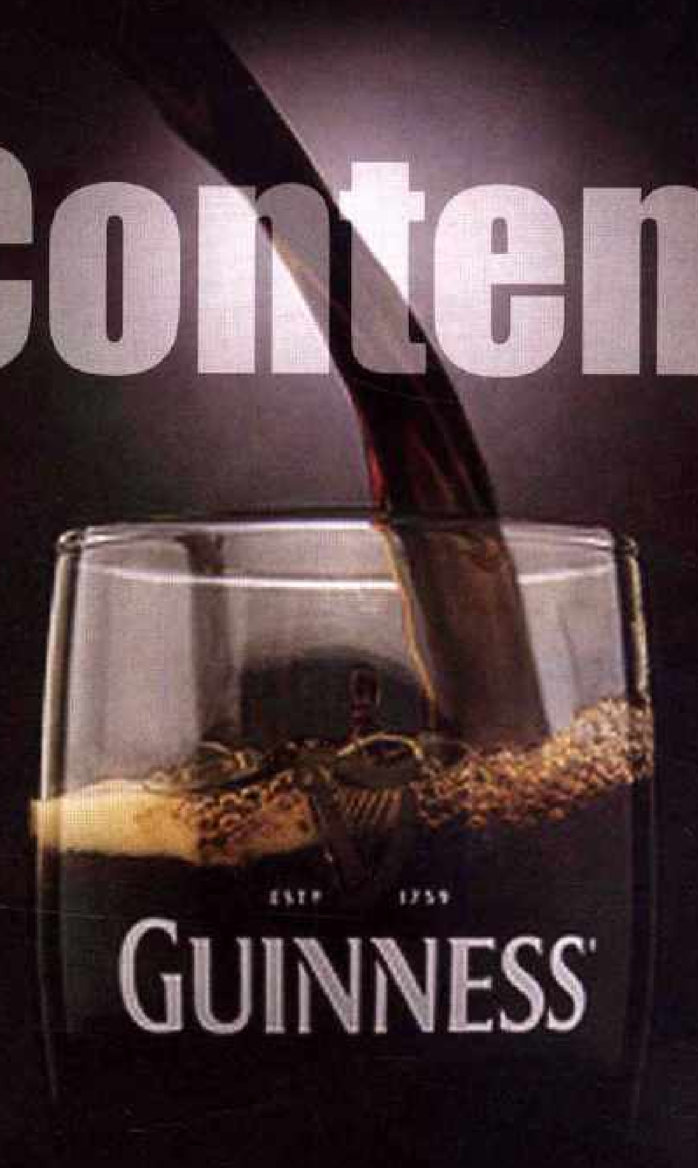
GUINNESS GHANA
BREWERIES LIMITED

GUINNESS GHANA BREWERIES LIMITED

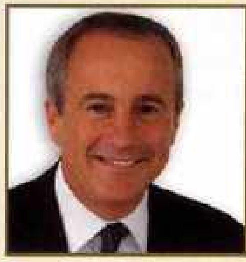
ANNUAL REPORT & FINANCIAL STATEMENTS 2010

Content



BOARD OF DIRECTORS	David Harlock (Board Chairman) Ekwunife Okoli (Managing Director) Robert Pilkington (Finance Director) Emmanuel Jojo Bonney (Sales Director) Joseph Woahen Acheampong Paul Victor Obeng Kwaku Sarfo-Mensah Ebenezer Magnus Boye Thomas Arie de Man John Lloyd Leanne Wood
SECRETARY	Afua Oduro Asante, Guinness Ghana Breweries Limited, P. O. Box 3610, Achimota-Accra
REGISTERED OFFICE	Guinness Ghana Breweries Limited Industrial Area, Kaasi P. O. Box 1536 Kumasi
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra
REGISTRARS	Merchant Bank (Ghana) Limited 57 Examination Loop North Ridge Accra
SOLICITORS	Bentsi-Enchill, Letsa and Ankomah, 1st Floor Teachers' Hall Complex, Education Loop (Off Barnes Road), P. O. Box GP 1632, Accra
BANKERS	Standard Chartered Bank (Ghana) Limited Guaranty Trust Bank (Ghana) Limited Inter-Continental Bank (Ghana) Limited SG-SSB Bank Limited United Bank for Africa (Ghana) Limited Zenith Bank (Ghana) Limited

Board Members



David was appointed as the Board Chairman in June 2009. He is a qualified solicitor and has worked with Diageo since 1995. He is currently the Associate General Counsel to Diageo International for Mergers, Acquisitions and Global Functions.

David Harlock
Board Chairman

Ekwunife took up the position of Managing Director (MD) and Vice Chairman on July 1, 2009. Prior to this he was the Managing Director for Guinness Cameroon. He brings to the position a wealth of experience having worked for Diageo for over 20 years in different capacities.

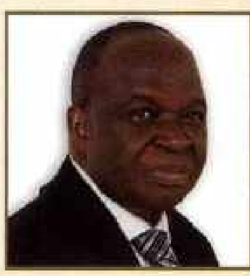
Ekwunife Okoli
Vice Board Chairman and Managing Director

Robert has occupied the role of Finance Director since May 2008. Prior to this appointment, he occupied Senior Finance roles in Brandhouse - Diageo's affiliate Drinks Company in South Africa.

Robert Pilkington
Finance Director

Emmanuel has occupied various senior roles in sales at GGBL. In July 2007, he was appointed Sales Director and later appointed to the Board in May 2009.

Emmanuel Jojo Bonney
Sales Director



Joseph is a professor of medicine and a consultant physician. He has been with the board since 1994.

Joseph Woahen Acheampong
Non-Executive Director

Thomas was the Managing Director of Heineken's Operating Companies, Participations and License Operations in Sub-Saharan Africa from 2003 until May 2005 when he was appointed to his present position as the Regional President Africa and the Middle East and a member of Heineken's Executive Committee.

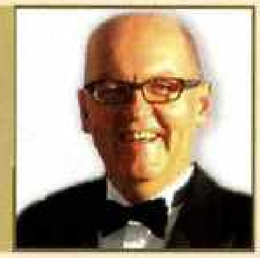
Thomas Arie de Man
Non-Executive Director

Board Members

Magnus is a former Director of Guinness Breweries Ltd. He has served on a number of public and private boards including Unilever Ghana Ltd and Ghana Ports and Harbours Authority.

Ebenezer Magnus Boye
Non-Executive Director

John has been with Diageo since 1996 and has extensive international experience in spirits and wines having worked in Great Britain and Australia. He has also occupied the role of Global Manager for Diageo.



John Lloyd
Non-Executive Director

Kwaku is the General Manager for Industrial Gases for Wahome Steel Ltd and is the SSNIT representative on the board. He has held several senior positions with Tri-Star Financial Group and Aetna Insurance Company.

Kwaku Sarfo-Mensah
Non-Executive Director

Paul is the Chief Consultant of OB Associates and the Chairman of the National Development Planning Commission. He has also held various high profile positions in Ghana's political landscape.

Paul Victor Obeng
Non-Executive Director

Leanne joined Diageo Africa as HR Director in 2008 after having been with Diageo for 8 years. Prior to joining Diageo Africa, Leanne was the HR Director of Diageo Ireland and prior to that she held senior HR leadership positions in the UK and Asia.

Leanne Wood
Non-Executive Director

Afua joined GGBL in December 2009 as the Legal Counsel after having worked for several years as the Legal Adviser and Company Secretary for Unilever Ghana Limited and Benso Oil Palm Plantations Limited. She was appointed Company Secretary on February 10, 2010.

Afua Oduro Asante
Company Secretary

Notice is hereby given that the 38th Annual General Meeting of Guinness Ghana Breweries Limited will be held at the National Theatre Accra on 16th November 2010 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 2010 together with the Profit and Loss and Income Surplus Accounts for the year ended on that date and the Report of the Auditors thereon.

2. To elect Directors.

3. To approve non-executive directors' fees.

4. To authorise the Directors to fix the remuneration of the Auditors.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Member. A form of proxy is attached 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 this 22nd day of September 2010

By order of the Board

Afua Oduro Asante
Company Secretary

Board of Directors & Secretary
David Harlock (Chairman), Ekwunife Okoli (Managing Director), Robert Pilkington, Emmanuel Jojo Bonney, John Lloyd, Leanne Wood, Joseph Woahen Acheampong, Paul Victor Obeng, Ebenezer Magnus Boye, Kwaku Sarfo Mensah, Thomas Arie De Man, Afua Oduro Asante (Secretary).

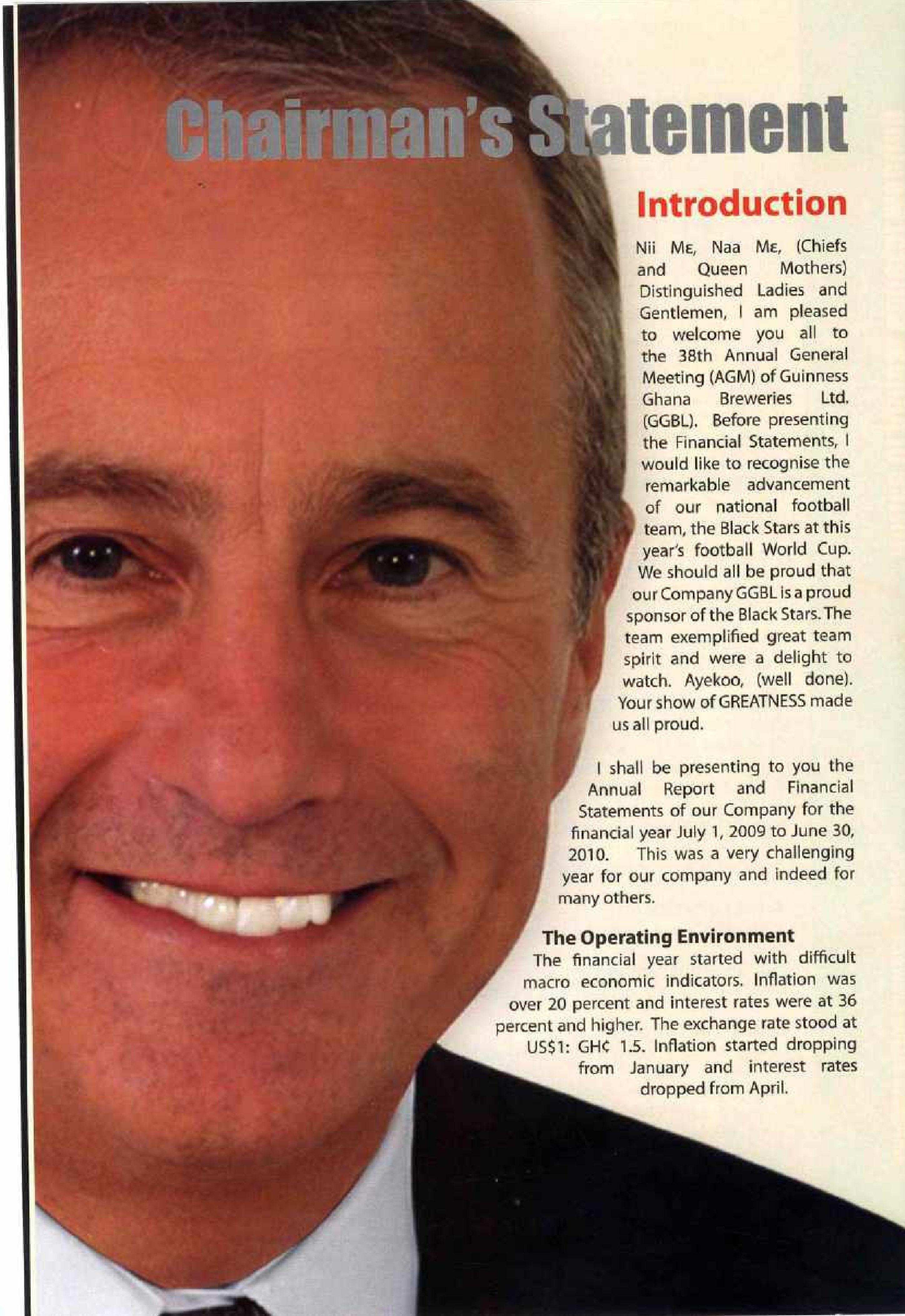
Executive Management Committee:
Ekwunife Okoli, Robert Pilkington, Emmanuel Jojo Bonney, Ama Okyere, Elizabeth Arhin, Andy Jones, Miguel Soto, Afua Oduro Asante.

