



GUINNESS

Ghana Limited

ANNUAL REPORT & FINANCIAL STATEMENTS 2004



Guinness Ghana Limited

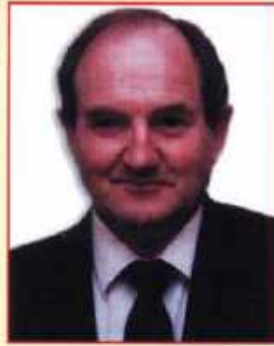
Annual Report 2004



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Board of directors



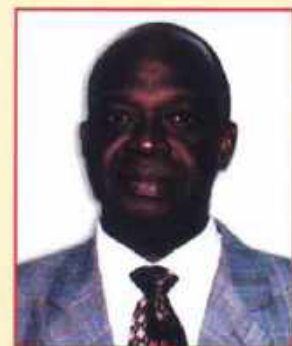
David Herbert Campbell Hampshire



Paul Victor Obeng



Devlin Marc Hainsworth



Joseph Woahen Acheampong



Laurence Alexander Turnbull



Kwaku Sarfo-Mensah



Pamela Djamson-Tettey



John Wheelhouse



Robert Njoya Kinuthia



Simon Kodzo Gollo
(board secretary)

Financial highlights

	year ended 30 June 2004 ¢000	year ended 30 June 2003 ¢000	movement %
Turnover	527,211,260	362,080,199	45.6%
Profit before exceptional income	71,284,269	65,188,228	9.4%
Exceptional income	6,030,617	-	n/a
Profit before taxation	77,314,886	65,188,228	18.6%
Taxation including reconstruction levy	(13,823,341)	(14,557,320)	(5.0%)
Profit after taxation	63,491,545	50,630,908	25.4%
Dividends	(35,244,000)	(29,370,000)	20.0%
Retained profit	28,247,545	21,260,908	32.9%
Capital expenditure	166,388,301	88,096,838	88.9%
Depreciation	24,758,601	15,263,488	62.2%
Shareholders fund	134,743,531	106,495,986	26.5%
Earnings per share (¢)	540.45	430.97	25.4%
Dividend per share (¢)	300.00	250.00	20.0%
Net assets per share (¢)	1,146.95	906.50	26.5%



Board of directors, officials and registered offices

Board of directors ¹	Position
David Herbert Campbell Hampshire	Chairman, non-executive director
Devlin Marc Hainsworth	Executive director and managing director
Paul Victor Obeng	Non-executive director
Kwaku Sarfo-Mensah	Non-executive director
John Wheelhouse	Non-executive director
Joseph Woahen Acheampong	Non-executive director
Pamela Djamson-Tettey	Executive director and external affairs director
Laurence Alexander Turnbull ²	Executive director and finance director
Robert Njoya Kinuthia	Executive director and product supply director
Simon Kodzo Gollo	Board secretary

¹ David James Armstrong resigned from the board effective as of 11 June 2004

² Laurence Turnbull was appointed to the board effective as of 26 February 2004

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
P.O. Box 242
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
SG-SSB Bank Limited
Standard Chartered Bank Ghana Limited
Stanbic 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 Accra International Conference Centre on 29th November 2004 at 10 o'clock in the forenoon for the following purposes:

Agenda

1. To receive the report of the Directors, the Balance Sheet as at 30th June 2004 together with the Profit and loss and Income Surplus Accounts for the year ended on the 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 a Director.
6. To authorize the Directors to fix the remuneration of the Auditors.
7. To receive status report on the proposed merger.

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.

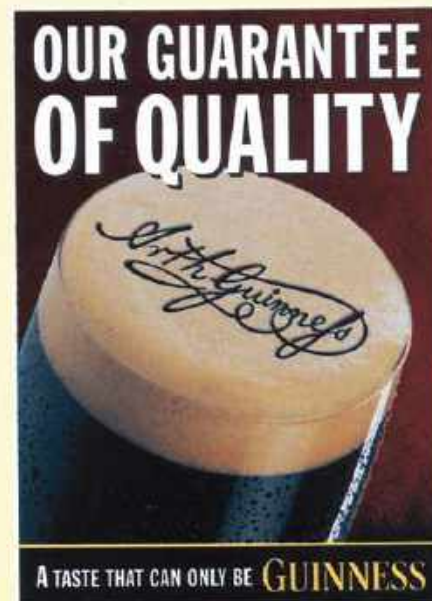
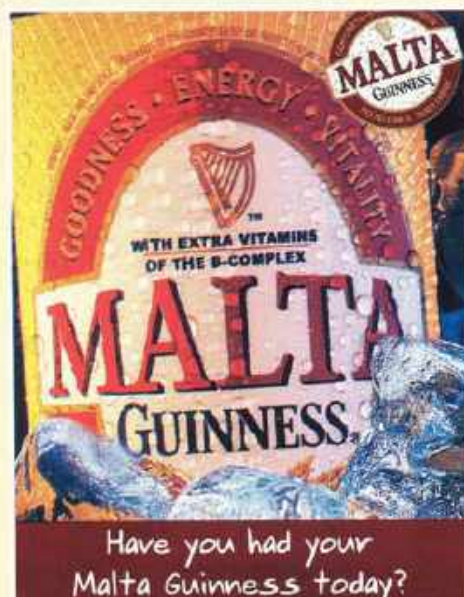
Dated 29 September 2004

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 15 December 2004 to the holders of shares whose names are registered in the Register of Members on 12 November 2004.



Chairman's statement

Distinguished shareholders, Nananom, ladies and gentlemen, welcome to the 32nd Annual General Meeting of your Company, Guinness Ghana Limited. It is my pleasure to present to you the Annual Report and Financial Statements for the period 1 July 2003 to 30 June 2004.

