



Chartered Accountants

Stokes House
College Sq. East
Belfast BT1 6DH
Northern Ireland

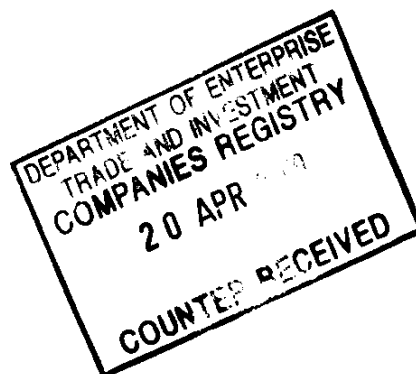


Guinness Northern Ireland Limited

Financial statements

Year ended 30 June 1999

Companies registration number NI 3755



Guinness Northern Ireland Limited

Directors' report and financial statements

Contents

	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Note of historical cost profits and losses	7
Balance sheet	8
Notes forming part of the financial statements	9

Guinness Northern Ireland Limited

Directors and other information

Directors

Mr JF Jamet
Mr MM St J Ryan
Mr EP Baxter
Mr KG Morrison
Mr S Magorrian

Secretary

Mr P Gallagher

Auditors

KPMG
Chartered Accountants
Stokes House
17/25 College Square East
Belfast

Bankers

Bank of Ireland Limited
Donegall Place
Belfast

Solicitors

Shean Dickson Merrick
14 High Street
Belfast

Registered office

PO Box No. 50
Apollo Road
Adelaide Industrial Estate
Belfast
BT12 6JP

Companies registration number

NI 3755

Guinness Northern Ireland Limited

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 1999.

Principal activities and review of the business

The company's activity is the sale and distribution of stout, lager and ales. The company continues to trade profitably and the directors are confident that profitability can be maintained.

Results and dividends

After taxation the profit attributable to shareholders amounted to £3,849,000 (1998: £6,480,000) and this amount has been transferred to reserves.

No dividends were paid during the year.

Market value of land and buildings

In the opinion of the directors, the market value of land and buildings owned by the company is not less than the net book value.

Directors and directors' interests

The directors who held office during the year were:-

Mr JF Jamet
Mr RV O'Connor (resigned 30 October 1998)
Mr MM St J Ryan
Mr EP Baxter
Mr KG Morrison
Mr S Magorrian (appointed 10 August 1998)

There are no directors' interests requiring disclosure under the Companies (Northern Ireland) Order 1986.

Political and charitable contributions

No political donations were made during the year. Charitable donations amounted to £42,916 (1998: £38,909).

Guinness Northern Ireland Limited

Directors' report *(continued)*

Future developments

The company will continue to monitor the market closely and is ready to take advantage of opportunities to maintain and improve its position.

Employment policy

It is the policy of the company to promote the understanding and involvement of all employees in its business aims and performance and is committed to the continuing development of effective employee communication and consultation, including the regular distribution of company magazines and newspapers.

The company gives full and fair consideration to application for employment from disabled persons, having regard to their particular aptitude and abilities. Appropriate training is arranged for disabled persons.

Payment policy

It is the policy of the company to pay suppliers at the end of the month following the month of the receipt of goods or services or on the date stipulated in the relevant contract of supply.

At the year end, the company had an average of 23 days purchases outstanding in trade creditors.

Year 2000 and the introduction of the Euro

The company has a structure in place identifying and planning for implications of the Year 2000 and EMU. The directors are confident that the impact of these two events can be managed so as not to have a material effect on the operations of the company.

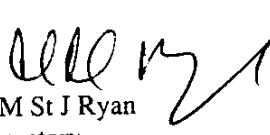
The total cost of the Year 2000 programme for all related companies was in the region of £100,000, and to date no problems have been identified since 31 December 1999.

Auditors

During the year PricewaterhouseCoopers resigned as auditors to the company and KPMG were appointed in their place.

