



**PIONEER
TOBACCO
COMPANY
LIMITED**

MERCHANT BANK (GHANA) LIMITED

OFFER FOR SALE

**2,400,000 ORDINARY SHARES OF NO PAR VALUE EACH
OF THE COMPANY AT ₵ 1.35 PER SHARE
PAYABLE IN FULL ON APPLICATION**



A MEMBER OF THE B·A·T GROUP

201042631

PIONEER TOBACCO COMPANY LIMITED

Directors	<p>Theophilus Ernest Anin (Chairman) 1 White Avenue, Airport Residential Area, Accra</p> <p>Nigel John Ivo Stourton (Managing Director) 36 Fifth Avenue, Accra</p> <p>Daniel Ahmling Chapman Nyabo (Business Executive) 7 Ninth Avenue, Tesano, Accra</p> <p>Kwame Agyei-Gyamfi (Executive Director) 13 Third Road, Tesano, Accra</p> <p>Isaac Eshun (Executive Director) 13 Agostino Neto Road, Airport Residential Area, Accra</p> <p>Peter Herbert Hutchinson (Executive Director) Plot No. 12, Whin River Estate, Takoradi</p> <p>James Francis Gower Murphy (Executive Director) 21 Third Road, Tesano, Accra</p> <p>John Kobina Richardson (Executive Director) 15 Agostino Neto Road, Airport Residential Area, Accra</p>
Secretary	<p>Paul Clement Kobi-Fordah (Barrister-at law) 134 North Kaneshie Estate, Accra</p>
Registered Office	<p>Tobacco House 144 Liberty Avenue, P. O. Box 5211, Accra</p>
Auditors and Reporting Accountants	<p>Peat, Marwick, Cassleton Elliott & Co. Chartered Accountants, Mobil House, Liberia Road, P. O. Box 242, Accra</p>
Bankers	<p>Barclays Bank of Ghana Limited Circle Branch, P. O. Box 3063, Accra</p> <p>Ghana Commercial Bank High Street, P. O. Box 2971, Accra</p> <p>Merchant Bank (Ghana) Limited Swanmill, Liberty Avenue, P. O. Box 401, Accra</p> <p>Standard Bank Ghana Limited Adabraka Branch, P. O. Box 1707, Accra</p>
Registrar and Transfer Office	<p>Merchant Bank (Ghana) Limited Registrar's Department, Swanmill, Liberty Avenue, P. O. Box 401, Accra</p>
Solicitors to the Company	<p>Kudjawa & Co. Texaco House, Derby Avenue, P. O. Box 294, Accra</p>
Vendors	<p>British-American Tobacco Company Limited Westminster House, 7 Millbank, London, SW1P 3JE</p>
Solicitors to the Offer	<p>Lynes Quashie-Idun & Co. House Number E. 128/2, Kojo Thompson Road, P. O. Box 2549, Accra</p>
Brokers to the Offer	<p>National Stockbrokers Limited Swanmill, Liberty Avenue, P. O. Box 401, Accra</p>

201042632

A copy of this Offer for Sale has been delivered to the Registrar of Companies, Ghana, for registration. The Registrar has not checked and will not check the accuracy of any statements made and accepts no responsibility therefor or for the financial soundness of PIONEER TOBACCO COMPANY LIMITED ("the Company") or the value of the securities concerned. This Offer for Sale was registered by the Registrar on 17th June, 1976.

PIONEER TOBACCO COMPANY LIMITED

(Incorporated in Ghana under the Companies Ordinance Cap 193)

SHARE CAPITAL

Authorised	Stated Capital	Issued and fully paid
18,000,000 Ordinary Shares of no par value.	₵12,000,000	12,000,000 Ordinary Shares of no par value.

The Company has no Treasury shares. The Company has no calls or instalments unpaid on any shares. As at 31st May, 1976, the Company had no mortgages, debentures, bank overdrafts or loans outstanding.

MERCHANT BANK (GHANA) LIMITED

on behalf of

BRITISH - AMERICAN TOBACCO COMPANY LIMITED

(Incorporated in the UK with limited liability)

("the Vendors")

OFFER FOR SALE

and are authorised to receive applications for

2,400,000 Ordinary Shares of no par value at ₵1.35 per share

IN

PIONEER TOBACCO COMPANY LIMITED

payable in full on application

The Application Lists for the shares now being offered for sale will open on Wednesday, 23rd June, 1976 and will close on Friday, 9th July, 1976.

