

PROSPECTUS

GHANA BREWERIES LIMITED

LISTING BY MEANS OF AN INTRODUCTION

**21,688,664 ORDINARY SHARES
AT ₵2,659.00 PER SHARE**

**FINANCIAL ADVISORS:
DATABANK FINANCIAL SERVICES LIMITED**

**SPONSORING BROKERS:
DATABANK BROKERAGE LIMITED**

JULY 2, 1998

The information contained herein known as the "Prospectus" gives details of the merger of Kumasi Brewery Limited ("KBL") and Ghana Breweries Limited (formerly ABC Brewery Limited) to assume the name Ghana Breweries Limited ("GBL" or the "Merged Company"). The Prospectus also gives details of the listing on the Ghana Stock Exchange (GSE) by means of introduction the shares of the Merged Company. A copy of this document has been delivered to the Registrar-General's Department in Ghana for registration. The Registrar has not checked and will not check for the accuracy or completeness of any statements made herein and accepts no responsibility therefor or for the financial soundness of the Merged Company or the value of the Securities concerned.

GHANA BREWERIES LIMITED

(Incorporated in Ghana as a Limited Liability Company under
the Companies Code, 1963 [Act 179])

**Listing by means of an introduction 21,688,664 ordinary shares
of no par value at a listing price of ₵2,659.00 per share**

Financial Advisors and Sponsoring Brokers:

Databank Financial Services Limited

Databank Brokerage Limited

Application has been made to the Ghana Stock Exchange (GSE), a stock exchange approved in accordance with Section 280 of the Companies Code, 1963 (Act 179) as amended by Section 145(2) of the Securities Industry Law 1993, (PNDC 333), for the listing of the shares of the Merged Company on the GSE. The GSE has given a provisional approval for the listing of the said shares.

The Date of this Prospectus is July 2, 1998

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DIRECTORS AND PARTIES TO THE LISTING

Directors:	Mr. Ishmael Evans Yamson Mr. Martin Eson-Benjamin Mr. Francis Solace Oduro Koranteng Mr. Benjamin Boateng Afrifa Mr. Jean-Louis Maurice Homé Mr. Peter Lucas Theodoor Vogelsang Mr. Peter Kofi Otoo Addo Mr. Johannes Gerardus Petrus Twaalfhoven Mr. Alan Francis Parke Mr. Ebenezer Magnus Boye Dr. Kwame Donkoh Fordwor
Company Secretary:	Mrs. Shirley Frimpong Ghana Breweries Limited Mile 7, Accra-Nsawam Road P.O. Box 114 Achimota, Accra
Principal Place of Business:	Mile 7, Accra-Nsawam Road P.O. Box 114 Achimota, Accra
Registrars and Transfer Agents:	Merchant Bank (Ghana) Limited Merban House 44 Kwame Nkrumah Avenue P.O. Box 401 Accra
Financial Advisors:	Databank Financial Services Limited SSNIT Tower Block, 5th Floor PMB, Ministries Post Office Accra
Sponsoring Brokers:	Databank Brokerage Limited SSNIT Tower Block, 5th Floor PMB, Ministries Post Office Accra

Auditors:

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

Reporting Accountants:

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

Legal Advisors:

Sam Okudzeto & Associates
Sena Chambers
P.O. Box 5520
Accra

Bankers:

SSB Bank Limited
Ecobank Ghana Limited

PART I - PROSPECTUS SUMMARY

The following summary contains the salient features of the listing which are qualified in the entirety by reference to the detailed information and financial statements contained elsewhere in this prospectus.

- 1.1 **The Company:** Ghana Breweries Limited (“GBL” or the “Company” or the “Merged Company”) is the merger of Kumasi Brewery Limited (KBL) and Ghana Breweries Limited (formerly ABC Brewery Limited). The merger of the two companies became necessary as a result of the acquisition of 90% equity stake in Ghana Breweries Limited (formerly ABC Brewery Limited) by Heineken International Beheer, the parent company of KBL in October 1997. The approval resolutions for the merger of the two companies were held on June 10, 1998 by the shareholders of Ghana Breweries Limited (formerly ABC Brewery Limited) and on June 30, 1998 by the shareholders of KBL.
- 1.2 **Authorised Business:** The nature of business which GBL is authorised to carry on are:
- to manufacture, market, sell, distribute, export and deal in beer, ale porter, stout, mineral waters, wines, sprits, soft drinks, aerated waters and liquors and their ancillary products, and to carry on such other activities as in the opinion of the Directors, may conveniently be carried on in connection or together with, or incidental, or ancillary to, any of the foregoing;
 - to invest the funds of the Company in the acquisition, by purchase, lease or otherwise of interests in land and buildings as from time-to-time may in the opinion of the Directors be deemed to be in the interests of the company, and to develop, administer, maintain, manage or control the same as may be necessary; and
 - the development of the use of local materials for the production of alcoholic and non-alcoholic beverages.
- 1.3 **The Share Listing:** The share listing, which is by an introduction to the Ghana Stock Exchange (GSE), comprises 21,688,664 ordinary shares of the issued share capital of the Company. The shares are widely held with approximately 1,545 shareholders so there will be adequate marketability for them when listed.
- 1.4 **Listing:** Application has been made to the Ghana Stock Exchange (GSE), a stock exchange approved in accordance with section 280 of the Companies Code 1963 (Act 179) as amended by Section 145(2) of the Securities Industry Law 1993, (PNDCL 333), for the listing of the shares of the Company on the GSE. The GSE has given an approval for the listing of the said shares.
- 1.5 **Symbol:** GBL
- 1.6 **Underwriting of Shares:** None of the shares being listed have been underwritten.
- 1.7 **Important Dates:**
- An Extraordinary General Meeting of the shareholders of Ghana Breweries Limited (formerly ABC Brewery Limited) to approve of the Merger and the listing of the shares held on June 10, 1998.
 - An Extraordinary General Meeting of the shareholders of KBL to approve of the merger and the listing of the shares held on June 30, 1998.
 - Suspension of the dealings in the shares of KBL on the GSE held on June 30, 1998.
 - Despatch of share certificates of the Merged Company to shareholders on record, July 10, 1998.
 - Listing of the shares of the Merged Company and trading begins on July 17, 1998.

