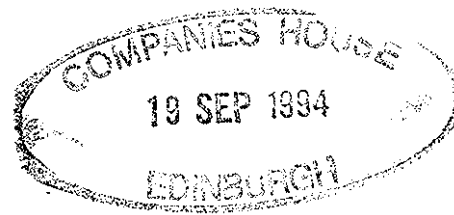


Registered No. : 40795

GUINNESS FINANCE PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 1994



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GUINNESS FINANCE PLC

REPORT OF THE DIRECTORS

DIRECTORS

C D Coase (resigned 14 March 1994)

N M Coyle

G W King (appointed 30 September 1994)

K J Plummer (appointed 14 March 1994)

I Scott

G H Turvey (resigned 30 September 1994)

SECRETARY

N M Coyle

REGISTERED OFFICE

Distillers House
33 Ellersly Road
Edinburgh EH12 6JW

The Directors present their report and the audited financial statements for the year ended 30 November 1994.

REVIEW OF THE BUSINESS

The Company acts as an investment company.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 4. The profit for the period after tax was £2,321,000. A dividend of £981,000 was paid on 16th December 1994 (1993 - £987,000).

DIRECTORS

The Directors of the Company who held office during the year are shown above.

DIRECTORS' INTERESTS

No Director had a beneficial interest in the shares of the Company, any subsidiary undertaking or any subsidiary of the ultimate parent undertaking. The interests of the Directors in the Company's parent undertaking, Guinness PLC, were as follows:

	<u>At 30 November 1994</u>		<u>At 30 November 1993 or at date of appointment if later</u>	
	Ordinary shares	Options over Ordinary shares	Ordinary shares	Options over Ordinary shares
N M Coyle	1,222	3,532	769	3,532
G W King	8,101	48,544	8,101 **	47,583 **
K J Plummer	-	17,379	- **	- **
I Scott	11,622	113,900	7,423	90,569

** At date of appointment

GUINNESS FINANCE PLC

REPORT OF THE DIRECTORS (Continued)

DIRECTORS' INTERESTS (Continued)

During the year the following movements in options over the Ordinary shares of Guinness PLC took place:

	<u>Options granted during 1994 or since date of appointment</u>		<u>Options exercised during 1994 or since date of appointment</u>	
	Number	Price	Number	Price
G W King	961*	359p	-	-
K J Plummer	12,574	476p	-	-
	4,805*	359p	-	-
I Scott	25,006	476p	2,636*	136.5p
	961*	359p	-	-

The options outstanding at 30 November 1994 have been granted under Group employee share schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1995 and 2004 at varying prices between 127p and 548.5p.

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

No contract or arrangement entered into by the Company in which any Director is interested has existed during the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 8, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

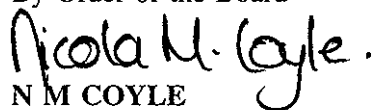
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent company, Guinness PLC, purchases liability insurance covering the Directors and officers of the Company.

AUDITORS

The Auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution concerning their reappointment will be submitted at the Annual General Meeting.

By Order of the Board


N M COYLE
Secretary

16 August 1995

GUINNESS FINANCE PLC

AUDITORS' REPORT TO THE MEMBERS OF GUINNESS FINANCE PLC

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 judgements 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 30 November 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

Southwark Towers
32 London Bridge Street
London SE1 9SY

16 August 1995

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 1994

	Notes	Continuing Operations 1994 £'000	Continuing Operations 1993 £'000
Net interest receivable	2	3,696	1,266
Net exchange loss		(165)	(170)
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,531	1,096
Taxation	3	(1,210)	(430)
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,321	666
Dividend on ordinary shares		(981)	(987)
		<u> </u>	<u> </u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		1,340	(321)
		<u> </u>	<u> </u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There were no material differences between the results as disclosed in the profit and loss account for 1994 and 1993 and the results for those years on an historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than those reflected in the above profit and loss account.

RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 NOVEMBER 1994

	1994 £'000	1993 £'000
Profit for the year attributable to shareholders	2,321	666
Dividends	(981)	(987)
	<u> </u>	<u> </u>
Net increase/(decrease) in shareholders' funds	1,340	(321)
Shareholders' funds at start of year	1,081	1,402
	<u> </u>	<u> </u>
Shareholders' funds at end of year	2,421	1,081
	<u> </u>	<u> </u>

The notes on pages 6 to 8 form part of these accounts.

