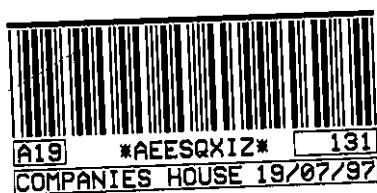


**GUINNESS OVERSEAS HOLDINGS LIMITED**  
(Registered Number 1488969)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1996**



## **GUINNESS OVERSEAS HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 1996.

#### **DIRECTORS**

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

B R O'Neill	(appointed 28 June 1996)
B F Baldock	(resigned 28 June 1996)
C A Storm	

#### **SECRETARY**

MD Peters

On 1 June 1997 Mr M D Peters resigned as secretary and Mr P M Forster was appointed in his stead.

#### **REVIEW OF THE BUSINESS**

The Company is the holding company of a group of companies engaged in exports and overseas brewing and related operations.

The principal subsidiary company is Guinness Overseas Limited which is the holding company of a sub-group of companies engaged in the brewing and marketing of alcoholic beverages, including Guinness Stout and Harp Lager, and in the production and marketing of soft drinks abroad.

#### **RESULTS AND TRANSFER FROM RESERVES**

Profit for the financial year was £5,392,000 (1995 - £9,795,000) which, after dividends of £5,392,000 (1995 - £9,889,000), resulted in a transfer to reserves of £Nil (1995 - £94,000 from reserves).

#### **DIVIDENDS**

An interim dividend of £5,392,000 has been paid during the year (1995 - £9,889,000). The directors do not recommend the payment of a final dividend.

#### **FUTURE DEVELOPMENTS**

The Company will continue to act as an intermediate holding company.

# GUINNESS OVERSEAS HOLDINGS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

### DIRECTORS' INTERESTS

No Director in office at 31 December 1996 had any interest in shares in 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 the ultimate holding undertaking, Guinness PLC as set out below:

	At 31 December 1996		At 1 January 1996	
	Ordinary shares	Options over Ordinary shares	Ordinary shares	Options over Ordinary shares
<u>Ordinary shares of 25p each</u>				
C A Storm	29,718	277,625	27,233	248,083

During the year the following movements in options over the ordinary shares of Guinness PLC took place.

	Options granted in 1996		Options exercised in 1996		
	Number	Price, £	Number	Price, £	Market price at exercise £
C A Storm	*1,101	£3.54	*1,824	£4.11	4.545
	17,946	£4.60			
	***11,568	£4.72			
	**751	£4.60			

\* These options were granted/exercised under the terms of the Savings Related Share Option Scheme, the remaining options were granted/exercised under the terms of the Executive Share Option Scheme.

\*\* These options were granted under the terms of the Employees Incentive Trust 1994.

\*\*\* These options were granted under the terms of the Long Term Incentive Plan 1996.

The options outstanding at 31 December 1996 are exercisable at varying dates between 1997 and 2006 at varying prices between 149.5p and 548.5p. The market price of the shares as at 31 December 1996 was £4.57 ½ and the range during 1996 was £4.30 to £4.91.

Mr B R O'Neill is a director of Guinness PLC and his interests in the shares of Guinness PLC are set out in that Company's 1996 annual report and accounts.

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 undertaking purchases liability insurance covering the directors and officers of Guinness PLC and its subsidiaries.

## **GUINNESS OVERSEAS HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (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 or 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

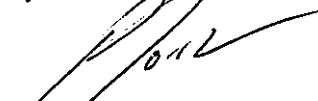
#### **STATEMENT ON SUPPLIERS PAYMENTS**

The Company does not operate a standard code in respect of payments to suppliers. The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including terms of payment. It is Company policy that payments to suppliers are made in accordance with these terms.

