



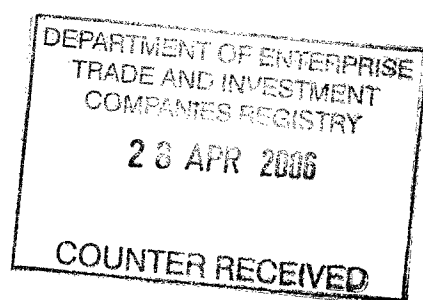
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S & B Production Limited

Directors' report and
financial statements

Year ended 30 June 2005

Registered number: NI 42257



S & B Production Limited

Directors' report and financial statements

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S & B Production Limited

Directors and other information

Directors

Mr. D.P. Gosnell
Mr. K. Gowing
Mr. R. Moore

Registered office

Capital House
3 Upper Queen Street
Belfast
BT1 6PU

Secretary

Mr. C. Gouldson

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Bankers

Ulster Bank Limited
11-16 Donegal Square East
Belfast
BT1 5HD

Solicitors

Arthur Cox
Capital House
3 Upper Queen Street
Belfast
BT1 6PU

S & B Production Limited

Directors' report

The directors present their report together with the audited financial statements for the year ended 30 June 2005.

Principal activities and review of the business

The company provides production services to the drinks industry.

Results and dividends

The results for the year are set out on page 9. The directors do not recommend the payment of a dividend.

Directors and secretary

On 28 April 2005, Mr. G. Penny resigned as director of the company and on the same date, Mr. K. Gowing was appointed as a director of the company.

Interests of directors and secretary

The directors and secretary who held office at 30 June 2005 had no interest in shares, debentures or loan stock of the company or any group companies except as set out below:

Beneficial Interests

Diageo plc Ordinary Shares of 28 ¹⁰¹/₁₀₈ pence

Director/Secretary		Interest at 30 June 2005	Interest at 30 June 2004	*
Mr. D. P. Gosnell	Ordinary Shares	2,337	1,225	
	Share Options	225,012	177,087	
Mr. K. Gowing	Ordinary Shares	2,789	2,789	
	Share Options	13,514	13,514	
Mr. R. Moore	Ordinary Shares	Nil	Nil	
	Share Options	342,470	367,301	

** or date of appointment if later*

Charitable and political donations

The company made no political contributions or charitable donations during the year.

S & B Production Limited

Directors' report *(continued)*

Creditors payment policy

The company's current policy concerning the payment of its creditors is to:

- (i) settle the terms of payments with suppliers when agreeing the terms of each transaction;
- (ii) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (iii) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments for revenue and capital items without exception.

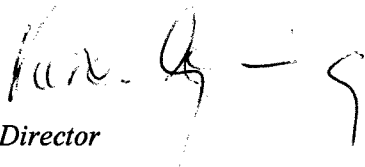
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

In accordance with the Companies (Northern Ireland) Order 1986, KPMG, Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the board


Director

22 April 2006

S & B Production Limited

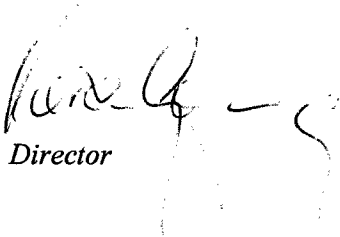
Statement of directors' responsibilities

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 for that year. 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;
- 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 books of account 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 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.

On behalf of the board



Director

Independent auditors' report to the members of S & B Production Limited

We have audited the financial statements on pages 7 to 16.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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 the 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 Northern Ireland law and accounting standards. Our responsibilities, as independent auditors, are established in Northern Ireland by statute, the Accounting 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 (Northern Ireland) Order, 1986. We also report to you if, in our opinion:

- the directors' report is not consistent with the financial statements;
- the company has not kept proper accounting records;
- we have not received all the information and explanations we require for our audit;
- 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.

Independent auditors' report to the members of S & B Production Limited (*continued*)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

KpmG

*Chartered Accountants
Registered Auditors*

22 April 2006

S & B Production Limited

Statement of accounting policies *for the year ended 30 June 2005*

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 in accordance with generally accepted accounting principles under the historical cost convention and, comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. No depreciation is provided on freehold land. The charge for depreciation is calculated to write down the cost of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Buildings	2% - 6.67%
Plant & equipment	6.67% – 20%
Fixtures and fittings	20%
IT equipment	20%

Leased assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Trading activities denominated in foreign currencies are recorded in pounds sterling at planned exchange rates which are not materially different from actual rates. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the period end or at the rate of exchange in a related forward exchange contract where such a contract exists. Any gain or loss arising from a change in exchange rates is dealt with in the profit and loss account.