The shares hereby offered for sale are subject to the terms of this Offer for Sale, the Application Form and the Regulations of the Company.

Purchases of the shares offered for sale and subsequent transfers thereof shall only be made by or to Ghanaians as defined by Section 39 of the Investment Policy Decree, 1975 (N.R.C.D. 329) and the Investment Policy (Amendment) Decree, 1975. (S.M.C.D. 6) ("the Decree"). Pension, Super-annuation or other similar trust funds may apply for the shares subject to the conditions set out in the Investment Policy (Exemption) Instrument, 1975, (E.I. 163).

1,200,000 of the shares comprised in this Offer representing 10 per cent of the capital will on application be allotted to Ghanaians in accordance with the provisions of the Decree.

The remaining 1,200,000 shares comprised in this Offer are reserved for sale only to Statutory Corporations as required by the Decree. Any Statutory Corporation wishing to apply for shares in the Company should submit its application on the special application form available from Merchant Bank (Ghana) Limited ("MBG"). The application form must be completed under the hand of a duly authorised official who should state his designation and authority.

In accordance with the Decree, 4,200,000 shares which do not form part of this Offer will be made available to the State for purchase so that its shareholding in the Company will be 35 per cent.

The shares now being offered are fully paid and rank equally in all respects with the other issued Ordinary shares of the Company and carry the right to participate in all dividends declared hereafter in respect of the Ordinary shares of the Company.

Bank commission and transfer charges on application moneys must be paid by the applicant but all other expenses of the Offer, including brokerage, will be paid by the Company.

No application has been made or is being made to a Stock Exchange for permission to deal in the shares now offered for sale. In consequence, there will not be a market for the shares and any holder wishing to dispose of his shares may be unable to do so. However, National Stockbrokers Limited, Swanmill, Liberty Avenue, P. O. Box 401, Accra, have agreed to provide normal stockbroking services. If this facility is used, an appropriate fee will be charged.

Brokerage at the rate of 50 pesewas per ₵100 of application moneys will be paid in respect of accepted applications bearing the stamp of an authorised Receiving Bank or Stockbroker.

APPLICATIONS AND ACCEPTANCE

Copies of the Offer for Sale and Application Form may be obtained from branches in Ghana of the following Banks and Stockbrokers who are authorised to receive applications for the shares now being offered:—

Agricultural Development Bank
Barclays Bank of Ghana Limited
Bank for Housing and Construction
Ghana Commercial Bank
Ghana Co-operative Bank Limited

Merchant Bank (Ghana) Limited
National Investment Bank
National Savings and Credit Bank
Standard Bank Ghana Limited
National Stockbrokers Limited.

Copies of the Offer for Sale together with Application Forms may also be obtained from the Company's offices in Accra and Takoradi.

Applications must be made on the accompanying Application Form and must be for a minimum of 20 shares or multiples thereof. The Application Form and the amount payable on application (£1.35 per share) must be lodged during normal business hours whilst the Offer is open at any of the branches in Ghana of the authorised Receiving Banks or Stockbrokers named above. Applications may be lodged prior to the opening of the Application Lists but no application will be accepted for consideration by the Directors or treated as binding until after the closing of the Application Lists on Friday, 9th July, 1976. Applications which are received after the Application Lists have been closed will not be considered.

MBG, the Vendors and the Company reserve the right to accept or reject any Application in whole or in part. If the total number of shares applied for exceeds the number of shares being offered the basis of allotment will be decided at the discretion of the Company, the Vendors and MBG in such a way as to bring about a wide distribution of the shares.

If any application is not accepted, or is accepted for a smaller number of shares than the number applied for, the full amount or the balance of the amount paid on application will be returned to the applicant by cheque through the post at his own risk, not later than Tuesday, 10th August, 1976. No transfer charges will be payable by the applicant on the amount returned.

Cheques, which will be presented for payment upon receipt, must be made payable to the Bank at the branch of which or to the Stockbrokers at whose office the Application Form is lodged and should be crossed "PTC Offer" and endorsed, where applicable, "Commission to Drawer's Account". This endorsement must be signed by the drawer.

No receipt for application money will be issued but share certificates, in respect of the number of shares for which the application is accepted, will be posted, at the applicant's risk, not later than Wednesday, 11th August, 1976.

