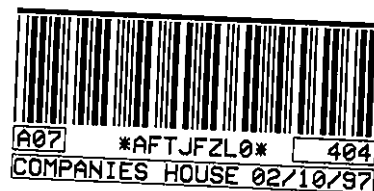


UNITED DISTILLERS INVESTMENTS LIMITED

(Registered Number 116374)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996



UNITED DISTILLERS INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and the audited financial statements of the company for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of an investment company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,633,889 (1995 - £1,082,000) which after payment of a dividend totalling £4,807,674 (1995 - £1,597,000) resulted in a transfer of £826,215 (1995 - £(515,000)) to / (from) reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R J Gilchrist
G W King

The directors' interests stated in accordance with statute and intimated to the company are shown below.

	At 31 December 1996		At 1 January 1996	
	<u>Guinness PLC</u>		<u>Guinness PLC</u>	
	Beneficial Interests	Outstanding Options	Beneficial Interests	Outstanding Options
	<u>Ordinary Shares of 25p each</u>		<u>Ordinary Shares of 25p each</u>	
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
R J Gilchrist	6,210	29,571	9,021	24,391
G W King	8,297	77,544	7,232	61,443

UNITED DISTILLERS INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

	Options granted during 1996 in respect of Ordinary Shares of 25p each		Options exercised during 1996 in respect of Ordinary Shares of 25p each	
	<u>Number</u>	<u>Price</u> £	<u>Number</u>	<u>Price</u> £
R J Gilchrist	5,490	4.60	-	-
	550*	3.54	-	-
G W King	15,000	4.60	-	-
	1,101*	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 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 throughout the year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

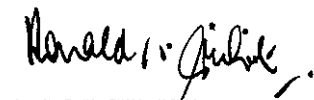
STATUTORY DISPENSATIONS

At an Extraordinary General Meeting held on 1 March 1991, the directors resolved to exercise the dispensations available under the Companies Act 1985 to lay accounts and reports before a general meeting, to hold an annual general meeting and to annually appoint auditors.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office.

By Order of the Board



R J GILCHRIST
Secretary

30 May 1997

Registered Office
39 Portman Square
London
W1H 0EE

UNITED DISTILLERS INVESTMENTS LIMITED

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;
- ◆ 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.

UNITED DISTILLERS INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF UNITED DISTILLERS INVESTMENTS 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 as 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 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
Glasgow
30 May 1997

UNITED DISTILLERS INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
Income from other fixed asset investments	2	<u>5,581</u>	<u>1,082</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,581	1,082
Tax on profit on ordinary activities	3	<u>53</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		5,634	1,082
DIVIDENDS	4	<u>(4,808)</u>	<u>(1,597)</u>
RETAINED PROFIT		<u>826</u>	<u>(515)</u>

The company has no recognised gains or losses other than the profit shown above (1995 £Nil).

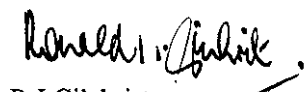
The notes on pages 7 to 9 form part of these financial statements.

UNITED DISTILLERS INVESTMENTS LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
FIXED ASSETS			
Investments	5	<u>5,643</u>	<u>5,643</u>
CURRENT ASSETS			
Debtors	6	270	278
CREDITORS - Amounts falling due within one year	7	<u>(4,817)</u>	<u>(5,651)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,096	270
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	8	150	150
Profit and loss account	9	<u>946</u>	<u>120</u>
EQUITY SHAREHOLDERS' FUNDS		1,096	270
		=====	=====

APPROVED BY THE BOARD ON
30 May 1997



R J Gilchrist
DIRECTOR

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

UNITED DISTILLERS INVESTMENTS 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, in accordance with applicable accounting standards and on a going concern basis as the directors have received assurance from the directors of the immediate parent undertaking, United Distillers plc, that they will support the company during 1997. The company has taken advantage of the exemption under Financial Reporting Standard Number 8 not to disclose inter group related party transactions as it is a wholly owned subsidiary.

Income from investments

Income from investments in subsidiary undertakings is dealt with on an accruals basis.

Deferred taxation

Deferred taxation is provided to the extent that a liability is expected to become payable within the foreseeable future.

Foreign Currencies

Exchange gains or losses arising on the re-translation of trading results are taken into account as part of trading profit.

2. INCOME FROM FIXED ASSET INVESTMENTS

	<u>1996</u> £'000	<u>1995</u> £'000
Dividends from subsidiary undertakings	5,581	1,082

3. TAXATION

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation tax for the year at 33%	2,821	474
Less double taxation relief	<u>(2,821)</u>	<u>(474)</u>
Prior Year	-	-
	(53)	-
	<u>(53)</u>	<u>-</u>

4. DIVIDENDS

	<u>1996</u> <u>Net Paid</u> £000's	<u>1995</u> <u>Net Paid</u> £000's
Dividends on ordinary shares	4,808	1,597

UNITED DISTILLERS INVESTMENTS LIMITED

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

5 INVESTMENTS

	<u>1996</u> £000's	<u>1995</u> £000's
Subsidiary undertakings	5,643 =====	5,643 =====

All investments held by the company are unlisted and are stated at the lower of cost or written down book value.

The company holds the following interests in the ordinary share capital of subsidiary undertakings, all of which are wholly owned and are involved in the production and sale of distilled spirits.

	<u>Country of Incorporation/ Registration</u>
N.V. United Distillers Belgium SA	Belgium
The Distillers Company (Netherlands) B.V.	Netherlands
United Distillers NZ Limited	New Zealand
DCL Holdings (Australia) PTY Ltd.	Australia

6 DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation Tax	270 =====	278 =====

7 CREDITORS - Amounts falling due within one year

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed to group undertakings	4,547	5,651
Corporation tax	<u>270</u>	<u>-</u>
	4,817 =====	5,651 =====

8 CALLED UP SHARE CAPITAL

	<u>1996</u> £'000	<u>1995</u> £'000
Authorised, allotted and fully paid: 150,000 Ordinary shares of £1 each	150 =====	150 =====

UNITED DISTILLERS INVESTMENTS LIMITED

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

9	PROFIT AND LOSS ACCOUNT	£'000
	At 1 January 1996	120
	Retained profit for the year	<u>826</u>
	At 31 December 1996	<u>946</u>

10	MOVEMENT ON SHAREHOLDERS' FUNDS	£'000
	At 1 January 1996	270
	Profit for the financial year	5,634
	Dividends	<u>(4,808)</u>
	At 31 December 1996	<u>1,096</u>

11 DIRECTORS' AND AUDITORS REMUNERATION

The company made no payment in relation to the remuneration of the directors. The company has no employees other than the directors.

The company incurred no direct charge in respect of the remuneration of the auditors (for either audit or non-audit services). The remuneration of the auditors was borne by the parent undertaking.

12 PARENT UNDERTAKINGS

The immediate parent undertaking, registered in Scotland, is United Distillers plc.

The ultimate parent undertaking and ultimate controlling party, registered in England, is Guinness PLC. Copies of the group accounts of Guinness PLC can be obtained from the Secretary, Guinness PLC, 39 Portman Square, London, W1H 0EE.

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