The economic environment

Macro-economic conditions continue to improve, with year-on-year inflation to 30 June 2004, reducing to 11.9% compared to 27.5% for the prior year. Over the same period, depreciation in the value of the Cedi slowed to 4% against the US Dollar, 11% against the Euro and 15% against the Pound Sterling. The rate of borrowing also declined from a prime rate of 27.5% to 18.5% and credit became more readily available. These trends continue to provide an increasingly supportive business environment.

The Beer and Malt drinks market

During the period under review, the beer and malt drinks markets continued to grow with volume up 11.0% and 6.2% respectively. I am delighted to note that our brands have once again delivered growth ahead of the market. This has been achieved through understanding our consumers, the market and putting substantial marketing investment behind our brands.

A particularly strong performance was recorded with Guinness Foreign Extra Stout volume up 19.8%, growing ahead of the domestic beer market. Malta Guinness volume also grew ahead of its category, recording 9.2%. As for our recent innovations, Gordon's Spark achieved a share of the total beer market that was the highest achieved by a ready-to-drink anywhere in the world, while Guinness Extra Smooth is extending the consumer's opportunity to enjoy the Guinness experience.

Our performance

Turnover was up 45.6% year-on-year from ₵362.1 billion to ₵527.2 billion. Our profit after taxation increased to ₵63.5 billion, up 25.4% year-on-year. This included exceptional income of ₵6.0 billion realised from the disposal of investment shares. This income was used to support our continued commitment to invest in capacity in order to meet the long-term growth in the demand for our brands. Our capacity investment during the year under review was ₵166.4 billion.

Dividend

Consistent with the strong results recorded for the year and the underlying growth in the business, a final dividend payment of ₵242 per share before tax is proposed, bringing the total dividend for the year to ₵300 per share, up 20% year-on-year. This proposed dividend will result in a total dividend pay out of ₵35.2 billion. It is our objective to ensure that your company is able to deliver sustainable dividend growth year-on-year.

Furthermore, our shares have performed exceptionally well on the Ghana Stock Exchange. As at 30 June 2004, our share price was ₵12,500, up 342% year-on-year, enhancing further the value created by your company.



MD Devlin Hainsworth's address at the commissioning ceremony of line four. In attendance were the President and Asantehene.



Product Supply Director, Robert Kinuthia presents the first Guinness Foreign Extra Stout bottle from line four to President JA Kufuor.

Chairman's statement

Social Responsibility

We are very conscious of the impact that our company has on the nation of Ghana and the local communities in which we operate, and we care deeply about the future of our business and our country. As a result, we continue to fund a number of community based projects focusing on health and the environment, education, sports and culture. In line with all Diageo companies across Africa, your company has in place a programme to provide facilities for the confidential counselling, testing and free anti-retroviral treatment for HIV/AIDS. We have also invested €21.2 billion during the last financial year to ensure that we achieve the highest international environmental standards for treatment of effluent, and we remain committed to the development and utilisation of local raw materials.

Your company also collected revenue for the Government (including income tax and NRL payable) of €245.6 billion, representing an increase of 39.4% year-on-year. We aim to always act with integrity, ever mindful of our social responsibility and commitment to the communities in which we operate.

Future prospects

In order to secure long-term growth, we are continuing to invest in our assets, our brands and our people. As you are aware, a decision was taken to acquire the shares of Ghana Breweries Limited and combine the businesses, but to date legal issues have delayed the completion of this transaction. Clearly, it is not in the best interests of our shareholders to prolong this delay any longer than is necessary. However, in the mean time, we remain as committed as ever to growing your company through focusing on the four strategic initiatives that have been the key to our success – brand building including innovation, trade development, greater operational efficiency and inspiring exceptional people performance.

Thank you for your continued support.

David Hampshire
Chairman



HR Director, Emmanuel Akoto together with the Minister of Tourism present the Guinness National Challenge Gold Cup to the 2004 winning team.



President J.A. Kuffuor with the Asantehene cutting the tape to commission line four, the new world-class packaging line.

Report of the directors

The directors have pleasure in presenting their annual report and the financial statements for the year ended 30 June 2004.

Financial statements

The results for the year are as set out in the attached financial statements on pages 16 to 26. The directors consider the state of the company's affairs to be satisfactory.

Nature of business

The company is authorised to manufacture, sell and deal in beer, stout, malt drinks and their ancillary products. There was no change in the nature of business of the company during the year.

Our strategy

Guinness Ghana's core focus is to consistently deliver superior levels of shareholder value. This is underpinned by a clear and winning strategy. Successful execution of this strategy is achieved through the relentless focus of all employees on the four strategic initiatives - brand building, trade development, operational efficiency and inspiring exceptional people performance.

Brand building Our brand portfolio is central to our strategy. Guinness Foreign Extra Stout is a brand with unique heritage and a truly iconic brand status. The clear affection that the Ghanaian consumer has for the brand is reflected in the fact that Guinness Ghana is one of the fastest growing markets in the Guinness world.

The Guinness brand portfolio was strengthened further during the year with the launch of Guinness Extra Smooth. Following its successful launch in August 2003 Guinness Extra Smooth is giving consumers a new opportunity to be a part of the Guinness experience. This clearly demonstrates Guinness Ghana's capability to successfully commercialise innovation.

Another example of successful innovation is the growth of the Gordon's Spark brand, our ready-to-drink offering. In its second full year Gordon's Spark now effectively owns the ready-to-drink sector with a category volume share in excess of 95%.

And of course, our portfolio is made complete by Malta Guinness. Malta Guinness remains Ghana's favourite malt drink with a market share in excess of 80% and growth ahead of the malt drink category.

Trade development The success of our strategy depends upon the accessibility of our brands for all consumers. To ensure this, we continue to invest behind our trade partners. We support our key distributors in building capability, and retailers in the enhancement of service quality and consumer satisfaction. It is only through great partnerships that we are able to deliver superior performance.

