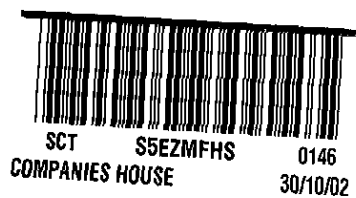


WILLIAM GRANT & SONS INTERNATIONAL LIMITED

Report and Accounts

29 December 2001



William Grant & Sons International Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the 52 weeks to 29 December 2001.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £12,493,000. The directors do not recommend the payment of a dividend leaving a profit of £12,493,000 to be taken to reserves.

PRINCIPAL ACTIVITIES

The company's principal activity during the period continued to be the marketing and distribution of alcoholic beverages.

REVIEW OF THE BUSINESS

Business progressed well, with the exception of a few markets where economic recession affected sales levels. The company policy of brand building was rigorously pursued, and advertising and promotional expenditure was maintained at a high level.

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

P Albaladejo	(appointed 23 October 2001)	H Graham	(resigned 6 November 2001)
T A Carton		V Heavey	
C Conway	(appointed 6 November 2001)	J Henderson	(appointed 6 November 2001)
T Dewey	(appointed 30 January 2001)	M Herbert	(appointed 30 January 2001)
P Dollman	(resigned 6 November 2001)	C Hill	(resigned 6 April 2001)
R Downing		A L Hunt	(resigned 6 November 2001)
F Faria	(appointed 1 April 2001)	A Roberts	(appointed 6 November 2001)
J Fordyce		P Thomas	(resigned 6 November 2001)

None of the directors had any interest in the share capital of the company or its ultimate parent company, William Grant & Sons Limited, at 29 December 2001.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, 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 accounts; and prepare the accounts 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 accounts 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.

William Grant & Sons International Limited

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming annual general meeting.

FUTURE DEVELOPMENTS

The policy of maintaining and increasing the strength of the company's standing throughout the world will be rigorously pursued. This will mean continuing investment in those areas which have performed well, and taking up profitable opportunities to broaden the base of activities.

On behalf of the Board



G D Tait
Secretary

1 October 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WILLIAM GRANT & SONS INTERNATIONAL LIMITED**

We have audited the company's accounts for the year ended 29 December 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 14. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

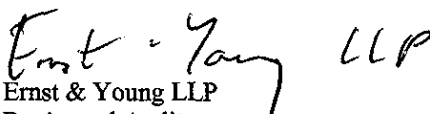
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 29 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Glasgow

1 October 2002

William Grant & Sons International Limited

PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 29 December 2001

	<i>Notes</i>	<i>2001</i> <i>£000</i>	<i>2000</i> <i>£000</i>
TURNOVER	1	157,275	130,951
Cost of sales		126,181	104,646
GROSS PROFIT		31,094	26,305
Income from investments		(6)	(6)
Distribution costs		3,613	1,857
Administration expenses		9,416	10,164
		13,023	12,015
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,071	14,290
Tax on profit on ordinary activities	4	5,578	4,437
PROFIT FOR THE PERIOD AFTER TAXATION		12,493	9,853

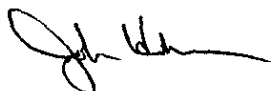
STATEMENT OF TOTAL RECOGNISED GAIN AND LOSSES

There are no recognised gains or losses other than the profit of £12,493,000 in the period ended 29 December 2001 (2000 - profit of £9,853,000).

William Grant & Sons International Limited

BALANCE SHEET at 29 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	5		
Land and buildings		3,612	3,736
Plant and vehicles		216	321
Investments	6	66	66
		<u>3,894</u>	<u>4,123</u>
CURRENT ASSETS			
Debtors	7	182,253	109,736
Cash at bank and in hand		2,815	2,544
		<u>185,068</u>	<u>112,280</u>
CREDITORS: amounts falling due within one year	8	138,020	77,954
		<u>47,048</u>	<u>34,326</u>
NET CURRENT ASSETS			
		<u>50,942</u>	<u>38,449</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>50,942</u>	<u>38,449</u>
CAPITAL AND RESERVES			
Called up share capital	10	3,500	3,500
Profit and loss account	11	47,442	34,949
		<u>50,942</u>	<u>38,449</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>50,942</u>	<u>38,449</u>



J A Henderson
Director

1 October 2002

William Grant & Sons International Limited

ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off their cost in equal annual instalments over their expected useful lives, as follows:

Freehold buildings	-	25 to 50 years
Plant and vehicles	-	5 to 20 years

DEFERRED TAXATION

Deferred taxation is provided on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

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

LEASING COMMITMENTS

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

RELATED PARTY TRANSACTIONS

Related party transactions with group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard 8 "Related Party Disclosures".

CASH FLOW STATEMENT

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking and consolidated accounts which include the company are publicly available.

William Grant & Sons International Limited

NOTES TO THE ACCOUNTS

at 30 December 2001

1. TURNOVER

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities, stated net of Duty and VAT.

An analysis of the turnover, profit and net assets by class of business and geographical origin has not been disclosed. The directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the company.

