

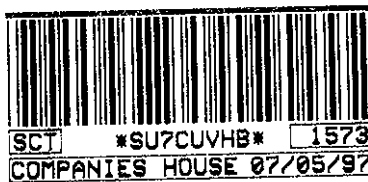
FLEXIGAGE LIMITED

Company No. 80917

FINANCIAL STATEMENTS

30TH SEPTEMBER 1996





FLEXIGAGE LIMITED**DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report and financial statements for the year ended 30th September 1996.

Activities

The company did not trade during the current or preceding year.

Financial

The directors do not recommend the payment of a dividend for the year (1995: £nil).

Directors

The directors during the period were as follows:

R H Myddelton
D E Tagg
B E 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		1995	Options		1996
	1996	1995		Granted in year	Exercised in year	
R H Myddelton	27,952	27,019	255,102	56,645	-	311,747
B E Wickham	24,000	32,763	141,348	24,454	(56,000)	109,802

As a potential beneficiary of the Grand Metropolitan PLC Number 2 Employee Share Trust, Mr RH Myddelton had an interest at 30 September 1996, in 263,794 shares registered in the name of the trustees, Hill Street Trustees Limited, and 9,345,601 shares which were the subject of call options purchased by the trustees from SBC Warburg and National Westminster Bank.

The above options were held under Grand Metropolitan PLC share option schemes at prices between 243p and 474p per share exercisable by 2006.

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

FLEXIGAGE LIMITED

DIRECTORS' REPORT (continued)

Auditors

The company is dormant as defined by Section 250 of the Companies Act 1985 and is duly exempt from the obligation to appoint auditors.

By order of the board



S M ADAMS

Secretary

30 April 1997

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

FLEXIGAGE LIMITED**BALANCE SHEET AS AT 30TH SEPTEMBER 1996**

	Note	1996 £	1995 £
Creditors- due within one year			
Amounts owed to holding company		(1,088,273)	(1,088,273)
Net current liabilities		<u>(1,088,273)</u>	<u>(1,088,273)</u>
Capital and reserves			
Called up share capital	3	400	400
Share premium account		280,996	280,996
Profit and loss account		(1,369,669)	(1,369,669)
		<u>(1,088,273)</u>	<u>(1,088,273)</u>

The company was dormant, within the meaning of Section 250 of the Companies Act 1985, throughout the financial year.

The financial statements were approved by the board of directors on 30 April 1997 and were signed on its behalf by:



B E Wickham
Director

The attached notes form part of the financial statements.

FLEXIGAGE LIMITED**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. These accounts have been prepared on a going concern basis as the only liability of the company at 30 September 1996 is the amount owed to the parent undertaking, Grand Metropolitan PLC.

2. Profit and loss account

There were no profits or losses nor any recognised gains or losses in this or the previous period. Accordingly neither a profit and loss account, a statement of total recognised gains and losses, a note of historical cost profits and losses nor a reconciliation of movements in shareholders' funds have been presented.

3. Called up share capital

	1996 £	1995 £
Authorised		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
400 Ordinary shares of £1 each	<u>400</u>	<u>400</u>

4. Holding company

The company is a subsidiary undertaking of Grand Metropolitan Innovation Limited which is registered in England and Wales.

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