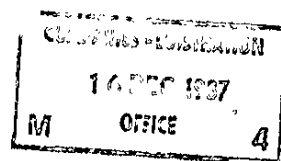


THE GUINNESS GROUP LIMITED

FINANCIAL STATEMENTS

FIFTEEN MONTHS ENDED 31ST DECEMBER 1986



THE GUINNESS GROUP LIMITEDDIRECTORS' REPORT

DIRECTORS

G.H. Turvey  
A.J. Scrine

SECRETARY

D. Gormley

REGISTERED OFFICE

Park Royal Brewery,  
London NW10 7RR

The Directors present their report and the audited financial statements of the Company for the fifteen months ended 31st December 1986.

REVIEW OF THE BUSINESS

The Company is a holding company of subsidiaries that are now dormant. During the period under review the Company acquired 37 dormant companies from fellow subsidiaries of Guinness PLC. These dormant companies have been identified as no longer of use to the Guinness group and are to be liquidated, the acquisition of these companies was the preliminary stage in the liquidation process.

Prior to the 31st December 1986 13 of the Company's subsidiaries were placed into liquidation. Subsequent to the 31st December 1986 a further 16 of the Company's subsidiaries have been placed into liquidation.

RESULTS AND DIVIDENDS

The loss for the financial period of £5,458,127 has been transferred to reserves.

DIRECTORS

The Directors of the Company who held office during the period are shown above. The Directors continue in office in accordance with the Articles of Association which do not provide for rotation.

DIRECTORS' INTERESTS

No Director has a beneficial shareholding in the Company. The interests of the Directors in the company's ultimate holding company Guinness PLC are as follows:

	<u>31st December 1986</u>	<u>30th September 1985</u>
<u>Stock Holdings</u>		
G.H. Turvey - Ordinary Stock 25p Units	100	100

THE GUINNESS GROUP LIMITEDDIRECTORS' REPORT

continued

		<u>31st December 1986</u>	<u>30th September 1985</u>
<u>Stock Holdings</u>			
<u>A.J. Scrine</u>			
Ordinary Stock	- 25p units	4,758	4,142
7 3/4% Unsecured Loan Stock 2001	- £ units	-	198
10% Unsecured Loan Stock 1993/1998	- £ units	-	100
8 1/4% Convertible Unsecured Loan Stock	- £ units	100	-
5 3/4% Cumulative Convertible Redeemable Preference Shares	- £ units	100	-

Stock Options

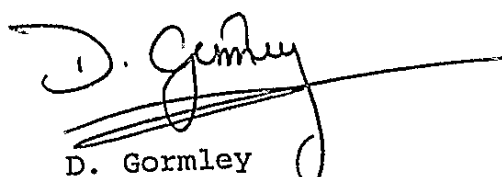
G.H. Turvey	- Ordinary Stock 25p Units	3,467	2,838
A.J. Scrine	- Ordinary Stock 25p Units	5,677	5,677

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

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

  
D. Gormley  
Secretary

30th October 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF  
THE GUINNESS GROUP LIMITED

We have audited the financial statements on Pages 4 to 8 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1986 and of the loss for the fifteen month period then ended and comply with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

30th October 1987

THE GUINNESS GROUP LIMITEDPROFIT AND LOSS ACCOUNTFOR THE FIFTEEN MONTHS ENDED 31ST DECEMBER 1986

	<u>Notes</u>	15 months to <u>31.12.86</u> <u>£</u>	12 months to <u>30.9.85</u> <u>£</u>
Profit on ordinary activities before and after taxation		-	-
Extraordinary charges	2	5,458,127	-
		<hr/>	<hr/>
(Loss) for the financial period		(5,458,127)	-
Retained earnings at the beginning of the period		(9,848)	(9,848)
		<hr/>	<hr/>
Deficit		£(5,467,975) =====	£(9,848) =====

THE GUINNESS GROUP LIMITEDBALANCE SHEET AS AT 31ST DECEMBER 1986

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
FIXED ASSETS			
Investments	3	791,445	474,466
CREDITORS (amounts falling within one year)			
Due to Subsidiaries Companies		543,934	-
Total assets less current liabilities		247,511	474,466
CREDITORS (amounts falling due after more than one year)			
	4	5,695,452	464,280
		<u>£(5,447,941)</u>	<u>£10,186</u>
CAPITAL AND RESERVES			
Called up share capital	5	20,034	20,034
Profit and loss account		(5,467,975)	(9,848)
		<u>£(5,447,941)</u>	<u>£(10,186)</u>

APPROVED BY THE BOARD OF DIRECTORS 30TH OCTOBER 1987

  
 DIRECTOR

  
 DIRECTOR

THE GUINNESS GROUP LIMITEDNOTES TO THE FINANCIAL STATEMENTS31ST DECEMBER 1986

## 1. BASIS OF ACCOUNTING

The financial statements have been prepared in compliance with Schedule 4 to the Companies Act 1985.