S & B Production Limited

Statement of accounting policies *(continued)* *for the year ended 30 June 2005*

Taxation

Current tax is provided on the company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

As the company is a wholly owned subsidiary of a company which is preparing a consolidated cash flow statement, it is availing of the exemption under FRS 1 not to prepare a cash flow statement.

Pension

Pension benefits are funded by payments to a trustee administered fund. The cost of providing pensions is charged to the profit and loss account on a systematic basis, with pension surpluses and deficits arising allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to the pension fund are treated as assets or liabilities.

The employees of the company are members of the Diageo UK pension fund. The assets and liabilities of the Diageo UK pension fund cannot be separately identified or attributed to S&B Production Limited. The disclosures required by FRS 17 'Retirement benefits' for the Diageo UK pension fund are included in the consolidated financial statements of Diageo plc which are publicly available.

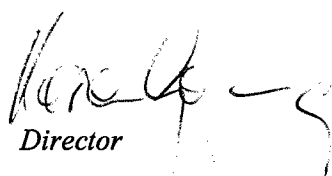
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Profit and loss account for the year ended 30 June 2005

	Notes	Year ended 30 June 2005 STG£	Year ended 30 June 2004 STG£
Turnover - continuing activities	<i>1</i>	6,444,191	5,282,039
Operating costs		(6,158,469)	(4,885,527)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	285,722	396,512
Taxation on profit on ordinary activities	<i>4</i>	(1,294,000)	(501,000)
		<hr/>	<hr/>
(Loss) for the financial year		(1,008,278)	(104,488)
Profit and loss account at beginning of year		(1,165,597)	(1,061,109)
		<hr/>	<hr/>
Profit and loss account at end of year		(2,173,875)	(1,165,597)
		<hr/>	<hr/>

There were no other recognised gains or losses in the financial year or preceding financial year other than those dealt with in the profit and loss account.

On behalf of the board

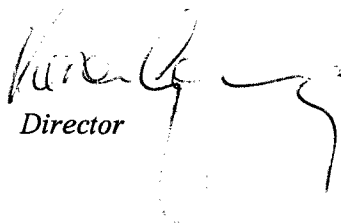

Director

S & B Production Limited

Balance sheet at 30 June 2005

	Notes	30 June 2005 STG£	30 June 2004 STG£
Fixed assets	5	38,467,050	39,712,368
Current assets			
Debtors	6	1,147,564	3,026,924
Cash at bank and in hand		4,916,860	4,463,460
		<u>6,064,424</u>	<u>7,490,384</u>
Creditors: amounts falling due within one year	7	<u>(23,518,575)</u>	<u>(26,400,448)</u>
Net current liabilities		<u>(17,454,151)</u>	<u>(18,910,064)</u>
Total assets less current liabilities		21,012,899	20,802,304
Creditors: amounts falling due after more than one year	8	(1,360,126)	(1,435,253)
Provisions for liabilities and charges	9	(1,795,000)	(501,000)
		<u>17,857,773</u>	<u>18,866,051</u>
Net assets		<u>17,857,773</u>	<u>18,866,051</u>
Capital and reserves			
Share capital	10	20,031,648	20,031,648
Profit and loss account		<u>(2,173,875)</u>	<u>(1,165,597)</u>
Shareholders' funds - all equity		<u>17,857,773</u>	<u>18,866,051</u>

On behalf of the board


Director

S & B Production Limited

Notes

forming part of the financial statements

1 Turnover

The directors are of the opinion that disclosure of the analysis of turnover would be seriously prejudicial to the interests of the company.

2 Statutory and other disclosures

	Year ended 30 June 2005 STG£	Year ended 30 June 2004 STG£
Directors' remuneration	-	-
Auditors' remuneration	14,500	13,500
	<hr/>	<hr/>
	14,500	13,500
	<hr/>	<hr/>

3 Staff numbers and costs

The average number of persons employed by the company (including executive directors) during the period was 45 (2004: 43).

