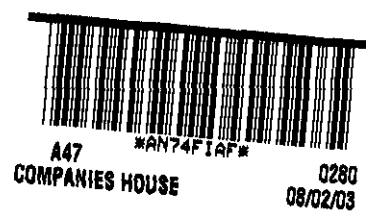


SEAGRAM UNITED KINGDOM LIMITED
(Registered Number 560661)

REPORT AND ACCOUNTS

31 DECEMBER 2001



SEAGRAM UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS

The directors of Seagram United Kingdom Limited ("the Company") submit their report and the financial statements of the Company for the fourteen month period ended 31 December 2001.

REVIEW OF THE BUSINESS

The principal activity of the Company during the fourteen month period was the sale of spirits and wine.

On 21 December 2001 the whole of the share capital of the Company was purchased by Diageo Great Britain Limited (formerly Guinness United Distillers and Vintners Limited) and the ongoing trading and stocks of the company were sold to either other group companies or subsidiaries of Pernod Ricard S.A.

The Company has resolved that the accounting reference date be changed from 31 October to 31 December, and these financial statements are the first to be drawn up to this new accounting reference date.

RESULTS AND DIVIDENDS

The results of the Company for the fourteen month period are shown in the profit and loss account on page 5.

A final dividend of £10,000,000 was declared and paid during the fourteen month period.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the fourteen month period and to the date of this report were as follows:

IM Harris	(resigned 21 December 2001)
RD Macadam	(resigned 1 October 2001)
JA Page	(resigned 21 December 2001)
RJ Ratcliffe	(resigned 30 June 2002)
TMT Wallis	(resigned 21 December 2001)
GP Wyatt	(resigned 30 June 2002)
SM Bunn	(appointed 21 December 2001)
RH Myddelton	(appointed 21 December 2001)
PS Binning	(appointed 21 December 2001)
A Williams	(appointed 1 May 2002)

At the end of the fourteen month period RJ Ratcliffe and GP Wyatt had no beneficial interest in the share capital of the Company, or any other group company in the United Kingdom. The beneficial interests in the ordinary shares of 28 101/108 p each in the ultimate parent company, Diageo PLC, of PS Binning, SM Bunn, RH Myddelton and A Williams are disclosed in the financial statements of the parent company, Diageo Great Britain Limited.

SEAGRAM UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS (*continued*)

FUTURE DEVELOPMENTS

Since the year end, the Company has continued to incur costs in relation to the winding down of the Company. The Company continues to own and exploit certain brands from which it will earn an income.

POST BALANCE SHEET EVENT

Subsequent to the period end, Geo G Sandeman (a dormant subsidiary) was sold for 1 Euro to Portugal Venture Ltd (a company which was owned 60.9% by Selviac Amsterdam BV (a 100% owned Diageo group company) and 39.1% by Pernod Ricard.

SUPPLIERS

The Company establishes trading terms, including payment terms, with each supplier either at the time an order is placed or from previously agreed practice with the supplier. The average period of credit taken by the Company was 30 days (31 October 2000 - 30 days). The Company reviews its arrangements with suppliers on a regular basis.

EMPLOYEES

The Company is firmly committed to the involvement of employees in the business through a policy of communication and consultation. The Company's policy for training and career development is to give full and fair consideration to any suitable person, including disabled persons, for all vacancies and opportunities.

SECRETARY

On 21 December 2001, GP Wyatt resigned as secretary of the company and J Nicholls was appointed in his place.

AUDITORS

The auditors, PricewaterhouseCoopers, are not seeking reappointment. It is anticipated that following their resignation the directors will pass a resolution to appoint the new auditors of the company. Accordingly, a resolution to confirm the new auditors will be proposed at the next Annual General Meeting.

By Order of the Board



Secretary
John Nicholls

30 January 2003

Registered Office:
8 Henrietta Place
London W1G 0NB

SEAGRAM UNITED KINGDOM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 its 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAGRAM UNITED KINGDOM LIMITED

We have audited the financial statements which comprise of profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under and the accounting policies set out in the statement of accounting policies.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

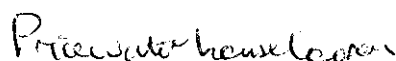
BASIS OF AUDIT OPINION

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs of the company at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
30 January 2003