- 1.8 **Working Capital:** The Directors of the Company are of the opinion that the Company's working capital is sufficient to finance its operations.
- 1.9 **Directors Interests:** No Director of GBL has or has had any interest, direct or indirect in any transaction to which the Company is or was a party and which is or was unusual in its nature or condition or significant to the business of the Company.
- 1.10 **Directors Responsibility:** The Directors of KBL and Ghana Breweries Limited (formerly ABC Brewery Limited) collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm, having made all reasonable knowledge and belief, the information contained herein is factual.
- 1.11 **Summary Financial Information:**
The past five (5) years' financials of Ghana Breweries Limited (formerly ABC Brewery Limited) and Kumasi Brewery Limited, the two companies which constitutes the Merged Company are as follows:

Ghana Breweries Limited (formerly ABC Brewery Limited)**Selected Income Statement Figures (€'million)**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Gross Revenue	€6,885	€7,688	€11,516	€18,219	€25,876
Net Revenue	3,609	4,048	6,212	9,455	13,580
Gross Profit	1,095	260	915	458	3,700
Net Earnings (losses)	(2,154)	(2,846)	(3,867)	(12,891)	(12,617)

Selected Balance Sheet Figures (€'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Fixed Assets	€9,759	€9,845	€15,687	€15,958	€45,261
Current Assets	2,646	4,041	4,697	6,971	7,285
Current Liabilities	3,894	2,452	8,330	24,467	5,106
Income Surplus Accounts	(3,202)	(6,040)	(9,907)	(22,747)	(35,364)
Shareholders Funds	138	4,310	861	(12,030)	47,440
Long-term Debt	8,629	7,329	11,296	10,492	-

Kumasi Brewery Limited**Selected Income Statement Figures (€'million)**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Gross Revenue	€10,416	€14,249	€21,683	€38,248	€49,046
Net Revenue	5,482	7,635	11,596	20,715	27,327
Gross Profit	3,017	4,011	6,758	10,685	12,276
Net Earnings	535	614	1,253	1,640	1,699

Selected Balance Sheet Figures (€'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Fixed Assets	€2,560	€3,493	€4,561	€5,640	€14,711
Current Assets	2,756	4,229	6,972	10,894	12,963
Current Liabilities	2,797	3,806	6,376	9,763	11,558
Shareholders' Funds	2,481	3,865	5,064	6,538	15,662

PART II - PREAMBLE

Heineken International Beheer B.V. (“Heineken B.V.”), a subsidiary of Heineken N.V. (“Heineken”), acquired ABC Brewery Limited (ABC) a Ghanaian brewing company (the “Acquisition”) on October 3, 1997. The Acquisition involved the purchase of a 90% equity stake in ABC with the remaining 10% of the equity being held by the Social Security and National Insurance Trust (“SSNIT”), until then the majority shareholder of ABC. Following the Acquisition, ABC’s name was changed to Ghana Breweries Limited and was converted into a public company with its objects and business activities however remaining unchanged.

Heineken is the majority shareholder of Kumasi Brewery Limited (KBL) in which it directly owns 17.67% and indirectly owns, through its wholly owned subsidiary Limba Ghana Limited, 32.59% for an aggregate total holding of 50.26%. The Acquisition has resulted in Heineken becoming the majority shareholder of both KBL and Ghana Breweries Limited (formerly ABC Brewery Limited). The shareholders of the two breweries have resolved to merge the two companies to ensure ease of administration and to capture synergies. The merger of the two breweries was consummated by the acquisition of KBL by Ghana Breweries Limited (formerly ABC Brewery Limited).

The approval resolutions took place at Extraordinary General Meetings (EGMs) held by the shareholders of Ghana Breweries Limited (formerly ABC Brewery Limited) and KBL on June 10, 1998 and June 30, 1998, respectively. The EGMs of both breweries also approved that the merged entity should use the name “Ghana Breweries Limited” (“GBL” or the “Merged Company”). The shareholders also gave their approval for the listing of the “Merged Company” on the Ghana Stock Exchange (GSE).

Ghana Breweries Limited is a merger between Ghana Breweries Limited (formerly ABC Brewery Limited) and Kumasi Brewery Limited. Ghana Breweries Limited (formerly ABC Brewery Limited) was incorporated as a private limited liability company in April 1992 and was converted into a public limited liability company in June 1998. Kumasi Brewery Limited, currently a listed company on the Ghana Stock Exchange (GSE) was also incorporated under the Companies Ordinance Cap. 193 in May 1955. The registered office of GBL is at Mile 7, Accra-Nsawam Road, P.O. Box 114, Achimota, Accra. Its Registrar and authorised transfer agent is Merchant Bank Ghana Limited. GBL has applied for the listing of 21,688,664 ordinary shares of no par value currently being held by its shareholders on the Ghana Stock Exchange (GSE), a stock exchange approved in accordance with section 280 of the Companies Code 1963 (Act 179) as amended by Section 145(2) of the Securities Industry Law 1993, (PNDCL 333). The GSE has given an approval for the listing of the said shares.

PART III - PROFILE OF GHANA BREWERIES LIMITED

Background of Ghana Breweries Limited

Ghana Breweries Limited is a merger between Ghana Breweries Limited (formerly, ABC Brewery Limited) and Kumasi Brewery Limited. The background of GBL therefore encompasses the backgrounds of the two breweries.

Ghana Breweries Limited (formerly ABC Brewery Limited) was incorporated in April 1992 as a private limited liability company by a consortium of investors led by SSNIT to acquire the then Achimota Brewery Company from the Ghana Government. The company was registered with 7,800,000 ordinary shares of no par value with all the shares being fully issued. The company was founded in 1969 by the late Mr. J. K. Siaw, a renowned Ghanaian entrepreneur.

The company was established with the following objectives:

- to carry on business as brewers, distillers and manufacturers of, and merchants and dealers in beer, ale, porter, stout, wines, spirits, soft drinks, aerated waters and liquors of every description as well as all sorts of raw materials, machinery, equipment, spare parts and containers capable of being used in connection with any such business and manufacture;
- to market, distribute and sell beer and other alcoholic and non-alcoholic beverages and to act as wholesalers and retailers of such drinkables and related merchandise;
- the development of and the use of local materials for the production of alcoholic and non-alcoholic beverages; and
- the export of its products.

The company was owned and managed by the founder until it was nationalised in 1979 by the then military regime in the country. After the confiscation, all of the company's assets were vested in the state which enabled the Ghana Government to become the sole shareholder.

The Ghana Government subsequently sold all its interests to some institutional investors led by SSNIT. As at October 2, 1997, the shareholders of the company were Social Security and National Insurance Trust (SSNIT) - the state pension scheme; Ghana Reinsurance Company Limited - a state-owned reinsurance company; National Investment Bank (NIB) and Ghana Venture Capital Fund (GVCF).

On October 3, 1997, Heineken B.V. acquired 90% (the "Acquisition") of the total equity stake in the company which totalled 7,020,000 issued and fully paid up capital. The Acquisition involved all the equity stakes of the then shareholders, except 10% of the shareholdings of SSNIT. The remaining 10% equity stake is being held by SSNIT, which has now become the minority shareholder of the company. The Acquisition has made Heineken B.V. the majority shareholder of the company and thus assume full management control over its operations.

