ALLIED DOMECQ PLC
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Registration No. 34-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

ý **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

o **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended________________

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

ALLIED DOMECQ PLC

(Exact name of registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

The Pavilions, Bridgwater Road, Bedminster Down, Bristol, BS13 8AR, England

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, nominal value £0.25 each ("ordinary shares")	New York Stock Exchange*
American Depositary Shares, each representing 4 ordinary shares ("ADSs")	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

*

Not for trading, but only in connection with the registration of the ADSs pursuant to the requirements of the Securities and Exchange Commission.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Not Applicable

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes o No ý

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 ý

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Introduction

We are incorporated under the name of Allied Domecq PLC as a public limited company under the laws of England and Wales. We operate pursuant to our Memorandum and Articles of Association, the UK Companies Act 1985, other legislation and regulations in England and Wales and, where applicable, local legislation. Our principal executive office is located at The Pavilions, Bridgwater Road, Bedminster Down, Bristol, BS13 8AR, England, and the telephone number at that office is +44 117 978 5000.

In this registration statement, except as otherwise indicated or as the context otherwise requires, the "Company", "Group", "Allied Domecq", "we", "us" and "our" refers to Allied Domecq PLC and its subsidiaries.

You should rely only on the information contained in this registration statement. We have not authorized anyone to provide you with information that is different. The information in this registration statement may only be accurate on the date of this registration statement or on or as at any other date provided with respect to specific information.

Currency and Currency Translation

Unless we otherwise indicate in this registration statement, references to "Pound Sterling", "Pounds Sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, all references to "US Dollars", "Dollars", "$", "cents" or "¢" are to the lawful currency of the United States.

Solely for your convenience, we have translated some Pound Sterling amounts contained in this registration statement into US Dollars. The rate used to translate such amounts was £1.00 to $1.5307, which was the noon-buying rate for cable transfers in Pounds Sterling as certified for customs purposes by the Federal Reserve Bank of New York on 1 July 2002, known as the "noon-buying rate", unless the context otherwise requires or implies. We provide the US Dollar equivalent information in this registration statement solely for the convenience of the readers of this registration statement, and you should not construe it as implying that the Pound Sterling amounts represent, or could have been or could be converted into, US Dollars at such rates or at any rate. See the section entitled "Item 3 Key Information Exchange Rate Information" for more detailed information regarding the translation of Pounds Sterling into US Dollars.

Industry Data

In this registration statement, we refer to information regarding the premium distilled spirits market segments from Impact International, an international drinks magazine that is independent from industry participants. Impact International collects information on the premium distilled spirits market from a variety of sources, including brand owners, import and export enterprises, trade associations and governmental agencies such as the US Commerce Department.

Data provided by Impact International may differ from data we have compiled with respect to our products. Impact International is aware of and has consented to our naming them in this registration statement. We believe that all of the information in this registration statement that is based on statements from Impact International is reliable.

Trademarks

This registration statement includes names of our products, which constitute trademarks or trade names which we own or which others own and license to us for our use. This registration statement also contains other brand names, trade names, trademarks or service marks of other companies, and these brand names, trade names, trademarks or service marks are the property of those other companies.

Presentation of Financial Information

Unless otherwise noted, the financial data that we present in this registration statement has been prepared in accordance with generally accepted accounting principles in the United Kingdom, or UK GAAP. UK GAAP differs in some respects from generally accepted accounting principles in the United States, or US GAAP. For a summary of the main differences between US GAAP and UK GAAP as they relate to us, see Note 34 to our Audited Consolidated Financial Statements.

Cautionary Statement Regarding Forward-Looking Information

Some statements in this registration statement represent our expectations for our business and the industries in which we operate, and involve risks and uncertainties. We principally make these forward-looking statements in the sections entitled "Item 4 Information on the Company" and "Item 5 Operating and Financial Review and Prospects". You can identify these statements by the use of words such as "believes", "expects", "may", "will", "should", "intends", "plans", "anticipates", "estimates" or other similar words. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because these forward-looking statements include risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including the factors discussed in the section entitled "Item 3 Key Information Risk Factors".

We undertake no obligation publicly to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Given these considerations, you should not place undue reliance on such forward-looking statements.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Directors and Senior Management

For a description of our Directors and senior management, see the section entitled, "Item 6 Directors, Senior Management and Employees".

Auditors

Our independent auditors for the three years ended 31 August 2001 have been KPMG Audit Plc, 8 Salisbury Square, London EC4Y 8BB, England.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

You should read the following selected historical consolidated financial data in conjunction with the section entitled "Item 5 Operating and Financial Review and Prospects", our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Statements and the related Notes appearing elsewhere in this registration statement.

In September 1999, we restructured our business to focus on our spirits and wine business, which we refer to as our Spirits & Wine business, and our quick service restaurants business, which we refer to as our QSR business, by disposing of our managed and leased pub business and our 50% interest in a liquor store joint venture, which we collectively refer to as our UK Retail business, to Punch Taverns Group Limited. Accordingly, we treat the UK Retail business, which represented 38% of our total turnover during the year ended 31 August 1999, the last full financial year prior to its disposal, as a discontinued business.

Our selected historical consolidated financial data for the three years ended 31 August 2001 have been derived from our Audited Consolidated Financial Statements and the Notes thereto appearing elsewhere in this registration statement. Our selected historical consolidated financial data for the six months ended 28 February 2002 and 2001 have been derived from our Unaudited Interim Consolidated Financial Statements and the Notes thereto also appearing elsewhere in this registration statement. In the opinion of our management, our Unaudited Interim Consolidated Financial Statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of our results for the unaudited interim periods. The Unaudited Interim Consolidated Financial Statements for the six months ended 28 February 2002 may not be indicative of our results for the full financial year.

We have implemented Financial Reporting Standard 19 Deferred Tax in the six month period ended 28 February 2002. As a result, our Audited Consolidated Financial Statements as at 31 August 2001 and 2000, and for the three year period ended 31 August 2001 have been restated. Our Unaudited Interim Consolidated Financial Statements as at 28 February 2001 and for the six month period ended 28 February 2001 have also been restated.

Our consolidated financial statements have been prepared in accordance with UK GAAP, which differs in certain respects from generally accepted accounting principles in the United States, or US GAAP. See Note 34 to our Audited Consolidated Financial Statements and Note 16 to our Unaudited Interim Consolidated Financial Statements for a summary of the main differences between UK GAAP and US GAAP as they relate to us.

