

**Diageo Investment Holdings Limited
(formerly Diageo US Limited)**

**Financial statements
30 June 2012**

Registered number 2476751



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2012

Activities

The principal activity of the company is acting as an investment holding company. The directors foresee no changes in the company's activities. The company changed its name from Diageo US Limited to Diageo Investment Holdings Limited by a resolution passed in a meeting of the Board of Directors held on 26 January 2012. The change is effective from the date of the Certificate of Incorporation on change of name given at Companies House on 3 February 2012.

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2012 are shown on page 5.

No dividend was paid during the year (2011 - £4,838,000,000)

The profit for the year transferred to reserves is £289,840,000 (2011 - £1,613,000)

Directors

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

S J Bolton	(resigned 2 February 2012)
J A I Franco	(resigned 2 February 2012)
G Geiszl	
D Heginbottom	
J J Nicholls	
M Pais	
A M Smith	(resigned 2 February 2012)
P D Tunnacliffe	

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2011 - £nil)

Directors' report (continued)

Secretary

On 2 February 2012, J J Nicholls resigned as secretary of the company and C E Kynaston was appointed in his place

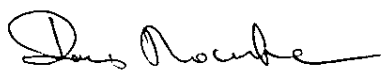
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is deemed to be reappointed and will continue in office

Disclosure of information to auditors

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



M Pais
Director

Lakeside Drive,
Park Royal
London,
NW10 7HQ

6 March 2013

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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 Diageo Investment Holdings Limited (formerly Diageo US Limited)

We have audited the financial statements of Diageo Investments Holdings Limited (formerly Diageo US Limited) for the year ended 30 June 2012 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

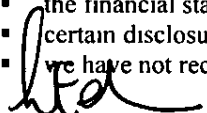
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Lee S Edwards (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
 London E14 5GL

6 March 2013

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Income from shares in group undertakings	4	338,466	-
Net interest (payable)/receivable	5	(27,626)	1,613
Profit on ordinary activities before taxation		310,840	1,613
Taxation on profit on ordinary activities	6	(21,000)	-
Profit for the financial year		289,840	1,613

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 a historical cost basis

All results arise from continuing operations


The accounting policies and other notes on pages 7 to 12 form part of the financial statements

Balance sheet

	<i>Notes</i>	30 June 2012		30 June 2011	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	7		17,899,237		17,236,427
Current assets					
Debtors due within one year	8	-		4,958	
Creditors due within one year	9	(2,038,374)		(2,333,172)	
Net current liabilities			(2,038,374)		(2,328,214)
Net assets			15,860,863		14,908,213
Capital and reserves					
Called up share capital	10		3,794		3,624
Share premium account	11	15,458,149		14,795,509	
Profit and loss account	11	398,920		109,080	
			15,857,069		14,904,589
Shareholders' funds	12		15,860,863		14,908,213

The accounting policies and other notes on pages 7 to 12 form part of the financial statements

These financial statements on pages 5 to 12 were approved by the board of directors on 6 March 2013 and were signed on its behalf by



M Pais
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 on a going concern basis 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 wholly owned by a member of the Diageo plc group ("group undertakings")

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings

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

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. Any interest or penalties on tax liabilities are provided in the tax charge

Notes to the financial statements

1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. Fees in respect of services provided by the auditors were: Statutory audit £27,000 (2011 - £27,000).

2. Staff costs

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

3. Directors' remuneration

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2011 - £nil).

4. Income from shares in group undertakings

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Dividend income from shares in group undertakings Diageo Holdings Netherlands BV	338,466	-

5. Net interest payable/(receivable)

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Interest payable on loans from fellow group undertakings	29,287	3,618
Less: interest receivable on loans to fellow group undertakings	(1,661)	(5,231)
	27,626	(1,613)

Notes to the financial statements (continued)

6. Taxation

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	310,840	1,613
Taxation on profit on ordinary activities at UK corporation tax rate of 25.5% (2011 - 27.5%)	(79,273)	(444)
Taxable income not included in Profit and Loss Account	(32,498)	-
Group relief (surrendered) / received for nil consideration	(826)	444
Double tax relief	91,597	-
Current ordinary tax charge for the year	(21,000)	-

7. Fixed assets – investments

	Subsidiary undertakings £'000
Cost and net book value	
At 30 June 2011	17,236,427
Additions	662,810
At 30 June 2012	17,899,237

The subsidiary undertakings and the percentage of equity owned are as follows

On 22 August 2011, the company subscribed for 300,000 Ordinary A shares of €0.45 each in the capital of Diageo Holdings Netherlands B.V. in consideration of £662,810,316 in cash

Direct holdings.

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Diageo Holdings Netherlands B.V.	Netherlands	Investment company	100% of Class A, B, C and D Ordinary
Diageo Overseas Holdings Limited	United Kingdom	Investment company	100% of Ordinary

Notes to the financial statements (continued)

7. Fixed assets – investments (continued)

The investments in subsidiary 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 amounts at which they are stated in the financial statements

8. Debtors: due within one year

	30 June 2012 £'000	30 June 2011 £'000
Amounts owed by fellow group undertakings	-	4,958

Due to restructuring of intercompany balances during the year, the amount owed by fellow group undertakings at 30 June 2012 is set-off against amounts owed to fellow group undertakings. The amount owed by fellow group undertakings at 30 June 2011 was held with Diageo Finance Plc. The financing relationship between the two companies is expected to continue for the foreseeable future. For the purposes of financial statement classification, amounts owed by group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

The amounts owed by fellow group undertakings include £nil (2011 - £4,958,000) at a floating rate of interest.

9. Creditors: due within one year

	30 June 2012 £'000	30 June 2011 £'000
Amounts owed to fellow group undertakings		
Diageo Finance Plc	2,038,374	2,333,172

Amounts owed to fellow group undertakings represent transactions with companies in the Diageo group, with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. For the purposes of financial statement classification, amounts owed to group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

All amounts are at a floating rate of interest.

Notes to the financial statements (continued)

10. Share capital

	30 June 2012 £'000	30 June 2011 £'000
<i>Allotted, called up and fully paid:</i>		
3,794,163 ordinary shares of £1 each	3,794	3,624

On 22 August 2011, the company issued 170,000 ordinary shares of £1 each to UDV (SJ) Ltd at a premium of £3,897.88 per share

11. Reserves

	Share Premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2011	14,795,509	109,080	14,904,589
Profit for the financial year	-	289,840	289,840
Premium on ordinary shares issued	662,640	-	662,640
At 30 June 2012	15,458,149	398,920	15,857,069

12. Reconciliation of movement in shareholders' funds

	30 June 2012 £'000	30 June 2011 £'000
Profit for the financial year	289,840	1,613
Dividends paid	-	(4,838,000)
Net proceeds of issue of ordinary share capital	662,810	14,271,941
Net addition to shareholders' funds	952,650	9,435,554
Shareholders' funds at beginning of year	14,908,213	5,472,659
Shareholders' funds at end of year	15,860,863	14,908,213

Notes to the financial statements (continued)

13. Post balance sheet events

On 29 August 2012, the company issued 1 Ordinary share of £1 to UDV (SJ) Ltd in consideration of £292,594,417 and subscribed for 1 Ordinary share of €0.45 in the capital of Diageo Holdings Netherlands B V in consideration of £292,594,417

On 7 February 2013, the company borrowed £1,142,421,935 from its immediate parent UDV (SJ) Limited and subscribed for 1 Ordinary share of €0.45 in the capital of Diageo Holdings Netherlands B V in consideration of £1,142,421,935

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is UDV (SJ) 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 Lakeside Drive, Park Royal, London, NW10 7HQ