

**Stadis Securities Limited**  
(Registered Number 2165069)

**Directors' Report and Financial Statements**

**30 June 1998**



## **Stadis Securities Limited**

### **Directors' Report For The 18 Months Ended 30 June 1998**

The Directors submit their Report and the financial statements for the 18 months ended 30 June 1998. On 17 December 1997, Grand Metropolitan PLC merged with Guinness PLC to form Diageo plc which as a result became the ultimate parent undertaking of the Company. The year end of Diageo plc and the Company was changed to 30 June and the financial statements have been prepared for an eighteen month period to 30 June 1998.

#### **Review Of The Business And Principal Activities**

The Company has not traded in the year and the directors do not expect the Company to trade in the foreseeable future. The Company is a non-trading subsidiary of Stadis Brewery Plc.

#### **Results And Transfer To Reserves**

The year end of the Company has changed to 30 June from 31 December, and the results for the period shown on page 4 are for the eighteen months from 1 January 1997 to 30 June 1998.

The Company did not trade and hence made no profit after taxation for the period (1996: £Nil). The Directors do not recommend the payment of a dividend (1996: £Nil).

#### **Board Of Directors**

The names of the Directors of the Company during the period are shown below:

SH Wingfield-Digby	Chairman
B Beanland	Secretary

#### **Directors' Interests**

No Director had any interest in shares or debentures of the Company, of any subsidiary undertaking or of 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 holding company, Diageo plc, as set out below:

	Ordinary Shares	At 30 June 1998 Options over Ordinary Shares	Ordinary Shares	At 1 January 1997 Options over Ordinary Shares
Ordinary Shares (25p units)				
S H Wingfield-Digby	27,619	47,866	29,848	62,588
B Beanland	8,580	24,132	17,548	46,324

## Stadis Securities Limited

### Directors' Report For The 18 Months Ended 30 June 1998 (continued)

#### Directors' Interests (continued)

During the year, the following movements in options over the ordinary shares of Diageo plc took place:

	Options granted during 1997/98		Options exercised during 1997/98 Market price at date of exercise (£)		
	Number	Price (£)	Number	Price (£)	
SH Wingfield-Digby	2,453	*0.001	8,508	*3.21	4.75
	4,089	*4.94	10,932	*2.255	4.75
			1,824	*4.11	4.96
B Beanland	3,258	*0.001	8,941	*4.76	6.68
	2,896	*4.94	9,442	*4.93	6.68
			5,383	*5.34	6.68
			4,580	*4.56	6.68

\* These options were granted and exercised under the terms of the Executive Share Option Scheme

The options outstanding at 30 June 1998 have been granted under Group employee share participation schemes and are exercisable at varying dates between 1994 and 2007 at varying prices between 225.5 pence and 533.5 pence. The mid-market price of the shares at 30 June 1998 was 711 pence. The highest mid-market price during the period was 762.5 pence and the lowest mid-market price was 533 pence.

Directors of subsidiaries of Diageo plc are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in the 1998 Annual Report and Accounts of Diageo plc. The ultimate parent company purchases liability insurance covering the Directors and officers of Diageo plc and its subsidiaries.

#### Year 2000

The Guinness Group of Companies has recognised that Year 2000 is a major issue and has established a Group-wide program to co-ordinate the activities of the business. The impact assessment phase is complete, correction and testing of equipment is well advanced with implementation in progress in some areas. However, the general expectation by those who have studied the Year 2000 problem is that even the best run projects will face some Year 2000 compliance failures. The cost to the Company of modifying its systems is considered not to be material so has not been separately quantified. The cost to the Guinness Group is disclosed in the Guinness Limited 1998 Annual Report and Accounts.

## **Stadis Securities Limited**

### **Directors' Report For The 18 Months Ended 30 June 1998 (continued)**

#### **The euro**

Economic and Monetary Union ("EMU") and the introduction of the euro on 1 January 1999 is unlikely to have operational implications as the Company has no dealings with Member States of the European Union. Therefore, the potential benefits and costs to the Company have not been quantified.

#### **Statement Of Directors' Responsibilities**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements on pages 4 to 7, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

As the Company is a dormant company, with effect from 31 December 1996, within the meaning of Section 250 of the Companies Act 1985 and meets other requirements of that section, no auditor is appointed.

By Order of the Board



B Beanland  
Secretary

30 December 1998

## Stadis Securities Limited

### Profit And Loss Account For The 18 Months Ended 30 June 1998

		18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
	<i>Note</i>		
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities		-	-
Profit for the Period transferred to reserves	6	-	-

The above information represents all recognised gains and losses in the period.

Movements on reserves are shown in note 6 to the financial statements.

The notes on pages 6 and 7 form part of these financial statements.

There is no material difference between the results for the year as disclosed and the result on an unmodified historical cost basis.

## Stadis Securities Limited

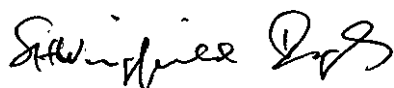
### Balance Sheet At 30 June 1998

	Note	30 June 1998 £'000	31 December 1996 £'000
<b>Current Assets</b>			
Debtors	4	141	141
<b>Capital And Reserves</b>			
Called up share capital	5	-	-
Profit and loss account	6	141	141
<b>Equity Shareholders' Funds</b>	7	141	141

The Company is a dormant company, with effect from 31 December 1996, within the meaning of Section 250 of the Companies Act 1985.

Approved By The Board On

30 December 1998



SH Wingfield-Digby  
Director

The notes on pages 6 and 7 form part of these financial statements.

# Stadis Securities Limited

## Notes To The Financial Statements – 30 June 1998

### 1 Accounting Policies

#### Basis of Accounting

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

### 2 Directors and Employees

The Company had no employees during 1997/98 (1996: None) and no directors' emoluments or staff costs were incurred (1996: £Nil).

### 3 Taxation On Profit On Ordinary Activities

18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
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The taxation charge/(credit) comprises:

United Kingdom corporation tax at 31.3% (1996: 33%)

Current year	-	-
Prior year	-	-
	-	-

### 4 Debtors

30 June 1998 £'000	31 December 1996 £'000
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Amounts owed by group undertakings	141	141
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## Stadis Securities Limited

### Notes To The Financial Statements – 30 June 1998

#### 5 Called Up Share Capital

	30 June 1998 £'000	31 December 1996 £'000
Authorised Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid Ordinary shares of £1 each	2	2

#### 6 Reserves

	Profit and Loss £'000
Balance at 1 January 1997	141
Transfer to reserves for the Period	-
Balance at 30 June 1998	141

#### 7 Reconciliation Of Movement In Equity Shareholders' Funds

	18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
Profit for the Period	-	-
Opening equity shareholders' funds	141	141
Closing equity shareholders' funds	141	141

#### 8 Parent Undertaking

The Company is a subsidiary undertaking of Stadis Brewery Plc. The ultimate parent undertaking is Diageo plc which is the parent undertaking of both the smallest and largest group for which group accounts incorporating those of the Company are prepared. Copies of the 1998 Annual Report and Accounts of Diageo plc can be obtained from Diageo plc, 8 Henrietta Place, London W1M 9AG.

#### 9 Related Party Disclosure

The Company has taken advantage of Section 3 in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other members of the Group.