Operating Performance

Currently, the company brews and distributes ABC Golden Lager Beer, ABC Bubra, ABC Stout; in addition to soft drinks like Africola, Bluna Tropic, Bluna Orange and Bluna Zit. The company started operation with the production of bottled ABC Lager Beer but later on added ABC Stout and ABC Bubra, a draught beer, to its product range to realise the available market potential. The company was the first brewery to introduce draught beer into the country. The company further diversified its operations into the production of soft drinks by producing Africola, Bluna Tropic, Bluna Orange and Bluna Zit. The diversification into the production of soft drinks was in response to the growing demand for the products due largely to religious and income reasons. The company's plant capacity was thus increased with the installation of a new carbon dioxide plant and a new bottling line to cope with the expected increase in production volume.

The company, however, has not been able to increase its capacity-utilisation to an appreciable level. The company has been utilising about half of its available brewing capacity of approximately 300,000 hectolitres. The company, however, has an installed brewing capacity of 1 million hectolitres, all of which can be utilised with some capital investment.

Following is the production performance of the various product lines of the Company over the past five (5) years:

Volume (cartons)

	1993	1994	1995	1996	1997
<i>Beer:</i>					
ABC Golden Lager	1,284,883	818,580	634,558	863,414	793,048
ABC Golden Mini	-	-	-	20,875	107,049
Golden Bubra	303,582	654,028	756,154	575,359	421,699
Stout Mini	-	18,852	212,481	202,381	226,165
Bubra Stout	-	-	-	6,470	14,383
Supermalt	26,923	35,085	33,062	5,582	-
<i>Soft Drinks:</i>					
Africola	-	-	-	22,099	43,051
Bluna Tropic	-	-	-	16,116	117,119
Bluna Orange	-	-	-	7,877	37,231
Bluna Zit	-	-	-	5,013	15,350

Following is a summary of the past five (5) years' financials of Ghana Breweries Limited (formerly ABC Brewery Limited):

Selected Income Statement Figures (¢'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Gross Revenue	¢6,885	¢7,688	¢11,516	¢18,219	¢25,876
Net Revenue	3,609	4,048	6,212	9,455	13,580
Gross Profit	1,095	260	915	458	3,700
Net Earnings (losses)	(2,154)	(2,846)	(3,867)	(12,891)	(12,617)

Selected Balance Sheet Figures (¢'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Fixed Assets	¢9,759	¢9,845	¢15,687	¢15,958	¢45,261
Current Assets	2,646	4,041	4,697	6,971	7,285
Current Liabilities	3,894	2,452	8,330	24,467	5,106
Income Surplus Accounts	(3,202)	(6,040)	(9,907)	(22,747)	(35,364)
Shareholders Funds	138	4,310	861	(12,030)	47,440
Long-term Debt	8,629	7,329	11,296	10,492	-

Kumasi Brewery Limited (KBL) was established as a private limited liability company on May 20, 1955 by a group of foreign investors led by Unilever Plc ("Unilever") and Heineken. KBL was established with the following objectives:

- to manufacture, sell and deal in beer, stout, mineral waters and their ancillary products, and to carry on such other activities as, in the opinion of the Directors, may conveniently be carried on in connection or together with or incidental or ancillary to any of the foregoing; and
- to invest the funds of the company in the acquisition, by purchase, lease or otherwise of interests in land and buildings as from time-to-time may, in the opinion of the Directors be deemed to be in the interest of the company, and to develop, administer, maintain, manage or control the same as may be necessary.

KBL was converted into a public limited liability company in 1976 with 55% of its shares being allocated to Ghanaians in compliance with Ghana's Indigenisation Policy. In 1990, KBL was listed on the Ghana Stock Exchange (GSE). In August 1995, Unilever divested its shareholdings of 25.2% in KBL and was successfully acquired by Limba Ghana Limited, a wholly owned subsidiary of Heineken. This acquisition in addition to Heineken's own holding has placed Heineken in a controlling position with 50.26% shareholding in KBL.

Operating Performance

KBL primarily produces and distributes Star Lager, Gulder and Amstel Malta as their main brands. The growing demand for non-alcoholic beverages particularly with the successful introduction of Malta Guinness by GGL encouraged KBL to add Maltina, a non-alcoholic brewed drink as an additional product line in 1990. The potential of Maltina in the market spurred KBL to launch Amstel Malta, another brand of non-alcoholic brewed beverage in July 1996. In February 1997, KBL commissioned a modern kegging line which paved the way for the launch of Star Draft. KBL's products are distributed both in the northern and southern sectors of the country to several distributors who deal in their products.

KBL has been consistent in increasing the production volumes of its brands over the years. The growth in volumes and expansion in brands have exerted pressure on its current installed plant capacity of 300,000 hectolitres, and also on its ageing equipment, particularly, the fermenting and storage tanks in the brewery.

KBL's combined market share has increased from 24% in 1994 to 27.9% in 1997. This increase has been achieved through aggressive promotional activities and operational efficiencies instituted by the current management team. The current management team, led by Mr. Martin Eson-Benjamin, assumed office in 1995 and has revitalised the marketing programmes which have enabled KBL to increase its market share. The programmes have involved identification of KBL's products with most of the country's cultural activities through sponsorships of festivals, golf, soccer and beauty competitions, and the branding of several of KBL retail outlets. The sponsorships have successfully projected KBL's image; KBL was consequently awarded the National Good Corporate Citizenship Award for 1995 and 1997.

KBL's location in Kumasi has enabled it to dominate the beer market in the northern sector. However, 53% of its beer products is sold in the more urbanised and populated southern sector.

Following is the production performance of KBL's product lines in cartons over the past five (5) years:

Volume (cartons)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Star Lager Beer	1,347,184	1,304,287	1,617,963	1,717,397	1,817,599
Gulder Beer	825,379	874,065	900,522	900,204	739,039
Maltina	68,238	94,352	34,855	32,169	47,570
Amstel Malta	-	-	-	-	402,375

Following is a summary of the past five (5) years' financials of Kumasi Brewery Limited:

Selected Income Statement Figures (¢'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Gross Revenue	¢10,416	¢14,249	¢21,683	¢38,248	¢49,046
Net Revenue	5,482	7,635	11,596	20,715	27,327
Gross Profit	3,017	4,011	6,758	10,685	12,276
Net Earnings	535	614	1,253	1,640	1,699

Selected Balance Sheet Figures (¢'million)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Fixed Assets	¢2,560	¢3,493	¢4,561	¢5,640	¢14,711
Current Assets	2,756	4,229	6,972	10,894	12,963
Current Liabilities	2,797	3,806	6,376	9,763	11,558
Shareholders' Funds	2,481	3,865	5,064	6,538	15,662

Future Outlook of the Merged Company

Heineken plans to fully integrate the operations of the two brewing companies to achieve effective and efficient utilisation of their resources in order to increase productivity and reduce operating costs. The merged company will be more efficient and will benefit from the KBL and Heineken tradition of excellent management as well as technical and financial resources from Heineken.

