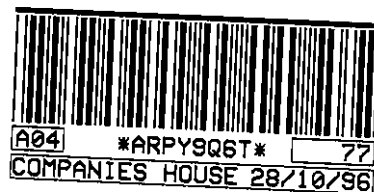


GUINNESS OVERSEAS LIMITED
(Registered Number 778398)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 1995.

BOARD OF DIRECTORS

The Directors of the Company who have held office during the year are:

D H C Hampshire
N E Salmon OBE
M Wych

SECRETARY

M D Peters

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The Company is the holding company for Guinness group companies engaged in the brewing and marketing of alcoholic beverages including Guinness Stout and Harp Lager in overseas countries except Western Europe and the USA, and in the production and marketing of soft drinks in certain territories.

The Company's activity is primarily carried out through related companies, which are principally:

Guinness Nigeria PLC

Operates breweries at Ikeja, Benin and Ogba and sells and distributes Guinness Foreign Extra Stout, Harp Lager and Malta Guinness in Nigeria.

GAPL Pte Limited

Operates a brewery in Singapore and sells and distributes Guinness Foreign Extra Stout, Anglia Shandy and ABC Stout in Singapore and Brunei.

Guinness Anchor Berhad operates a brewery in Kuala Lumpur and sells and distributes Guinness Foreign Extra Stout, Guinness Special Light, Guinness Malta and Anglia Shandy in Malaysia and Brunei and certain export territories and a range of alcoholic beverages previously produced by Malayan Breweries (Malaya) Sdn Berhad including Tiger, Anchor, Lion Stout and Heineken beers.

GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

REVIEW OF THE BUSINESS (CONTINUED)

Guinness Ghana Limited

Operates a brewery at Kumasi and sells and distributes Guinness Foreign Extra Stout and Malta Guinness in Ghana.

RESULTS AND TRANSFER FROM RESERVES

Profit for the financial year was £14,679,000 (1994 - £7,478,000) which, after dividends, resulted in a transfer to reserves of £4,884,000 (1994 - transfer from reserves £3,626,000).

DIVIDENDS

An interim dividend of £9,795,000 has been paid during the year (1994 - £11,104,000).

FUTURE DEVELOPMENTS

The Company will continue to develop and expand its overseas contract and licence brewing operations.

DIRECTORS' INTERESTS

No Director had any interest in the shares of the Company or of any other group company with the exception of non-beneficial interests as nominee and the interests in the ordinary shares of Guinness PLC as set out below:

	<u>At 31 December 1995</u>		<u>At 1 January 1995</u>	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
<u>Ordinary shares of 25p each</u>				
D H C Hampshire	31,870	116,679	30,515	90,884
N E Salmon	12,674	74,608	10,490	64,332
M Wych	12,116	74,988	10,347	132,962

GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

DIRECTORS' INTERESTS

During the year the following movements in options over the ordinary shares of Guinness PLC (all under the terms of the Executive Share Option Scheme except as marked * which were under the terms of the Savings Related Share Option Scheme) took place:

	Options granted during 1995		Options exercised during 1995	
	<u>Number</u>	<u>Price,£</u>	<u>Number</u>	<u>Price,£</u>
D H C Hampshire	27,323	457.5p	1,528*	235.5p
N E Salmon	11,804	457.5p	1,528*	235.5p
M Wych	9,898	457.5p	14,100	159.5p
			25,092	149.5p

The options outstanding at 31 December 1995 are exercisable at varying dates between 1996 and 2005 at varying prices between 127.0p and 548.5p.

Directors of subsidiaries of Guinness PLC are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in the annual accounts of Guinness PLC.

The ultimate parent company purchases liability insurance covering the directors and officers of Guinness PLC and its subsidiaries.

GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements the Directors are required to:

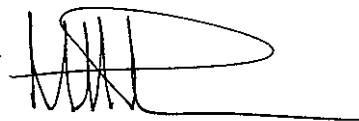
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution for their re-appointment and authorising the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board



MD Peters
Secretary

29th July 1996

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF GUINNESS OVERSEAS LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors
London

Price Waterhouse

29 July 1996

GUINNESS OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER - CONTINUING OPERATIONS	2	16,136	11,460
Net operating charges	3	<u>(7,728)</u>	<u>(13,351)</u>
OPERATING PROFIT/(LOSS) - CONTINUING OPERATIONS		8,408	(1,891)
Income from shares in group undertakings		10,081	10,694
Income from shares in associated undertakings		(213)	734
Income from other fixed asset investments		60	21
Other interest receivable		<u>335</u>	<u>326</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,671	9,884
Taxation on profit on ordinary activities	5	<u>(3,992)</u>	<u>(2,406)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		14,679	7,478
Dividends paid		<u>(9,795)</u>	<u>(11,104)</u>
AMOUNT TRANSFERRED TO/(FROM) RESERVES	11	<u>4,884</u>	<u>(3,626)</u>

Amounts transferred to/(from) reserves stated on an historical cost basis are not different from those shown above.