Preferential consideration will be given to applications from Ghanaian employees of the Company. Applicants who are entitled to this preference and wish to avail themselves of it should use the special application form which they should obtain from their offices of employment. Acceptances in respect of these applications will not exceed a total of 120,000 Ordinary shares. If employees apply for more than this number of shares, any excess will be treated in the same manner as applications from persons other than employees.

The proceeds of this Offer for Sale will be paid to the Vendors as consideration for the sale of shares in the Company to successful applicants.

The Ordinary shares of the Company are transferable in multiples of one share in accordance with the Regulations of the Company by transfer in the prescribed form.

HISTORY AND BUSINESS

The Company was incorporated on 1st November, 1952 as a wholly owned subsidiary of British-American Tobacco Company Limited ("BAT").

BAT was incorporated in England in 1902 and is now engaged in a wide range of business and industrial activities throughout the world. Its largest single activity is in the tobacco business but it also has substantial interests in paper, printing and packaging, in cosmetics and in the retailing business in various parts of the world.

Pioneer Tobacco Company Limited manufactures cigarettes and pipe tobacco for sale in Ghana and first commenced production of cigarettes from imported tobacco in 1954. Experiments with leaf tobacco growing in Ghana began in 1953 and subsequently the Company was able to convince farmers of the advantages of tobacco cultivation. By 1959, local tobacco cultivation and its prospects for the future had reached a sufficiently healthy level for the Company to invest in the installation of leaf tobacco processing machinery at the Takoradi factory for production of cut and blended tobacco from local and imported leaf.

The Company has progressively developed its production facilities at the Takoradi factory and has established an extensive marketing organisation so that its locally manufactured products now enjoy widespread popularity.

The Company's products currently available to the Ghanaian public consist of the Company's own brands:-

Cigarettes	Pipe Tobacco
Cresta	Sweet Nut Full
Durbar	Sweet Nut Medium
Sweet Menthol	
Tusker	

Other brands manufactured in Ghana under Manufacturing Agreements entered into by the Company are:-

Cigarettes	Pipe Tobacco
Capstan	Players Sundowner
Embassy	
State Express 555 Filter Kings	
Texan	

The Company is able to draw upon the world-wide experience of BAT for technical advice and assistance relating to the growing and purchasing of leaf, the development of manufacturing techniques and improvement in machinery, the training of management and technical staff and all other aspects of the tobacco industry for which a fee is paid. The resources of BAT's modern and extensive Research and Development Establishment in the U.K. are also available to the Company.

Under the terms of an agreement between the Company and BAT, which takes effect on 1st July, 1976, BAT has undertaken for a fee to provide certain services to the Company in Ghana through the secondment of Management Staff for full time service in Ghana.

MANAGEMENT AND STAFF

The eight members of the Board of Directors are all resident in Ghana and are collectively responsible, under the Chairmanship of Mr. T. E. Anin, for determining the overall policy of the Company. Three Executive Directors, including Mr. N. J. I. Stourton, the Managing Director, are seconded BAT staff, and three Ghanaian Executive Directors are full time employees of the Company; all these Directors have many years experience in the cigarette and pipe tobacco manufacturing business.

At 1st May 1976 the Company had 850 employees. The Management Staff consists of 35 Ghanaians and five seconded employees of BAT, including the three Directors referred to above.

The Company has an effective management team and enjoys good relations with its employees.

PREMISES AND PLANT

The Company's Head Office is located at Tobacco House, 144 Liberty Avenue, Accra, and its factory is located at Cape Coast Road, Takoradi.

The situation, approximate area and tenure of the Company's main places of business are as follows:—

Location	Area Occupied (Sq. Ft.)	Tenure	Annual Rent ₵	Unexpired term of lease
Takoradi Factory				
Plot No. 1)	80,150	*Leasehold	184	52 years
Plot No. 2) Cape Coast	80,150	* "	184	49 years
Plot No. X) Road,	240,016	* "	551	52 years
Extension to) Takoradi				
Plot No. X)	52,577	* "	500	33 years
Plot No. 17)	108,029	* "	1,004	48 years
	<u>560,922</u>		<u>2,423</u>	
Accra Head Office				
Tobacco House, 144 Liberty Avenue	28,532	*Freehold	—	—

*Under Article 163 of the 1969 Constitution of the Republic of Ghana as continued in force by NRCDC 24, these tenures were converted to run from 22nd August, 1969 for a term of 50 years at any one time.

The Company's landed property was revalued by A. K. Boakye and Company as at 31st December, 1972.

