir. Dr. K. Donkoh Fordwor  
 W. Kusi-Atansah  
 D. Plantenga-Hogewoning (*Mrs.*)  
 C. J. G. Nouwens  
 H. van Klompenburg (*Appointed 26/8/2003*)  
 J.H. van Mamerec (*Resigned 19/1/2003*)

**SECRETARY**

J. A. Debrah

**REGISTERED OFFICE**

Ghana Breweries Limited  
 Mile 7, Accra-Nsawam Road  
 P.O. Box AH114  
 Achimota  
 Accra

**AUDITORS**

KPMG  
 25 Liberia Road  
 P.O. Box 242  
 Accra

**REGISTRARS**

Merchant Bank (Ghana) Limited  
 Merban House  
 44 Kwame Nkrumah Avenue  
 P.O. Box 401  
 Accra

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
GHANA BREWERIES LIMITED**

The Directors have pleasure in submitting to the members their Annual Report together with the Financial Statements of the Company for the year ended 31st December 2003.

**TRADING RESULTS**

Profit after taxation for the year was ₵26,879 million as against a loss of ₵12,644 million in 2002.

The Directors do not recommend the payment of dividend to members.

**NATURE OF BUSINESS**

The principal activities of the Company continue to be brewing and marketing of beer and soft drinks.

**CAPITAL RESTRUCTURING**

A court order was granted sanctioning the special resolution passed by the board on April 15, 2005 to write off the deficit on the income surplus account through a transfer to Stated Capital Account as part of a capital restructuring exercise.

**CORPORATE CHANGES**

Initiatives have been taken by Heineken (majority shareholder in Ghana Breweries Limited) and Diageo (majority shareholder in Guinness Ghana Limited) to merge Ghana Breweries Limited with Guinness Ghana Limited, subject to regulatory approvals.

**BOARD OF DIRECTORS**

The Directors to retire by rotation in accordance with Regulation 64 of the Regulations of the Company are Messrs. W. Kusi-Attansi, L.E. Yanson, E.M. Boye and O.S. Adebunji.

The retiring Directors being eligible are seeking re-election.

Messrs Th.A. de Man and H.van Klompenburg who were appointed to the board following the last AGM offer themselves for approval by the board at the next AGM in accordance with the company's regulations.

**AUDITORS**

In accordance with Section 134(5) of the Companies Code, 1963 (Act 179), Messrs. KPMG continue in office as Auditors of the Company.

**BY ORDER OF THE BOARD**

..... )  
..... )  
..... ) **DIRECTORS**  
..... )  
..... )

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
GHANA BREWERIES LIMITED**

We have audited the financial statements of Ghana Breweries Limited for the year ended 31<sup>st</sup> December, 2003 as set out on pages 5 to 17, and have obtained all the information and explanations we required.

**Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

**Basis of Opinion**

We conducted our audit in accordance with Ghana Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, and prepared in accordance with Ghana Accounting Standards comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 31<sup>st</sup> December 2003 and of the results of its operations and cash flows for the year then ended.

**CHARTERED ACCOUNTANTS  
25 LIBERIA ROAD  
P.O. BOX 242  
ACCRA, GHANA**

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..... 2004

**GHANA BREWERIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2003**

	Note	2003 ₵'m	2002 ₵'m
Turnover	2	206,674	136,109
Cost of Sales		(119,478)	(78,511)
<b>Gross Profit</b>		<u>87,196</u>	<u>57,598</u>
General, Administrative and Selling Expenses		(57,478)	(58,362)
Trading Profit/(Loss)	3	29,718	(764)
Other Income	4	6,782	550
<b>Profit/(Loss) before Exceptional Items and Net Financial Charges</b>		<u>36,500</u>	<u>(214)</u>
Exceptional Items	12	(7,147)	(3,010)
<b>Profit/(Loss) before Net Financial Charges</b>		<u>29,353</u>	<u>(3,224)</u>
Net Financial Charges	5	(1,785)	(9,420)
<b>Profit/(Loss) before Taxation</b>		<u>27,568</u>	<u>(12,644)</u>
Taxation	6	(689)	-
<b>Profit/(Loss) after Taxation Transferred to Income Surplus Account</b>		<u><u>26,879</u></u>	<u><u>(12,644)</u></u>

**INCOME SURPLUS ACCOUNT**

**FOR THE YEAR ENDED 31ST DECEMBER, 2003**

Balance at 1 <sup>st</sup> January		(40,589)	(27,945)
Transfer from Stated Capital	13	40,589	-
		<u>-</u>	<u>(27,945)</u>
Profit/(Loss) for the year		26,879	(12,644)
Transfer from Capital Surplus	15	1,540	
Loss on Assets Write-off	7c	(1,521)	
		<u>19</u>	<u>100</u>
<b>Balance at 31st December</b>		<u><u>26,898</u></u>	<u><u>(40,589)</u></u>

**GHANA BREWERIES LIMITED**  
**BALANCE SHEET**  
**AS AT 31ST DECEMBER, 2003**

	Note	2003 £'m	2002 £'m
<b>FIXED ASSETS</b>	7	115,135	101,863
<b>CURRENT ASSETS</b>			
Stocks	8	67,577	43,702
Debtors	9	27,112	21,866
Taxation	6	573	918
Bank and Cash Balances		41,893	25,926
		<u>137,155</u>	<u>92,412</u>
<b>CURRENT LIABILITIES</b>			
Creditors	11	57,151	26,694
Bank Overdraft	10(a)	11	470
Bank Loan	10(b)	-	2,500
Short-term Loan	10(c)	3,086	4,596
		<u>60,248</u>	<u>34,260</u>
<b>NET CURRENT LIABILITIES</b>		76,907	58,152
		<u>192,042</u>	<u>160,015</u>
<b>LONG TERM LIABILITIES</b>			
Deferred Tax		(454)	(454)
<b>NET ASSETS</b>		<u>191,588</u>	<u>159,561</u>
<b>FINANCED BY:</b>			
<b>STATED CAPITAL</b>	14	144,043	74,441
<b>CAPITAL SURPLUS</b>	15	20,647	22,187
<b>INCOME SURPLUS</b>		26,891	(40,589)
<b>DEPOSIT FOR SHARE PURCHASE</b>	16	-	103,522
..... )			101
..... )			
..... ) <b>DIRECTORS</b>			
..... )			
		<u>191,588</u>	<u>159,561</u>
<b>Net Assets Per Share</b>		£573.23	£5,517.71
<b>Earnings Per Share</b>		£80.42	(£437.24)



**GHANA BREWERIES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2003**

**1. ACCOUNTING POLICIES**

The following accounting policies have been adopted and applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**(a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

**(b) Depreciation**

Depreciation is calculated on the straight-line basis using the following annual rates which are expected to write off the gross value of each fixed asset over its estimated useful life:

		%
Land and Buildings	Leasehold Land and Buildings	2.50
Plant and Machinery	Bottling	6.67
	Brewing	3.33
	Utilities	6.67
	Workshop	10.00
Motor Vehicles	Forklift/Trucks	20.00
	Trucks and Road Vehicles	33.33
Furniture and Equipment		20.00
Packaging Materials		12.50

**(c) Stocks**

Stocks are valued on a first in first out basis at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing the stocks to their current state under normal operating conditions.

**(d) Debtors**

Debtors are stated after making provision for debts considered to be doubtful.

**(e) Foreign Exchange**

Transactions denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the dates of the transactions. Balances are translated at the rates of exchange ruling at the balance sheet date. Resultant exchange translation differences are recognized in the profit and loss account.

**(f) Sales**

Sales represent the value of goods invoiced to customers in the year net of returns, trade discounts and value added tax.

**(g) Deferred Tax**

Provision is made for deferred tax by reason of capital allowances exceeding the corresponding depreciation charges and other timing differences.

**2. TURNOVER:**

	2003 £'m	2002 £'m
Gross Sales Value	316,219	218,678
Less: VAT/Excise Duty	(109,545)	(82,569)
	<u>206,674</u>	<u>136,109</u>

**3. TRADING PROFIT/(LOSS) is stated after charging:**

Depreciation	14,784	10,024
Directors' Remuneration	1,275	1,326
Auditors' Remuneration	240	190
Donations	174	119
Exchange Differences (Net)	-	6,530
	<u>          </u>	<u>          </u>

## 4. OTHER INCOME comprises:

	2003 £'m	2002 £'m
Sundry Income	27	37
Profit on Sale of Fixed Assets (Note 7b)	252	457
Rental Income	70	56
Realised Exchange Gain	6,433	-
	<u>6,782</u>	<u>550</u>

## 5. NET FINANCIAL CHARGES

Interest Received	230	20
Interest Charges	(2,015)	(9,440)
	<u>(1,785)</u>	<u>(9,420)</u>

## 6(a) TAXATION

	Balance 1/1/03	Payments During the Year	Charge for the Year	Balance 31/12/03
<b>Income Tax</b>				
Pre 1998	(17)	-	-	(17)
1998	(555)	-	-	(555)
1999	(317)	-	-	(317)
2001	(37)	-	-	(37)
<b>Capital gains Tax</b>				
1999	108	-	-	108
<b>National Reconstruction Levy</b>				
2001	(72)	-	-	(72)
2002	(28)	-	-	(28)
2003	-	(344)	689	345
	<u>(918)</u>	<u>(344)</u>	<u>689</u>	<u>(573)</u>

The above tax position is subject to agreement with the Internal Revenue Service.

## (b) Deferred Tax

At 31 <sup>st</sup> December	<u>454</u>	<u>454</u>
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Deferred taxes on non-recurring temporary differences results in deferred tax assets for which there is no reasonable probability of realisation in the near future.

11.

**7. FIXED ASSETS**

7(a)	Leasehold Land and Buildings £'m	Plant and Machinery £'m	Packaging Equipment £m	Furniture and Equipment £'m	Motor Vehicles £'m	Capital Work in Progress £'m	Total £'m
<b>Gross Value</b>							
At 1st January 2003	50,742	118,472	12,063	13,465	8,513	5,370	208,625
Additions	299	4,025	12,314	2,961	4,851	5,212	29,662
Disposals/Write Offs	-	(3,623)	-	-	(546)	-	(4,169)
Transfers	151	1,207	-	57	-	(1,415)	-
Re-classifications	-	-	-	-	-	-	-
<b>At 31st December 2003</b>	<b>51,192</b>	<b>120,081</b>	<b>24,377</b>	<b>16,483</b>	<b>12,818</b>	<b>9,167</b>	<b>234,118</b>
<b>Comprising:</b>							
Cost of Assets Revalued	2,278	20,946	-	252	371	-	23,847
Surplus/(Deficit) on Revaluation	40,374	58,385	-	(96)	76	-	98,739
<b>At Revaluation</b>	<b>42,652</b>	<b>79,331</b>	<b>-</b>	<b>156</b>	<b>447</b>	<b>-</b>	<b>122,586</b>
Cost of Assets Not Revalued	8,540	40,750	24,377	16,327	12,371	9,167	111,532
	51,192	120,081	24,377	16,483	12,818	9,167	234,118
<b>Accumulated Depreciation</b>							
At 1st January 2003	25,001	68,049	2,246	5,869	5,597	-	106,762
Charge for the year	902	5,291	4,778	1,986	1,827	-	14,784
Released on Disposal	-	(2,102)	-	-	(461)	-	(2,563)
Re-classifications	-	-	-	-	-	-	-
<b>At 31st December 2003</b>	<b>25,903</b>	<b>71,238</b>	<b>7,024</b>	<b>7,855</b>	<b>6,963</b>	<b>-</b>	<b>118,983</b>
<b>Net Book Value</b>							
<b>At 31st December 2003</b>	<b>25,289</b>	<b>48,843</b>	<b>17,353</b>	<b>8,628</b>	<b>5,855</b>	<b>9,167</b>	<b>115,135</b>
<b>At 31st December 2002</b>	<b>25,741</b>	<b>50,423</b>	<b>9,817</b>	<b>7,596</b>	<b>2,916</b>	<b>5,370</b>	<b>101,863</b>

Leasehold Land and Buildings as well as Plant and Machinery were revalued by Directors as at 31st December 2000 by means of indices derived from statistics of increases in prices over periods prior to the date of the revaluation.

12.

**7(b) Disposal of Fixed Assets:**

	2003 £'m	2002 £'m
Gross Value	546	1,002
Less: Accumulated Depreciation	(461)	(1,002)
Net Book Value	<u>85</u>	<u>-</u>
Proceeds on disposal	337	457
Profit on Disposal	<u><u>252</u></u>	<u><u>457</u></u>

**7(c) Fixed Assets Written Off:**

Previously revalued assets no longer considered useful were written off as follows:

Gross Value	3,623	-
Less: Accumulated Depreciation	(2,102)	-
Loss on Assets Written Off	<u><u>1,521</u></u>	<u><u>-</u></u>

**8. STOCKS**

Raw and Packaging Materials	42,091	26,689
Beer and Malt in Process	4,655	3,656
Finished Products	251	177
Consumables and Technical Spares	20,580	13,180
	<u><u>67,577</u></u>	<u><u>43,702</u></u>

**9. DEBTORS**

Inter Company	3,362	778
Trade Debtors	17,859	13,326
Due from Officers of the Company	1,776	749
Prepayments	796	849
Sundry Debtors	3,319	6,164
	<u><u>27,112</u></u>	<u><u>21,866</u></u>

The maximum amount due from officers of the company during the year amounted to approximately £1,776m (2002: £749.5m).

13.

**10. BORROWINGS**

**(a) Overdraft facilities**

The company had at 31<sup>st</sup> December, 2003 approved overdraft facilities of €10 billion (2002:€35 billion) of which €1 billion (2002: €470 million) had been drawn at the balance sheet date.

**(b) Bank Loan**

This relates to the outstanding balance on loans taken from the bank.

**(c) Short-term loan**

Classified as short-term loan is a local currency loan from an associated company.

**11. CREDITORS**

	2003 €'m	2002 €'m
Trade Creditors	6,959	6,580
Accrued Liabilities	1,063	1,767
VAT/Excise Duty	12,740	8,368
Other Creditors	5,120	574
Due to Associated Companies	24,122	9,405
Staff Gratuity and Pension provision	7,147	-
	<u>57,151</u>	<u>26,694</u>

**12. EXCEPTIONAL ITEMS**

(i) Staff Gratuity and Pension provision	7,147	-
(ii) Redundancy cost provision	-	(3,010)
	<u>7,147</u>	<u>(3,010)</u>

**13. REDUCTION OF STATED CAPITAL**

By a special resolution passed on April 15, 2003 and supported by a court order dated June 16, 2003 the company was authorised to reduce its stated capital by €40,589million. The reduction in the company's stated capital was as follows:

Transfer from Ordinary Share Capital	32,297	-
Transfer from Preference Share Capital	8,292	-
	<u>40,589</u>	<u>-</u>

14.

**14. STATED CAPITAL**

	Ordinary Shares '000	Preference Shares '000	Total
<b>No of Shares Issued</b>			
Balance brought forward	28,918	420	
Subscription/Conversion Issued during the year	-	(342)	
	305,305	-	
<b>Total Balance carried forward</b>	<u>334,223</u>	<u>78</u>	
<b>Consideration</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Balance brought forward	32,441	42,000	74,441
Reduction in Stated Capital	(32,297)	(8,292)	(40,589)
Proceeds from rights issue	105,956	(6,452)	99,504
Proceeds from Zero Coupon Bond	10,687	-	10,687
Additional Conversion of Preference Shares	21,298	(21,298)	-
	<u>138,085</u>	<u>5,958</u>	<u>144,043</u>

This is represented as follows:

	2003 '000	2002 '000
<b>Ordinary Shares</b>		
For Cash	55,365	6,697
For Consideration other than Cash	82,720	25,744
	<u>138,085</u>	<u>32,441</u>
<b>Preference Shares</b>		
For Consideration other than Cash	5,958	42,000
<b>As per Balance Sheet</b>	<u>144,043</u>	<u>74,441</u>

During the year, the number of authorised shares was increased from 30 million to 1,000 million by a special resolution.

There are no shares in treasury and no call or installment unpaid on any shares.

The terms of the Preference Shares are as follows:

- They are redeemable 10 years after the date of conversion or earlier at the choice of Ghana Breweries Limited.
- Non-cumulative dividend will be equal to 12.5% of the Free Cash Flow of Ghana Breweries Limited as defined in the Share Purchase Agreement.
- No dividend will be payable if none is declared on the ordinary shares.

15.		
15. CAPITAL SURPLUS	2003	2002
	€'m	€'m
Balance at 1st January	22,187	22,187
Less: Transfer to Reserve Surplus:		
Revaluation surplus released	(1,540)	-
Balance at 31st December	<u>20,647</u>	<u>22,187</u>

#### 16. DEPOSIT AGAINST SHARE PURCHASE

Cash Deposit:	-	42,000
Inter-Company Debt Bond	-	10,687
Conversion of IBECOR, HTS and HI debt	-	50,835
	<u>-</u>	<u>103,522</u>

#### 17. CONTINGENT LIABILITIES

Legal Suits	<u>1,092</u>	<u>817</u>
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Excluded from these financial statements is a yet-to-be-determined Pension Fund Liability of €2,524 million.

#### 18. RELATED PARTY TRANSACTIONS

- (i) Raw material and technical spares parts worth €80,617 million were purchased from IBECOR a subsidiary of the parent company.
- (ii) Included in creditors is an amount of €17,731 million in respect of Technical service fees due to Heineken Technical Services, a subsidiary of the parent company.

#### 19. DIRECTORS' SHAREHOLDING

The Directors named below hold the following number of shares in the Company:

	2003	2002
Ismael Evans Yamsco	36,805	7,361
Ebenezer Magnus Boy	70,000	6,956
Martin Eson Benjamin	31,721	4,721
Sir. (Dr). Kwame Donkor Fordwor	220,000	3,346
Dorothea Plantenga-Jongewoog	20,000	-

16.

**20. CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure amounted to ₵6,692m (2002: ₵Nil) at the balance sheet date.

**21. POST BALANCE SHEET EVENTS**

Initiatives have been taken by Heineken (majority shareholder in Ghana Breweries Limited) and Diageo (majority shareholder in Guinness Ghana Limited) to merge Ghana Breweries Limited with Guinness Ghana Limited, subject to regulatory approvals.

**22. EXCHANGE CONTROL**

All remittances from Ghana are subject to the approval of the exchange control authorities.

### 23. ANALYSIS OF SHAREHOLDING

Distribution Schedule of Equity Security as at 31<sup>st</sup> December, 2003

Class of Equity	Number of Shareholders Within Range	Total Holding	Percentage of Holding %
1 - 1,000	1,275	567,379	0.17
1,001 - 5,000	447	1,131,969	0.34
5,001 - 10,000	46	335,677	0.10
10,001 - 9,999,999,999	77	332,188,080	99.39
<b>TOTAL</b>	<b>1,845</b>	<b>334,223,105</b>	<b>100.00</b>

NAME	NO. OF SHARES	%
1. Heineken International	248,711,074	74.41
2. SSNIT	62,377,222	18.66
3. D. Ofori	6,204,111	1.86
4. Limba Ghana Limited	3,911,791	1.17
5. GCS Account/P. Per folio	2,688,008	0.80
6. CFAO Liverpool	747,890	0.22
7. E. N. Safo-Nyame	678,041	0.20
8. KBL Co-op. Credit Union Ltd.	600,005	0.18
9. CDH Asset Management Ltd	510,770	0.15
10. Falcon OP LP	472,002	0.14
11. MIHL Nominees A C 9	450,000	0.13
12. GBL Employee Share Option	388,000	0.12
13. PZ Cussons Ghana Ltd.	311,633	0.09
14. Merban Investment Holdings Limited	288,500	0.09
15. MIHL Nominees A C 12	255,000	0.08
16. G.B. Otoo	250,722	0.08
17. National Trust Holding Company Ltd	248,080	0.07
18. DBL Trading Account	246,676	0.07
19. L. Prempeh	226,000	0.07
20. Sir Dr. K.D. Fordjour	220,000	0.07
Reported Totals	329,785,525	98.67
Not Reported	4,437,580	1.33
<b>Company Total</b>	<b>334,223,105</b>	<b>100.00</b>





# 2002 ANNUAL REPORT



Ghana Breweries Limited

# Come Alive!



*Sparkling clean, genuinely fresh.  
So smooth, so full of life.  
Aaaah! It's the original.*



## STAR

*experience the brightness*

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# BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE.



- Chairman** - M. Eson-Benjamin
- Managing Director** - O. S. Adebajji
- Secretary** - J. A. Debrah
- Directors** - J-L. M. Homé  
J. H. van Mameren  
I. E. Yamson  
E. M. Boye  
K. Donkoh Fordwor  
W. Kusi-Atansah  
D. Plantenga-Hogewoning  
C. J. G. Nouwens  
S. B. J. Jansen (*Resigned 24/12/02*)
- Auditors** - KPMG  
25 Liberia Road,  
P. O. Box 242,  
Accra.
- Registered Office** - Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box AH114,  
Achimota, Accra.
- Registrars** - Merchant Bank (Ghana) Limited,  
Merban House,  
44 Kwame Nkrumah Avenue,  
P. O. Box 401,  
Accra.

# NOTICE OF MEETING



NOTICE is hereby given that the next Annual General Meeting of the Members of Ghana Breweries Limited will be held at the Prempeh Assembly Hall, Kumasi on Tuesday 8th July, 2003 at 11 o'clock in the forenoon for the following purposes:-

## AGENDA

1. To receive the Report of the Directors, Financial Statements of the company for the year ended 31st December, 2002 and the Report of the Auditors thereon.
2. To re-elect Directors.
3. To approve Directors' Fees.
4. To authorise the Directors to fix the remuneration of the Auditors.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member. A form of proxy is attached.

All forms of proxy should be completed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting to be valid for the purposes of the meeting.

Dated this 16th day of May, 2003.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Joe Aboagye Debrah', enclosed in a circular stamp.

Joe Aboagye Debrah  
Secretary

Registered Office:  
Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box AH114,  
Achimota, Accra.