Audit Committee:
Joseph Woahen Acheampong, Ebenezer Magnus Boye and Robert Pilkington.

Nominations Committee:
David Harlock, Paul Victor Obeng, Kwaku Sarfo Mensah and Robert Pilkington.

Registered Office:
Guinness Ghana Breweries Limited, Kaasi Industrial Area, P.O. Box 1536, Kumasi.

Registrars Office:
Merchant Bank Ghana Limited, Registrars Department, 57 Examination Loop, North Ridge, P.O. Box 401, Accra, Ghana.



Chairman's Statement

Introduction

Nii Mɛ, Naa Mɛ, (Chiefs and Queen Mothers) Distinguished Ladies and Gentlemen, I am pleased to welcome you all to the 38th Annual General Meeting (AGM) of Guinness Ghana Breweries Ltd. (GGBL). Before presenting the Financial Statements, I would like to recognise the remarkable advancement of our national football team, the Black Stars at this year's football World Cup. We should all be proud that our Company GGBL is a proud sponsor of the Black Stars. The team exemplified great team spirit and were a delight to watch. Ayekoo, (well done). Your show of GREATNESS made us all proud.

I shall be presenting to you the Annual Report and Financial Statements of our Company for the financial year July 1, 2009 to June 30, 2010. This was a very challenging year for our company and indeed for many others.

The Operating Environment

The financial year started with difficult macro economic indicators. Inflation was over 20 percent and interest rates were at 36 percent and higher. The exchange rate stood at US$1: GH¢ 1.5. Inflation started dropping from January and interest rates dropped from April.

Another major challenge has been Government's decision to return to an Ad Valorem excise regime, which has more than doubled our excise duty payments. In turn this led to price increases of around 30 percent, which has had a negative impact on the demand for beverages in the market, our brands included. For example, AC Nielsen reports that by June 2010, total beer volume in Ghana had reduced by 13 percent, carbonated soft drinks by 11 percent and spirits by 22 percent.

Increases in direct taxes to fund the shortfall in the 2010 budget has reduced the disposable income available for beverage consumption as consumer spending is directed at basic needs such as food, rent and school fees.

A further challenge has been the unreliability of some critical infrastructural facilities particularly water and electricity. We faced significant challenges with water outages in Achimota and irregular electricity supply in Kumasi. Both of these factors had a major impact on our ability to supply the market. For instance, the business experienced 1389 hours (58 days) of production downtime as a result of not having water and even though this was mitigated with the purchase of water from other Ghana Water supply points, the cost and the ongoing general unavailability of water in the country exacerbated the situation.

In addition to this, the Public Utilities Regulatory Commission (PURC) a few months ago announced new rates for electricity and water, which has tripled our electricity bills and doubled our water rates.

On the positive side, from January we started seeing some drop in inflation and to a lesser extent interest rates. The entire country also continues to have very high expectations from the income potential of the oil exploitation expected to commence towards the end of this year. The forecast is about 120,000 barrels per day in 2011 and the output is expected to double in 2012.

In summary, 2010 was a particularly challenging business environment, but I am encouraged by the positive outlook over the next three years.

Our Brands

Inspite of the economic difficulties, we continue to invest behind our brands for the future. A series of activities were rolled out to mark the 250th anniversary of the Guinness® brand. To commemorate this remarkable anniversary, a national consumer promotion was launched where many loyal Guinness® consumers had the opportunity to win instant prizes and also participate in both the local and global raffle draws. The fantastic raffle draw prizes have been life changing for some of our consumers such as Mr. Enoch Affum and Mr. Lawrence Darko who won a brand new Nissan Qashqai each. There were also cash as well as other great prizes won by our loyal consumers.

Remember "The Guinness® Day" to be celebrated every year on September 24th. We look forward to marking that day with all of you.

Star lager beer turned 50 years on the 1st of July 2010. Consumers can still look forward to enjoyable experiences that can only come from the "Nation's favourite beer".

The Malta™ Guinness® Street Dance competition entered its third year with regional competitions being undertaken. "High Spirits" were eventually crowned national champions. We are delighted that Ghana was selected to host this year's Malta™ Guinness® Street Dance Pan-African Championships, which was slated for October 2010. It gave us great pleasure as a company to have brought such great times and experiences to you through our brands.

The introduction of our Spirits portfolio, which includes world class brands like Johnnie Walker onto the market will further delight our customers and consumers as they will have access to a wider selection of Diageo's world class brands to choose from.

Alvaro™, which was launched last year, continues to grow at very impressive rates both in terms of volume and consumer preference.

Consumer feedback continues to show that our brands are very strong. Indeed this is exemplified by Alvaro™ being adjudged the Product of the Year 2009 and Malta™ Guinness® being awarded Brand Activation of the year 2009 for Malta™ Guinness® Street Dance at the 21st National Marketing Performance Awards held on Friday 10 September 2010. We will continue to look at ways to reinforce and extend this strength.

Our Community

GGBL is committed to being a "Force for Good" in the communities where we do business. We believe that this is not only the right thing to do but also builds long-term growth and sustainability.

Last year, our Water of Life projects provided access to potable water to 150,000 Ghanaians through the construction of boreholes as well as the distribution of hundreds of water filters. Over the last three years, we have provided access to potable water to over 500,000 Ghanaians and we now have boreholes in all the regions in Ghana.

We also organised a Water Business Roundtable. The aim of the roundtable was to facilitate corporate Ghana's responsible engagement with water policy to reduce business risks and advance national policy goals, which positively impact communities and ecosystems. Participants included business leaders in the country and key water stakeholders from government and the non-governmental organisation (NGO) community. A white paper from the roundtable provides us with practical steps to address the water related challenges that confront our communities and businesses if we fully commit to them.

We have continued to invest behind our sorghum project in the North with the aim to use more locally grown sorghum in our brewing process, reducing our use of imported barley. In collaboration with Techno serve, an agricultural NGO, significant progress has been made. Over 5,500 farmers and their families have been provided with a livelihood. We are proud to now incorporate over 3,500 metric tonnes of locally grown sorghum in our brewing process.

Diageo Africa Business Reporting Awards (DABRA) was launched in 2004 to celebrate excellence in business journalism about and from Africa. They recognised then, as they do now, the important contribution that great journalism makes towards shaping investor's perceptions. For the first time a Ghanaian won a category of DABRA. Mr. Felix

Dela Klutse of the Daily Guide newspaper won in the Best Business News category with his article titled 'China Takes African Markets by Storm'.

We are committed to ensuring that alcohol is consumed responsibly. We undertake responsible alcohol education and awareness creation campaigns for our staff, consumers, drivers of vehicles and the general public. We collaborated with regulatory agencies like the National Road Safety Commission. GGBL also rolled out a novelty-training module called DRINKiQ to our external stakeholders including members of the Attorney General's Department, the Ministry of Youth and Sports, Ministry of Trade and Industry as well as the Ministry of Health and the National Road Safety Commission. DRINKiQ imparts valuable facts about alcohol usage and promotes responsible drinking. This falls in line with the World Health Organisation's strategy focusing on reducing the harmful effects of alcohol.

Our company is committed to these activities in order to ensure the long-term growth and sustainability of our business. GGBL is a founding member of the Association of Alcohol Manufacturers and Importers (AAMI) and is proud to lead the industry in promoting the responsible marketing of alcohol by its members. The association has proactively produced a draft National Alcohol Policy with which we are currently engaging the relevant stakeholders on. It is our fervent hope that we shall have this passed by Parliament into law before our next annual general meeting.

In the area of the environment, we continue to manage our waste through Waste - Water Treatment Plants (WWTP) in all our breweries. We have also installed new machinery and improved our maintenance schedule so as to reduce our consumption of water in line with international best practice.

Our People

Our People are our greatest asset. We are committed to being the "Employer of Choice" by creating the enabling environment for our employees to achieve their full potential.

In 2010, we have focused on building our talent base through the attraction of new talent and the development of our current people. We have invested significantly in leadership development with our more senior staff participating in Diageo's global leadership training programme. We have also trained all our staff on our Code of Business Conduct. We have also invested in technical skills development particularly in Finance, Sales, Marketing and Supply.

We are proud that our employees are well sought after in the wider Diageo group. We now have nearly 10 Managers on secondment to other Diageo businesses in the United Kingdom, East Africa, Cameroon and South Africa.

As a business, we have also focused on improving employee engagement and we are proud that we are seeing steady improvements in our values survey results which tests how our employees believe that we as a company are really reflecting its core values.

Last but not the least, is our commitment to providing a safe working environment for our employees. We had zero fatality and two Lost Time Accidents (LTA) in Achimota. We have also scored a record 365 days with no LTA in our Kaasi brewery in Kumasi.

World Water Day was marked with a 10km walk in Accra on March 20th under the theme- "Clean Water for a Healthy World". Employees in collaboration with Fitness First Club (An Accra based Keep Fit Club) undertook the walk. The total turnout was over 2,000. We used the occasion to engage participants and the media on our Water of Life Programme, which has benefited over 500,000 Ghanaians. Our employees in Kaasi also undertook a run in the Kaasi brewery to commemorate the day.

Our People were fully behind the clarion call by Guinness®, the official beverage sponsor of the Black Stars and the Ministry of Youth and Sports for all to wear jerseys displaying the national colours as a visible sign of their support for the Black Stars during the football world cup.

Our performance

The business has operated in a tough economic and operational environment throughout the year.

The impact of the change in the excise regime to Ad Valorem from specific based taxation as mentioned above has impacted the market volumes in the second half of the financial year by over 20 percent whilst increasing the excise revenue for the Government by GH¢18m during this period from Guinness Ghana Breweries Limited. In addition, the poor supply of water and electricity resulted in a loss of over 10 percent of production volumes.

These challenges impacted the business significantly and the business was only able to grow its turnover by 2.7 per cent.

On the cost front, the company recorded no increase in the cost of sales on a like for like basis which reflects the clear focus of management on controlling our costs in an environment of high inflation.