There will be an increase in the capacity utilisation of Ghana Breweries Limited's (formerly ABC Breweries Limited) plant and machinery so as to relieve the pressure on the ageing equipment of KBL. KBL will reach the limit of its capacity in the near term due to the use of aged equipment which will result in a loss in market share and profitability. Ghana Breweries Limited (formerly ABC Breweries Limited) has a relatively new and modern bottling line with excess capacity. With 50% of GBL's capacity not utilised this could be exploited efficiently by KBL after the merger to enable the merged companies to make positive gains in the lager beer market in Ghana. Ghana Breweries Limited (formerly ABC Breweries Limited) currently has installed brewing capacity of 1 million hectolitres (against KBL of 300,000 hectolitres) which is enough to supply the total Ghanaian market of approximately, 900,000 hectolitres. The merger will result in improved profitability of the joint operations, enhancement of market share and reduction in cost of operations.

Currently, GBL has a substantial negative balance in its income surplus account and will therefore not be in a position to pay dividends to its shareholders within the foreseeable future. However, the commitment of Heineken and the current management team to restructure ABC within a programmed period will enable the merged entity to generate enough profit to maintain consistent dividend payout to the shareholders in the medium term to long run. The shareholders will benefit from having shares in the largest brewing firm in the country. Without the merger, KBL will require approximately, ¢30 billion to replace its ageing equipment. The resultant high interest charges will lead to losses and KBL will be unable to pay dividends within the foreseeable future.

In addition to its beer products, Ghana Breweries Limited (formerly ABC Brewery Limited) produces soft drinks and is therefore represented in all the viable segments of the beverage industry while dominating the draught beer market. In an increasingly competitive brewery industry, the merged company will have a stronger competitive edge due to its comprehensive product line of high value-added brands covering the profitable and fast growing segments of the brewed products and soft drinks markets. The merged entity plans to dominate the lager/stout segment and to satisfy each segment of the brewery industry with the exploitation of identified synergies.

Share Capital

The authorised capital of GBL consists of ordinary shares and preference shares as follows:

Ordinary Shares

Authorised	Issued and Fully Paid	Unissued Shares
30,000,000 Ordinary	21,688,664 Ordinary	8,311,336 Ordinary
Shares of no par Value	Shares of no par Value	Shares of no par Value

Preference Shares

Authorised	Issued and Fully Paid
420,000 Preference	420,000 Preference
Shares of ¢100,000 each	Shares of ¢100,000 each

The Merged Company has 8,311,336 unissued ordinary shares while all the preference shares have been fully issued.

The number of shareholders who hold ordinary shares in GBL on record as at the end of December 31, 1997 was 1,545.

Following are the names and the number of shares of substantial shareholders of GBL :

(i) Pre-Merger Shareholdings (December 31, 1997):

Ghana Breweries Limited (formerly ABC Brewery Limited):

<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1. Heineken International	7,020,000	90.00
2. Social Security and National Insurance Trust	780,000	10.00

Kumasi Brewery Limited:

<u>NAME</u>		<u>NO. OF SHARES</u>	<u>%</u>
1. Limba Ghana Limited	-	1,955,895	32.60
2. Heineken International	-	1,059,990	17.67
3. CFAO Liverpool	-	373,944	6.23
4. BBG Nominees/Morgan Stanley	-	336,000	5.60
5. Databank Brokerage Limited	-	278,928	4.64
6. BBG Nominees/State Street	-	214,608	3.53
7. SSNIT	-	169,085	2.82
8. Paterson Zochonis Ghana Limited	-	155,816	2.60
9. BBG Nominees/Pictet & CIE (Africa)	-	149,436	2.49
10. BBG Nominees/Pictet & CIE (Africa Non Taxed)	-	130,135	2.17
11. Unilever Ghana Pension Scheme	-	105,780	1.76
12. BBG Nominees /Africa Emerging	-	85,392	1.42
13. Unilever Managers Pension Scheme	-	64,630	1.08
14. KBL Co-op. Credit Union Ltd.	-	60,000	1.00
15. Unilever Ghana Provident Fund	-	27,556	0.46
16. SDC Brokerage Services Limited	-	26,500	0.44
17. National Trust Holding Co. Limited	-	24,230	0.40
18. Mr. J.F. Aidoo	-	10,350	0.17
19. EBG Stockbrokers Limited	-	7,130	0.12
20. Strategic African Securities	-	6,600	0.11

(ii) Post-Merger Shareholdings (July 10, 1998):**Ghana Breweries Limited**

<u>NAME</u>		<u>NO. OF SHARES</u>	<u>%</u>
1.	Heineken International	- 13,009,784	59.98
2.	Limba Ghana Limited	- 2,933,843	13.53
3.	SSNT	- 1,522,494	7.02
4.	CFAO Liverpool	- 560,917	2.59
5.	BBG Nominees/Morgan Stanley	- 504,001	2.32
6.	Databank Brokerage Limited	- 375,673	1.73
7.	BBG Nominees/State Street	- 321,913	1.48
8.	Paterson Zochonis Ghana Limited	- 233,724	1.08
9.	BBG Nominees/Pictet & CIE (Africa)	- 224,154	1.03
10.	BBG Nominees/Pictet & CIE (Africa Non Taxed)	- 195,202	0.90
11.	Unilever Ghana Pension Scheme	- 158,670	0.73
12.	BBG Nominees /Africa Emerging	- 128,088	0.59
13.	Unilever Managers Pension Scheme	- 96,945	0.45
14.	KBL Co-op. Credit Union Ltd.	- 90,000	0.41
15.	Unilever Ghana Provident Fund	- 41,334	0.19
16.	SDC Brokerage Services Limited	- 39,750	0.18
17.	National Trust Holding Co. Limited	- 36,345	0.17
18.	EBG Stockbrokers Limited	- 34,350	0.16
19.	Sterling Securities Limited	- 22,950	0.11
20.	Mr. J.F. Aidoo	- 15,525	0.07

i. Ordinary Shares:

The rights and privileges attached to the ordinary shares of the Company are:

- The right to information about the Company's performance as required by the Companies Code (1963) Act 179 and the regulations of the Company.
- Right to dividend if available.
- The right to vote on Company matters such as the appointment of Directors and Auditors of the Company.
- The right to attend shareholders' meetings.
- The right to vote by proxy if unable to attend shareholders' meetings in person.
- The right to share in any surplus upon the winding up of the Company.

ii. SSNIT Preference Shares:

The rights and obligations attached to the preference shares are as follows:

- the right to a non-cumulative dividend equal to 12.5% of the free cash flow of GBL, provided that there is a positive balance in the income surplus account. The dividend will not be paid if there are no dividends on the equity shares.
- the right to be paid in full in the cause of winding-up of GBL, after creditors and any other liabilities have been paid.
- the right to attend general meetings of GBL and have one vote per share on any of the following issues:
 - if any resolution for winding-up shall be proposed, then only on such resolution; or
 - upon any resolution during such period as the preferential dividend or any part thereof remains in arrears and unpaid for more than twelve months, and so for this purpose only the same shall be deemed to fall due and be payable on the first day of January of each year; or
 - if a resolution varying the rights attached to such shares be proposed;
- the preference shares shall be redeemed on the expiration of 10 years from the date of their allotment or at an earlier date at the option of GBL.