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UK GAAP Information

	Six months ended 28 February			Year ended 31 August (restated)					
Consolidated profit and loss account	**2002(1)**	**2002**	**2001(6)**	**2001(1)**	**2001(6)**	**2000(6)**	**1999(6)**	**1998(6)**	**1997(6)**
	$	**£**	**£**	**$**	**£**	**£**	**£**	**£**	**£**
		(unaudited)							
				(million, except for per share and dividend data)					
Turnover:									
Continuing operations	2,608	1,704	1,457	4,407	2,879	2,602	2,408	2,398	2,506
Discontinued operations(2)						30	1,695	1,910	1,943
Total turnover(3)	2,608	1,704	1,457	4,407	2,879	2,632	4,103	4,308	4,449
Trading profit:									
Continuing operations	479	313	277	903	590	487	430	419	410
Discontinued operations						13	241	302	305
Total trading profit	479	313	277	903	590	500	671	721	715
Finance charges	(95)	(62)	(41)	(138)	(90)	(83)	(92)	(106)	(108)
Trading profit before the following items:	384	251	236	765	500	417	579	615	607
Goodwill amortization and exceptional items	149	97	(4)	(18)	(12)	(3)			
Exceptional operating costs	(20)	(13)	(6)	(14)	(9)	(54)	(253)	(87)	
Profits/(losses) on sales of businesses and fixed assets				9	6	59	167	(37)	(5)
Debenture/loan stock repayment premia							(272)	(36)	
Profit on ordinary activities before taxation	513	335	226	742	485	419	221	455	602
Taxation	(153)	(100)	(59)	(196)	(128)	(80)	(140)	(187)	(166)
Minority interests and preference dividends	(12)	(8)	(6)	(20)	(13)	(9)	(6)	(21)	(31)
Profit earned for ordinary shareholders	348	227	161	526	344	330	75	247	405

	Six months ended 28 February								
Earnings and dividends									
Earnings per ordinary share:									
Basic and diluted	33.1¢	21.6p	15.2p	49.9¢	32.6p	31.2p	7.2p	23.7p	39.0p
Earnings per ordinary share before goodwill amortization, exceptional items and discontinued operations:									
Basic and diluted(4)(5)	26.3¢	17.2p	16.1p	51.9¢	33.9p	28.6p	22.3p	19.8p	18.1p
Dividends per ordinary share	7.5¢	4.9p	4.5p	18.5¢	12.1p	11.0p	15.0p	25.3p	24.4p
Weighted average ordinary shares used in earnings per share calculation	1,049	1,049	1,056	1,054	1,054	1,059	1,047	1,042	1,039

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	As at 28 February		As at 31 August (restated)					
Consolidated balance sheet data	**2002(1)**	**2002**	**2001(1)**	**2001(6)**	**2000(6)**	**1999(6)**	**1998(6)**	**1997(6)**
	$	**£**	**$**	**£**	**£**	**£**	**£**	**£**
	(unaudited)							
				(million)				
Fixed assets	2,775	1,813	2,368	1,547	762	2,908	2,938	2,927
Net current assets excluding net borrowings	2,148	1,403	1,544	1,009	989	911	696	665
Creditors over one year and provisions	(491)	(321)	(448)	(293)	(296)	(285)	(243)	(233)
Total assets	4,432	2,895	3,464	2,263	1,455	3,534	3,391	3,359
Short-term borrowings less cash	(1,756)	(1,147)	(1,009)	(659)	(446)	(535)	(543)	(77)
Loan capital	(1,803)	(1,178)	(1,829)	(1,195)	(806)	(780)	(858)	(1,065)
Net assets	873	570	626	409	203	2,219	1,990	2,217

US GAAP Information

	Six months ended 28 February			Year ended 31 August		
Consolidated profit and loss account data	**2002(1)**	**2002**	**2001**	**2001(1)**	**2001**	**2000**
	$	**£**	**£**	**$**	**£**	**£**
		(million, except for per share data)				
Turnover	2,448	1,599	1,397	4,223	2,759	2,520
Trading profit	488	319	220	880	575	373
Net income:						
Continuing operations(7)	251	164	75	508	332	266
Discontinued operations						1,288
Net income(7)	251	164	75	508	332	1,554
Basic and diluted net earnings per share:						

	Six months ended 28 February					
Continuing operations(7)	23.9¢	15.6p	7.1p	48.2¢	31.5p	25.1p
Discontinued operations	¢	p	p			121.6p
Total(7)	23.9¢	15.6p	7.1p	48.2¢	31.5p	146.7p

	As at 28 February		As at 31 August		
Consolidated balance sheet data	**2002(1)**	**2002**	**2001(1)**	**2001**	**2000**
	$	**£**	**$**	**£**	**£**
			(million)		
Total assets	8,731	5,704	8,051	5,260	4,285
Shareholders' funds and minorities	2,391	1,562	2,376	1,552	1,579

Notes:

(1) Amounts translated for convenience at the noon-buying rate on 1 July 2002 of £1.00=$1.5307.

(2) Discontinued operations relate primarily to the disposal of our UK Retail business to Punch Taverns Group Limited and the disposal of Cantrell & Cochrane in 1999.

(3) In the years ended 31 August 2000 and 1999, turnover respectively included £12 million and £624 million of our share of turnover from third-party ventures.

(4) Earnings per share of 17.2p in the period ended 28 February 2002 (2001: 16.1p) has been calculated on earnings before goodwill amortization and exceptional items of £180 million (2001: £170 million) divided by the average number of shares of 1,049 million (2001: 1,056 million).

(5) Earnings per share of 33.9p in the year ended 31 August 2001 (2000: 28.6p, 1999: 22.3p) has been calculated on earnings before goodwill amortization, exceptional items and discontinued operations of £357 million (2000: £303 million, 1999:

£234 million) divided by the average number of shares of 1,054 million (2000: 1,059 million, 1999: 1,047 million). However, in October 2001, the Mexican Supreme Court ruled that the excise duty regime imposed on large spirits companies in Mexico was inequitable and awarded damages to several of the plaintiffs, including us. The Mexican Supreme Court has awarded compensation of Pesos 1.5 billion (£112 million at the then current exchange rates) plus applicable interest and inflation adjustments. Our earnings for the year ended 31 August 2001 include a net benefit to earnings of £30 million. Excluding this earnings benefit, earnings per ordinary share before goodwill amortization and exceptional items would have been 31.0p. In the period ended 28 February 2002, the Mexican excise rebate has been treated as an exceptional item. For a further description of the Mexican excise rebate, see "Item 5 Operating and Financial Review and Prospects Factors Affecting Results of Operations Mexican Excise Rebate".

(6) As explained within the Accounting Policies section of our Audited Consolidated Financial Statements we adopted Financial Reporting Standard 19 Deferred Tax in the six month period ended 28 February 2002 which resulted in the restatement of the financial statements of prior periods. The following table provides a reconciliation between profit earned for ordinary shareholders and earnings per ordinary share as originally reported and after adoption of FRS 19.