# FINANCIAL HIGHLIGHTS



	2002	2001	% Change
	€'M	€'M	
Turnover	136,109	109,463	24.3
Loss Before Tax	(12,644)	(10,633)	(18.9)
Loss After Tax	(12,644)	(10,633)	(18.9)
Dividend	NIL	NIL	-
Operating Cashflow	(25,643)	12,083	(312.2)
Shareholders' Funds	159,561	68,683	132.3
Capital Expenditure	16,803	12,423	35.3

<i>Per Ordinary Share Data</i>	<i>Cedis</i>	<i>Cedis</i>
Dividend per Ordinary Share		
Earnings per Ordinary Share	(437.2)	(367.7)
Net Assets per Ordinary Share	5,517.7	2,375.1

*Dear Shareholder,*

It gives me pleasure to welcome you to the 5th Annual General Meeting of our company and the second meeting in the year following the Extra-ordinary General Meeting (EGM) in April 2003. The meeting in April was very successful as you approved far-reaching decisions that would impact positively on the future of our company.

The Circular regarding the Capital Restructuring has been sent to you and I expect that by now you have considered the need to subscribe to your rights. Permit me to emphasise that the Capital Restructuring exercise is necessary to reverse the weak capital structure of your company. It will assist to reduce foreign exchange exposure and eliminate the high interest burden. Additionally, it will allow for the write-off of the deficit on Income Surplus Account against Share Capital and pave the way for the payment of dividend to shareholders in the near future.

The results of your company in 2002 were negative as a result of high foreign exchange losses and interest burden. However, the commitment made by the majority shareholder, Heineken, to put in fresh capital and to convert inter-company debt into equity, together with the significant contribution from management and staff, have already resulted in a reversal of the poor performance last year. Already in the first quarter of 2003, a net profit of €3.8bn has been recorded.

#### *Economic Environment*

The Ghanaian economy recorded relative macro-economic stability in 2002. Interest rates declined from an average of 45% in 2001 to 28% in 2002. Inflation also dropped from 21.3% in December 2001 to 15.2% at the end of December 2002. Although this was below the Government's target of 13%, it was a good achievement. The depreciation of the cedi



against major international currencies during the year was higher than 2001. The euro and the dollar depreciated by 36% and 13% in 2002, compared to the 2.9% and 3.7% recorded in 2001 for both currencies respectively.

#### *Operating Environment*

Competition in the brewed products market remained fierce throughout 2002. This induced the brewed products market to grow by 27.2%, compared to the mere 2.5% growth recorded in 2001.

In spite of the significant growth achieved by the industry, the results of your company did not reflect this improvement, due mainly to the sharp depreciation of the Cedi against the Euro in 2002 and the high interest burden on borrowed funds. The impact of the Cedi depreciation was two-fold: costs of imported raw / packaging materials and spare parts went up sharply while our euro-denominated debts attracted huge exchange losses.

#### *Financial Highlights*

Net turnover was €136 bn in 2002, representing an increase of 24% over 2001. Operating profit (before foreign exchange losses and redundancy costs) improved significantly from negative €2.8bn in 2001 to €6.3bn in 2002. This reflects strategies implemented by management to control costs and improve sales revenue.

In 2002, your company implemented the first phase of a restructuring plan. This resulted in a 20% reduction in staff strength. The exercise was executed after negotiations with the industrial & Commercial Workers Union leading to mutually satisfactory terms for the redundant staff. To fund these redundancies in 2002, your company set aside €3bn, in addition to the €5.4bn booked in 2001.

Financial Charges declined from €11.4bn in 2001 to €9.4bn. Although interest rates dropped from an average of 45% in 2001 to 28% in 2002, your company had to rely on additional bank borrowings to finance working capital requirements and capital expenditure.

The strong performances at the turnover and operating profit levels and the lower interest charges notwithstanding, net loss increased from €10.6 bn to €12.6 bn. This was attributable to the 36% depreciation of the Cedi against the Euro during 2002, which led to significant exchange losses on inter-company debts.

Cash Flow improved as a result of the Euro 5 million Deposit against Shares paid by our parent company, Heineken, in December 2002. Euro 3 million of that amount was used in paying off a major part of the overdrafts and other short-term loans contracted from some Local banks.

VAT/Excise duties paid to government was €82.5bn, compared to €75.2bn in 2001, and represented an increase of 9.7% compared to 2001.

### *Capital Investment*

The late start in implementing the Capital Restructuring Programme for the business also delayed major capital investments. A total of €16.8 bn was however invested in essential plant and equipment during the year.

These investments were needed to enhance production efficiencies, enlarge cost-savings, to improve product quality and enhance overall productivity.

### *Dividend*

As a result of the negative balance on our Income Surplus Account and the legal restrictions under Section 71(b) of the Companies Code 1963 (Act 179), the Board deeply regrets its inability to recommend the payment of dividend for 2002. As already explained, the elimination of this deficit on the Income Surplus Account forms part of the Capital Restructuring Exercise currently underway.

### *Community Relations*

We continued to discharge our social obligations to civil society as part of our corporate social responsibility programme. The areas of special interest to your company were water conservation, environmental protection, education and healthcare. Our focus was on programmes and activities that would prove beneficial to many people in our host communities.

### *Our People*

In 2002, thanks to the cooperation of staff at all levels, your company enjoyed a peaceful and excellent workplace environment.

We continued our focus on building team spirit and developing employee core competencies through various training programmes.

On behalf of the Board, we wish to acknowledge the contribution of the staff and to thank them for their commitment to the vision of the business and to solicit their continued support and cooperation with management to ensure that the company returns to profitability.

## Prospects

Following your approval of the Capital Restructuring Plan at the recent EGM, we are well placed to resolve the major operational challenges of strengthening the very weak balance sheet and improving cash-flow to meet working capital requirements and accelerate value-creation. At the end of the exercise, overdrafts and the euro-denominated debts would be reduced considerably.

Management is taking every step to ensure that there is adequate production capacity available to meet market requirements. In the short-term, we shall focus on volume growth and the improvement of turnover and operating profit. This will be achieved through affordable products, a strong relationship with the trade at all levels and by ensuring stringent cost management. The major thrust of our treasury management activities in 2003 would be to restrict Bank borrowing / short-term debt and to rely on internally generated funds to meet cash flow needs. Focus will also be on managing the Company's forex exposure level to ensure that exchange losses are minimised. Operational complexities would continue to be rationalised, to allow for a better focus on value-creating activities.

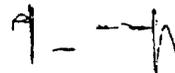
Environmental protection activities, including lower energy and lower water utilisation and the improvement of employee safety and health will continue to engage our attention.

As I have already indicated, the first signs of the improvement in the fortunes of your business are already evident in the operating profit recorded in the first quarter of this year. I am confident that we can sustain this trend throughout the year and close 2003 with a positive result, thereby enabling your company pay dividend in 2004.

## Conclusion

With the expected completion of the Capital Restructuring exercise this year, your company would be on course to take advantage of the growth in the brewery industry. This would enable us to focus on enlarging shareholder value and improving return on our investments. In the short-term, we foresee considerable challenges on the socio-economic horizon. Nevertheless, we firmly believe that our investments aimed at upgrading the efficiency of our production, distribution and marketing systems, together with improvement in the skills and capabilities of our people would give us the capacity to weather the economic storms and capitalise on opportunities in the market.

Our company is even more resolved to benefit from the peaceful socio-political environment and to put behind it the unfortunate shortfall in our performance in the recent past. The overriding goal remains to return the company to profit and increase shareholder value in the years ahead.



Martin Eson-Benjamin

The taste of  
SUCCESS



...the ultimate

# REPORT OF THE DIRECTORS



The Directors have pleasure in submitting to the members their Annual Report together with the Financial Statements of the Company for the year ended 31st December 2002.

## Trading Results

Net Loss after taxation for the year was €12,644 million as against a loss of €10,633 million in 2001.

The Directors are unable to recommend the payment of a dividend to members in view of the deficit on the Income Surplus Account and in accordance with Section 71(b) of the Companies Code, 1963 (Act 179).

## Nature of Business

The principal activities of the Company continue to be brewing and marketing of beer and soft drinks.

## Board of Directors

Mr. Stephen Jansen resigned as a member of the Board on 24th December, 2002.

The Directors to retire by rotation in accordance with Regulation 64 of the Regulations of the Company are Messrs. J. H. van Mameren, C. J. G. Nouwens and Mrs Door Plantenga-Hogewoning. The retiring Directors being eligible are seeking re-election.

## Auditors

In accordance with Section 134(5) of the Companies Code, 1963 Messrs. KPMG continue in office as Auditors of the Company.

BY ORDER OF THE BOARD

M. Eson-Benjamin (Chairman)

O. S. Adebajji (Managing)

} Directors

Accra, 14th April, 2003.

# REPORT OF THE AUDITORS



We have audited the financial statements on pages 11 to 19 which have been prepared in accordance with International Accounting Standards and Ghana Accounting Standards. We have obtained all the information and explanations we required.

## **Respective Responsibilities of Directors and Auditors**

These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing and Ghana Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 31st December 2002 and of the results of its operations and cash flows for the year then ended.

A handwritten signature in black ink, appearing to be 'KMG', is written above a long, horizontal, slightly curved line that extends to the left.

Chartered Accountants  
2nd Floor, Mobil House,  
Liberia Road,  
P. O. Box 242,  
Accra, Ghana.

Date: 14th April, 2003

# PROFIT AND LOSS ACCOUNT



€MILLIONS

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	NOTES	2002	2001
Turnover	2	136,109	109,463
Cost of Sales		<u>(78,511)</u>	<u>(64,114)</u>
Gross Profit		57,598	45,349
General, Administrative and Selling Expenses		<u>(58,362)</u>	<u>(48,639)</u>
Operating Loss	3	(764)	(3,290)
Other Net Income	4	550	485
Exceptional Items		<u>(3,010)</u>	<u>3,554</u>
(Loss)/Profit before Financial charges		(3,224)	749
Financial Charges (Net)	5	<u>(9,420)</u>	<u>(11,382)</u>
Loss before Taxation		(12,644)	(10,633)
Taxation	6(c)	-	-
Loss transferred to Income Surplus Account		<u>(12,644)</u>	<u>(10,633)</u>

## INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

Balance as at 1st January		(27,945)	(31,369)
Prior Year Adjustment	13	-	<u>2,217</u>
Balance at 1st January re-stated		(27,945)	(29,152)
Loss for the year		(12,644)	(10,633)
Transfer from Capital Surplus	14	-	18,437
Loss on Assets Written-Off	7c	-	<u>(6,597)</u>
Balance as at 31st December		<u>(40,589)</u>	<u>(27,945)</u>

The notes on pages 14 to 19 form part of these Financial Statements.  
Auditors' report on page 10

# BALANCE SHEET



		€ MILLIONS	
AS AT 31 <sup>ST</sup> DECEMBER		2002	2001
	NOTES		
<b>FIXED ASSETS</b>	7(a)	101,863	95,084
<b>CURRENT ASSETS</b>		92,412	76,461
Stocks	8	13,702	15,476
Debtors	9	21,966	26,800
Taxation	6(c)	918	890
Bank and Cash Balances		55,826	29,295
<b>LESS CURRENT LIABILITIES</b>		34,260	91,721
Creditors	11	26,694	62,391
Bank Overdraft	10(a)	470	2,734
Bank Loan	10(b)	4,500	-
Short-Term Loan	10(c)	1,596	6,906
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>58,152</u>	<u>(15,260)</u>
		160,015	79,824
Medium -Term Loan	10(d)	-	(10,687)
Deferred Tax Liability	6(c)	(454)	(454)
<b>NET ASSETS</b>		<u>159,561</u>	<u>68,683</u>
Financed by:			
STATED CAPITAL	14	74,441	74,441
CAPITAL SURPLUS	15	22,187	22,187
INCOME SURPLUS		(40,589)	(27,945)
DEPOSIT FOR SHARE PURCHASE	16	103,522	-
<b>SHAREHOLDERS' FUNDS</b>		<u>159,561</u>	<u>68,683</u>

The Financial Statements on pages 11 to 19 were approved by the Board of Directors on 14th April, 2003 and were signed on its behalf by:

M. Eson-Benjamin

O. S. Adebajji

Directors

The notes on pages 14 to 19 form part of these Financial Statements.  
Auditors' report on page 10.

# CASH FLOW STATEMENT



€MILLIONS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	2002	2001
<b>Operating Profit (before Investment Returns and Servicing of Finance)</b>	(3,224)	749
<b>Add/(less):</b>		
Depreciation	10,024	9,439
Loss on Sale of Fixed Assets	(457)	(217)
Loss on Fixed Assets Written-Off	-	357
Increase in Stock	(1,226)	(5,479)
Decrease/(Increase) in Debtors	4,937	(4,946)
(Decrease) / Increase in Creditors	<u>(35,697)</u>	<u>12,180</u>
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>(25,643)</b>	<b>12,083</b>
<b>Returns on Investment and Servicing of Finance</b>		
Interest Received	20	38
Interest Paid	<u>(9,710)</u>	<u>(11,520)</u>
<b>Net Cash Outflow from Returns on Investment and Servicing of Finance</b>	<b>(9,420)</b>	<b>(11,382)</b>
<b>Tax Paid</b>	<b>(28)</b>	<b>(109)</b>
<b>Investing Activities</b>		
Fixed Assets Purchased	<u>(16,803)</u>	<u>(12,423)</u>
Proceeds from Sale of Fixed Assets	357	517
<b>Net Cash Outflow from Investing Activities</b>	<b>(16,346)</b>	<b>(12,206)</b>
<b>Net Cash flow before Financing</b>	<b>(51,437)</b>	<b>(11,614)</b>
<b>Financing:</b>		
Deposit for Share Purchase	103,522	-
Loan released to Deposit Against Shares	(10,687)	-
Short-Term Loan	2,500	-
<b>Net Cash Inflow / (Outflow)</b>	<b><u>43,898</u></b>	<b><u>(11,614)</u></b>
<b>A. Analysis of changes in Cash and Cash Equivalents during the year:</b>		
Balance at 1st January	(18,442)	(6,828)
Net Cash inflow / (Outflow)	<u>43,898</u>	<u>(11,614)</u>
Balance at 31st December	<u>25,456</u>	<u>(18,442)</u>
<b>B. Analysis of Cash and Cash Equivalents:</b>		
Cash at Bank	25,926	6,292
Bank Overdraft	<u>(470)</u>	<u>(24,734)</u>
Balance at 31st December	<u>25,456</u>	<u>(18,442)</u>



# NOTES TO THE FINANCIAL STATEMENTS



## 1. ACCOUNTING CONVENTION

These Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

### Accounting Policies

The significant accounting policies adopted by the Company and used in arriving at the financial information set out in these accounts are as follows:

### Fixed Assets Depreciation

Depreciation is calculated on a straight-line basis using the following annual rates, which are expected to write off the gross value of each fixed asset over its estimated useful life:

		%
Land and Buildings	- Leasehold Land and Buildings	2.5
Plant and Machinery	- Bottling	6.67
	- Brewing	3.33
	- Utilities	6.67
	- Workshop	10.00
Motor Vehicles	- Forklift/Trucks	20.00
	- Road Vehicles	33.33
Furniture & Equipment's	-	20.00
Packaging Materials	-	12.50

### Stocks

Stocks are valued on a first in first out basis at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing the stocks to their current state under normal operating conditions.

### Debtors

Provisions are made for specific debts considered to be doubtful.

### Foreign Exchange

Transactions denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the date of the transactions. Balances in foreign currencies are translated into cedis at the rates of exchange ruling at the Balance Sheet date. The resultant gains or losses are recognised in the profit and loss account.

### Turnover

Turnover represent the value of goods invoiced to customers in the year net of all returns, trade discount and taxes collected for the Government.

### Deferred Taxation

Provision is made for deferred tax using the liability method on temporary differences to extent that an assets or liability is probable to crystallise.

### Research and Development

Expenditure on research and the development of new products is charged against profits for the year in which it is incurred.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)



	€MILLIONS	
	2002	2001
<b>2. TURNOVER</b>		
Gross Sales Value	218,678	184,669
Less: Taxes collected for Government	(82,569)	(75,206)
Excise Duty	<u>(57,129)</u>	<u>(54,835)</u>
VAT	<u>(25,440)</u>	<u>(20,371)</u>
	<u>136,109</u>	<u>109,463</u>
<b>3. OPERATING LOSS</b>		
Operating loss is stated after charging:-		
Depreciation	10,024	9,439
Auditors' Remuneration	190	175
Director's Remuneration	1,326	1,021
Charitable Donations	119	94
Exchange Difference (Net)	<u>6,530</u>	<u>341</u>
<b>4. OTHER NET INCOME:</b>		
Profit on sale of fixed assets (Note 7b)	457	217
Rental Income	56	4
Other Income	<u>37</u>	<u>264</u>
	<u>550</u>	<u>485</u>
<b>5. FINANCIAL CHARGES:</b>		
Interest on Current Accounts	20	138
Interest Charges	<u>(9,440)</u>	<u>(11,520)</u>
	<u>(9,420)</u>	<u>(11,382)</u>

## 6. TAXATION

	Balance 01/01/02	Payments during the year	Charge for the year	Balance 31/12/02
<b>(a) Income Tax:</b>				
Pre -1998	(17)	--	--	(17)
1998	(555)	--	--	(555)
1999	(317)	--	--	(317)
2001	(37)	--	--	(37)
<b>(b) Capital Gains Tax:</b>				
1999	108	--	--	108
<b>(c) National Reconstruction Levy:</b>				
2001	(72)	--	--	(72)
2002		(28)		(28)
	<u>(890)</u>	<u>(28)</u>	--	<u>(918)</u>

The above tax position is subject to agreement with the Internal Revenue Service.

<b>(d) Deferred Tax</b>	2002	2001
At 1st January	454	454
Provision for the year	-	-
At 31st December	<u>454</u>	<u>454</u>

Deferred taxes on material temporary difference results in deferred tax assets for which there is no reasonable probability of realisation in the near future.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)



## 7. FIXED ASSETS

€MILLIONS

(a) Fixed Assets comprise:-	Leasehold Land and Buildings	Plant and Machinery	Packaging Materials	Furniture and Equipment	Motor Vehicles	Work in Progress	Total Fixed Assets
<b>Gross Value:-</b>							
At 1st January, 2002	50,648	116,942	11,624	6,351	6,353	907	192,825
Additions	-	-	3,000	-	-	13,803	16,803
Disposals	-	-	-	(903)	(100)	-	(1,003)
Transfers	94	2,664	2,567	1,755	2,260	(9,340)	-
Re-classifications	-	(1,134)	(5,128)	6,262	-	-	-
<b>At 31st December, 2002</b>	<b>50,742</b>	<b>118,472</b>	<b>12,063</b>	<b>13,465</b>	<b>8,513</b>	<b>5,370</b>	<b>208,625</b>
<b>Comprising:-</b>							
Cost of assets revalued	2,278	20,946	-	252	371	-	23,847
Surplus /(Loss) arising on previous revaluation	40,347	59,936	-	(96)	76	-	100,263
<b>At revaluation</b>	<b>42,625</b>	<b>80,882</b>	<b>-</b>	<b>156</b>	<b>447</b>	<b>-</b>	<b>124,110</b>
Cost of assets not revalued	8,117	37,590	12,063	13,309	8,066	5,370	84,515
<b>At 31st December, 2002</b>	<b>50,742</b>	<b>118,472</b>	<b>12,063</b>	<b>13,465</b>	<b>8,513</b>	<b>5,370</b>	<b>208,625</b>
<b>Aggregate depreciation:</b>							
At 1st January, 2002	24,129	63,812	2,171	3,299	4,330	-	97,741
Charge for the year	872	4,522	1,049	2,214	1,367	-	10,024
Eliminated on disposals	-	-	-	(903)	(100)	-	(1,003)
Re-classifications	-	(285)	(974)	1,259	-	-	-
<b>At 31st December, 2002</b>	<b>25,001</b>	<b>68,029</b>	<b>2,246</b>	<b>5,869</b>	<b>5,597</b>	<b>-</b>	<b>106,762</b>
<b>NET BOOK VALUE AS AT:</b>							
31st December, 2002	25,741	50,423	9,817	7,596	2,916	5,370	101,863
31st December, 2001	26,519	53,130	9,454	8,052	2,021	907	95,084

Leasehold Land and Buildings and Plant Machinery were revalued by the Directors as at 31st December, 2000 by means of indices derived from statistics of increases in prices over periods prior to the date of the revaluation.

€MILLIONS

7(b) DISPOSAL OF FIXED ASSETS	2002	2001
GROSS VALUE	1,002	364
Less: Accumulated Depreciation	<u>1,002</u>	<u>364</u>
Net Book Value	0	0
Net Disposal Proceeds	<u>457</u>	<u>217</u>
Profit on Disposal	<u><u>457</u></u>	<u><u>217</u></u>

## 7(c) FIXED ASSETS WRITTEN-OFF

Previously revalued assets no longer considered useful were written off as follows:

Gross Value	-	25,591
Less: Previously Capitalised Exchange Loss	<u>-</u>	<u>6,606</u>
	-	18,985
Less: Accumulated Depreciation	<u>-</u>	<u>12,031</u>
	<u>-</u>	<u>6,954</u>
<b>8. STOCKS</b>		
Raw materials	26,689	26,839
Beer in process	3,656	3,840
Finished products	177	1,273
Other stocks	<u>13,180</u>	<u>10,524</u>
	<u><u>43,702</u></u>	<u><u>42,476</u></u>

## 9. DEBTORS

Debtors are stated after doubtful debts provision.

Inter-Company Receivables	778	-
Trade Debtors	13,326	12,269
Due from Officers of the Company	749	848
Prepayments	849	850
Other Debtors	<u>6,164</u>	<u>12,836</u>
	<u><u>21,866</u></u>	<u><u>26,803</u></u>

The maximum amount due from Officers of the Company during the year was €749 million (2001: €848 million).

## 10. BORROWINGS

### (a) Overdraft facilities :

The Company had as at 31st December, 2002 approved overdraft facilities of €26 billion (2001: €35 billion) on which €470 million (2001: €24.7 billion) had been drawn at the balance sheet date.

### (b) Bank Loan :

This refers to the outstanding balance on loans taken from the bank.

