

STADIS SECURITIES LIMITED
(Registered Number 2165069)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996



STADIS SECURITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

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

BOARD OF DIRECTORS

The names of the Directors of the Company during the year are shown below:

SH Wingfield-Digby	Chairman
B Beanland	Secretary

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of the Company was that of dealing in listed investments until it ceased this trade during 1988.

RESULTS AND TRANSFER TO RESERVES

The Company did not trade and hence made no profit after taxation for the year (1995: £2,000). The Directors do not recommend the payment of a dividend (1995 : Nil).

DIRECTORS' INTERESTS

No Director had any interest in shares or debentures of the Company, of any subsidiary undertaking or of any subsidiary of the parent undertaking 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:

	<u>At 31 December 1996</u>		<u>At 1 January 1996</u>	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
<u>Ordinary Shares (25p units)</u>				
SH Wingfield-Digby	29,848	62,588	31,253	53,122
B Beanland	17,548	46,324	14,543	40,301

STADIS SECURITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (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 1996</u>		<u>Options exercised during 1996</u>		
	Number	Price (£)	Number	Price (£)	Market price at date of exercise (£)
SH Wingfield-Digby	1,101*	3.54			
	8,365	4.60			
B Beanland	1,101*	3.54	1,824	4.11	4.44
	6,746	4.60			

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

The options outstanding at 31 December 1996 are exercisable at vary dates between 1997 and 2006 at varying prices between 225.5p and 548.5p. The market price of the shares as at 31 December 1996 was £4.57½ and the range during 1996 was £4.30 to £4.91.

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 note 21(c) to the Group accounts of Guinness PLC.

The ultimate parent company purchases liability insurance covering the Directors and officers of Guinness PLC and its subsidiaries.

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.

STADIS SECURITIES LIMITED

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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.

AUDITORS

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

By Order of the Board



B Beanland
Secretary

22 July 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF STADIS SECURITIES LIMITED

We have audited the financial statements on pages 5 to 8 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 pages 2 and 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 have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
London

31 July 1997

STADIS SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Taxation on profit on ordinary activities	3	<u>-</u>	<u>2</u>
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	7	-	2
		<u><u>-</u></u>	<u><u>2</u></u>

The above information represents all recognised gains and losses in the year.

Movements on reserves are shown in note 7 to the financial statements.

The notes on pages 7 and 8 form part of these financial statements.

There is no material difference between the results for the year as disclosed and the result on an unmodified historical cost basis.

STADIS SECURITIES LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
CURRENT ASSETS			
Debtors	5	<u>141</u>	<u>141</u>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account	7	<u>141</u>	<u>141</u>
EQUITY SHAREHOLDERS' FUNDS	8	<u>141</u>	<u>141</u>

APPROVED BY THE BOARD ON

28.7 1997



SH Wingfield-Digby
DIRECTOR

The notes on pages 7 and 8 form part of these financial statements.

STADIS SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 PROFIT ON ORDINARY ACTIVITIES

Auditors' remuneration is borne by Guinness Brewing Worldwide Limited.

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £'000	<u>1995</u> £'000
The taxation charge/(credit) comprises:		
United Kingdom corporation tax at 33% (1995: 33%)		
Current year	-	-
Prior year	<u>-</u>	<u>(2)</u>
	-	(2)
	<u><u>-</u></u>	<u><u>-</u></u>

4 DIRECTORS AND EMPLOYEES

The Company had no employees during 1996 (1995: None) and no directors' emoluments or staff costs were incurred (1995: £Nil).

5 DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed by group undertakings	141	141
	<u><u>141</u></u>	<u><u>141</u></u>

STADIS SECURITIES LIMITED

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

6 CALLED UP SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid Ordinary shares of £1 each	<u>2</u>	<u>2</u>

7 RESERVES

	Profit and Loss £'000
Balance at 1 January 1996	141
Transfer to reserves for the financial year	-
	<u>141</u>
Balance at 31 December 1996	

8 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u> £'000	<u>1995</u> £'000
Profit for the financial year	-	2
Opening equity shareholders' funds	<u>141</u>	<u>139</u>
Closing equity shareholders' funds	<u>141</u>	<u>141</u>

9 HOLDING COMPANIES

The Company is a subsidiary undertaking of Stadis Brewery PLC. The ultimate parent undertaking is Guinness PLC which is the parent undertaking of both 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.