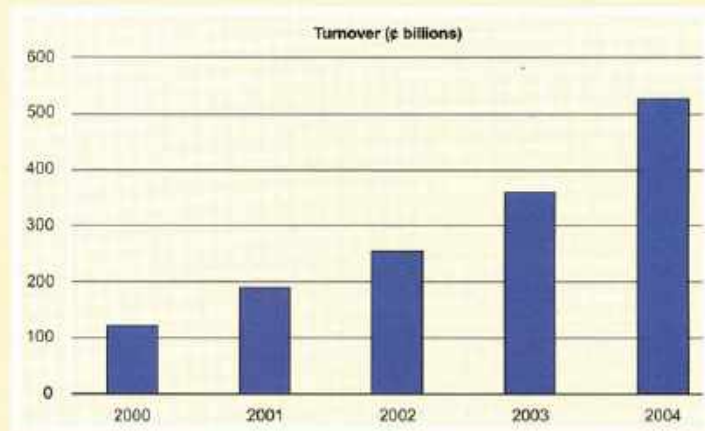
Greater operational efficiency Guinness Ghana's commitment to this strategic initiative is clearly demonstrated through its year-on-year investment in world-class production facilities. We believe in this strategic initiative because it increases value for our shareholders and as good corporate citizens, we seek to positively impact the environment.

Inspiring exceptional people performance The outstanding performance of our people remains central to the successful delivery of our strategy. In this respect, Guinness Ghana's goal is to offer an energising work environment, with great opportunities for personal advancement. This is supported by competitive reward and recognition principles that reflect the individual's contribution to the business. Our employee policies are designed to support these goals in a manner that is fair and equitable to all our employees.

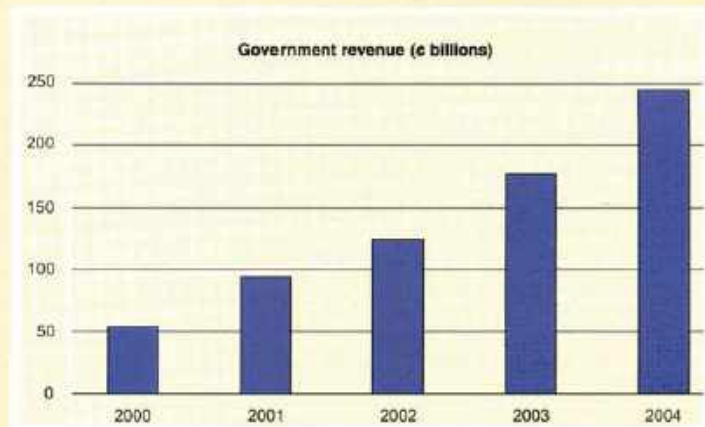
Report of the directors

Our performance

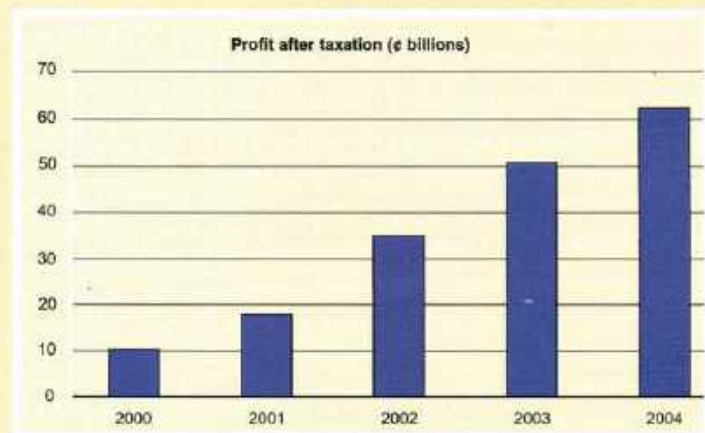
Turnover Once again, sales performance for the year was impressive, with both beer and malt volume growing ahead of their respective markets. Total volume increased by 18.5%, fuelling a 45.6% increase in turnover to €527.2 billion. This was also the first year for Guinness Extra Smooth.



Taxation Government revenues (including income tax and NRL payable) totalled €245.6 billion for the year, an increase of 39.4% on the prior year. This comprised of €240.6 billion in Excise Duty and VAT, and €5.0 billion in income tax and NRL payable.



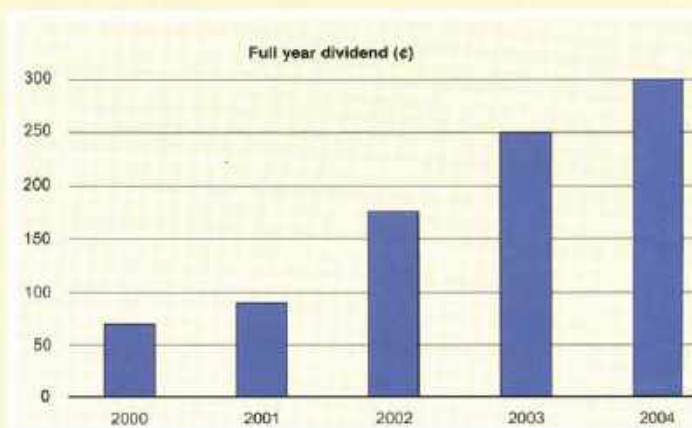
Profit after taxation Year-on-year profit after taxation increased by 25.4% to €63.4 billion. This was driven principally through a combination of the volume increase and the exceptional income (€6.0 billion), offset by interest charges from financing the new packaging line.