FUTURE DEVELOPMENT AND CAPITAL EXPENDITURE

The Company has under construction a new tobacco warehouse at the Takoradi Factory site, completion of which is expected by mid-1977 at an overall estimated cost of ₵1,300,000.

It is the Company's policy to re-equip, renew and improve its plant and machinery on a regular basis to maintain the high quality of the Company's products and improve production efficiency.

WORKING CAPITAL

The Directors are satisfied that the Company has adequate working capital for its present and prospective needs.

DIVIDENDS

The following dividends have been declared on the issued capital of the Company in respect of the ten years ended 30th September, 1975:—

Year Ended 30th September	Number of Shares Issued	Dividends Net of Tax ₵	Dividend Per Share Pesewas
1966	1,875,000	403,125	21.50
1967	1,875,000	412,500	22.00
1968	12,000,000	843,750	7.03
1969	12,000,000	900,000	7.50
1970	12,000,000	950,000	8.00
1971	12,000,000	950,000	8.00
1972	12,000,000	1,800,000	15.00
1973	12,000,000	1,845,000	15.38
1974	12,000,000	1,890,000	15.75
1975	12,000,000	1,920,000	16.00

Dividends amounting to £9,999,000, at 30th September, 1975 together with the interim dividend of £1,200,000 already declared payable for the year ending 30th September, 1976, which are awaiting approval from the Exchange Control Authorities for remittance to BAT in London, are to be transferred shortly to BAT in Ghana.

PROFITS, PROSPECTS AND DIVIDENDS

As can be seen from the Accountants' Report, profits after taxation rose steadily during the five years to 30th September, 1973. The results for the years to 30th September, 1974 and 1975 were both affected by the increase in the company's rate of taxation from 50% to 55%, the year to 30th September, 1975 also being affected by increased costs.

In order to ensure the financial soundness of the company, it has been the policy of the Directors to retain sufficient profits each year to provide for the replacement of plant and machinery and of raw material stocks at current prices. The Directors intend to continue with this policy.

Based on the unaudited results for the first six months of the current year and the forecast for the second six months, the Directors estimate that, providing operating conditions continue as at present and no unforeseen circumstances occur, profits after taxation for the current year ending 30th September, 1976 will be of the order of £4,000,000 compared with £3,804,590 for the previous year as shown in the Accountants' Report.

An interim dividend of 10 pesewas per share has already been declared for the year ending 30th September, 1976. If the forecast is realised the Directors expect to recommend a final dividend of 10 pesewas per share subject to the approval of the Prices and Incomes Board, for which the shares now being offered for sale, together with those being acquired by the Government of Ghana, will qualify. This dividend is expected to be paid in January 1977 and in future it is anticipated that dividends will be paid in January and July of each year.

The appropriation of the profits for the year would then be as follows:—

	£	£
Estimated Profit after Taxation		4,000,000
Less: Interim Dividend of 10 pesewas per share already declared	1,200,000	
Estimated Final Dividend of 10 pesewas per share to be declared payable subsequent to this offer	1,200,000	2,400,000
Estimated Retained Profit		<u>1,600,000</u>

The total dividend for the year ending 30th September, 1976 will, therefore, amount to 20 pesewas per share which, at the offer price of £1.35 per share, represents a forecast yield of 14.8 per cent. The price earnings ratio will be approximately 4.05 and the total dividend of £2,400,000 will be covered 1.67 times by earnings of £4,000,000.

While it is too early to forecast profits for the twelve months ending 30th September, 1977 the Directors are confident that, in the absence of unforeseen circumstances, the level of dividend planned for the current year will at least be maintained for that year.

ACCOUNTANTS' REPORT

The following is a copy of a Report received from Peat, Marwick, Cassleton Elliott & Co., Chartered Accountants and Reporting Accountants to the Offer:—

The Directors,
PIONEER TOBACCO COMPANY LIMITED,
Accra.

17th June 1976.

and

The Directors,
MERCHANT BANK (GHANA) LIMITED,
Accra.

