

DIRECTORS

R H Myddelton
D E Tagg
B E Wickham

Grand Metropolitan Holdings Limited
(formerly Grand Metropolitan Nominee Company (No 8) Limited)
Company No. 464950

Financial Statements
30 September 1995



DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1995.

Activities

During the year the company ceased to be dormant and began activities as an investment holding company.

Dividends

The accrued dividends on non-equity preference shares at the year end were £26.3 million. The dividends were paid on 28 December 1995. Interim dividends on the preference share issue of 22 February 1996 were paid on 30 April 1996.

Financial

On 21 December 1994, the company increased its authorised share capital to one billion ordinary shares of £1 each, and issued one ordinary share that day. On 17 January 1995, 350 million ordinary shares were converted to "A" Cumulative Redeemable Preference Shares of £1 and subsequently issued. On 13 February 1995, 350 million ordinary shares of £1 were converted to "B" Cumulative Redeemable Preference Shares of £1 and subsequently issued.

On 29 September 1995, the company increased its authorised share capital to £5 billion by the creation of an additional 4 billion ordinary shares of £1 each, of which 2,200,000 were issued on that day.

On 5 December 1995, 1,805 million ordinary shares were converted into 705 million £1 "C" Cumulative Redeemable Preference Shares, 50 million £1 "D" Cumulative Redeemable Preference Shares, 350 million £1 "E" Cumulative Redeemable Preference Shares, 500 million £1 "F" Cumulative Redeemable Preference Shares and 200 million £1 "G" Cumulative Redeemable Preference Shares. The "C" and "D" shares were issued on 5 December 1995, the "E" shares on 28 December 1995 and the "F" and "G" shares on 3 January 1996. On 28 December 1995, 350 million £1 "A" Cumulative Redeemable Preference Shares and 350 million £1 "B" Cumulative Redeemable Preference Shares were redeemed.

On 22 February 1996, the company increased its authorised share capital to £6 billion by the creation of an additional 1 billion ordinary shares of £1 each, which were converted into 1 billion £1 "H" Cumulative Redeemable Preference Shares. On the same day, a further 300 million £1 ordinary shares were converted to 300 million £1 "I" Cumulative Redeemable Preference Shares.

The "H" Cumulative Redeemable Preference Shares were issued on 22 February 1996.

DIRECTORS' REPORT

On 30 April 1996, the company increased its authorised share capital to £7 billion by the creation of an additional 1 billion ordinary shares of £1 each, which were converted into 600 million £1 "K" Cumulative Redeemable Preference Shares issued on 30 April 1996 and 300 million £1 "J" Cumulative Redeemable Preference Shares issued on 1 May 1996.

Change of Name

On 28 November 1995 the Company changed its name to Grand Metropolitan Holdings Limited.

Fixed Assets

During the year the Company acquired shares in group companies. The principal acquisitions and the movement in fixed asset investments is given in Note 5 to the financial statements.

Directors

The directors during the year were as follows:

R H Myddelton
D E Tagg
B E Wickham
D C Stainton - appointed 5 December 1995

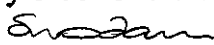
The interests of the directors who held office at the end of the financial year, in the shares of Grand Metropolitan PLC, the ultimate holding company, are disclosed in Note 3 of the financial statements.

During the year the group maintained directors' and officers' liability insurance for the directors and officers of the company.

Auditors

During the year the company ceased to be dormant, as defined by Section 250 of the Companies Act 1985 and KPMG were appointed as auditors of the company by the directors.

By order of the board


SM Adams
Secretary
25 July 1996

8 Henrietta Place
London
W1M 9AG

DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the report of the auditors set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

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 for the financial year.

The directors, in preparing the financial statements on pages 5 to 11, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed, and that it is appropriate to use a going concern basis.

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.

The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

**REPORT OF THE AUDITORS
TO THE MEMBERS OF GRAND METROPOLITAN HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 11.

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 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 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

Chartered Accountants
Registered Auditors

London, 25th July, 1996

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1995

	Notes	1995 £'000	1994 £'000
Dividends receivable from fellow group undertakings		26,276	-
Profit on ordinary activities before taxation		<u>26,276</u>	-
Taxation on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		<u>26,276</u>	-
Dividends payable on non-equity shares		<u>(26,276)</u>	-
Profit for the financial year transferred to reserves		<u>-</u>	<u>-</u>

The results in the above profit and loss account relate entirely to continuing operations.

There are no realised gains or losses other than those presented in the above profit and loss account. Accordingly no statement of recognised gains and losses is presented.