It is worth noting that during the year the company changed its accounting policy for returnable packaging to reflect returnable packaging as property, plant and equipment rather than as inventory. This is in line with the International Financial Reporting Standards (IFRS) and with policies used by other industry members. The impact of this adjustment has been reported under note 29 to the financial statements. Without this adjustment, cost of sales would have reflected an increase of 8.5 percent, which is still well below the average inflation for the year.

In addition, by careful managing our general administrative and selling expenses whilst continuing to support our brands with key activities such as Guinness® football sponsorship and Malta™ Guinness® street dance investments, we were able to reduce our costs by 4 percent on the previous year.

The above initiatives have enabled the business to deliver a 48 per cent growth in trading profit from GH¢14.8m to GH¢21.8m on a restated basis. However, after adjusting for the restatement due to the change in the accounting policy for returnable packaging, the business recorded a decline in trading profit of 17 per cent. This reflects the impact that the challenging economic, excise regime and poor utility supply has had on our business.

At the end of June 2009, the business had accumulated a large amount of liabilities, principally to related companies in respect of fixed assets and goods and services. These amounts had built up due to the currency crisis in 2009 where no foreign currency was available and also when the currency devalued by almost 50 per cent. It was imperative that the company settled these balances in the light of continued foreign currency exposure and at the beginning of the year, the company entered into a number of agreements with various local banks to secure finance with which to settle these liabilities and mitigate any future currency risk. As a result, the company has secured a number of loans and overdraft facilities at varying interest rates and varying repayment terms over 2 to 4 years as further detailed in the notes to the financial statements.

As a consequence of these facilities the company has incurred significant finance costs to the amount of GH¢26.4m. This has resulted in the company recording a net loss after tax of GH¢4.6m versus a profit in 2009 of GH¢4.6m.

Our board of directors continue to review all options and mechanisms to minimise these costs in the future.

Given the loss situation and the fact that the company is in a net borrowing position, the board of directors do not believe that it is in the best interests of the company and its shareholders to declare a dividend for the financial year ending 30 June 2010. Any dividend declared would have to be paid out of further borrowings, which would not be prudent.

Looking Forward

This has been a difficult year for our company and others in Ghana. The Board and senior management are committed to dealing with the continuing challenges that we face.

Report of Directors'

The Directors present their report and financial statements of the company for the year ended 30 June 2010.

Directors' Responsibility Statement

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet at 30 June 2010, income statement, statement of recognised income and expense and statement of cash flow for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

The Directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material mistatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the attached financial statements.

The Directors do not recommend payment of dividend for the year under review (2009: 4.00Gp per share amounting to GH¢6,586,859).

The Directors consider the state of the company's affairs to be satisfactory.

NATURE OF BUSINESS

There was an amendment to the nature of business of the company during the year as follows:

The company manufactures, sells, and deals in alcoholic and non-alcoholic beverages and their ancillary products.

HOLDING COMPANY

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

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on 22nd September 2010 and are signed on its behalf by:

Managing Director	Finance Director
Ekwunife Okoli	**Robert Pilkington**

We have audited the accompanying financial statements of Guinness Ghana Breweries Limited, which comprise the statement of financial position at 30 June 2010, the statements of comprehensive income, changes in equity and cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 60.

Directors' Responsibility for the Financial Statement

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Guinness Ghana Breweries Limited at 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of financial position statement of comprehensive income and retained earnings are in agreement with the books of account.

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P. O. BOX GP 242
ACCRA

22nd September 2010

Guinness Ghana Breweries Limited (GGBL) is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management when conducting its business. GGBL is also committed to carrying out its business responsibly and in accordance with all laws and regulations which its business activities are subject to. The Board and management team are as a whole collectively responsible for ensuring that the highest standards of corporate governance are achieved when directing and controlling the business.

Board of Directors

The Board is comprised of three full time executive directors and eight non-executive directors who are highly qualified and experienced in their professional areas of expertise. The Board which is chaired by a non-executive director is responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board:

- provides leadership of the Company with a framework of prudent and effective controls which enable risk to be assessed and managed;
- provides input into the development of the long-term objectives and overall commercial strategy for the company and is responsible for the oversight of the company's operations while evaluating and directing the implementation of the company's controls and procedures;
- provides oversight of the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, as well as reviewing management performance;
- upholds the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met; and
- ensures timely and accurate financial reporting to shareholders.

There were four well-attended meetings of the Board of Directors during the year under review, one each quarter, scheduled to ensure that the Directors could provide the appropriate guidance and necessary approvals and perform their statutory obligations.

The Executive Management Committee

The Executive Management Committee which comprises the Managing Director and all the other functional directors is responsible for the day to day management of the company and for all the operational aspects of the business. The Executive Management Committee meets regularly to review the performance of the business, to assess the operations of the business, to devise and implement strategic pathways for the company and to ensure that adequate internal controls and compliance systems are in place and that they are adhered to. The Committee also identifies the company's risk profile and ensures that all the relevant steps are taken to mitigate and address the said risks.

Audit Sub-Committee

The Audit Sub-Committee (ASC) of the Board is comprised of three directors two of whom are non-executive directors. It is chaired by a non-executive director and is required to exert a high level of oversight over, and scrutiny into, the Company's operations and financial reporting and internal controls and compliance systems. The ASC assists the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications, independence and remuneration, the performance of the internal compliance function and the performance of our independent auditors (Messrs. KPMG). The ASC ensures that recommendations by the auditors and the ASC itself, for procedural improvements and rectification, are duly completed by the Company.

In line with these requirements the ASC met four times this year and was fully engaged in reviewing both the internal and external audit reports and ensuring that the Company followed through on issues to be addressed. In addition the Committee reviewed in detail the Company's financial statements to ensure that they provide a true and accurate record of the state of the Company's affairs.

Nominations Committee

The Nominations Committee which is chaired by a non-executive director is comprised of four directors of whom three are non-executive directors. The Nominations Committee makes recommendations to the Board on all matters concerning corporate governance and directorship practices including development of corporate governance guidelines, evaluation of the Board, Committees and individual Directors, identification and selection of new Board nominees, and oversight of the Company's policies relating to social and environmental issues. The Nominations Committee also evaluates and determines compensation policies and recommends compensation for Non-Executive Directors. The Nominations Committee met twice this year and had very productive deliberations on issues in respect of corporate governance and the appointment/nomination of directors.

Risk Management and Internal Control

Our company is proud of its commitment to operate in a compliant and prudent manner and to this end undergoes a stringent programme of internal and external auditing each year. This year in addition to the annual financial audit undertaken by KPMG (external audit) the Company underwent internal audits and reviews in key areas of its operations. We also underwent the Controls Assessment and Risk Mitigation (CARM) process to drive improvement and adherence to controls.

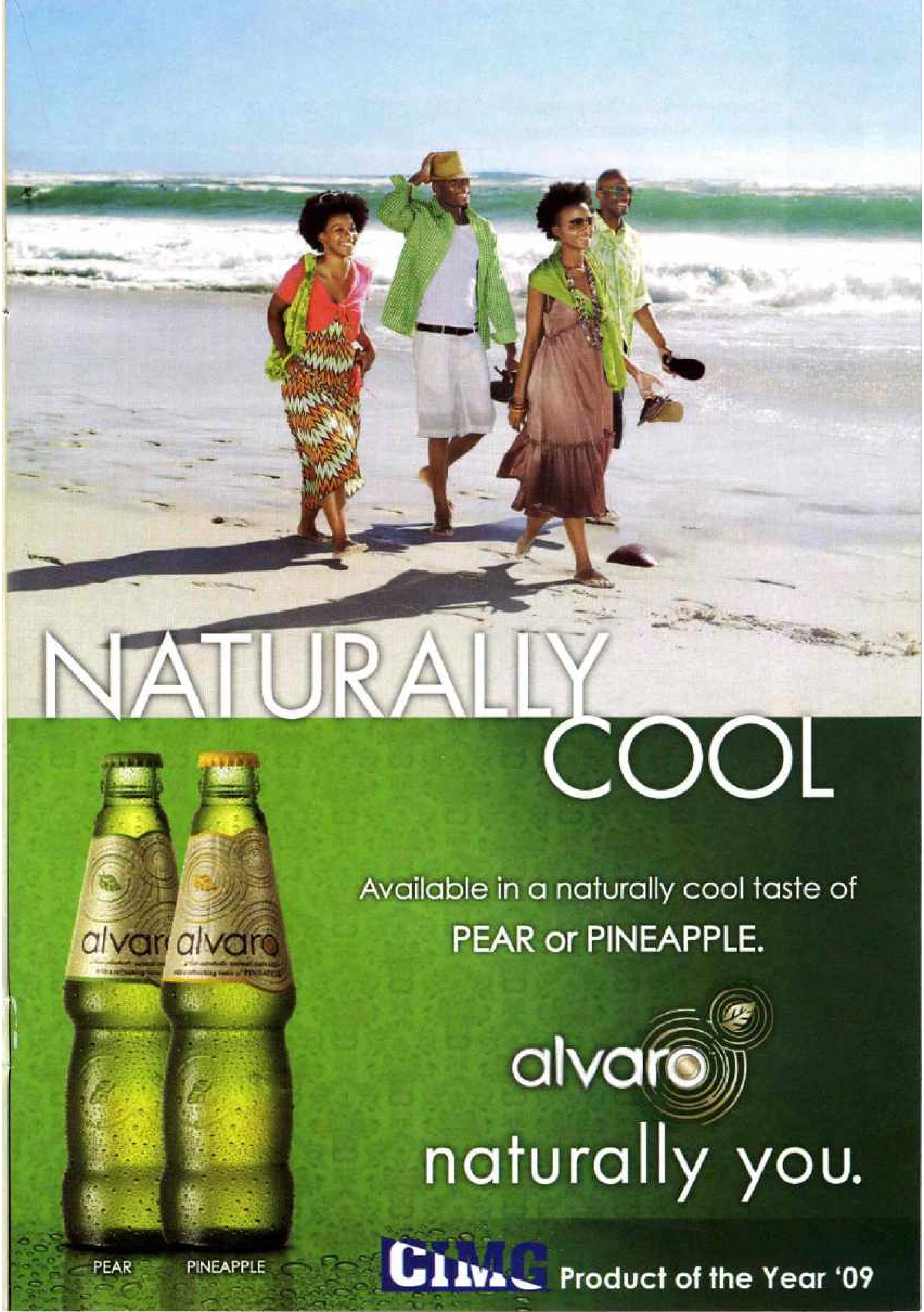
Occupational Health and Environmental Safety

Our company is committed to providing the highest standards of health, safety and welfare for its employees and to its responsibility to minimise its environmental footprint. All aspects of our operation are therefore conducted in compliance with applicable health and safety laws and regulations and company policies.

Code of business conduct

Our company is committed to operating with integrity and has a Code of Business Conduct in place which establishes the level of professionalism and integrity required of all employees and third parties that the company deals with. The Code clearly spells out the high ethical, professional and moral standards expected which include the requirement for reliable and accurate financial reporting, compliance with all applicable laws, the prohibition of all improper and facilitating payments and bribes and the commitment to act as a socially responsible company with respect to the environment, the communities that we operate in and our employees. Your company is also committed to promoting responsible drinking and the highest standards of responsible marketing as captured in our Marketing Code.

