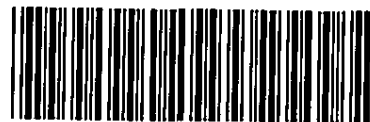


Guinness Limited

Financial statements 30 June 2007

Registered number 510607

TUESDAY



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Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2007

Activities

The company continues to trade as a property developer

Financial

The results for the year ended 30 June 2007 are shown on page 5

The directors do not recommend the payment of a dividend (2006 - £nil)

The loss for the year transferred from reserves is £125,000 (2006 - £1,227,000 profit transferred to reserves)

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 (resigned 22 June 2007)
M J Lester (resigned 31 August 2006)
N Makos (appointed 3 August 2006)

G P Crickmore was appointed as a director of the company on 5 September 2007

S M Bunn resigned as a director of the company on 4 January 2008

P D Tunnacliffe was appointed a director of the company on 7 January 2008

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2006 - £nil)

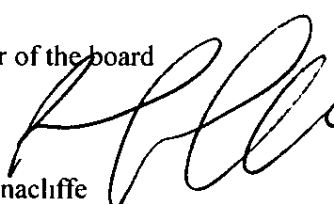
Directors' report (continued)

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 2007.

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


P D Tunnachiffe
Director

8 Henrietta Place, London W1G 0NB
27 June 2008

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 2007 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 3. 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 2007 and of its loss 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

27 JUNE 2008

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Turnover	2	1,603	3,328
Operating costs	3	(1,603)	(3,328)
Operating profit		-	-
Net interest (payable)/ receivable	5	(125)	357
(Loss)/profit on ordinary activities before taxation		(125)	357
Taxation on (loss)/profit on ordinary activities	6	-	870
(Loss)/profit on ordinary activities after taxation	12	(125)	1,227

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 2007	30 June 2006
		£000	£000
Current assets			
Stocks	7	43,563	16,185
Debtors due within one year	8	1,148,531	1,169,029
Cash	9	6	-
		1,192,100	1,185,214
Creditors: due within one year	10	(21,512)	(14,501)
Net assets		1,170,588	1,170,713
Capital and reserves			
Called up share capital	11	1,156,100	1,156,100
Revaluation reserve	12	14,006	14,006
Profit and loss account	12	482	607
Equity shareholders' funds	13	1,170,588	1,170,713

These financial statements on pages 5 to 13 were approved by the board of directors on 27 June 2008 and were signed on its behalf by



G P Crickmore
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

The accounting policies of the company are consistent with those applied last year

Basis of preparation

The financial statements are prepared under the historical cost convention modified by the revaluation of certain land and buildings and in accordance with applicable UK accounting standards

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, revalued amount 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 £14,006,000.

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.

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

The only development that the company is currently involved in is the redevelopment of the group's former UK brewing site at Park Royal, London. This project includes the construction of office accommodation and residential units.

In connection with the project, the company is contracted with a third party developer, London and Regional Properties Limited (LRP), a development company. LRP are responsible for the development of infrastructure for the project overall. The cost of such infrastructure is borne by the company and is included within 'development properties' (30 June 2007 of £27,378,000).

Cumulative income arising on the sale of project developments is deferred and disclosed as 'deferred income' (£13,479,000 at 30 June 2007) as the overall project is still in its early stages and its successful conclusion is dependant on a number of factors including finding appropriate lessees for the sites. The redevelopment commenced in 2001 and the expected completion date is 2016.

3. Operating costs

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Other operating charges	1,603	3,328

The auditor's remuneration of £2,341 (2006 - £2,341) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2006 - £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 (2006 - £nil).

5. Net interest

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Interest (payable)/receivable on loans (from)/to Diageo Finance plc	(125)	357
Interest (payable)/receivable	(125)	357

Notes to the financial statements (continued)

6. Taxation

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
(i) Analysis of taxation charge for the year		
Current tax		
Payment received in respect of group relief surrendered	-	2,075
Total current tax credit	-	2,075
Deferred tax		
UK	-	(1,205)
Total deferred tax	-	(1,205)
Taxation on profit on ordinary activities	-	870

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
(ii) Factors affecting current tax credit for the year		
(Loss)/profit on ordinary activities before taxation	(125)	357
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 30% (2006 – 30%)	38	(107)
Capital allowances in excess of depreciation	-	1,205
Adjustments in respect of prior years	-	87
Permanent differences	-	890
Group relief received for nil consideration	21,331	-
UK/UK transfer pricing adjustment	(21,369)	-
Analysis of taxation for the year	-	2,075

Notes to the financial statements (continued)

7. Stocks

	30 June 2007 £000	30 June 2006 £000
Development properties	43,563	16,185

Development properties are held at the amount transferred from fixed assets aggregated with the additional infrastructure costs incurred to date (see 'Basis of preparation' paragraph on page 7)

8. Debtors

	30 June 2007 £000	30 June 2006 £000
Trade debtors due from LRP	-	21,947
Amounts owed by fellow group undertakings		
Diageo Great Britain Limited	1,146,322	1,144,810
Diageo Finance plc	-	24
Diageo Scotland Limited	2,209	2,209
Other debtors	-	39
	<u>1,148,531</u>	<u>1,169,029</u>

The trade debtors due from LRP has been reclassified to development properties as it represents costs incurred by LRP and paid for by Guinness Limited on infrastructure cost on the Park Royal development site

9. Cash

	30 June 2007 £000	30 June 2006 £000
Cash	6	-

Notes to the financial statements (continued)

10. Creditors: due within one year

	30 June 2007 £000	30 June 2006 £000
Accruals and deferred income	13,479	14,501
Amounts owed to fellow group undertakings		
Diageo Finance plc	2,608	-
Diageo plc	9	-
Other creditors	5,416	-
	<u>21,512</u>	<u>14,501</u>

11. Share capital

	30 June 2007 £000	30 June 2006 £000
<i>Authorised:</i>		
1,157,500,000 ordinary shares of £1 each	1,157,500	1,157,500
	<u> </u>	<u> </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> </u>	<u> </u>

12. Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At 30 June 2006	14,006	607	14,613
Retained (loss) for the year	-	(125)	(125)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2007	14,006	482	14,488
	<u> </u>	<u> </u>	<u> </u>

Within the profit and loss account, the sum of £ 11,347,000 is non-distributable and the sum of £(10,865,000) is distributable

Notes to the financial statements (continued)

13. Reconciliation of movement in shareholders' funds

	30 June 2007	30 June 2006
	£000	£000
(Loss)/profit on ordinary activities after taxation	(125)	1,227
Net (reduction in)/ addition to shareholders' funds	(125)	1,227
Shareholders' funds at beginning of year	1,170,713	1,169,486
Shareholders' funds at end of year	1,170,588	1,170,713

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.