The Merged Company has liabilities in the form of short and long-term facilities. As at December 31, 1997, these obligations consisted of:

(i) Kumasi Brewery Limited:

<u>Overdrafts:</u> <u>Lender</u>	<u>Total</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
Standard Chartered Bank	¢120.0	42.0%
Barclays Bank of Ghana limited	¢74.2	42.0%
Ghana Commercial Bank Limited	¢1,684.8	38.0%
SSB Bank Limited	¢361.6	38.0%
Ecobank Ghana Limited	¢55.1	39.0%
Trust Bank Limited	¢160.3	39.0%
Merchant Bank Ghana Limited	¢42.1	39.5%

(ii) Ghana Breweries Limited (formerly ABC Breweries Limited):

<u>Overdrafts:</u> <u>Lender</u>	<u>(Amount)</u>	
First Atlantic Merchant Bank Limited	¢290.26	Paid off

Heineken's Convertible Bond:

At the Board meeting of Ghana Breweries Limited (formerly ABC Brewery Limited) held on March 10, 1998, the Board decided to secure a loan to finance capital investment and also to support the operational needs of the merged entity. Heineken subsequently agreed to provide a convertible zero-coupon loan of NLG 9.5 million (approximately, ₺11.4 billion) for the purpose. The loan, which is over a five (5) year period, may be converted into equity between the third and the fifth year.

The terms of the convertible zero coupon bonds are as follows:

- there will be no interest payment on the bonds;
- the bonds are convertible into equity shares; the conversion period starts from the first day of the third year and ends on the last day of the fifth year from the date of issue of the bond (the "conversion period");
- the conversion rate is as follows:

$$\frac{((\text{NLG}9.5 \text{ million} + (\text{d}/360 * 5/100 * \text{NLG}9.5 \text{ million})) * \text{the cedi equivalent of NLG1}) - \text{nvr}b}{\text{c}mp} = \text{amount of equity shares to be issued upon conversion;}$$

whereby:

- "nvr" means aggregate nominal value in cedis of bonds that have been repaid at the time of conversion or of which the bondholder has requested payment;
 - "NLG1" means one (1) Dutch Guilder or the equivalent thereof in Euro;
 - "Euro" means the single European currency that will replace the Dutch Guilder on January 1, 1999 or later;
 - "d" means the amount of days elapsed since the issuance of the bonds, whereby it is assumed that one year has 360 days;
 - "cmp" means the current market price per equity share in the capital of the company, which is defined as the average price per share of the equity shares in the company over the 30 days preceding the conversion, less a discount of 10%;
- at the request of the bondholder, GBL is obliged to repay the nominal value of any and all bonds that have not been converted into equity shares or with respect to which the bondholder has not made a request for conversion, provided such a request is made during the conversion period;
 - the bondholder may request for repayment or conversion prior to the conversion period in the following circumstances:
 - if GBL becomes bankrupt or goes into liquidation, compulsory composition with its creditors, dissolution or insolvency; or,
 - if there is a change in the control over GBL.
 - GBL may only repay the bonds pursuant to a request from the bondholder.

The Merged Company has the following licence, production and management agreements:

- i) Licence agreement between Ghana Breweries Limited (formerly ABC Brewery Limited) and Africola GmbH KOLN.
- ii) Production agreement between Ghana Breweries Limited (formerly ABC Brewery Limited) and Kumasi Brewery Limited. This agreement will elapse after the merger.
- iii) Management agreement between Ghana Breweries Limited (formerly ABC Brewery Limited) and Kumasi Brewery Limited. This agreement will elapse after the merger.

The Company does not receive any royalties.

GBL has 659 full time employees which are distributed as follows:

Kumasi Brewery Limited:

Management	-	30
Supervisors	-	45
Non-Management	-	<u>228</u>
		<u>303</u>

Ghana Breweries Limited (formerly ABC Brewery Limited):

Management	-	39
Supervisors	-	26
Non-Management	-	<u>291</u>
		<u>356</u>

The number of employees, is however, subject to fluctuation depending on casual labour requirement.

There has not been any labour disputes or work stoppage for the past five (5) years. The relationship between management and staff has been cordial over the years.

The Companies have met all their obligations on corporate tax, social security contributions and PAYE on behalf of all its employees.

GBL will have 30% equity stake in Industrial Containers Limited (ICL) as a result of the fact that KBL and Ghana Breweries Limited (formerly ABC) each has 15% equity stake in the company. ICL has a stated capital of ₵100 million and manufactures plastic crates.

Dividend Records:

The policies for both were as follows:

(i) Kumasi Brewery Limited

Year	1993	1994	1995	1996	1997
Dividend Per Share	¢30.71	¢35.00	¢62.63	¢82.00	¢84.95

Dividend declared are paid in the ensuing year.

(ii) Ghana Breweries Limited (formerly ABC Brewery Limited)

Ghana Breweries Limited has not paid any dividend to the shareholders since 1993.

Dividend Policy:

It is the policy of GBL to maintain dividend payout ratio of at least 30% of its earnings after it has fully wiped of the negative income surplus balance on its account. The Board of Directors will, however, ensure that the proposed dividend payout does not jeopardise GBL's ability to operate effectively. The payment of future dividends will be determined on the basis of GBL's cashflow, earnings, capital expenditure, operating and financial conditions and other relevant factors with approval from shareholders at annual general meetings.

PART IV - MANAGEMENT AND ORGANISATION

Board of Directors

Subsequent to the Merger, the following persons have been appointed as directors of Ghana Breweries Limited.

