

Treat (UK) Venture Limited

**Financial statements
30 June 2005**

Registered number 4271628



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COMPANIES HOUSE 07/04/2006

Treat (UK) Venture Limited
Year ended 30 June 2005

Directors' report

The directors have pleasure in submitting their report, together with the audited financial statements for the year ended 30 June 2005.

Activities

The company intended to acquire an interest in Chatelle Pty Ltd, an Australian company, from Vivendi Universal S.A.. However, legal ownership of the shares was never transferred to the company due to a dispute by the other shareholder of Chatelle Pty Ltd. Once this dispute is resolved and once all the necessary formalities to transfer legal ownership to the company have been completed, the company intends to dispose of the interest in Chatelle Pty Ltd.

Future activities

Once all liabilities have been settled and all receivables have been recovered the company will be liquidated and the proceeds will be distributed to the shareholders accordingly.

Financial

The results for the year ended 30 June 2005 are shown on page 7. The directors do not recommend the payment of a dividend (2004 – £nil). The profit for the year transferred to reserves is £318,000 (2004 – £368,000).

Directors

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

S M Bunn
C D Coase (appointed 7 April 2005)
G P Crickmore
M C Flynn (appointed 7 April 2005)
M J Lester (appointed 7 April 2005)
R Rajagopal (resigned 7 April 2005)

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2004 - £nil).

Treat (UK) Venture Limited
Year ended 30 June 2005

Directors' report (continued)

Directors' interests

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

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28^{101/108} pence each in the ultimate parent company of Diageo Great Britain Limited, Diageo plc:-

(i) Ordinary shares and conditional rights to ordinary shares

	Ordinary shares		Conditional rights to ordinary shares				
	At beginning of year (or date of appointment)	At end of year	At beginning of year (or date of appointment)	Granted in year	Vested in year	Lapsed in year	At end of year
S M Bunn	1,088	128	-	-	-	-	-
C D Coase	14,207	14,207	-	-	-	-	-
G P Crickmore	11,683	10,398	-	-	-	-	-
M C Flynn	11,673	11,743	-	-	-	-	-
M J Lester	30,945	26,306	30,790	-	-	-	30,790

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. Any conditional rights are shown in the table as ordinary share equivalents. The conditional rights to ordinary shares are subject to share performance criteria of Diageo plc ordinary shares. The numbers disclosed in the above table represent the maximum number of conditional rights. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

ii) Options

	Options over ordinary shares				
	At beginning of year (or date of appointment)	Granted in year	Exercised in year	Lapsed in year	At end of year
S M Bunn	46,319	15,434	(9,316)	-	52,437
C D Coase	141,269	-	-	-	141,269
G P Crickmore	31,055	2,663	-	-	33,718
M C Flynn	17,991	-	-	-	17,991
M J Lester	113,567	-	-	-	113,567

The directors held the above options under Diageo plc share option schemes at prices between 460 pence and 863 pence per ordinary share exercisable between 2005 and 2014. Certain options granted in the Republic of Ireland were granted at a price of Euros 7.37 per ordinary share. The options are granted at market value on the date the option is granted and the option price is payable when the option is exercised.

Treat (UK) Venture Limited
Year ended 30 June 2005

Directors' report (continued)

Directors' interests (continued)

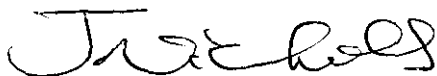
The mid-market share price of Diageo plc shares fluctuated between 658 pence and 824 pence per share during the year. The mid-market share price on 30 June 2005 was 823 pence.

At 30 June 2005, all the directors had an interest in 21,465,587 shares and 8,233,337 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

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 re-appointed on the expiry of its term in office in respect of the year ended 30 June 2005.

By order of the board



J Nicholls
Secretary
8 Henrietta Place
London
W1G 0NB

6 April 2006

Treat (UK) Venture Limited
Year ended 30 June 2005

Statement of directors' responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the independent auditor's report set out on page 6, 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 the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year.

The directors, in preparing these financial statements, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all applicable accounting standards have been followed and that it is appropriate to prepare the financial statements on 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.

Independent auditor's report to the members of Treat (UK) Venture Limited

We have audited the financial statements on pages 7 to 11.

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 are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, 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 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 with the company 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 as at 30 June 2005 and of its profit 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

7 April 2006

Treat (UK) Venture Limited
Year ended 30 June 2005

Profit and loss account

		Year ended 30 June 2005	Year ended 30 June 2004
	<i>Notes</i>	£'000	£'000
Operating costs		<u>(11)</u>	<u>-</u>
Operating loss		<u>(11)</u>	<u>-</u>
Interest receivable	4,11	491	526
Interest payable to Inland Revenue		<u>(25)</u>	<u>-</u>
Profit on ordinary activities before taxation		455	526
Taxation on profit on ordinary activities	5	<u>(137)</u>	<u>(158)</u>
Profit on ordinary activities after taxation transferred to reserves		<u>318</u>	<u>368</u>

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 activities.