### (c) Short-term Loan :

Classified as short-term loan is a local currency loan from an Associated Company.

### (d) Medium-term Loan :

Medium-term loan constitutes an amount of €10,687 million from the Parent Company in the form of zero coupon convertible bonds with the option to convert into Equity. The Heineken Board has approved a resolution to exercise the option of converting the bond into equity shares with effect from 10th March 2003. Consequently, the bond has been transferred to Deposit for share purchase awaiting completion of necessary formalities for the share issue.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)



	2002	2001
<b>11. CREDITORS</b>		
Trade Creditors	6,580	27,192
Accrued Liabilities	1,767	8,828
Excise Duty / VAT	8,368	8,619
Other Creditors	574	2,819
Due to Associated Company	9,405	14,933
	<u>26,694</u>	<u>62,391</u>

## 12. EXCEPTIONAL ITEMS

(i) Provision for bad debt no longer required	-	8,994
(ii) Redundancy cost provision	<u>(3,010)</u>	<u>(5,440)</u>
	<u>(3,010)</u>	<u>3,554</u>

## 13. PRIOR YEAR ADJUSTMENT

This consists of an adjustment on foreign exchange losses on short-term loan.

## 14. SHARES & STATED CAPITAL

### (a) Shares

The Number of authorised shares (thousands):	30,000	30,000
Preference Shares	<u>420</u>	<u>420</u>
Number of issued shares:		
Fully paid for cash	7,020	7,020
For consolidation other than cash (by capitalisation of surplus)	<u>21,898</u>	<u>21,898</u>
	<u>28,918</u>	<u>28,918</u>
Number of issued Preference Shares:		
For consideration other than cash	<u>420</u>	<u>420</u>

### (b) Stated Capital

	€m	€m
Value of Ordinary shares:		
Fully paid for cash	6,697	6,697
For consolidation other than cash (by capitalisation of surplus)	<u>25,744</u>	<u>25,744</u>
	<u>32,441</u>	<u>32,441</u>
Value of Preference shares:		
For consolidation other than cash	<u>42,000</u>	<u>42,000</u>
	<u>74,441</u>	<u>74,441</u>

There are no shares in treasury and no call or instalment unpaid on any shares.

The terms of the Preference Shares are as follows:

- a. They are redeemable 10 years after the date of conversion or earlier at the instance of Ghana Breweries Limited.
- b. Non-cumulative dividend will be equal to 12.5% of the Free Cash flow of Ghana Breweries Limited as defined in the Share Purchase Agreement.
- c. No dividend will be payable if there are no dividends on the ordinary shares.

## 15. CAPITAL SURPLUS

Balance at 1st January	22,187	40,624
Add: Revaluation Surplus released	<u>-</u>	<u>(18,437)</u>
	<u>22,187</u>	<u>22,187</u>

16. DEPOSIT FOR SHARE PURCHASE	2002	2001
Cash component of (Euro 5 million)	42,000	-
Inter-Company Debt conversion of (Euro 7.5 million)	50,835	-
Zero Coupon Convertible Bond	<u>10,687</u>	<u>-</u>
	<u>103,522</u>	<u>-</u>

17. CONTINGENT LIABILITIES	2002	2001
Legal Suits	817	655

#### 18. RELATED PARTY TRANSACTIONS

- (i) Raw material and technical spares parts worth €44,727 million were purchased from IBECOR a subsidiary of the parent company.
- (ii) Included in creditors is an amount of €3,690 million in respect of Technical Service fees due to Heineken Technical Services, a subsidiary of the parent company and €2,424 million in respect of royalties for Gulder and Amstel.

#### 19. DIRECTORS' SHAREHOLDING

The Directors named below hold the following number of shares in the company:

	2002	2001
Martin Eson-Benjamin	4,721	4,721
Ishmael Evans Yamson	7,361	7,361
Ebenezer Magnus Boye	6,956	6,956
Dr. Kwame Donkoh Fordwor	3,346	3,346

#### 20. CAPITAL COMMITMENT

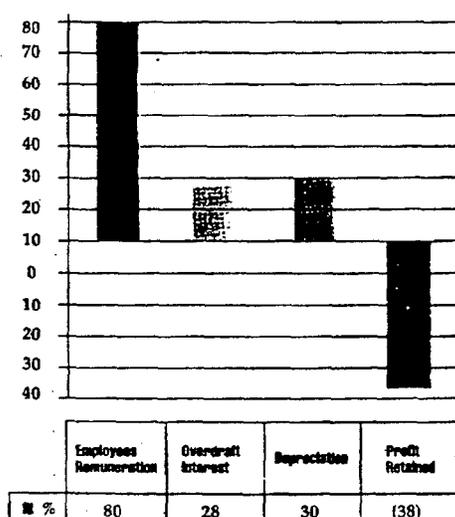
There were no capital commitments as at 31st December 2002 and at 31st December 2001.

# VALUE ADDED STATEMENT

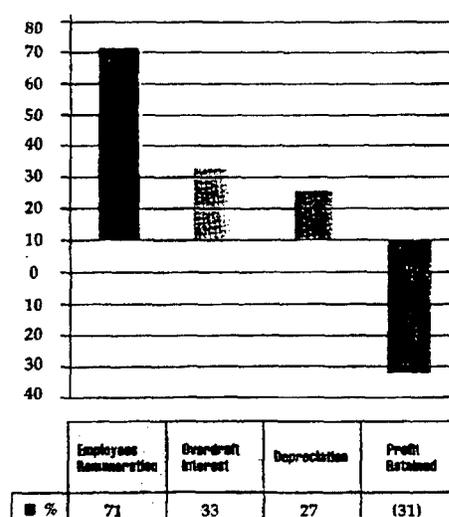


FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	2002	%	2001	%
	€'M		€'M	
Turnover	136,109		109,463	
Other Income	550		485	
	<u>136,659</u>		<u>109,948</u>	
Less:				
Bought-in-materials and services	103,255		75,207	
<b>VALUE ADDED</b>	<u><u>33,404</u></u>	<u><u>100</u></u>	<u><u>34,741</u></u>	<u><u>100</u></u>
Applied as follows:				
1. Employees Remuneration	26,604	80	24,553	71
2. Income Tax to Government	-	-	-	-
3. Providers of Capital:				
(a) Overdraft Interest	9,420	28	11,382	33
(b) Shareholders	-	-	-	-
4. Reinvested in the Business:				
Depreciation	10,024	30	9,439	27
Profit Retained	(12,644)	(38)	(10,633)	(31)
	<u><u>33,404</u></u>	<u><u>100</u></u>	<u><u>34,741</u></u>	<u><u>100</u></u>

VALUE ADDED - 2002



VALUE ADDED - 2001



# FIVE YEAR SUMMARY



	€MILLIONS				
FOR THE YEAR ENDED 31ST DECEMBER	1998	1999	2000	2001	2002
1. Turnover including Sales Tax/VAT and Excise Duty	95,210	105,142	149,175	184,669	218,678
Excise Duty/Sales Tax/VAT	(41,671)	(41,795)	(59,841)	(75,206)	(82,569)
<b>NET PROCEEDS OF SALES</b>	<u>53,539</u>	<u>63,347</u>	<u>89,334</u>	<u>109,463</u>	<u>136,109</u>
2. Capital Employed					
Stated Capital	66,541	66,541	74,441	74,441	74,441
Capital Surplus	24,703	28,752	40,624	22,187	22,187
Income Surplus	(31,347)	(27,831)	(31,369)	(27,945)	(40,589)
Deposit against shares	-	-	-	-	103,522
<b>SHAREHOLDERS' FUNDS</b>	<u>59,897</u>	<u>67,462</u>	<u>83,696</u>	<u>68,683</u>	<u>159,561</u>
3. Represented by:					
Fixed Assets	53,749	66,653	105,660	95,084	101,863
Net Current Assets/(Liabilities)	6,602	11,950	(10,823)	(15,260)	58,152
Long Term Liabilities	(454)	(11,141)	(11,141)	(11,141)	(454)
<b>NET ASSETS</b>	<u>59,897</u>	<u>67,462</u>	<u>83,696</u>	<u>68,683</u>	<u>159,561</u>
4. Profit /(Loss)After Exceptional Items before Tax	1,421	3,038	(3,430)	(10,633)	(12,644)
5. Profit /(Loss)After Taxation	1,421	3,038	(3,538)	(10,633)	(12,644)
6. Dividends	-	-	-	-	-
7. Earnings per Share (€)	65.52	140.07	(122.35)	(367.69)	(437.24)
8. Dividend per Share (€)	-	-	-	-	-
9. Net Assets per Share (€)	2,761.67	3,110.42	2,894.25	2,375.10	5,517.71
10. Return on Shareholders' Funds %	2.4	4.5	(4.2)	(15.5)	(22.6)
11. Return on Sales Value %	2.6	4.8	(4.0)	(9.7)	(9.3)

# ANALYSIS OF SHAREHOLDING



Distribution Schedule of Equity Security as at 31st December, 2002

Class of Equity	Number of Shareholders within range	Total Holding	Percentage of holding %
1 - 1,000	1,334	579,247	2.00
1,001 - 5,000	309	716,753	2.48
5,001 - 10,000	20	127,101	0.44
10,001 - and over	22	27,495,117	95.08
<b>TOTAL</b>	<b>1,685</b>	<b>28,918,218</b>	<b>100.00</b>

	NAME	No. OF SHARES	%
1.	Heineken International B.V	- 17,946,379	62.06
2.	Limba Ghana Limited	- 3,911,791	13.53
3.	SSNIT	- 2,050,393	7.09
4.	Mr. D. Ofori	- 851,048	2.94
5.	CFAO Liverpool	- 747,890	2.59
6.	GCS Account/ Foreign Portfolio	- 672,002	2.32
7.	Databank Brokerage Limited	- 420,809	1.46
8.	Paterson Zochonis Ghana Limited	- 311,633	1.08
9.	Mr. E. N. Safo-Nyame	- 178,041	0.62
10.	KBL Co-op. Credit Union Limited	- 120,001	0.42
11.	SDC Brokerage Services Limited	- 53,001	0.18
12.	National Trust Holding Co. Limited	- 50,306	0.17
13.	EBG Stockbrokers Limited	- 44,999	0.16
14.	Teachers Fund	- 32,181	0.11
15.	Mr. J. F. Aidoo	- 20,861	0.07
16.	Merbank Stockbrokers Limited	- 14,730	0.05
17.	Standard Bank Noms (TVL.) (PTY)	- 14,201	0.05
18.	Sterling Securities Limited	- 13,465	0.05
19.	ESL Main Account	- 10,794	0.04
20.	Mr. G. B. Otoo	- 10,510	0.04

<b>Reported Totals</b>	<b>- 27,475,035</b>	<b>95.01</b>
<b>Not Reported</b>	<b>- 1,443,183</b>	<b>4.99</b>
<b>Company Total</b>	<b>- 28,918,218</b>	<b>100.00</b>

# PROXY FORM



## Annual General Meeting

To be held at 11.00 am on Tuesday, 8th July, 2003 at the Prempeh Assembly Hall, Kumasi.

I/We.....  
(insert full name(s))

of.....  
(insert full address)

being a member(s) of GHANA BREWERIES LIMITED, hereby appoint

\*.....  
(insert full name)

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 8th July, 2003 and at any and every adjournment thereof.

Dated this.....day of..... 2003

.....  
Shareholder's Signature

For Company's Use	No. of Shares	
	FOR	AGAINST
RESOLUTION		
1. To receive the Accounts		
2. To re-elect Mr. J. H. van Mameren as a Director		
3. To re-elect Mr. C. J. G. Nouwens as a Director		
4. To re-elect Mrs. D. Plantenga-Hogewoning as a Director		
5. To approve Directors fees		
6. To Authorise the Directors to fix the Remuneration of Auditors		
Please indicate with an "X" in the appropriate square how you wish your vote to be cast on the resolution referred to above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.		

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING

### NOTES:

- 1 A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
- 2 Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space (\*) the name of any person, whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
- 3 In the case of joint holders, each joint holder should sign.
- 4 If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
- 5 Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 10.00a.m. on Monday, 7th July, 2003.
- 6 The Proxy must produce the Admission Card sent with the Report and Accounts to obtain entrance to the Meeting.

Second fold here

Please  
affix  
Stamp

The Company Secretary,  
Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box AH114,  
Achimota, Accra.

Third fold here

First fold here

# Pure nourishment

...now also available  
in a new bottle.



  
**AMSTEL**  
**MALTA**

look good ...feel good

*Same*

Price  
Volume  
Rich nourishing goodness

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- Minerals for a healthier life style



Ghana Breweries Limited

*Intelligence in Brewing*







**Ghana Breweries Limited**

*Excellence in Brewing*

Email: [ghlacc@ghana.com](mailto:ghlacc@ghana.com)



**Ghana Breweries Limited**  
*Excellence in Brewing*



STB-McCANN ACCRA





Ghana Breweries Limited

145

2001 ANNUAL REPORT

## MISSION STATEMENT

---

**"To build a profitable beer business  
with strengths in selected market segments  
and leadership in the lager market,  
relying on high quality brands,  
intimate consumer knowledge and best practices.**

**We shall create and sustain  
a sound and rewarding working environment  
for our employees and enhance  
our customers, suppliers and shareholders value.**

**Our success  
will manifest in our ability to bring a deep sense  
of satisfaction, joy and fulfilment to Society"**

# CONTENTS



Ghana Breweries Limited

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STAR

PREMIUM QUALITY

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STAR *experience the brightness*

**BOARD OF DIRECTORS,  
OFFICIALS AND REGISTERED OFFICE.**



Ghana Breweries Limited

**Chairman** - M. Eson-Benjamin (*Appointed 01/11/2001*)

**Managing Director** - O. S. Adebajji (*Appointed 01/11/2001*)

**Secretary** - J. A. Debrah (*Appointed 01/10/2001*)

**Directors** - J-L. M. Homé  
J. H. Van Mameren (*Appointed 14/06/2001*)  
E.M. Boye  
I. E. Yamson  
K. Donkoh Fordwor  
D. Plantenga-Hogewoning (Mrs.)  
S. B. J. Jansen  
C. J. G. Nouwens (*Appointed 30/08/2001*)  
W. Kusi-Atansah (*Appointed 31/12/2001*)  
F. S. O. Koranteng (*Resigned 01/09/2001*)  
Ernest Thompson (*Resigned 31/12/2001*)

**Auditors** - KPMG  
Mobil House,  
Liberia Road,  
P. O. Box 242, Accra.

**Registered Office** - Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box 114, Achimota, Accra.

**Registrars** - Merchant Bank (Ghana) Limited,  
Merban House,  
44 Kwame Nkrumah Avenue,  
P. O. Box 401, Accra.

## NOTICE OF MEETING



Ghana Breweries Limited

NOTICE is hereby given that the next Annual General Meeting of the Members of Ghana Breweries Limited will be held at the Prempeh Assembly Hall, Kumasi on Thursday 13th June, 2002 at 11 o'clock in the forenoon for the following purposes:-

### AGENDA

1. To receive the Report of the Directors, the Balance Sheet as at 31st December, 2001 together with the Accounts of the Company for the year ended on that date and the Report of the Auditors thereon.
2. To re-elect Directors.
3. To approve the terms of appointment of two managers.
4. To approve Directors' Fees.
5. To fix the remuneration of the Auditors.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member.

A form of proxy is attached.

All forms of proxy should be completed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting to be valid for the purposes of the meeting.

Dated this 24th day of April, 2002.

By Order of the Board

A handwritten signature in black ink, appearing to be 'Joe Aboagye Debrah', enclosed in a circular scribble.

Joe Aboagye Debrah  
Secretary

### Registered Office:

Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box 114,  
Achimota, Accra.

## FINANCIAL HIGHLIGHTS



Ghana Breweries Limited

	<u>2001</u>	<u>2000</u>	<u>% Change</u>
	¢'M	¢'M	
Turnover	109,463	89,334	22.5
Profit Before Tax	(10,633)	(3,430)	(210.0)
Profit After Tax	(10,633)	(3,538)	(200.5)
Dividend	-	-	-
Operating Cashflow	12,083	29,547	(59.1)
Shareholders' Funds	68,683	83,696	(17.9)
Capital Expenditure	12,423	25,839	(51.9)

<i>Per Ordinary Share Data:</i>	<i>Cedis</i>	<i>Cedis</i>
Dividend per Ordinary Share	-	-
Earnings per Ordinary Share	(367.7)	(122.4)
Net Assets per Ordinary Share	2,375.1	2,894.3



### *Dear Shareholders*

It gives me pleasure to welcome you to the 4th Annual General Meeting of our company and my first meeting as Chairman of the Board of Directors.

You may recall that in the course of the year under review, Mr. Ishmael Yamson relinquished his position as Board Chairman after taking on additional responsibilities as Chairman of Unilever's West African Executive Committee. I was appointed to fill his place as Chairman while Mr. Segun Adebajji replaced me as Managing Director.

I wish on behalf of the Board to thank Mr. Yamson for his contribution to the company and for agreeing to continue to serve this company as a director.

### **Economic Environment**

The economy in 2001 showed a remarkable improvement over that of 2000. The very strict and focused fiscal and monetary discipline adopted by the government yielded positive results. Inflation decreased from 40.5% at the end of 2000 to 21.3% at the end of 2001

while the alarming depreciation in the value of the cedi of 97% and 81% against the dollar and the euro in 2000, declined to 3.7% and 2.9% versus the dollar and euro respectively. In line with these improvements, interest rates also dropped from an average of 45% at the beginning of the year to 35% at year end, albeit still very high.

Despite these positive trends, 2001 was another difficult year for our company, as results fell far below expectation. The period between 1998 and 2000 had witnessed heavy investments aimed at rehabilitating ageing plant and equipment in Achimota to make adequate capacity available to meet demand for the company's products, particularly in the southern Ghana market. Consequently, to meet capital expenditure requirements, a sizeable forex and cedi debt had been accumulated.

Our expectation to ride on the projected improvement in the market environment to grow volume and generate funds to service our debts could not be realized, as a major devaluation of the cedi and a sharp increase in interest rates started during 1999 and continued through 2000, with a significant cumulative effect on the cost of our operations.

In the absence of internally generated cash, the company had resorted to debt to finance working capital. In 2001, the size of loans to be serviced remained high. The impact of the higher interest rates on the business was exacerbated by the unforeseen but phenomenal increases in tariffs applicable to such vital services as water, electricity, telecommunications and fuel/freight introduced early in the year.

### **Operating Environment**

The brewed products market experienced very fierce competitive pressures during 2001. Nonetheless; only 2.5% volume growth was achieved, compared to GDP growth of 4.2%.

The growth in the industry notwithstanding, the lager segment, dominated by our brands failed to benefit from the market's performance. In view of the rising operating costs, the company adopted a prudent strategy to increase selling prices to improve cost recovery, restore margins and bolster shareholder value. An average of 15% increase in prices was introduced in June 2001. This move was however fiercely countered by competitors, leading to the curtailment of the pricing strategy after only three months and significant volume and revenue losses to our company.

The overall impact of these developments was the weakened cash flow, the higher incidence of overdraft and the huge debt-financing burden which have frustrated the genuine progress made over the years to rebuild the company.

Despite these setbacks, our lager brands continued to lead the segment with 70% market share, benefiting from substantial investments in marketing during the last quarter to bring consumers back to our brands.

### Financial Highlights

Net turnover amounted to €109 bn in 2001, representing an increase of €20 bn, (23%) compared to 2000. In spite of the increase in net turnover, Operating Profit (before foreign exchange losses) declined from €6.97 bn in 2000 to an operating loss (before foreign exchange losses) of €2.94 bn. Operating Margin (before foreign exchange losses) fell from 8% in 2000 to -2.6% in 2001.

Financial charges rose by 148%; from €4.6 bn in 2000 to €11.4 bn in 2001, the effect of the higher interest rates on increased bank borrowings. As a result, net loss increased from €3.5 bn in 2000 to €10.6 bn in 2001.

Our results were worsened by the impact of external pressures, coupled with the effect

of a lower volume, lower margins and higher bank borrowings to meet our working capital requirements.

VAT/Excise Duty paid to government treasury was €75.2 bn, compared to €59.8 bn in 2000, representing 25.7% increase.

### Capital Investment

In view of the very weak financial position of the business, major capital investments planned for 2001 were delayed. Funds were employed mainly to speed up conversion to plastic crates and to enhance operational efficiencies. Small technical investments were also undertaken to improve and sustain product quality. A total of €12.4 bn was invested in the business.

### Dividend

As a result of the negative balances in our Income Surplus Account and legal restrictions under Section 71(b) of the Ghana Companies Code, 1963 (Act 179), the Board regrets its inability to recommend the payment of dividends for 2001.

### Community Relations

We continued to discharge some social obligations to civil society as part of our social responsibility programme. This has water conservation, environmental protection education and healthcare as the areas of special interest. Mindful of the constraints on our social responsibility budget in 2001, we gave priority to programmes and activities that would prove beneficial to many people in our host communities.

### Our People

In 2001, thanks to the cooperation of staff at all levels, the company enjoyed a peaceful and excellent workplace environment, enabling management to execute successfully the first

phase of the numbers rationalization exercise under the major company restructuring programme. The continued focus on building team spirit and developing employee core competencies through various training programmes, engendered a heightened sense of dedication and loyalty to the business.

With the appointment of a new Company Medical Advisor, a proactive HIV/AIDS Communications programme has been implemented involving peer educators at all levels of the business.

On behalf of the Board, we wish to acknowledge and thank the staff for their commitment to the vision of the business and to solicit their continued support and cooperation with the management to pull the business out of her current difficulties.

### Prospects

The management team's preoccupation would be to restructure the operations and return the company to profit. The major operational challenges would therefore remain the strengthening of the balance sheet and improving cash flow to meet working capital requirements and facilitate value creation.

Already a number of actions have been taken to re-engineer some of the administrative and control processes in order to reduce costs and increase value. An efficient treasury management has therefore taken center stage.

The beer market is not expected to grow significantly in 2002. Affordability remains a key issue for the consumer whose purchasing power is considerably weak. This would effectively restrain regular price increases to generate cash and improve margins. To make our products affordable, attention will continue to be focused on rationalizing the company's cost structure and cost base.

