

Guinness Overseas Holdings Limited

Financial statements 30 June 2004

Registered number 1488969



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2004.

Activities

The company is the holding company of a group of companies engaged in exports and overseas brewing and related operations.

The principal subsidiary company is Guinness Overseas Limited which is the holding company of a sub-group of companies engaged in the brewing and marketing of alcoholic beverages, including Guinness Stout and Harp Lager and in the production and marketing of soft drinks abroad.

The company did not trade during the financial year or the preceding financial year. The directors foresee no changes in the company's activities.

Financial

The company made neither a profit nor a loss for the year ended 30 June 2004 (2003 - £nil). The directors do not recommend the payment of a dividend (2003 - £ nil).

Directors

The directors who held office during the year were as follows:

D H C Hampshire
R J Joy

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2003 - £nil).

Directors' interests

No directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary.

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28 ¹⁰¹/₁₀₈ p each in the ultimate parent company, Diageo plc:

Directors' report (continued)

Directors' interests (continued)

(i) Ordinary shares and conditional rights to ordinary shares

	Ordinary shares		Conditional rights to ordinary shares				
	At beginning of year	At end of year	At beginning of year	Granted in year	Vested in year	Lapsed in year	At end of year
D H C Hampshire	100,465	101,643	28,822	-	(5,282)	(5,694)	17,846
R J Joy	40,878	44,481	26,308	9,945	(4,779)	(5,151)	26,323

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. The conditional rights to ordinary shares are subject to share performance criteria of Diageo plc ordinary shares. The numbers disclosed in the above table represent the maximum number of conditional rights. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

(ii) Options

	Options over ordinary shares				
	At beginning of year	Granted in year	Exercised in year	Lapsed in year	At end of year
D H C Hampshire	143,123	-	-	-	143,123
R J Joy	256,721	32,674	(48,132)	-	241,263
	(34,281 ADS and 119,597 ord. shares)		(12,033 ADS)		(22,248 ADS and 152,271 ord. shares)

The directors held the above options under Diageo plc share option schemes at prices between 494p and 759p per ordinary share exercisable between 2004 and 2013. US grants were at prices between US\$25.21 and US\$29.38 per ADS. US options were granted over ADSs at dollar prices (one ADS is equivalent to four ordinary shares). The options are granted at market value on the date the option is granted and the option price is payable when the option is exercised.

Options granted under one of the schemes, the Senior Executive Share Option Plan ('SESOP'), may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to grants of options under the SESOP is linked to the increase in earnings per share and is initially applied over the three year period commencing on the date the options are granted. Full details of the performance condition are disclosed in the annual report of the ultimate holding company, Diageo plc.

Options granted for D H C Hampshire and R J Joy are principally options granted under the SESOP, which are subject to performance conditions as detailed above.

Directors' report (continued)

Directors' interests (continued)

The mid-market share price of Diageo plc shares fluctuated between 625p and 780p during the year. The mid-market share price on 30 June 2004 was 744p.

At 30 June 2004, both directors had an interest in 27,355,138 shares and 7,710,285 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes. In addition, R J Joy had an interest in 200,139 shares and 908,428 shares subject to call options held by trusts to satisfy grants made under ex-Grandmet incentive plans.

Auditor

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. The auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2004.

By order of the board



J Nicholls
Secretary

8 Henrietta Place, London W1G 0NB

17 December 2004

Statement of directors' responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the independent auditor's report set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditor 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 at the end of the financial year and of the profit or loss for the financial year.

The directors, in preparing these financial statements, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all applicable accounting standards have been followed and that it is appropriate to prepare the financial statements on a 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 that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Guinness Overseas Holdings Limited

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditor are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 June 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

17 December 2004

Profit and loss account

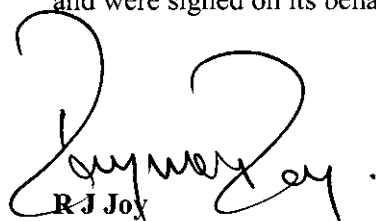
During the year and the preceding financial year, the company did not trade and received no income and incurred no expenditure. Consequently, during those years, the company made neither a profit nor a loss and there were no other recognised gains and losses.

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 has been presented.

Balance sheet

	<i>Notes</i>	30 June 2004 £000	30 June 2003 £000
Current assets			
Debtors: due within one year	5	69,572	69,572
Creditors: due within one year	6	(69,572)	(69,572)
		<hr/>	<hr/>
Net assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	-	-
		<hr/>	<hr/>
Equity shareholders' funds		-	-
		<hr/>	<hr/>

These financial statements on pages 6 to 11 were approved by the board of directors on 17 December 2004 and were signed on its behalf by:


R J Joy
Director

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statement of Diageo plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996).

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not balances) with entities that are part of the Diageo plc group ("group undertakings") or investees of the Diageo plc group.

The company is exempt from the requirement to prepare group accounts under section 228 of the Companies Act 1985 as its results are included in the published consolidated financial statements of Diageo plc.

Fixed asset investments

Income from fixed asset investments is credited to the profit and loss account when it is declared by the paying company. Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

Notes to the financial statements

1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2003- £ nil).

2. Staff costs

The company did not employ any staff during either the current or prior year.

3. Directors' emoluments

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2003 - £nil).

Details of the directors' share interests and any share options exercised during the year are included within the directors' report on pages 1 to 3.

4. Fixed assets - investments

The company's principal subsidiary undertakings and the percentage of equity owned are as follows:

	Country of incorporation	Principal activity	Class and percentage of ordinary shares held
Direct holdings:			
Subsidiary undertakings			
Guinness Overseas Limited	England	Holding company	100%,
Creative Support Services S.A.R.L	Cameroon	Sales and distribution	100%,

The investments in subsidiary undertakings are held at cost less, where appropriate, provision for impairment in value. The net book value of investments as at 30 June 2004 was £101 (2003 - £101).

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Notes to the financial statements (continued)

5. Debtors

	30 June 2004 £000	30 June 2003 £000
Amounts owed by Guinness Overseas Limited	39,260	39,260
Amounts owed by Diageo Great Britain Limited	13,402	13,402
Ordinary dividend receivable	16,910	16,910
	<hr/>	<hr/>
	69,572	69,572
	<hr/>	<hr/>

All amounts fall due within one year.

6. Creditors due within one year

	30 June 2004 £000	30 June 2003 £000
Amounts owed to Diageo plc	52,658	52,658
Other creditors	4	4
Ordinary dividend payable	16,910	16,910
	<hr/>	<hr/>
	69,572	69,572
	<hr/>	<hr/>

7. Share capital

	30 June 2004 £	30 June 2003 £
<i>Authorised, allotted, called up and fully paid:</i>		
Equity - 100 ordinary shares of £1 each	100	100
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Notes to the financial statements (continued)

8. Reserves

**Profit and
loss
account
£000**

At the beginning and end of year

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9. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at 8 Henrietta Place, London W1G 0NB.