KPMG have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board


MM St J Ryan
Secretary

31 January 2000

Guinness Northern Ireland Limited

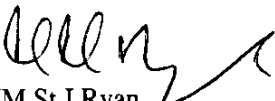
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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;
- 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 maintaining 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 (Northern Ireland) Order 1986. 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.

On behalf of the board


MM St J Ryan
Director

31 January 2000



Chartered Accountants

Stokes House
College Sq. East
Belfast BT1 6DH
Northern Ireland

Auditors' report to the members of Guinness Northern Ireland Limited

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 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 of 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 at 30 June 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

KPMG
Chartered Accountants
Registered Auditors

31 January 2000

Guinness Northern Ireland Limited

Profit and loss account
For the year ended 30 June 1999

	Note	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Turnover - continuing operations	2	85,073	123,341
Net operating charges	3	(79,134)	(114,912)
Profit on ordinary activities before interest		5,939	8,429
Interest (payable)/receivable	4	(226)	1,199
Profit on ordinary activities before taxation		5,713	9,628
Taxation on profit on ordinary activities	5	(1,864)	(3,148)
Profit on ordinary activities after taxation		3,849	6,480
Dividends	8	-	(4,015)
Retained earnings at the end of the year		3,849	2,465

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 18 form part of these financial statements.

Guinness Northern Ireland Limited

Note of historical cost profits and losses

For the year ended 30 June 1999

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Reported profit on ordinary activities before taxation	5,713	9,628
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	8	12
Historical cost profit on ordinary activities before taxation	5,721	9,640
Historical cost profit for the year retained after taxation and dividends	3,857	2,477

Guinness Northern Ireland Limited

Balance sheet

At 30 June 1999

	Note	30 June 1999		30 June 1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		5,635		5,461
Investments	10		20,902		34,378
			<hr/>		<hr/>
			26,537		39,839
Current assets					
Stocks	11	1,332		2,530	
Debtors	12	31,646		16,365	
Cash at bank and in hand		2,602		4,502	
		<hr/>		<hr/>	
		35,580		23,397	
Creditors: amounts falling due within one year	13	(15,905)		(17,405)	
		<hr/>		<hr/>	
Net current assets			19,675		5,992
			<hr/>		<hr/>
Total assets less current liabilities			46,212		45,831
Creditors: amounts falling due after more than one year	14	(35,275)		(38,743)	
Provision for liabilities and charges	15	(157)		(157)	
		<hr/>		<hr/>	
Net assets			10,780		6,931
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16	-		-	
Revaluation reserve	17	431		439	
Profit and loss account	17	10,349		6,492	
		<hr/>		<hr/>	
Equity shareholders' funds	18		10,780		6,931
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31 January 2000.

On behalf of the board

MM St J Ryan
Director



The notes on pages 9 to 18 form part of these financial statements.

Guinness Northern Ireland Limited

Notes

(forming part of the financial statements)

1 Principal 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 accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings and are in compliance with Schedule 4 to the Companies (Northern Ireland) Order 1986 and in accordance with applicable accounting standards.

Depreciation of tangible fixed assets

Tangible assets (other than land) 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 given in Note 9.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the invoiced cost of goods purchased for resale.

Taxation

- (i) Corporation tax is calculated on the profits for the year.
- (ii) Provision is made for deferred taxation, using the liability method, to recognise timing differences between profits stated in the accounts and profits computed for taxation purposes, only where in the opinion of the directors, there is a reasonable probability that a liability to taxation will arise in the foreseeable future.

Foreign currencies

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

Pensions

The company is a member of a group defined benefit pension scheme which is operated by its ultimate holding company, Diageo plc. Contributions to the scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating companies. Costs are not determined for each individual company and accordingly contributions are charged to the profit and loss account when they become payable.

Guinness Northern Ireland Limited

Notes (continued)

2 Turnover

Turnover represents the net amounts receivable including duties where applicable but excluding value added tax.