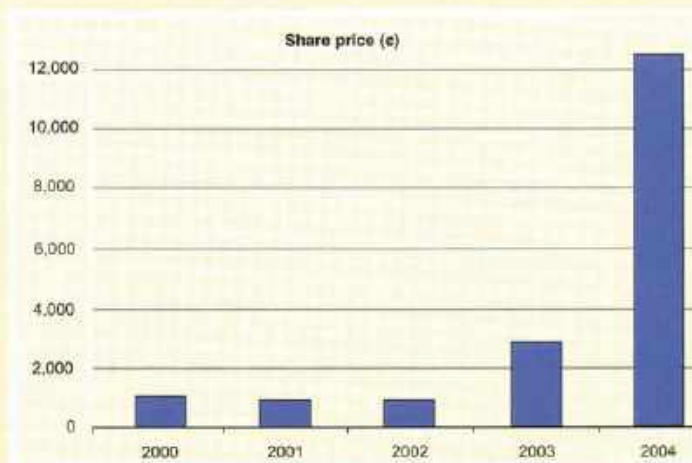
Report of the directors

Shareholder value creation

Guinness Ghana has consistently demonstrated a clear commitment to delivering superior shareholder value, from both dividend and share price growth. In line with this it is proposed to recommend to members the payment of a final dividend of ¢242 per share before the deduction of tax at source at an appropriate rate. This when added to the interim dividend of ¢58 per share paid on 23 April 2004, results in a total dividend of ¢35,24 billion or ¢300 per share, representing a 20% increase over the previous year.



We remain especially proud of our performance on the Ghana Stock Exchange where our 438% growth made us the number one performing share in calendar year 2003. Our share price grew by 342% over 12 months to 30 June 2004. This when combined with our sustained year-on-year increase in dividend clearly signals our dedication to enhancing shareholder value.



Future growth

We have now entered the next phase of Guinness Ghana's growth. Significant investment has been made to increase capacity, and the company's impressive results clearly show that we are able to feed the supply chain to match the strong growth in demand for our brands. Clearly, our ruthless focus on strategic initiatives will ensure that we secure the delivery of organic growth of Guinness Ghana's performance.

In-line with our strategy to consistently deliver superior levels of shareholder value, we are always looking for further opportunities to create value. This reflects the board's decision to make an offer to acquire the shares of Ghana Breweries Limited, combine the businesses and release further value by utilising the best of both of these great companies. The Chairman has already commented on the current status of this in his statement.

Report of the directors

We believe that through the combination of our people, brands and strategy, and a supportive business environment, we can delivery superior, sustainable growth and thus returns to our shareholders.

Board changes

Since the Annual General Meeting held on 25 November 2003, Mr DJ Armstrong resigned from the office of director of the company effective as of 11 June 2004. Mr LA Turnbull was appointed to the board on 26 February 2004.

In accordance with the regulations of the company, Messrs DHC Hampshire, PV Obeng and LA Turnbull 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.

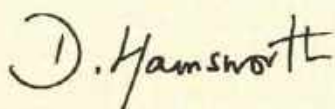
Holding company

The company is a subsidiary of Diageo Highlands BV, a company incorporated in Holland.

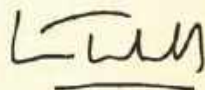
Auditors

In accordance with Section 134(5) of the Companies Code, 1963 (Act 179), the auditors, KPMG, continue as auditors of the company.

By order of the board



Managing Director
DM Hainsworth



Finance Director
LA Turnbull



The Guinness Management Team at the 2004 conference in Obuasi



Mr Ato Arhinful of Naatoa Enterprise, receiving the award of a distribution van from Marketing Director, Francis Vorgbe

Corporate governance report

Introduction

Guinness Ghana Limited is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in conducting all our business activities. 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

The role of the board of directors is to ensure that the highest standards of corporate governance are achieved in directing and controlling the business. Furthermore, the board of directors has delegated the authority for day-to-day management of the business to the Managing Director, who is supported by the executive management committee.

The audit sub-committee

The audit sub-committee is chaired by a non-executive director and is responsible for monitoring the adequacy and effectiveness of the company's system of internal controls. This extends to reviewing the findings of internal audits and control self-assessment, as well as reviewing the selection and findings of the external auditor.

Risk management and internal control

Guinness Ghana's aim is to manage and to control its business and financial activities cost-effectively and in a manner that enables it to: exploit profitable business opportunity in a disciplined way; avoid or reduce risks that can cause loss; support operational effectiveness and enhance resilience to external events.

The executive management committee proactively reviews the risk and internal control standards in action. In line with this, management are seeking to extend Governance standards to meet the recently introduced US Sarbanes-Oxley (SarboX) legislation. These apply to all US quoted companies and are therefore being adopted by our parent company Diageo. The standards set by SarboX are extremely rigorous and will thus further enhance the control and corporate governance standards within Guinness Ghana.

Occupational health and environmental safety

Guinness Ghana Limited is committed to ensuring the health and safety of its employees, and to conducting its operations in compliance with all the applicable health and safety laws and regulations, company policies and best practices pertaining to workplace safety. Our employees play a critical role in ensuring the quality and safety of the working environment, and they adopt a proactive attitude towards the health and safety of all either working at or visiting our property.



Guinness Ghana limited identifies with Ghanaian Culture.



The Asantehene, Otumfo Osei Tutu II arrives at the Adaye Kese festival.

Corporate citizenship report

Introduction

Being a good Corporate Citizen involves all the ways in which our business and products interact with society and the natural world, and encompasses the balance between acting responsibly and the right to trade freely. It includes ethics, relations with employees, customers, consumers and suppliers, communities and the environment.

Guinness Ghana creates brands people enjoy, generates returns for our Shareholders and provides employment. Through the taxes we pay, the skills we develop in our people, the goods and services we buy and thus business we bring to customers, our economic contribution to our Government and communities is substantial. Thus we are very aware of the impact that our Company has on our nation, and we care deeply about the future of our business, our country and our communities.