SEAGRAM UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE FOURTEEN MONTH PERIOD ENDED 31 DECEMBER 2001

	Notes	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
TURNOVER	1	205,642	53,108
Cost of sales		<u>(170,121)</u>	<u>(44,447)</u>
GROSS PROFIT		35,521	8,661
Distribution costs		(17,901)	(4,673)
Administrative expenses		<u>(6,612)</u>	<u>(1,513)</u>
OPERATING PROFIT		11,008	2,475
Profit on disposal of intangible fixed assets	8	23,681	-
Net interest (payable)/ receivable	3	(263)	214
Dividend received		<u>-</u>	<u>25,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	34,426	27,689
Tax on profit on ordinary activities	6	<u>(245)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL PERIOD		34,181	27,689
Dividends	7	<u>(10,000)</u>	<u>(69,500)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u>24,181</u>	<u>(41,811)</u>

Turnover and operating profit are derived from continuing activities.
Movements on reserves are shown in note 16.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE FOURTEEN MONTH PERIOD ENDED 31 DECEMBER 2001

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Profit/(loss) for the financial period	24,181	(41,811)
Unrealised surplus on revaluation of investment	<u>-</u>	<u>19,717</u>
Total recognised gains/(losses) for the financial period	<u>24,181</u>	<u>(22,094)</u>

SEAGRAM UNITED KINGDOM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	31 December 2001 £'000	31 October 2000 £'000
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	573	-
Investments	10	671	3
		1,244	3
CURRENT ASSETS			
Stocks	11	8,304	19,578
Debtors	12	87,529	69,408
Cash at bank and in hand		5,537	1,563
		101,370	90,549
CREDITORS - Amounts falling due within one year	13	(21,258)	(33,377)
NET CURRENT ASSETS		80,112	57,172
NET ASSETS		81,356	57,175
CAPITAL AND RESERVES			
Called up share capital	15	46,283	46,283
Share premium account	16	3,045	3,045
Profit and loss account	16	32,028	7,847
SHAREHOLDERS' FUNDS - EQUITY	17	81,356	57,175

The financial statements on pages 5 to 16 were approved by the board of directors on 30 January 2003 and signed on its behalf by:


P S Binning,
Director

SEAGRAM UNITED KINGDOM LIMITED

STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The Company is a wholly owned subsidiary of Diageo Great Britain Limited, which is ultimately owned by Diageo PLC. The consolidated financial statements of Diageo PLC include the results of the Company and are publicly available. Consequently, the Company has taken advantage of the exemption for preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Group financial statements have not been prepared as permitted under Section 228 of the Companies Act 1985 as the Company is a wholly owned subsidiary of Diageo Great Britain Limited, a company incorporated in Great Britain.

Fixed asset investments

The Company's investments in subsidiary undertakings are stated at directors' valuation. Other fixed asset investments are stated at cost. Income from such investments is included in the financial statements to the extent of dividends received.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and are depreciated so as to write off their cost on a straight-line basis over their estimated useful lives.

The depreciation rates are arrived at using the following estimated useful lives:
Fixtures, fittings, tools and equipment - Lives of between three and five years.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation on timing differences between profits computed for taxation purposes and profits as stated in the financial statements is provided only where there is reasonable evidence that it will become payable within the foreseeable future.

Foreign currencies

Transactions denominated in foreign currency are translated into sterling at the exchange rate at the date of the transactions and exchange differences arising on settlement are dealt with in the profit and loss account. Amounts receivable or payable in foreign currency have been translated into sterling at the exchange rate ruling at the balance sheet date and differences on exchange included in the profit and loss account.

Leases

The costs of operating leases are charged to the profit and loss account over the term of the lease on a straight line basis.

Pensions

The Company charges the cost of providing pension benefits against profits so that the charge represents a substantially level percentage of the current and expected future pensionable payroll over the average expected service lives of employees.

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001

1 TURNOVER

Turnover represents the aggregate amount receivable in respect of goods and services sold, including excise duty, but excluding value added tax. Turnover originated from the United Kingdom and the geographical analysis of turnover, by destination, is given below:

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
United Kingdom	136,116	27,176
Europe	7,286	2,670
Asia and Africa	3,597	-
Other areas	488	1,516
	<u>147,487</u>	<u>31,362</u>
Duty	<u>58,155</u>	<u>21,746</u>
	<u>205,642</u>	<u>53,108</u>

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	2,377	-
Gain on disposal of fixed asset investments	(34)	-
Operating leases - land and buildings	388	394
Rents receivable	(399)	(304)
Lease rental charged to parent company	-	(90)
Foreign exchange losses/(gains)	286	(41)
Auditors' remuneration in respect of audit services	<u>37</u>	<u>32</u>

3 NET INTEREST (PAYABLE)/RECEIVABLE

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Interest receivable from fellow subsidiary undertaking	1,321	214
Interest payable to fellow subsidiary undertakings	<u>(1,584)</u>	<u>-</u>
	<u>(263)</u>	<u>214</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (*continued*)

4 DIRECTORS' EMOLUMENTS

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Aggregate emoluments	<u>1,051</u>	<u>320</u>

Of the directors who received remuneration in respect of their services to the Company one exercised share options during the fourteen month period (31 October 2000 - none).