In conclusion we are happy to inform you that we have created an environment where our employees derive joy and pride from doing the right thing and acting with integrity.


NATURALLY
COOL
Available in a naturally cool taste of
PEAR or PINEAPPLE.
alvaro
naturally you.
alvaro
alvaro
PEAR
PINEAPPLE
CIMG Product of the Year '09

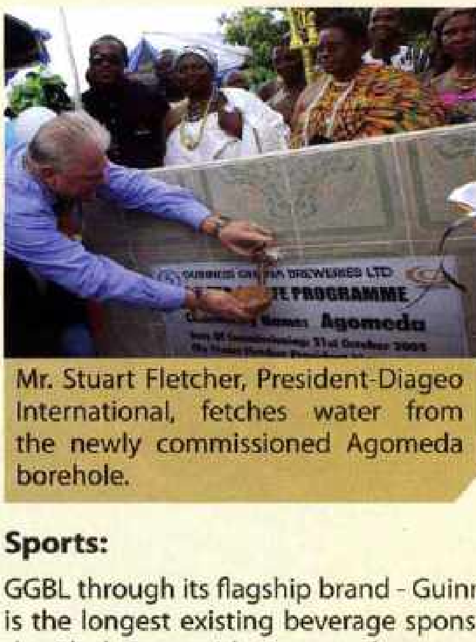
Corporate Social Responsibility (CSR)

Being a good corporate citizen involves all the ways that our business and products interact with society and the environment and includes the equilibrium between acting responsibly and the right to trade freely.

It includes our ethical approach to business, governance and our relationships with employees, consumers, customers and our suppliers as well as the communities we operate in and also our approach and advances in environmental concerns.

For us at GGBL, success is not only delivering returns for shareholders, it is also about leading the industry as a responsible corporate citizen with a holistic approach to the long-term aims of sustainability.

The Minister for Water Resources, Works and Housing Hon. Alban Bagbin takes a sip from the newly commissioned water project at Pobi Korpe, in the Ga West Municipality. Dr. Nick Blazquez, MD, Diageo Africa looks on.



Mr. Stuart Fletcher, President-Diageo International, fetches water from the newly commissioned Agomeda borehole.

Corporate Citizenship Report Water:

On 21 October 2009, Guinness Ghana commissioned a community water project comprising an automated borehole with an overhead tank connected to standpipes for Agomeda- a community in the Dangbe West district of the Greater Accra region. It also commissioned another one at Pobi Korpe.

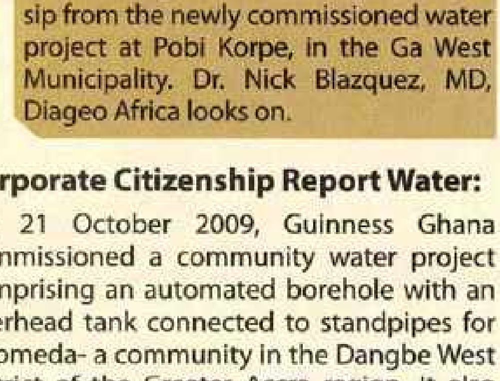
These projects were part of the 22 similar projects the company has financed in its F10 financial year in the Eastern, Volta, Brong Ahafo and the Greater Accra regions as part of the company's flagship Corporate Social Responsibility programme- Water of Life.

Sports:

GGBL through its flagship brand - Guinness® is the longest existing beverage sponsor of the Black Stars with an annual sponsorship package of $400,000 to the senior national team.

Guinness® presented a special support package to the Ministry of Youth and Sports to the tune of GHC 115,000 with a cash component of GHC 30,000 and other promotional activities to partner the Ministry to galvanize support for the team.

To bring GGBL's support of the Black Stars to life, especially during the period of the World Cup, Guinness® also launched its official One Chant Jama Song for the Black Stars.



Minister for Youth and Sports - Hon. Akua Sena Dansua; Deputy Minister for Youth and Sports - Hon. Nortey Duah; Mr. Ekwunife Okoli - MD of GGBL and Ms. Ama Okyere - Marketing Director.

Agriculture:

The West Africa Sorghum Value Chain Project has continued its sterling performance. In F10, the project increased its sorghum yield from 920 to 3,500 metric tonnes.

Responsible Alcohol Education:

GGBL rolled out a novelty-training programme called DRINKiQ to members of the Attorney General's Department, the Ministry of Youth & Sports, the National Road Safety Commission, Ministry of Health and the Minstry of Trade and Industry. This took place in their respective conference rooms.

The DRINKiQ workshop, which was developed and is owned by Diageo, parent company of GGBL, imparts valuable facts about alcohol usage and promotes responsible drinking. It is being rolled out initially to key stakeholders and later countrywide as part of a national strategy to promote responsible behaviour around alcohol.

Ron Ainsbury, a consultant working for Diageo (middle) in a group picture with participants from the National Road Safety Commission.

Mr. Felix Klutse (left) receiving the award from Dr. Nick Blazquez in London.

Promoting journalistic excellence – Diageo Africa Business Reporting Awards (DABRA):

Mr. Felix Dela Klutse of the Daily Guide newspaper was adjudged winner of the 2010 DABRA in the Best Business News category with his article titled 'China Takes African Markets by Storm'.

This was announced in London on 1 July 2010. Diageo, the world's leading premium drinks business and the parent company of Guinness Ghana Breweries Ltd. is the sponsor of these awards. Now in its seventh year, the Awards are a celebration of journalists and news organisations that have gone the extra mile to promote the African continent. This year, a record 770 entries were received, demonstrating increased reporting and competition in these Awards.


Malta
GUINNESS
STREET
'10


'December to Remember' celebration at GGBL: employees in a jubilant mood for not only exceeding the monthly sales target, but also producing the highest ever December production.


Managing and Marketing Directors of GGBL respectively presenting a cheque to the High Spirits, winners of the Malta™ Guinness® Street Dance national championships.


GGBL employees preparing for the World Water day "Walkajoggerthon" (walk or jog).


Communications Manager explaining key messages to members of the road transport union during a responsible drinking campaign at a transport station in Accra.

GGBL staff pasting a responsible drinking poster as part of the awareness campaign.


Celebrating Ghana at the Pan African Graduate Connect event in Douala, Cameroon. Graduate Management Trainees in a pose.


GGBL staff supporting the Black Stars by wearing jerseys with Ghanaian national colours, during the football world cup.


Diageo International President, Mr. Stuart Fletcher pays a courtesy call on President Mills of Ghana, at his office.


The Hon. Deputy Minister for Water Resources Works and Housing, President Diageo International, Senior Asafoatse of the Shai traditional area and the MD of GGBL commission a bore hole at Agomeda in the Ga East District of the Eastern region of Ghana.


The 'Baileys ladies' pose at the Spirits Activation.

Marketing Director, Ama Okyere at the launch of the premium lager, Gulder.

GGBL staff pose with the 'Product of the year' award for Alvaro™ recieved at the 21st National Marketing Performance Awards organised by the Chartered Institute of Marketing, Ghana (CIMG).

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
30 June 2010			
Balance at 1 July 2009	26,252	27,813	54,065
Total Comprehensive Income			
Loss for the year	-	(4,640)	(4,640)
	26,252	23,173	49,425
Transaction with Owners			
Dividend to shareholders	-	(4,262)	(4,262)
Balance at 30 June 2010	26,252	18,911	45,163

	Share Capital GH¢'000	Restated Retained Earnings GH¢'000	Restated Total GH¢'000
30 June 2009			
Balance at 1 July 2008 - Restated	26,252	33,081	59,333
Total Comprehensive Income			
Profit for the year	-	4,579	4,579
	26,252	37,660	63,912
Transactions with Owners			
Dividend to shareholders	-	(9,847)	(9,847)
Balance at 30 June 2009	26,252	27,813	54,065

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2010

	2010 GH¢'000	Restated 2009 GH¢'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(4,410)	6,905
Adjustment for:		
Depreciation charges	14,765	10,071
Amortisation	1,860	1,012
Profit on sale of property, plant and equipment	(73)	(85)
Property, plant and equipment written off	652	43
Net interest expense	26,396	7,893
Property, plant and equipment transferred to trade and other receivables	-	257
Impairment of property plant and equipment	311	-
	39,501	26,096
Change in inventories	261	(12,190)
Change in trade and other receivables	7,660	(4,811)
Change in trade and other payables	2,406	12,273
Change in related company balances	(42,451)	31,813
Change in provisions	(2,538)	2,079
Change in employee benefit	256	83
Cash flow from operations	5,095	55,343
Income taxes paid	(368)	(5,731)
Interest paid	(26,427)	(8,003)
Net cash flow from operating activities	(21,700)	41,609
Cash flows from investing activities		
Additions to property, plant and equipment	(34,756)	(25,245)
Additions to intangible assets	-	(4,071)
Proceeds from sale of property, plant and equipment	78	120
Interest received	31	110
Net cash flow from investing activities	(34,647)	(29,086)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2010 (CONT'D)

	2010 GH¢'000	Restated 2009 GH¢'000
Cash flow from financing activities		
Dividends paid	(8,921)	(2,777)
Net movement in loan balances	32,000	-
Net cash flow from financing activities	23,079	(2,777)
(Decrease)/Increase in cash and cash equivalents	(33,268)	9,746
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 July	7,259	(2,487)
Net cash flow	(33,268)	9,746
Balance at 30 June	(26,009)	7,259
Analysis of balances of cash and cash equivalents as shown in the statement of financial position		
Bank and cash balances	2,849	13,965
Bank overdraft	(28,858)	(6,706)
Balance at 30 June	(26,009)	7,259

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. REPORTING ENTITY

Guinness Ghana Breweries Limited (GGBL) is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The company manufactures sells and deals in alcoholic and non-alcoholic beverages and their ancillary products.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for financial assets and liabilities that are stated at fair values.

c. Functional and presentational currency

The financial statements are presented in Ghana cedis (GH¢), which is the company's functional and presentational currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 26.

e. Change in Accounting Policies

(i) Overview

As at 30 June 2010, the company had changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements
- Accounting for borrowing cost
- Accounting for returnable packages

(i) Determination and presentation of operating segments

Starting 1 July 2009 the company determines and presents operating segments based on the information that internally is provided to the company's Board of Directors, which is the company's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is presented as follows:

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, whose operating results are reviewed regularly by the company's Board of Directors to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company, however, operates as one business and geographical segment.

(ii) Presentation of financial statements

The company applies revised IAS 1 Presentation of financial statements (2007), which became effective as of 1 January 2009. As a result, the company presents in the statement of changes in equity, all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(iii) Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Previously, the company immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 Borrowing Costs (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no impact on earnings per share.

(iv) Accounting for returnable packages (bottles and crates)

During the year, the company changed its accounting policy in respect to accounting for returnable packages from inventory to property plant and equipment. The effect of the change was to apply the policy retrospectively in the financial statement. Comparative information has been restated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

The company's foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date that fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in the statement of comprehensive income or shareholders' equity, as appropriate.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are categorised, as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.
- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.
- Available for Sale: These are non-derivative financial assets that are designated as available for sale or are not classified as financial asset at fair value through profit or loss; loans and receivables and held to maturity.