Guinness Ghana remains steadfast in its commitment to the people of Ghana. We believe all the communities in which we operate should benefit from our presence and to be most effective, we have focused our efforts on areas where our business has the greatest impact and where our efforts can have the greatest benefit.

Health and the environment

As noted previously, we have in place a HIV/AIDS programme that all our employees participate in that ensures awareness; provides, if required, the opportunity for voluntary confidential counselling and testing, and free anti retroviral treatment. Additionally, we continue to provide support for the Cardiothoracic unit at the Korle-Bu Teaching Hospital and the provision of clean drinking water for communities nation-wide. We also continue to invest to modernise our plant and equipment, including commencing the installation of a new effluent treatment plant designed to meet the highest international environmental standards. Such modernisation has a positive environmental impact resulting in, for example, lower energy consumption, lower waste rates and improved working conditions.

Education

Our principal area of focus in respect of education continues to be through our support of Otumfuo's Education Fund. However, in addition to this, through the Chevening Scholarship Programme and with the assistance of our parent company Diageo, we have been able to support two Ghanaians in pursuing their postgraduate studies in the United Kingdom



External Affairs Director, Pamela Djamson-Tettey and John Kemp (External Affairs Director, Diageo Africa) welcome Chevening scholar, Sheba Osei back to Ghana after completing her post graduate study in the UK, sponsored by Diageo.



MD Devlin Hainsworth confirms GGL's continued support for the Guinness Golf Open at Kumasi.

Corporate citizenship report

Sports

Guinness Ghana continues to play a central role in sports development in Ghana. This is probably most visible through our sponsorship for the national soccer team "The Black Stars", but other leading events that we continue to support include the prestigious National Challenge Gold Cup and The Guinness Golf Open.

Culture

Guinness Ghana is proud of its Ghanaian heritage. This is what defines us 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. We are particularly proud to have sponsored the Asanteman Adaye Kese Festival and the 5th Anniversary of the Asantehene, Otumfuo Osei-Tutu II reign.



MD Devlin Hainsworth pays a courtesy call on Otumfuo Osei-Tutu II, Asantehene at Manhyia Palace to announce GGL's sponsorship of the 5th anniversary celebration and Adaye Kese festival.



Marketing Director, Francis Vorgbe, presents GGL's support to the Black Stars before their match against South Africa in Kumasi.

Report of the auditors

We have audited the financial statements of Guinness Ghana Limited set out on pages 16 to 26 and 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, 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 30 June 2004 and of the results of its operations and cash flows for the year then ended.

u p m G

Chartered Accountants
25 Liberia Road
P.O.Box 242
Accra

Dated 29 September 2004



Profit and loss account for the year ended 30 June 2004

		year ended 30 June 2004	year ended 30 June 2003
	Note	¢000	¢000
Turnover	3	527,211,260	362,080,199
Cost of sales		(303,041,567)	(214,814,657)
Gross profit		224,169,693	147,265,542
General administrative and selling expenses		(133,524,590)	(85,687,958)
Trading profit		90,645,103	61,577,584
Other income	4	2,687,022	3,636,748
Profit before interest and taxation	5	93,332,125	65,214,332
Net interest charges	6	(22,047,856)	(26,104)
Profit before exceptional income		71,284,269	65,188,228
Exceptional income	7	6,030,617	-
Profit before taxation		77,314,886	65,188,228
Taxation	8	(13,823,341)	(14,557,320)
Profit after taxation transferred to income surplus account		63,491,545	50,630,908

Income surplus account for the year ended 30 June 2004

	year ended 30 June 2004	year ended 30 June 2003
	¢000	¢000
Balance at 1 July	95,859,891	74,598,983
Profit for the year	63,491,545	50,630,908
	159,351,436	125,229,891
Proposed dividend ¢300 (2003: ¢250) per share	(35,244,000)	(29,370,000)
Balance at 30 June	124,107,436	95,859,891

Balance sheet at 30 June 2004

	Notes	at 30 June 2004		at 30 June 2003	
		€000	€000	€000	€000
Property, plant and equipment	9		291,561,831		150,199,858
Investments	10		-		3,346,122
Deferred expenditure	11		27,061,614		-
Current assets					
Stocks	12	78,830,405		57,772,391	
Debtors	13	46,539,992		19,463,708	
Cash and bank balances		15,774,391		46,698,630	
			141,144,788		123,934,729
Current liabilities					
Bank overdraft	14	(6,340,100)		(15,994,528)	
Creditors	15	(112,589,010)		(67,961,185)	
Taxation	8	(2,306,777)		(5,405,576)	
Dividends	16	(28,430,160)		(21,835,903)	
Amount due to related companies	17	(59,072,099)		(47,010,301)	
Short-term loans	18	(27,050,394)		-	
			(235,788,540)		(158,207,493)
Net current liabilities			(94,643,752)		(34,272,764)
			223,979,693		119,273,216
Medium-term finance loan	18	(67,625,981)		-	
Deferred Taxation	8	(21,610,181)		(12,777,230)	
			(89,236,162)		(12,777,230)
Net assets			134,743,531		106,495,986
Financed by					
Stated capital	19		7,686,032		7,686,032
Capital surplus	20		2,950,063		2,950,063
Income surplus			124,107,436		95,859,891
			134,743,531		106,495,986