GUINNESS FINANCE PLC

BALANCE SHEET AS AT 30 NOVEMBER 1994

	Notes	1994 £'000	1993 £'000
FIXED ASSET INVESTMENTS			
Long term loans to parent undertaking	4	348,768	1,260,502
Long term loans to fellow subsidiary undertakings		-	285,906
Other investments	5	10	9
		<u>348,778</u>	<u>1,546,417</u>
CURRENT ASSETS			
Cash at bank and in hand		3,338	2,804
Loans to parent undertaking	4	901,211	-
Other debtors	6	96,051	54,471
		<u>1,000,600</u>	<u>57,275</u>
CREDITORS: amounts falling due within one year	7	(997,446)	(56,080)
		<u>(997,446)</u>	<u>(56,080)</u>
NET CURRENT ASSETS		<u>3,154</u>	<u>1,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		351,932	1,547,612
CREDITORS: amounts falling due after more than one year			
Due to parent undertaking		-	(285,906)
Due to fellow subsidiary undertakings		(348,768)	(1,260,502)
PROVISIONS FOR LIABILITIES AND CHARGES	8	(743)	(123)
		<u>2,421</u>	<u>1,081</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	11	2,321	981
		<u>2,421</u>	<u>1,081</u>

The notes on pages 6 to 8 form part of these financial statements.


J. SCOTT
Director

Approved by the Board of Directors on 16 August 1995.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- 1.1 The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- 1.2 Exchange differences arising in the normal course of business and on the translation of monetary assets and liabilities are dealt with in the profit and loss account.
- 1.3 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.

2. INTEREST

	1994 £'000	1993 £'000
Interest receivable		
- from parent undertaking	86,600	45,151
- from fellow subsidiary undertakings	7,157	17,405
- other	105	171
	<u>93,862</u>	<u>62,727</u>
Interest payable		
- on bank loans repayable wholly within five years (other than by instalments)	-	(243)
- to fellow subsidiary undertakings	(90,166)	(42,502)
- to parent undertaking	-	(18,716)
	<u>(90,166)</u>	<u>(61,461)</u>
Net interest receivable	<u>3,696</u>	<u>1,266</u>

3. TAXATION

	1994 £'000	1993 £'000
United Kingdom corporation tax at 33% (1993 - 33%)	590	295
Overseas tax	-	26
Overprovision in prior years	-	(14)
Deferred taxation	620	123
	<u>1,210</u>	<u>430</u>

4. LONG TERM LOANS TO PARENT UNDERTAKING

	1994 £'000	1993 £'000
At 1 December 1993	1,260,502	383,932
Loans made during the period	-	901,211
Transferred to current assets	(901,211)	-
Accrued interest now treated as current asset	-	(28,375)
Exchange movements	(10,523)	3,734
At 30 November 1994	<u>348,768</u>	<u>1,260,502</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. OTHER INVESTMENTS

Other investments at 30 November 1994 comprise £10,000 (1993 - £10,000) nominal of 6 percent Treasury Stock 1999. At 30 November 1994 the market value was £9,000 (1993 - £10,000).

6. OTHER DEBTORS	1994 £'000	1993 £'000
Amounts due from parent undertaking	7,747	-
Accrued interest receivable from parent undertaking	88,304	38,747
Accrued interest receivable from fellow subsidiary undertakings	-	15,724
	<u>96,051</u>	<u>54,471</u>

7. CREDITORS: amounts falling due within one year	1994 £'000	1993 £'000
Corporation tax	394	337
Amounts due to parent undertaking	-	1,648
Amounts due to fellow subsidiary undertakings	911,001	-
Accrued interest payable to parent undertaking	-	15,724
Accrued interest payable to fellow subsidiary undertakings	86,051	38,371
	<u>997,446</u>	<u>56,080</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES	1994 £'000	1993 £'000
Deferred taxation on short term timing differences	<u>743</u>	<u>123</u>

9. CALLED UP SHARE CAPITAL	1994 £'000	1993 £'000
Authorised, issued and fully paid: 100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. DIRECTORS AND EMPLOYEES

None of the Directors received any emoluments from the Company in respect of their services to the Company (1993 - £nil). There are no employees of the company.

11. PROFIT AND LOSS ACCOUNT

	£'000
At 1 December 1993	981
Retained profit for the year	1,340
At 30 November 1994	<u>2,321</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued.)

12. PARENT UNDERTAKING

The immediate and ultimate parent undertaking is Guinness PLC, which is registered in England. The ultimate parent undertaking is the only company in the Group preparing consolidated financial statements and copies can be obtained from The Company Secretary, Guinness PLC, 39 Portman Square, London W1H 0EE.