Name	Age	Position	Business/ Occupation	Address	Other Directorship
Mr. Ishmael Evans Yamson	55	Chairman	Chairman of Unilever Ghana Limited	Unilever (Gh.) Ltd. P.O. Box 64 Swanmill, Accra	Director: · Ghana Plant Hire Ltd. · GBO (Gh.) Investment Ltd. · Millers Swanzy (Gh) Ltd · A.J. Seward (Gh) Ltd · United Africa Trust Ltd · Kingsway Stores of (Gh) Ltd · Benso Oil Palm Plantation Ltd. · GCMT Company Ltd · GB Ollivant (Gh) Ltd · Barclays Bank of (Gh) Ltd · Twifo Oil Palm Plantations · Ghana Textile Printing Company Ltd. · Tractor and Equipment (Gh) Ltd · UAC Textiles (Gh) Ltd · Juapong Textiles Ltd.
Mr. Martin Eson- Benjam in	48	Managing Director	Managing Director of ABC and KBL	c/o KBL P.O. Box 848 Kumasi	Director: · Limba (Gh) Limited Council Member: · Ghana Stock Exchange
Mr. Francis Solace Oduro	44	Member	Director of Finance	c/o KBL P.O. Box 848	Director: · Industrial

Koranteng			ABC and KBL	Kumasi	Containers Ltd.
Mr. Peter Kofi Otoo Addo	48	Member		c/o P.O. Box 14198 Accra	Director: · Leaf Dev. Co. Ltd.
Mr. Benjamin Boateng Afrifa	34	Member	Marketing Director of ABC and KBL	P.O. Box 3840 Accra	
Mr. Jean Louis Maurice Homé	52	Member	Heineken's Director in charge of Africa and Middle East	Heineken Int. Beheer B.V., P.O. Box 28, 1000 AA Amsterdam (Netherlands)	
Mr. Peter Lucas Theodoor Vogelsang	42	Member	Heineken's Manager in charge of West Coast of Africa	Heineken Int. Beheer BV, P.O. Box 28, 1000 AA Amsterdam (Netherlands)	
Mr. Johannes Gerardus Petrus Twaalfhoven	57	Member	Technical Director ABC and KBL	P.O. Box 114 Achimota, Accra	
Mr. Alan Francis Parke	50	Member	Finance Director Nigerian Breweries Plc	c/o Nigerian Breweries Plc. P.O. Box 545 Lagos, Nigeria	
Mr. Ebenezer Magnus Boye	63	Member		P.O. Box 4938, Accra	Director: · Unilever Ghana Limited · AFGO Limited · Crusader Insurance Company Ghana Limited · Capital Factors and Debt Management Services Ltd..
Dr. Kwame Donkoh Fordwor	64	Member		Semanhyia 17, Ellis Avenue P.O. Box 5250 Kumasi	Director: · KAS Products Ltd. · Fomma Timbers Ltd.

Management Profile

The day-to-day management of the Merged Company's operations is under a team of competent management personnel with strong Unilever and Heineken backgrounds. The current management team consists of the Managing Director, the Finance Director, the Marketing Director, the Technical Director, the Brewery Manager and the National Sales Manager.

Mr. Martin Eson-Benjamin (48 years) is the Managing Director of the Merged Company. Martin holds a B.Sc. degree in Business Administration from the University of Ghana. He is responsible for effective implementation of the strategic policies by the Board of Directors and for effective co-ordination of the day-to-day activities of all the functional departments within the company. Martin was appointed the Managing Director and Board Chairman of KBL in August 1995. Prior to that, Martin, a Unilever Manager, worked in various capacities in various divisions of Unilever both in and outside the country. Martin started his career at KBL in 1972, where he held various positions in the Marketing and Sales Department. He was transferred to Sierra Leone Brewery as a General Brands Manager in 1978 after a six month training as a Market Research Executive in both UK and Nigeria. In 1982, he was transferred to Lever Brothers Ghana Limited as the Market Operations Manager where he rose through the ranks to become the Marketing Director before being appointed the Managing Director of KBL. He was appointed the Managing Director of Ghana Breweries Limited (formerly ABC Brewery Limited) in October 1997 prior to becoming the Managing Director of the Merged Company.

Mr. Francis Solace Oduro Koranteng (44 years) is the Financial Director of GBL. Francis is a member of both the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants (Ghana); and also holds a B.Sc. degree in Business Administration from the University of Ghana. Francis was appointed the Financial Director of KBL in 1995 and prior to that he had held a number of managerial positions. He was the Group Internal Auditor and the General Manager of the Swanzy Real Estate Division of Unilever Ghana Limited. He used to be the Management Accountant of Guinness Ghana Limited, the Finance and Administration Manager of NCR Ghana Limited (now part of AT&T) with responsibilities for Finance and Administration functions for Ghana, Sierra Leone, Liberia and the Gambia. He was an Audit Supervisor at Coopers and Lybrands (Chartered Accountants) before joining NCR Ghana Limited. He was appointed the Finance Director of Ghana Breweries Limited (formerly ABC Brewery Limited) in October 1997 prior to becoming the Finance Director of the Merged Company.

Mr Benjamin Boateng Afrifa (34 years) is the Marketing Director of GBL. Ben holds a post-graduate Diploma in Marketing from the Institute of Marketing Management in South Africa and a B.A. (Hons) degree in Geography from the University of Ghana. He is responsible for the development and implementation of marketing strategies to enable the company's products improve their market shares. He is also responsible for new product development as well as advertising and promotional activities. Prior to the present position, Ben had held a number of responsible positions in the Sales and Marketing departments within the Unilever Group both locally and abroad. His previous positions include Marketing Manager of KBL, Product Group Manager, Regional Sales Manager, Brands Manger, Brands Assistant, Area Sales Representative, all in Unilever Ghana Limited; Special Project Manager in Nigeria Breweries Plc; and Special Project Manager of Unilever Meat Factory in Holland. He was appointed the Marketing Director of Ghana Breweries Limited (formerly ABC Brewery Limited) in October 1997 prior to becoming the Marketing Director of the Merged Company.

Mr. Johannes Gerardus Petrus Twaalfhoven (57 years) is the Technical Director of GBL. Mr. Twaalfhoven holds an MSc. degree in Mechanical Engineering. He is responsible for the production of the Merged Company's products. Mr. Twaalfhoven, a Heineken officer, has had over twenty-seven (27) years experience within Heineken working in various responsible capacities at Heineken's plants both in Holland and abroad.

Mr. Gotlied Peter Vogtlander (32 years) is the Brewery Manager of the Merged Company. Mr. Vogtlander holds an MSc. degree in Petroleum Engineering. He is responsible for production of the company's products as well as the maintenance of acceptable quality standards. Prior to his current appointment, Mr. Vogtlander, a Unilever trained, worked in various capacities within Unilever Plc; these include Operation Manager and Production Manager at Unox Unilever.