	Six months ended 28 February			Year ended 31 August (restated)					
	2002	**2002**	**2001**	**2001(1)**	**2001**	**2000**	**1999**	**1998**	**1997**
	$	**$**	**£**	**£**	**$**	**£**	**£**	**£**	**£**
		(unaudited)							

	Six months ended 28 February			Year ended 31 August (restated)					
				(million, except for per share)					
Profit earned for ordinary shareholders as originally reported	348	227	161	526	344	317	76	274	401
Adoption of FRS 19 Deferred Tax						13	(1)	(27)	4
Profit earned for ordinary shareholders restated	348	227	161	526	344	330	75	247	405
Earnings per ordinary share basic and diluted as originally reported	33.1	21.6	15.2	49.9	32.6	29.9	7.3	26.3	38.6
Adoption of FRS 19 Deferred Tax						1.2	(0.1)	(2.6)	0.4
Earnings per ordinary share basic and diluted restated	33.1	21.6	15.2	49.9	32.6	31.2	7.2	23.7	39.0

(7)
As explained in Note 16 to our Unaudited Interim Consolidated Financial Statements, we adopted Statement of Financial Accounting Standards ("SFAS") No. 142 on 1 September 2001. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized, but instead tested for impairment at least annually. If such amortization were excluded from results for prior periods, net income (and earnings per share) would be increased by £29 million (2.7p), £61 million (5.9p) and £56 million (5.3p) for the six month period ended 28 February 2001 and the years ended 31 August 2001 and 2000, respectively.

Dividends

Our Board of Directors normally declares an interim dividend in respect of each fiscal year in April for payment in July. The final dividend in respect of each fiscal year is normally recommended by our Board of Directors in October and paid in February following approval by our shareholders.

The following table sets out the dividends paid on our ordinary shares and American Depositary Shares, or ADSs, in respect of each of the five years ended 31 August 2001. During each of the periods set out below, each of our ADSs represented a beneficial interest in one ordinary share. In September 1999, we restructured our business and disposed of our UK Retail business. In connection with the disposal, we returned the value of our UK Retail business, approximately £2.6 billion, to our shareholders. Accordingly, our Board of Directors did not declare a final dividend with respect to the

year ended 31 August 1999. Interim and final dividends declared in respect of the years ended 31 August 2000 and 2001 reflect our restructured business.

	Year ended 31 August				
	2001	2000	1999	1998	1997
per ordinary share					
Interim	4.50p	4.00p	15.00p	9.73p	9.44p
Final	7.60p	7.00p		15.60p	15.00p
Total	12.10p	11.00p	15.00p	25.33p	24.44p
per ADS(1)					
Interim	5.40¢	4.79¢	22.34¢	14.55¢	14.21¢
Final	9.60¢	9.13¢		23.30¢	22.51¢

	Year ended 31 August				
Total	15.00¢	13.92¢	22.34¢	37.85¢	36.72¢

Note:

(1) Each ADS represents a beneficial interest in one ordinary share.

We have recently entered into an amended and restated deposit agreement, which we refer to as the Deposit Agreement, among ourselves, JPMorgan Chase Bank, as depositary of our ADSs, and the holders of our American Depositary Receipts, or ADRs. The amended and restated Deposit Agreement, among other things, amends the terms of our ADSs so that each ADS represents a beneficial interest in four of our ordinary shares. In the future, payments of dividends per ADS will represent payments on the four ordinary shares underlying that ADS.

Our dividends are payable in Pounds Sterling. Dividends paid by the depositary in respect of ADSs are paid in US Dollars based on market rates of exchange that may differ from the noon-buying rate on the payment day. See the section entitled "Item 12 Description of Securities other than Equity Securities American Depositary Shares and American Depositary Receipts" for a description of dividend payments on ADSs.

Our Board of Directors has concluded that the appropriate level of dividend cover, earnings per share divided by dividend per share, should be approximately 2.5 and that our dividends should grow in line with growth in underlying earnings. This supports our strategic objective to optimize the efficiency of our capital structure while maintaining prudent financial ratios. We believe that this policy will enable us to retain sufficient cash flow to finance both investment in brands and future capital expenditure. We measure the returns on such expenditure against the benefits of returning capital to shareholders. Nevertheless, our future dividends depend upon our earnings, financial condition and other factors, and as a result, we cannot assure you that the interim and final dividends that we paid in the past are indicative of future interim or final dividends.

A revised income tax convention between the United States and the United Kingdom is currently being ratified. This may affect the US Federal income tax consequences of owning our ordinary shares or ADSs, including the taxation of dividend payments. For a more detailed discussion of those and other tax consequences of owning our ordinary shares or ADSs, see the section entitled "Item 10 Additional Information Taxation".

Exchange Rate Information

The following tables set out the low, high, average and period-end exchange rates for the years indicated and the low and high exchange rates for the past six months. These rates, expressed in US Dollars per Pound Sterling, are based on the noon-buying rates for cable transfers in Pounds Sterling as certificated for customs purposes by the Federal Reserve Bank of New York. The average rates reflect the average of the noon-buying rates on the last business day of each month during the relevant year. We have provided these rates for your convenience. They are not the rates we have used in this registration statement for currency translations or, where applicable, in the preparation of the financial statements included in this registration statement.

	Annual exchange rates of US Dollars per £1.00 for the year ended 31 August				
	2001	**2000**	**1999**	**1998**	**1997**
Low	1.3730	1.4514	1.5515	1.5827	1.5515
High	1.5045	1.6765	1.7222	1.7035	1.7123
Average	1.4418	1.5667	1.6303	1.6550	1.6363
Period-End	1.4510	1.4515	1.6086	1.6760	1.6203

	June 2002	**May 2002**	**April 2002**	**March 2002**	**February 2002**	**January 2002**	**December 2001**	**November 2001**
Low	1.4574	1.4474	1.4310	1.4190	1.4177	1.4074	1.4164	1.4588

	June 2002	May 2002	April 2002	March 2002	February 2002	January 2002	December 2001	November 2001
High	1.5285	1.4676	1.4540	1.4270	1.4322	1.4482	1.4095	1.4650

On 19 July 2002, the noon-buying rate was £1.00=$1.5785.

Exchange Controls and Other Limitations Affecting Security Holders

There are currently no UK foreign exchange control restrictions on our operations or affecting the remittance of dividends. Any dividends we pay to holders of our ADSs may be subject to UK or other taxation. You should read the information in the section entitled "Item 10 Additional Information Taxation" for a more detailed discussion of the tax consequences of investing in our ADSs. There are no restrictions under our Memorandum and Articles of Association or under the laws of England and Wales that limit the right of non-resident or foreign holders to hold or exercise voting rights in connection with our ordinary shares.

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Capitalization and Indebtedness

The following table shows our indebtedness and capitalization as at 28 February 2002 and as adjusted in accordance with UK GAAP, to reflect our use of existing debt facilities and the issuance of ordinary shares to finance acquisitions since 28 February 2002 as well as other changes as at 1 July 2002. You should read this table in conjunction with the section entitled "Item 5 Operating and Financial Review and Prospects", our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Statements and the related Notes appearing elsewhere in this registration statement.