As part of the major restructuring programme, the current product portfolio would be rationalized, while all business processes would continue to be reviewed to increase productivity and enhance efficiency. Major initiatives are also underway to restructure the capital base of the business in order to reduce dependence on short-term borrowings and strengthen the balance sheet.

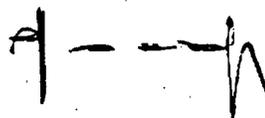
### Conclusion

During the year under review, Messrs. F.S.O. Koranteng, Financial Director and Ernest Thompson, SSNIT appointee left the Board. On behalf of the Board and on your behalf, I wish to extend to them our gratitude for their contribution to the business. We also welcome the new directors Messrs. C.J.G. Nouwens and Wilson Kusi-Atansah to the Board.

Finally, let me emphasize that the past year has been a very difficult one. For this reason, we will like to thank all shareholders, trade partners and our customers for keeping faith with and remaining loyal to us even as the company puts in place measures to enhance shareholder value.

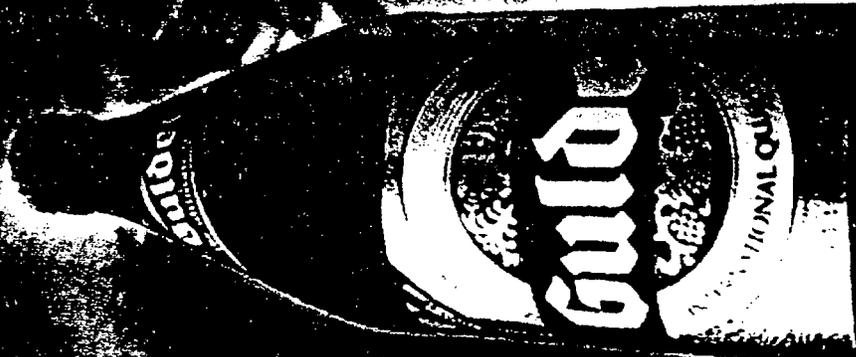
Despite the setbacks suffered by the company, your Board and the management remain positive with regard to the long-term profitability of the business. It should not be long before our dear shareholders see the real benefits of management's efforts on their investments.

Thank You.



M Eson-Benjamin.

*The taste of  
SUCCESS*



...the ultimate

# REPORT OF THE DIRECTORS



Ghana Breweries Limited

The Directors have pleasure in submitting to the members their Annual Report together with the Financial Statements of the Company for the year ended 31st December 2001.

## Trading Results

Net Loss after taxation for the year was €10.633 million as against a loss of €3,538 million in 2000.

The Directors are unable to recommend the payment of a dividend to members in view of the deficit on the income surplus account and in accordance with Section 71(b) of the Companies Code, 1963 (Act 179).

## Nature of Business

The principal activities of the Company continue to be brewing and marketing of beer and soft drinks.

## Board of Directors

Mr. I. E. Yamson relinquished his Chairmanship of the Board effective November 1, 2001. Mr. M. Eson-Benjamin retired as Managing Director from November 1, 2001 and was appointed to succeed Mr. Yamson as chairman of the Board. Mr. O. S. Adebajji was appointed Managing Director effective November 1, 2001. Messrs J. H. van Mameren, C. J. G. Nouwens and Wilson Kusi-Atansah were appointed to the Board on June 14, 2001, 30th August 2001 and 31st December, 2001 respectively. Messrs F. S. O. Koranteng, the Financial Director and Ernest Thompson, an appointee of SSNIT also resigned as members of the Board on 1st September 2001 and 31st December 2001 respectively.

These 4 new appointees in accordance with the Ghana Stock Exchange Listing Regulations retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The Directors to retire by rotation in accordance with Regulation 64 of the Regulations of the Company are Messrs M. Eson-Benjamin, K. Donkoh Fordwor and J-L M. Homé. The retiring Directors being eligible are seeking re-election.

## Auditors

In accordance with Section 134(5) of the Companies Code, 1963 Messrs. KPMG continue in office as Auditors of the Company.

## BY ORDER OF THE BOARD

M. Eson-Benjamin (Chairman)

O. S. Adebajji (Managing)

} Directors

Accra, 24th April, 2002.

# REPORT OF THE AUDITORS

---



We have audited the financial statements on pages 12 to 19 which have been prepared in accordance with International Accounting Standards. We have obtained all the information and explanations we required.

## **Respective Responsibilities of Directors and Auditors**

These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 31st December 2001 and of the results of its operations and cash flows for the year then ended.

A handwritten signature in black ink, appearing to be 'K. P. G.', written above a horizontal line.

Chartered Accountants  
2nd Floor, Mobil House,  
Liberia Road,  
P. O. Box 242,  
Accra, Ghana.

Date: 24th April, 2002

# PROFIT AND LOSS ACCOUNT



Ghana Breweries Limited

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER		€MILLIONS	
		2001	2000
	NOTES		
Turnover	2	109,463	89,334
Cost of Sales		(64,114)	(53,029)
<b>Gross Profit</b>		<b>45,349</b>	<b>36,305</b>
General, Administrative and Selling Expenses		(48,639)	(35,429)
<b>Operating Profit</b>	3	<b>(3,290)</b>	876
Other Net Income	4	485	313
Exceptional Items	12	3,554	-
<b>Profit before Financial Charges</b>		<b>749</b>	1,189
Net Financial Charges	5	(11,382)	(4,619)
<b>(Loss)/Profit before Taxation</b>		<b>(10,633)</b>	(3,430)
Taxation	6	-	(108)
<b>(Loss)/Profit after Taxation transferred to Income Surplus Account</b>		<b>(10,633)</b>	<b>(3,538)</b>

## INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

Balance as at 1st January		(31,369)	(27,831)
Prior year Adjustment	13	2,217	-
Balance at 1st January re-stated		(29,152)	(27,831)
Profit for the year		(10,633)	(3,538)
Transfer from Capital Surplus	15	18,437	-
Loss on Assets Written-Off	7c	(6,597)	-
<b>Balance as at 31st December</b>		<b>(27,945)</b>	<b>(31,369)</b>

The notes on pages 15 to 19 form part of these Financial Statements.  
Auditors' report on page 11

# BALANCE SHEET



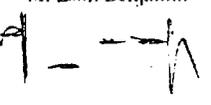
Ghana Breweries Limited

cMILLIONS

AS AT 31<sup>ST</sup> DECEMBER

	NOTES	<u>2001</u>	<u>2000</u>
<b>FIXED ASSETS</b>	7(a)	<b>95,084</b>	105,660
<b>CURRENT ASSETS</b>		<b>76,461</b>	66,225
Stocks	8	42,476	36,997
Debtors	9	26,803	21,857
Taxation	6	890	781
Bank and Cash Balances		<b>6,292</b>	6,590
<b>Less:</b>			
<b>CURRENT LIABILITIES</b>		<b>91,721</b>	77,048
Creditors	11	62,391	50,211
Bank Overdraft	10(a)	24,734	13,418
Short-Term Loan	10(b)	4,596	13,419
<b>NET CURRENT LIABILITIES</b>		<b>(15,260)</b>	(10,823)
		<b>79,824</b>	94,837
MEDIUM-TERM LOAN	10(c)	(10,687)	(10,687)
DEFERRED TAX LIABILITY	6(d)	(454)	(454)
<b>NET ASSETS</b>		<b>68,683</b>	83,696
Representing:			
STATED CAPITAL	14	74,441	74,441
CAPITAL SURPLUS	15	22,187	40,624
INCOME SURPLUS		(27,945)	(31,369)
<b>INTEREST OF SHAREHOLDERS</b>		<b>68,683</b>	83,696

The Financial Statements on pages 12 to 19 were approved by the Board of Directors on 23rd April, 2002 and were signed on its behalf by:

M. Eson-Benjamin  
  
 O. S. Adebajji  
 } Directors

The notes on pages 15 to 19 form part of these Financial Statements. Auditors' report on page 11.

# CASH FLOW STATEMENT



Ghana Breweries Limited

	€MILLIONS	
FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	<u>2001</u>	<u>2000</u>
<b>Operating Profit (before Investment Returns and Servicing of Finance)</b>	749	1,189
<b>Add/(less):</b>		
Depreciation	9,439	6,604
Loss on Exchange- loan	-	6,621
Loss/(Profit) on Sale of Fixed Assets	(217)	(150)
Loss on Fixed Assets Written-Off	357	-
Increase in Stock	(5,479)	(17,071)
(Increase)/Decrease in Debtors	(4,946)	9,317
Increase in Creditors	<u>12,180</u>	<u>23,037</u>
<b>Net Cash Inflow from Operating Activities</b>	12,083	29,547
<b>Returns on Investment and Servicing of Finance</b>		
Interest Received	138	20
Interest Paid	(11,520)	(4,639)
<b>Net Cash Outflow from Returns on Investment and Servicing of Finance</b>	(11,382)	(4,619)
<b>Tax Paid</b>	(109)	-
<b>Investing Activities</b>		
Fixed Assets Purchased	(12,423)	(25,839)
Proceeds from Sale of Fixed Assets	217	150
<b>Net Cash OutFlow from Investing Activities</b>	(12,206)	(25,689)
<b>Net Cash Outflow</b>	<u>(11,614)</u>	<u>(761)</u>
<b>Analysis of changes in Cash and Cash Equivalents during the year:</b>		
Balance at 1st January	(6,828)	(6,067)
Net Cash Outflow	(11,614)	(761)
Balance at 31st December	<u>(18,442)</u>	<u>(6,828)</u>
<b>Analysis of Cash and Cash Equivalent shown in the Balance Sheet:</b>		
Cash at Bank	6,292	6,590
Bank Overdraft	(24,734)	(13,418)
<b>Balance at 31st December</b>	<u>(18,442)</u>	<u>(6,828)</u>

## 1. ACCOUNTING CONVENTION

These Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

### Accounting Policies

The significant accounting policies adopted by the Company and used in arriving at the financial information set out in these accounts are as follows:

### Depreciation

Depreciation is calculated on a straight-line basis using the following annual rates, which are expected to write off the gross value of each fixed asset over its estimated useful life:

		<u>%</u>
Land and Buildings	- Leasehold Land	
	and Buildings	2.50
Plant and Machinery	- Bottling	6.67
	Brewing	3.33
	Utilities	6.67
	Workshop	10.00
Motor Vehicles	- Forklift / Trucks	20.00
	Road Vehicles	33.33
Furniture & Equipment	-	20.00
Packaging Materials	-	12.5

### Stocks

Stocks are valued on a first in first out basis at the lower of cost and net realisable value. Cost includes all direct expenses incurred in bringing the stocks to their current state under normal operating conditions.

### Debtors

Provisions are made for specific debts considered to be doubtful.

### Foreign Exchange

Transactions denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the date of the transactions. Balances in foreign currencies are translated into cedis at the rates of exchange ruling at the Balance Sheet date.

### Sales

Sales represent the value of goods invoiced to customers in the year net of all returns, trade discounts and taxes collected for the Government.

### Deferred Taxation

Full provision is made for deferred tax by the extent to which capital allowances granted exceed depreciation charge at the standard income tax rate.

### Research and Development

Expenditure on research and the development of new products is charged against profits for the year in which it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**



Ghana Breweries Limited

	€MILLIONS	
	<u>2001</u>	<u>2000</u>
<b>2. TURNOVER</b>		
Gross Sales Value	184,669	149,175
Less: Taxes collected for Government	(75,206)	(59,841)
	<u>(53,535)</u>	<u>(43,742)</u>
Excise Duty	<u>(21,671)</u>	<u>(16,099)</u>
Sales Tax/VAT		
	<u>109,463</u>	<u>89,334</u>
<b>3. OPERATING PROFIT:</b>		
Operating profit is stated after charging:		
Depreciation	9,439	6,604
Directors' Remuneration	1,021	677
Auditors' Fees	175	130
Donations	94	73
Exchange Difference (Net)	341	6,097
	<u>485</u>	<u>313</u>
<b>4. OTHER NET INCOME:</b>		
Profit on Sale of Fixed Assets (Note 7b)	217	150
Rental Income	4	-
Other Income	264	163
	<u>485</u>	<u>313</u>
<b>5. FINANCIAL CHARGES:</b>		
Interest on Current Accounts	138	20
Interest Charges	(11,520)	(4,639)
	<u>(11,382)</u>	<u>(4,619)</u>

**6. TAXATION**

	Balance 01/01/01	Payments during the year	Charge for the year	Balance 31/12/01
<b>(a) Income Tax:</b>				
Pre - 1998	(17)	-	-	(17)
1998	(555)	-	-	(555)
1999	(317)	-	-	(317)
2001	-	(37)	-	(37)
<b>(b) Capital Gains Tax:</b>				
1999	108	-	-	108
<b>(c) National Reconstruction Levy</b>				
2001	-	(72)	-	(72)
	<u>(781)</u>	<u>(109)</u>	<u>-</u>	<u>(890)</u>

In accordance with section 4(a) of the Income Tax Decree (1975), the Company has unutilised capital allowances brought forward, therefore no income tax provision is deemed necessary for the year 2001.

The above tax position is subject to agreement with the Internal Revenue Service.

<b>(d) Deferred Tax</b>	<b>2001</b>	<b>2000</b>
At 1st January	454	454
Provision for the year	-	-
At 31st December	<u>454</u>	<u>454</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)



Ghana Breweries Limited

7. FIXED ASSETS

€MILLIONS

(a) Fixed Assets comprise:-	Leasehold Land and Buildings	Plant and Machinery	Packaging Materials	Furniture and Equipment	Motor Vehicles	Capital Work in progress	Total Fixed Assets
<b>Gross Value:-</b>							
At 1st January, 2000	49,897	138,902	6,032	5,743	5,692	91	206,357
Additions	751	3,141	5,592	608	1,025	1,306	12,423
Disposals	-	-	-	-	(364)	-	(364)
Transfers	-	490	-	-	-	(490)	-
Revaluation Increase	-	(25,591)	-	-	-	-	(25,591)
<b>At 31st December, 2001</b>	<b>50,648</b>	<b>116,942</b>	<b>11,624</b>	<b>6,351</b>	<b>6,353</b>	<b>907</b>	<b>192,825</b>
<b>Comprising:-</b>							
Cost of assets revalued	2,278	20,946	-	252	371	-	23,847
Surplus arising on previous Revaluation	45,715	73,164	-	(96)	76	-	118,859
<b>At revaluation</b>	<b>47,993</b>	<b>94,110</b>	<b>-</b>	<b>156</b>	<b>447</b>	<b>-</b>	<b>142,706</b>
Cost of assets not revalued	2,655	22,832	11,624	6,195	5,906	907	50,119
<b>At 31st December, 2001</b>	<b>50,648</b>	<b>116,942</b>	<b>11,624</b>	<b>6,351</b>	<b>6,353</b>	<b>907</b>	<b>192,825</b>
<b>Aggregate depreciation:</b>							
At 1st January, 2001	23,250	70,648	1,035	2,241	3,523	-	100,697
Charge for the year	879	5,195	1,136	1,058	1,171	-	9,439
Eliminated on disposals	-	-	-	-	(364)	-	(364)
Eliminated on Write-Offs	-	(12,031)	-	-	-	-	(12,031)
<b>At 31st December, 2001</b>	<b>24,129</b>	<b>63,812</b>	<b>2,171</b>	<b>3,299</b>	<b>4,330</b>	<b>-</b>	<b>97,741</b>
<b>NET BOOK VALUE AS AT:</b>							
31st December, 2001	26,519	53,130	9,453	3,052	2,023	907	95,084
31st December, 2000	26,647	68,254	4,997	3,502	2,169	91	105,660

Leasehold Land and Buildings and Plant and Machinery were revalued by the Directors as at 31st December, 2000 by means of indices derive from statistics of increases in prices over the past year.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)



Ghana Breweries Limited

€MILLIONS

	<u>2001</u>	<u>2000</u>
<b>7(b) DISPOSAL OF FIXED ASSETS</b>		
GROSS VALUE	364	512
Less: Accumulated Depreciation	<u>364</u>	<u>512</u>
Net Book Value	0	0
Net Disposal Proceeds	217	150
Profit on Disposal	<u>217</u>	<u>150</u>
<b>7(c) FIXED ASSETS WRITTEN-OFF</b>		
Previously revalued assets no longer considered useful were written off as follows:		
Gross Value	25,591	-
Less: Previously Capitalised Exchange Loss	<u>(6,606)</u>	-
	18,985	-
Less: Accumulated Depreciation	<u>(12,031)</u>	-
	<u>6,954</u>	-
<b>8. STOCKS</b>		
Raw and packaging materials	26,839	18,297
Beer and malt in process	3,840	2,101
Finished products	1,273	2,590
Other stocks	<u>10,524</u>	<u>14,009</u>
	<u>42,476</u>	<u>36,997</u>
<b>9. DEBTORS</b>		
Debtors are stated after doubtful debts provision.		
Trade Debtors	12,269	13,173
Due from Officers of the Company	848	735
Prepayments	850	230
Other Debtors	<u>12,836</u>	<u>7,719</u>
	<u>26,803</u>	<u>21,857</u>

The maximum amount due from Officers of the Company during the year was €848 million (2000: €820 million).

## 10. BORROWINGS

### (a) Overdraft facilities :

The Company had as at 31st December, 2001 approved overdraft facilities of €35 billion (2000:€ 20 billion) on which €24.7 billion (2000:€13.4 billion) had been drawn at the balance sheet date.

### (b) Short-term Loan :

Classified as short-term loan is a local currency loan from an Associated Company.

### (c) Medium-term Loan :

Medium-term loan constitutes an amount of €10.687 million from the Parent Company in the form of zero coupon convertible bonds. From 10th March 2001, the bondholder has the option to exchange the bond or portions of it for equity shares.

## 11. CREDITORS

Trade Creditors	27,192	27,148
Excise Duty /VAT	8,619	7,373
Accrued Liabilities	8,828	2,561
Other Creditors	2,819	1,285
Due to Associated Company	<u>14,933</u>	<u>11,844</u>
	<u>62,391</u>	<u>50,211</u>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)



Ghana Breweries Limited

	<u>2001</u>	<u>2000</u>
	c'M	c'M
<b>12. EXCEPTIONAL ITEMS</b>		
(i) Provision for bad debt no longer required	8,994	-
(ii) Redundancy cost provision	<u>(5,440)</u>	<u>-</u>
	<u>3,554</u>	<u>-</u>

## 13. PRIOR YEAR ADJUSTMENT

This consists of an adjustment on foreign exchange losses on short-term loan

## 14. SHARES AND STATED CAPITAL

### (a) Shares

Number of authorised shares (thousands):	30,000	30,000
Preference Shares	420	420
Number of issued shares:		
Fully paid for cash	7,020	7,020
For consideration other than cash (by capitalisation of surplus)	21,898	14,669
Bonus Issue during the year	-	7,229
	<u>28,918</u>	<u>28,918</u>

Number of issued Preference Shares:

For consideration other than cash	420	420
-----------------------------------	-----	-----

### (b) Stated Capital

Value of Ordinary shares:		
Fully paid for cash	6,697	6,697
For consideration other than cash (by capitalisation of surplus)	24,756	16,856
Transfer to Capital surplus	988	988
Bonus Issue during the year	-	7,900
	<u>32,441</u>	<u>32,441</u>
Value of Preference Shares:		
For consideration other than cash	42,000	42,000
	<u>74,441</u>	<u>74,441</u>

There are no shares in treasury and no calls or instalments unpaid on any shares.

### The terms of the Preference Shares are as follows:

- They are redeemable 10 years after the date of conversion or earlier at the choice of Ghana Breweries Limited.
- Non-cumulative dividend will be equal to 12.5% of the Free Cash Flow of Ghana Breweries Limited as defined in the Share Purchase Agreement.
- No dividend will be payable if there are no dividends on the ordinary shares.

## 15. CAPITAL SURPLUS

Balance at 1st January	40,624	28,752
<b>Add:</b> Transfer to stated capital	-	(7,900)
Transfer to Income Surplus:		
Revaluation Surplus released on Fixed Assets Written Off	(18,437)	-
Revaluation Surplus	-	19,772
Balance at 31st December	<u>22,187</u>	<u>40,624</u>

## 16. CONTINGENT LIABILITIES

Legal Suits	<u>655</u>	<u>120</u>
-------------	------------	------------

## 17. CAPITAL COMMITMENT

There were no capital commitments as at 31st December, 2001 and at 31st December, 2000.

## 18. EXCHANGE CONTROL

All remittances from Ghana are subject to the approval of the exchange control authorities.

