

GUINNESS EXPORTS LIMITED
(Registered Number 177433)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996



GUINNESS EXPORTS 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.

BOARD OF DIRECTORS

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

M A Kayser (resigned 16 August 1996)
N E Salmon
M L Voss

SECRETARY

M D 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 has not traded during the year.

RESULTS AND TRANSFER FROM RESERVES

The profit before tax for the financial year was £nil (1995 - £621,000). Loss after taxation amounted to £30,000 (1995 : £447,000 profit) which after dividends of £nil (1995 - £815,000) resulted in a transfer from reserves of £30,000 (1995 - £368,000).

DIVIDENDS

The Directors do not recommend payment of a dividend for the year (1995: £815,000).

GUINNESS EXPORTS 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 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 the ultimate holding company, 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>				
N E Salmon	10,131	86,876	12,674	74,608
M L Voss	15,611	32,481	12,790	26,214

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

	Options granted during 1996		Options exercised during 1996		
	Number	Price £	Number	Price £	Market price at date of exercise £
N E Salmon	12,268	£4.60			
M L Voss	*1,949	£3.54	*1,824	£4.11	4.545
	6,142	£4.60			

* These options were granted under the terms of the Savings Related Share Option Scheme.

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.

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 EXPORTS 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

2 July 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF GUINNESS EXPORTS 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 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 31 December 1996 and of its loss 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

4 July 1997

GUINNESS EXPORTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
Interest receivable		—	621
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	621
Tax on profit on ordinary activities	4	(30)	(174)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(30)	447
Dividend paid		—	(815)
AMOUNT TRANSFERRED FROM RESERVES	8	(30)	(368)
		==	==

Results stated on an historical cost basis are no 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 8 to the financial statements.

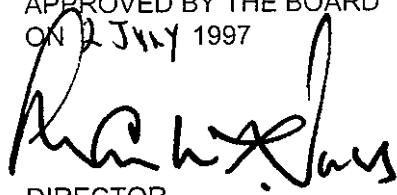
The notes on pages 7 to 9 form part of these financial statements.

GUINNESS EXPORTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
CURRENT ASSETS			
Debtors	5	17,331	17,331
CREDITORS (amounts falling due within one year)	6	<u>(2,320)</u>	<u>(2,290)</u>
NET CURRENT ASSETS		15,011	15,041
		=====	=====
TOTAL ASSETS LESS CURRENT LIABILITIES		15,011	15,041
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	7	15,010	15,010
Profit and loss account	8	<u>1</u>	<u>31</u>
EQUITY SHAREHOLDERS' FUNDS	9	15,011	15,041
		=====	=====

APPROVED BY THE BOARD
ON 2 July 1997


DIRECTOR

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

GUINNESS EXPORTS 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.

(2) 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.

2 DIRECTORS AND EMPLOYEES

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

3 PROFIT ON ORDINARY ACTIVITIES

Auditor's remuneration is borne by Guinness Brewing Worldwide Limited.

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £'000	<u>1995</u> £'000
United Kingdom corporation tax on profit at 33% (1995 - 33%)		
- current year	-	205
- prior year	30	-
Deferred taxation	<u>-</u>	<u>(31)</u>
	30	174
	<u>==</u>	<u>==</u>

GUINNESS EXPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

5	DEBTORS	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Amounts owed by parent company	<u>17,331</u>	<u>17,331</u>
6	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Amounts owed to group undertakings	2,320	2,085
	Corporation tax	—	<u>205</u>
		<u>2,320</u>	<u>2,290</u>
7	CALLED UP SHARE CAPITAL	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Authorised, issued, allotted, called up and fully paid ordinary shares of £1 each	<u>15,010</u>	<u>15,010</u>
8	PROFIT AND LOSS ACCOUNT		<u>£'000</u>
	At 1 January 1996		31
	Transfer from retained earnings		<u>(30)</u>
	At 31 December 1996		1
			<u>—</u>
9	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	<u>1996</u>	<u>1995</u>
		£'000	£'000
	(Loss)/profit for the financial year	(30)	447
	Dividend paid	—	<u>(815)</u>
	Net decrease in shareholders' funds	(30)	(368)
	Opening shareholders' funds	<u>15,041</u>	<u>15,409</u>
	Closing shareholders funds	<u>15,011</u>	<u>15,041</u>

GUINNESS EXPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

10 PARENT UNDERTAKING

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