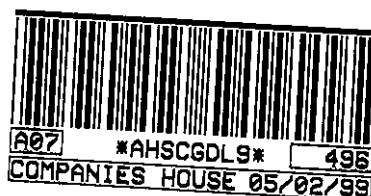


The Interesting Drinks Co. Limited
(Registered Number 277778)

Directors' Report And Financial Statements

30 June 1998



The Interesting Drinks Co. Limited

Directors' Report For The 18 Months Ended 30 June 1998

The Directors submit their Report and the financial statements of the Company 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

The Company has not traded in the period and the Directors do not expect the Company to trade in the foreseeable future. The Company is a non-trading subsidiary of Guinness Limited.

Results And Dividend

The year end of the Company has changed to 30 June from 31 December, and the results for the period shown on page 5 are for the eighteen months from 1 January 1997 to 30 June 1998.

The Company did not trade and therefore made no profit after taxation (1996:£Nil). No dividends were paid during 1997/98 (1996: £Nil).

Directors

The following served as Directors of the Company during the period:

NT Fell	(appointed 17 March 1997)
AJ Forage	(appointed 17 March 1997)
RJ Joy	(appointed 1 September 1997)
KS Slater	(appointed 17 March 1997, resigned 26 November 1997)
SR Fletcher	(appointed 17 March 1997, resigned 1 September 1997)
RA Stephens	(resigned 17 March 1997)

Secretary

SME O'Donovan

On 1 June 1997 Mr MD Peters resigned as Secretary and Mr PM Forster was appointed in his stead. On 26 January 1998 Mr PM Forster resigned as Secretary and Miss SME O'Donovan was appointed in his stead.

The Interesting Drinks Co. Limited

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

Directors' Interests

No Director had any interest in shares or debentures of the Company or of any subsidiary of the parent undertaking with the exception of non-beneficial interests as nominees and the interests in the ordinary shares of the ultimate holding company, Diageo plc, as set out below:

	At 30 June 1998		At 1 January 1997	
	Ordinary shares	Options over ordinary shares	Ordinary Shares	Options over ordinary shares
Ordinary shares of 25p each				
AJ Forage	15,707	50,922	3,144	86,413
NT Fell	4,163	90,556	4,246	59,383
RJ Joy	28,224	267,088	-	295,088

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

	Options granted during the period		Options exercised during the period		
	Number	Price £	Number	Price £	Market price at date of exercise £
AJ Forage	335	*4.645	729	*4.11	4.70
	3,976	**0.001	42,808	**4.56	6.31
	4,418	**4.94	683	**4.39	5.465
NT Fell	17,510	**0.001	-	-	-
	13,663	**4.94			
RJ Joy	-	-	28,000	***3.80	6.84

* These options were granted and exercised under the terms of the Savings Related Share Option Scheme.

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

*** These options were granted and exercised under the terms of the US \$ 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 1992 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 accounts of Diageo plc.

The ultimate parent company purchases liability insurance covering the directors and officers of Diageo plc and its subsidiaries.

The Interesting Drinks Co. Limited

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

Statement On Suppliers Payments

The Company does not operate a standard code in respect of payments to suppliers. The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including terms of payment. It is Company policy that payments to suppliers are made in accordance with these terms.

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.

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 or loss of the Company for that period. In preparing those financial statements on pages 5 to 9, 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.

The Interesting Drinks Co. Limited

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

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



SME O'Donovan
Secretary

30 December 1998

The Interesting Drinks Co. Limited

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

	Note	18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
Profit On Ordinary Activities Before Taxation	2	-	-
Taxation On Profit On Ordinary Activities	3	-	-
Profit/(Loss) For The Period	7	-	-

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

Movements on reserves are shown in note 7 to the financial statements.

The notes on pages 7 to 9 form part of these financial statements.

The Interesting Drinks Co. Limited

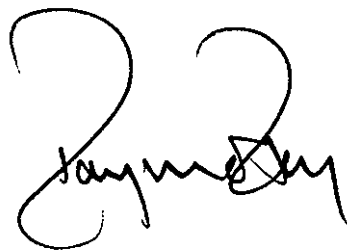
Balance Sheet At 30 June 1998

	<i>Note</i>	30 June 1998 £'000	31 December 1996 £'000
Current Assets			
Debtors	4	675	675
Creditors (Amounts Falling Due Within One Year)	5	(9)	(9)
Net Current Assets		666	666
Total Assets Less Current Liabilities		666	666
Capital And Reserves			
Called Up Share Capital	6	50	50
Profit And Loss Account	7	616	616
Equity Shareholders' Funds	8	666	666

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 Board
On 30 December 1998

Director



The notes on pages 7 to 9 form part of these financial statements.

The Interesting Drinks Co. Limited

Notes To The Financial Statements - 30 June 1998

1 Accounting Policies

(1) Basis of accounting

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

(2) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation, on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability or an asset is expected to crystallise within the foreseeable future.

(3) Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 permitting it to dispense with the presentation of a Cash Flow Statement.

2 Profit Before Taxation

The company had no employees during 1997/98 (1996: nil). None of the Directors received any emoluments in respect of their services to the Company.

3 Taxation

	18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
Corporation tax irrecoverable	-	-

4 Debtors

	30 June 1998 £'000	31 December 1996 £'000
Amount owed by fellow subsidiary undertakings	675	675

The Interesting Drinks Co. Limited

Notes To The Financial Statements - 30 June 1998

5 Creditors (Amounts Falling Due Within One Year)

	30 June 1998 £'000	31 December 1996 £'000
Other creditors	9	9
	<hr/> 9	<hr/> 9

6 Share Capital

	30 June 1998 £'000	31 December 1996 £'000
Authorised, issued and fully paid: 50,000 Ordinary shares of £1 each	50	50

7 Reserves

	Profit and loss £'000
At 1 January 1997	616
Profit for the Period	-
<hr/> At 30 June 1998	<hr/> 616

8 Equity Shareholders' Funds

	18 months ended 30 June 1998 £'000	12 months ended 31 December 1996 £'000
Profit on ordinary activities after taxation	-	-
Net movement in equity shareholders' funds	-	-
Opening equity shareholders' funds	666	666
<hr/> Closing equity shareholders' funds	<hr/> 666	<hr/> 666

The Interesting Drinks Co. Limited

Notes To The Financial Statements - 30 June 1998

9 Parent Undertakings

The Company is a subsidiary of Guinness Limited. The Company's 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.

10 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.