There have been no recognised gains or losses other than those in the profit and loss account.

Movements on reserves are shown in note 11 to the financial statements.

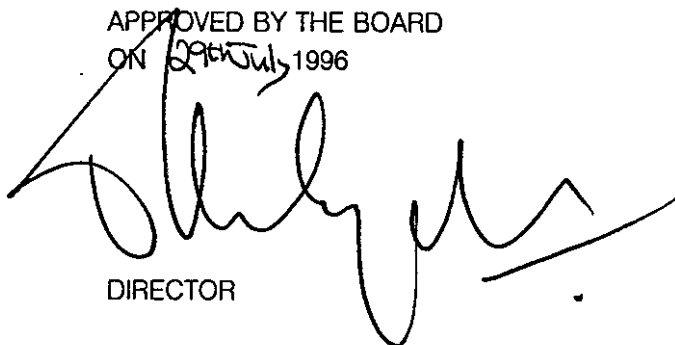
The notes on pages 8 to 14 form part of these financial statements.

GUINNESS OVERSEAS LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS			
Investments	7	<u>17,539</u>	<u>13,758</u>
CURRENT ASSETS			
Debtors	8	21,967	8,579
Cash at bank and in hand		<u>615</u>	<u>1,847</u>
		<u>22,582</u>	<u>10,426</u>
CREDITORS (amounts falling due within one year)	9	<u>(34,729)</u>	<u>(23,676)</u>
NET CURRENT LIABILITIES		<u>(12,147)</u>	<u>(13,250)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,392</u>	<u>508</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	<u>5,392</u>	<u>508</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u>5,392</u>	<u>508</u>

APPROVED BY THE BOARD
ON 29th July 1996



DIRECTOR

The notes on pages 8 to 14 form part of these financial statements.

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of Guinness Plc, which is incorporated in Great Britain, nor has a statement of cash flows been provided because the Guinness PLC consolidated accounts include such a statement.

(2) Investment income

In respect of subsidiary and associated undertakings, and other investments, only dividends declared payable during the financial year have been credited to the profit and loss account.

(3) TSF and royalties

Technical service fees ("TSF") and royalties are included in turnover when due. Full provision is made against TSF and royalties until such amounts due are received from countries operating exchange control restrictions. (See note 8).

(4) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into sterling using contracted rates of exchange (where applicable) or the rates of exchange ruling at the balance sheet date. Exchange differences arising from currency transactions in the normal course of trading are dealt with in the profit and loss account.

(5) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation, on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability or an asset is expected to crystallise within the foreseeable future.

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(6) Investments

Investments in subsidiary, associated and other undertakings are stated at cost less provision for diminution in value.

2 TURNOVER

Turnover represents amounts receivable in respect of TSF and royalties after writing back provisions for non-receipt of TSF and royalties in the amount of £2,240,000 (1994: £143,000). Turnover includes customs and excise duties where applicable but excludes value added and sales taxes.

The following table analyses turnover by customer location:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Africa	6,122	2,080
Asia Pacific	8,479	7,800
Americas	<u>1,535</u>	<u>1,580</u>
	16,136	11,460
	<u> </u>	<u> </u>

3 NET OPERATING CHARGES

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Other operating charges	6,888	6,785
Exchange movements	<u>840</u>	<u>6,566</u>
	7,728	13,351
	<u> </u>	<u> </u>

Exchange movements in 1995 and 1994 principally represent the reduction of the company's investment in Nigeria following the devaluation of the Nigerian Naira.

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Auditors' remuneration	<u>21</u>	<u>21</u>

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£'000	£'000
United Kingdom taxation		
Corporation tax for current year at 33% (1994 - 33%)	7,564	6,665
Double taxation relief	<u>(5,987)</u>	<u>(5,764)</u>
	1,577	901
Prior year adjustments	425	-
Overseas taxation	<u>1,990</u>	<u>1,505</u>
	<u>3,992</u>	<u>2,406</u>

Double taxation relief from UK corporation tax relates to underlying tax on dividends declared by overseas subsidiaries and the related withholding tax, where applicable.

6 STAFF COSTS, EMPLOYEES AND DIRECTORS

The Company has no direct employees. Staff costs are covered by a management charge from Guinness Brewing Worldwide Limited, a fellow subsidiary of Guinness PLC.

The directors received no emoluments in respect of their services to the Company.

