

GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED

(FORMERLY GUINNCO THREE LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996



**GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED
(FORMERLY GUINNCO THREE LIMITED)**

REPORT OF THE DIRECTORS

DIRECTORS

G W King
N M Coyle (resigned 16 February 1996)
M D Peters (appointed 16 February 1996)

SECRETARY

A P McCarthy

REGISTERED OFFICE

39 Portman Square
London
W1H 0EE

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

RESULTS

The Company did not receive any income or incur any expenditure during the period (1995 - £nil), and there were no other recognised gains or losses.

DIVIDENDS

The Directors do not recommend the payment of a dividend (1995 - £nil).

REVIEW OF THE BUSINESS

The Company did not trade during the year.

On 7 August 1996 the Company resolved by Special Resolution to change its name from Guinnco Three Limited to Guinness Brewing (UK) 1996 Profit Sharing Scheme Limited. A Certificate of Incorporation on Change of Name was issued by the Registrar of Companies on 22 November 1996.

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 or debentures of the Company or any subsidiary of the parent undertaking. The Directors' interests in the Ordinary shares of the parent undertaking, Guinness PLC, were as follows:

	<u>At 31 December 1996</u>		<u>At 1 January 1996 or date of appointment</u>	
	Ordinary	Options over	Ordinary	Options over
	shares	Ordinary	shares	Ordinary
		shares		shares
G W King	8,297	77,544	7,232	61,443
M D Peters	5,470	26,906	4,637	* 23,421 *

* At date of appointment

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REPORT OF THE DIRECTORS

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 or since date of appointment</u>		<u>Options exercised during 1996 or since date of appointment</u>	
	Number	Price £	Number	Price £
G W King	15,000	4.60	-	-
	1,101 *	3.54	-	-
M D Peters	2,935	4.60	-	-
	550 *	3.54	-	-

* 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.

The options outstanding at 31 December 1996 have been granted under Group employee share participation schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1997 and 2006 at varying prices between 149.5p and 548.5p.

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

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 5 to 7, 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 and its subsidiaries.


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REPORT OF THE DIRECTORS (continued)

AUDITORS

An Elective Resolution was previously passed in accordance with Section 386 of the Companies Act 1985 to dispense with the annual appointment of auditors. Price Waterhouse will continue in office until this election is revoked.

By Order of the Board


A P McCarthy
Secretary

7 April 1997

**GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED
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AUDITORS' REPORT TO THE MEMBERS OF GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED

We have audited the financial statements on pages 5 to 7 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 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 these 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 the result 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**

7 April 1997

**GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED
(FORMERLY GUINSCO THREE LIMITED)**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

During the financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss, and there were no other recognised gains or losses.

The notes on page 7 form part of these accounts.

**GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED
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BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors : amounts receivable within one year due from parent undertaking		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital - Equity	3	<u>100</u>	<u>100</u>

The notes on page 7 form part of these accounts.


G W King
Director

Approved by the Board on 7 April 1997

**GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

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. DIRECTORS AND EMPLOYEES

None of the Directors received any emoluments in respect of their services to the Company (1995 - £nil). There are no employees of the Company.

3. SHARE CAPITAL

	1996 £	1995 £
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

4. PARENT UNDERTAKING

The immediate parent 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 accounts and copies can be obtained from The Company Secretary, 39 Portman Square, London W1H 0EE.

Audit fees of this company were paid by the parent company.