

Guinness Overseas Limited

Financial statements 30 June 2008

Registered number 778398



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2008.

Activities

The company is the holding company for companies engaged in the brewing and marketing of alcoholic beverages, including Guinness Stout and Harp Lager in overseas countries (except Western Europe and the USA) and in the production and marketing of soft drinks in certain territories.

The company's activities are primarily carried out through related companies (Guinness Overseas Limited's direct and indirect interests are shown in brackets), which are principally:

Guinness Nigeria PLC (53.80%)

Marketing and distribution activities in Nigeria. Brewing and packaging operations at Benin, Ogba and Aba.

GAPL Pte Limited (49.99%)

Markets and distributes Foreign Extra Stout, Draught Guinness, Canned Draught Guinness and ABC Stout to the Singapore domestic market and Balam.

Guinness Anchor Berhad (25.49%)

Operates a brewery in Kuala Lumpur and sells and distributes Guinness Foreign Extra Stout, Draught Guinness, Guinness Malta and Anglia Shandy in Malaysia and certain export territories.

Financial

The results for the year ended 30 June 2008 are shown on page 5. A dividend of £21,085,000 (2007 - £20,446,000) was paid during the year. The profit for the year transferred to reserves is £21,478,000 (2007 - £21,147,000).

Directors' report (continued)

Directors

The directors who held office during the year were as follows:

N B Blazquez	
S M Bunn	(resigned 4 January 2008)
C D Coase	
G P Crickmore	
S R Fletcher	
M C Flynn	(resigned 15 June 2008)
J Kyne	
N Makos	
C R R Marsh	(resigned 30 September 2007)
S C Moore	
P D Tunnacliffe	(appointed 7 January 2008)

A A Abigail was appointed a director of the company on 7 August 2008.

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2007 - £nil).

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 2008.

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

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 Overseas Limited

We have audited the financial statements of Guinness Overseas Limited for the year ended 30 June 2008, 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 2008 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

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Operating costs	<i>1</i>	(1,800)	(599)
Operating loss		(1,800)	(599)
Disposal of fixed assets	<i>3</i>	-	302
Dividends from shares in group undertakings		12,662	11,953
Dividends from shares in associated undertakings		1,271	1,449
Dividends from shares in joint ventures		5,728	5,624
Dividends from other fixed asset investments		54	23
Net interest receivable	<i>4</i>	4,747	3,353
Profit on ordinary activities before taxation		22,662	22,105
Taxation on profit on ordinary activities	<i>5</i>	(1,184)	(958)
Profit for the financial year		21,478	21,147

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.

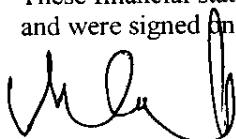
There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis.

All results arise from continuing operations.

Balance sheet

	Notes	30 June 2008		30 June 2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		3,604		4,040
Investments	7		18,153		18,153
			21,757		22,193
Current assets					
Debtors: due within one year	8	73,816		84,053	
Investments		-		247	
Cash at bank	9	481		4,393	
		74,297		88,693	
Creditors: due within one year	10	(22,168)		(37,393)	
Net current assets			52,129		51,300
Net assets			73,886		73,493
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		73,886		73,493
Shareholders' funds	13		73,886		73,493

These financial statements on pages 5 to 16 were approved by the board of directors on 24 March 2009 and were signed on its behalf by:



N Makos
Director

Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

Basis of preparation

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

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.

The company is exempt from the requirement to prepare group accounts under section 228 of the Companies Act 1985 as its results are included in the published consolidated financial statements of Diageo plc.

Tangible fixed assets

Land and buildings are stated at cost less depreciation.

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other tangible fixed assets are depreciated on a straight-line basis to estimated residual values over their expected useful lives within the following ranges:

Industrial and other buildings	10 to 50 years
Fixtures and fittings	5 to 10 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts.

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value.

Fixed asset investments

Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company. Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates.

All exchange gains and losses are taken to the profit and loss account.

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date.

Except as otherwise required by FRS 19, deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

1. Operating costs

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Other operating income (a)	-	1
Other operating charges (b)	(1,364)	(183)
Depreciation and other amounts written off fixed assets (c)	(436)	(417)
	<u>(1,800)</u>	<u>(599)</u>

(a) **Other operating income** comprises rental income for properties in the Seychelles of £nil (2007 - £1,200).

(b) **Other operating charges** include losses in respect of foreign exchange of £1,367,000 (2007 - £224,000).

(c) **Depreciation and other amounts written off fixed assets** comprise the depreciation charge for the financial year for buildings of £40,000 (2007 - £59,000), for fixtures and fittings of £7,000 (2007 - £8,000) and loss from impairment of property of £389,000 (2007 - £350,000).

The auditor's remuneration of £2,917 (2007 - £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 (2007 - £nil).

2. 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 (2007 - £nil).

3. Disposal of fixed assets

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Profit on the sale of property	-	302
	<u>-</u>	<u>302</u>

The tax charge on these items amounted to £nil in the prior year.

