

PSP (SALES AND DISTRIBUTION) LIMITED

[Registered in England No. 970803]

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2001



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PSP (SALES AND DISTRIBUTION) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the twelve months ended 30 June 2001.

Activities

The company did not trade during the period. The directors do not anticipate that the company will trade within the foreseeable future.

Euro

The directors do not anticipate that there will be any implications on the activities of the company on the introduction of the Euro. There are no costs associated with the introduction of the Euro. A statement explaining the impact of the introduction of the Euro, and the programme put in place to deal with this along with associated costs, for the Diageo group is disclosed in the annual report of the ultimate parent undertaking, Diageo plc.

Directors

The directors during the period were as follows:

Mr J Summerlin (resigned 4/6/01)

Mr R J Gardner

Mr R H Myddelton (appointed 4/6/01)

Emoluments

The directors did not receive any remuneration during the period in respect of their services as directors of the company (2000:£nil).

Directors' Interests

The directors had no interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the period in any significant contract with the company.

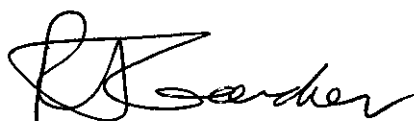
Mr R J Gardner and Mr R H Myddelton are the directors of the immediate parent undertaking, Express Foods Group (International) Limited, and their interests in the shares of Diageo plc are disclosed in the directors' report of that undertaking.

PSP (SALES AND DISTRIBUTION) LIMITED
DIRECTORS' REPORT (Continued)

Auditor

A resolution proposing the reappointment of KPMG Audit Plc as auditor for the coming year will be put to shareholders at the annual general meeting.

By order of the Board



Mr R J Gardner
Secretary
Harman House
1 George Street
Uxbridge
Middlesex UB8 1QQ

24 April 2002

PSP (SALES AND DISTRIBUTION) LIMITED

Directors' Responsibilities in respect of the preparation of Financial Statements

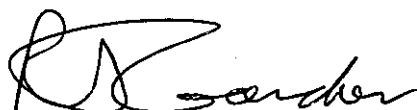
The following statement, which should be read in conjunction with the report of the auditor, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditor in relation to the financial statements.

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit of the company for the financial period.

The directors in preparing the financial statements on pages 6 to 11, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



R.J. GARDNER

Director

24 APRIL 2002

PSP (SALES AND DISTRIBUTION) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PSP (SALES AND DISTRIBUTION) LIMITED

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 4 the financial statements, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. Our 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 as at 30 June 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

29 April 2002

PSP (SALES AND DISTRIBUTION) LIMITED

PROFIT AND LOSS ACCOUNT

For the twelve month period ended 30 June 2001

During the financial period and the preceding financial period the company did not trade and received no income and incurred no expenditure.

Consequently during those periods the company made neither a profit nor a loss, and there were no other recognised gains or losses.

PSP (SALES AND DISTRIBUTION) LIMITED**BALANCE SHEET****As at 30 June 2001**

	<u>Notes</u>	<u>30 June 2001</u>	<u>30 June 2000</u>
		<u>£'000</u>	<u>£'000</u>
Fixed Assets			
Investments	3	33	33
Current Assets			
Debtors: due within one year	4	6	6
due after one year	5	1,482	1,482
Creditors: due within one year			
Amounts owed by fellow subsidiary undertaking		(464)	(464)
Net current assets		1,024	1,024
Net Assets		<u>1,057</u>	<u>1,057</u>
Capital and Reserves			
Called up share capital	6	1,515	1,515
Profit and loss account	7	(458)	(458)
Total Shareholders' Funds		<u>1,057</u>	<u>1,057</u>

Approved by the Board of Directors on 24 April 2002 and signed on its behalf by:



R J Gardner
Director

PSP (SALES AND DISTRIBUTION) LIMITED

NOTES (forming part of the financial statements)

1. Accounting Policies

Basis of Preparation

The financial statements of the company are prepared under the historical cost convention and comply 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 also 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 or investees of the Diageo plc group.

Investments

Investments are valued individually at the lower of cost but where appropriate, provision for diminution in values where such diminution is expected by the directors to be permanent.

2. Directors' Emoluments

The directors did not receive any emoluments in respect of their services as directors of PSP (Sales and Distribution) Limited.

The directors were remunerated for their services either as directors or senior executives of Diageo plc or Pillsbury U.K. Limited and, where appropriate, those emoluments are disclosed in the financial statements of these companies.

PSP (SALES AND DISTRIBUTION) LIMITED**NOTES (continued)****3. Fixed Assets - Investments**

	<u>Subsidiary Undertakings</u> <u>£'000</u>
<u>Loans at cost</u>	
At beginning and end of period	2,286
<u>Provisions</u>	
At beginning and end of period	<u>(2,253)</u>
<u>Total</u>	
At 30 June 2001	<u>33</u>
At 30 June 2000	<u>33</u>

The subsidiary undertakings in which the company's interest is more than 10% are as follows:

<u>Subsidiary Undertakings</u>	<u>Country of Registration</u>	<u>Principal Activity</u>	<u>Number</u>	<u>Class and percentage of shares held</u>
Somerwest Limited	England	Non-trading	131,109	Ordinary shares of 12.5p each - 100% directly
			132,109	Non-Cumulative 2.5% preference shares of 12.5p each - 100% directly
Brossard U.K. Limited	England	Dormant	2	Ordinary shares of £1 each - 100% directly

4. Debtors - due within one year

	2001 £'000	2000 £'000
Debtors due within one year from parent undertaking:		
Corporation Tax Refund received by EFGI re 1988/89	<u>6</u>	<u>6</u>

PSP (SALES AND DISTRIBUTION) LIMITED**NOTES (continued)**5. **Debtors** - due after one year

	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Amounts owed by group:		
Parent undertaking	747	747
Subsidiary undertakings	735	735
	<u>1,482</u>	<u>1,482</u>

6. **Called Up Share Capital**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>			
	<u>2001</u> <u>No.</u> <u>(000)</u>	<u>2000</u> <u>No.</u> <u>(000)</u>	<u>2001</u> <u>No.</u> <u>(000)</u>	<u>£'000</u>	<u>2000</u> <u>No.</u> <u>(000)</u>	<u>£'000</u>
Ordinary shares of 10p each	16,080	16,080	8,080	808	8,080	808
'A' Ordinary non-voting shares of 10p each	<u>14,070</u>	<u>14,070</u>	<u>7,070</u>	707	<u>7,070</u>	707
				<u>1,515</u>		<u>1,515</u>

7. **Reserves**

	Profit and Loss Account <u>£'000</u>
At beginning and end of period	<u>(458)</u>

PSP (SALES AND DISTRIBUTION) LIMITED

NOTES (continued)

8. Immediate and Ultimate Parent Undertaking

The immediate parent undertaking is Express Foods Group (International) Limited, a Company registered and incorporated in England.

The ultimate parent undertaking of the Company as at 30 June 2001 was Diageo plc.

Diageo plc is a company incorporated and registered in England and its accounting period end is 30 June. The consolidated accounts for Diageo plc for the twelve months ended 30 June 2001, can be obtained from the Registered Office at 8 Henrietta Place, London W1G 0NB.