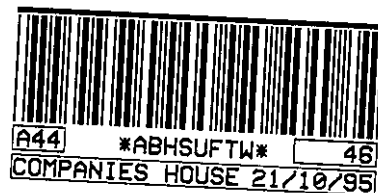


UNITED DISTILLERS INTERNATIONAL LIMITED

REGISTERED NO. 908005

DIRECTORS REPORT AND ACCOUNTS

31 DECEMBER 1994



UNITED DISTILLERS INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 1994.

REVIEW OF BUSINESS

The Company's principal activity is to maintain offices in export markets to enable employees to further the awareness of group products in those markets.

Turnover for the year ended 31 December 1994 was £1,262,532 (1993 - £17,496,698) and costs were £1,127,803 (1993 - £17,511,827) resulting in a profit on ordinary activities before taxation for the year of £134,729 (1993 - £15,129 loss).

RESULTS AND TRANSFER TO RESERVES

After taxation the profit for the year amounted to £69,428 (1993 - £210,659 loss) which after the payment of a dividend of £2,000,000 (1993 - £NIL) resulted in a transfer from reserves of £1,930,572 (1993 from reserves £210,659).

DIVIDENDS

An interim dividend of £2,000,000 was paid (1993 - £NIL).

The Directors do not recommend the payment of a final dividend (1993 - £NIL).

UNITED DISTILLERS INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS (Continued)

FIXED ASSETS

Details of fixed assets are shown in Note 6 to the accounts.

FUTURE DEVELOPMENTS

As a result of the transfer in 1993 of the European Duty Free activities to United Distillers plc, the future activities of United Distillers International Ltd are anticipated to continue at significantly smaller levels.

DIRECTORS' INTERESTS

The names of the present Directors of the Company are set out below:

M.C. Keiller

J.E. Airey

Both Directors held office throughout the year.

No Director had an interest in shares or debentures of the Company or 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 parent undertaking, Guinness PLC, as set out below:-

	At 31 December 1994		At 1 January 1994	
	Ordinary Shares	Options Over Ordinary Shares	Ordinary Shares	Options Over Ordinary Shares
M.C. Keiller	7,294	79,737	5,731	66,250
J.E. Airey	4,483	25,029	3,895	21,238

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

	Options Granted during 1994		Options exercised during 1994	
	Number	Price	Number	Price
M.C. Keiller	19,328	4.760	1,528	2.355
	961	3.590	5,274	1.365
J.E. Airey	4,586	4.760	2,140	2.355
	1,345	3.590		

UNITED DISTILLERS INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS (Continued)

The options outstanding at 31 December 1994 have been granted under Group employee share participation schemes (including the Executive Share Options Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1995 and 2004 at varying prices between 127p and 548½p.

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

All Directors and Officers are insured against liabilities in relation to the Company as defined in S310 Companies' Act 1985. This cover does not extend to the company's auditors and professional advisors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare 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 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

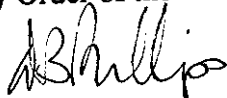
The Directors have a responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have a 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.

AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



DB Phillips
Secretary

16th October 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF
UNITED DISTILLERS INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 12 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 above, 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 judgments 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 1994 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
Southwark Towers
32 London Bridge Street
London SE1 9SY

16 October 1995

UNITED DISTILLERS INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

	Year Ended 31 December 1994 £	Year Ended 31 December 1993 £
TURNOVER (Note 2)	1,262,532	17,496,698
Net Operating Costs (Note 3)	<u>(1,127,803)</u>	<u>(17,511,827)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	134,729	(15,129)
Taxation (Note 5)	<u>(65,301)</u>	<u>(195,530)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	69,428	(210,659)
Dividends	<u>(2,000,000)</u>	<u>-</u>
RETAINED LOSS FOR THE YEAR	<u>(1,930,572)</u>	<u>(210,659)</u>
Balance at 1 January 1994	<u>2,123,868</u>	<u>2,334,527</u>
Balance at 31 December 1994	<u>193,296</u>	<u>2,123,868</u>

NOTES OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the reported profit/loss for 1994 and 1993 and the profit/loss for those years on a historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those reflected in the profit and loss account.