## 2. EXTRAORDINARY CHARGES

	15 months to 31.12.86 £	12 months to 30.9.85 £
Loss on subsidiaries liquidated	70,219	-
Loans written off	214,323	-
Provision against investments	5,173,585	-
	<u>£5,458,127</u> =====	<u>-</u> =====

## 3. INVESTMENTS

	Shares in Subsidiaries £	Loans to Subsidiaries £	Total £
At 1st October 1985	246,926	227,540	474,466
Additions	4,427,730	1,531,314	5,959,044
Disposals	(240,937)	(227,543)	(468,480)
At 31st December 1986	<u>4,433,719</u>	<u>1,531,311</u>	<u>5,965,030</u>
Provision for the period	<u>3,655,594</u>	<u>1,517,991</u>	<u>5,173,585</u>
Net Book Value 31.12.86	<u>778,125</u>	<u>13,320</u>	<u>791,445</u>
Net Book Value 30.9.85	<u>246,926</u>	<u>227,570</u>	<u>474,466</u>

## 4. CREDITORS

(amounts falling due after  
more than one year)

	31.12.86 £	30.9.85 £
Amount owed to holding company	5,695,452	288,662
Amount owed to subsidiary companies	-	175,618
	<u>£5,695,452</u> =====	<u>£464,280</u> =====

THE GUINNESS GROUP LIMITEDNOTES TO THE FINANCIAL STATEMENTS31ST DECEMBER 1986

(continued)

CALLED UP SHARE CAPITAL	<u>31.12.86</u>	<u>30.9.85</u>
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Authorised:

31,024 Ordinary shares of £1 each	£31,024 =====	£31,024 =====
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Issued and Fully Paid:

20,034 Ordinary shares of £1 each	£20,034 =====	£20,034 =====
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SUBSIDIARY COMPANIES

The following companies are wholly owned by the Company at 31st December 1986:-

<u>Class of</u>
<u>Share</u>

James Blackmore Limited	Ordinary
Arthur Guinness & Sons Limited	Ordinary
Libra Computing Limited	Ordinary
RS Watling & Son Limited	Ordinary
A.J. McWaters Limited	Ordinary
Correna International Limited	Ordinary
Correna Merchandising Services Limited	Ordinary
D H Maddock & Co. Limited	Ordinary
Greendyke Limited	Ordinary
Mervyn Scott Limited	Ordinary
Phillips Brothers (Chemists) Limited	Ordinary
TR Milburn Limited	Ordinary
R. Gordon Drummond (Southern) Limited	Ordinary
Tellis Limited	Ordinary + Deferred Ordinary
Ferham Products Limited	Ordinary
Kimpher Market Services Limited	Ordinary
TE James (Pharmacies) Limited	Ordinary
GMI (Overseas) Limited	Ordinary
Jackel International Holdings Limited	Ordinary + Preference
MSJ Light Engineering Limited	Ordinary
Herculean Limited	Ordinary
Cockburn Industrial Services Limited	Ordinary
Brown Gray & Company Limited	Ordinary
Cockburn & Company Limited	Ordinary
Reynolds and Johnstone Limited	Ordinary
Consolidated Agricultural Suppliers Limited	Ordinary
Morison Photographics Limited	Ordinary
Cornish Development Limited	Ordinary
WCB Carriers Limited	Ordinary
Sales Promotion Support Limited	Ordinary
WCB Plastic Developments Limited	Ordinary
WCB Properties Limited	Ordinary
WCB Plastic Mouldings Limited	Ordinary
Belgrave Northwestern Industries Limited	Ordinary
Pemberton Group Holdings Limited	Ordinary

All of the companies listed above are dormant.



THE GUINNESS GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
31ST DECEMBER 1986

(continued)

7. HOLDING COMPANY

The holding company is Guinness PLC a company incorporated in Great Britain.

8. GROUP ACCOUNTS

Group accounts are not required as the company is a wholly owned subsidiary of another company incorporated in Great Britain.

9. HOLDING COMPANY GUARANTEE

The company's parent company, Guinness PLC, has agreed to provide such financial assistance to the company in order to provide it with sufficient funds to operate as a going concern.