	As at 28 February 2002	As adjusted	As adjusted(1)
	£	£	$
		(million)	
Long-term debt (excluding current maturities):			
Secured(2)	48	48	73
Unsecured	1,130	1,759	2,693
Total long-term debt	1,178	1,807(3)	2,766(3)
Equity shareholders' funds:			
Called-up share capital	267	277(4)	424(4)
Share premium account	26	165	253
Merger reserve	(823)	(823)	(1,260)
Profit and loss account	1,032	1,032	1,580
Total equity shareholders' funds	502	651	997
Minority interests	75	75	115
Total capitalization	1,755	2,533	3,878

Notes:

(1) Amounts translated for convenience at the noon-buying rate on 1 July 2002 of £1.00=$1.5307.

(2) Secured long-term debt refers to a NZ Dollar 225 million revolving credit facility that is secured by a charge over the assets of Montana Group (NZ) Limited, or Montana®. We acquired Montana in August 2001.

(3) The increase in total long-term debt represents approximately £629 million net proceeds from the offering of EUR600 million notes due 2009 and £250 million notes due 2014 to finance the acquisition of Malibu®, Mumm Cuvée Napa® and associated assets from Diageo plc. The acquisition was completed on 22 May 2002.

(4) Reflects the private placement of 39 million new ordinary shares for net proceeds of £149 million to fund part of the cost of acquiring Malibu, Mumm Cuvée Napa and associated assets from Diageo plc.

Save as disclosed above, there have been no material changes to our indebtedness or capitalization since 28 February 2002.

Risk Factors

Investors, holders and prospective purchasers of our ADSs and ordinary shares should, in addition to paying due regard to the Cautionary Statement Regarding Forward-Looking Information noted above, also carefully consider all of the information set out in this registration statement. In particular, you should consider the special features applicable to an investment in us, including those set out below.

Factors Relating to Our Business

Contamination or other circumstances could harm the brand integrity or customer support for our brands and adversely affect the sales of those products.

The success of our brands depends upon the positive image that consumers have of those brands, and contamination, whether arising accidentally or as a consequence of deliberate third party action, or other events that harm the brand integrity or consumer support for those brands, could adversely affect their sales. We purchase most of the raw materials for the production of our spirits and wine from third-party producers or on the open market. Contaminants in those raw materials or defects in the distillation or fermentation process could lead to low beverage quality as well as illness among or injury to our consumers and may result in reduced sales of the affected brand or all of our brands. Also, to the extent that third parties sell products which are either counterfeit versions of our brands or brands that look like our brands, consumers of our brands could confuse our products with products that they consider inferior. This could cause them to refrain from purchasing our brands in the future and in turn could impair brand equity and adversely affect our sales and operations.

In addition, we have entered into agreements with third parties to produce ready-to-drink and other products that will carry our brands and trademarks. Also, as part of the transition process of transferring Malibu, a coconut-flavored rum-based spirit, from Diageo plc to us, Diageo will produce, and, together with other third parties, will package, Malibu until the end of the nine-month period after the completion of the acquisition. If these third parties contaminate or cause a decrease in the quality of these products, they could tarnish the overall reputation of the relevant brands and may result in reduced sales of the affected brand or brands.

Sales from our portfolio of premium branded spirits and wine may be disproportionately affected relative to non-premium branded drinks products by an economic downturn or recession in our key markets.

We believe that during times of economic uncertainty or hardship consumers may choose to purchase lower value consumer goods as opposed to higher value consumer goods, which include our premium branded spirits and wine. Reduced sales by our Spirits & Wine business as a result of an economic downturn or recession in certain key markets, particularly the United States, Mexico, South Korea, Spain and the United Kingdom, may have an adverse effect on the results of operations of our Spirits & Wine business. Because turnover of our Spirits & Wine business represented 89% of our total turnover during the year ended 31 August 2001, a reduction in sales of our premium branded spirits and wine in those key markets could have an adverse effect on our results of operations and business prospects as a whole.

Regulatory decisions and changes in the legal and regulatory environment in the countries in which we operate could limit our business activities or increase our operating costs.

As a leading international branded drinks and retailing group, our business is subject to extensive regulatory requirements regarding production, distribution, marketing, advertising and labeling in the countries in which we operate. In addition, our products are subject to differing import and excise duties in the countries in which we operate. Regulatory decisions or changes in the legal and regulatory requirements in these areas may have the following effect on our business:

Product recall: Governmental bodies in the countries in which we operate may have enforcement powers that can subject us to actions such as product recall, seizure of products and other sanctions, each of which could have an adverse effect on our sales or damage our business.

Advertising and promotion: Governmental bodies in the countries in which we operate may impose limitations on advertising activities used to market alcoholic beverages such as prohibition or limitations on the television advertising of spirits. These limitations may inhibit or restrict our ability to maintain or increase the strong consumer support for and recognition of our brands in key markets and may adversely affect our results of operations.

Labeling: Governmental bodies in the countries in which we operate may impose additional labeling and production requirements. Changes to labeling requirements for alcoholic beverages, including our portfolio of premium branded spirits and wine, may detract from their appeal to consumers and as a result, lead to a reduction in sales of those beverages. In addition, this may result in increased costs.

Import and excise duties: Our products are subject to import and excise duties. An increase in import or excise duties may reduce overall consumption of our premium branded spirits and wine or cause consumers to prefer lower-taxed spirits and wine to ours.

We depend upon our trademarks and proprietary rights, and any failure to protect our intellectual property rights or any claims that we are infringing upon the rights of others may adversely affect our competitive position.

Our success depends, in large part, on our ability to protect our current and future brands and products and to defend our intellectual property rights. We have been issued numerous trademarks covering our brands and products and have filed, and expect to continue to file, trademark applications seeking to protect newly-developed brands and products. We cannot be sure that trademarks will be issued with respect to any of our pending trademark applications or that our competitors will not challenge, invalidate or circumvent any existing or future trademarks issued to, or licensed by, us.

If we do not successfully anticipate changes in consumer preferences and tastes, sales of our products could be adversely affected.

Our portfolio includes a range of premium branded spirits and wine and food products. Maintaining our competitive position depends on our continued ability to offer products that have a strong appeal to consumers. For example, we have recently developed two ready-to-drink beverages, Stolichnaya® Citrona and Sauza® Diablo , in partnership with the Miller Brewing Company. Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends or changes in travel, vacation or leisure activity patterns. Any significant shift in consumer preferences coupled with our failure to anticipate and react to such changes could reduce the demand for certain products in our portfolio resulting in reduced sales or harm to the image of our brands.

A substantial decrease in our ability to supply our consumers with our products could adversely affect the results of our operations.

An interruption or substantial decrease in our ability to supply customers of our brands could damage our sales and image as well as our relationships with customers and consumers. Problems which might constrain supply or lead to increased costs include:

Climate, agriculture and nature: A number of our products such as champagne, cognac, wine, some whiskies and tequila depend on agricultural produce from demarcated regions. If any of these regions were to experience weather variations, natural disasters, pestilence or other occurrences, we might not be able to obtain readily a sufficient supply of these commodities and there could be a decrease in our production of the product from that region or an increase in its cost. For example, a recent shortage of agave, the primary raw material used in the production of tequila, led to the decreased production and sale of our tequila products during the years ended 31 August 2000 and 2001.