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

7 INVESTMENTS

	Shares in group <u>undertakings</u>	Shares in associated <u>undertakings</u>	Other <u>investments</u>	<u>Total</u>
<u>Cost</u>	£'000	£'000	£'000	£'000
Listed	-	2,984	-	2,984
Unlisted	<u>5,843</u>	<u>649</u>	<u>4,282</u>	<u>10,774</u>
At 31 December 1994	5,843	3,633	4,282	13,758
Additions:	5	4,617	-	4,622
Exchange provision:	-	-	(841)	(841)
	—	—	—	—
At 31 December 1995	<u>5,848</u>	<u>8,250</u>	<u>3,441</u>	<u>17,539</u>
	—	—	—	—
<u>Cost</u>	£'000	£'000	£'000	£'000
At 31 December 1995				
Listed	-	7,601	-	7,601
Unlisted	<u>5,848</u>	<u>649</u>	<u>3,441</u>	<u>9,938</u>
	5,848	8,250	3,441	17,539
	—	—	—	—

The market value of shares in associated undertakings listed on recognised stock exchanges outside Great Britain is £5,580,000 (1994 - £11,340,000).

The directors' valuation of shares in unlisted associated undertakings is £5,699,000 (1994 - £4,948,000) and the valuation of other investments is £3,439,000 (1994 - £4,279,000).

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

7 INVESTMENTS (Continued)

The subsidiary and associated undertakings of the Company comprise the following:

	<u>Percentage of share capital owned</u>	<u>Country of incorporation and principal country of operation</u>
GAPL Pte Limited	50.00	Singapore
Guinness Australasia Pty Limited	100.00	Australia
Grenada Breweries Limited	55.54	Grenada
Guinness Canada Limited	51.00	Canada
Guinness (Caribbean) Limited	100.00	Trinidad & Tobago
Guinness Ghana Limited	38.69	Ghana
Guinness Italia Srl	100.00	Italy
Guinness GmbH	100.00	Germany
Guinness Liberia Incorporated	100.00	Liberia
Guinness Nigeria PLC	30.30	Nigeria
Harp Marketing Company (Malaysia) Sendirian Berhad	100.00	Malaysia
Phenix CI SARL	100.00	Ivory Coast
Sapporo Guinness Company Limited	49.00	Japan
Seychelles Breweries Limited	30.00	Seychelles
Sierra Leone Brewery Limited	21.64	Sierra Leone
Guinness South Africa (Pty) Ltd	100.00	South Africa
Phenix Gabon SARL	100.00	Gabon
Atalantaf Limited	100.00	Bermuda

All subsidiary and associated undertakings are engaged in brewing and/or marketing of beer and related products. All holdings are of ordinary share capital or its equivalent.

In the opinion of the Directors, the value of the Company's investments in its subsidiaries and the amounts owed by its subsidiaries is not less than the aggregate amount at which they are shown in the Company's balance sheet.

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

8 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	1,403	2,015
Amounts owed by group undertakings	3,674	2,855
Amounts owed by group undertakings in which the company has a participating interest	320	933
Amounts owed by other group undertakings	16,448	2,696
Other debtors	<u>122</u>	<u>80</u>
	21,967	8,579
	<u> </u>	<u> </u>

Amounts owed by subsidiary and associated undertakings are stated net of provisions of £1,173,721 (1994 - £3,278,000) for non-receipt of TSF, royalties and dividends.

9 CREDITORS (amounts falling due within one year)

	<u>1995</u> £'000	<u>1994</u> £'000
Trade creditors	70	446
Amounts owed to parent undertaking	32,719	22,738
Corporation tax	1,940	469
Accruals and deferred income	<u>-</u>	<u>23</u>
	34,729	23,676
	<u> </u>	<u> </u>

10 CALLED UP SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
Authorised, allotted and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

11 PROFIT AND LOSS ACCOUNT

	<u>Total</u> £'000
At 1 January 1995	508
Transfer from retained earnings	<u>4,884</u>
At 31 December 1995	5,392
	<hr/>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the financial year	14,679	7,478
Dividends paid	<u>(9,795)</u>	<u>(11,104)</u>
Net increase/reduction in shareholders' funds	4,884	(3,626)
Opening shareholders' funds	<u>508</u>	<u>4,134</u>
Closing shareholders' funds	5,392	508
	<hr/>	<hr/>

13 PARENT UNDERTAKING

The immediate parent undertaking is Guinness Overseas Holdings Limited and the ultimate parent undertaking is Guinness PLC. Both companies are registered in England and Wales. Guinness PLC is the parent undertaking of the smallest and largest group for which group accounts incorporating those of the Company are prepared. Copies of the consolidated accounts of Guinness PLC can be obtained from:

Guinness PLC
39 Portman Square
London
W1H 0EE