Notes to the financial statements (continued)

4. Net interest receivable

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Interest receivable on loans to fellow group undertakings	4,747	3,353
Other interest receivable	23	-
	<u>4,770</u>	<u>3,353</u>
Less:		
Interest payable on loans from fellow group undertakings	(23)	-
	<u>4,747</u>	<u>3,353</u>

5. Taxation

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
(i) Analysis of taxation charge for the year		
Current tax		
UK corporation tax at 29.5% (2007 – 30%)	(4,568)	(5,818)
Double tax relief	4,568	5,818
Overseas corporation tax	(1,184)	(958)
	<u>(1,184)</u>	<u>(958)</u>
Taxation on profit on ordinary activities	<u>(1,184)</u>	<u>(958)</u>

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
(ii) Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	<u>22,662</u>	<u>22,105</u>
Taxation on profit on ordinary activities at UK corporation tax rate of 29.5% (2007 - 30%)	(6,685)	(6,632)
Items not chargeable for tax purposes	(129)	(35)
Group relief received for nil consideration	3,593	2,307
Overseas withholding taxes	(1,184)	(958)
Double tax relief	3,221	4,360
	<u>(1,184)</u>	<u>(958)</u>
Current ordinary tax charge for the year	<u>(1,184)</u>	<u>(958)</u>

Notes to the financial statements (continued)

6. Fixed assets – tangible assets

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 30 June 2008 and at 30 June 2007	4,629	50	4,679
	<hr/>	<hr/>	<hr/>
Depreciation			
At 30 June 2007	(611)	(28)	(639)
Provided during the year	(40)	(7)	(47)
Provision for impairment	(389)	-	(389)
	<hr/>	<hr/>	<hr/>
At 30 June 2008	(1,040)	(35)	(1,075)
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2008	3,589	15	3,604
	<hr/>	<hr/>	<hr/>
At 30 June 2007	4,018	22	4,040
	<hr/>	<hr/>	<hr/>

	30 June 2008 £'000	30 June 2007 £'000
Freehold	3,589	4,018
	<hr/>	<hr/>

Included within the net book value of freehold properties is £2.9 million (2007 – £3.1 million) in respect of land on which no depreciation is charged.

Notes to the financial statements (continued)

7. Fixed assets – investments

	Subsidiary undertakings £'000	Associated undertakings £'000	Other investments £'000	Total £'000
Cost at beginning and end of the year	16,013	3,474	117	19,604
Provision at beginning and end of the year	(242)	(1,209)	-	(1,451)
Net book value at beginning and end of the year	15,771	2,265	117	18,153

Notes to the financial statements (continued)

7. Fixed assets – investments (continued)

The principal subsidiary and associated undertakings and joint ventures and the percentage of share capital owned are as follows:

	Country of incorporation	Principal activity	Percentage of shares held
Direct holdings:			
Subsidiary undertakings			
Atalantaf Limited	Bermuda	Investment company	100.00
Guinness South Africa (Pty) Limited	South Africa	Dormant	100.00
Diageo (Caribbean) Limited	Trinidad & Tobago	Sales and marketing	100.00
Guinness Canada Limited	Canada	Sales and marketing	51.00
Guinness France S.A.R.L.	France	Marketing advisers	100.00
Guinness Liberia Inc	Liberia	Marketing	100.00
Guinness Nigeria PLC	Nigeria	Brewing, marketing and distribution	46.03
Phenix C.I. S.A.R.L.	Ivory Coast	Marketing	100.00
Phenix Gabon S.A.R.L.	Gabon	Marketing	100.00
Associated undertakings			
East African Breweries Limited	Kenya	Brewing, marketing and distribution	2.60
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales	7.50
Seychelles Breweries Limited	Seychelles	Brewing, marketing and distribution	26.00
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing and distribution	11.60
Joint ventures			
GAPL Pte Limited	Singapore	Marketing and distribution	49.99
Indirect holdings:			
Subsidiary undertakings			
Guinness Nigeria PLC	Nigeria	Brewing, marketing and distribution	7.77
Associated undertakings			
Seychelles Breweries Limited	Seychelles	Brewing, marketing and distribution	4.00
Joint ventures			
Guinness Anchor Berhad	Malaysia	Brewing, sales and distribution	25.49

Notes to the financial statements (continued)

7. Fixed assets – investments (continued)

All holdings are of ordinary share capital or its equivalent.

The investments in subsidiary and associated undertakings are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Included in fixed asset investments are listed investments amounting to £13.1 million (2007 - £13.1 million). At 30 June 2008 the market value of these investments was £385.1 million (2007 - £383.7 million).

8. Debtors

	30 June 2008 £'000	30 June 2007 £'000
Trade debtors	549	429
Other prepayments	101	-
Amounts owed by fellow group undertakings:		
Diageo Finance plc	65,821	83,276
Guinness Overseas Holdings Limited	7,014	-
Other fellow group undertakings	331	348
	<u>73,816</u>	<u>84,053</u>

All amounts fall due within one year.

9. Cash

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool.

Notes to the financial statements (continued)

10. Creditors - due within one year

	30 June 2008 £'000	30 June 2007 £'000
Amounts owed to fellow group undertakings:		
Guinness Overseas Holdings Limited	-	13,432
Diageo Great Britain Limited	20,000	21,094
Diageo Ireland	774	2,242
Other fellow group undertakings	1,394	625
	<u>22,168</u>	<u>37,393</u>

11. Share capital

	30 June 2008 £	30 June 2007 £
<i>Authorised, allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

12. Reserves

	Profit and loss account £'000
At 30 June 2007	73,493
Profit for the financial year	21,478
Dividends paid	(21,085)
	<u>73,886</u>
At 30 June 2008	73,886

Notes to the financial statements (continued)

13. Reconciliation of movement in shareholders' funds

	30 June 2008 £'000	30 June 2007 £'000
Profit for the financial year	21,478	21,147
Dividends paid	(21,085)	(20,446)
Net addition to shareholders' funds	393	701
Shareholders' funds at beginning of year	73,493	72,792
Shareholders' funds at end of year	73,886	73,493

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Guinness Overseas Holdings Limited, a company incorporated and registered in England.

The 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.