Gentlemen,

1. We have acted as auditors of the Company since its incorporation on 1st November, 1952.
2. For the purposes of this report we have examined the audited accounts of the Company for the ten years 1st October 1965 to 30th September 1975, and report as follows:—

3. PROFITS

The profits of the Company in respect of each of the ten completed financial years up to 30th September 1975, were as follows:—

Year Ended 30th September	Trading Profits (1)	Investment Income (2)	Profits before Taxation (3)	Taxation (4)	Profits after Taxation (5)
	₯	₯	₯	₯	₯
1966	1,060,766	153,986	1,214,752	606,623	608,129
1967	842,298	151,126	993,424	549,099	444,325
1968	3,165,990	113,572	3,279,562	1,706,363	1,573,199
1969	2,290,186	140,394	2,430,580	1,306,692	1,123,888
1970	2,406,804	188,826	2,595,630	1,373,786	1,221,844
1971	3,229,861	235,196	3,465,057	1,856,650	1,608,407
1972	5,889,638	673,901	6,563,539	3,321,880	3,241,659
1973	7,526,943	1,040,651	8,567,594	4,280,942	4,286,652
1974	8,188,651	882,941	9,071,592	5,219,489	3,852,103
1975	7,068,590	1,133,452	8,202,042	4,397,452	3,804,590

NOTES

(i) The trading profits set out in column (1) are stated:—

- after charging all working and management expenses including depreciation and directors remuneration.
- before charging Ghana income tax; and
- after making such adjustments as are in our opinion appropriate.

(ii) The investment income in column (2) comprises dividends and interest on investments treasury bills and short term bank deposits.

(iii) Taxation in column (4) comprises income tax at rates based on legislation applicable to the relevant periods.

4. The aggregate emoluments of the present directors charged in arriving at the profits shown above in respect of the year to 30th September, 1975, amounted to ₯375,689. Under arrangements now in force, which we are informed by the company will not change before the date of the publication of the Offer for Sale the aggregate annual emoluments would amount to ₯421,698.

5. NET ASSETS

The net assets, based on the audited balance sheet at 30th September 1975, were as follows:—

	Note	Gross book value ₯	Accumulated depreciation ₯	Net book value ₯
FIXED ASSETS				
Leasehold property	(i)	3,371,099	221,594	3,149,505
Plant, machinery & equipment	(ii)	7,785,510	5,048,619	2,736,891
		<u>11,156,609</u>	<u>5,270,213</u>	<u>5,886,396</u>
INVESTMENTS	(iv)			6,444,160
CURRENT ASSETS				
Stocks	(v)			10,843,202
Debtors				3,538,685
Payments in advance				102,669
Treasury bills				3,362,408
Bank and cash balances:-				
Short term deposits				10,950,000
Current accounts				3,446,827
		<i>carried forward</i>		<u>32,243,791</u>
				<u>12,330,556</u>

	<i>brought forward</i>	32,243,791	12,330,556
LESS CURRENT LIABILITIES			
Creditors	5,654,003	
Accrued expenses	214,624	
Taxation (vi)	7,022,676	
Amounts due to associated companies	3,624,256	
Unremitted dividends (vii)	9,999,000	
		<u>26,514,559</u>	
NET CURRENT ASSETS		5,729,232
			<u>18,059,788</u>
PROVISION FOR EMPLOYEES' RETIREMENT GRATUITY (viii)		1,254,834
TOTAL NET ASSETS		<u>€16,804,954</u>
REPRESENTING:—			
STATED CAPITAL		12,000,000
INCOME SURPLUS		4,804,954
			<u>€16,804,954</u>

NOTES

(i) The gross book value of leasehold land and buildings has been arrived at by taking the valuation as at 31st December, 1972, by Messrs. A. K. Boakye & Co., Chartered Surveyors, and adding subsequent additions at cost. The original cost of the assets valued at €2,810,050 was €2,371,178.

(ii) Plant and machinery was revalued as at 31st December, 1972, according to price indices of United Kingdom machinery which were supplied by British-American Tobacco Company Limited.

The gross book value of plant, machinery and equipment has been arrived at by taking the revalued figures of plant and machinery and adding thereto subsequent additions at cost plus equipment at original cost. The original cost of the assets valued at €5,642,797 was €2,150,753.

(iii) Depreciation has been calculated on a straight line basis, related to gross book value, at rates calculated to reduce asset values to a residual percentage at the expiration of their effective commercial lives. The effective life of buildings has been taken to be 40 years from the date of acquisition where the lease is for a longer period.

The excess of the valuations over the book value of the corresponding assets is being written off as additional depreciation. At 30th September, 1975 the balance of the excess, which will be written off against future profits, was €1,554,159. The present annual additional depreciation charge is €112,400.

