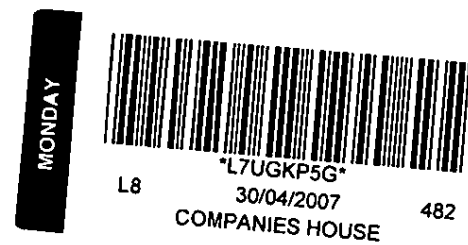


Guinness Limited

Financial statements 30 June 2006

Registered number 510607



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2006

Activities

The company continues to trade as a property developer

Financial

The results for the year ended 30 June 2006 are shown on page 6

The directors do not recommend the payment of a dividend (2005 - £nil)

The profit for the year transferred to reserves is £1,227,000 (2005 - £329,000)

Directors

The directors who held office during the year were as follows

S M Bunn
C D Coase
S R Fletcher
M C Flynn
D P Gosnell
R J Joy
M J Lester

N Makos was appointed a director of the company on 3 August 2006

M J Lester resigned as a director on 31 August 2006

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2005 - £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
S M Bunn	128	132	-	-	-	-	-
C D Coase	14,207	15,000	-	23,380	-	-	23,380
S R Fletcher	97,046	109,877	193,277	116,287	(25,114)	(36,542)	247,908
M C Flynn	11,743	12,377	-	-	-	-	-
D P Gosnell	11,962	42,946	47,848	22,575	(6,132)	(8,924)	55,367
R J Joy	48,283	54,202	22,784	9,443	(3,296)	(4,797)	24,134
M J Lester	26,306	28,852	30,790	8,361	(3,521)	-	35,630

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. Any conditional rights are shown in the table as ordinary share equivalents. 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 during year	At end of year
S M Bunn	52,437	12,420	(19,033)	45,824
C D Coase	141,269	16,366	(18,550)	139,085
S R Fletcher	688,970	117,177	(424,610)	381,537
M C Flynn	17,991	3,037	(3,608)	17,420
D P Gosnell	193,114	68,125	(56,852)	204,387
R J Joy	182,507	20,553	(3,341)	199,719
M J Lester	113,567	17,693	(55,550)	75,710

The directors held the above options under Diageo plc share option schemes at prices between 518 pence and 815 pence per ordinary share exercisable between 2006 and 2015. Certain options granted in the Republic of Ireland were granted at a price of Euros 7.37 per ordinary share. 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 S R Fletcher, D P Gosnell 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 778 pence and 928 pence during the year. The mid-market share price on 30 June 2006 was 917 pence.

At 30 June 2006, all the directors had an interest in 17,791,320 shares and 8,045,000 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes. S R Fletcher, D P Gosnell, R J Joy and M J Lester each had a further interest in 6,460,442 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes.

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 2006.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



J Nicholls
Secretary
8 Henrietta Place, London W1G 0NB
11 December 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

Independent auditor's report to the members of Guinness Limited

We have audited the financial statements of Guinness Limited for the year ended 30 June 2006 which comprise the Profit and Loss account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

20 December 2006

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Turnover	<i>2</i>	3,328	5,467
Operating costs	<i>3</i>	(3,328)	(5,467)
Operating profit		-	-
Net interest receivable	<i>5</i>	357	283
Profit on ordinary activities before taxation		357	283
Taxation on profit on ordinary activities	<i>6</i>	870	46
Amounts transferred to reserves	<i>12</i>	1,227	329

There are no recognised gains and losses other than the result for the year and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements

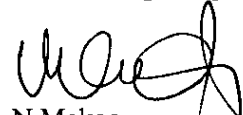
There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis

All results arise from continuing operations

Balance sheet

	<i>Notes</i>	30 June 2006	30 June 2005
		£000	£000
Current assets			
Stocks	7	16,185	18,496
Debtors due within one year	8	1,169,029	1,160,789
		1,185,214	1,179,285
Creditors: due within one year	10	(14,501)	(9,799)
Net assets		1,170,713	1,169,486
Capital and reserves			
Called up share capital	11	1,156,100	1,156,100
Revaluation reserve	12	14,006	16,006
Profit and loss account	12	607	(2,620)
Equity shareholders' funds		1,170,713	1,169,486

These financial statements on pages 6 to 14 were approved by the board of directors on
11 December 2006 and were signed on its behalf by



N Makos
Director

1. 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 in accordance with applicable UK accounting standards and the requirements of the Companies Act 1985, **except as explained below**, and under the historical cost convention modified by the revaluation of certain land and buildings

Properties held for development are included in current assets at the lower of cost and net realisable value. For properties previously held as fixed assets, which the directors have decided are to be redeveloped and which are reclassified as development properties, cost is considered to be the latest valuation prior to their reclassification. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires current assets to be included at the lower of cost and net realisable value, and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The directors consider that compliance with the requirements would fail to give a true and fair view of the profit or loss to the Group on disposal of such development properties from current assets, since such profit or loss would be dependent on the classification of the asset immediately prior to sale. The effect of this departure is to increase both the value of development properties and the balance on the revaluation reserve by £14m.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements 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.