Retirement benefits under the group's defined benefit pension scheme in the United Kingdom are accruing to five directors (31 October 2000 - five) who received remuneration in respect of their services to the Company during the fourteen month period.

The remuneration of the highest paid director was as follows:

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Highest paid director		
Aggregate emoluments	<u>382</u>	<u>134</u>
Accrued pension per annum at end of financial period from defined benefit pension scheme	<u>75</u>	<u>50</u>

5 EMPLOYEES

	Fourteen month period ended 31 December 2001 Number	Four month period ended 31 October 2000 Number
The average weekly number of persons employed by the Company was:		
United Kingdom	<u>105</u>	<u>114</u>
Staff costs amounted to	£'000	£'000
Wages and salaries	4,663	1,165
Social security costs	448	180
Other pension costs (note 18)	<u>661</u>	<u>181</u>
	<u>5,772</u>	<u>1,526</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (*continued*)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

A) Analysis of charge in the period

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
The taxation charge for the fourteen month period comprises:		
<i>Current tax</i>		
UK corporation tax	3,636	797
Group relief surrendered from other group companies for nil consideration	<u>(3,391)</u>	<u>(797)</u>
	<u>245</u>	<u>-</u>

B) Reconciliation of tax charge for the period

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Profit on ordinary activities before tax	<u>34,391</u>	<u>27,689</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 October 2000 – 30%)	10,317	8,307
Expenses not deductible for tax purposes	15	20
Items not subject to UK corporation tax	-	(7,500)
Accelerated capital allowances	478	-
Other timing differences	(70)	(30)
Intra-group disposals not subject to UK corporation tax	(7,104)	-
Utilisation of group tax losses	<u>(3,391)</u>	<u>(797)</u>
Current tax charge for period – note 6 A)	<u>245</u>	<u>-</u>

7 DIVIDENDS

	Fourteen month period ended 31 December 2001 £'000	Four month period ended 31 October 2000 £'000
Interim dividend in specie	-	25,000
Second interim dividend in cash	-	44,500
Final dividend in cash	<u>10,000</u>	<u>-</u>
	<u>10,000</u>	<u>69,500</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (*continued*)

8 INTANGIBLE FIXED ASSETS

	Brands £'000
Cost, Amortisation and Net Book value:	
At 1 November 2000 and 31 December 2001	-

On 21 December 2001, the Company sold certain brands with £nil carrying value to Treat Venture (UK) Limited for \$34,200,000 cash. This created an exceptional gain on disposal of £23,681,000 as is reflected in the profit and loss account.

9 TANGIBLE FIXED ASSETS

	Fixtures, fittings tools and equipment £'000
Cost	
At 1 November 2000	-
Transfers from group companies	3,734
Additions	7
Disposals	(59)
	<hr/>
At 31 December 2001	3,682
Accumulated depreciation	
At 1 November 2000	-
Transfers from group companies	791
Charge for the period	2,377
Disposals	(59)
	<hr/>
At 31 December 2001	3,109
	<hr/>
Net book value at 31 December 2001	573
	<hr/>
Net book value at 1 November 2000	-
	<hr/>

10 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertaking £'000	Other investments £'000	Total £'000
At 1 November 2000	-	3	3
Additions	671	-	671
Disposals	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	671	-	671
	<hr/>	<hr/>	<hr/>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (*continued*)

10 FIXED ASSET INVESTMENTS *continued*

The additions comprise the transfer of dormant subsidiary companies from fellow subsidiary undertakings within the Diageo plc Group.

The principal subsidiary undertakings at 31 December 2001, all of which were 100% directly owned were:

Robert Brown Limited	Dormant
Rigrun Limited	Dormant
Geo G Sandeman Sons & Co Limited	Dormant

11 STOCKS

	31 December 2001 £'000	31 October 2000 £'000
Raw materials and consumables	-	28
Finished goods and goods for resale	8,304	19,550
	<u>8,304</u>	<u>19,578</u>

The difference between the purchase price or production costs of stocks and their replacement cost is not material.