The aggregate remuneration costs of these employees were:

	Year ended 30 June 2005 STG£	Year ended 30 June 2005 STG£
Wages and salaries	989,231	742,010
Social security costs	77,255	58,963
Other pension costs (note 12)	39,139	35,233
	<hr/>	<hr/>
	1,105,625	836,206
	<hr/>	<hr/>

S & B Production Limited

Notes (continued)

4 Taxation on profit on ordinary activities

	2005 €'000	2004 €'000
(a) Analysis of charge/(credit) in year		
<i>Current tax:</i>		
Corporation tax on profits for the year	-	-
<i>Total current tax</i>	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	1,294,000	501,000
Tax on profit on ordinary activities	1,294,000	501,000

(b) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2005 €'000	2004 €'000
Profit on ordinary activities before tax	285,722	396,512
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2004: 30%)	85,717	118,954
<i>Effects of:</i>		
Pre-trading expenditure non deductible	-	(318,333)
Group relief surrendered	(770,000)	700,379
Capital allowances in excess of depreciation	684,283	(501,000)
Current tax charge for year	-	-

(c) Factors that may affect future tax charges

There are no factors affecting the tax charges in future years.

S & B Production Limited

Notes (continued)

5 Tangible fixed assets

	Land STG'000	Buildings STG'000	Plant & equipment STG'000	Fixtures & Fittings STG'000	IT Equipment STG'000	Total STG'000
Cost						
At 1 July 2004	2,077,890	26,559,237	12,548,567	39,022	447,314	41,672,030
Additions	-	458,784	426,045	24,854	-	909,683
At 30 June 2005	2,077,890	27,018,021	12,974,612	63,876	447,314	42,581,713
Accumulated depreciation						
At 1 July 2004	-	940,146	922,197	7,805	89,514	1,959,662
Charge for the year	-	407,105	1,647,490	10,934	89,472	2,155,001
At 30 June 2005	-	1,347,251	2,569,687	18,739	178,986	4,114,663
Net book value						
At 30 June 2005	2,077,890	25,670,770	10,404,925	45,137	268,328	38,467,050
Net book value						
At 1 July 2004	2,077,890	25,619,091	11,626,370	31,217	357,800	39,712,368

S & B Production Limited

Notes (continued)

6 Debtors	At 30 June 2005 STG£	At 30 June 2004 STG£
Amounts due from group undertaking	<u>1,147,564</u>	<u>3,026,924</u>
7 Creditors: amounts falling due within one year	At 30 June 2005 STG£	At 30 June 2004 STG£
Trade creditors	384,052	158,654
Accruals and deferred income	364,569	1,678,089
Amounts owed to group undertakings	22,377,948	24,455,864
VAT Payable	392,006	107,841
	<u>23,518,575</u>	<u>26,400,448</u>
8 Creditors: amounts falling due after more than one year	At 30 June 2005 STG£	At 30 June 2004 STG£
Government grants	<u>1,360,126</u>	<u>1,435,253</u>
9 Provisions for liabilities and charges	At 30 June 2005 STG£	At 30 June 2004 STG£
<i>Deferred taxation</i>		
At beginning of year	501,000	-
Charged during the year	1,294,000	501,000
	<u>1,795,000</u>	<u>501,000</u>

The deferred tax relates to accelerated capital allowances.

S & B Production Limited

Notes *(continued)*

14 Ultimate parent company

The company is a wholly owned subsidiary of Diageo Great Britain Limited, a company registered in the United Kingdom. The ultimate holding company is Diageo Plc, a company incorporated in Great Britain and registered in England. The group into which the results of the company are consolidated is that headed by Diageo Plc. The consolidated financial statements of this group are available to the public and maybe obtained from The Secretary, Diageo Plc, 8 Henrietta Place, London W1G 0NB.

15 Related party transactions

The company has availed of the exemption available in FRS8: *Related party disclosures* from disclosing transactions with group undertakings. Details on the availability of the group consolidated financial statements are given in note 14.

16 Approval of financial statements

The board of directors approved these financial statements on 22 April 2006.

S & B Production Limited

Notes (continued)

10 Share capital	At 30 June 2005 STG£	At 30 June 2004 STG£
<i>Authorised</i>		
20,031,648 ordinary shares of £1 each	20,031,648	20,031,648
<i>Allotted, called up and fully paid</i>		
20,031,648 ordinary shares of £1 each	20,031,648	20,031,648

The entire shareholders' funds consists of equity interests.

11 Capital contribution	At 30 June 2005 STG£	At 30 June 2004 STG£
Balance at beginning of year	-	20,031,646
Conversion into share capital	-	(20,031,646)
Balance at end of year	-	-

12 Pension scheme

The company is a member of a group pension scheme which is operated by its ultimate parent undertaking, Diageo Plc. The scheme is a defined benefit pension scheme, and is administered by trustees and maintained independently of the finance of Diageo plc and its subsidiaries.

13 Contingent liability

Under a grant agreement with the Industrial Development Board for Northern Ireland, S&B Production Limited has received grants, amounting to £1,511,252 (2004: £1,511,252), which may be revoked, cancelled or abated in certain circumstances.