(i) Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments other than available for sale financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

(i) Non-derivative financial instruments (cont'd)

Available for sale financial assets are measured at fair value with the resultant fair value changes recognised in equity. The fair value changes on available -for sale financial assets are recycled to statement of comprehensive income when the underlying asset is sold; matured or derecognised. Available -for sale assets for which there is no realistic basis of determining fair values are measured at cost.

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(c) Leases

(i) Classification

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. Assets held under finance leases are stated as assets of the company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs are charged to the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where significant portions of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(ii) Lease payments

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income, as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

The annual rates generally in use are as follows:-

Buildings	-	life of lease up to 50 years
Plant and Machinery	-	3.33% -12.5%
Motor Vehicles and Computers	-	20% - 33.33%
Furniture and Office Equipment	-	12.5% - 20%
Returnable Bottles	-	20%
Returnable Crates	-	10%

Depreciation methods, useful lives and carrying amount are reassessed at each reporting date. The carrying amounts of property plant and equipment are assessed whether they are recoverable in the form of future economic benefits. If the recoverable amount of a PPE has declined below its carrying amount, an impairment loss is recognised to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognised in the statement of comprehensive income as other income.

(e) Intangible assets

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(g) Trade and other receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful, general allowances for doubtful debts are recorded for the remaining receivables taking into account past experiences.

Other receivables are stated at their cost less impairment losses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the statement of financial position.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income when they are due.

(ii) Defined benefit plans

The liabilities of the company arising from defined benefit obligations and the related current service costs are determined on an actuarial basis using the Projected Unit of Credit Method. The company uses Projected Unit Credit Method to determine the present value of its defined benefit obligation and the related current service cost and, where applicable, past service cost. For defined benefit plans, actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. They are recognised in the period in which they occur directly in equity under the statement of changes in equity.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(j) Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Revenue - Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

(l) Finance income and expenses

Finance income comprises interest income on funds invested and is recognised in the statement of comprehensive income using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

(m) Share capital (Stated capital)

Ordinary Shares

Proceeds from issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(p) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(q) Post balance sheet events

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

(r) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(s) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(t) Comparatives

Where necessary the comparative information has been reclassified to agree to the current year presentation.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these financial statements.

i. Various - Improvements to IFRSs (excluding IFRS 2) Share-based Payment; IAS 38 Intangible Assets - Additional consequential amendments arising from revised IFRS 3 ;IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 16 Hedges of a Net Investment in a Foreign Operation) for financial statements annual periods commencing on or after 1 January 2010

ii. IFRS 2 amendment - Group Cash-settled Share-based Payment Transactions (withdrawal of IFRIC 8 and IFRIC 11) for financial statements annual periods commencing on or after 1 January 2010. The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

iii. IAS 32 amendment - IAS 32 Financial Instruments: Presentation - Classification of Rights Issues for financial statements annual periods commencing on or after 1 February 2010. The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.

iv. IAS 24 amendment - Related Party Disclosures (Revised 2009 - for financial statements beginning on or after 1 January 2011.

v. IFRS 9 - Financial Instruments - for financial statements beginning on or after 1 January 2013. The amendments clarify that if a financial asset is reclassified at the fair value through profit or loss category it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category. This change will have no impact on the company's financial statements.

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the company's basis of determining fair values of financial instruments disclosed under note 26:

(i) Trade and other receivables

The estimated fair value of trade and other receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates of instruments with similar credit risk profile and maturity.

(ii) Cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying values.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the current market rate of interest of instruments with similar maturity profile at the reporting date.

5. SEGMENT REPORTING

The company operates as one single business and geographical segment. Consequently, no segment reporting is provided in the financial statement.

6. REVENUE

(i)	2010 GH¢'000	2009 GH¢'000
Gross Sales Value	301,893	273,958
Taxes collected for Government		
Excise Duty	51,169	32,758
Value Added Tax	38,748	35,614
	89,917	68,372
Volume/Value performance discount	5,477	4,618
Net Sales Value	206,499	200,968

(ii) Analysis of net sales

	2010 GH¢'000	2009 GH¢'000
Local sales	205,988	200,823
Export sales	11	145
Net sales value	206,499	200,968
Sales to non-affiliates	205,988	200,823
Sales to affiliates	511	145
	206,499	200,968

7. OTHER INCOME

	2010 GH¢'000	2009 GH¢'000
Sundry income	130	-
Profit on disposal of property, plant and equipment (note 12)	73	85
	203	85

8. PROFIT BEFORE TAXATION

is stated after charging:

	2010 GH¢'000	2009 GH¢'000
Personnel cost (note 9)	26,206	17,704
Directors' remuneration	1,730	1,326
Auditors' remuneration	132	129
Depreciation (restated)	14,765	10,071
Amortisation	1,860	1,012
Net finance cost (note 10)	26,396	7,893
Donations	44	15
Exchange difference	1,373	9,458

9. PERSONNEL COSTS

	2010	2009
Wages and salaries	17,894	11,078
Social security contributions	1,036	817
Contributions to provident fund	1,108	1,044
Contribution to defined benefit plan	256	83
Other staff expenses	5,912	4,682
	26,206	17,704

The average number of persons employed by the company during the year was 603 (2009: 617).

10. NET FINANCE COST

	2010 GH¢'000	2009 GH¢'000
Interest income	(31)	(110)
Interest expense	26,427	8,003
	26,396	7,893

11. TAXATION

	2010 GH¢'000	Restated 2009 GH¢'000
(i) Income tax expense		
Current tax expense (note 11(ii))	-	5,010
Deferred tax expense/(credit) (note 11(iv))	230	(2,684)
	230	2,326

(ii) Income tax

	Opening Balance GH¢'000	Payments GH¢'000	Charge to I & S GH¢'000	Closing Balance GH¢'000
Income Tax				
Up to 2007	707	-	-	707
2008	810	-	-	810
2009	(721)	-	-	(721)
2010	-	(368)	-	(368)
	796	(368)	-	428
Capital gains Tax	11	-	-	11
	807	(368)	-	439

Tax liabilities for the respective years are subject to the agreement with Internal Revenue Service.

(iii) Reconciliation of effective tax rate

	2010 GH¢'000	Restated 2009 GH¢'000
(Loss)/Profit before taxation	(4,410)	6,905
Income tax using the domestic tax rate (25%)	(1,102)	1,726
Non-deductible expenses	5,792	5,252
Tax exempt revenues	(2,206)	(95)
Tax incentives not recognised in the statement of comprehensive income	(2,484)	(1,873)
Deferred tax charges	230	(2,684)
Current tax charge	230	2,326
Effective tax rate	5%	34%

(iv) Deferred Taxation

	2010 GH¢'000	Restated 2009 GH¢'000	Restated 2008 GH¢'000
Balance at 1 July	5,568	8,252	886
Charged/(Credit)for the year	230	(2,684)	2,097
Deferred taxes on merger assets acquired	-	-	2,137
Effect of prior year deferred tax charges	-	-	3,132
Balance at 30 June	5,798	5,568	8,252

(v) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2010 Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	2009 Restated Assets GH¢'000	Liabilities GH¢'00	Net GH¢'000
Property, plant and equipment	-	12,971	12,971	-	10,346	10,346
Provisions	(971)	-	(971)	(1,042)	-	(1,042)
Exchange difference	(636)	-	(636)	(2,206)	-	(2,206)
Tax incentive	(5,566)	-	(5,566)	(1,530)	-	(1,530)
Net tax liabilities	(7,173)	12,971	5,79	(4,778)	10,346	5,568

12. PROPERTY, PLANT AND EQUIPMENT

2010	Buildings GH¢'000	Plant Machinery GH¢'000	Motor Vehicles GH¢'000	Furniture/ Office Equip. GH¢'000	Bottles & Crates GH¢'000	Capital Work in-Progress GH¢'000	Total GH¢'000
Cost							
At 1/7/09 - Restated	6,044	101,783	2,969	5,296	27,900	23,451	167,443
Additions	-	-	993	108	16,716	16,939	34,756
Disposals	-	-	(157)	(6)	-	-	(163)
Transfers	1,732	30,093	-	55	1,434	(33,314)	-
Write off	(80)	(1,909)	(213)	(2,395)	-	-	(4,597)
Re-classification	251	(249)	-	(2)	-	-	-
Reclassification to intangibles	-	-	-	(56)	-	-	(56)
At 30/6/10	7,947	129,71	3,592	3,000	46,050	7,076	197,383
Accumulated Depreciation							
At 1/7/09 - Restated	1,782	27,858	1,749	3,599	7,062	-	42,050
Charge for the year	194	7,271	653	660	5,987	-	14,765
Released on disposals	-	-	(157)	(1)	-	-	(158)
Released on write off	(80)	(1,301)	(185)	(2,379)	-	-	(3,945)
Re-classification	7	(5)	-	(2)	-	-	-
Impairment Loss	-	1,037	-	-	-	-	1,037
Reclassification to intangibles	-	-	-	(9)	-	-	(9)
At 30/6/10	1,903	34,860	2,060	1,868	13,049	-	53,740
Net Book Value							
At 30/6/10	6,044	94,858	1,532	1,132	33,001	7,076	143,643

2009 - Restated

	Buildings GH¢'000	Plant Machinery GH¢'000	Motor Vehicles GH¢'000	Furniture/ Office Equip. GH¢'000	Bottles & Crates GH¢'000	Capital Work in-Progress GH¢'000	Total GH¢'000
Cost							
At 1/7/08	5,840	89,125	2,630	4,659	20,411	8,934	141,599
Additions	-	4,242	597	497	7,489	12,420	25,245
Disposals	-	-	(307)	-	-	-	(307)
Transfers	204	7,464	49	137	-	(7,854)	-
Write off	-	-	-	-	-	(43)	(43)
Transfer to receivables	-	-	-	-	-	(257)	(257)
Reclassified from intangibles	-	-	-	3	-	251	254
Restatement of GBL assets	-	952	-	-	-	-	952
At 30/6/09	6,044	101,783	2,969	5,296	27,900	23,451	167,443
Accumulated Depreciation							
At 1/7/08	1,611	21,559	1,496	2,821	3,812	-	31,299
Charge for the year	171	5,347	525	778	3,250	-	10,071
Released on disposals	-	-	(272)	-	-	-	(272)
Acc. depreciation on GBL assets restated	-	952	-	-	-	-	952
At 30/6/09	1,782	27,858	1,749	3,599	7,062	-	42,050
Net Book Value							
At 30/6/09	4,262	73,925	1,220	1,697	20,838	23,451	125,393

2008 – Restated

	Buildings GH¢'000	Plant Machinery GH¢'000	Motor Vehicles GH¢'000	Furniture/ Office Equip. GH¢'000	Bottles & Crates GH¢'000	Capital Work in-Progress GH¢'000	Total GH¢'000
Cost							
At 1/7/07	1,159	53,976	2,044	2,888	11,258	1,610	72,935
Additions	21	300	608	747	9,153	22,536	33,365
Disposals	(8)	(3,925)	(69)	(344)	-	-	(4,346)
Transfers	309	5,493	6	715	-	(6,523)	-
Write off	-	(3)	-	(124)	-	-	(127)
Acquired through merger arrangement	4,359	33,284	41	777	-	1,311	39,772
At 30/6/08	5,840	89,125	2,630	4,659	20,411	18,934	141,599