D. Hainsworth

Managing Director
DM Hainsworth

LA Turnbull

Finance Director
LA Turnbull

Cash flow statement for the year ended 30 June 2004

	year ended 30 June 2004		year ended 30 June 2003	
	€000	€000	€000	€000
Operating profit (before investment returns and servicing of finance)		99,362,742		65,059,297
Depreciation charges	24,758,601		15,263,488	
Increase in stocks	(21,058,014)		(21,367,653)	
(Increase)/decrease in debtors	(27,076,284)		723,199	
Increase in creditors	44,627,825		33,079,435	
Increase in related company balances	12,061,798		37,181,829	
Profit on sale of property, plant and equipment	(27,342)		(793,483)	
Profit on sale of investments	(6,030,617)		-	
		27,255,967		64,086,815
Net cash flow from operating activities		126,618,709		129,146,112
Investment returns and servicing of finance				
Dividends paid	(28,649,743)		(22,806,497)	
Dividends received	-		155,035	
Interest paid	(22,514,649)		(649,223)	
Interest received	466,793		623,119	
		(50,697,599)		(22,677,566)
Tax paid		(8,089,189)		(13,364,311)
Investing activities				
Property, plant and equipment purchased	(166,388,301)		(88,096,838)	
Proceeds from sale of property, plant and equipment	295,069		4,720,697	
Deferred expenditure	(27,061,614)		-	
Proceeds from sale of investments	9,376,739		-	
		(183,778,107)		(83,376,141)
Financing activities				
Proceeds from loan		94,676,375		-
(Decrease)/increase in cash and cash equivalents		(21,269,811)		9,728,094
Analysis of changes in cash and cash equivalents during the year				
Balance at 1 July		30,704,102		20,976,008
Net cash (outflow)/inflow		(21,269,811)		9,728,094
Balance at 30 June		9,434,291		30,704,102
Analysis of balances of cash and cash equivalents as shown in the balance sheet				
Cash and Bank balances		15,774,391		46,698,630
Bank overdraft		(6,340,100)		(15,994,528)
Balance at 30 June		9,434,291		30,704,102

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 property plant and equipment and in accordance with Ghana Accounting Standards.

2. Summary of significant 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:

2.1 Property, plant and equipment, and depreciation

Operating property, plant and equipment, except leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land and capital work-in-progress are stated at cost less any identified impairment loss. Cost includes direct cost, related overheads and interest.

Depreciation on operating property, plant and equipment is charged to profit using the straight-line method so as to write off the historical cost of the assets over their estimated useful lives. 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%

2.2 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.

Notes forming part of the financial statements

2.3. Debtors

Debtors are stated after providing for specific debts considered doubtful.

2.4 Creditors

These are stated at their nominal value. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the instrument.

2.5 Loans

Loans are recorded at the proceeds received. Interest charges are accounted for on an accruals basis and are disclosed as part of accruals and provisions to the extent of the amount remaining unpaid.

2.6 Borrowing costs

Interest on borrowings is expensed as incurred and charged to the profit and loss account.

2.7 Turnover

Turnover represents the value of goods invoiced to customers net of returns, discounts and value added tax.

2.8 Foreign exchange

Transactions denominated in foreign currencies are translated into Cedis and recorded at the rates of exchange ruling at the dates of the transactions.

Balances denominated in foreign currencies are translated into Cedis at exchange rates ruling at the balance sheet date. Differences arising in respect of the translations are charged to the profit and loss account.

2.9 Taxation

Provisions for income taxes are calculated by applying the relevant rates of taxes on the taxable incomes for the year, which is determined in accordance with the prevailing laws for taxation of incomes.

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

2.10. 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 2004		year ended 30 June 2003	
	¢000	¢000	¢000	¢000
Gross sales		767,841,062		526,083,955
Less:				
Excise Duties	(155,314,129)		(105,549,983)	
Value Added Tax	(85,315,673)		(58,453,773)	
		(240,629,802)		(164,003,756)
		527,211,260		362,080,199

4. Other income

	year ended 30 June 2004		year ended 30 June 2003	
	¢000	¢000	¢000	¢000
Sundry income		1,296,069		2,343,487
Net exchange gain		1,363,611		344,743
Dividends received		-		155,035
Profit on disposal of property, plant and equipment		27,342		793,483
		2,687,022		3,636,748

5. Profit before interest and taxation is stated after charging

	year ended 30 June 2004		year ended 30 June 2003	
	¢000	¢000	¢000	¢000
Auditor's remuneration		300,000		230,000
Depreciation		24,758,601		15,263,488
Directors' remuneration		2,797,819		1,277,726
Donations		134,000		104,295

6. Net interest charges

	year ended 30 June 2004		year ended 30 June 2003	
	¢000	¢000	¢000	¢000
Interest income		466,793		623,119
Interest charges		(22,514,649)		(649,223)
		(22,047,856)		(26,104)

Notes forming part of the financial statements

7. Exceptional income

	year ended 30 June 2004	year ended 30 June 2003
	¢000	¢000
Proceeds from sale of investments	9,376,739	-
Cost of investments	(3,346,122)	-
Profit on sale of investments	6,030,617	-

8. Taxation

	balance at 1 July 2003	payments	charge to P&L	balance at 30 June 2004
	¢000	¢000	¢000	¢000
Income Tax				
1997/98 – 2001/02	191,942	(154,244)	(3,990,043)	(3,952,345)
2002/03	4,417,142	(3,704,159)	(590,780)	122,203
2003/04	-	(2,947,879)	7,450,614	4,502,735
	4,609,084	(6,806,282)	2,869,791	672,593
National Reconstruction Levy	796,492	(1,282,907)	2,120,599	1,634,184
	5,405,576	(8,089,189)	4,990,390	2,306,777
Deferred Tax	12,777,230	-	8,832,951	21,610,181
	18,182,806	(8,089,189)	13,823,341	23,916,958

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%.