2. STAFF COSTS

	2001 £000	2000 £000
Wages and salaries	2,144	1,834
Social security costs	168	147
	<u>2,312</u>	<u>1,981</u>

The average weekly number of employees during the period was as follows:

	No.	No.
Administration	15	15
Selling	58	60
	<u>73</u>	<u>75</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2001 £000	2000 £000
Depreciation of fixed assets	260	163

The aggregate remuneration of all UK directors, excluding pension contributions, was £805,000 (2000 - £722,000). The highest paid director received £106,000 (2000 - £162,000). The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is 12 (2000 - 7). The accumulated total accrued pension per annum for the highest paid director was £4,000 (2000 - £13,000).

Fees paid to the auditors for audit services amounted to £17,000 (2000 - £17,000).

William Grant & Sons International Limited

NOTES TO THE ACCOUNTS

at 30 December 2001

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
Based on the profit for the period:		
UK corporation tax at 30%	6,116	4,048
Deferred tax	(469)	386
	<u>5,647</u>	<u>4,434</u>
UK corporation tax (over)/underprovided in previous year	(113)	406
Deferred tax under/(over)provided in previous years	44	(403)
	<u>5,578</u>	<u>4,437</u>

5. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £000	<i>Plant and vehicles</i> £000
Cost:		
At 30 December 2000	5,219	2,662
Additions	-	31
	<u>5,219</u>	<u>2,693</u>
At 29 December 2001		
Depreciation:		
At 30 December 2000	1,483	2,341
Provided during the period	124	136
	<u>1,607</u>	<u>2,477</u>
At 29 December 2001		
Net book value:		
At 29 December 2001	3,612	216
	<u>3,612</u>	<u>216</u>
At 30 December 2000	3,736	321
	<u>3,736</u>	<u>321</u>

Included in freehold land and buildings is land of £124,000 (2000 - £124,000) which is not depreciated.

William Grant & Sons International Limited

NOTES TO THE ACCOUNTS

at 30 December 2001

6. INVESTMENTS

	<i>Unlisted £000</i>
At cost, less amounts written off:	
At 29 December 2001 and at 30 December 2000	66

7. DEBTORS

	<i>2001 £000</i>	<i>2000 £000</i>
Amounts recoverable in one year:		
Other debtors and prepayments	584	373
Amounts owed by parent company and fellow subsidiaries	180,374	108,494
Amounts recoverable after one year:		
Deferred taxation (note 9)	1,295	869
	<u>182,253</u>	<u>109,736</u>

8. CREDITORS: amounts falling due within one year

	<i>2001 £000</i>	<i>2000 £000</i>
Bank loans and overdrafts	19,509	12,427
Trade creditors	4,739	4,123
Current taxation	2,718	449
Other taxes and social security costs	55	48
Other creditors and accruals	26,978	21,101
Pensions	388	425
Amount owed to parent company and fellow subsidiaries	83,633	39,381
	<u>138,020</u>	<u>77,954</u>

9. DEFERRED TAXATION

	<i>2001 £000</i>	<i>2000 £000</i>
Capital allowances in advance of depreciation	-	-
Other timing differences	(1,295)	(869)
	<u>(1,295)</u>	<u>(869)</u>

10. SHARE CAPITAL

	<i>2001 No.</i>	<i>Authorised 2000 No.</i>	<i>Allotted, called up and fully paid 2001 £000</i>	<i>2000 £000</i>
Ordinary shares of £1 each	3,500,000	3,500,000	3,500	3,500

William Grant & Sons International Limited

NOTES TO THE ACCOUNTS

at 30 December 2001

11. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity shareholders' funds £000</i>
At 25 December 1999	3,500	25,096	28,596
Profit for the period after taxation	-	9,853	9,853
At 30 December 2000	3,500	34,949	38,449
Profit for the period after taxation	-	12,493	12,493
At 29 December 2001	3,500	47,442	50,942

12. CONTINGENT LIABILITIES

As announced in January 2001, the Bordeaux Court of Appeal has ruled that the company pay approximately £10,500,000 for damages as a result of the termination of the company's distribution arrangement in France with Marie Brizard, in 1993. The directors consider that the company gave appropriate period of notice of termination. However, the Court decided that this notice was not sufficient. Although the directors believe that the award is excessive, as the financial and economic aspects of the case do not justify a payment of this level, the accounts reflect full provision for the amount of the award, net of interim payments previously made. The directors continue to take all possible measures to resist this claim.

Subsequent to the year end the liability which was fully provided for crystallised and was paid.

13. PENSION ARRANGEMENTS

The Company participates in a number of defined benefits schemes operated by Wm Grant & Sons in the UK. The scheme has a FRS17 deficit as at 29 December 2001. It is not possible to separately identify each subsidiary's share of the underlying assets and liabilities in the schemes and hence FRS17 allows the company to account for its contributions to the scheme as if it were a defined contribution scheme.

14. ULTIMATE PARENT COMPANY

The directors regard William Grant & Sons Limited, a company registered in Scotland, as the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.