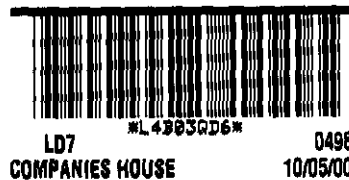


**Stadis Securities Limited**

**Directors' report and financial  
statements**

**Registered number 2165069**

**30 June 1999**





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## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 June 1999.

### Review of the business and principal activities

The Company has not traded in the year and the Directors do not expect the Company to trade in the foreseeable future. The Company is a non-trading subsidiary of Stadis Brewery.

### Results and transfer to reserves

The Company did not trade in the year and hence made no profit after taxation for the period (1998: £Nil). The Directors do not recommend the payment of a dividend (1998: £Nil)

### The Euro

In accordance with the Treaty on European Union, signed at Maastricht on 7 February 1992, the third stage of Economic and Monetary Union (EMU) commenced on 1 January 1999. The Company's euro-readiness is being managed as a discrete business project. The Company expects to have systems and procedures in place which will enable it to conduct euro transactions appropriate to local market requirements.

The Company is also working actively with key business suppliers, joint distribution arrangement partners and customers. In addition, monetary union may have a significant impact on macroeconomic factors, including interest and foreign exchange rates.

Key commercial risks, such as pricing transparency, have been analysed, with a view to reducing any impact through active management over the transition period and beyond. However, there can be no assurance that the euro will not have a negative impact. The impact of future entry to EMU of other European countries (particularly the United Kingdom) is being similarly analysed.

The cost associated with the euro-readiness project for Stadis Securities Limited has not been identified separately but is included within the overall project cost in the annual report of the ultimate parent company, Diageo plc.

### Directors and directors' interests

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

SH Wingfield-Digby  
B Beanland

Secretary: SME O'Donovan

On 1 March 1999 Mr B Beanland resigned as secretary and Miss SME O'Donovan was appointed in his stead.

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

	Ordinary shares at 30 June 1999	Options over ordinary shares as at 30 June 1999	Ordinary shares at 1 July 1998	Options over ordinary shares as at 1 July 1998
Ordinary shares (25p units)				
SH Wingfield-Digby	28,441	49,903	27,619	47,866
B Beanland	8,325	29,256	8,580	24,132

## Directors' report (continued)

### Directors and directors' interests (continued)

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

	Note	Granted	Exercised	Exercise price £/p	Market price at date of exercise £/p	Date from which exercisable	Expiry date
SH Wingfield-Digby	1	520		4.47		01.12.01	31.05.02
	3	3,232		Nil		01.01.01	01.01.01
	3	2,000		Nil		01.01.02	01.01.02
	1		1,262	3.280	6.940	01.12.98	01.01.99
	=		2,453	Nil	7.100		
B Beanland	1	433		4.470		01.12.01	31.05.02
	3	4,750		Nil		01.01.01	01.01.01
	3	4,250		Nil		01.01.02	01.01.02
	1		1,051	3.280	6.345	01.12.98	01.01.99
	=		3,258	Nil	7.100		

#### Notes:

- 1 These options were granted and exercised under the terms of the Save As You Earn scheme.
- 2 These options were granted and exercised under the terms of the Executive Share Options scheme.
- 3 These LTIPs were granted and exercised under the terms of the Diageo LTIP.
- = These options were originally granted under the terms of the Guinness MTEP. On 30 June 1998 this scheme was cancelled and the options paid in cash at the market price at that date.

The options outstanding at 30 June 1999 have been granted under Group employee share participation schemes and are exercisable at varying dates between 1991 and 2007 at varying prices between 359.0 pence and 494.0 pence. The mid-market price of the shares at 30 June 1999 was 662.5 pence. The highest mid-market price during the period was 778.5 pence and the lowest mid-market price was 480.5 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 1999 Annual Report and Accounts of Diageo plc. The ultimate Parent Company purchases liability insurance covering the Directors and officers of Diageo plc and its subsidiaries.