New accounting policies

The accounting policies of the company are consistent with those applied last year, apart from where the company has adopted the following accounting standards in the year:

FRS 21 – Events after the balance sheet date: This standard specifies the accounting treatment to be adopted and the disclosures to be provided by entities for events occurring after the balance sheet date. The adoption of this standard has not resulted in the restatement of information reported in respect of the year ended 30 June 2005, nor has it impacted the results in respect of the year ended 30 June 2006.

FRS 28 – Corresponding amounts: FRS 28 sets out the requirements for the disclosure of corresponding amounts for items disclosed in a company's primary financial statements and the notes to the financial statements.

Accounting policies (continued)

Long term contracts and contracts provisions

Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress on any contract where the excess is included in creditors

Full provision is made for any estimated losses to completion of contracts having regard to the overall substance of the arrangements. Provided that the outcome of long term contracts can be assessed with reasonable certainty, such contracts are valued at cost plus attributable profit earned to date

Turnover

Long term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to total sales value and stage of completion of the contracts

Deferred taxation

Full provision is made for timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations using current tax rates. The company does not discount these balances

Notes to the financial statements

2. Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to one class of business, that of property development, all of which is carried out in the United Kingdom

3. Operating costs

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Other operating charges	3,328	5,467

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 (2005 - £nil)

4. Directors and employees

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

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2005 - £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

5. Net interest receivable

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Interest receivable on loans to Diageo Finance plc	357	222
Interest receivable on sale of land	-	61
Interest receivable	357	283

Notes to the financial statements (continued)

6. Taxation

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
(i) Analysis of taxation charge for the year		
Current tax		
Payment received in respect of group relief surrendered	2,075	134
Total current tax credit	2,075	134
Deferred tax		
UK	(1,205)	(87)
Adjustment in respect of prior years	-	(1)
Total deferred tax	(1,205)	(88)
Taxation on profit on ordinary activities	870	46

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
(ii) Factors affecting current tax credit/(charge) for the year		
Profit on ordinary activities before taxation	357	283
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2005 – 30%)	(107)	(85)
Capital allowances in excess of depreciation	1,205	-
Adjustments in respect of prior years	87	-
Permanent differences	890	219
Current ordinary tax credit	2,075	134

Notes to the financial statements (continued)

7. Stocks

	30 June 2006	30 June 2005
	£000	£000
Development properties	16,185	18,496

Development properties are held at the amount transferred from fixed assets – (see ‘Basis of preparation’ paragraph on page 8)

The company disposed of land for the next development site during the year. At the end of the financial year 2006 there remained 7 more sites for development in the company’s stock of development properties.

8. Debtors

	30 June 2006	30 June 2005
	£000	£000
Trade debtors	21,947	9,160
Amounts owed by Diageo Great Britain Limited	1,144,810	1,138,999
Amounts owed by Diageo Finance plc	24	11,158
Amounts owed by Justerini & Brooks, Limited	-	133
Amounts owed by Diageo Scotland Limited	2,209	134
Other Debtors	39	-
Deferred taxation (note 9)	-	1,205
	1,169,029	1,160,789

9. Deferred taxation

	30 June 2006	30 June 2005
	£000	£000
Accelerated capital allowances	-	1,205
Deferred tax asset	-	1,205

Notes to the financial statements (continued)

10. Creditors: due within one year

	30 June 2006 £000	30 June 2005 £000
Payments on account	14,501	7,790
Other taxation including social security	-	1,563
Accruals and deferred income	-	446
	<u>14,501</u>	<u>9,799</u>

11. Share capital

	30 June 2006 £000	30 June 2005 £000
<i>Authorised:</i>		
Equity - 1,157,500,000 ordinary shares of £1 each	1,157,500	1,157,500
	<u>1,157,500</u>	<u>1,157,500</u>
<i>Allotted, called up and fully paid:</i>		
Equity - 1,156,100,000 ordinary shares of £1 each	1,156,100	1,156,100
	<u>1,156,100</u>	<u>1,156,100</u>

12. Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At 30 June 2005	16,006	(2,620)	13,386
Transfers	(2,000)	2,000	-
Profit for the year	-	1,227	1,227
	<u>14,006</u>	<u>607</u>	<u>14,613</u>
At 30 June 2006	14,006	607	14,613

Within the profit and loss account, the sum of £ 11,347,000 is non-distributable

Notes to the financial statements (continued)

13. Reconciliation of movement in shareholders' funds

	30 June 2006	30 June 2005
	£000	£000
Profit on ordinary activities after taxation	1,227	329
Net addition to shareholders' funds	1,227	329
Shareholders' funds at beginning of year	1,169,486	1,169,157
Shareholders' funds at end of year	1,170,713	1,169,486

14. 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.