2008 – Restated

	Buildings GH¢'000	Plant Machinery GH¢'000	Motor Vehicles GH¢'000	Furniture/ Office Equip. GH¢'000	Bottles & Crates GH¢'000	Capital Work in-Progress GH¢'000	Total GH¢'000
Accumulated Depreciation							
At 1/7/07	225	13,080	1,099	1,760	1,769	-	17,933
Charge for the year	80	3,725	400	780	2,043	-	7,028
Released on disposals	(2)	(2,738)	(31)	(219)	-	-	(2,990)
Recognised through merger arrangement	1,308	7,492	28	500	-	-	9,328
At 30/6/08	1,611	21,559	1,496	2,821	3,812	-	31,299
Net Book Value							
At 30/6/08	4,229	67,566	1,134	1,838	16,599	18,934	110,300

Disposal of property, plant and equipment

	2010 GH¢'000	2009 GH¢'000
Cost	163	307
Less: Accumulated depreciation	(158)	272
Net book value	5	35
Less: Proceeds	78	120
Profit on disposals	73	85

Depreciation has been charged in the statement of comprehensive income as follows:-

	2010 GH¢'000	2009 GH¢'000
Cost of sales (Restated)	13,258	8,597
General, administrative and selling expenses	1,507	1,474
	14,765	10,071

13. INTANGIBLE ASSETS

Cost	2010 GH¢'000	2009 GH¢'000
Balance at 1 July	10,612	6,795
Addition during the year	-	4,071
Reclassification from/(to) property, plant and equipment	56	(254)
Balance at 30 June	10,668	10,612

13. INTANGIBLE ASSETS

	2010 GH¢'000	2009 GH¢'000
Amortisation		
Balance at 1 July	1,508	496
Amortisation for the year	1,860	1,012
Reclassification from property, plant and equipment	9	-
Balance at 30 June	3,377	1,508
Carrying amount		
At 30 June	7,291	9,104

14. INVENTORIES

	2010 GH¢'000	Restated 2009 GH¢'000	Restated 2008 GH¢'000
Raw and packaging materials	12,918	15,881	7,633
Stock in transit	3,530	3,668	2,998
Work-in-progress	2,488	2,014	881
Finished products	3,833	2,805	1,963
Engineering and consumables	5,858	4,520	3,223
	28,627	28,888	16,698

15. TRADE & OTHER RECEIVABLES

	2010 GH¢'000	2009 GH¢'000
Trade receivables	11,209	18,470
Other receivables	1,728	2,511
Prepayments	1,201	817
	14,138	21,798

16. CASH & CASH EQUIVALENTS

Bank balances	2,849	13,965

17. BANK OVERDRAFT

	2010 GH¢'000	2009 GH¢'000
Standard Chartered Bank Limited	10,996	1,807
Guaranty Trust Bank (Ghana) Limited	4,663	-
Zenith Bank Limited	2,771	-
SG-SSB Limited	4,896	4,899
United Bank of Africa (Ghana) Limited	2,669	-
Intercontinental Bank Ghana Limited	2,863	-
	28,858	6,706

Standard Chartered Bank

The company has an overdraft facility of GH¢15,000,000 (2009: GH¢10,000,000) with the bank to augment the company's working capital requirements. Interest rate is at SCB base rate plus 1.5% payable monthly. There is no security for this facility. The overdraft facility expires on 22nd October 2010.

Guaranty Trust Bank (Ghana) Limited

The company has an overdraft facility of GH¢ 5,000,000 with the bank to finance outstanding inter-company obligations and augment the company's working capital. Interest rate is at the bank's prime rate minus 2.5% margin per annum and it is subject to change at the discretion of the bank. Security for this facility is a duly executed letter of comfort from Diageo Holdings Netherlands B.V. The facility expires on 3rd August 2010.

Zenith Bank (Ghana) Limited

The company has an overdraft facility of GH¢ 5,000,000 with the bank to augment working capital. Interest rate is at the bank's base rate minus 1% margin per annum subject to periodic review. Security for this facility is a duly executed letter of comfort from Diageo Holdings Netherlands B.V. The facility expired on 27th July 2009; however, it is a yearly revolving facility.

SG-SSB Limited

The company has an overdraft facility of GH¢5,000,000 (2009: 5,000,000) with the bank to supplement operating funds. The facility is available for commercial paper (spot loan), trade transactions and working capital support. Interest rate is at the bank's base rate plus 2% margin per annum payable monthly and it is subject to change at the discretion of the bank in line with prevailing market conditions. Any amount due and not paid shall attract penal interest of 6% p.a. above the interest earlier noted. There is no security for this facility. The facility expires on 31st August, 2010.

United Bank for Africa (Ghana) Limited

The company has an overdraft facility of GH¢3,000,000 with the bank to finance outstanding inter-company obligations and augment the company's working capital. Interest rate is at the bank's base rate minus 3% margin per annum payable monthly in arrears on the last day of each calendar month and it is subject to change at the discretion of the bank in line with prevailing market conditions. Security for this facility is a duly executed letter of comfort from Diageo Holdings Netherlands B.V. The facility expires on 13th August 2010.

Inter-continental Bank (Ghana) Limited

The company has an overdraft facility of GH¢ 7,000,000 with the bank to pay overseas and local bills.

Interest rate is at the bank's base rate. Security for this facility is a duly executed letter of comfort from Diageo Holdings Netherlands B.V and a negative pledge. The facility expires on 27th July, 2010.

18. SHORT AND MEDIUM-TERM LOANS

The outstanding balances due have been disclosed in the financial statements as follows:-

		2010 GH¢'000	2009 GH¢'000
Standard Chartered Bank Limited		41,000	27,000
Guaranty Trust Bank (Ghana) Limited		10,000	-
Zenith Bank Limited		5,000	-
United Bank of Africa (Ghana) Limited		3,000	-
		59,000	27,000
(i)	Due within one year	13,011	27,000
(ii)	Due after one year	45,989	-

Standard Chartered Bank

Loan 1

The company secured a medium term loan facility of GH¢27million from Standard Chartered Bank, for the restructuring of balance sheet following the financing of core working capital and capital expenditure projects with short term funds after the acquisition of Ghana Breweries Limited.

Interest rate is at SCB base rate plus 1.5% payable monthly in arrears but it is subject to change in line with prevailing market conditions. A 15 month moratorium on principal repayment has been agreed. Interest is however being paid during the moratorium period.

Quarterly principal repayment of GH¢4.5 million is to commence in January 2011. The medium term loan matures on 30th April, 2012.

Loan 2

The company secured a medium term loan facility of GH¢ 14m from Standard Chartered Bank, for refinancing and general corporate purposes. A fixed interest rate of 30.75% and a 24 month moratorium on principal repayment has been agreed. Quarterly interest repayments are to be effected commencing January 2010 whilst quarterly principal repayments of GH¢1.56 million commence in October 2011. The medium term loan matures on 31st October, 2013.

Guaranty Trust Bank (Ghana) Limited

This loan facility is a medium term loan borrowed from Guaranty Trust Bank (Ghana) Limited in the sum of GH¢10 million for the payment of liabilities incurred in the ordinary course of GGBL's trading activities including payments of inter – company obligations and payments of suppliers. Interest rate is at GT Bank's base rate minus 2.5% per annum. Security for the loan is a duly executed Letter of Comfort from Diageo Holdings Netherlands B.V.

There is an 18 month moratorium on principal repayment. Interest is being paid during the moratorium period. Monthly principal repayment of GH¢555,556 is to commence in February 2011. The loan matures at the end of July 2012.

Zenith Bank Limited

A GH¢5 million medium term loan facility was borrowed from Zenith Bank (Ghana) Limited to finance accounts payable. Interest rate is at Zenith Bank's base rate minus 1% per annum subject to periodic review. Interest is payable monthly commencing from the last day of the month of disbursement. Security for the term loan is a duly executed Letter of Comfort from Diageo Holdings Netherlands B.V.

There is an 18 month moratorium on principal repayments. Interest is being paid during the moratorium period. Monthly principal repayments of GH¢ 166,667 is to commence in February 2011. The principal repayments had not commenced as at year end. The term loan matures in July 2013.

United Bank for Africa (Ghana) Limited

A GH¢3m medium term loan facility was borrowed from United Bank for Africa (Ghana) Limited, exclusively to pay liabilities incurred in the ordinary course of its trading, including payment of inter-company obligations. Interest rate is at UBA base rate minus 3% payable monthly commencing from the last day of the month of disbursement. Security for this facility is a duly executed Letter of Comfort from a member of the Diageo Group (Diageo Holdings Netherlands B.V.)

Eighteen months moratorium on principal repayment was agreed. Interest is being paid during the moratorium period. Monthly principal repayment of GH¢100,000 is to commence in March 2011. The principal repayment had not commenced as at the year end. The loan matures on 13th August 2013.

19. CAPITAL & RESERVES

(i) Share Capital (Stated Capital)

(a) Ordinary Shares

	Number of Shares		Proceeds	
	2010 'm	2009 'm	2010 GH¢'000	2009 GH¢'000
Authorised:				
Ordinary shares of no per value	200	200		
Issued and fully paid				
For cash	37	37	7,051	7,051
For consideration other than cash	35	35	18,926	18,926
Transfer from retained earnings	93	93	275	275
	165	165	26,252	26,252

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

(b) Shares in treasury

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

(ii) Retained Earnings (Income Surplus)

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

20. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	2010 GH¢'000	Restated 2009 GH¢'000
Net (Loss)/Profit attributable to ordinary shareholders	(4,640)	4,579

Weighted average number of ordinary shares

	2010 GH¢'000	2009 GH¢'000
Weighted average number of ordinary shares	164,671	164,671

At the end of reporting period date, the basic earnings per share and the diluted earning per share were the same. There were no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

21. TRADE & OTHER PAYABLES

	2010 GH¢'000	2009 GH¢'000
Trade payables	14,416	19,174
Non-trade payables and accrued expenses	22,904	15,740
	37,320	34,914

22. PROVISIONS

Integration	-	4
Restructuring	726	3,260
	726	3,264

Integration

Balance at 1 July	4	239
Provisions made during the year	-	10
Payments/Releases made during the year	(4)	(245)
Balance at 30 June	-	4

Ghana Breweries Limited (GBL), a subsidiary of the company, was put under voluntary liquidation on 21 February 2008 following a merger arrangement under which the company took over the assets and liabilities of the subsidiary. There was no provision outstanding at the period end.

Restructuring

	2010 GH¢'000	2009 GH¢'000
Balance at 1 July	3,260	946
Provisions made during the year	-	2,471
Payments/Releases made during the year	(3,260)	(157)
Balance at 30 June	-	3,260

The company closed its operating plant at Ahinsan, Kumasi. The provision related to termination benefits paid employees and estimates of property, plant and equipment and other assets that would be impaired as a result of the closure of the Ahinsan plant.