12 DEBTORS

	31 December 2001 £'000	31 October 2000 £'000
Amounts falling due within one year		
Trade debtors	29,531	22,570
Advances owed by fellow subsidiary undertakings	57,388	42,676
Other debtors	498	3,106
Prepayments and accrued income	112	1,056
	<u>87,529</u>	<u>69,408</u>

13 CREDITORS

	31 December 2001 £'000	31 October 2000 £'000
Amounts falling due within one year		
Trade creditors	8,497	2,952
Other creditors	8,044	2,556
Amounts owed to fellow subsidiary undertakings	903	20,851
Payroll taxation and social security	1,084	472
Accruals and deferred income	2,730	6,546
	<u>21,258</u>	<u>33,377</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (*continued*)

14 DEFERRED TAXATION

No asset/ (provision) for deferred taxation is recorded in the financial statements. The estimated total potential deferred taxation asset/ (liability), using an estimated corporation tax rate of 30% (31 October 2000 – 30%), may be analysed as follows:

	Unprovided asset/ (liability)	
	31 December	31 October
	2001	2000
	£'000	£'000
Chargeable gains rolled over	-	(1,902)
Accelerated capital allowances	478	-
Other timing differences	85	112
	<u>563</u>	<u>(1,790)</u>

15 CALLED UP SHARE CAPITAL

	31 December	31 October
	2001	2000
	£'000	£'000
Authorised:		
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>46,283</u>	<u>46,283</u>

16 RESERVES

	Share premium account	Profit and loss account
	£'000	£'000
At 1 November 2000	3,045	7,847
Retained profit for the fourteen month period	-	24,181
At 31 December 2001	<u>3,045</u>	<u>32,028</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 *(continued)*

17 SHAREHOLDERS' FUNDS - EQUITY

	31 December 2001 £'000	31 October 2000 £'000
Profit for the financial period	34,181	27,689
Dividends	(10,000)	(69,500)
Revaluation of fixed asset investment	-	19,717
Net increase/(decrease) in shareholders' funds	24,181	(22,094)
Opening shareholders' funds	57,175	79,269
Closing shareholders' funds	81,356	57,175

18 PENSION OBLIGATIONS

The company contributes to the Seagram Distillers PLC Group Pension Scheme. The scheme is a defined benefit arrangement and operates on a pre-funded basis. The scheme is independent of the group and is trustee administered. The funding policy is to contribute such variable amounts as will achieve a 100% funding level on a projected salary basis. The latest actuarial assessment, performed by a qualified actuary, was at 6 April 2001.

The actuarial review has been carried out for the purposes of SSAP24. The principal actuarial assumptions adopted were a rate of return on investments of 6.5% per annum, salary increases of 4% per annum and allowance for pensions to increase in payment at the rate of 2.5% per annum. Assets were taken at market value.

For the purposes of FRS17, the contributions paid by the company will be accounted for as a defined contribution scheme, since the share of assets and liabilities of the scheme relating to the company cannot be separately identified.

During the fourteen months 1 November 2000 to 31 December 2001, the company contributed £201,000 (2000: £208,000), being 15.3% of pensionable salaries, to the scheme.

19 COMMITMENTS IN RESPECT OF OPERATING LEASES

The Company has the following commitments for the next year in respect of operating leases due to expire in the undernoted period from the balance sheet date:

	Land and buildings	
	31 December 2001 £'000	31 October 2000 £'000
After five years	-	1,181

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 *(continued)*

20 POST BALANCE SHEET EVENT

Subsequent to the period end, Geo G Sandeman (a dormant subsidiary) was sold for 1 Euro to Portugal Venture Ltd (a company which was owned 60.9% by Selviac Amsterdam BV (a 100% owned Diageo group company) and 39.1% by Pernod Ricard).

21 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Diageo PLC, the company has taken advantage of the exemption under Financial Reporting Standard number 8 not to disclose related party transactions with other group companies.

22 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Diageo Great Britain Limited (formerly Guinness United Distillers & Vintners Limited).

Until 21 December 2001 the ultimate parent undertaking was Vivendi Universal S.A., a company incorporate and registered in France. Copies of its annual report may be obtained from 42 Avenue de Friedland, 75008 Paris.

As of 21 December 2001 the ultimate parent undertaking is Diageo Plc., a company incorporated and registered in England. The consolidated financial statements of Diageo Plc for the year ended 30 June 2002, can be obtained from the registered office at 8 Henrietta Place, London W1G 0NB.