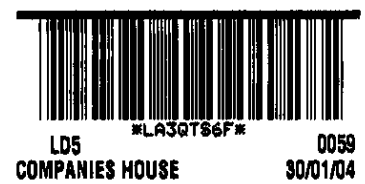


UNITED DISTILLERS UK PLC

FINANCIAL STATEMENTS

30 June 2003

Registered Number:SC135736



DIRECTORS' REPORT

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2003.

Activities

The company did not trade during the financial year or the preceding financial year. The directors foresee no changes in the company's activities.

Proposed dividend

The directors do not recommend the payment of a dividend for the year ended 30 June 2003 (2002 – £nil).

Directors

The directors who served during the year were as follows:

S M Bunn
I K Meakins
R H Myddelton (resigned 31 March 2003)

P S Binning, who was appointed a director on 31 March 2003, resigned on 3 October 2003.
R Rajagopal was appointed a director on 3 October 2003.

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2002 - £nil).

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 or any subsidiary.

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 p each in the ultimate parent company, Diageo plc:

DIRECTORS' REPORT (continued)

Directors' interests (continued)

(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
P S Binning	38,521	39,146	77,041	-	-	-	77,041
S M Bunn	2,853	3,351	-	-	-	-	-
I K Meakins	24,295	46,774	204,824	62,249	(33,445)	(2,952)	230,676

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. 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 during the year	Exercised in year	Lapsed in year	At the end of year
P S Binning	222,871	-	-	-	222,871
S M Bunn	20,786	11,866	(1,909)	-	30,743
I K Meakins	291,624	111,181	(3,000)	-	399,805

The directors held the above options under Diageo plc share option schemes at prices between 447p and 759p per ordinary share for UK options, exercisable between 2003 and 2012. 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.

Options granted under the Senior Executive Share Option Plan ('SESOP') may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to grants of options to date under the SESOP is linked to the increase in earnings per share and is initially applied over the three year period commencing on the date the options are granted. Full details of the performance condition are disclosed in the annual report of the ultimate holding company, Diageo plc.

DIRECTORS' REPORT (continued)

Directors' interests (continued)

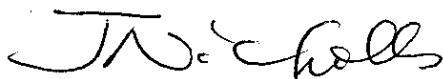
The mid-market share price of Diageo plc shares fluctuated between 582p and 851p during the year. The mid-market share price on 30 June 2003 was 647p.

At 30 June 2003 all the directors had an interest in 20,694,756 shares and 6,605,055 shares subject to call options held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes. In addition, P S Binning and S M Bunn both had an interest in 49,789 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes and P S Binning and I K Meakins both had an interest in 6,177,180 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes.

Auditor

The auditor, KPMG Audit Plc, is willing to continue in office and a resolution for its re-appointment as auditor of the company will be submitted to the Annual General Meeting.

By Order of the Board



J Nicholls
Secretary

Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT

30 January 2004

**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 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 of the company 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 the 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.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditor to the members of United Distillers UK Plc

We have audited the financial statements on pages 6 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 4, 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.

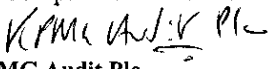
Basis of audit opinion

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 January 2004

PROFIT AND LOSS ACCOUNT

	Notes	Year ended 30 June <u>2003</u> £'000	Year ended 30 June <u>2002</u> £'000
Turnover	2	-	-
Operating profit		-	-
Other interest receivable and similar income	5	6,816	12,846
Profit on ordinary activities before taxation		<u>6,816</u>	<u>12,846</u>
Taxation on profit on ordinary activities	6	(16)	-
Amounts transferred to reserves	10	<u>6,800</u>	<u>12,846</u>

The notes on pages 8 to 11 form part of these financial statements.

There are no recognised gains or losses other than the profit 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 profit for the year shown in the profit and loss account and the profit for the relevant periods restated on an historical basis and consequently no note of historical cost profits and losses has been presented as part of the financial statements.