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
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The following table analyses turnover by customer located at each territory:

United Kingdom	85,073	123,341
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3 Net operating charges

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Change in stocks and finished goods	746	(886)
Raw materials and consumables	77,661	116,093
Staff costs (Note 6)	4,655	7,123
Depreciation	1,381	1,818
Other operating charges	9,309	13,028
Other operating income	(14,618)	(22,264)

	79,134	114,912
--	--------	---------

	£000	£000
--	------	------

Net operating costs are after taking account of:

Hire of plant and machinery	33	66
Auditors' remuneration:		
Audit	5	13
Other services	-	1
(Decrease)/increase in provision against trade loans	(388)	61

Guinness Northern Ireland Limited

Notes (continued)

4 Interest (payable)/receivable

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Bank interest and charges payable	(1,717)	(435)
Interest receivable on fixed asset investments	1,302	1,632
Other interest receivable	189	2
	<u>(226)</u>	<u>1,199</u>

5 Taxation on profit on ordinary activities

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
At 30.75% (period ended 30 June 1998: 31%):		
Corporation tax on profit of the current year	1,864	3,148
	<u>1,864</u>	<u>3,148</u>

6 Staff costs and employees

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Wages and salaries	4,092	5,946
Social security costs	385	492
Pension costs	178	685
	<u>4,655</u>	<u>7,123</u>

Average number of employees by category of employment:

	No.	No.
Staff (including directors)	176	176
Employees	34	39
	<u>210</u>	<u>215</u>

Guinness Northern Ireland Limited

Notes (continued)

7 Directors' emoluments

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Aggregate emoluments	374,263	570,138
Retirement benefits are accruing to five (period ended 30 June 1998 - six) directors under a defined benefit scheme.		
	£000	£000
Highest paid director: Total amount of emoluments	117,157	162,881
Accrued pension at end of year under defined benefit pension scheme	39,273	23,777

8 Dividends

	Year ended 30 June 1999 £000	18 months ended 30 June 1998 £000
Interim dividend paid	-	4,015

Guinness Northern Ireland Limited

Notes (continued)

9 Tangible assets

	<i>Long leasehold land and buildings</i>	<i>Plant and machinery</i>	<i>Containers & vehicles</i>	<i>Total</i>
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At 1 July 1998	1,281	10,071	2,328	13,680
Additions	128	1,051	399	1,578
Transfer ex group	-	-	10	10
Disposals	-	-	(483)	(483)
At 30 June 1999	1,409	11,122	2,254	14,785
<i>Depreciation</i>				
At 1 July 1998	255	6,657	1,307	8,219
Charge for the year	26	984	371	1,381
Transfer ex group	-	-	2	2
Disposals	-	-	(452)	(452)
At 30 June 1999	281	7,641	1,228	9,150
<i>Net book value</i>				
At 30 June 1999	1,128	3,481	1,026	5,635
At 30 June 1998	1,026	3,414	1,021	5,461
			1999	1998
			£000	£000
Land and buildings - the amount shown at cost or valuation includes the following:				
At cost			309	181
At valuation in 1989			1,100	1,100
			1,409	1,281
			1999	1998
			£000	£000
Land and buildings at valuation would have been included on an historical cost basis at:				
Cost			1,075	947
Depreciation			(379)	(361)
Net book value			696	586

Guinness Northern Ireland Limited

Notes (continued)

9 Tangible assets (continued)

The following table shows the principal rates of depreciation used in the period:

<i>Property:</i>		
Long leasehold	-	2 ½%
<i>Road vehicles:</i>		
Distribution vehicles	-	17%
Motor cars	-	25%
Plant and machinery	-	5% to 25%

10 Investments

	Trade loans £000
<i>Cost</i>	
At 1 July 1998	36,336
Additions, net of repayments	6,136
	<hr/>
At 30 June 1999	42,472
	<hr/>
<i>Provision</i>	
Amounts provided at 1 July 1998	1,958
Written off	-
Decrease in provision	(388)
	<hr/>
At 30 June 1999	1,570
	<hr/>
<i>Net book value at 30 June 1999</i>	40,902
Less loan transfers	(20,000)
	<hr/>
At 30 June 1999	20,902
	<hr/>
At 30 June 1998	34,378
	<hr/>

The company has entered into a sub participation agreement with a bank whereby it has taken a 100% sub participation in certain agreed loans totalling £25 million. By separate agreement, the bank can require the company to replace a non recoverable loan with an alternative loan up to a maximum amount of £5 million and this is the maximum amount of loss that the company is obliged to support.