Loss of inventory: We have a substantial inventory of aged product categories, principally Scotch whisky, Canadian whisky, cognac, brandy and fortified wine, which mature over periods of up to 30 years. As at 31 August 2001, our maturing inventory amounted to £905 million. While our maturing inventory is stored at numerous locations throughout the world, the loss through fire or other natural disaster of all or a portion of our stock of any one of those aged product categories may not be replaceable and, consequently, may lead to a substantial decrease in supply of those products.

We have entered into arrangements with third parties in various key markets, and the termination of our relationship with those third parties for any reason may adversely affect our results of operations in those key markets and our results of operations and business prospects as a whole.

We have relationships with third parties throughout our business. The breakdown of some of these relationships could immediately limit our access to customers and, as a result, damage short- and long- term performance. These relationships include:

Distribution partnerships: We have agreements with third parties to distribute and in some cases manufacture our products in various key markets, including Jinro Limited, in South Korea, and Suntory Limited, in Japan. A change in these relationships could seriously interrupt our business in those countries in both the long- and short-term.

Brand distribution rights: We distribute some third party brands through our global spirits and wine distribution network. In particular, we have recently acquired the trademark rights to the Stolichnaya brand of vodka in the United States. We have an exclusive distribution agreement with Spirits International NV and S.P.I. Spirits (Cyprus) Limited, which together we refer to as SPI Spirits, to distribute Stolichnaya vodka in the United States and the right of first refusal over the distribution of the Stolichnaya brand as it becomes available in countries outside the United States. We understand SPI Spirits and the Russian government are currently involved in a dispute over the trademark rights to Stolichnaya. While we are not a party to the dispute, there is a risk that the Russian government may take action that prevents our supplier entirely fulfilling its obligations to us. Any sustained interruption in the supply may adversely affect our business.

Franchisees: We entrust the management of each quick service restaurant to franchisees. Differing levels of quality or service at each quick service restaurant or improper management by any of these franchisees could compromise the consumer image of our quick service restaurant brands and adversely affect our business performance.

International retail customers: Multiple retail chains are an important channel for our Spirits & Wine business. The increasing consolidation of the supermarket industry worldwide is resulting in the creation of a small number of powerful international retailers. The concentration of our business in fewer, larger, customers could present a significant risk to us if mutually beneficial relationships are not sustained.

Failure to successfully integrate and manage acquired businesses and brands could adversely impact current and future business performance and potentially impact our ability to meet our increased debt obligations.

We have acquired a number of businesses and brands in the last two years and have incurred an amount of additional debt to finance them. As at 31 August 2001, our net debt was £1,854 million, an increase of £602 million from 31 August 2000, and as at 28 February 2002 our net debt was £2,325 million. The ability of these acquired businesses to make a positive contribution to our business will depend on our ability to integrate them successfully into our existing operations and optimize the benefit that comes from the synergies arising throughout our various businesses. If we do not achieve successful integration of our new businesses, we may not achieve the financial and operational benefits we currently anticipate and as a result, may not be able adequately to service our increased debt obligations. In addition, the successful integration of our newly acquired businesses may require greater amounts of management time and resources than we currently anticipate and thereby have an adverse effect on the conduct of our business, financial condition and results of operations.

Litigation and publicity concerning product quality, health and other issues may cause consumers to avoid our products and may result in liabilities.

Litigation and complaints from consumers or government authorities resulting from beverage and food quality, illness, injury and other health concerns or other issues stemming from one product or a limited number of products, including ready-to-drink and other products produced by licensees or franchisees may affect our industry. More specifically, we may be the subject of class action or other litigation relating to these allegations. Any litigation or adverse publicity surrounding any of these allegations may negatively affect us and our licensees, regardless of whether the allegations are true, by discouraging consumers from buying our products. In addition, litigation could result in a judgment for significant damages against us. We could also incur significant litigation costs and the diversion of management time as a result of a lawsuit or claim regardless of the result.

It may be difficult for you to effect service of process and enforce legal process against our directors outside of the United States.

None of our Directors is a resident of the United States, and most of their assets are located outside of the United States. As a result, it may not be possible for you to effect service of process within the United States upon them or to enforce against them judgments of US courts predicated upon civil liability provisions of the US federal or state securities laws.

The United States has not entered into a treaty with England and Wales providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. As a result, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US securities laws, would not automatically be enforceable in England and Wales. In order to enforce any judgments in England and Wales, proceedings must be initiated by way of separate action before a court of competent jurisdiction in England or Wales. In an action of this character, a court in England or Wales will generally not reinvestigate the merits of the original matter decided by a US court and will enforce a final and conclusive judgment of the US court for a definite sum of money, provided that the circumstances in which the US court took jursdiction are recognized as sufficient under the law of England and Wales to establish the competence of the US court for enforcement purposes and unless there is a valid ground for objection or impediment to enforcement of the judgment including, but not limited to, the following:

- the recognition or enforcement of the judgment would contravene the public policy of England and Wales,

- the judgment is for a tax, penalty or fine or in respect of any other charges of a like nature,

- the judgment has been obtained by fraud or in breach of the principles of natural justice,

- before the date on which the US court gave judgment, the matter in dispute had been the subject of a final judgment of another court whose judgment is enforceable in England and Wales,

- the judgment is for an amount arrived at by doubling or otherwise multiplying a sum assessed as compensation for loss or damage sustained,

- an applicable limitation period has expired or there is an undue delay, and

- the judgment debtor is subject to any insolvency or similar proceedings or has any set off or counterclaim against the judgment creditor.

Although holders of our ordinary shares or ADSs may be able to enforce in England and Wales judgments in civil and commercial matters obtained from US federal and state courts, we cannot assure you that these judgments will be enforceable. In addition, there is doubt as to whether a court in England or Wales would accept jurisdiction and impose civil liability in an original action predicated solely upon US federal securities laws.

Factors Relating to Our Ordinary Shares and ADSs

Our ADSs may have fewer and less well-defined shareholders' rights as compared with shareholders' rights of similar US companies.

Our Memorandum and Articles of Association and the corporate law of England and Wales differ from the legal principles that would apply to us if we were incorporated in a jurisdiction in the United States. In particular, your rights to protect your interests relative to actions taken by our Board of Directors may be fewer and less well-defined than under the laws of the United States.

Some entitlements are not available to US holders of our ordinary shares and ADSs.

Due to various laws and regulations of the United States as well as those of England and Wales, US holders of our ordinary shares or ADSs may not be entitled to all of the rights possessed by holders of our ordinary shares in England and Wales. For instance, US holders of our ordinary shares or ADSs may not be able to exercise any pre-emptive or preferential rights relating to their ordinary shares or ADSs unless a registration statement under the Securities Act of 1933 is effective or an exemption from the registration requirements thereunder is available.