Notes forming part of the financial statements

9. Property, plant and equipment

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and office equipment	Capital work-in- progress	Total
	¢000	¢000	¢000	¢000	¢000	¢000
Cost/Valuation						
At 1 July 2003	5,306,182	161,484,761	7,919,978	13,607,892	18,889,577	207,208,390
Additions	-	16,898,515	2,854,017	775,474	145,860,295	166,388,301
Disposals	(107,970)	(10,363)	(420,850)	-	(74,120)	(613,303)
Transfers	1,824	120,734,262		15,877	(120,751,963)	-
At 30 June 2004	5,200,036	299,107,175	10,353,145	14,399,243	43,923,789	372,983,388
Depreciation						
At 1 July 2003	1,519,256	44,770,149	3,431,621	7,287,506	-	57,008,532
Charge for the year	167,284	19,255,824	1,878,025	3,457,468	-	24,758,601
Release on disposal	(107,970)	(5,747)	(231,859)	-	-	(345,576)
At 30 June 2004	1,578,570	64,020,226	5,077,787	10,744,974	-	81,421,557
Net Book Value						
At 30 June 2004	3,621,466	235,086,949	5,275,358	3,654,269	43,923,789	291,561,831
At 30 June 2003	3,786,926	116,714,612	4,488,357	6,320,386	18,889,577	150,199,858

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 property, plant and equipment

	year ended 30 June 2004	year ended 30 June 2003
	¢000	¢000
Cost	613,303	4,619,681
Accumulated depreciation	(345,576)	(692,467)
Net book value	267,727	3,927,214
Proceeds on disposal	(295,069)	(4,720,697)
Profit on disposals	27,342	793,483

Notes forming part of the financial statements

Depreciation has been charged in the profit and loss account as follows:

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Cost of sales	19,268,125	10,672,379
General, administrative and selling expenses	5,490,476	4,591,109
	24,758,601	15,263,488

10. Investments

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Trade investments	-	3,346,122

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

11. Deferred expenditure

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Deferred expenditure	27,061,614	-

The company has currently made an offer to the shareholders of Ghana Breweries Limited to acquire their shareholdings in that company. The offer is open till 5 October 2004, unless extended with the agreement of the Ghana Stock Exchange and the Securities Exchange Commission, and subject to the outcome of a court injunction placed on the offer.

The amount incurred to date in the transaction has been disclosed as deferred expenditure in the balance sheet pending completion of the transaction at which time, the full cost of acquisition will be determined for the purposes of accounting for the business combination.

12. Stocks

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Raw and packaging materials	63,769,629	46,544,074
Work-in-progress	851,717	1,619,866
Finished products	2,151,694	1,980,915
Engineering spares and consumables	12,057,365	7,627,536
	78,830,405	57,772,391

13. Debtors

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Trade debtors	38,239,536	8,281,383
Sundry debtors	8,300,456	11,182,325
	46,539,992	19,463,708

Notes forming part of the financial statements

14. Bank overdraft

This represents amounts drawn by the company under facilities granted by its bankers to support its working capital requirements. Unutilised facility at the year-end amounted to ¢ 117,660 million (2003: ¢ 59,005 million).

15. Creditors

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Trade creditors	14,998,209	12,613,142
Sundry creditors	21,150,258	7,901,090
Accruals and provisions	76,440,543	47,446,953
	112,589,010	67,961,185

16. Dividends

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Balance at 1 July	21,835,903	15,272,400
Proposed Dividends	35,244,000	29,370,000
	57,079,903	44,642,400
Payments during the year	(28,649,743)	(22,806,497)
Balance at 30 June	28,430,160	21,835,903

17. Amounts due to related companies

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Materials and equipment	53,533,864	43,676,638
Royalty and technical service fees	5,538,235	3,333,663
	59,072,099	47,010,301

18. Short and medium-term loans

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Amounts disbursed during the year	108,201,575	-
Repayments during the year	(13,525,200)	-
Balance as at 30 June	94,676,375	-

The due balance has been disclosed in the financial statements as follows:

Short-term loan	27,050,394	-
Medium-term loan	67,625,981	-

This loan facility is the Cedi equivalent of 10 million Euros borrowed from a consortium of local banks to finance the expansion of the company's plant and machinery. The facility attracts interest at an average rate of 25% and is secured by a first ranking security interest over the plant and machinery.

The loan is repayable in eight semi-annual instalments commencing on 1 June 2004. Amounts payable over the next twelve months have been disclosed as short-term loan under current liabilities.

Notes forming part of the financial statements

19. Stated capital

	Number of shares 2003		Proceeds	
	2004	2003	2004	2003
	'000	'000	¢000	¢000
Authorised				
Ordinary shares of no par value	200,000	150,000		
Issued				
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.

20. Capital Surplus

	at 30 June 2004	at 30 June 2003
	¢000	¢000
Balance as at 30 June	2,950,063	2,950,063

21. Capital commitments

Capital commitments authorised but not expended at the balance sheet date, amounted to ¢10,031 million (2003: ¢69,833 million).

22. Contingent liabilities

Contingent liabilities, in respect of possible claims and lawsuits at the year-end, amounted to ¢1,015 million (2003: ¢894 million).

23. Related party transactions

- i. The company is a subsidiary of Diageo Highlands BV, a company registered in Holland. Diageo is the beneficiary holder of the shares in Guinness Overseas Limited and Atalantaf Limited.
- ii. Raw materials costing ¢ 226,981 million (2003: ¢128,205 million) was procured from Guinness Overseas Limited.
- iii. Included in cost of sales is an amount of ¢22,402 million (2003: ¢15,494 million) in respect of technical and management services fees payable to Guinness Overseas Limited.

24. Staff strength

The total number of employees as at 30 June 2004 was 234 (2003: 238).