Mr. Kwaku Adu (43 years) is the National Sales Manager of the Merged Company. He holds a B.Sc. (Hons) in Food Science and Nutrition from the University of Ghana. He is responsible for the management of customer service, distribution, merchandising and promotion of sales of the company's products throughout Ghana and outside. Mr. Kwaku Adu, was trained at Unilever, has worked in various capacities within the Unilever Ghana Group prior to his present position. He used to be the General Sales Manager and the Market Research Manager of Lever Brothers Ghana Limited. He was also employed as an Assistant Nutrition Officer at the Ministry of Health and also taught as a Science Tutor. He was appointed the National Sales Manager of Ghana Breweries Limited (formerly ABC Brewery Limited) in October 1997 prior to becoming the National Sales Manager of the Merged Company.

Other Disclosures

- (a) No petition under any bankruptcy has been filed against any director or persons nominated to become director or any partnerships of which such persons were partners of or any company in which such persons were directors.
- (b) No person who is a director or has been nominated to become a director has been convicted on a criminal proceeding or is a named subject of a pending criminal proceeding relating to an offence involving fraud or dishonesty.
- (c) No person who is a director or has been nominated to become a director has been the subject of any other judgement or ruling or any court of competent jurisdiction, tribunal or governmental body presently or temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a corporate body or engaging in any type of business practice or activity or profession.
- (d) Total director's remuneration at year-end 1997 are as follows:

Kumasi Brewery Limited:

Executive Directors	-	¢339 million
Non-Executive Directors	-	¢10 million

Ghana Breweries Limited (formerly ABC Brewery Limited):

Directors	-	¢57.75 million
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- (e) No director of the Company has any material contract or technical consultancy contract, subsisting at the time of this application, which is significant to the business of the Company.

- (f) No member of management or any other persons have any material interest direct or indirect in any material transactions to which the applicant was/or is to be a party.
- (g) The Directors of GBL are not aware of any material litigation outstanding or any material claims pending or threatened against the company.
- (h) The Directors of the Company are of the opinion that the Company's working capital is sufficient to finance its operations.
- (i) KPMG have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their Report in Appendices 1 and 2 and the references thereto in the form and context in which they appear.

Following are the shareholdings of the Directors and Officers of GBL after the merger:

<u>DIRECTORS</u>	<u>NO. OF SHARES</u>
Mr. Ishmael Evans Yamson	5,520
Mr. Martin Eson-Benjamin	3,540
Mr. Francis Solace Oduro Koranteng	-
Mr. Peter Kofi Otoo Addo	-
Mr. Benjamin Boateng Afrifa	-
Mr. Jean Louis Maurice Homé	-
Mr. Peter Lucas Theodoor Vogelsang	-
Mr. Johannes Gerardus Petrus Twaalfhoven	-
Mr. Alan Francis Parke	-
Mr. Ebenezer Magnus Boye	2,340
Dr. Kwame Donkoh Fordwor	-
<u>OFFICERS</u>	<u>NO. OF SHARES</u>
Mr. Kwaku Adu	-
Mr. Gotfried Peter Vogtlander	-
Mrs. Shirley Frimpong	-

None of the Directors nor Officers has had any dealings in the shares of either Ghana Breweries Limited (formerly ABC Brewery Limited) or Kumasi Brewery Limited since October 1997.

Documents Available for Inspection

Copies of the following documents were available for inspection at the registered office of Ghana Breweries Limited (formerly ABC Brewery Limited) and of Kumasi Brewery Limited during normal business hours up to and including June 29, 1998.

- a. The regulations of Ghana Breweries Limited and Kumasi Brewery Limited.
- b. The Report and Accounts of Ghana Breweries Limited and Kumasi Brewery Limited for the past two (2) years ending December 31, 1996 and 1997.
- c. The material contracts referred to in paragraph 2 of Appendix 3.
- d. The Accountants' Report referred to in Appendices 1 and 2.
- e. The terms of the convertible zero-coupon bond.
- f. The rights and obligations of the redeemable preference shares.

PART V - THE BREWERY INDUSTRY IN GHANA

Overview of the Industry

The establishment of beverage companies in the country has been in response to the positive and increasing demand for both alcoholic and non-alcoholic beverages. Prior to that, all the beverages in the country, with the exception of the indigenous beverages, were imported from renowned brewing firms overseas. The overseas brewing firms thus established depot centres in the country for the distribution of their products. The continued growth in demand in addition to the relative local production cost advantage to these overseas breweries encouraged them to set up brewing plants in the country for the local manufacture of their brands.

Production of beer in Ghana started in the 1930s when a group of Swiss investors established a brewing company in Accra known as Overseas Breweries Limited, whose name was changed to Accra Brewery Limited (ABL) in 1975. The successful operation of Overseas Breweries Limited encouraged Unilever Plc. and Heineken to establish Kumasi Brewery Limited (KBL) in Kumasi in 1958. As the prospects of local production of beverages continued to grow, Guinness Worldwide also entered the Ghanaian market in the 1960s as distributors of Guinness Foreign Extra Stout (FES) then in 1971 established a factory in Kumasi, called Guinness Ghana Limited (GGL), for the local production of its products. In 1969, Achimota Brewery Company (which later became ABC Brewery Limited and now Ghana Breweries Limited) was also established by a Ghanaian entrepreneur (the late Mr. J. K. Siaw); this was the first wholly owned Ghanaian brewery in the country. Before the merger, three of these four (4) brewing companies namely, ABL, KBL, GGL were listed on the Ghana Stock Exchange (GSE).

The beverages currently being produced in the country by the brewing firms can be categorised into beer (alcoholic and non-alcoholic) and soft drinks. Originally, the brewing companies concentrated on the production of alcoholic beer (either stout or lager) in the country. The beer produced is bottled in either 65cl large bottles or small 330ml bottles. There has also been a gradual shift towards the production of draught beer, normally stored in kegs, to meet increasing customers' demand.

There has recently been an increased interest in the production of malt (non-alcoholic brewed drinks) by the brewing companies in the country. This development has been precipitated by the successful introduction of Malta Guinness by GGL and Maltina by KBL. The growth in the malt drink market has been fueled by change in consumer taste due to the regeneration of religious interests and the increased cost of alcoholic beer resulting from the incidence of high level of taxes (excise and sales) on alcoholic beverages.

Brewing companies distribute their products through wholesalers, distributors and retailers all over the country. The brewing companies have relative strengths in the distribution of their products; while some of them have nationwide coverage, others have limited coverage normally in the southern sector of the country. The prices of beverages are set by the brewing firms upon which are added sales taxes and excise duties imposed by the government.

Currently, the sales tax on all the beverages produced in the country is 15%. The excise duty on soft drinks used to be 50.4% but has been reduced to 35% as per the 1998 budget statement of Ghana. The excise duty on beer which was previously 75.8% has also been reduced to 65%.