Item 4. Information on the Company

Overview

We are a leading international branded drinks and retailing group. Our business comprises one of the world's largest international spirits and wine groups, which we refer to as our Spirits & Wine business, and a leading international quick service restaurants group, which we refer to as our QSR business. During the year ended 31 August 2001, our turnover was £2,879 million and trading profit was £590 million.

Our Spirits & Wine business manufactures, markets and sells a portfolio of premium branded spirits, which Impact International estimates includes 14 of the top 100 premium distilled spirit brands by volume, and a growing portfolio of premium branded wines. Our Spirits & Wine business operates through a global distribution network in over 50 countries and generates approximately 40% of its trading profit, excluding the Mexican excise rebate, in North America and 31% in Europe. During the year ended 31 August 2001, turnover of our Spirits & Wine business was £2,571 million and trading profit was £505 million. Turnover and trading profit of our Spirits & Wine business represented approximately 89% and 86% of our total turnover and trading profit in that year.

Our QSR business operates an international franchise business, which comprises over 10,000 outlets. Our QSR business is comprised of Dunkin' Donuts®, one of the world's leading coffee and baked goods chains; Baskin-Robbins®, one of the world's leading ice cream franchises; and Togo's®, a sandwich chain operating principally on the West coast of the United States. During the year ended 31 August 2001, turnover of our QSR business was £308 million and trading profit was £72 million. Turnover and trading profit of our QSR business represented approximately 11% and 12% of our total turnover and trading profit in that year.

We also hold a 25% interest in Britannia Soft Drinks Ltd., a UK company engaged in the manufacture and sale of soft drinks.

The following table sets out for each of the three years ended 31 August our turnover and trading profit by business segment.

	Year ended 31 August					
	2001		2000		1999	
	£	%	£	%	£	%
	(million, except percentages)					
Turnover(1)						
Spirits & Wine	2,571	89	2,297	88	2,110	88
QSR	308	11	305	12	298	12
Total	2,879	100	2,602	100	2,408	100
Trading Profit(2)						
Spirits & Wine	505	86	414	85	369	86
QSR	72	12	64	13	53	12
Other(3)	13	2	9	2	8	2

	Year ended 31 August					
Total	590	100	487	100	430	100

Notes:

(1) Turnover for our Spirits & Wine business includes excise duty paid on our spirits and wine products and for our QSR business primarily comprises franchise income. Turnover for both our Spirits & Wine and QSR businesses excludes discontinued operations.

(2) Trading profit is stated before exceptional items, goodwill amortization and finance charges and excludes discontinued operations. In addition, trading profit during the year ended 31 August 2001 includes the effect of the Mexican excise rebate. For more information about the Mexican excise rebate, see "Item 5 Operating and Financial Review and Prospects Factors Affecting Results of Operations Mexican Excise Rebate".

(3) Other comprises our share of profits from our investment in Britannia Soft Drinks Ltd.

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The following table sets out for each of the three years ended 31 August 2001, 2000 and 1999 our turnover by geographic market:

	Year ended 31 August					
	2001		2000		1999	
	£	%	£	%	£	%
	(million, except percentages)					
Geographical analysis						
Turnover						
Europe	982	34	968	37	1,003	42
Americas	1,542	54	1,392	54	1,192	49
Rest of World	355	12	242	9	213	9
Total	2,879	100	2,602	100	2,408	100

History and Development

The Company was established in 1961 by the merger of three UK brewing and pub retailing companies. Since then, we have grown to become a leading international branded drinks and retailing company with operations in the spirits and wine industry, the quick service restaurants industry and, until recently, the retail pub industry.

Spirits & Wine Business

The key events in the growth of our Spirits & Wine business were:

In 1966, we acquired Harveys of Bristol, a UK based producer of spirits and wine and the owner of Harveys® sherry and Cockburn's® port;

In 1986, we acquired the Canadian distillers Hiram Walker, Gooderham & Worts, owners of a large premium branded spirits portfolio including Ballantine's® whisky, Canadian Club® whisky, Courvoisier® cognac and Kahlúa® coffee liqueur;

In 1988, we entered into a spirits distribution arrangement with Suntory Limited, a leading spirits distributor in Japan;

In 1990, we acquired James Burrough Limited, distillers of Beefeater® gin;

In 1994, we acquired Pedro Domecq S.A., a leading spirits producer and marketer in Spain and Mexico;

In 2000, we established a spirits production and distribution venture with Jinro Limited in South Korea;

In 2000, we entered into a Trademark, Supply and Distribution Agreement with SPI granting us exclusive distribution and trademark rights in respect of its various vodka brands, including Stolichnaya in the United States;

In 2001, we acquired Kuemmerling GmbH, a German spirits producer; and

In 2002, we acquired Malibu, a coconut-flavored rum-based spirit.

We have recently increased the scope of our premium wine portfolio through a series of acquisitions, namely:

In 2001, we acquired G. H. Mumm & Cie and Champagne Perrier Jouët, champagne producers;

In 2001, we acquired Montana Group (NZ) Limited, New Zealand's largest winemaker;

In 2001, we acquired Buena Vista Winery, Inc., a Californian wine producer;

In 2001, we acquired Bodegas y Viñedos Graffigna Limitada S.R.L. and Viñedos y Bodegas Sainte Sylvie S.R.L., two Argentine wine producers;

In 2001, we acquired Bodegas y Bebidas S.A., the leading Spanish wine producer; and

In 2002, we acquired Mumm Cuvée Napa, a Californian sparkling wine.

QSR Business

We entered the quick service restaurants business in 1978 with our acquisition of J. Lyons & Co. Limited, owner of Baskin-Robbins. In 1989, we acquired Dunkin' Donuts, and in 1997 we acquired Togo's.

Discontinued Operations

In 1999, we decided to focus our operations on our Spirits & Wine and our QSR businesses. Accordingly, in January 1999, we disposed of Cantrell & Cochrane, which was principally a cider and soft drinks company based in Ireland. In September 1999, we disposed of our UK Retail business, which consisted of our managed and leased pub business and our 50% interest in a liquor store joint venture with Whitbread plc, to Punch Taverns Group Limited.

Business Description and Strategy

Spirits & Wine Description

We are one of the largest international spirits producers, and we have a global distribution network dedicated to distributing our brands and brands owned by third parties. Our Spirits & Wine business oversees and operates these production and distribution operations. Turnover of our Spirits & Wine business for the year ended 31 August 2001 was £2,571 million and trading profit, excluding goodwill amortization and exceptional items was £505 million.

Our spirits portfolio consists principally of "premium" brands, those that generally retail at a global price greater than $10 per 750 ml bottle and have a US retail price of greater than $12 per 750 ml bottle. We divide our spirits and wine portfolio into:

- core brands, brands which have strong customer appeal, typically in more than one market, and high margins;
- local market leaders, brands which occupy a strong position in a particular market;
- other spirits brands; and
- wine brands.