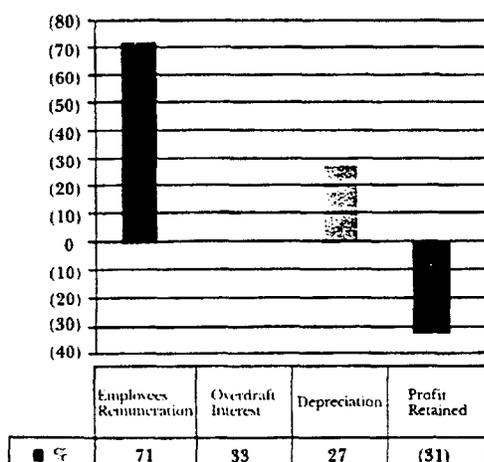
# VALUE ADDED STATEMENT



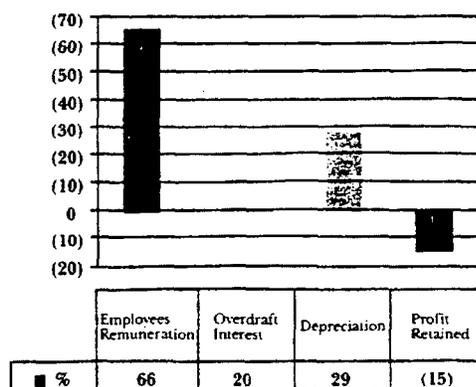
Ghana Breweries Limited

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER		2001	%	2000	%
		€'M		€'M	
Turnover		109,463		89,334	
Other Income		485		313	
		<u>109,948</u>		<u>89,647</u>	
Less:					
Bought-in-materials and services		75,207		66,658	
<b>VALUE ADDED</b>		<u><u>34,741</u></u>	<u><u>100</u></u>	<u><u>22,989</u></u>	<u><u>100</u></u>
Applied as follows:					
1. Employees Remuneration		24,553	71	15,196	66
2. Income Tax to Government		-	-	108	-
3. Providers of Capital:					
(a) Overdraft Interest		11,382	33	4,619	20
(b) Shareholders		-	-	-	-
4. Reinvested in the Business:					
Depreciation		9,439	27	6,604	29
Profit Retained		(10,633)	(31)	(3,538)	(15)
		<u><u>34,741</u></u>	<u><u>100</u></u>	<u><u>22,989</u></u>	<u><u>100</u></u>

## VALUE ADDED - 2001



## VALUE ADDED - 2000



# FIVE YEAR SUMMARY Note (i)



Ghana Breweries Limited

	€MILLIONS				
FOR THE YEAR ENDED 31ST DECEMBER	1997	1998	1999	2000	2001
1. Turnover including Sales Tax/VAT/ Excise Duty	74,926	95,210	105,142	149,175	184,669
Excise Duty /Sales Tax/VAT	(34,018)	(41,671)	(41,795)	(59,841)	(75,206)
<b>NET PROCEEDS OF SALES</b>	<u>40,908</u>	<u>53,539</u>	<u>63,347</u>	<u>89,334</u>	<u>109,463</u>
2. Capital Employed					
Stated Capital	50,435	66,541	66,541	74,441	74,441
Capital Surplus	45,966	24,703	28,752	40,624	22,187
Income Surplus	(32,768)	(31,347)	(27,831)	(31,369)	(27,945)
<b>SHAREHOLDERS' FUNDS</b>	<u>63,633</u>	<u>59,897</u>	<u>67,462</u>	<u>83,696</u>	<u>68,683</u>
3. Represented by:					
Fixed Assets	60,502	53,749	66,653	105,660	95,084
Deferred Expenditure	-	-	-	-	-
Net Current Assets/(Liabilities)	3,585	6,602	11,950	(10,823)	(15,260)
Long Term Liabilities	(454)	(454)	(11,141)	(11,141)	(11,141)
<b>NET ASSETS</b>	<u>63,633</u>	<u>59,897</u>	<u>67,462</u>	<u>83,696</u>	<u>68,683</u>
4. Profit/(Loss) After Exceptional Items before Tax	(9,880)	1,421	3,038	(3,430)	(10,633)
5. Profit/(Loss) After Taxation	(10,517)	1,421	3,038	(3,538)	(10,633)
6. Dividends (Note ii)	510	-	-	-	-
7. Earnings per Issued Ordinary Share (€)(Note iii)	n.m.	65.52	140.07	(122.35)	(367.69)
8. Dividend per Issued Ordinary Share (€)(Note iii)	n.m.	-	-	-	-
9. Net Assets per Issued Ordinary Share (€)(Note iii)	n.m.	2,761.67	3,110.42	2,894.25	2,375.10
10. Return on Shareholders' Funds %	(16.5)	2.4	4.5	(4.2)	(15.5)
11. Return on Sales Value %	(25.7)	2.6	4.8	(4.0)	(9.7)

## NOTES:

- (i) The Five Year Summary is a combination of the results of Ghana Breweries Limited (formerly ABC Brewery Limited) and former Kumasi Brewery Limited. The Accounting Policies of Ghana Breweries Limited over the five year period have been adjusted to reflect the policies of Kumasi Brewery Limited.
- (ii) Dividends paid to the Shareholders of the former Kumasi Brewery Limited.
- (iii) n.m. means the result is not meaningful.

# ANALYSIS OF SHAREHOLDING



Ghana Breweries Limited

Distribution Schedule of Equity Security as at 31st December, 2001

Class of Equity	Number of Shareholders within range	Total Holding	Percentage of holding %
1 - 1,000	1,321	580,646	2.01
1,001 - 5,000	312	727,319	2.52
5,001 - 10,000	21	132,693	0.46
10,001 - and over	26	27,477,560	95.02
<b>TOTAL</b>	<b>1,680</b>	<b>28,918,218</b>	<b>100.00</b>

NAME	No. OF SHARES	%
1. Heineken International	- 17,946,379	62.06
2. Limba Ghana Limited	- 3,911,791	13.53
3. SSNIT	- 2,050,393	7.09
4. CFAO Liverpool	- 747,890	2.59
5. B.B.G. Nominees/Chase Manhattan	- 672,002	2.32
6. Databank Brokerage Limited	- 440,129	1.52
7. Paterson Zochonis Ghana Limited	- 311,633	1.08
8. STD Bank Noms (TVL)(PTY) LTD Krediet	- 290,237	1.00
9. B.B.G. Nominees/Unilever Managers	- 263,648	0.91
10. B. B.G.N /Picket & CIF (Africa)	- 260,270	0.90
11. KBL Co-op. Credit Union Limited	- 120,001	0.42
12. Mr. E. N. Safo-Nyame	- 73,193	0.25
13. BBN/Unilever Provident Fund	- 55,113	0.19
14. SDC Brokerage Services Limited	- 53,001	0.18
15. National Trust Holding Co. Limited	- 48,536	0.17
16. EBG Stockbrokers Limited	- 46,020	0.16
17. BBN / Pictet & CIE(Africa)	- 32,206	0.11
18. Teachers Fund	- 32,181	0.11
19. FABL Trading Account	- 28,804	0.10
20. Mr J. F. Aidoo	- 20,861	0.07

<b>Reported Totals</b>	<b>- 27,404,288</b>	<b>94.76</b>
<b>Not Reported</b>	<b>- 1,513,930</b>	<b>5.24</b>
<b>Company Total</b>	<b>- 28,918,218</b>	<b>100.00</b>

# PROXY FORM



Ghana Breweries Limited

## Annual General Meeting

To be held at 11.00 am on Thursday, 13th June, 2002 at the Prempeh Assembly Hall, Kumasi.

I/We.....  
(insert full name(s))

of.....  
(insert full address)

being a member(s) of GHANA BREWERIES LIMITED, hereby appoint

\*.....  
(insert full name)

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 13th June, 2002 and at any and every adjournment thereof.

Dated this.....day of..... 2002

.....  
Shareholder's Signature

For Company's Use RESOLUTION	No. of Shares	
	FOR	AGAINST
1. To receive the Accounts		
2. To re-elect Mr. O. S. Adebajji as a Director		
3. To re-elect Mr. C. J. G. Nouwens as a Director		
4. To re-elect Mr. J. H. van Mameren as a Director		
5. To re-elect Mr. Wilson Kusi-Atansah as a Director		
6. To re-elect Mr. M Eson-Benjamin as a Director		
7. To re-elect Dr. Sir K. Donkoh Fordwor as a Director		
8. To re-elect Mr. J-L M. Homé as a Director		
9. To approve the terms of appointment of Mr. O. S. Adebajji as a Manager		
10. To approve the terms of appointment of Mr. C. J. G. Nouwens as a Manager		
11. To approve Directors fees		
12. To fix the Remuneration of Auditors		

Please indicate with an "X" in the appropriate square how you wish your vote to be cast on the resolution referred to above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.

**THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING**

### NOTES:

- 1 A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
- 2 Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space (\*) the name of any person, whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
- 3 In the case of joint holders, each joint holder should sign.
- 4 If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
- 5 Please sign the above Proxy Form and post it to reach the address shown overleaf not later than 10.00a.m. on Wednesday, 12th June, 2002.
- 6 The Proxy must produce the Admission Card sent with the Report and Accounts to obtain entrance to the Meeting.

# PROXY FORM



Ghana Breweries Limited

Third fold here

The Secretary,  
Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road,  
P. O. Box 114,  
Achimota, Accra.

Second fold here

Please  
affix  
Stamp

First fold here





**BANK OF GHANA**  
**DEPUTY GOVERNOR**

P.O. BOX 2674  
 ACCRA  
 GHANA

TEL: 666902-8  
 663147

FAX: 664341

OUR REF: DGV/B/23  
 YOUR REF:

DATE: February 17, 2004

**The Executive Director**  
**Strategic African Securities Ltd.**  
**P.O. Box KA 16446**  
**Accra**

Dear Madam,

**PROPOSED BUSINESS COMBINATION OF GUINNESS GHANA LTD.  
 (GGL) AND GHANA BREWERIES LTD (GBL) – EXCHANGE CONTROL  
 NOTIFICATION**

We refer to your letter dated January 7, 2004 on the above subject and write to inform you that

- i. the Bank of Ghana has approved your application for a waiver of paragraphs 2 & 3 of BOG Notice No. BG/EC/93/1 with respect to the proposed business combination of Guinness Ghana Ltd. and Ghana Breweries Ltd.; and
- ii. approval is hereby granted under the Exchange Control Act, 1961 (Act 71) and all other relevant legislation, to Atlantaf and Guinness Overseas Ltd. both non-Ghanaian companies to transfer the 60.37% stake in Guinness Ghana Ltd. held by the two companies above mentioned, to Diageo Highlands BV, a Dutch registered company.

Yours faithfully,

  
**E. ASIEDU-MANTE**  
**DEPUTY GOVERNOR**



5th Floor, Cedi House  
Liberia Road  
P.O. Box 1849  
Accra - Ghana

Tel: 669908/669914/669935  
Fax: (233-21) 669913  
Website: www.gsedata.com

June 8, 2004

The Executive Director  
Strategic African Securities Ltd.  
Accra

Attn: Ms. Abena Amoah

Dear Madam,

RE: TENDER OFFER

Your letter of June 7, 2004, which encloses a copy of the revised Tender Offer by Guinness Ghana Ltd for Ghana Breweries Ltd (proof 6), refers.

We acknowledge the changes made and subsequent approval granted by the Securities and Exchange Commission (SEC). SEC's approval (including the revisions leading thereto is not inconsistent with the earlier approval granted by the Ghana Stock Exchange.

We are aware of the pendency of a suit in relation to a proposed merger of GGL and GBL (Daniel Ofori vrs GBL) and the fact that the plaintiff has withdrawn his application for an interlocutory injunction restraining GBL from proceeding with a proposed merger with GGL. We are not aware of any legal impediment to the making of the Tender Offer.

Finally, we write to confirm that we have no issues with the revisions made and that your client can proceed to print the document.

Yours faithfully,

A handwritten signature in black ink, appearing to read "K. S. Yamoah", written over a horizontal line.

K. S. YAMOAH  
MANAGING DIRECTOR

\*ib



## SECURITIES AND EXCHANGE COMMISSION

Location: 1st Floor, State Enterprises Commission Building  
PMB, Ministries Post Office, Accra, Ghana

Tel.: +233-21 669019 / 7010476 Fax: +233-21-7010477 / 669588 Email: info@secghana.org Website: www.secghana.org

OUR REF: SEC/CFIM/GGL/001/V.1

17<sup>TH</sup> June 2004

THE EXECUTIVE DIRECTOR  
STRATEGIC AFRICAN SECURITIES  
2<sup>ND</sup> RIDGE LINK, NORTH-RIDGE  
P.O. BOX KA 16446  
ACCRA.

ATTENTION: MS. ABENA AMOAH

Dear Madam:

**RE: PROPOSED OFFER BY GUINNESS GHANA LIMITED TO ACQUIRE THE  
OUTSTANDING SHARES OF GHANA BREWERIES LIMITED (GBL)**

We have examined the final offer document by Guinness Ghana Ltd to the ordinary shareholders of Ghana Breweries Ltd.

We are pleased to inform you of the Commission's approval.

Please ensure that you print for circulation to GBL Shareholders, the final document that the Commission has approved. You are requested to submit five (5) copies of the printed offer document to the Commission.

We extend our best wishes with this process.

Yours faithfully,

DR. CHARLES ASEMBRI  
DIRECTOR-GENERAL



**THIS DOCUMENT IS IMPORTANT AND REQUIRES  
YOUR IMMEDIATE ATTENTION**

**Offer**

by

**Guinness Ghana Limited**

to the ordinary shareholders of

**Ghana Breweries Limited**

to purchase all the outstanding ordinary shares  
of Ghana Breweries Limited

The Offer will expire at  
17.00 hours (GMT) on 19 July 2004

*Financial Adviser*

**First Africa Group Holdings (Pty) Limited**

*Sponsoring Broker*

**Strategic African Securities Limited**

Dated: 18 June 2004

**GUINNESS GHANA LIMITED  
OFFER FOR GHANA BREWERIES LIMITED**

Ghana Breweries shareholders who are resident in the United States ("US Ghana Breweries shareholders") should note that the Offer is being made for the securities of a Ghanaian company. The Offer is therefore subject to the disclosure requirements of Ghana, which are different from those of the United States. The financial statements included in this document have been prepared in accordance with international accounting standards that may not be comparable to the financial statements of United States companies. It may be difficult for US Ghana Breweries shareholders to enforce their rights and any claim they may have arising under the United States' federal securities laws, since the issuer, Guinness Ghana, is located in Ghana, and some or all of its officers and directors may be residents of a foreign country. US Ghana Breweries shareholders may not be able to sue Guinness Ghana or its officers or directors in a foreign court for violations of the United States' federal securities laws. It may be difficult to compel Guinness Ghana and its affiliates to subject themselves to a United States court's judgment. US Ghana Breweries shareholders should be aware that Guinness Ghana may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases.

**GUINNESS GHANA LIMITED**

**OFFER FOR**

**GHANA BREWERIES LIMITED**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you have sold or otherwise transferred all your Ghana Breweries shares, please send this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

**Neither Guinness Ghana's representatives nor Guinness Ghana's advisers makes any recommendation as to whether Ghana Breweries shareholders should accept the Cash Offer or the Share Alternative (as appropriate). Ghana Breweries shareholders must make their own decisions whether or not to accept the Cash Offer or the Share Alternative (as appropriate).**

**No person is authorised to give any information or to make any representation not contained in this document and any information or representation not contained in this document must not be relied upon as having been authorised by Guinness Ghana, First Africa or Strategic African Securities. Neither the delivery of this document, nor any disposal made hereunder will, under any circumstances, create any implication that the information contained in this document is correct as at any time subsequent to its date. Ghana Breweries shareholders and Guinness Ghana shareholders will be given notice, published in a national daily newspaper, of any event that occurs during the Offer Period that materially affects the accuracy of the information contained in this document.**

**This document has been sent to all Ghana Breweries shareholders and Guinness Ghana shareholders on the register of members as at 11 June 2004.**

**This document has been reviewed and approved by the Securities and Exchange Commission in accordance with Section 9 of the Securities Industry Law (P.N.D.C.L. 333), as amended. In its review, the Securities and Exchange Commission examined the contents of this document to ensure that adequate disclosures have been made. To ascertain the financial soundness or value of the Offer, Ghana Breweries shareholders are advised to consult a dealer, investment adviser or other professional for appropriate advice. This document has also been reviewed and approved by the Ghana Stock Exchange.**

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## CORPORATE INFORMATION AND GUINNESS GHANA'S ADVISERS

**Offeror:** Guinness Ghana Limited  
Kaasi Industrial Area  
PO Box 1536  
Kumasi  
Ghana

**Company subject to the Offer:** Ghana Breweries Limited  
Mile 7, Accra-Nsawam Road  
PO Box AH1114  
Achimota  
Accra  
Ghana

**Financial Adviser:** First Africa Group Holdings (Pty) Ltd  
Inanda Green Business Park  
Augusta House  
Ground Floor  
Albertyn Road  
Wierda Valley West  
Sandton 2196  
Johannesburg  
South Africa

**Sponsoring Broker:** Strategic African Securities Limited  
2nd Ridge Link, North Ridge  
PO Box KA 16446  
Accra  
Ghana

**Ghanaian Legal Adviser:** JLD Legal Consultancy Services  
#C881/3  
Kanda Highway  
North Ridge, Accra  
PO Box GP 178  
Accra  
Ghana

**Auditors:** KPMG (Ghana)  
Mobil House  
Liberia Road  
PO Box 242  
Accra  
Ghana

**Receiving Agent:** Strategic African Securities Limited  
2nd Ridge Link, North Ridge  
PO Box KA 16446  
Accra  
Ghana

**Registrars:** Merchant Bank (Ghana) Limited  
Head Office Annex  
57 Examination Loop, North Ridge  
PO Box 401  
Accra  
Ghana

## TIMETABLE OF KEY EVENTS

<b>Event</b>	<b>Date</b>
Qualifying date for the Offer	11 June 2004
Posting of the Offer Document	18 June 2004
Posting of the notice of the Guinness Ghana extraordinary general meeting	18 June 2004
Commencement of the Offer Period	09.00 hours (GMT) on 21 June 2004
Closing of the Offer Period	17.00 hours (GMT) on 19 July 2004
Guinness Ghana extraordinary general meeting	20 July 2004
Despatch of cheques in respect of the Cash Offer	by 3 August 2004
Allotment of new Guinness Ghana shares	by 3 August 2004
Despatch of certificates for new Guinness Ghana shares	by 10 August 2004
Commencement of trading in new Guinness Ghana shares	by 17 August 2004

These dates are subject to change by Guinness Ghana, which reserves the right to extend the period of the Offer (subject to obtaining the necessary regulatory consents). Any amendment will be published in a national daily newspaper.

## DEFINITIONS

The following definitions apply in this document and the accompanying Form of Acceptance, unless the context requires otherwise:

“Cash Offer”	the cash offer being made by Guinness Ghana to purchase Ghana Breweries shares from each Ghana Breweries shareholder, as set out in this document, including, where the context so requires, any revision, variation, extension or renewal of such offer
“Companies Code”	the Ghanaian Companies Code 1963 (Act 179) (as amended)
“Diageo”	Diageo plc
“Diageo Highlands”	Diageo Highlands BV, a wholly owned subsidiary of Diageo
“First Africa”	First Africa Group Holdings (Pty) Ltd
“Form of Acceptance”	the form of acceptance which accompanies this Offer Document
“Ghana”	the Republic of Ghana
“Ghana Breweries”	Ghana Breweries Limited
“Ghana Breweries board” or “Ghana Breweries directors”	the directors of Ghana Breweries
“Ghana Breweries shares”	outstanding ordinary shares of no par value in Ghana Breweries
“Ghana Breweries shareholders”	holders of Ghana Breweries shares
“Guinness Ghana”	Guinness Ghana Limited
“Guinness Ghana board” or “Guinness Ghana directors”	the directors of Guinness Ghana
“Guinness Ghana extraordinary general meeting”	the extraordinary general meeting of Guinness Ghana to be convened for the purposes of proposing the Guinness Ghana resolutions
“Guinness Ghana resolutions”	the resolutions (i) to approve the Proposals (ii) to increase the authorised ordinary shares of Guinness Ghana (iii) to grant the Guinness Ghana directors authority to allot the new Guinness Ghana shares on a non pre-emptive basis (iv) to amend the regulations of Guinness Ghana (v) to change the name of Guinness Ghana to ‘Guinness Ghana Breweries Limited’, subject to the Offer becoming or being declared unconditional in all respects (vi) to appoint additional directors to the Guinness Ghana board, subject to the Offer becoming or being declared unconditional in all respects and (vii) to authorise Guinness Ghana to purchase its own shares
“Guinness Ghana shares”	ordinary shares of no par value in Guinness Ghana
“Guinness Ghana shareholders”	holders of Guinness Ghana shares
“Heineken”	Heineken International BV

“Heineken Ghanaian Holdings”	Heineken Ghanaian Holdings BV, a wholly owned subsidiary of Heineken
“new Guinness Ghana shares”	the new Guinness Ghana shares to be issued pursuant to the Share Alternative and the Placing
“Offer”	the Cash Offer and the Share Alternative
“Offer Document”	this document
“Offer Period”	the period commencing at 09.00 hours (GMT) on 21 June 2004 and ending at (i) 17.00 hours (GMT) on 19 July 2004 or (ii) such later time and/or date as Guinness Ghana may determine, subject to it obtaining the necessary regulatory consents
“Placing”	the proposed placing of up to 15,492,869 new Guinness Ghana shares with Diageo Highlands
“Proposals”	the Offer and the Placing
“Rules and Regulations ”	the rules and regulations of the Ghana Stock Exchange
“Securities and Exchange Commission”	the Ghanaian Securities and Exchange Commission
“Share Alternative”	the right of Ghana Breweries shareholders to elect to receive Guinness Ghana shares instead of the cash to which they would otherwise be entitled pursuant to the Cash Offer, as set out in this document, including, where the context so requires, any revision, variation, extension or renewal of such right
“Strategic African Securities”	Strategic African Securities Limited, corporate brokers to Guinness Ghana
“Transaction”	the proposed acquisition of the outstanding Ghana Breweries shares by Guinness Ghana by way of the Offer, as described in this document



### ***Confirmation of Financial Resources***

KPMG (Ghana), auditor of Guinness Ghana, has confirmed that Guinness Ghana has sufficient cash resources and facilities at its disposal to satisfy full acceptance of the Cash Offer (taking into account the Placing and Heineken Ghanaian Holding's irrevocable undertaking to accept the Share Alternative, as described below). A copy of the letter of confirmation is set out in Appendix III.

### **3. The Share Alternative**

Ghana Breweries shareholders may elect to receive new Guinness Ghana shares instead of the cash to which they would otherwise be entitled under the Cash Offer, on the following basis:

<b>for each Ghana Breweries share</b>	<b>0.134 new Guinness Ghana shares</b>
---------------------------------------	--

Each entitlement to new Guinness Ghana shares under the Share Alternative will be rounded down to the nearest whole number of new Guinness Ghana shares. No fractions of new Guinness Ghana shares, or cash in lieu of those fractions, will be issued to Ghana Breweries shareholders that accept the Share Alternative.

Heineken Ghanaian Holdings has irrevocably undertaken to accept the Share Alternative in respect of its entire holding of 252,622,865 Ghana Breweries shares.

### **4. Legal basis and conditions of the Offer**

As Guinness Ghana is not currently the registered holder of any Ghana Breweries shares, the Offer is being made pursuant to regulation 1(4) of the Ghana Stock Exchange Rules on Takeovers and Mergers. In addition, the Transaction does not constitute an arrangement or amalgamation for the purposes of Part S of the Companies Code.