There is no material difference between the company's profit and loss account and the historical cost profits and losses. Accordingly no note of the historical profits and losses for the period has been presented.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 30 September 1995

	1995 £'000	1994 £'000
Retained profit for the financial year	-	-
New share capital issued: Redeemable Preference Shares	700,000	-
Ordinary shares	2,200,000	-
Share premium	98,785	-
Net movement in shareholders' funds	<u>2,998,785</u>	-
Shareholders' funds at beginning of year	13,162	13,162
Shareholders' funds at end of year	<u>3,011,947</u>	<u>13,162</u>

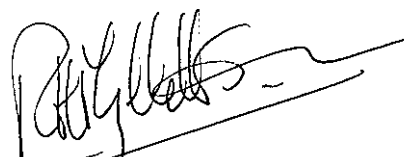
BALANCE SHEET
at 30 September 1995

	Notes	1995 £'000	1994 £'000
Fixed assets			
Investment in fellow group undertakings	5	<u>3,148,974</u>	<u>-</u>
		<u>3,148,974</u>	<u>-</u>
Current Assets			
Debtors	6	<u>39,325</u>	<u>13,162</u>
		<u>39,325</u>	<u>13,162</u>
Creditors - amounts falling due within one year	7	<u>(176,352)</u>	<u>-</u>
Net current liabilities		<u>(137,027)</u>	<u>-</u>
Total assets less current liabilities		<u><u>3,011,947</u></u>	<u><u>13,162</u></u>
Capital and reserves			
Called up share capital	8		
- equity share capital		2,204,000	4,000
- non equity share capital		700,000	-
Share premium account		105,322	6,537
Other reserves		1,559	1,559
Profit and loss account		<u>1,066</u>	<u>1,066</u>
		<u><u>3,011,947</u></u>	<u><u>13,162</u></u>

Included within debtors is £13,048,858 (1994 - £13,148,215) which is due after more than one year.

These financial statements on pages 5 to 11 were approved by the Board of Directors on 25 July 1996 and were signed on its behalf by:

R H Myddelton
Director



The attached notes form part of these financial statements.

NOTES

1. Accounting policies

Accounting Convention

The financial statements are prepared under the historical cost convention and comply with applicable UK accounting standards.

Preference Dividends Receivable and Payable

The preference share dividends receivable and payable are accounted for on an accruals basis, since the entitlement to those dividends is calculated by reference to time.

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. Provision is made for taxation deferred if there is reasonable evidence that such deferred taxation will be payable or recoverable in the foreseeable future.

2. Operating costs

The company has no employees. The auditors' remuneration was borne by the ultimate holding company.

3. Directors

Emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (1994 - nil).

Shareholdings

The directors who held office at end of the financial year had the following interest in the share capital of Grand Metropolitan PLC, the ultimate holding company

	Ordinary shares of 25p each			Options		
	1995	1994		Granted in year	Exercised in year	1995
R H Myddelton	27,019	21,849	221,278	38,162	4,338	255,102
B E Wickham	32,763	32,728	110,250	31,098	-	141,348

The directors held the above options under Grand Metropolitan PLC share option schemes at prices between 314p and 474p per share exercisable by 2005.

D E Tagg is a director of the ultimate holding company Grand Metropolitan PLC and details of his interests are dealt with in the annual report of that company.

None of the directors who held office at the end of the financial year had any interest in the shares of the company.

NOTES

4. Taxation

	1995 £'000	1994 £'000
UK corporation tax at 33 % (1994 - 33 %)	<u>-</u>	<u>-</u>

5. Investments

Shares in Subsidiary Undertakings	£'000
Cost	
At 30 September 1994	828
Additions	3,182,788
Disposals	<u>(33,814)</u>
At 30 September 1995	<u>3,149,802</u>
Less: Provision	
At 30 September 1994	(828)
Increase in year	<u>-</u>
At 30 September 1995	<u>(828)</u>
Net book value	
At 30 September 1995	<u>3,148,974</u>
At 30 September 1994	<u>-</u>

The company's principal subsidiaries are:

	Country of incorporation	Class & percentage of shares held
Forcerate Limited	England	Ordinary shares 100%
Leisure International Ltd	England	Ordinary shares 100%
Oak in the Wood Limited	England	Ordinary shares 100%
*Selviac Nederland BV	The Netherlands	Ordinary shares 100%
*Grand Metropolitan Inc	USA	Ordinary shares 100%
*The Pillsbury Company	USA	Ordinary shares 100%
*Pearle Inc	USA	Ordinary shares 100%
*Burger King Corporation	USA	Ordinary shares 100%
*Haagen Dazs Holding Inc	USA	Ordinary shares 100%
*Heublein Holdings Corporation	USA	Ordinary shares 100%

* denotes held indirectly

During the year, the company acquired and disposed of the following investments:

On 21 December 1994, the company acquired Leisure International Limited for one ordinary share of nominal value £1.

NOTES

On 29 September 1995, the company acquired Forcerate Limited for £2,449 million.