BALANCE SHEET

	Notes	30 June 2003		30 June 2002	
		£'000	£'000	£'000	£'000
Current assets					
Debtors - due within one year	7	589,872		583,071	
Creditors - due within one year	8	<u>(482,079)</u>		<u>(482,078)</u>	
Net assets			<u>107,793</u>		<u>100,993</u>
Capital and reserves					
Called up share capital	9		50		50
Profit and loss account	10		<u>107,743</u>		<u>100,943</u>
Equity shareholders' funds	10		<u>107,793</u>		<u>100,993</u>

The notes on pages 8 to 11 form part of these financial statements.

The financial statements on pages 6 to 11 were approved by the board of directors on 30 January 2004 and signed on its behalf by:



S M Bunn
Director

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, modified by the revaluation of certain land and buildings, 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 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 ("group undertakings") or investees of the Diageo plc group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates or, if hedged forward, at the rate of exchange under the related forward currency contract.

All exchange gains and losses are taken to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision is made for deferred tax only to the extent that an actual liability will crystallise.

2. Analysis of turnover and profit before taxation

With effect from 30 June 1999 the company ceased to trade. As a result there is no turnover in the current or previous financial year.

The profit before taxation is attributable to income from interest and foreign exchange differences on loans.

3. Operating costs

The company did not employ any staff during the year (2002 – none) and consequently there were no payroll costs (2002 - £nil).

The auditor's remuneration was paid on behalf of the company by another group undertaking.

4. Directors' interests

Details of directors' share interests are included in the Directors' Report on pages 1 to 3.

5. Other interest receivable and similar income

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Net exchange (losses)/gains	(747)	7,579
Other	<u>7,563</u>	<u>5,267</u>
	<u>6,816</u>	<u>12,846</u>

Of the above 'other' amount, £7,563,000 (2002 - £4,330,000) was receivable from group undertakings.

6. Tax on profit on ordinary activities

	<u>2003</u> £'000	<u>2002</u> £'000
UK corporation tax payable at 30% (2002-30%) on the profits/(losses) of the year	-	-
Adjustment in respect of prior years	<u>16</u>	<u>-</u>
Total Current Tax	<u><u>16</u></u>	<u><u>-</u></u>
Factors affecting the tax credit for year		
Profit before tax	<u>6,816</u>	<u>12,846</u>
Corporation tax at standard rate (30%) (2002-30%)	2,045	3,854
Effect of:		
Group relief received for nil consideration	(2,045)	(3,573)
Non-taxable interest	-	(281)
Adjustments in respect of prior periods	<u>16</u>	<u>-</u>
Current tax credit for year	<u><u>16</u></u>	<u><u>-</u></u>

7. Debtors – due within one year

	<u>2003</u> £'000	<u>2002</u> £'000
Amounts owed by group undertakings	589,273	568,102
Prepayments and accrued income	-	-
Corporation Tax	<u>599</u>	<u>14,969</u>
	<u><u>589,872</u></u>	<u><u>583,071</u></u>

8. Creditors – due within one year

	<u>2003</u> £'000	<u>2002</u> £'000
Amounts owed to group undertakings	481,983	481,982
Accruals and deferred income	96	96
	<u><u>482,079</u></u>	<u><u>482,078</u></u>

9. Share capital

	<u>2003</u> £'000	<u>2002</u> £,000
Authorised, allotted, called up and fully paid		
Equity - Ordinary shares of £1 each	<u>50</u>	<u>50</u>

10. Reserves

	Profit and loss account £'000	Total shareholders' funds £,000
At 30 June 2002	100,943	100,993
Retained profit for year	6,800	6,800
At 30 June 2003	<u>107,743</u>	<u>107,793</u>

11. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Diageo Scotland Limited (formerly Guinness United Distillers & Vintners Scotland Limited), a company incorporated and registered in Scotland.

The ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc for the year ended 30 June 2003 can be obtained from the registered office at 8 Henrietta Place, London W1G 0NB.