**Ghana Breweries shareholders may only accept the Cash Offer or the Share Alternative and may only accept either in respect of their entire holding of Ghana Breweries shares. No Ghana Breweries shareholder shall be entitled to accept both the Cash Offer and the Share Alternative or to accept either in respect of less than his entire holding of Ghana Breweries shares. Any purported attempt to do so shall be treated by Guinness Ghana as an acceptance of the Cash Offer by the relevant Ghana Breweries shareholder in respect of his entire holding of Ghana Breweries shares.**

The Offer is subject to the conditions and further terms contained in this document (in particular, those conditions and further terms contained in Part VI, which should be carefully read by each Ghana Breweries shareholder) and the accompanying Form of Acceptance.

### **5. Basis of pricing the Offer**

The Transaction is based on the valuations of Guinness Ghana and Ghana Breweries carried out by their strategic partners, Diageo and Heineken respectively. In December 2003, Diageo and Heineken agreed upon the relative valuations for Guinness Ghana and Ghana Breweries having taken into account the current and future market positions of the two companies and the planned capital investments to support the growth of the combined business. The valuation method used was discounted cash flow, which values the business on the basis of the present value of future cash flows. The valuations were based on ten-year projections. These projections were based in part on observed trends in the past performances of the companies and business plans.

The Cash Offer price is primarily based on the valuation of Ghana Breweries agreed by Heineken and Diageo and adopted by Guinness Ghana. The Guinness Ghana board has agreed to offer the Share Alternative to all Ghana Breweries shareholders at an exchange ratio of 0.134. This share exchange ratio will remain fixed during the Offer Period and will apply to all Ghana Breweries shareholders who accept the Share Alternative. The share alternative offered originally solely to Heineken Ghanaian Holdings was based upon an exchange ratio of 0.127 Guinness Ghana shares for every Ghana Breweries share. The Guinness Ghana board has agreed to increase the ratio from 0.127 to 0.134 in order to be able to offer the Share Alternative to all Ghana Breweries shareholders.

## **6. The Offer Period**

The Offer opens at 09:00 hours (GMT) on 21 June 2004 and will remain open for acceptance until 17.00 hours (GMT) on 19 July 2004. However, subject to obtaining the necessary regulatory consents, Guinness Ghana reserves the right to extend the period of the Offer beyond such time and/or date.

## **7. Delisting and change of name**

Following completion of the Proposals (i) Ghana Breweries will apply to the Ghana Stock Exchange to be delisted and (ii) subject to the approval of Guinness Ghana shareholders, the name of Guinness Ghana will be changed to 'Guinness Ghana Breweries Limited'.

Ghana Breweries shareholders should note that once Ghana Breweries has become an unlisted company, the liquidity of the market for its shares will be substantially diminished. However, should any Ghana Breweries shareholders wish to sell their Ghana Breweries shares following delisting, Guinness Ghana will be prepared to acquire them for cash at the Cash Offer price.

## **8. Regulatory and shareholder approvals**

### ***(a) Ghana Stock Exchange approval***

This document has been examined and approved by the Ghana Stock Exchange. The approval was obtained from the Ghana Stock Exchange on 8 June 2004.

### ***(b) Securities and Exchange Commission approval***

This document has been examined and approved by the Securities and Exchange Commission in accordance with Section (9) of the Securities Industry Law (P.N.D.C.L. 333), as amended. The Securities and Exchange Commission's approval was obtained on 17 June 2004. In its review, the Securities and Exchange Commission examined the contents of this document to ensure that adequate disclosures have been made.

### ***(c) Shareholder approval***

The Offer is conditional upon the approval of the Guinness Ghana shareholders at the extraordinary general meeting to be held on 20 July 2004.

### ***(d) Bank of Ghana approval***

The Bank of Ghana has granted, in respect of the Proposals, a waiver of paragraphs 2 and 3 of its *Notice to Banks, Stockbrokers and the Public (BG/EC/93/11)*, dated 22 June 1993. The total non-resident foreign ownership of Guinness Ghana shares following the completion of the Proposals may therefore exceed 74 per cent.

## **9. Guinness Ghana shareholders**

This document is also being sent to Guinness Ghana shareholders (without the Form of Acceptance) for information purposes.

## **10. Action to be taken**

In order to accept the Cash Offer or the Share Alternative (as appropriate) in respect of their entire holding of Ghana Breweries shares, Ghana Breweries shareholders should complete the accompanying Form of Acceptance in accordance with the instructions set out in this document and return it, together with the share certificate(s) for the relevant Ghana Breweries shares and/or other document(s) of title, to Strategic African Securities at either of the following addresses: (i) Strategic African Securities, 2nd Ridge Link, North Ridge, PO Box KA 16446, Accra, Ghana (telephone: +233 21 251546 – 9, 7011770) or (ii) Strategic African Securities, c/o Standard Chartered Bank Ghana Limited, Harper Road Branch, PO Box 1536, Kumasi, Ghana (telephone: +233 51 24234 – 5, 21003). Forms of Acceptance should be returned as soon as possible **but in any event so as to be received no later than 17.00 hours (GMT) on 19 July 2004.**

Ghana Breweries shareholders should seek independent advice from a dealer, investment adviser or other professional in respect of the terms of the Offer and any decision to be taken.

Yours faithfully

A handwritten signature in black ink, appearing to read "David Hampshire". The signature is written in a cursive style with some loops and flourishes.

**David Hampshire**  
*Chairman*

## PART II – INFORMATION ON GUINNESS GHANA AND GHANA BREWERIES

### 1. Information on Guinness Ghana

#### *Background*

Guinness Ghana was incorporated as a private company in 1960 and listed on the Ghana Stock Exchange in 1990. At incorporation, its main objective was to manage the importation and marketing of Guinness Foreign Extra Stout in Ghana.

In 1971, a brewery was designed and constructed in Kaasi, then a village near Kumasi in the Ashanti Region of Ghana. Production commenced a year later and, by 1977, the brewery was producing at maximum capacity.

In May 1995, Guinness Ghana invested €18 billion to expand its packaging capacity and commissioned a €40 billion brew house in July 1999. This is a fully automated facility using state of the art brewing and process control technology. This process allows product testing at every stage of the brewing process, delivering world class quality, purity and excellence throughout.

In November 2003, Guinness Ghana commissioned a €165 billion second packaging line.

Guinness Ghana is 60.37 per cent. owned by Diageo Highlands, with the remaining 39.63 per cent. held by institutional and individual investors.

#### *Products*

Guinness Ghana's current product range covers beer (stout), malt drinks and "ready-to-drink" products. It has an installed capacity of 650,000 hectolitres at its single plant in Kumasi (which will be expanded later this year to a capacity in excess of 700,000 hectolitres) and produced 576,000 hectolitres of beer, "ready-to-drink" products and malt drinks in the financial year to June 2003. As at 31 December 2003, Guinness Ghana had a volume share (based on hectolitres sold over the previous twelve months) of 31.3 per cent. of the combined beer and "ready-to-drink" market and 72.7 per cent. of the malt drinks market (source: AC Nielson).

#### *Financial information*

Summary financial information for Guinness Ghana for the three years ended 30 June 2003 (audited) and the six months ended 31 December 2003 (unaudited) is set out below:

	<i>Six months ended</i>			<i>Year ended</i>
	<i>31 December</i>			<i>30 June</i>
	<i>2003</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
	<i>(unaudited)</i>			
	<i>€million</i>	<i>€million</i>	<i>€million</i>	<i>€million</i>
Turnover	241,614	362,080	256,921	190,643
Trading profit	39,784	61,577	47,101	36,962
Profit before tax	34,328	65,188	48,172	26,388
	<i>At</i>			<i>At</i>
	<i>31 December</i>			<i>30 June</i>
	<i>2003</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
	<i>(unaudited)</i>			
	<i>€million</i>	<i>€million</i>	<i>€million</i>	<i>€million</i>
Net assets	126,171	106,495	85,235	70,604

*Notes:*

1. The financial information set out above has been extracted, without material adjustment, from the published audited accounts of Guinness Ghana for the three years ended 30 June 2003 and the published unaudited interim results of Guinness Ghana for the six months ended 31 December 2003.

A comprehensive set of audited financial statements for the three years ended 30 June 2003, and the published unaudited interim results of Guinness Ghana for the six months ended 31 December 2003, are set out in Appendix I.

## **2. Information on Ghana Breweries**

### ***Background***

Ghana Breweries was incorporated on 30 April 1992 under its previous name, 'ABC Brewery Limited'. On 26 October 1994, it acquired the assets of Achimota Brewery Company Limited, a state-owned enterprise operating at the Achimota site.

In October 1997, Heineken acquired 90 per cent. of the outstanding ordinary shares of ABC Brewery Limited and subsequently renamed the company 'Ghana Breweries Limited'. Ghana Breweries then merged with Kumasi Brewery Limited, a brewing company established in May 1959, with effect from 1 January 1998. Before this merger, Heineken and its wholly owned subsidiary, Limba Ghana Limited, held 50.26 per cent. of the issued shares of Kumasi Brewery Limited.

In June 2003, Ghana Breweries underwent a capital restructuring exercise involving (i) the conversion of Heineken's €10.7 billion zero coupon convertible bond into equity, (ii) a renounceable rights offering of Ghana Breweries shares, at €460 per share, in a ratio of four new shares for every one existing share, (iii) the conversion of part of the preference shares held by Social Security & National Insurance Trust into Ghana Breweries shares and (iv) a write-off of the deficit of €40.6 billion on the income surplus account of Ghana Breweries by way of a reduction of stated capital. As a consequence of this restructuring, the stated capital of Ghana Breweries increased from €74.4 billion, as at December 2002, to €144 billion, as at December 2003.

Ghana Breweries is 75.59 per cent. owned by Heineken Ghanaian Holdings, with the remaining 24.41 per cent. held by institutional and individual investors.

### ***Products***

Ghana Breweries' product range covers beer (lager), malt drinks and soft drinks. As at 31 December 2003, Ghana Breweries had a volume share (based on hectolitres sold over the previous twelve months) of 39.5 per cent. of the combined beer and "ready-to-drink" market and 23.3 per cent. of the malt drinks market (source: AC Nielson).

### ***Financial information***

Summary financial information for Ghana Breweries for the three years ended 31 December 2003 is set out below:

	<i>Year ended</i>		
	<i>2003</i>	<i>2002</i>	<i>2001</i>
	<i>€million</i>	<i>€million</i>	<i>€million</i>
Turnover	206,674	136,109	109,463
Trading profit	29,718	(764)	(3,290)
Profit before tax	27,568	(12,644)	(10,633)

	2003	2002	<i>At</i> 31 December 2001
	<i>€million</i>	<i>€million</i>	<i>€million</i>
Net assets	191,588	159,561	68,683

*Notes:*

1. The financial information set out above has been extracted, without material adjustment, from the published audited accounts of Ghana Breweries for the three years ended 31 December 2003.

A comprehensive set of audited financial statements for the three years ended 31 December 2003 are set out in Appendix II.

## **PART III – IMPORTANT CONSIDERATIONS**

### **Nature of the Transaction**

Ghana Breweries shareholders to whom the Offer is being made are not legally required to accept either the Cash Offer or the Share Alternative and will remain Ghana Breweries shareholders if they decide not to do so. However, Ghana Breweries shareholders who accept the Cash Offer or the Share Alternative must do so in respect of their entire holding of Ghana Breweries shares.

### **Major changes to Ghana Breweries' and Guinness Ghana's businesses**

Following completion of the Proposals, Ghana Breweries will apply to the Ghana Stock Exchange to be delisted. Ghana Breweries shareholders should note that once Ghana Breweries has become an unlisted company, the liquidity of the market for its shares will be substantially diminished. However, should any Ghana Breweries shareholders wish to sell their Ghana Breweries shares following delisting, Guinness Ghana will be prepared to acquire them for cash at the Cash Offer price.

After the Transaction, Ghana Breweries will become a subsidiary of Guinness Ghana. However, the companies will operate in Ghana as a single enterprise, with its headquarters based in Kumasi. The production facilities, procurement and distribution channels, marketing initiatives and management of the two companies will be consolidated into one business and Guinness Ghana will be renamed 'Guinness Ghana Breweries Limited'.

There are also proposals for the transfer of Ghana Breweries' assets to Guinness Ghana, at market value, at some point following completion of the Transaction. Any such transfer would require the approval of Ghana Breweries shareholders by way of an ordinary resolution passed pursuant to section 202(1) of the Companies Code.

### **Long-term justification for the Transaction**

The Transaction is based on unlocking the synergies of the two businesses, including the brand portfolio, technical capabilities, management approach and company structures. The Guinness Ghana directors believe that the combined entity should attain high levels of growth and performance, thus enabling it to build on its contribution to the Ghanaian community and environment.

Ghana is part of the global economy and the Transaction should create a business of international stature. The Guinness Ghana directors believe that this should help stimulate the business climate and further investment in Ghana.

## **PART IV – PROCEDURE FOR ACCEPTING THE CASH OFFER OR THE SHARE ALTERNATIVE**

### **1. Completing the Form of Acceptance**

To accept the Cash Offer or the Share Alternative (as appropriate) you must complete the accompanying Form of Acceptance in accordance with the instructions set out in Appendix VI.

**Ghana Breweries shareholders may only accept the Cash Offer or the Share Alternative and may only accept either in respect of their entire holding of Ghana Breweries shares. No Ghana Breweries shareholder shall be entitled to accept both the Cash Offer and the Share Alternative or to accept either in respect of less than his entire holding of Ghana Breweries shares. Any purported attempt to do so shall be treated by Guinness Ghana as an acceptance of the Cash Offer by the relevant Ghana Breweries shareholder in respect of his entire holding of Ghana Breweries shares.**

### **2. Returning your completed Form of Acceptance**

A properly completed and duly executed Form of Acceptance, together with the share certificate(s) for your Ghana Breweries shares and/or other document(s) of title, should be returned to Strategic African Securities at either of the following addresses: (i) Strategic African Securities, 2nd Ridge Link, North Ridge, PO Box KA 16446, Accra, Ghana (telephone: +233 21 251546 – 9, 7011770) or (ii) Strategic African Securities, c/o Standard Chartered Bank Ghana Limited, Harper Road Branch, PO Box 1536, Kumasi, Ghana (telephone: +233 51 24234 – 5, 21003). Forms of Acceptance should be returned as soon as possible **but in any event so as to be received no later than 17.00 hours (GMT) on 19 July 2004.**

The method of delivery of the Forms of Acceptance, together with the relevant share certificate(s) and/or other document(s) of title, is at the election and responsibility of each accepting Ghana Breweries shareholder. If delivery is by mail, accepting Ghana Breweries shareholders are advised to use registered mail and obtain appropriate insurance. **In all cases, sufficient time must be allowed to ensure delivery to Strategic African Securities at either of the addresses stated above prior to 17.00 hours (GMT) on 19 July 2004.**

If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should contact Merchant Bank (Ghana) Limited, Head Office Annex, 57 Examination Loop, North Ridge, PO Box 401, Accra, Ghana (telephone: +233 21 251131 – 3). Merchant Bank (Ghana) Limited will prepare a letter of indemnity which you may collect from its offices, provided you present suitable identification (i.e. a driving licence, passport or other type of formal identification). This letter of indemnity should then be completed in accordance with the instructions printed thereon and lodged, together with a properly completed and duly executed Form of Acceptance, with Strategic African Securities at either of the addresses stated above as soon as possible **but in any event so as to be received no later than 17.00 hours (GMT) on 19 July 2004.**

### **3. Validity of acceptances**

Guinness Ghana shall treat any purported acceptance by a Ghana Breweries shareholder of (i) both the Cash Offer and the Share Alternative or (ii) either the Cash Offer or the Share Alternative in respect of less than that shareholder's entire holding of Ghana Breweries shares as an acceptance of the Cash Offer in respect of that shareholder's entire holding of Ghana Breweries shares. Guinness Ghana reserves the right to treat as valid, in whole or in part, any acceptance of the Cash Offer or the Share Alternative (as appropriate) which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Cash Offer or allotment of new Guinness Ghana shares under the Share Alternative will be made until after the relevant share certificate(s) and/or other document(s) of title or an indemnity satisfactory to Guinness Ghana have been received.

#### **4. Non-resident Ghana Breweries shareholders**

If you receive a copy of this document and/or the accompanying Form of Acceptance in any jurisdiction other than Ghana, you may not treat it as constituting an invitation or offer to you, nor should you in any event use such Form of Acceptance, unless in the relevant jurisdiction the Cash Offer or the Share Alternative (as appropriate) could lawfully be made to, and accepted by, you.

It is your responsibility if you are outside Ghana and/or subject to the laws of any other jurisdiction and if you receive a copy of this document and/or the accompanying Form of Acceptance and wish to accept the Cash Offer or the Share Alternative (as appropriate), to satisfy yourself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any government or other consents and compliance with other necessary formalities, and to pay any transfer or other taxes or duties required to be paid in such jurisdictions in respect of the Cash Offer or the Share Alternative (as appropriate).

## **PART V – SETTLEMENT, LISTING AND DEALINGS**

### **1. Settlement**

Subject to the Offer becoming or being declared unconditional in all respects, settlement of the consideration to which any Ghana Breweries shareholder is entitled under the Cash Offer or the Share Alternative (as appropriate) will be effected, in the case of acceptances received, complete in all respects, by 17.00 (GMT) on 19 July 2004, within 29 days of such date.

All valid acceptances by Ghana Breweries shareholders of the Cash Offer will be settled by the despatch of cheques for the relevant amount by post (unless the relevant Ghana Breweries shareholder elects otherwise). All payments to Ghana Breweries shareholders in respect of the Cash Offer will be made net of Ghana Stock Exchange-approved brokerage commissions and levies.

All valid elections by Ghana Breweries shareholders for the Share Alternative will be settled by the despatch of definitive certificates for the relevant number of new Guinness Ghana shares by post (unless the relevant Ghana Breweries shareholder elects otherwise).

If the Offer does not become or is not declared unconditional in all respects, the share certificate(s) and/or other document(s) of title in respect of Ghana Breweries shares that have been assented to the Cash Offer or the Share Alternative (as appropriate) will be returned by post within 21 days of the Offer lapsing to the person or agent whose name and address is set out in Box 4 on the accompanying Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address.

### **2. Listing and dealings**

Application has been made for the new Guinness Ghana shares to be listed on the Ghana Stock Exchange and Guinness Ghana has received the Ghana Stock Exchange's provisional approval for such listing. Trading in the new Guinness Ghana shares will commence by 17 August 2004.

### **3. General**

Ghana Breweries shareholders are responsible for the safe delivery of all documents sent by or to them in connection with the Offer. To avoid the risk of any cheques or certificates for new Guinness Ghana shares issued in their favour being lost, Ghana Breweries shareholders may elect for those cheques or certificates to be retained by Strategic African Securities for collection by them. Those Ghana Breweries shareholders who make such an election will need to present suitable identification (i.e. a driving licence, passport or other type of formal identification) to Strategic African Securities in order to collect any retained cheque or certificate. Any individual appointed by a Ghana Breweries shareholder to collect a cheque or certificate retained by Strategic African Securities will need to present a duly executed authority note or power of attorney. However, all cheques and/or certificates retained by Strategic African Securities will only be retained for one month and will thereafter be returned by post to the relevant Ghana Breweries shareholder(s).

## PART VI – CONDITIONS AND FURTHER TERMS OF THE OFFER

The Offer is governed by Ghanaian law and is subject to the non-exclusive jurisdiction of the Courts of Ghana and to the terms and conditions set out in this document and in the accompanying Form of Acceptance.

### 1. Conditions of the Offer

The Offer is subject to the following conditions:

- (a) the passing of all the Guinness Ghana resolutions at the Guinness Ghana extraordinary general meeting;
- (b) Guinness Ghana receiving no formal notification, during the Offer Period, of any decision of the Ghana Stock Exchange (i) not to agree to the listing of the new Guinness Ghana shares to be issued pursuant to the Share Alternative and the Placing on the First List of the Ghana Stock Exchange and/or (ii) to impose special conditions in connection with such listing which Guinness Ghana, acting reasonably, considers to be unduly onerous;
- (c) all other authorisations, clearances, undertakings and approvals necessary to implement the Proposals having been obtained from each appropriate third party and all such authorisations, clearances, undertakings and approvals remaining in full force and effect and there being no intimation of any intention to revoke, withhold or modify the same; and
- (d) each of Ghana Breweries and Guinness Ghana not having had any material legal proceedings instituted or threatened against it or been the subject of an order for its winding-up (voluntary or otherwise) or dissolution or for the appointment of a receiver, manager, trustee or similar officer or for the appointment of any person to any analogous post or position or for any similar purpose under the laws of any jurisdiction in respect of its affairs or any of its assets or revenues which in each case would be material.

Guinness Ghana reserves the right to waive, in whole or in part, conditions (a), (c) and (d). The Offer will lapse unless all the conditions set out above have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Guinness Ghana in its reasonable opinion to be or to remain satisfied by the later of (i) 17.00 hours (GMT) on 3 August 2004 and (ii) such other date as Guinness Ghana may, with the necessary regulatory consents, decide and which may be notified to Ghana Breweries shareholders through the Ghana Stock Exchange and a notice in a national daily newspaper.

### 2. Further terms of the Offer

#### (a) Acceptance period

- (i) The Offer will initially be open for acceptance until 17.00 hours (GMT) on 19 July 2004. Although no extension of the Offer Period is envisaged, Guinness Ghana reserves the right, subject to obtaining the necessary regulatory consents, to extend the Offer Period beyond such time and/or date. Any such extension will be notified to Ghana Breweries shareholders through the Ghana Stock Exchange and a notice in a national daily newspaper.
- (ii) The Offer, whether revised or not, shall not be capable of acceptance by a Ghana Breweries shareholder after the Offer Period and any purported acceptance of the Offer pursuant to a Form of Acceptance received by or on behalf of Guinness Ghana after the Offer Period (irrespective of when such form was posted) shall be treated by Guinness Ghana as invalid.

#### (b) Revision

- (i) Although no revision is envisaged, Guinness Ghana reserves the right, subject to obtaining the necessary regulatory consents, to revise the Offer. If the Offer is revised, the revised offer will remain open for acceptance for a period of at least seven days.