On 29 September 1995, the company acquired JM da Fonseca International Vinhos Limitada and Croft & Company Limitada for 8 billion Portuguese Escudos.

On 29 September 1995, the company disposed of JM da Fonseca International Vinhos Limitada and Croft & Co Limitada for 1 share in Forcerate Limited at 8 billion Portuguese Escudos.

6. Debtors

	1995		1994	
	Due within one year £'000	Due after one year £'000	Due within one year £'000	Due after one year £'000
Amount owed by parent company and fellow subsidiary undertakings	26,276	13,049	14	13,148
	<u>26,276</u>	<u>13,049</u>	<u>14</u>	<u>13,148</u>

The amounts due after one year have no fixed date for repayment.

7 Creditors - amounts falling due within one year

	1995 £'000	1994 £'000
Dividends payable	26,276	-
Amounts owed to fellow group undertakings	150,076	-
	<u>176,352</u>	<u>-</u>

8. Called up share capital

	1995		1994	
	Number	£'000	Number	£'000
Authorised				
Equity				
Ordinary shares of £1 each	4,300,000	4,300,000	4,000	4,000
Non equity				
5.65% cumulative redeemable				
"A" preference shares of £1 each	350,000	350,000	-	-
5.65% cumulative redeemable				
"B" preference shares of £1 each	350,000	350,000	-	-
	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,000</u>	<u>4,000</u>

NOTES

Allotted, called up and fully paid	1995		1994	
	Number '000	£'000	Number '000	£'000
Equity				
Ordinary shares of £1 each	2,204,000	2,204,000	4,000	4,000
Non equity				
5.65 % cumulative redeemable "A" preference shares of £1 each	350,000	350,000	-	-
5.65 % cumulative redeemable "B" preference shares of £1 each	350,000	350,000	-	-
	<u>2,904,000</u>	<u>2,904,000</u>	<u>4,000</u>	<u>4,000</u>

9. Movement on reserves

	Share Premium £'000	Other Reserves £'000	Profit & Loss £'000	Total £'000
At 30 September 1994	6,537	1,559	1,066	9,162
Premium on share issues	<u>98,785</u>	<u>-</u>	<u>-</u>	<u>98,785</u>
At 30 September 1995	<u>105,322</u>	<u>1,559</u>	<u>1,066</u>	<u>107,947</u>

The authorised share capital was increased by £4,996 million during the year to £5,000 million by the creation of 4,996 million ordinary shares of £1 each.

During the year, 2,900 million ordinary shares of £1 each were allotted and fully paid up as follows:

On 21 December 1994, 1 ordinary share was issued in consideration of the acquisition of Leisure International Limited.

On 17 January 1995, 350 million ordinary shares were converted to "A" redeemable preference shares of £1 and subsequently issued in order to fund an acquisition.

On 13 February 1995, 350 million ordinary shares were converted to "B" redeemable preference shares of £1 and subsequently issued in order to fund an acquisition.

On 29 September 1995, 2,200 million ordinary shares were issued at £1.03 per share in part consideration of the acquisition of Forcerate Limited.

NOTES

The 5.65% cumulative redeemable "A" and "B" preference shares are redeemable by the company at any time and the final redemption date being 28 December 1995. No premium is payable on redemption of these shares. The dividends were paid on 28 December 1995.

10. Cash flow statement

A cash flow statement is not presented as the company is a wholly owned subsidiary undertaking of Grand Metropolitan PLC. A cash flow statement for the Grand Metropolitan group is included in the financial statements of Grand Metropolitan PLC.

11. Group accounts

The company is exempt from preparing group accounts under Section 228 of the Companies Act 1989, being a wholly owned subsidiary undertaking of Grand Metropolitan PLC. These financial statements present information about the company as an individual undertaking and not about its group.

12. Post balance sheet events

The company changed its name to Grand Metropolitan Holdings Ltd on 28 November 1995.

Between 5 December 1995 and 3 January 1996, 1,805 million ordinary shares were converted to redeemable preference shares of £1 each and subsequently issued in order to provide funds for the group.

Between 22 February 1996 and 1 May 1996, 1,900 million ordinary shares were converted to redeemable preference shares of £1 each and subsequently issued in order to provide funds for the group.

Interim dividends on the preference shares issue of 22 February 1996 were paid on 30 April 1996.

13. Going Concern

The directors confirm that the Company's parent, Grand Metropolitan PLC, has adequate resources to support Grand Metropolitan Holdings Limited to enable it to continue in operational existence for the foreseeable future. Therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

14. Ultimate Holding Company

The ultimate holding company is Grand Metropolitan PLC, a company registered in England, whose accounts may be obtained from Grand Metropolitan PLC, 8 Henrietta Place, London W1M 9AG.