

GRANDMET LIMITED
(formerly GRAND METROPOLITAN NOMINEE COMPANY LIMITED)

Company No. 1002487

FINANCIAL STATEMENTS

30TH SEPTEMBER 1995



DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30th September 1995.

Activities

The company changed its name on 4 September 1995 to GrandMet Limited.

Financial

The directors do not recommend the payment of a dividend (1994 - £nil). The loss for the year transferred to reserves was £1,302 (1994 - loss £2,093).

Directors

The directors during the year were as follows:

RH Myddelton

DE Tagg

BE Wickham

The directors who held office at the end of the financial year had the following interests in the shares of Grand Metropolitan PLC, the ultimate holding company:

	Ordinary shares of 25p each			Options		
	1995	1994	1994	Granted in year	Exercised in year	1995
R H Myddelton	27,019	21,849	221,278	38,162	4,338	255,102
B E Wickham	32,763	32,728	110,250	31,098	-	141,348

The above options were held under Grand Metropolitan PLC share option schemes at prices between 243p and 474p per share exercisable by 2005.

DE Tagg is a director of the ultimate holding company, Grand Metropolitan PLC, and his interests are disclosed in the annual report of that company.

None of the directors who held office at the end of the financial year had any interests in the shares of the company.

During the year the group maintained directors and officers liability insurance for the directors and officers of the company.

DIRECTORS' REPORT (continued)

Auditors

On 6 February 1995, the auditors changed their name to KPMG and they have signed their report in their new name.

By order of the board



SM ADAMS

Secretary

1 July 1996

8 Henrietta Place

London

W1M 9AG

**DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the report of the auditors set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

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 for the financial year.

The directors, in preparing the financial statements on pages 5 to 7, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed, and that it is appropriate to prepare the financial statements on the going concern basis.

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.

The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

**REPORT OF THE AUDITORS
TO THE MEMBERS OF GRANDMET LIMITED (FORMERLY GRAND
METROPOLITAN NOMINEE COMPANY LIMITED)**

We have audited the financial statements on pages 5 to 7.

Respective responsibilities of the directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the 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.

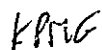
Basis of opinion

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 30 September 1995 and of the loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

Chartered Accountants

Registered Auditors

London

21 July 1996

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1995

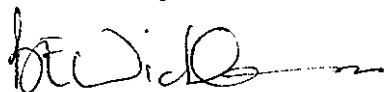
	Notes	1995 £	1994 £
Interest payable	2	(1,944)	(2,093)
Loss on ordinary activities before taxation		<u>(1,944)</u>	<u>(2,093)</u>
Taxation	3	<u>642</u>	<u>-</u>
Loss for the financial year		<u><u>(1,302)</u></u>	<u><u>(2,093)</u></u>
Movement in reserves			
At beginning of year		3,745,143	3,747,236
Loss for the year		<u>(1,302)</u>	<u>(2,093)</u>
At end of year		<u><u>3,743,841</u></u>	<u><u>3,745,143</u></u>

There are no recognised gains and losses other than the loss for the financial year and consequently a statement of total recognised gains and losses is not presented as part of these accounts.

BALANCE SHEET AS AT 30TH SEPTEMBER 1995

	Notes	1995 £	1994 £
Current assets			
Debtors - owed by parent undertaking		13,688,553	13,688,553
Creditors - amounts falling due within one year			
Amounts due to fellow subsidiary undertaking		(34,912)	(33,610)
		<u>13,653,641</u>	<u>13,654,943</u>
Capital and reserves			
Called up share capital	4	9,909,800	9,909,800
Profit and loss account		<u>3,743,841</u>	<u>3,745,143</u>
		<u>13,653,641</u>	<u>13,654,943</u>

These financial statements were approved by the board of directors on 1 July 1996 and were signed on its behalf by:



BE Wickham
Director

The attached notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies**

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

2. Interest payable

	1995	1994
	£	£
On loans with fellow subsidiary undertaking	<u>1,944</u>	<u>2,093</u>

3. Taxation

	1995	1994
	£	£
UK Corporation tax at 33% (1994 - 33%)	<u>642</u>	<u>-</u>

4. Called up share capital

	1995	1994
	£	£
Authorised, allotted, called up and fully paid 9,909,800 Ordinary shares of £1 each	<u>9,909,800</u>	<u>9,909,800</u>

5. Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Loss for the financial year	(1,302)	(2,093)
Net movement in shareholders' funds	<u>(1,302)</u>	<u>(2,093)</u>
Shareholders' funds at beginning of year	13,654,943	13,657,036
Shareholders' funds at end of year	<u>13,653,641</u>	<u>13,654,943</u>

6. Holding company

The ultimate parent undertaking is Grand Metropolitan PLC, a company registered in England and Wales, whose accounts may be obtained from Grand Metropolitan PLC, 8 Henrietta Place, London W1M 9AG.