23. RELATED PARTY TRANSACTIONS

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

ii. Raw materials and consumables costing GH¢17.02 million (2009: GH¢12.25 million) were procured from related parties during the year.

iii. Included in cost of sales is an amount of GH¢6.2 million (2009: GH¢5.5 million) in respect of royalties and technical services fees to Diageo Ireland, Diageo North America, Diageo Brand BV and Great Britain.

Outstanding balances in respect of transactions with related parties at the year end were as follows:

Due to related companies

	2010 GH¢'000	2009 GH¢'000
Goods and services supplied	13,337	46,935
Royalties and technical service fees	4,265	12,806
	17,602	59,741
Amount due from related companies	533	221
Amount due to related companies	17,602	59,741

24. DIVIDENDS

(i) Dividend liability

	2010 GH¢'000	2009 GH¢'000
Balance at 1 July	7,070	-
Dividend declared	4,262	9,847
	11,332	9,847
Dividend paid	(8,921)	(2,777)
Balance at 30 June	2,411	7,070

(ii) Proposed Dividend

After the end of reporting period date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income taxes consequences on the company's position.

	2010 GH¢'000	2009 GH¢'000
Nil GP per qualifying ordinary shares (2009: 2.87GP)	-	4,726

25. EMPLOYEE BENEFIT OBLIGATION

Defined Contribution Plans

(i) Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the company contributes 13% of employees basic salary to the SSNIT for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations however, rest with SSNIT.

(ii) Provident Fund

The company has a provident fund scheme for staff under which the company contributes 12% and 15% of staff basic salary for junior staff and senior staff respectively. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager.

Defined Benefit Plan

(i) End of Service Benefits

The company has an end of service plan that has been designed to help its permanent junior staff build up savings over a period of time to meet their future financial obligations. The company contributes 5% of the employee's monthly basic salary to the plan on a monthly basis. The plan is not funded and has no interest bearing in the individual staffs' accounts.

The fund is managed internally by the company and accrual for the fund liability is made on monthly basis. Employees who leaves employment on grounds of ill-health or retires is entitled to 100% of the contributions in the employee's account, or two (2) years of basic salary, whichever higher.

Employee benefit obligations recognised in the statement of financial position

	2010 GH¢'000	2009 GH¢'000
Pension fund: defined benefit plan	490	23

Reconciliations of assets and employee benefit obligations recognised in the statement of financial position

	2010 GH¢'000	2009 GH¢'000
Defined benefit pension plan		
Present value of funded obligation	-	-
Present value of unfunded obligations	490	234
	490	234
Net unrecognised actuarial gains/(losses)	-	-
Unrecognised assets	-	-
Net employee benefit obligations recognised in the statement of financial position	490	234

Movement in defined benefits obligation net

Balance at 1 July	234	151
Employer's contribution	256	83
Balance at 30 June	490	234

Movement in the present value of defined benefit obligations

	2010 GH¢'000	2009 GH¢'000
Unfunded defined benefit obligations as at July 1	234	151
Current service cost	256	83
Past service cost	-	-
Interest expense	-	-
Recognised actuarial losses/(gains)	-	-
Total present value of defined benefits obligations as at 30 June	490	234

Expenses recognised in the income statement

Current service cost	256	83
Interest expense	-	-
Expected return of plan assets	-	-
Net actuarial losses/(gains) recognised in the year	-	-
Total defined benefit expenses	256	83

Principal actuarial assumptions used

	2010 %	2009 %
Discount rate	12.5	12.5
Expected rate of salary increase	10.0	10.0

The assumptions are assessed on a yearly basis and valuation of the plan is carried out accordingly.

Net actuarial losses not recognised at the year end was Nil (2009: Nil).

26. FINANCIAL RISK MANAGEMENT

Overview

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board's Audit Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

The Audit Committee gain assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self assessment process over internal control; and the independent work of the Global Audit and Risk function, which ensures that the audit committee and management understand the company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the company's internal control and management of key risks.

The company has established the Executive Management Committee (EMC), which is responsible for developing and monitoring the company's risk management policies. This committee meets weekly to discuss corporate plans, evaluate progress reports and action plans to be taken. Risk issues that may have financial reporting implications are brought to the attention of the Finance Director for the necessary action to be taken.

The company also has in place a Process Improvement Function, which monitors compliance with internal procedures and processes and also assesses the effectives of internal controls.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers.

Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which a new customer is analysed individually for credit worthiness before the company's standard payment terms and conditions are offered. The company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed, as well as using landed properties as collateral.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010 GH¢'000	**2009 GH¢'000**
Trade and other receivables	14,138	21,798
Amount due from related companies	533	221
Cash and cash equivalent	2,849	13,965
	17,520	35,984

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2010 GH¢'000	2009 GH¢'000
Key Distributors	11,209	18,469

Impairment losses

The aging of trade receivables at the reporting date was:

Current (less than 30 days)	9,591	8,077
Due but not impaired (30-180 days)	1,398	9,115
Impaired (more than 180 days)	4,103	4,024
	15,092	21,216
Impairment loss (more than 180 days)	3,883	2,747

The movement in impairment allowance in respect of trade receivables during the year was as follows:

	2010 GH¢'000	2009 GH¢'000
Balance at 1 July	2,747	2,109
Impairment loss recognised	1,136	638
Balance at 30 June	3,883	2,747

Impairment losses (cont'd)

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days. However, impairment loss has been recognised for specific customers whose debts are considered impaired.

No impairment loss was recognised for financial assets other than trade receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

30 June 2010

	Amount GH¢'000	6mths or less GH¢'000	6-12mths GH¢'000	1-5 yrs GH¢'000
Non-derivative financial liability				
Unsecured bank loans	59,000	-	13,011	45,989
Trade and other payables	37,320	37,320	-	-
Amount due to related companies	17,602	17,602	-	-
Bank overdraft	28,858	28,858	-	-
Balance at 30 June 2010	142,780	83,780	13,011	45,989

30 June 2009

Non-derivative financial liability	Amount GH¢'000	6mths or less GH¢'000	6-12mths GH¢'000
Unsecured bank loans	27,000	15,000	12,000
Trade and other payables	34,914	34,914	-
Amount due to related companies	59,741	59,741	-
Bank overdraft	6,706	6,706	-
Balance at 30 June 2009	128,361	116,361	12,000

(iii) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are Euro, Great British Pounds, US Dollars, South African Rand and Kenyan Shilling.

Currency Risk

The company's exposure to foreign currency risk was as follows based on notional amounts.

	30 JUNE 2010					30 JUNE 2009				
	EURO '000	USD '000	GBP '000	ZAR '000	KE '000	EURO '000	USD '000	GBP '000	ZAR '000	KE '000
Cash and bank										
Bank	-	466	10	-	-	244	7,826	108	-	
Trade Payables	(1,033)	(424)	(348)	-	-	(226)	510)	(349)	-	-
Related party balance										
Receivables	-	124	946	-	-	-	7	243	-	-
Payables	(1,753)	(5,219)	(3,322)	-	(2,929)	(8,031)	(12,246)	(9,101)	(440)	(18,965)
Gross exposure	(2,786)	(5,053)	(2,714)	-	(2,929)	(8,013)	(4,923)	(9,099)	(440)	(18,965)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date	
	2010	2009	2010	2009
Cedis				
Euro 1	2.03	1.88	1.77	2.10
USD 1	1.46	1.27	1.44	1.49
GBP 1	2.31	2.28	2.16	2.46
ZAR 1	0.19	0.165	-	0.19
KE 1	0.02	0.018	0.02	0.02

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income based upon the foreign currency exposures recorded at 30 June (see "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 30 June would have increased/decreased equity and statement of comprehensive income by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 30 June	2010			2009		
Currency	% Change	Statement of Comprehensive Income impact: Strengthening GH¢'000	Statement of Comprehensive Income impact: Weakening GH¢'000	% Change	Statement of Comprehensive Income impact: Strengthening GH¢'000	Statement of Comprehensive Income impact: Weakening GH¢'000
Euro	±8%	396	(396)	±12%	1,969	(1,969)
US$	±3%	215	(215)	±17%	1,317	(1,317)
GBP	±11%	648	(648)	±8%	1,767	(1,767)
ZAR	±5%	-	-	±15%	13	(13)
KE	±6%	3	(3)	±11%	42	(42)

Interest rate risk
Profile

	Carrying amounts	
	2010 GH¢'000	2009 GH¢'000
Fixed Rate Instruments		
Financial Liabilities	14,000	-
	=====	===
Variable rate instrument		
Financial Liabilities	73,858	33,706
	=====	=====

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial liability at fair value through profit and loss account therefore a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rate at the reporting date would have an increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2009.

As of 31 December	**2010**			**2009**		
	% Change	Pro□t and Loss impact: GH¢'000	Equity GH¢'000	% Change	Pro□t and Loss impact: GH¢'000	Equity GH¢'000
Overdraft	±2%	577	577	±2%	134	134
Loans	±2%	900	900	±2%	540	540

Fair values
Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

2010	**Loans and Receivables GH¢'000**	**Financial Liabilities GH¢'000**	**Other Carrying Value GH¢'000**	**Total Fair Value GH¢'000**
Trade and other receivables	14,138	-	14,138	14,178
Due from related parties	533	-	533	533
Cash and cash equivalents	2,849	-	2,849	2,849
	17,520	-	17,520	17,560
Medium term loan	-	59,000	59,000	59,967
Trade and other payables	-	37,320	37,320	37,320
Due from related parties	-	17,602	17,602	17,602
Bank overdraft	-	28,858	28,858	28,858
	-	142,780	142,780	143,747

2009	Loans and Receivables GH¢'000	Financial Liabilities GH¢'000	Other Carrying Value GH¢'000	Total Fair Value GH¢'000
Trade and other receivables	21,798	-	21,798	20,663
Due from related parties	221	-	221	221
Cash and cash equivalents	13,965	-	13,965	13,965
	35,984	-	35,984	34,849
Medium term loan	-	27,000	27,000	27,000
Trade and other payables	-	34,914	34,914	34,914
Due from related parties	-	59,741	59,741	59,741
Bank overdraft	-	6,706	6,706	6,706
	-	128,361	128,361	128,361

27. CAPITAL COMMITMENTS

Capital commitments authorised but not expended at the end of reporting period date, amounte to GH¢4,043,152 (2009: GH¢2,407,004).

28. CONTINGENT LIABILITIES

Contingent liabilities, in respect of possible claims and lawsuits at the year-end amounted t GH¢424,399 (2009: GH¢240,000).

29. CHANGE IN ACCOUNTING POLICY

This relates to the change in accounting policy on recognition of returnable packages (bottle and crates). Returnable packages were initially recognised as inventory. This policy was howeve changed during the year to recognise returnable packages as property plant and equipment.

The effect of the change was to apply the policy retrospectively in this financial statemen Comparative information has been restated. The effect of the change is shown below:

(i) Retained Earnings

	GH¢'000
Balance at 1/7/08	35,913
Depreciation (g)	(3,812)
Deferred Tax (e)	980
Balance at 1/7/08 - Restated	33,081

(ii) Statement of Comprehensive Income - 2009

		Amount per prior year financial statement GH¢'000	Adjustment GH¢'000	Restated amount GH¢'000
Cost of Sales	(a)	132,287	9,142	141,429
Taxation	(b)	4,612	(2,286)	2,326

(a) As a result of the change in accounting for returnable packages, bottles and crates were recognised as property, plant and equipment. This has resulted in depreciation of GH¢3,249,887 for 2009. Obsolete bottles and crates of GH¢ 5,892,434 was also written off to the statement of comprehensive income.