**Directors' report** *(continued)*

**Auditors**

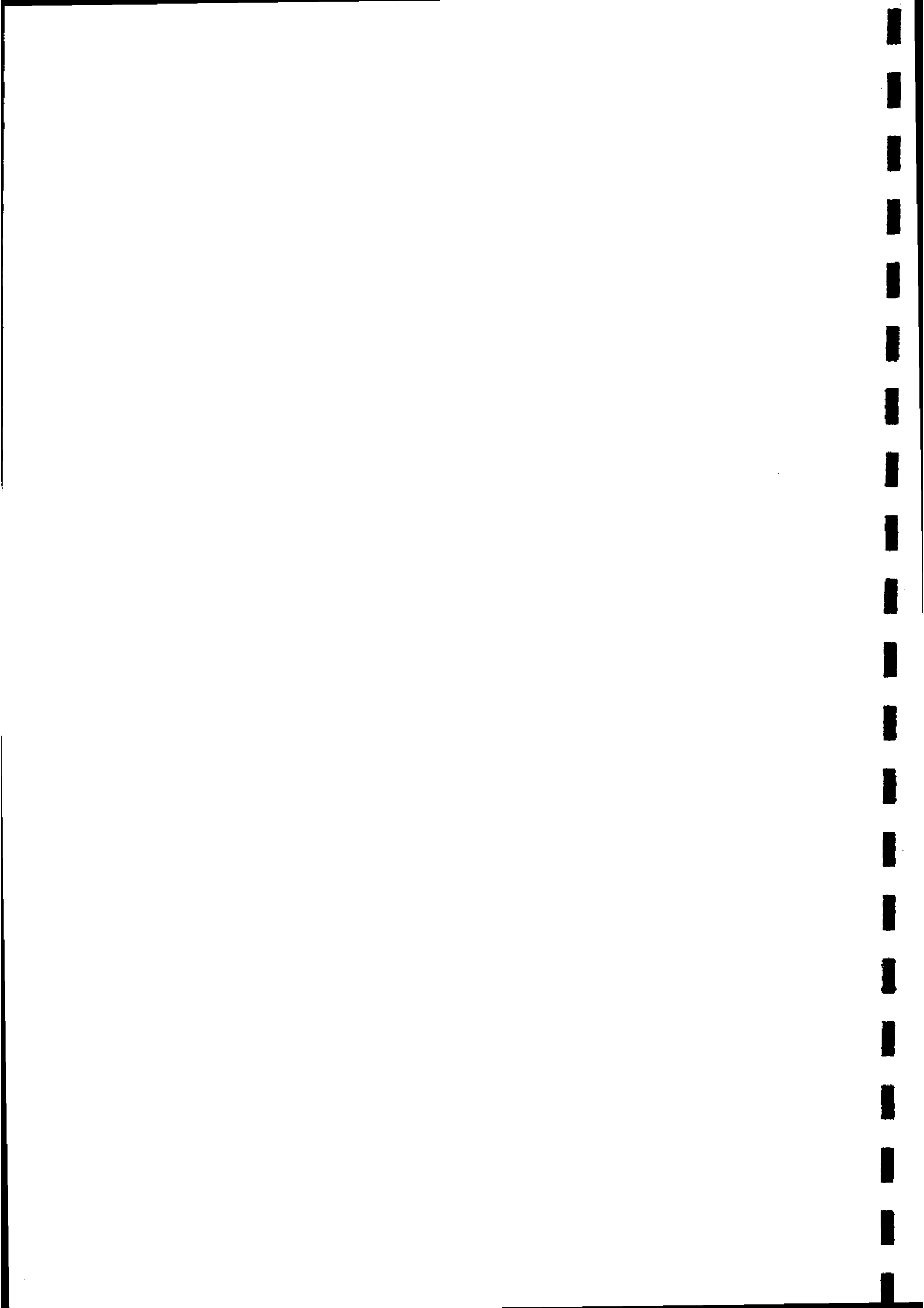
As the Company is a dormant company with effect from 31 December 1996, within the meaning of Section 250 of the Companies Act 1985 and meets other requirements of that section, no auditor is appointed.