(iv) Investments are shown at cost and comprise:—

		€
Trade:—		
Ghana Tobacco Company Limited	— Ordinary shares	300,000
	— Loan not repayable within one year	860,000
		<u>1,160,000</u>
Other:—		
National Investment Bank	— Ordinary shares	20,000
Standard Bank Ghana Ltd.	— Ordinary shares	14,160
Government securities redeemable at various dates up to 1984	—	5,250,000
		<u>€6,444,160</u>

Government securities of €5,000,000 are redeemable at face value on presentation to the Bank of Ghana.

(v) Stocks are valued at the lower of cost and replacement value and in no case exceed net realisable value.

(vi) (a)	Taxation provisions comprise:—	£
	Income tax 1975/76	2,588,712
	1976/77 (b below)	4,397,452
		<u>6,986,164</u>
	Additional assessments	
	1967/8—1969/70 (c below)	36,512
		<u>£ 7,022,676</u>

- (b) Income tax for 1976/77 has been provided at 55% of the estimated taxable profits for the year to 30th September, 1975.
- (c) Judgement has not yet been given on the company's appeal in the High Court against additional assessments in respect of years of assessment 1967/68 to 1969/70 amounting to £176,512. £140,000 was paid under protest against these assessments in 1970. The provision for this liability made in the year to 30th September, 1972 has been retained.
- (d) The approximate liabilities to income tax and capital gains tax which would arise if all fixed assets were sold at book value at 30th September, 1975, are £1,295,000 and £280,000 respectively.
- (vii) Remittance of dividends for the years 1969 to 1975, payable to British-American Tobacco Company Limited, including the subsequently declared final dividend for 1975, is subject to exchange control permission, which has not yet been granted.
- (viii) Under the terms of an agreement between the company and the Industrial and Commercial Workers Union employees are entitled to receive a gratuity on retirement computed on length of service with the Company at agreed rates related to basic pay at date of retirement.
The amount provided represents that proportion of the maximum entitlement at normal retirement date attributable to accumulated service to 30th September, 1975, based on remuneration scales in effect at that date.
- (ix) Assets and liabilities in foreign currencies have been converted at rates of exchange ruling on 30th September, 1975
- (x) Commitments for capital expenditure at 30th September, 1975, not provided for in the above statement amounted to £1,635,000.
- (xi) Formal confirmation has never been received of the Company's exemption from excess profits tax for 1969/70 to 1971/72 which, if payable, would amount to £267,022.
6. No audited accounts have been prepared for the Company for any period since 30th September, 1975.

Yours faithfully,

PEAT, MARWICK, CASSLETON ELLIOTT & CO.
Chartered Accountants

STATUTORY AND GENERAL INFORMATION

Incorporation and Capital History

The Company was incorporated as a private company limited by shares on 1st November, 1952. By Special Resolution passed on 15th June, 1976, the Company adopted new Regulations and was converted into a public company.

The stated capital of the Company, amounting to £12,000,000, was paid up as follows:—

In cash	£
600,000	
Otherwise than in cash by capitalisation of:—	
Income Surplus	9,050,024
Capital Surplus	2,349,976
	<u>£12,000,000</u>

The Ordinary shares of the Company are transferable in multiples of one share and in accordance with the Regulations of the Company by a written transfer in the prescribed form.

As at the date of this Offer for Sale, the entire issued share capital of the Company is beneficially owned by BAT. The Investment Policy (Amendment) Decree, 1975 (S.M.C.D. 6) requires the Capital of the Company to be held as to 35 per cent by the State, 10 per cent by Statutory Corporations and 10 per cent by Ghanaians. The transfer of 35 per cent of the issued share capital to the State will be implemented in order that the requirements of the Investment Policy (Amendment) Decree, 1975 are met.

The Businesses the Company is authorised to carry on, as stated in its Regulations, are: Manufacturers of and dealers in Tobacco, Cigars, Cigarettes and Snuffs, and growers of Tobacco and any business arising out of or in connection with such commodities.

The Company has no subsidiary.

The Company holds 150,000 Ordinary shares in Ghana Tobacco Company Limited, representing 30 per cent of the stated capital of $\text{C}\text{d}1,010,000$. Ghana Tobacco Company Limited, incorporated in Ghana under the Companies Code 1963, is authorised to establish farms for the cultivation of leaf tobacco, the provision of technical assistance and advice to all producers of leaf tobacco and the purchase, sale and export of all unmanufactured leaf tobacco produced in Ghana.