The notes on pages 7 to 12 form part of these accounts.

CASHFLOW STATEMENT

The company has taken advantage of not having to prepare a cashflow statement under FRSI.

UNITED DISTILLERS INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	As at 31 December 1994 £	As 31 December 1993 £
FIXED ASSETS		
Tangible Assets (Note 6)	140,019	238,518
CURRENT ASSETS		
Debtors (Note 7)	2,787,109	3,614,193
Bank & Cash	<u>212,455</u>	<u>176,557</u>
	2,999,564	3,790,750
CREDITORS: Amounts falling due within one year (Note 8)	<u>(2,926,287)</u>	<u>(1,881,474)</u>
Net Current Assets	<u>73,277</u>	<u>1,909,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	213,296	2,147,794
DEFERRED TAXATION (Note 9)	<u>-</u>	<u>(3,926)</u>
CAPITAL AND RESERVES	<u>213,296</u>	<u>2,143,868</u>
Called Up Share Capital (Note 10)	20,000	20,000
Profit & Loss Account	<u>193,296</u>	<u>2,123,868</u>
	<u>213,296</u>	<u>2,143,868</u>

Approved by the Board on 16th October 1995.



M.C. Keiller
DIRECTOR

The notes on pages 7 to 12 form part of these accounts.

UNITED DISTILLERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

1. ACCOUNTING POLICIES

(1) Basis of Accounting

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

(2) Foreign Currencies

Assets and liabilities in foreign currencies have been translated into sterling using the rates of exchange ruling at the balance sheet date. Exchange differences from currency conversions in the normal course of trading are dealt with in the profit and loss account.

(3) Depreciation

Tangible assets are depreciated principally on a straight line basis at annual rates estimated to write off their book value over the term of their useful lives. Details of depreciation rates are as follows:-

Fixtures and Fittings	10% - 20% on cost
Computer Equipment	30% on cost
Motor Vehicles	11% -25% on cost

(4) Deferred Taxation

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

(5) Turnover

Turnover represents the invoice value of goods sold including duties where applicable, and any recharges to the immediate parent undertaking of expenses incurred overseas, but excluding value added tax.

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994 (Continued)****2 GEOGRAPHICAL ANALYSIS OF TURNOVER & PROFIT**

<u>Turnover for Continuing Activities</u>	31 December 1994 £	31 December 1993 £
United Kingdom	1,262,532	15,917,108
Rest of Europe	-	1,579,590
	<u>1,262,532</u>	<u>17,496,698</u>

<u>(Loss)/Profit Before Taxation</u>	31 December 1994 £	31 December 1993 £
United Kingdom	134,729	29,585
Rest of Europe	-	(44,714)
	<u>134,729</u>	<u>(15,129)</u>

3 NET OPERATING COSTS

	31 December 1994 £	31 December 1993 £
Raw Materials and Consumables	-	13,789,916
Staff Costs	239,863	767,646
Other Operating Charges	857,410	6,040,822
Depreciation	23,649	54,992
Exchange Losses (Gains)	12,487	814,780
Interest Received on Bank Loans, overdrafts and other loans (Wholly repayable within 5 years)	(5,606)	(22,809)
Change in Stocks of Finished Goods	-	(3,933,520)
	<u>1,127,803</u>	<u>17,511,827</u>

Included with Other Operating charges for 1994 is £360,515 (1993 - £NIL) relating to redundancy costs on the closure of a regional office, and £42,329 (1993 £NIL) relating to loss on disposal of fixed assets relating to the closure of the same office.

These costs have been recharged to the immediate parent undertaking, United Distillers plc, and are shown in Turnover.