#### **AUDITORS**

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

By Order of the Board



P.M. Forster  
Secretary

27 JUNE 1997

*Price Waterhouse*



## AUDITORS' REPORT TO THE MEMBERS OF GUINNESS OVERSEAS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 3 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 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

*4 July* 1997

# GUINNESS OVERSEAS HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
Income from shares in group undertakings		<u>5,392</u>	<u>9,795</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	5,392	9,795
Taxation on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		5,392	9,795
Dividends paid and proposed		<u>(5,392)</u>	<u>(9,889)</u>
<b>AMOUNTS TRANSFERRED TO/(FROM) RESERVES</b>	9	<u>-</u>	<u>(94)</u>

Profits stated on a historical basis are no different from those shown above.

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

Movements on reserves are shown in note 9 to the financial statements.

The notes on pages 7 to 9 form part of these financial statements.

**GUINNESS OVERSEAS HOLDINGS LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1996**

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
<b>FIXED ASSETS</b>			
Investments	5	-	-
<b>CURRENT ASSETS</b>			
Debtors	6	34,754	34,754
<b>CREDITORS (amounts falling due within one year)</b>	7	(34,754)	(34,754)
<b>NET CURRENT ASSETS</b>		-	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		-	-
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	-	-
Profit and loss account	9	-	-
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	-	-
APPROVED BY THE BOARD ON 27 JUNE 1997			

DIRECTOR



The notes on pages 7 to 9 form part of these financial statements.

# **GUINNESS OVERSEAS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996**

### **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 another company incorporated in Great Britain, nor has a statement of cash flows been provided because the Guinness PLC 1996 annual report and accounts include such a statement.

#### **(2) 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 are translated into sterling using rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

#### **(3) 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.

#### **(4) Investments**

Investments in subsidiaries are stated at cost less provision for permanent diminution in value, where applicable.

### **2 PROFIT ON ORDINARY ACTIVITIES**

Auditors' remuneration is borne by Guinness Brewing Worldwide Limited.

### **3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

No taxable profit has been made during the year, therefore no corporation tax has been provided for (1995 - £Nil)



# GUINNESS OVERSEAS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (CONTINUED)

### 4 DIRECTORS AND EMPLOYEES

The Company has no employees. The directors received no emoluments for their services to the Company or its subsidiary undertakings during the year.

### 5 INVESTMENTS

Shares in subsidiary  
undertakings  
£'000

At 1 January 1996 and at 31 December 1996

-

The Company's subsidiaries, whose activities are described in the directors' report, are as follows:

<u>Name</u>	<u>% holdings</u>	<u>Country of incorporation</u>
Guinness Overseas Limited	100	Great Britain
Guinness (Thailand) Limited	100	Thailand

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

### 6 DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed by subsidiary undertakings	32,719	32,719
Amounts owed by other group undertakings	<u>2,035</u>	<u>2,035</u>
	34,754	34,754
	<u><u>          </u></u>	<u><u>          </u></u>

### 7 CREDITORS (amounts falling due within one year)

	<u>1996</u> £'000	<u>1995</u> £'000
Amount owed to parent undertaking	13,398	13,398
Amounts owed to other group undertakings	21,351	21,351
Other creditors	<u>5</u>	<u>5</u>
	34,754	34,754
	<u><u>          </u></u>	<u><u>          </u></u>

# GUINNESS OVERSEAS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (CONTINUED)

### 8 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised, allotted, issued, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 9 RESERVES

	<u>Profit and</u>	
	<u>loss</u>	
	£'000	
At 1 January 1996	-	
Transfer from reserves for the year	-	
At 31 December 1996	-	

### 10 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Profit for the financial year	5,392	9,795
Dividend paid	<u>(5,392)</u>	<u>(9,889)</u>
Net (reduction)/addition to equity shareholder's funds	-	(94)
Opening shareholders' funds	-	<u>94</u>
Closing equity shareholders' funds	-	-

### 11 HOLDING COMPANY

The Company is a wholly owned direct subsidiary of Guinness PLC. 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 1996 annual report and accounts of Guinness PLC can be obtained from:

Guinness PLC  
39 Portman Square  
London  
W1H 0EE