GENERAL

All expenses of the Offer for Sale, which are estimated to amount to $\text{C}\text{d}150,000$ will be paid by the Company.

No commissions, discounts, brokerages or other special terms have been granted by the Company within the two years immediately preceding the date of this Offer for Sale to any person in connection with the issue or sale of any share or loan capital of the Company.

MATERIAL CONTRACTS

The following contracts, being contracts entered into by the Company in the two years immediately preceding this Offer for Sale, otherwise than in the ordinary course of business, are, or may be material:—

1. Agreement dated 9th October, 1974, between the Company and Irweld Engineering Construction Company Limited under which the latter will build a new tobacco leaf store at the Takoradi Factory site.
2. Agreement dated 30th December 1975 between BAT and the Company under which, in return for a fee, BAT acts as Technical and Advisory Consultants to the Company for the operation of its tobacco business.
3. Royalty agreements, dated 1st April 1976, in respect of certain brands of cigarettes, with the Companies specified below, for which a consideration of the Sterling equivalent of $2\frac{1}{2}\%$ of the invoice price less excise and sales tax is paid:—
 - (a) British-American Tobacco Company Limited
 - (b) Ardath Tobacco Company Limited
 - (c) Benson & Hedges (Overseas) Limited
 - (d) Brown & Williamson Tobacco Corporation (Export) Limited.
4. An Agreement, effective 1st July 1976, under which BAT has undertaken to provide certain services to the Company in Ghana, through the secondment of Management Staff for full time service in Ghana.

CONSENTS AND DOCUMENTS

Peat, Marwick, Cassleton Elliott & Co., have given and not withdrawn their written consent to the issue of this Offer for Sale with their Report dated 17th June, 1976 included herein in the form and context in which it appears.

A. K. Boakye & Company, Chartered Surveyors, Valuers, Property Managers and Rating Consultants have likewise given and not withdrawn their consent to the issue of this Offer for Sale with the reference to their Valuation Report dated 31st December, 1972, included herein in the form and context in which it appears.

Copies of the documents mentioned below may be inspected at the office of Merchant Bank (Ghana) limited, Second Floor, Swanmill, Liberty Avenue, Accra during normal business hours on week-days (Saturdays and Public Holidays excepted) from Wednesday, 23rd June, 1976, for a period of 28 days thereafter.

- (i) The Regulations of the Company;
- (ii) The audited accounts of the Company for the five years to 30th September, 1975;
- (iii) The Report of Peat, Marwick, Cassleton Elliott and Co., and their Statement of Adjustments;
- (iv) The Valuation Report of A. K. Boakye and Company;
- (v) The consents of Peat, Marwick, Cassleton Elliott and Co., and of A. K. Boakye and Company;
- (vi) Agreement dated 17th June, 1976 between the Vendors and MBG under which MBG has agreed to offer for sale 2,400,000 Ordinary shares of no par value of the Company at $\text{C}\text{d}1.35$ per share on behalf of the Vendors;
- (vii) Letter of Undertaking dated 17th June, 1976 from the Company to MBG;
- (viii) The material contracts referred to above.

The Directors of Pioneer Tobacco Company Limited have seen and approve of this Offer for Sale.

Dated 17th June, 1976

It is important that this application form be correctly completed.
Applicants in doubt should consult their Bankers, Stockbroker or other advisers for assistance.

The Application Lists will open at 8.30 a.m. on Wednesday 23rd June, 1976 and will close at 3 p.m. on Friday 9th July, 1976. Applications received after the Lists have been closed will not be considered

APPLICATION FORM

PIONEER TOBACCO COMPANY LIMITED

(Incorporated in Ghana under the Companies Ordinance Cap 193)

MERCHANT BANK (GHANA) LIMITED

on behalf of

BRITISH - AMERICAN TOBACCO COMPANY LIMITED

OFFER FOR SALE

and are authorised to receive applications for

2,400,000 Ordinary Shares of no par value at £1.35 per share

payable in full on application

Applications must be for a minimum of 20 shares and in multiples of 20.

TO: MERCHANT BANK (GHANA) LIMITED
Swanmill, Liberty Avenue, P. O. Box 401, Accra

No. of shares applied for	Amount payable
	£

Shares	Amount payable
20	£ 27
40	£ 54
60	£ 81
80	£ 108
100	£ 135
200	£ 270
500	£ 675
1000	£ 1350

I/We, being 21 years of age or over, hereby apply for the above stated number of Ordinary Shares in PIONEER TOBACCO COMPANY LIMITED at £1.35 per share and attach a remittance for the sum mentioned above, being the amount payable on application.