- (ii) Any revised offer made available to Ghana Breweries shareholders will be deemed to have been accepted by any Ghana Breweries shareholder who has accepted the Cash Offer or the Share Alternative (as appropriate) in its original or any previously revised form(s), after seven days' notice of the revised offer, provided such revised offer represents an increase in the value of the consideration offered.

**(c) *Announcements***

As soon as practicable following the day on which the Offer is due to become unconditional in all respects or is revised or extended, Guinness Ghana will make an appropriate announcement through the Ghana Stock Exchange and a notice in a national daily newspaper.

**(d) *No rights of withdrawal***

All acceptances of the Cash Offer or the Share Alternative (as appropriate) shall be irrevocable and any Ghana Breweries shareholder who has accepted the Cash Offer or the Share Alternative (as appropriate) shall be deemed to have accepted any revised offer made available to Ghana Breweries shareholders, in accordance with paragraph 2(b) above, provided such revised offer represents an increase in the value of the consideration offered.

**(e) *Non-resident Ghana Breweries shareholders***

The making of the Offer to Ghana Breweries shareholders who are citizens, residents or nationals of jurisdictions outside Ghana or to any custodian or nominee of, or trustee for, any such person may be affected by the laws of the relevant foreign jurisdiction. Each such person should inform himself of and observe any applicable legal requirements in relation to the Offer.

**(f) *General***

- (i) The Offer is capable of acceptance after 09.00 hours (GMT) on 21 June 2004. Copies of this document and the Form of Acceptance may be collected from Strategic African Securities at either of the following addresses: (i) Strategic African Securities, 2nd Ridge Link, North Ridge, PO Box KA 16446, Accra, Ghana (telephone: +233 21 251546 – 9, 7011770) or (ii) Strategic African Securities, c/o Standard Chartered Bank Ghana Limited, Harper Road Branch, PO Box 1536, Kumasi, Ghana (telephone: +233 51 24234 – 5, 21003), in each case during normal business hours.
- (ii) The Offer will lapse unless all the conditions of the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Guinness Ghana in its reasonable opinion to be or to remain satisfied by the later of (i) 17.00 hours GMT on 3 August 2004 and (ii) such other date as Guinness Ghana may, with the necessary regulatory consents, decide and which may be notified to Ghana Breweries shareholders through the Ghana Stock Exchange and a notice in a national daily newspaper.
- (iii) Without prejudice to any other provision of this Part VI, Guinness Ghana reserves the right to treat acceptances of the Cash Offer or the Share Alternative (as appropriate) as valid if not entirely in order or not accompanied by the relevant share certificate(s) and/or other relevant document(s) of title. In that event, no payment of cash will be made, or certificate in respect of the new Guinness Ghana shares despatched, under the Cash Offer or the Share Alternative (as appropriate) until the relevant share certificate(s) and/or other document(s) of title or an indemnity in the form approved by Guinness Ghana have been received.
- (iv) Each Ghana Breweries shareholder shall be responsible for all communications, notices, certificates, documents of title and other documents and remittances to be delivered by or to, or sent to or from, it or its designated agent.
- (v) Any omission to despatch this document to, or any failure to receive it by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any

implication that the Offer has not been made to any such person. The Offer extends to any Ghana Breweries shareholder to whom this document may not have been despatched.

- (vi) The new Guinness Ghana shares to be issued to any Ghana Breweries shareholder who accepts the Share Alternative will be issued credited as fully paid and free from all encumbrances and will rank equally in all respects with the existing outstanding issued ordinary shares of no par value in the capital of Guinness Ghana.
- (vii) The instructions, authorities, terms and provisions contained in or deemed to be incorporated in the rest of this document and the accompanying Form of Acceptance constitute part of the terms of the Offer.
- (viii) All references in this document to 19 July 2004 shall (except where the context otherwise requires), if the Offer Period is extended, be deemed to refer to the expiry date of the Offer Period as so extended.
- (ix) The Offer, all acceptances of it, and all contracts arising from or pursuant to any of them and all action made or taken or deemed to have been made or taken under any term of the Offer shall be governed by and construed in accordance with Ghanaian law.

**(g) Form of acceptance**

Each Ghana Breweries shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, authorises, represents, warrants and agrees to and with Guinness Ghana (so as to bind it and its successors and assigns) that:

- (i) it is irrevocably and unconditionally entitled to transfer the legal and beneficial ownership of the Ghana Breweries shares comprised in the acceptance of the Cash Offer or the Share Alternative (as appropriate) and the Ghana Breweries shares in respect of which the Cash Offer or the Share Alternative (as appropriate) is accepted or deemed to be accepted are sold free from all liens, charges, encumbrances, equities and other interests and together with all rights attaching to them at the time of transfer;
- (ii) it has fully complied with the laws of any relevant jurisdiction in connection with the Cash Offer or the Share Alternative (as appropriate);
- (iii) the execution of the Form of Acceptance shall constitute a valid acceptance of the Cash Offer or the Share Alternative (as appropriate) in respect of the number of Ghana Breweries shares inserted, or deemed inserted, in Box 1 or Box 2 of the Form of Acceptance, in each case on and subject to the terms and conditions set out or referred to in this document and that such acceptance shall be irrevocable;
- (iv) the execution of the Form of Acceptance shall constitute an undertaking to execute all or any documents and/or give any such further assurance as may be required to enable Guinness Ghana to obtain the full benefit of the terms of this document and/or to perfect any of the authorities expressed to be given hereunder;
- (v) the execution of the Form of Acceptance constitutes, subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, the irrevocable appointment of any Guinness Ghana director (or other individual(s) appointed in writing by any Guinness Ghana director) as such shareholder's attorney and agent, and an irrevocable instruction and authority to the attorney to:
  - (aa) complete and execute all or any form(s) of transfer and/or other document(s) (including deeds or any document required to be signed, sealed and delivered) as may be necessary or desirable in the attorney's discretion in relation to the Ghana Breweries shares referred to in paragraph (g)(i) above in favour of Guinness Ghana or such other person(s) as Guinness Ghana or its agents may direct;

- (bb) deliver any such form(s) of transfer and/or other document(s) together with the certificate(s) and/or other document(s) of title relating to such Ghana Breweries shares in the attorney's discretion for registration within six months following the Offer becoming unconditional in all respects; and
- (cc) execute all such other documents and do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Cash Offer or the Share Alternative (as appropriate) and to vest in Guinness Ghana such Ghana Breweries shares.

## PART VII – GENERAL INFORMATION

### 1. Responsibility

The Guinness Ghana directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Guinness Ghana directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Directors

#### (a) Guinness Ghana

The Guinness Ghana directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
David Herbert Campbell Hampshire*	Chairman
Devlin Marc Hainsworth*	Managing Director
Joseph Woahen Acheampong	Director
Paul Victor Obeng	Director
Laurence Alexander Turnbull*	Director
John Wheelhouse*	Director
Robert Njoya Kinuthia	Director
Pamela Djamson-Tettey	Director
Kwaku Sarfo-Mensah†	Director

\*Recommended by Diageo to be appointed to the Guinness Ghana board

†Recommended by Social Security & National Insurance Trust to be appointed to the Guinness Ghana board

Guinness Ghana is incorporated in Ghana and its registered office is at Kaasi Industrial Area, PO Box 1536, Kumasi, Ghana. The company secretary of Guinness Ghana is Simon Kodzo Gollo.

#### (b) Ghana Breweries

The Ghana Breweries directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
Martin Eson-Benjamin	Chairman
Olusegun Samuel Adebajji*	Managing Director
Clément Jean Guillaume Nouwens*	Director
Dorothea Plantenga-Hogewoning*	Director
Henk van Klompenburg*	Director
Ishmael Evans Yamson	Director
Thomas Arie de Man‡*	Director
Jean-Louis Marie Homé	Director
Kwame Donkoh Fordwor (Dr.)‡	Director
Ebenezer Magnus Boye‡	Director
Wilson Kusi-Atansah†	Director

\*Recommended by Heineken to be appointed to the Ghana Breweries board

†Recommended by Social Security & National Insurance Trust to be appointed to the Ghana Breweries board

‡To be appointed to the Guinness Ghana board following completion of the Proposals

Ghana Breweries is incorporated in Ghana and its registered office is at Mile 7, Accra-Nsawam Road, PO Box AH1114, Achimota, Accra. The company secretary of Ghana Breweries is Joe Aboagye Debrah.

### 3. Disclosure of interests

- (a) As at 11 June 2004 (the last practicable date prior to the posting of this document), the interests of the Guinness Ghana directors and their immediate families in Guinness Ghana shares were as follows:

<i>Name</i>	<i>Guinness Ghana shares</i>
David Herbert Campbell Hampshire	4,000
Paul Victor Obeng	13,370*
Joseph Woahen Acheampong	145

\*Registered in the name of Paros Ltd

- (b) As at 11 June 2004 (the last practicable date prior to the posting of this document), the interests of the Ghana Breweries directors and their immediate families in Ghana Breweries shares and Guinness Ghana shares were as follows:

<i>Name</i>	<i>Ghana Breweries shares</i>	<i>Guinness Ghana shares</i>
Martin Eson-Benjamin	31,721	
Dorothea Plantenga-Hogewoning	20,000	
Ishmael Evans Yamson	36,805	
Kwame Donkoh Fordwor	220,000	
Ebenezer Magnus Boye	70,000	1,000

- (c) Guinness Ghana does not hold or control any Ghana Breweries shares. Save as disclosed in this paragraph 3 no Guinness Ghana director or any member of his immediate family is interested in any Ghana Breweries shares or any Guinness Ghana shares.
- (d) Ghana Breweries does not hold or control any Guinness Ghana shares. Save as disclosed in this paragraph 3 no Ghana Breweries director or any member of his immediate family is interested in any Guinness Ghana shares or any Ghana Breweries shares.

### 4. Financing arrangements

- (a) It is estimated that acceptance of the Cash Offer by all Ghana Breweries shareholders other than Heineken Ghanaian Holdings (which has irrevocably undertaken to accept the Share Alternative) would require the payment by Guinness Ghana of a maximum amount of approximately €116 billion in cash. The cash consideration required to implement the Cash Offer will be provided out of the funds received from Diageo Highlands pursuant to the Placing and new facilities provided by Standard Chartered Bank.
- (b) KPMG (Ghana) has confirmed that it is satisfied that sufficient resources are available to Guinness Ghana to satisfy the maximum amount of cash payable under the Cash Offer (taking into account the Placing and Heineken Ghanaian Holding's irrevocable undertaking to accept the Share Alternative). A copy of the comfort letter from KPMG (Ghana), confirming the existence of adequate funds to pay the maximum amount of cash payable under the Cash Offer is set out in Appendix III.

### 5. Litigation

- (a) Guinness Ghana is not and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Guinness Ghana is aware) which may have or have had during the twelve months preceding the date of this document a significant effect on Guinness Ghana's financial position.
- (b) Ghana Breweries is not and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Ghana Breweries is aware) which may have or have had during the twelve months preceding the date of this document a significant effect on Ghana Breweries' financial position.

## **6. General**

The letter from KPMG (Ghana) reproduced in Appendix III is included in the form and context in which it appears with the consent of KPMG (Ghana).

## **7. Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of Guinness Ghana and at its offices at CDH House, Near Sankara Circle, Independence Close, off Independence Avenue, Ridge, Accra during normal business hours on any weekday (public holidays excepted), while the Offer remains open for acceptance:

- (a) the published audited accounts of Guinness Ghana for the three financial years ended 30 June 2003 and the published unaudited interim results of Guinness Ghana for the six months ended 31 December 2003;
- (b) the published audited accounts of Ghana Breweries for the three financial years ended 31 December 2003;
- (c) the letters from the Bank of Ghana, the Securities and Exchange Commission and the Ghana Stock Exchange containing the regulatory approvals referred to in paragraph 8 of Part I; and
- (d) this document.

## APPENDIX I – FINANCIAL INFORMATION ON GUINNESS GHANA

### Part A – Financial statements for the three years ended 30 June 2003

The following information has been extracted without material adjustment from the published annual report and accounts of Guinness Ghana for the three financial years ended 30 June 2003. Copies of these annual report and accounts are available for inspection at the addresses referred to in paragraph 7 of Part VII of this document.

#### Profit and loss account for the three years ended 30 June 2003

	<i>Year ended 30 June 2003</i>	<i>Year ended 30 June 2002</i>	<i>Year ended 30 June 2001</i>
	<i>¢000</i>	<i>¢000</i>	<i>¢000</i>
<b>Turnover</b>	362,080,199	256,921,901	190,643,212
Cost of sales	<u>(214,814,657)</u>	<u>(143,482,110)</u>	<u>(104,276,807)</u>
<b>Gross profit</b>	147,265,542	113,439,791	86,366,405
General administrative and selling expenses	<u>(85,687,958)</u>	<u>(66,338,222)</u>	<u>(49,403,824)</u>
<b>Trading profit</b>	61,577,584	47,101,569	36,962,581
Other income	<u>3,636,748</u>	<u>1,320,161</u>	<u>239,785</u>
<b>Profit before interest and taxation</b>	65,214,332	48,421,730	37,202,366
Net interest charges	<u>(26,104)</u>	<u>(248,889)</u>	<u>(10,813,470)</u>
<b>Profit before taxation</b>	65,188,228	48,172,841	26,388,896
Taxation including reconstruction levy	<u>(14,557,320)</u>	<u>(12,983,292)</u>	<u>(8,030,110)</u>
<b>Profit after taxation</b>	50,630,908	35,189,549	18,358,786
transferred to income surplus account	<u>50,630,908</u>	<u>35,189,549</u>	<u>18,358,786</u>

#### Income surplus account for the three years ended 30 June 2003

	<i>Year ended 30 June 2003</i>	<i>Year ended 30 June 2002</i>	<i>Year ended 30 June 2001</i>
	<i>¢000</i>	<i>¢000</i>	<i>¢000</i>
Balance at 1 July	74,598,983	59,968,434	52,182,848
Profit for the year	<u>50,630,908</u>	<u>35,189,549</u>	<u>18,358,786</u>
	125,229,891	95,157,983	70,541,634
Proposed dividend: ¢250 per share (2002: ¢175)	<u>(29,370,000)</u>	<u>(20,559,000)</u>	<u>(10,573,200)</u>
Balance at 30 June	<u>95,859,891</u>	<u>74,598,983</u>	<u>59,968,434</u>

**Balance sheet as at 30 June for the three years ended 2003**

	<i>At 30 June 2003</i>		<i>At 30 June 2002</i>		<i>At 30 June 2001</i>	
	€000	€000	€000	€000	€000	€000
<b>Fixed assets</b>		150,199,858		81,293,722		68,460,901
<b>Investments</b>		3,346,122		3,346,122		3,346,122
<b>Current assets</b>						
Stocks	57,772,391		36,404,738		26,912,170	
Taxation	-		-		3,258,467	
Debtors	19,463,708		20,186,907		10,352,669	
Cash and bank balances	46,698,630		21,501,375		16,492,599	
	<u>123,934,729</u>		<u>78,093,020</u>		<u>57,015,905</u>	
<b>Current liabilities</b>						
Bank overdraft	15,994,528		525,367		8,416,881	
Creditors	67,961,185		34,881,750		19,436,342	
Taxation	5,405,576		6,644,243		-	
Dividends	21,835,903		15,272,400		8,760,458	
Amount due to related companies	47,010,301		9,828,472		10,817,498	
	<u>158,207,493</u>		<u>67,152,232</u>		<u>47,431,179</u>	
<b>Net current (liabilities)/ assets</b>		<u>(34,272,764)</u>		<u>10,940,788</u>		<u>9,584,726</u>
		119,273,216		95,580,632		81,391,749
Deferred taxation		<u>(12,777,230)</u>		<u>(10,345,554)</u>		<u>(10,787,220)</u>
<b>Net assets</b>		<u>106,495,986</u>		<u>85,235,078</u>		<u>70,604,529</u>
<b>Financed by:</b>						
Stated capital		7,686,032		7,686,032		7,686,032
Capital surplus		2,950,063		2,950,063		2,950,063
Income surplus		95,859,891		74,598,983		59,968,434
		<u>106,495,986</u>		<u>85,235,078</u>		<u>70,604,529</u>

**Cash flow statement for the three years ended 30 June 2003**

	Year ended 30 June 2003		Year ended 30 June 2002		Year ended 30 June 2001	
	€000	€000	€000	€000	€000	€000
<b>Operating profit</b> <i>(before investment returns and servicing of finance)</i>		<u>65,059,297</u>		<u>48,421,730</u>		<u>37,116,235</u>
Depreciation charges	15,263,488		13,589,317		9,480,264	
Increase in stocks	(21,367,653)		(9,492,568)		5,385,777	
Decrease/ (Increase) in debtors	723,199		(9,834,238)		881,374	
Increase in creditors	33,079,435		15,445,408		9,097,028	
Increase/ (Decrease) in related company balances	37,181,829		(989,026)		(37,982,338)	
Profit on sale of fixed assets	(793,483)		-		(102,091)	
		<u>64,086,815</u>		<u>8,718,893</u>		<u>(13,239,986)</u>
<b>Net cash flow from operating activities</b>		<u>129,146,112</u>		<u>57,140,623</u>		<u>23,876,249</u>
<b>Investment returns and servicing of finance</b>						
Dividends paid	(22,806,497)		(14,047,058)		(12,897,212)	
Dividends received	155,035		-		86,131	
Interest paid	(649,223)		(939,022)		(11,413,169)	
Interest received	623,119		690,133		599,699	
		<u>(22,677,566)</u>		<u>(14,295,947)</u>		<u>(23,624,551)</u>
<b>Tax paid</b>		<u>(13,364,311)</u>		<u>(3,522,248)</u>		<u>(2,943,287)</u>
<b>Investing activities</b>						
Fixed assets purchased	(88,096,838)		(26,422,138)		(10,016,167)	
Proceeds from sale of fixed assets	4,720,697		-		153,599	
		<u>(83,376,141)</u>		<u>(26,422,138)</u>		<u>(9,862,568)</u>
<b>Increase in cash and cash equivalents</b>		<u>9,728,094</u>		<u>12,900,290</u>		<u>(12,554,157)</u>

	<i>Year ended 30 June 2003</i>		<i>Year ended 30 June 2002</i>		<i>Year ended 30 June 2001</i>	
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<b>Analysis of changes in cash and cash equivalents during the year</b>						
Balance at 1st July	<u>20,976,008</u>		<u>8,075,718</u>		<u>20,629,875</u>	
Net cash inflow	<u>9,728,094</u>		<u>12,900,290</u>		<u>(12,554,157)</u>	
Balance at 30th June	<u>30,704,102</u>		<u>20,976,008</u>		<u>8,075,718</u>	
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>						
Cash and Bank balances	46,698,630		21,501,375		16,492,599	
Bank Overdraft	<u>(15,994,528)</u>		<u>(525,367)</u>		<u>(8,416,881)</u>	
Balance at 30th June	<u><u>30,704,102</u></u>		<u><u>20,976,008</u></u>		<u><u>8,075,718</u></u>	

**Part B – Unaudited interim results of Guinness Ghana for the six months ended 31 December 2003**

The following information has been extracted without material adjustment from the published unaudited interim results of Guinness Ghana for the six months ended 31 December 2003. Copies of these interim results are available for inspection at the addresses referred to in paragraph 7 of Part VII of this document.

**Profit and loss account for the six months ended 31 December 2003**

	<i>Six months ended 31 December 2003 €million</i>	<i>Six months ended 31 December 2002 €million</i>
<b>Net turnover</b>	241,614	170,259
Cost of sales	<u>(155,192)</u>	<u>(109,027)</u>
<b>Gross profit</b>	86,422	61,232
General administrative expenses	<u>(46,638)</u>	<u>(29,623)</u>
<b>Operating profit</b>	39,784	31,609
Other income	(890)	105
Exceptional items	<u>6,031</u>	<u>0</u>
<b>Profit before financial charges</b>	44,925	31,714
Financial charges (net)	<u>(10,597)</u>	<u>71</u>
<b>Profit before taxation</b>	34,328	31,785
Taxation/national reconstruction	<u>(7,839)</u>	<u>(7,098)</u>
<b>Profit transferred to income surplus account</b>	<u><u>26,489</u></u>	<u><u>24,687</u></u>

**Income surplus account for the six months ended 31 December 2003**

	<i>Six months ended 31 December 2003 €million</i>	<i>Six months ended 31 December 2002 €million</i>
Balance as at 1 July	95,860	74,599
Transfer from stated capital	0	0
Profit /(Loss) for the period	26,489	24,687
Interim dividend	<u>(6,814)</u>	<u>(6,814)</u>
<b>Balance as at 31 December 2003</b>	<u><u>115,535</u></u>	<u><u>92,472</u></u>

**Balance sheet as at 31 December 2003**

	<i>At</i> <i>31 December</i> <i>2003</i> <i>€million</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>€million</i>
<b>Fixed assets</b>	<u>203,505</u>	<u>80,533</u>
<b>Current assets</b>		
Stocks	77,407	37,655
Debtors	39,096	20,543
Bank and cash balances	4,208	65,813
<b>Total current assets</b>	<u>120,711</u>	<u>124,011</u>
Less:		
<b>Current liabilities</b>		
Creditors	(86,160)	(65,836)
Taxation	(8,739)	(7,522)
Dividend	(6,814)	(15,292)
Bank overdraft	(48,555)	(2,440)
Bank loans	(35,000)	0
Short term loan	0	0
<b>Total Current Liabilities</b>	<u>(185,268)</u>	<u>(91,090)</u>
<b>Net current assets</b>	<u>(64,556)</u>	<u>32,921</u>
Deferred tax liability	(12,777)	(10,346)
<b>Net assets</b>	<u>126,171</u>	<u>103,109</u>
<b>Representing:</b>		
Stated capital	7,686	7,686
Capital surplus	2,950	2,950
Income surplus	115,535	92,472
<b>Interest of shareholders</b>	<u>126,171</u>	<u>103,109</u>

**Cash flow statement for the six months ended 31 December 2003**

	<i>Six months ended 31 December 2003 €million</i>	<i>Six months ended 31 December 2002 €million</i>
<b>Operating profit</b>	39,784	31,609
Returns and servicing of		
Depreciation	8,837	7,461
Other income	890	(105)
Decrease/Increase in stocks	(13,502)	774
Decrease/Increase in debtors	(29,623)	(7,367)
Decrease/Increase in creditors	(16,318)	6,059
<b>Net cash inflow from operations</b>	(9,932)	38,432
Financial Charges		
Interest Received	170	326
Interest Paid	(10,769)	(255)
	(10,599)	71
<b>Net cash outflow from re-investments and servicing</b>		
Tax paid	(4,736)	(6,450)
Dividend paid	(21,836)	(22,556)
Investing activities		
Fixed assets purchase	(62,142)	(5,382)
Proceeds from sale of investments	9,377	0
Net cash outflow from investing activities	(99,868)	4,115
Net cash flow before financing	(109,801)	42,547
Financing		
Deposit for shares purchase	-	-
Proceeds from rights issues	-	-
Bank loan (Paid)/Received	35,000	0
Short-term loan paid	-	-
Medium-term loan paid	-	-
Net cash inflow/(outflow)	-	-
Analysis of changes in cash		
Equivalents during the year	-	-
Net financing	35,000	0
Balance as at 1st January	30,453	20,826
Net cash inflow/(outflow)	(74,801)	42,547
<b>Balance at 31 December</b>	<u>(44,347)</u>	<u>63,373</u>
Analysis of cash		
Cash at bank	4,208	65,813
Bank overdraft	(48,555)	(2,440)
<b>Balance at 31 December</b>	<u>(44,347)</u>	<u>63,373</u>

## APPENDIX II – FINANCIAL INFORMATION ON GHANA BREWERIES

### Financial statements for the three years ended 31 December 2003

The following information has been extracted without material adjustment from the published annual report and accounts of Ghana Breweries for the three financial years ended 31 December 2003. Copies of these annual report and accounts are available for inspection at the addresses referred to in paragraph 7 of Part VII of this document.