Value added Statement

	year ended		year ended	
	30 June 2004		30 June 2003	
	€000	%	€000	%
Gross sales proceeds	767,841,062		526,083,955	
Excise duties	(155,314,129)		(105,549,983)	
Sales Value Added Tax	(85,315,673)		(58,453,773)	
Turnover	527,211,260		362,080,199	
Other income	3,153,815		4,259,867	
Exceptional income	6,030,617		-	
Bought in materials & services	(389,406,100)		(270,246,386)	
Value added	146,989,592	100%	96,093,680	100%

Applied as follows:

To pay employees salaries, wages & benefits	22,401,456	15%	14,992,741	16%
To provide for depreciation	24,758,601	17%	15,263,488	16%
To pay for taxation	13,823,341	10%	14,557,320	15%
To pay dividends	35,244,000	24%	29,370,000	30%
To pay interest charges	22,514,649	15%	649,223	1%
Retained for company growth	28,247,545	19%	21,260,908	22%
	146,989,592	100%	96,093,680	100%



Shareholder information

Directors shareholding

	number of shares
David HC Hampshire	4,000
Total	4,000

Analysis of shareholding

number of shares	number of holdings	%	number of holders	%
1 - 1,000	669,168	0.57%	2,125	59.99%
1,001 - 5,000	1,608,614	1.37%	612	17.28%
5,001 - 10,000	3,943,681	3.36%	492	13.89%
10,001 and over	111,258,537	94.70%	313	8.84%
	117,480,000	100.00%	3,542	100.00%

20 largest shareholders

	number of holdings	%
1 Diageo Highlands BV	70,921,228	60.37%
2 Social Security & National Insurance Trust	18,151,032	15.45%
3 BBGN/Chase Manhahattan	6,061,037	5.16%
4 BBGN/Chase Manhahattan Offshore	3,906,408	3.32%
5 DM Ventures	1,931,265	1.64%
6 BBGN/Epack Investment Fund Limited	1,132,424	0.96%
7 Ghanaian Employees of Guinness	1,050,374	0.89%
8 BBGN/Boston Safe Deposit & Trust Co	634,277	0.54%
9 Enterprise Insurance Co. Limited	500,000	0.43%
10 State Insurance Co. Limited.	400,000	0.34%
11 Ghana Reinsurance Organisation	329,900	0.28%
12 BBGN/Unilever Ghana Provident Fund	300,059	0.26%
13 BBGN/Unilever Ghana Managers' Pension	266,217	0.23%
14 BBGN/GTP Provident Fund	162,500	0.14%
15 Teachers Fund	162,303	0.14%
16 Dr. RHM Nanka-Bruce	160,000	0.14%
17 DBL Trading A/c	109,800	0.09%
18 RETCO Company Limited	105,600	0.09%
19 NTHC Limited	93,261	0.08%
20 E N Safo-Nyame	76,676	0.07%
Total	106,454,361	90.62%
Others	11,025,639	9.38%
Grand total	117,480,000	100.00%

Five year financial summaries

	2004	2003	2002	2001	2000
	¢000	¢000	¢000	¢000	¢000
Results					
Turnover	527,211,260	362,080,199	256,921,901	190,643,212	125,360,500
Exceptional income	6,030,617	-	-	-	-
Profit before taxation	77,314,886	65,188,228	48,172,841	26,388,896	11,149,452
Taxation	(13,823,341)	(14,557,320)	(12,983,292)	(8,030,110)	(704,956)
Profit after taxation	63,491,545	50,630,908	35,189,549	18,358,786	10,444,496
Dividends	(35,244,000)	(29,370,000)	(20,559,000)	(10,573,200)	(8,223,600)
Retained profit	28,247,545	21,260,908	14,630,549	7,785,586	2,220,896
Balance sheet					
Property, plant and equipment	291,561,831	150,199,858	81,293,722	68,460,901	67,976,504
Investments	-	3,346,122	3,346,122	3,346,122	3,346,122
Deferred expenditure	27,061,614	-	-	-	-
Cash & cash equivalents	15,774,391	46,698,630	21,501,375	16,492,599	40,404,532
Other currents assets	125,370,397	77,236,099	56,591,645	40,523,306	48,110,107
Total assets	459,768,233	277,480,709	162,732,864	128,822,928	159,837,265
Total liabilities	(325,024,702)	(170,984,723)	(77,497,786)	(58,218,399)	(97,018,322)
Net assets	134,743,531	106,495,986	85,235,078	70,604,529	62,818,943
Share 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	124,107,436	95,859,891	74,598,983	59,968,434	52,182,848
Shareholders funds	134,743,531	106,495,986	85,235,078	70,604,529	62,818,943
Revenue collected for Government					
Excise duties	155,314,129	105,549,983	71,111,188	57,317,924	37,758,825
Sales tax/VAT	85,315,673	58,453,773	41,004,136	30,995,142	16,590,078
Total	240,629,802	164,003,756	112,115,324	88,313,066	54,348,903
Statistics					
EPS (¢)	540.45	430.97	299.54	156.27	88.90
Dividend per share (¢)	300.00	250.00	175.00	90.00	70.00
Net assets per share (¢)	1,146.95	906.50	725.53	600.99	534.72
Current ratio	0.60:1	0.78:1	1.16:1	1.2:1	0.98:1
Return on shareholders fund (%)	47.12	47.54	41.26	28.00	16.63
Return on net sales value (%)	12.04	13.98	13.69	9.63	8.33

Proxy form

Annual General Meeting to be held at 10am on 29 November 2004 at the Accra International Conference Centre.

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 29 November 2004 an at any and every adjournment thereof.

Date thisday of2004

.....
Shareholder's Signature

For Company's Use		
Number of shares		
Resolution	For	Against
1. To declare a dividend		
2. To re-elect Mr LA Turnbull		
3. To re-elect Mr PV Obeng		
4. To re-elect Mr DHC Hampshire		
5. To approve Non-Executive Directors' Fees		
6. To approve the terms of appointment of a Director		
7. To fix remuneration of the Auditors		

**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 the address on page 31 so that it reaches us not later than 10am on 26 November 2004.

6. The Proxy must produce the Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.

Notes

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



Notes