Treat (UK) Venture Limited
Year ended 30 June 2005

Balance sheet

		30 June 2005		30 June 2004	
	<i>Notes</i>	£'000	£'000	£'000	£'000
Current assets					
Debtors – due within one year	6	10,384		9,888	
Creditors – due within one year	7	<u>(525)</u>		<u>(347)</u>	
Net current assets			<u>9,859</u>		<u>9,541</u>
Net assets			<u>9,859</u>		<u>9,541</u>
Capital and reserves					
Called up share capital	8		-		-
Reserves					
Share premium account		24,288		24,288	
Profit and loss account		<u>(14,429)</u>		<u>(14,747)</u>	
	9		<u>9,859</u>		<u>9,541</u>
Equity shareholders' funds	10		<u>9,859</u>		<u>9,541</u>

The financial statements on pages 7 to 11 were approved by the board of directors on 6 April 2006 and were signed on its behalf by:



S M Bunn
Director

Treat (UK) Venture Limited
Year ended 30 June 2005

Notes to 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 are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

2. Operating profit

The auditor's remuneration was paid on behalf of the company by another Diageo group undertaking. There were no fees payable to the auditor in respect of non-audit fees (2004 - £nil).

3. 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 (2004 - £nil).

Details of the directors' share interests and any share options exercised during the year are included within the directors' report on pages 3 and 4.

4. Interest receivable

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Interest receivable from shareholders:		
Diageo Great Britain Limited	299	320
Pernod Ricard S.A.	<u>192</u>	<u>206</u>
	<u>491</u>	<u>526</u>

5. Taxation

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Factors affecting the current tax charge for the year:		
Profit on ordinary activities before taxation	<u>455</u>	<u>526</u>
Taxation on profit on ordinary activities at UK corporation tax at 30% (2004 - 30%)	136	158
Items not deductible for tax purposes	3	-
Adjustments in respect of prior years	<u>(2)</u>	<u>-</u>
Current tax charge for the year	<u>137</u>	<u>158</u>

Treat (UK) Venture Limited
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Notes to the financial statements (continued)

6. Debtors – due within one year

	30 June 2005	30 June 2004
	£'000	£'000
Amounts owing by shareholders:		
Pernod Ricard S.A.	3,988	3,791
Diageo Great Britain Limited	<u>6,396</u>	<u>6,097</u>
	<u>10,384</u>	<u>9,888</u>

Interest is charged on principal balances of £5,420,000 and £3,480,000 due from Diageo Great Britain Limited and Pernod Ricard S.A. respectively, at a rate of 1 year LIBOR plus 100 basis points.

7. Creditors – due within one year

	30 June 2005	30 June 2004
	£'000	£'000
Amount owed to Diageo Finance plc	169	-
Amount owed to Diageo plc	47	47
Corporation tax	298	300
Other creditors	<u>11</u>	<u>-</u>
	<u>525</u>	<u>347</u>

8. Called up share capital

	30 June 2005	30 June 2004
	£	£
Authorised, allotted, called up and fully paid		
Equity - 150 'A' ordinary shares of £1 each	150	150
Equity - 50 'B' ordinary shares of £1 each	<u>50</u>	<u>50</u>
	<u>200</u>	<u>200</u>

Each 'A' share carries a right to receive 60.9 per cent of any dividend declared, distribution or return of capital on liquidation divided by the total number of 'A' shares in issue. Each 'B' share carries a right to receive 39.1 per cent of such dividend declared, distribution or return of capital on liquidation divided by the total number of 'B' shares in issue.

9. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2004	24,288	(14,747)	9,541
Retained profit for the year	<u>-</u>	<u>318</u>	<u>318</u>
At 30 June 2005	<u>24,288</u>	<u>(14,429)</u>	<u>9,859</u>

Treat (UK) Venture Limited
Year ended 30 June 2005

Notes to the financial statements (continued)

10. Reconciliation of movement in equity shareholders' funds

	30 June 2005	30 June 2004
	£'000	£'000
Profit for the year	<u>318</u>	<u>368</u>
Net addition to shareholders' funds	318	368
Shareholders' funds at beginning of the year	<u>9,541</u>	<u>9,173</u>
Shareholders' funds at end of the year	<u>9,859</u>	<u>9,541</u>

11. Related party transactions

Interest of £299,000 was charged to Diageo Great Britain Limited and £192,000 to Pernod Ricard S.A. during the year. The company owes an amount of £169,000 to Diageo Finance plc in respect of £164,000 tax payments made during the year and a £5,000 payment to Pernod Ricard in respect of prior period disposal costs.

12. Shareholders

The company is owned by Diageo Great Britain Limited and Pernod Ricard S.A in the proportions 60.9% and 39.1% respectively. Pernod Ricard S.A. is incorporated and registered in France and its accounting period end is 31 December. Diageo Great Britain Limited is registered and incorporated in England and its accounting period end is 30 June. The ultimate parent undertaking of Diageo Great Britain Limited 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.