By Order of the Board

*G.M.E. O'Donovan,*

**SME O'Donovan**  
*Secretary*

*26 April 2000*



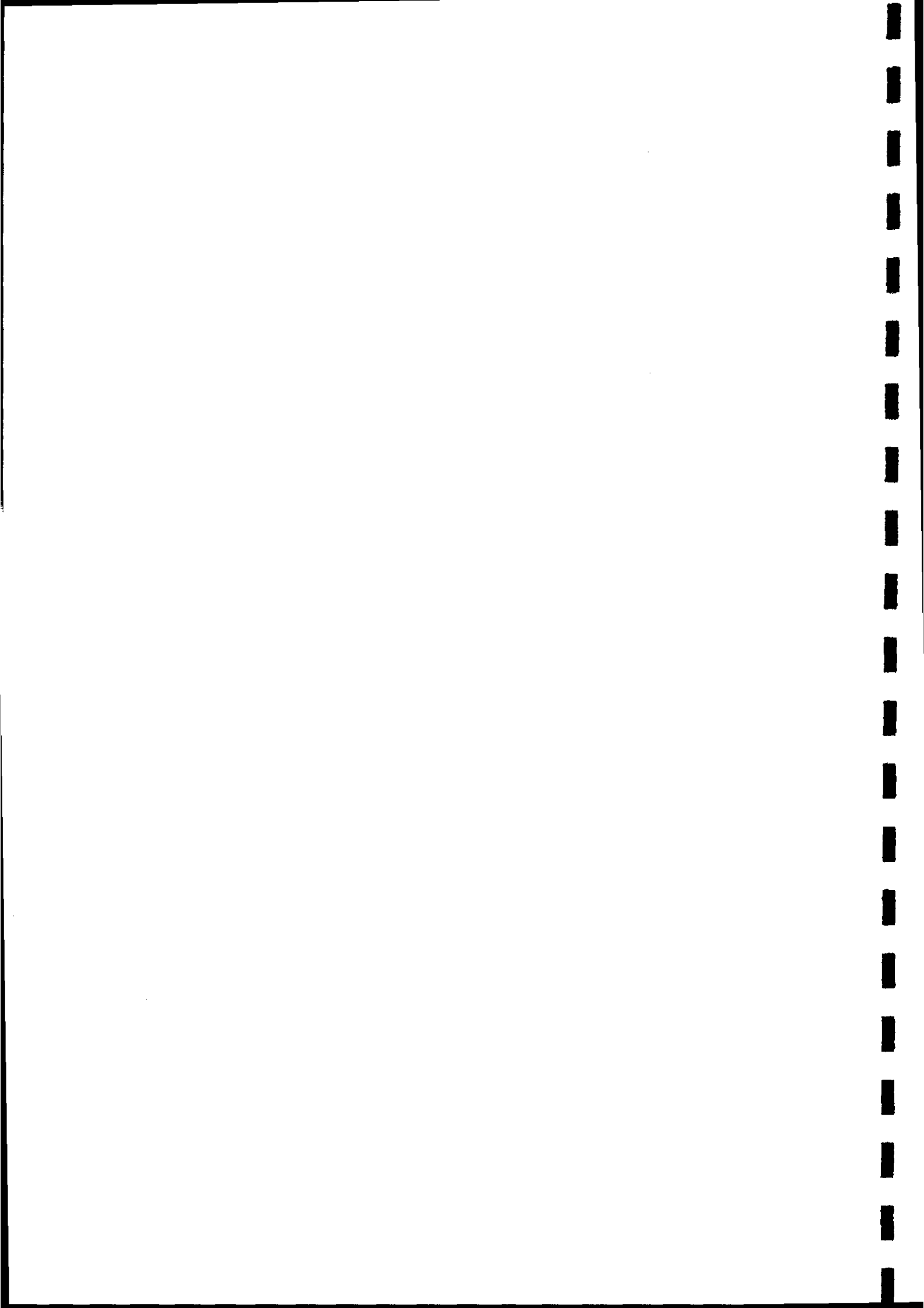


## **Statement of directors' responsibilities**

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 period. 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, 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 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.