(b) The change in accounting policy resulted in a deferred tax impact. Deferred tax asset of GH¢812,471 and GH¢1,473,108 was recognised for depreciation and obsolete stock respectively.

(ii) Statement of Financial Position - 2009

		Amount per prior year financial statement GH¢'000	Adjustment GH¢'000	Restated amount GH¢'000
Inventory	(c)	62,681	(33,793)	28,888
Property, Plant and Equipment	(d)	104,555	20,838	125,393
Deferred Tax Liability	(e)	8,834	(3,266)	5,568

(ii) Statement of Financial Position – 2009 (cont'd)

(c) The net amount of bottles and crates in inventory in the prior year was GH¢33,792,434. This has been recognised as property plant and equipment in line with the change in accounting policy

(d) This relates to bottles and crates of GH¢27,900,520 transferred to property plant and equipment, and accumulated depreciation of GH¢7,062,254 recognised in line with the change in bottles and crates to PPE.

(e) The change in policy resulted in a deferred tax asset of GH¢3,266,000 made up of GH¢2,286,479 and of GH¢979,521 for 2008 and 2009 respectively, for depreciation and obsolete stocks write off.

(iii) Statement of Financial Position - 2008

		Amount per prior year financial statement GH¢'000	Adjustment GH¢'000	Restated amount GH¢'000
Inventory	(f)	37,109	(20,411)	16,698
Property Plant and Equipment	(g)	93,701	16,599	110,300
Deferred Tax Liability	(e)	9,232	(980)	8,252

(f) The net amount of bottles and crates in inventory in the prior year is GH¢16,508,700. This has been recognised as property plant and equipment in line with the change in accounting policy

(g) This relates to bottles and crates of GH¢20,411,067 transferred to property plant and equipment, and depreciation of GH¢3,812,367 recognised in retained earnings in line with the change in accounting policy.

Appendix I

Analysis of Shareholding

(i) Number of Shareholders

The company had 4,975 ordinary shareholders at 30 June 2010 distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 – 1,000	3,497	932,803	0.57
1,001 – 5,000	732	1,872,420	1.14
5,001 – 10,001	453	3,590,457	2.18
10,001 – 100,000,000	293	158,275,795	96.11
	4,975	164,671,475	100.00

(ii) List of twenty largest shareholders as at 30 June 2010

	Name	No. of Shares	% Holding
1	Diageo Highlands BV	83,982,452	51.00
2	Heineken Ghanaian Holdings BV	32,934,295	20.00
3	Social Security and National Insurance Trust	18,151,032	11.02
4	BBGN/BBH (LUX) SCA Custodian	10,601,722	6.44
5	BBGN/HSBC Bank PLC Arisaig Africa	1,949,765	1.18
6	BBGN/EPACK Investment Fund Limited	1,238,501	0.75
7	SSNIT SOS Fund	740,616	0.45
8	BBGN/SSB & T Russel T.C.C. EMP	411,600	0.25
9	State Insurance Company	400,000	0.24
10	BBGN/Unilever Ghana Provident Fund	300,059	0.18
11	Enterprise Insurance Company Limited	300,000	0.18
12	BBGN/Chase Offshore 6179C	288,561	0.18
13	BBGN/Unilever Ghana Managers	266,217	0.16
14	BBGN/JPMC Coronation Africa	211,452	0.13
15	STD Bank Nominees TVL (PTY) Limited	202,774	0.12
16	Ghana Reinsurance Organization	200,000	0.12
17	Teachers Fund	186,264	0.11
18	E.N. Safo-Nyame	167,533	0.10
19	BBGN/Melon Bank NA AS	166,563	0.10
20	STD Bank Noms (TVL) Pty Limited	163,400	0.10
Reported Totals		152,862,806	92.83
Not Reported		11,808,669	7.17
Company Total		164,671,475	100.00

(iii) Directors' Shareholding

The Directors named below held the following number of shares in the company as at 30 June 2010:

Ordinary Shares	**2010**	**2009**
Joseph Woahen Acheampong	2,555	2,555
Ebenezer M. Boye	1,000	1,000
Emmanuel Jojo Bonney	43	43
Total	3,598	3,598

Appendix II

FOUR YEAR SUMMARY

	2010 GH¢ i000	Restated 2009 GH¢ i000	Restated 2008 GH¢ i000	Restated 2007 GH¢ i000
Results				
Turnover	206,499	200,968	135,810	93,575
(Loss)/Profit before tax	(4,410)	6,905	17,564	12,420
Taxation	(230)	(2,326)	(5,376)	(663)
Profit after taxation	(4,640)	4,579	12,188	11,757
Dividend paid	(8,921)	(2,777)	(6,111)	(6,059)
Retained (loss)/profit	(13,561)	1,802	6,077	5,698
Statement of Financial Position				
Property, plant and equipment	143,643	125,393	110,300	55,002
Intangible	7,291	9,104	6,299	254
Investments	-	-	-	34,960
Cash and cash equivalent	2,849	13,965	6,070	1,234
Other current assets	43,298	50,907	33,840	21,795
Total assets	197,081	199,369	156,509	113,245
Total liabilities	(151,918)	(145,304)	(97,176)	(54,557)
	45,163	54,065	59,333	58,688
Share capital	26,252	26,252	26,252	26,252
Retain earnings	18,911	27,813	33,081	32,436
	45,163	54,065	59,333	58,688
Revenue collected for Government				
Excise duty	51,169	32,758	25,318	22,755
Sales tax/value added tax	38,748	35,614	24,532	17,542
	89,917	68,372	49,850	40,297
Statistics				
EPS (GH¢)	(0.03)	0.03	0.04	0.03
Dividend per share (GH¢)	-	0.04	0.04	0.04
Net asset per share (GH¢)	0.27	0.33	0.36	0.36
Current ratio	0.47:1	0.46:1	0.56:1	1.31:1
Return on shareholders fund (%)	(10.27)	8.47	20.54	20.03
Return on net sales value (%)	(2.25)	2.28	8.87	12.56

For Company's Use Number of Shares		
Resolution	**For**	**Against**
1. To re-elect Mr. David Harlock as a director		
2. To re-elect Mr. Rob Pilkington as a director		
3. To re-elect Mr. Tom Arie De Man as a director		
4. To re-elect Mr. John Lloyd as a director		
5. To approve non-executive directors' fees.		
6. To authorise the Directors to fix the remuneration of the Auditors.		

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

ANNUAL GENERAL MEETING to be held at 10 a.m. on 16th November 2010 at the National Theatre Accra.

*I/We.. being a member(s) of GUINNESS GHANA BREWERIES LIMITED hereby appoint **.. or failing him the Chairman of the Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 16th November 2010 and at any adjournment thereof.

Dated this .... day of 2010

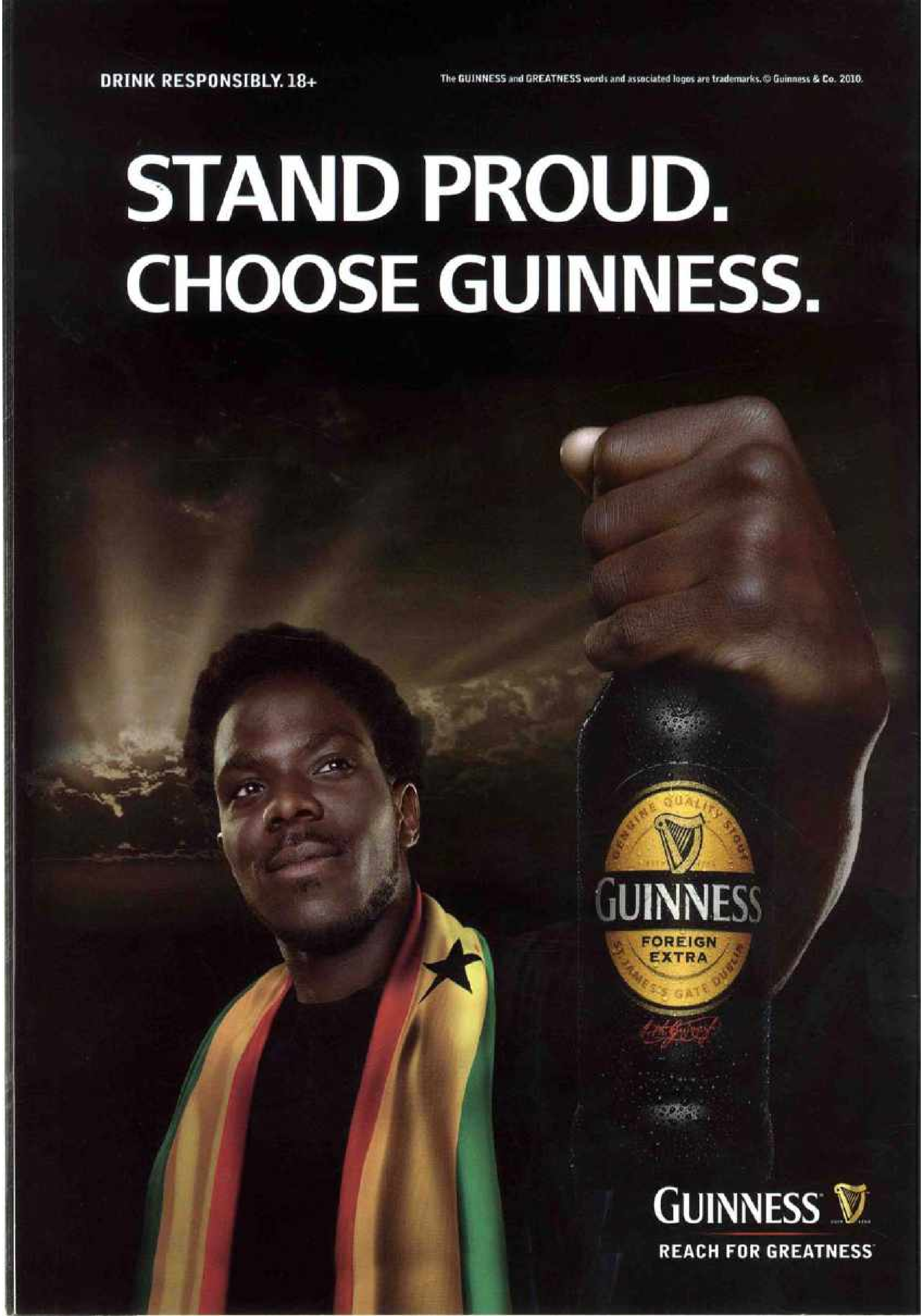
....
Shareholder's Signature

*Strike out whichever is not desired.

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 my/our 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 on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder must sign.
4. If executed by a corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown below no later than 10 a.m. on 14th November 2010: The Company Secretary, Guinness Ghana Breweries Limited, P.O. Box 1536, Kumasi, or P.O. Box 3610 Accra.
6. The Proxy must produce the Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.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