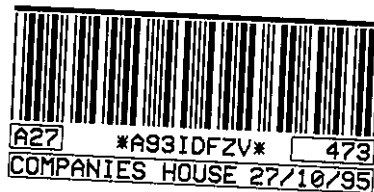


GUINNESS OVERSEAS LIMITED

(Registered Number 778398)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 1994.

BOARD OF DIRECTORS

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

J F Carson (resigned 30 June 1994)
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 1994 (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 £7,478,000 (1993 - £6,968,000) which, after dividends, resulted in a transfer from reserves of £3,626,000 (1993 - transfer from reserves £4,542,000).

DIVIDENDS

An interim dividend of £11,104,000 has been paid during the year (1993 - £11,510,000).

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 1994</u>		<u>At 1 January 1994</u>	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
<u>Ordinary shares of 25p each</u>				
D H C Hampshire	30,515	90,884	24,975	67,648
N E Salmon	10,490	64,332	7,206	53,492
M Wych	10,347	132,962	13,262	132,947

GUINNESS OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (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 1994		Options exercised during 1994	
	<u>Number</u>	<u>Price,£</u>	<u>Number</u>	<u>Price,£</u>
D H C Hampshire	1,922*	3.59	2,636	1.365
	23,950	4.76		
N E Salmon	961*	3.59	2,636	1.365
	12,515	4.76		
M Wych	961*	3.59	1,528	2.355
	582	4.76		

The options outstanding at 31 December 1994 are exercisable at varying dates between 1995 and 2004 at varying prices between £2.255 and £5.335.

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 1994 (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:

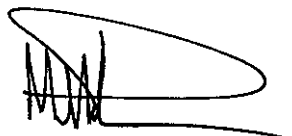
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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

30th August 1995

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS 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 1994 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

30 August 1995

GUINNESS OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
TURNOVER	2	11,460	10,614
Net operating charges	3	<u>(13,351)</u>	<u>(8,990)</u>
OPERATING (LOSS)/PROFIT		(1,891)	1,624
Income from shares in group undertakings		10,694	5,887
Income from shares in associated undertakings		734	489
Income from other fixed asset investments		21	41
Other interest receivable		<u>326</u>	<u>179</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,884	8,220
Taxation on profit on ordinary activities	5	<u>(2,406)</u>	<u>(1,252)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		7,478	6,968
Dividends paid and proposed		<u>(11,104)</u>	<u>(11,510)</u>
AMOUNT TRANSFERRED (FROM) RESERVES	11	<u>(3,626)</u>	<u>(4,542)</u>

Amounts transferred 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 1994

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
FIXED ASSETS			
Investments	7	<u>13,758</u>	<u>7,510</u>
CURRENT ASSETS			
Debtors	8	8,579	19,543
Cash at bank and in hand		<u>1,847</u>	<u>512</u>
		<u>10,426</u>	<u>20,055</u>
CREDITORS (amounts falling due within one year)	9	<u>(23,676)</u>	<u>(23,431)</u>
NET CURRENT LIABILITIES		<u>(13,250)</u>	<u>(3,376)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		508	4,134
		<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	<u>508</u>	<u>4,134</u>
SHAREHOLDERS' FUNDS	12	508	4,134
		<u>=====</u>	<u>=====</u>

APPROVED BY THE BOARD
ON ~~30th~~ August 1995



DIRECTOR

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

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

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 1994 (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 £143,000 (1993 - net write off £1,051,000). Turnover includes customs and excise duties where applicable but excludes value added and sales taxes.

The following table analyses turnover by customer location:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Africa	2,080	4,123
Asia Pacific	7,800	5,276
Americas	<u>1,580</u>	<u>1,215</u>
	11,460	10,614
	<u>=====</u>	<u>=====</u>

3 NET OPERATING CHARGES

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Other operating charges	6,785	6,726
Exchange movements	<u>6,566</u>	<u>2,264</u>
	13,351	8,990
	<u>=====</u>	<u>=====</u>

Exchange movements principally represents 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 1994 (CONTINUED)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Auditors' remuneration	<u>21</u>	<u>26</u>

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£'000	£'000
United Kingdom taxation		
Corporation tax for current year at 33% (1993 - 33%)	6,665	4,394
Double taxation relief	<u>(5,764)</u>	<u>(4,299)</u>
Prior year adjustments	901	95
Overseas taxation	<u>1,505</u>	<u>1,150</u>
	<u>2,406</u>	<u>1,252</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 1994 (CONTINUED)

7 INVESTMENTS

	Shares in group <u>undertakings</u> £'000	Shares in associated <u>undertakings</u> £'000	Other <u>investments</u> £'000	<u>Total</u> £'000
<u>Cost</u>				
Listed	-	2,984	-	2,984
Unlisted	<u>683</u>	<u>835</u>	<u>3,008</u>	<u>4,526</u>
At 31 December 1993	683	3,819	3,008	7,510
Additions:	4,974	-	1,274	6,248
Transfer:	<u>186</u>	<u>(186)</u>	-	-
At 31 December 1994	5,843	3,633	4,282	13,758
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<u>Cost</u>				£'000
At 31 December 1994				
Listed	-	2,984	-	2,984
Unlisted	<u>5,843</u>	<u>649</u>	<u>4,282</u>	<u>10,774</u>
	5,843	3,633	4,282	13,758
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The market value of shares in associated undertakings listed on recognised stock exchanges outside Great Britain is £11,340,000 (1993 - £9,520,000).

The directors' valuation of shares in unlisted associated undertakings is £4,948,000 (1993 - £4,548,000) and the valuation of other investments is £4,279,000 (1993 - £3,005,000).

GUINNESS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (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	98.00	Italy
Guinness GmbH	100.00	Germany
Guinness Liberia Incorporated	100.00	Liberia
Guinness Nigeria PLC	25.50	Nigeria
Guinness Farms Limited	25.50	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 1994 (CONTINUED)

8 DEBTORS

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Trade debtors	2,015	1,427
Amounts owed by associated undertakings	933	452
Amounts owed by subsidiary undertakings	2,855	2,573
Amounts owed by other group undertakings	2,696	14,894
Other debtors	<u>80</u>	<u>197</u>
	8,579	19,543
	<u> </u>	<u> </u>

Amounts owed by subsidiary and associated undertakings are stated net of provisions of £3,278,000 (1993 - £3,104,000) for non-receipt of TSF, royalties and dividends.

9 CREDITORS (amounts falling due within one year)

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Trade creditors	446	628
Amounts owed to parent undertaking	22,738	22,738
Accruals and deferred income	23	65
Corporation tax	<u>469</u>	<u>-</u>
	23,676	23,431
	<u> </u>	<u> </u>

10 CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</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 1994 (CONTINUED)

11 PROFIT AND LOSS ACCOUNT

	<u>Total</u> £'000
At 1 January 1994	4,134
Transfer from retained earnings	<u>(3,626)</u>
At 31 December 1994	508

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> £'000	<u>1993</u> £'000
Profit for the financial year	7,478	6,968
Dividends paid	<u>(11,104)</u>	<u>(11,510)</u>
Net reduction in shareholders' funds	(3,626)	(4,542)
Opening shareholders' funds	<u>4,134</u>	<u>8,676</u>
Closing shareholders' funds	508	4,134

13 HOLDING COMPANIES

The immediate parent undertakings 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