Competition and Market Participants

The brewery industry is one of the most competitive industries in the country. Competition has been precipitated by excess of supply over demand; the current total brewing capacity in Ghana is approximately, 1.5 million hectolitres as against demand of approximately, 900,000 hectolitres. The excess supply has been due to substantial investments that have been carried out by the brewing companies in recent times without a corresponding growth in consumption. The various brewing companies in the country have resorted to aggressive promotional activities in order to maintain or increase their market shares. Expenditure on advertising and promotion has increased considerably through intensive pursuit of innovative promotional activities such as raffles, sponsorships and traditional festival engagements. Products and packaging have also improved.

Currently, there are three (3) brewing companies in the country, namely; Accra Brewery Limited (ABL), Guinness Ghana Limited (GGL) and Ghana Breweries Limited. With the exception of ABL, all of them in addition produce several varieties of malt-based non-alcoholic drinks.

Accra Brewery Limited (ABL) was established in 1931 as Overseas Breweries Limited to brew beer and produce carbonated soft drinks in the country. It was the first brewery to be established in the West Africa sub-region. It was established as a wholly owned subsidiary of Overseas Breweries Limited of Switzerland. Following the passage of the New Investment Law in 1975, the Government of Ghana secured 40% equity stake in the company while 15% of the company's equity was issued to the Ghanaian public leaving the Swiss parent company with a 45% equity stake. The name of the company was also changed to Accra Brewery Limited (ABL) in the same year.

ABL was listed on the Ghana Stock Exchange in November 1990. In 1994, the Government of Ghana sold its stake in ABL to foreign portfolio investors. Subsequently, Overseas Breweries Limited acquired a majority stake in ABL through purchases on the GSE which increased its holdings to 50.5%. During the period 1994 to 1996, Guinness Ghana Limited acquired 17.19% while Heineken also acquired 14.88% of ABL. In 1997, South African Breweries (SAB) acquired a majority stake in Overseas Breweries Limited, which owned 50.5% equity stake in ABL; SAB has therefore technically become the controlling shareholder of ABL.

ABL began operations with the production of Club Beer (lager) and has since concentrated on the production of beer and carbonated soft drinks. ABL's beer brands have increased to include Club Mini, Club Dark, Club Shandy, and Club Super Stout, while its soft drink brands are Club Cola, Muscatella, Ginger Ale, Orange, Citro and Soda. ABL has expanded its capacity to the current level of approximately, 500,000 hectolitres.

ABL is the market leader in terms of volume of beer produced in the country even though its market share has dropped from 50% in the 1980s to the current level of approximately 32%. In terms of total market share for both beer and soft drinks, ABL was third with 22.6% in volume for 1997.

ABL has modern equipment with large spare capacity which gives it the flexibility in its production scheduling. However, at the moment, ABL has a weak financial base, recording low profit margin with low dividend payout. The acquisition by South African Breweries has given ABL strong technical partner to help it in streamlining its business process.

Guinness Ghana Limited (GGL) was incorporated in August 1960 as a private company engaged in the distribution of imported Guinness Foreign Extra Stout (FES). In 1970, GGL set up a brewing and bottling plant in Kumasi, for local production. GGL was initially owned by Guinness Overseas Limited (63.75%) and Atalantal Limited (36.25%), a wholly owned subsidiary of Unilever Plc. In 1976, the Government of Ghana secured 45% equity stake in GGL while 15% of the company's total equity was issued to the Ghanaian public. The shareholding of GGL has since undergone some restructuring to result in the current position in which Guinness Overseas Limited is holding 60%, Ghana Government (1%), Ghanaian public (28%), Foreign portfolio investors (10%) and Guinness Employees (1%).

GGL started production in 1971 and has since expanded its brands to encompass both alcoholic and non-alcoholic brewed products. GGL introduced Malta Guinness in 1989 and was followed much later with Maxi Malt (a number of different flavours) in 1996. Currently, GGL produces Guinness Stout, Malta Guinness and Maxi Malt.

From an initial plant capacity of 60,000 hectolitres, GGL has increased its brewing capacity to the current level of approximately, 400,000 hectolitres. In the alcoholic beer market, GGL ranks third with a total share of approximately 23.6% while it is the market leader in the malt drinks market controlling approximately 80% in 1997. GGL is also the market leader in the combined alcoholic and non-alcoholic brewed products market in the country with a total market share of over 35% in volume. GGL has a 100% nationwide coverage with a well-knitted distribution network involving dealers, distributors, wholesalers and retailers.

GGL has a modern state-of-the-art bottling line installed in 1996 at a cost of c19 billion (approximately, \$16 million at the time) and has further plans to increase its brewhouse capacity. GGL has a strong assets base, solid balance sheet and strong cash flow to enable it to compete effectively within the industry.

Market Potential and Future Outlook

The brewery industry in the country has made remarkable improvements in their production volumes over the years. From initial production levels of 18,750 hectolitres in the 1960s, production volumes have increased to the current levels of approximately, 900,000 hectolitres. Although there are four (4) brewery companies in the country, the market for beer is still relatively small. The present consumption level of beer in Ghana averages 4 litres per capita as compared to 27 litre per capita for Cameroun and even Togo with 8 litres per capita; these being countries where per capita income levels are lower than Ghana.

Consumption of brewed products in Ghana is influenced by disposable income, population growth and cultural practices. Disposable income is a major determinant of beverage consumption in the country. It is therefore expected that in the medium-term, the policies undertaken by the government will improve economic conditions, increase the real income of the population and therefore their purchasing power to stimulate demand for brewed products. The continued growth in the Ghanaian population coupled with increasing taste for brewed products bode well for the brewery industry.

Cultural norms in the form of funerals, festivals and religious beliefs and practices affect the consumption of beverages in the country. While funerals, festivals and other such social occasions enhance the consumption of all beverages, religious beliefs and celebrations enhance the consumption of product types, such as, the non-alcoholic beverages.

Competition in the brewery industry will continue to be intense in the future due to the low per capita income of Ghanaians coupled with the current under-utilisation of capacity of the brewing companies in the country. Product development and attractive packaging will continue to be dominant in the industry.

The future direction of the brewery industry therefore does not lie in any short to medium term increases in the capacities of the existing brewing firms as such programmes will exacerbate the excess capacity already existing within the industry. The future therefore lies in the breweries effectively managing their resources especially in cutting costs to match the constraints within the market place.

PART VI - INDEX TO FINANCIAL STATEMENTS

PART VII - RISK FACTORS

To the best of knowledge of Databank Financial Services Limited, this application constitutes a full and true disclosure of all material facts about the company and the listing, but Databank will not be held responsible for any inaccuracies as all information given herein was obtained from the Company.