#### Profit and loss account for the three years ended 31 December 2003

	<i>Year ended 31 December 2003 ¢million</i>	<i>Year ended 31 December 2002 ¢million</i>	<i>Year ended 31 December 2001 ¢million</i>
Turnover	206,674	136,109	109,463
Cost of sales	(119,478)	(78,511)	(64,114)
<b>Gross profit</b>	<b>87,196</b>	<b>57,598</b>	<b>45,349</b>
General administrative and selling expenses	(57,478)	(58,362)	(48,639)
<b>Trading profit/(loss)</b>	<b>29,718</b>	<b>(764)</b>	<b>(3,290)</b>
Other income	6,782	550	485
Exceptional items	(7,147)	(3,010)	3,554
<b>Profit/(loss) before net financial charges</b>	<b>29,353</b>	<b>(3,224)</b>	<b>749</b>
Net financial charges	(1,785)	(9,420)	(11,382)
<b>Profit/(loss) before taxation</b>	<b>27,568</b>	<b>(12,644)</b>	<b>(10,633)</b>
Taxation	(689)	-	-
<b>Profit/(loss) after taxation transferred to income surplus account</b>	<b>26,879</b>	<b>(12,644)</b>	<b>(10,633)</b>

#### Income surplus account for the three years ended 31 December 2003

	<i>Year ended 31 December 2003 ¢million</i>	<i>Year ended 31 December 2002 ¢million</i>	<i>Year ended 31 December 2001 ¢million</i>
Balance at 1 January	(40,589)	(27,945)	(31,369)
Transfer from stated capital/prior year adjustment	40,589	-	2,217
	-	(27,945)	(29,152)
Profit/(loss) for the year	26,879	(12,644)	(10,633)
Transfer from capital surplus	1,540	-	18,437
Loss on assets written-off	(1,521)	-	(6,597)
<b>Balance as at 31 December</b>	<b>26,898</b>	<b>(40,589)</b>	<b>(27,945)</b>

**Balance sheet as at 31 December for the three years ended 2003**

	<i>At</i> <i>31 December</i> <i>2003</i> <i>€million</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>€million</i>	<i>At</i> <i>31 December</i> <i>2001</i> <i>€million</i>
<b>Fixed assets</b>	115,135	101,863	95,084
<b>Current assets</b>			
Stocks	67,577	43,702	42,476
Debtors	27,112	21,866	26,803
Taxation	573	918	890
Bank and cash balances	41,893	25,926	6,292
	<u>137,155</u>	<u>92,412</u>	<u>76,461</u>
<b>Current liabilities</b>			
Creditors	57,151	26,694	62,391
Bank overdraft	11	470	24,734
Bank loan	–	2,500	–
Short-term loan	3,086	4,596	4,596
	<u>60,248</u>	<u>34,260</u>	<u>91,721</u>
<b>Net current assets/(liabilities)</b>	<u>76,907</u>	<u>58,152</u>	<u>(15,260)</u>
	192,042	160,015	79,824
<b>Long term liabilities</b>			
Medium-term loan	–	–	(10,687)
Deferred tax liability	(454)	(454)	(454)
<b>Net assets</b>	<u>191,588</u>	<u>159,561</u>	<u>68,683</u>
<b>Financed by:</b>			
Stated capital	144,043	74,441	74,441
Capital surplus	20,647	22,187	22,187
Income surplus	26,898	(40,589)	(27,945)
Deposit for share purchase	–	103,522	–
<b>Shareholders' funds</b>	<u>191,588</u>	<u>159,561</u>	<u>68,683</u>

**Cash flow statement for the three years ended 31 December 2003**

	<i>Year ended 31 December 2003 €million</i>	<i>Year ended 31 December 2002 €million</i>	<i>Year ended 31 December 2001 €million</i>
<b>Operating profit</b> ( <i>before investment returns and servicing of finance</i> )	29,353	(3,224)	749
<b>Add/(less):</b>			
Depreciation	14,784	10,024	9,439
Loss on disposal of fixed assets	(252)	(457)	(217)
Loss on fixed assets written-off	-	-	357
Increase in stock	(23,875)	(1,226)	(5,479)
Increase/(Decrease) in debtors	(5,246)	4,937	(4,946)
(Decrease)/Increase in creditors	30,457	(35,697)	12,180
<b>Net cash inflow/(outflow) from operating activities</b>	<u>45,221</u>	<u>(25,643)</u>	<u>12,083</u>
<b>Returns on investment and servicing of finance</b>			
Interest received	230	20	138
Interest charges	(2,015)	(9,440)	(11,520)
<b>Tax paid</b>	<u>(344)</u>	<u>(28)</u>	<u>(109)</u>
<b>Investing activities</b>			
Additions to fixed assets	(29,662)	(16,803)	(12,423)
Proceeds from disposal of fixed assets	337	457	217
<b>Financing activities</b>			
Deposit for share purchase	-	103,522	-
Proceeds from rights issue	6,669	-	-
Loan released to deposit against shares	-	(10,687)	-
Bank loan paid	(2,500)	2,500	-
Short-term loan	(1,510)	-	-
<b>Net increase in cash and cash equivalents</b>	<u>16,426</u>	<u>43,898</u>	<u>(11,614)</u>
Balance at 1 January	25,456	(18,442)	(6,828)
Balance at 31 December	<u><u>41,882</u></u>	<u><u>25,456</u></u>	<u><u>(18,442)</u></u>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and on hand	41,893	25,926	6,292
Bank overdraft	(11)	(470)	(24,734)
Balance at 31 December	<u><u>41,882</u></u>	<u><u>25,456</u></u>	<u><u>(18,442)</u></u>

## APPENDIX III – KPMG CASH CONFIRMATION LETTER



Audit

P.O. Box 242  
Accra.  
Ghana.

25, Liberia Road  
Accra.  
Ghana.

Telephone +233 (21) 664881 -4  
Fax +233 (21) 667909  
kpmg-gh@kpmg.com.gh

The Directors  
Guinness Ghana Limited  
Kaasi Industrial Area  
Kumasi

Our ref G.99/NAD/PO

Contact P Owiredu

27 April 2004

Dear Sirs

**Offer by Guinness Ghana Limited (“Guinness Ghana”) to acquire all of the outstanding ordinary shares of Ghana Breweries Limited (“Ghana Breweries”)**

We, as the independent statutory auditors of Guinness Ghana, are issuing this letter in accordance with the Ghana Stock Exchange's Rules and Regulations in respect of the cash offer, with a share alternative, to be made to all Ghana Breweries shareholders.

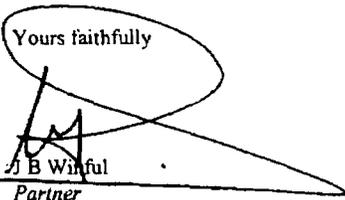
As requested by the board of Guinness Ghana, we have reviewed the banking facilities established by Guinness Ghana with Standard Chartered Bank Ghana Limited for the purpose of supporting the funding requirements of the cash offer. Additionally, we have reviewed the structure of the transaction (in particular, the cash offer price of ₵1,425 per share) and the documentation that establishes the principles of a private placement of shares in Guinness Ghana to Diageo Highlands BV, the controlling shareholder of Guinness Ghana, at ₵5,400 per share.

We confirm that sufficient resources are available to Guinness Ghana to satisfy the maximum amount of cash payable under the cash offer (taking into account Heineken Ghanaian Holding BV's irrevocable undertaking to accept the share alternative).

The above procedures do not constitute an audit. We have not audited any financial statements of Guinness Ghana as of any date or any period subsequent to 30 June 2003.

This letter is not to be made available to any other party nor is it to be used, circulated, quoted or otherwise referred to except for the purpose for which it has been issued.

Yours faithfully

  
J B Winful  
Partner



KPMG a partnership established under  
Ghanaian law, is a member of KPMG International  
a Swiss Association

J E W Winful  
N A Dadoo

R B Perbi  
K B Korah

E O Asiedo  
N D Hartley

E T Akonor (Jr)

#### APPENDIX IV – 26 WEEK SHARE PRICES FOR GHANA BREWERIES SHARES

<i>week ending</i>	<i>highest price (¢)</i>	<i>week ending</i>	<i>highest price (¢)</i>
1. 27 June 2003	552	14. 26 September 2003	860
2. 4 July 2003	552	15. 3 October 2003	900
3. 11 July 2003	552	16. 10 October 2003	905
4. 18 July 2003	552	17. 17 October 2003	905
5. 25 July 2003	552	18. 24 October 2003	905
6. 1 August 2003	552	19. 31 October 2003	906
7. 8 August 2003	552	20. 7 November 2003	1,000
8. 15 August 2003	552	21. 14 November 2003	1,000
9. 22 August 2003	555	22. 21 November 2003	1,200
10. 29 August 2003	670	23. 28 November 2003	1,300
11. 5 September 2003	800	24. 5 December 2003	1,300
12. 12 September 2003	810	25. 12 December 2003	1,401
13. 19 September 2003	860	26. 17 December 2003	1,425

Average: ¢850.69 per Ghana Breweries share

**APPENDIX V – MAJOR SHAREHOLDERS OF  
GUINNESS GHANA AND GHANA BREWERIES**

**1. Top 20 Guinness Ghana shareholders (as at 11 June 2004)**

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of issued capital</i>
Diageo Highlands BV	70,921,228	60.37
Social Security & National Insurance Trust	18,151,032	15.45
BBGN/Chase Manhattan	6,061,037	5.16
BBGN/Chase Manhattan Offshore	3,906,408	3.33
D M Ventures	1,931,265	1.64
BBGN/Epac Investment Fund Ltd.	1,132,424	0.96
Ghanaian Employees Of Guinness	1,050,374	0.89
BBGN/Boston Safe Deposit & Trust Co	634,277	0.54
Enterprise Insurance Co Ltd	500,000	0.43
State Insurance Company	400,000	0.34
Ghana Reinsurance Organisation	329,900	0.28
BBGN/Unilever Ghana Provident Fund	300,059	0.26
BBGN/Unilever Ghana Managers	266,217	0.23
BBGN/Gh Textiles Printing Provident Fund	162,500	0.14
Teachers Fund	162,303	0.14
Dr R H M Nanka-Bruce	160,000	0.14
DBL Tracking A/C	109,800	0.09
Retco Company Limited	105,600	0.09
NTHC Limited	93,291	0.08
Mr E N Safo-Nyame	76,676	0.07
<b>Totals</b>	<u>106,454,391</u>	<u>90.61</u>
<b>Others</b>	<u>11,025,609</u>	<u>9.39</u>
<b>Total Issued Shares</b>	<u><u>117,480,000</u></u>	<u><u>100.00</u></u>

2. Top 20 Ghana Breweries shareholders (as at 11 June 2004)

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of issued capital</i>
Heineken Ghanaian Holdings BV	252,622,865	75.59
Social Security & National Insurance Trust	62,377,222	18.66
Mr D Ofori	6,276,857	1.88
GCS Account/F. Portfolio	2,688,008	0.80
CFAO Liverpool	747,890	0.22
Mr E N Safo-Nyame	678,041	0.20
KBL Co-op. Credit Union Ltd.	600,005	0.18
CDH Asset Management Ltd	594,030	0.18
Falcon QP LP	472,002	0.14
MIHL Nominees A/C 9	450,000	0.13
GBL Employee Share Option	388,000	0.12
PZ Cussons Ghana Ltd	311,633	0.09
Gold Coast Securities Clients A/C	288,500	0.09
DBL Trading A/C	258,815	0.08
MIHL Nominees A/C 12	255,000	0.08
Mr G B Otoo	250,722	0.08
Mr L Prempeh	226,000	0.07
Dr. K D Fordwor	220,000	0.07
MIHL Nominees A/C 6	200,000	0.06
Mr J Idun-Ogde	200,000	0.06
<b>Totals</b>	<b>330,105,590</b>	<b>98.77</b>
<b>Others</b>	<b>4,117,515</b>	<b>1.23</b>
<b>Total Issued Shares</b>	<b>334,223,105</b>	<b>100</b>

## APPENDIX VI – INSTRUCTIONS FOR COMPLETING THE FORM OF ACCEPTANCE

Please use block capitals and return the completed Form of Acceptance and the relevant share certificate(s) and/or other document(s) of title to Strategic African Securities at either of the following addresses: (i) Strategic African Securities, 2nd Ridge Link, North Ridge, PO Box KA 16446, Accra, Ghana or (ii) Strategic African Securities, c/o Standard Chartered Bank Ghana Limited, Harper Road Branch, PO Box 1536, Kumasi, Ghana.

Photocopies of the accompanying Form of Acceptance will not be accepted. Additional Forms of Acceptance can be obtained from Strategic African Securities at either of the addresses stated above.

### *Guide to completing the accompanying Form of Acceptance for individuals*

#### **1. The Cash Offer**

To accept the Cash Offer in respect of your entire holding of Ghana Breweries shares, place an 'X' in Box 1.

#### **2. The Share Alternative**

To accept the Share Alternative in respect of your entire holding of Ghana Breweries shares, place an 'X' in Box 2.

**If no 'X' is inserted in Box 1 or Box 2 you will be deemed to have accepted the Cash Offer in respect of your entire holding of Ghana Breweries shares (being the entire holding under the name and address specified in Box 4 and the names (if any) specified in Box 7).**

**If an 'X' is inserted in each of Box 1 and Box 2 you will be deemed to have accepted the Cash Offer in respect of your entire holding of Ghana Breweries shares.**

#### **3. Share certificate(s)**

Insert in Box 3A the share certificate number(s) for the relevant Ghana Breweries shares and insert in Box 3B the number of Ghana Breweries shares represented by each such share certificate.

#### **4. Name and address**

Complete Box 4 with the name and full postal address of the sole or first registered holder of the relevant Ghana Breweries shares, exactly as such name and full postal address appear on the relevant share certificates(s) and/or other document(s) of title.

If the address of any registered holder has changed, insert in Box 4 the new full postal address of such registered holder, **provided such address has been notified to Merchant Bank (Ghana) Limited.**

#### **5. Settlement instructions**

If you would like the cash sum to which you are entitled under the terms of the Cash Offer to be paid into a bank account, complete Box 5A with (i) the bank's name and branch and (ii) the relevant account number and account name.

All other consideration will be settled by a cheque or certificate for new Guinness Ghana shares (as appropriate) issued in favour of the sole or first registered Ghana Breweries shareholder at either (i) the address specified in Box 4 or (in the event of Box 4 not having been completed) at the address specified on the register of members or (ii) at the election of the relevant Ghana Breweries shareholder (by placing a 'X' in the appropriate section of Box 5B) at either of the addresses of Strategic African Securities stated above, for collection by that shareholder.

## **6. Signature / thumbprint**

To accept the Cash Offer or the Share Alternative (as appropriate) the sole or first registered Ghana Breweries shareholder must sign or place his thumbprint in Box 6. The signature or thumbprint must be exactly the same as the one used by him when applying for the Ghana Breweries shares in respect of which he is accepting the Cash Offer or the Share Alternative (as appropriate). By signing or placing his thumbprint in Box 6, he will be accepting the Cash Offer or the Share Alternative (as appropriate) in accordance with the terms and conditions set out in this document and in the Form of Acceptance.

The Form of Acceptance may be signed by someone else on behalf of the sole or first named Ghana Breweries shareholder if such person is duly authorised to do so. Any such person must enclose the original power of attorney (or a copy of it certified by a notary public) appointing him unless he is a selling agent or financial intermediary and states in the Form of Acceptance the capacity in which he has signed such document.

Each Ghana Breweries shareholder (or any person authorised to sign on his behalf) must sign in the presence of a witness. The witness must be over 18 years of age and must not be one of the other joint registered holders (if applicable).

You should note that proceedings may be initiated against any Ghana Breweries shareholder who knowingly makes a false declaration.

## **7. Joint holders**

If the relevant Ghana Breweries shares are jointly held, each joint holder other than the first registered holder must insert his name and sign or place his thumbprint in Box 7. The signature(s) or thumbprint(s) must be exactly the same as the one used by him when applying for the Ghana Breweries shares in respect of which he is accepting the Cash Offer or the Share Alternative (as appropriate). By signing or placing a thumbprint in Box 7, each such joint holder will be accepting the Cash Offer or the Share Alternative (as appropriate) in accordance with the terms and conditions set out in this document and in the Form of Acceptance.

The Form of Acceptance may be signed by someone else on behalf of a joint holder if such person is duly authorised to do so. Any such person must enclose the original power of attorney (or a copy of it certified by a notary public) appointing him unless he is a selling agent or financial intermediary and states in the Form of Acceptance the capacity in which he has signed such document.

Each such joint holder (or any person authorised to sign on his behalf) must sign in the presence of a witness. The witness must be over 18 years of age and must not be one of the other joint registered holders.

If there is insufficient space for each joint holder to complete the Form of Acceptance, Box 7 of an additional Form of Acceptance (which may be obtained from either of the addresses set out above) should be completed by the relevant joint holder(s) and affixed to the original Form of Acceptance.

**Please do not complete Box 8, which is for the use of Strategic African Securities.**

### ***Guide to completing the accompanying Form of Acceptance for Companies***

A company which is accepting the Cash Offer or the Share Alternative (as appropriate) should insert in Box 4 its name and address, as they appear on the relevant share certificates(s) and/or other document(s) of title. The company's duly authorised officer(s) must then sign Box 6 and affix the company's stamp (if applicable) or otherwise comply with the company's articles of association or regulations and other applicable laws. The duly authorised officer(s) must sign in the presence of a witness. The witness must be over 18 years of age and must not be one of the other joint registered holders (if applicable). The company should then complete the remainder of the Form of Acceptance in accordance with the instructions for individuals set out above.



## FORM OF ACCEPTANCE

### TO ACCEPT THE CASH OFFER OR SHARE ALTERNATIVE PURSUANT TO THE OFFER DOCUMENT FROM GUINNESS GHANA LIMITED DATED 18 JUNE 2004

<b>1. Acceptance of the Cash Offer</b>		<b>2. Acceptance of the Share Alternative</b>	
<b>3A. Share certificate number(s)</b>		<b>3B. Number of shares represented by certificate(s)</b>	
(attach additional signed list if necessary)			
<b>4. Name and address of sole or first registered holder</b> (please complete in BLOCK CAPITALS, exactly as the name and address appear on the certificate(s))			
Name: .....		Address: .....	
<b>5A. Payment Details</b>			
Bank:	Branch:	Account Number:	Account Name:
<b>5B. Please deliver the cheque for the cash sum or the certificate for new Guinness Ghana shares (as appropriate) to which I am entitled to Strategic African Securities at:</b>			
2nd Ridge Link, North Ridge, PO Box KA 16446, Accra, Ghana		Standard Chartered Bank Ghana Limited, Harper Road Branch, Kumasi, Ghana	
<b>Declaration:</b> I/We hereby accept the Cash Offer or the Share Alternative (as appropriate) in respect of the number of Ghana Breweries shares set out in Box 3B above, on the terms and conditions set out in the Offer Document dated 18 June 2004 and this form of acceptance. I/We warrant that I/we have full power and authority to sell, assign and transfer such shares and that Guinness Ghana will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and that such shares will not be subject to any adverse claim.			
<b>6. Signed by:</b>		<b>Witnessed by</b>	
		Name: .....	
		Signature: .....	
		Address: .....	
Signature(s)/Thumbprint/Company Stamp			

**7. Joint Transferors/Authorised Signatories**

The sole or first registered holder must complete Boxes 1 to 6 above. The names of any other joint holder(s)/authorised signatories must be inserted below in BLOCK CAPITALS and they each must sign or place their thumbprint in the appropriate column below against their name.

I/We join this transfer and give the declaration set out above.

Name	Signature(s)/Thumbprint Company Stamp	Witnessed by:
		Name: .....Signature: .....
		Address: .....
		Name: .....Signature: .....
		Address: .....
		Name: .....Signature: .....
		Address: .....

**8. For the use of Strategic African Securities**

<b>Name (in full as exactly on certificate(s))</b>	
Name:	
Address:	
Signature	Stamp

<b>Share(s) in respect of which the Cash Offer or the Share Alternative has been accepted (attach additional signed list if necessary)</b>	
<b>Certificate number(s)</b>	<b>Total number of shares represented by certificate(s)</b>