Guinness Northern Ireland Limited

Notes (continued)

11 Stocks

	1999 £000	1998 £000
Raw materials and consumables	154	606
Goods purchased for resale	1,178	1,924
	<hr/>	<hr/>
	1,332	2,530
	<hr/>	<hr/>

The valuation of stock at replacement cost would not give rise to any material difference to the amount at which they are stated.

12 Debtors

	1999 £000	1998 £000
Trade debtors	8,689	7,332
Amounts owed by group undertakings	21,056	7,075
Other debtors	556	548
Prepayments and accrued income	1,345	1,410
	<hr/>	<hr/>
	31,646	16,365
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	4,201	3,968
Amounts owed to group undertakings	3,619	5,818
Corporation tax	617	1,272
Other taxes and social security	5,035	4,222
Other creditors	494	349
Accruals and deferred income	1,939	1,776
	<hr/>	<hr/>
	15,905	17,405
	<hr/>	<hr/>

Guinness Northern Ireland Limited

Notes (continued)

14 Creditors: amounts falling due after one year

	1999 £000	1998 £000
Amounts owed to group undertakings	35,275	38,743

15 Provisions for liabilities and charges

	1999 Amounts provided £000	1999 Full potential liability £000	1998 Amounts provided £000	1998 Full potential liability £000
The amounts provided and the full potential liabilities are as follows:				
Excess of capital allowances over accumulated depreciation	157	261	157	303
Chargeable gains on properties	-	135	-	140
Provisions	-	(29)	-	(12)
	157	367	157	431

16 Called up share capital

	1999	1998
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted and fully paid:</i>		
100 ordinary shares of £1 each	100	100

17 Reserves

	Revaluation reserve £000	Profit and loss £000	Total £000
At 1 July 1998	439	6,492	6,931
Retained earnings	-	3,849	3,849
Transfer from revaluation reserve	(8)	8	-
At 30 June 1999	431	10,349	10,780

Guinness Northern Ireland Limited

Notes (continued)

18 Movement in equity shareholders' funds

	1999 £000	1998 £000
Profit for the period	3,849	6,480
Dividends	-	(4,015)
	<hr/>	<hr/>
Net addition to equity shareholders' funds	3,849	2,465
Equity shareholders' funds at beginning of period	6,931	4,466
	<hr/>	<hr/>
Equity shareholders' funds at end of period	10,780	6,931
	<hr/>	<hr/>

19 Capital commitments

	1999 £000	1998 £000
Contracted for but not provided for in the accounts	-	-
	<hr/>	<hr/>

20 Contingent liabilities

Contingent liabilities amount to £Nil (1998: £Nil).

21 Pension scheme

Eligible employees are members of the Diageo plc group defined benefit pension scheme. Particulars of the scheme can be found in the accounts of Diageo plc.

22 Holding company

The holding company is Diageo plc, a company incorporated in England. Diageo plc is the sole company to consolidate the results of the company. Copies of the accounts of the ultimate holding company can be obtained from:

8 Henrietta Place
London
W1M 9AG

Guinness Northern Ireland Limited

Notes *(continued)*

23 Related party transactions

The company has taken advantage of the exemption conferred by FRS8 not to disclose details of transactions with other group undertakings.

24 Cash flow statement

A cash flow statement has not been prepared as the company, being a wholly owned subsidiary of Diageo plc which prepares consolidated financial statements including the company, is exempted from doing so by FRS1.

25 Comparative figures

Comparative figures have been regrouped and reclassified as appropriate.