I/We agree to accept the shares applied for or any smaller number of Ordinary shares in respect of which this application may be accepted subject to the terms of your Offer for Sale dated 17th June, 1976 and to the Regulations of the PIONEER TOBACCO COMPANY LIMITED.

I/We authorise you or any person authorised by you in that behalf to execute on my/our behalf any instrument of transfer that may be necessary to procure my/our name(s) to be placed on the register of members of PIONEER TOBACCO COMPANY LIMITED as the holder(s) of such number of Ordinary shares or such smaller number as aforesaid.

I/We authorise you to send a cheque for any amount overpaid and in due course a share certificate, by post at my/our risk to the address first given below.

I/We hereby declare:- (See note 4)

that I/We am/are Ghanaian within the meaning of the Investment Policy Decree, 1975 (N.R.C.D 329) as amended by the Investment Policy (Amendment) Decree 1975 (S.M.C.D. 6) hereinafter called "the Decree" and that I/we am/are not acquiring the shares as the nominee(s) of any person(s) who is/are not (a) Ghanaian(s) within the meaning of the Decree.

that I/We further undertake not to transfer any or all of the shares allotted to me/us to any person(s) who is/are not (a) Ghanaian(s).

In the case of Statutory Corporations only:-

I/We hereby declare

that I am/we are acquiring the said shares as a Statutory Corporation in accordance with Section 14 of the Investment Policy Decree, 1975 as amended.

that I am/we are not acquiring the shares the subject of this application as the nominee(s) of any person(s) who is/are not a Statutory Corporation and in consideration of this transfer being accepted by the Directors for registration undertake to advise the Directors forthwith upon my/our/any of us or any person for whom I am/we are (a) nominee(s) in respect of the said shares ceasing to be a Statutory Corporation.

201042641

1. First or Sole Applicant

Surname:

(State title, if any, or whether Mr. Mrs or Miss)

Other Names:

Full Postal Address:

.....

Occupation

Usual Signature

Date:

A sole applicant should complete space (1). The remaining space is for use in case of a joint application

Second Joint Applicant

Surname

(State title, if any, or whether Mr. Mrs., or Miss)

Other Names:

Full Postal Address:

.....

Occupation

Usual Signature:

Date:

FOR REGISTRAR'S USE ONLY
Shares applied for
Shares allocated
Amount paid £
Amount payable £
Amount to be returned £
Cheque No.
Date paid
Certificate Number
Checked
Certificate sent
Register Posted
Checked

In the case of the Statutory Corporations & other corporate bodies:—
Applicant's Name.....
Registered Office.....
Signature(s) of authorised
Official(s)
Designation
Date:
Seal

NOTES ON COMPLETION OF APPLICATION FORM

1. A Statutory Corporation or other body corporate should complete the Application Form under seal or the hand of a duly authorised official who should state his designation.
2. All joint applicants must sign.
3. This form when completed should be lodged together with the amount payable on application at any branches in Ghana of any of the authorised Receiving Banks or Stockbroker referred to in the offer for sale. A separate cheque or money/postal order must accompany each application form which must be for 20 shares or in multiples of 20 shares. Cheques and money/postal orders should be made payable to the authorised Receiving Bank or Stockbroker at whose branch the application is lodged and should be crossed "PTC OFFER" and endorsed where applicable, "COMMISSION TO DRAWER'S ACCOUNT". All Bank commission and transfer charges to Accra must be paid by the applicant and no application will be accepted unless this has been done. All cheques will be presented for payment on receipt and applications in respect of which cheques are returned unpaid for any reason whatsoever will be rejected.
4. The Investment Policy Decree, 1975, defines "Ghanaian" as any citizen of Ghana or any company, partnership or association or body (whether corporate or incorporate) the entire capital or other financial interest in which is owned by citizens of Ghana, and which is controlled by citizens of Ghana, and includes the State.
5. Merchant Bank (Ghana) Limited reserves the right to withhold Share Certificates pending clearance of cheques or other remittances.

STAMP
OF
BANKER
OR
BROKER

APPLICATION FORM

PIONEER TOBACCO COMPANY LIMITED

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Liberty Press Limited

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