**Balance sheet**  
 at 30 June 1999

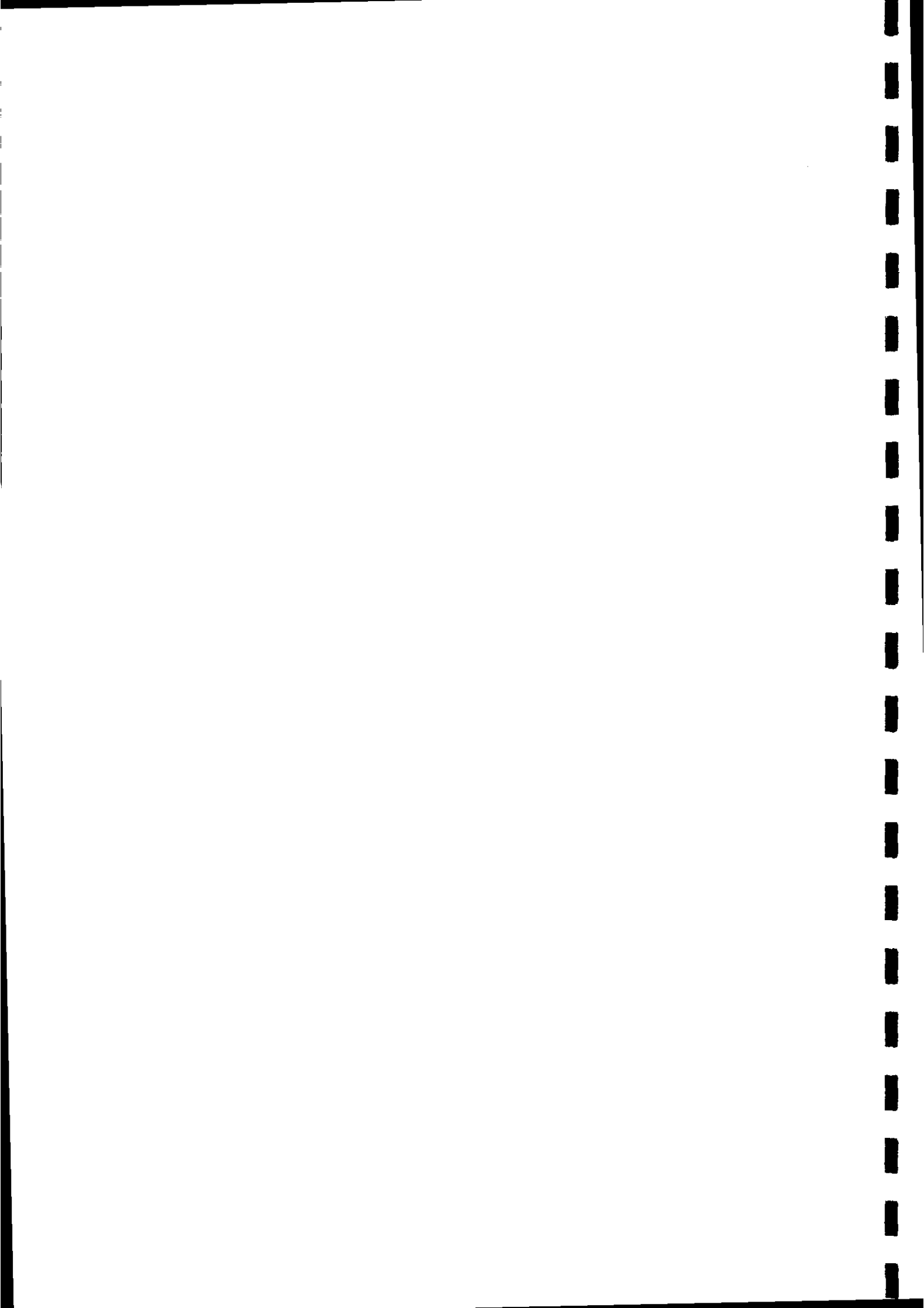
	Note	1999 £000	1998 £000
<b>Current assets</b>			
Debtors	3	141	141
		<hr/>	<hr/>
<b>Net assets</b>		141	141
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	4	-	-
Profit and loss account	5	141	141
		<hr/>	<hr/>
<b>Shareholders' funds</b>	5	141	141
		<hr/>	<hr/>

The Company was dormant throughout the period.

These financial statements were approved by the Board of Directors on 24 April 2000 and were signed on its behalf by:



Director



## Notes

*(forming part of the financial statements)*

### 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 have been prepared in accordance with applicable accounting standards and under historical cost convention. During the previous financial period, the financial accounting date was changed to 30 June. Accordingly the comparative accounting period runs from 1 January 1997 to 30 June 1998.

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 also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not the balances) with entities that are part of the Diageo plc group or investees of the Diageo plc group.

### 2 Profit and loss account

During the financial year and the preceding financial period, the Company did not trade and received no income and incurred no expenditure. Consequently during these years the company made neither a profit or a loss.

The number of the directors in the period, all of whom received no emoluments in respect of their directorships, of this company were two (1998: two).

### 3 Debtors

	1999 £000	1998 £000
Amounts owed by group undertakings	141	141
	<u>          </u>	<u>          </u>

### 4 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

**Notes (continued)**

**5 Shareholders' funds**

	Share capital	Profit and loss account	Total
	£000	£000	£000
At 30 June 1999 and 1 July 1998	-	141	141
	<u>          </u>	<u>          </u>	<u>          </u>

**6 Parent Undertaking**

The Company is a subsidiary undertaking of Stadis Brewery. The 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 1999 Annual Report and Accounts of Diageo plc can be obtained from Diageo plc, 8 Henrietta Place, London, W1M 9AG.