Our core brands, Ballantine's Scotch whisky, Kahlúa liqueur, Beefeater gin, Canadian Club whisky, Sauza tequila, Courvoisier cognac, Tia Maria® liqueur and Maker's Mark® bourbon, collectively accounted for sales of approximately 17.1 million nine liter equivalent cases, or 34% of our spirits and wine portfolio by volume, in the year ended 31 August 2001. In addition, we acquired Malibu, a coconut-flavored rum-based spirit which is also a core brand, in 2002. Our local market leaders, which include Presidente® brandy, Don Pedro® brandy and Imperial® whisky, accounted for approximately 11.5 million cases, or 23% of our spirits and wine portfolio by volume, in the year ended 31 August 2001. Other spirits brands accounted for sales of approximately 12.4 million cases, or 25% of our spirits and wine portfolio by volume, during the same period.

Our wine portfolio consists primarily of premium branded wines that generally retail at a global price of greater than $7 per bottle, including table wine, sparkling wine and champagne. During the year

ended 31 August 2001, our Spirits & Wine business sold approximately 9.4 million cases, or 19% of our spirits and wine portfolio by volume. Approximately 6.6 million cases were produced by our wineries. Our recent acquisitions of several large wine producers have substantially increased the size of our premium wine portfolio, and we believe that, as a result, the volume of our wines sold during the year ended 31 August 2001 is not indicative of the future scale of our wine business.

Spirits & Wine Strategy

The objective of our Spirits & Wine business is to create shareholder value through the profitable growth of the business. We believe that we are building a strong platform for sustainable future growth using a combination of focused investment in our core business to drive organic growth and through acquisitions.

- Driving organic growth

  Focus on key brand/market combinations. We will continue to invest in dynamic, consumer-led marketing behind our core brands in key markets to drive sustained long-term growth. In the year ended 31 August 2001, our Spirits & Wine business invested £330 million in advertising and promotion, of which approximately 61% was in connection with our core brands. Key markets are those where scale, market and competitor dynamics offer clear growth opportunities, such as the United States, Spain and South Korea. We also intend to intensify the focus on our local market leaders in their respective markets.

  Product innovation and line extension. We have increased investment behind new product development and innovation as a means of driving future revenue and profit growth. For example, we have developed two ready-to-drink beverages, Stolichnaya Citrona and Sauza Diablo, that have been launched in the United States. We developed these ready-to-drink beverages through a commercial partnership with the Miller Brewing Company, which brings production expertise and capacity and a distribution network servicing over 500,000 retail outlets. As the market develops, both parties intend to explore further opportunities to extend the range of ready-to-drink beverages through our portfolio of spirits brands.

In addition, we expect to introduce a number of new products and line extensions during the coming year and plan to take advantage of market opportunities to introduce new product lines where appropriate and cost effective. One new product that we have recently introduced is Tia Lusso , a new light cream liqueur that is an extension of the Tia Maria brand.

Optimize returns from existing assets. We actively seek opportunities to improve returns from our existing assets through the effective management of our brands and optimization of our cost and capital base. We have undertaken a number of major initiatives that we expect will enable us to reduce costs in our production operations, mainly in Scotland and Mexico. We are seeking to achieve additional cost efficiencies and working capital improvements from progressive supply chain integration and targeted cost reductions through efficient business processes and structure.

Improving the growth profile of our business through value-enhancing acquisitions

Re-align and strengthen our portfolio. We have recently completed a number of transactions to support our objective to build a strong platform for sustainable future growth. Our acquisitions have been selected to deliver the following benefits:

- Fill gaps in the portfolio the acquisition of Malibu, the trademark rights for Stolichnaya in the United States and the distribution rights for Stolichnaya in Canada, the Nordic countries and Mexico.

- Build critical mass in markets of strategic importance the acquisition of Kuemmerling® bitters in Germany.

- Extend geographical reach into markets with growth potential the creation of the Jinro Ballantines venture in South Korea.

- Access categories that we deem to have growth potential the establishment of a wine business of global scale and the arrangement with the Miller Brewing Company to exploit the demand for ready-to-drink beverages in the United States.

Strategic acquisitions. We will continue to pursue potential acquisitions of businesses, brands and products. Attractive acquisition targets may become available in the future dependent upon, among other factors, the amount of consolidation in the spirits and wine industry, the disposal of brands or businesses by industry participants and the sale of privately-owned brands or businesses. In addition to acquiring brands that are global premium brands or local market leaders, we would consider acquiring brands or products that we believe we could turn into global premium brands or local market leaders by exploiting potential synergies with our existing brand portfolio. Our evaluation of potential acquisitions and disposals takes into account their contribution to building sustainable future growth as well as their ability to generate acceptable future returns on investment ahead of our cost of capital.

Spirits & Wine Portfolio

Core Brands

Our core brands typically have a strong position in more than one market with potential for global scale. Impact International estimates that in 2001 seven of our core brands were in the top 100 premium distilled spirit brands by volume. A description of our core brands follows:

Ballantine's. The Ballantine's range includes Ballantine's Finest and Ballantine's Premium aged whiskies ranging from 12 to 30 years old. Impact International estimates that Ballantine's was one of the top ten premium distilled spirit brands by volume in 2001. We sold approximately 5.5 million cases of Ballantine's in the year ended 31 August 2001. Ballantine's is our largest selling brand in Europe with Spain, its largest market, accounting for approximately 1.9 million cases during the year ended 31 August 2001.

Kahlúa. Kahlúa is a coffee-flavored liqueur. Impact International estimates that Kahlúa was one of the top 20 premium distilled spirit brands by volume in 2001. We sold approximately 3.4 million cases of Kahlúa during the year ended 31 August 2001 with the United States, its largest market, accounting for approximately 2.2 million cases. We also sell a range of ready-to-drink Kahlúa cocktails under the tradename of "Kahlúa to Go®".

Malibu. Malibu is a coconut-flavored rum-based spirit that was first produced in 1980. Impact International estimates that Malibu was one of the top 35 premium distilled spirit brands by volume in 2001. Impact International estimates that 2.4 million cases of Malibu were sold in 2001. We purchased Malibu from Diageo plc in May 2002.

Beefeater. Impact International estimates that Beefeater gin was one of the top 35 premium distilled spirit brands by volume in 2001. We sold approximately 2.2 million cases of Beefeater during the year ended 31 August 2001 with Spain, its largest market, accounting for 0.8 million cases.

Canadian Club. Impact International estimates that Canadian Club whisky was one of the top 40 premium distilled spirit brands by volume in 2001. We sold approximately 2.2 million cases of Canadian Club during the year ended 31 August 2001 with the United States, its largest market, accounting for approximately 1.3 million cases.

Sauza. Impact International estimates that Sauza tequila was one of the top 55 premium distilled spirit brands by volume in 2001. We sold approximately 1.7 million cases of Sauza during the year ended 31 August 2001 with the United States and Mexico, its largest markets, accounting for 0.9 million and 0.6 million cases, respectively.