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (Continued)****3 NET OPERATING COSTS (Continued)**

Staff Costs	31 December 1994 £	31 December 1994 £
Wages and Salaries	198,289	537,780
Social Security Costs	20,256	163,733
Pension Costs	<u>21,318</u>	<u>66,133</u>
	<u>239,863</u>	<u>767,646</u>
Average Number of Employees, All Employed Outside the UK	9	15

Employees of the Company are primarily based in overseas markets. Accordingly, the pension arrangements for employees are based on membership of pension schemes available to employees of locally based fellow subsidiary companies. In general, these schemes are of the defined contribution type and, as such, contributions are charged to the Profit and Loss account when payable.

The audit fee of £1,000 (1993 - £16,000) has been borne by the immediate parent undertaking.

Fees payable to the Auditors for non-audit services amounted to £27,052 (1993 - £37,585).

4 DIRECTORS' EMOLUMENTS

The Directors' received no remuneration for their services to the Company during the year ended 31 December 1994 (1993 - £NIL).

5 TAXATION

Taxation on the profit for the year:

	31 December 1994 £	31 December 1993 £
UK Corporation tax on profit for the year at 33% (1993 - 33%)	-	-
Overseas taxation	69,227	74,037
Deferred taxation	(3,926)	(3,809)
Adjustment of current tax in respect of prior years.	<u>-</u>	<u>125,302</u>
	<u>65,301</u>	<u>195,530</u>

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)****6 FIXED ASSETS**

	Fixtures & Fittings £	Computer Equipment £	Motor Vehicles £	Total £
COST:				
At 1 January 1994	205,893	125,853	67,014	398,760
Additions	-	-	-	-
Disposals	(126,248)	(65,339)	(15,655)	(207,242)
Exchange adjustments	<u>5,176</u>	<u>3,328</u>	<u>1,949</u>	<u>10,453</u>
At 31 December 1994	<u>84,821</u>	<u>63,842</u>	<u>53,308</u>	<u>201,971</u>
DEPRECIATION:				
At 1 January 1994	75,712	59,525	25,005	160,242
On disposals	(67,754)	(51,320)	(6,447)	(125,521)
Charge for year	13,074	9,597	978	23,649
Exchange adjustments	<u>1,389</u>	<u>1,468</u>	<u>725</u>	<u>3,582</u>
At 31 December 1994	<u>22,421</u>	<u>19,270</u>	<u>20,261</u>	<u>61,952</u>
NET BOOK VALUE:				
At 31 December 1994	<u>62,400</u>	<u>44,572</u>	<u>33,047</u>	<u>140,019</u>
At 31 December 1993	<u>130,181</u>	<u>66,328</u>	<u>42,009</u>	<u>238,518</u>

7 DEBTORS

	31 December 1994 £	31 December 1993 £
Amount owed by fellow group undertakings	2,602,478	3,185,497
Other debtors & prepayments	<u>184,631</u>	<u>428,696</u>
	<u>2,787,109</u>	<u>3,614,193</u>

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)****8 CREDITORS: Amounts falling due within one year.**

	31 December 1994 £	31 December 1993 £
Amount owed to fellow group undertakings	2,609,115	594,056
Corporation Tax	-	687,095
Overseas taxation	9,198	147,543
Other creditors and accruals	<u>307,974</u>	<u>452,780</u>
	<u>2,926,287</u>	<u>1,881,474</u>

9 DEFERRED TAXATION

	Amount Provided 1994 £	Full Potential Liability 1994 £	Amount Provided 1993 £	Full Potential Liability 1993 £
Excess of capital allowances	NIL	NIL	3,926	3,926

10 CALLED UP SHARE CAPITAL

	31 December 1994 £	31 December 1993 £
Authorised, issued and fully paid ordinary shares of £200 each	20,000	20,000

11 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	£
Profit for the year	69,428
Dividends	(2,000,000)
Net reduction in shareholders funds	(1,930,572)
Opening shareholders funds	<u>2,143,868</u>
Closing shareholders funds	<u>213,296</u>

UNITED DISTILLERS INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (Continued)

12 PARENT UNDERTAKING

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

The ultimate parent undertaking is Guinness PLC, registered in England and Wales. The ultimate parent undertaking is the only company preparing group accounts and copies of these group accounts are available from the Secretary of the Company at Guinness PLC, 39 Portman Square, London W1H 9HB.