Courvoisier. Impact International estimates that Courvoisier cognac was one of the top 100 premium distilled spirit brands by volume in 2001. We sold approximately 1.0 million cases during the year ended 31 August 2001 with the United States and the United Kingdom, its largest markets, accounting for 0.4 million and 0.3 million cases, respectively.

Tia Maria. Tia Maria is a premium, medium-strength Jamaican coffee-flavored liqueur. During the year ended 31 August 2001, we sold approximately 0.7 million cases of Tia Maria with its principal market being the United Kingdom. We launched a sister brand, Tia Lusso, a new light cream liqueur, in May 2002.

Maker's Mark. Maker's Mark is a niche Kentucky bourbon that we produce in batches of less than 19 barrels with every bottle sealed by being hand dipped into its signature red wax. During the year ended 31 August 2001, we sold approximately 0.4 million cases, principally in the United States.

Local Market Leaders

In addition to our core brands, we have identified brands that occupy a strong position in key markets and are capable of delivering critical mass in those markets or which present opportunities for growth. We refer to these brands as local market leaders. Impact International estimates that seven of our local market leaders were in the top 100 premium distilled spirit brands by volume in 2001. Our most important local market leaders are:

Presidente. Presidente is a brandy distilled and primarily consumed in Mexico. Impact International estimates that Presidente was one of the top 30 premium distilled spirit brands by volume in 2001. We sold approximately 2.7 million cases of Presidente during the year ended 31 August 2001.

Whisky DYC. Whisky DYC® is a whisky distilled and primarily consumed in Spain. Impact International estimates that Whisky DYC was one of the top 40 premium distilled spirit brands by volume in 2001. We sold approximately 2.0 million cases of Whisky DYC in Spain during the year ended 31 August 2001.

Don Pedro. Don Pedro is a brandy distilled and primarily consumed in Mexico. Impact International estimates that Don Pedro was one of the top 65 premium distilled spirit brands by volume in 2001. We sold approximately 1.6 million cases of Don Pedro during the year ended 31 August 2001.

Teacher's. Teacher's® is a Scotch whisky whose largest market is the United Kingdom. We sold approximately 1.6 million cases of Teacher's during the year ended 31 August 2001.

Hiram Walker liqueurs. The Hiram Walker® liqueur range offers a wide range of flavored liqueurs. We sold approximately 1.0 million cases of Hiram Walker liqueurs during the year ended 31 August 2001, primarily in the United States.

Imperial. Imperial is a Scotch whisky primarily consumed in South Korea. We sold approximately 0.8 million cases of Imperial whisky during the year ended 31 August 2001.

Stolichnaya. Stolichnaya is a Russian vodka for which we have acquired the distribution rights for various countries, including the United States. We sold approximately 0.8 million cases of Stolichnaya during the period from 1 January 2001 to 31 August 2001, primarily in the United States.

Centenario. Centenario® is a brandy produced and primarily consumed in Spain. We sold approximately 0.7 million cases of Centenario in Spain during the year ended 31 August 2001.

Other Spirits

Other spirits brands are managed in their respective markets, and we expect to utilize their cash and profit generation to maximize their return for shareholders.

Wine Brands

Since January 2001, we have substantially increased our wine portfolio through a series of acquisitions. These acquisitions now provide us with a branded premium wine business of global scale with production interests in New Zealand, the United States, France, Spain, Argentina, Mexico and Portugal. Our most important wine brands are:

Mumm. Mumm® is one of the leading worldwide champagne brands with its principal markets in France and the United States. Approximately 0.4 million cases were sold during 2001. We acquired Mumm in January 2001.

Perrier Jouët. The flagship of this champagne range is Perrier Jouët® Belle Époque, distinguished by the hand painted flower design on its bottle. Perrier Jouët's key market is the United States. Approximately 0.1 million cases were sold during 2001. We acquired Perrier Jouët in January 2001.

Montana. Based in New Zealand, Montana produced approximately 5 million cases of bottled premium wine in 2001. We acquired Montana on 31 August 2001 and, as a result, did not sell any of its wine during the year ended 31 August 2001.

Clos du Bois. Clos du Bois® is one of the leading super-premium Californian wine brands. During the year ended 31 August 2001, we sold approximately 1.3 million cases, primarily in the United States.

Campo Viejo. Campo Viejo®, produced by Bodegas y Bebidas, is a leading brand from the Rioja region of Spain. Campo Viejo is sold throughout Europe, and in 2001, approximately 1.1 million cases of Campo Viejo were sold. We acquired Bodegas y Bebidas in December 2001.

Graffigna. Based in the San Juan region of Argentina, Graffigna® produced approximately 0.7 million cases in 2001. We acquired Graffigna in July 2001.

Spirits & Wine Production

Properties, Plants and Equipment

We own or lease land and buildings throughout the world. Our properties primarily consist of a variety of manufacturing, distilling, bottling and administration operating sites spread across our operations, as well as vineyards in New Zealand, the United States, France, Spain and Argentina. As at 31 August 2001, our properties had a net book value of £399 million. Seven principal Allied Domecq operating units account for approximately 88% of the total net book value of £399 million, namely Montana (vineyards), Allied Domecq Wines USA (vineyards), Allied Distillers Limited (distilling), Mumm and Perrier Jouët (vineyards), Hiram Walker & Sons Limited (distilling), our Spanish production facilities (distilling and vineyards) and Domecq Mexico (distilling and agave cultivation).

These operating units each have several manufacturing facilities. The locations, principal products, production capacity and production volume in 2001 of these principal operating units is set out in the following table:

Operating unit	**Location**	**Principal products**	**Production capacity(1)**	**Production volume in 2001(1)**
Allied Distillers	Scotland	Scotch whisky, gin, liqueurs and other	18,000	10,538
Domecq	Mexico	Brandy and tequila	26,000	10,318
Hiram Walker	United States and Canada	Canadian whisky, liqueurs and other	14,000	9,456
Domecq	Spain	Brandy, whisky, sherry and wine	7,700	6,334
Montana	New Zealand	Wines	6,889	4,989
Allied Domecq Wines USA	United States	Wines	2,985	2,551
Mumm and Perrier-Jouët	France	Champagne	1,017	663

Note:

(1) In thousands of nine-liter equivalent cases.

Since 31 August 2001, we have acquired Bodegas y Bebidas S.A. This acquisition provided us additional manufacturing facilities which together consist of another of our operating units. In 2001, prior to the acquisition, this unit produced 8.1 million nine-liter equivalent cases and had a production capacity of 11.6 million nine-liter equivalent cases.

No individual tangible fixed asset has a net book value in excess of 5% of the aggregate net book value. We own approximately 96% of our properties by value and hold approximately 3% of our properties by value under leases running for 50 years or longer. Some of our production locations are sited in areas prone to earthquakes. Although we have previously bought insurance to cover earthquake damage, we have recently discontinued this practice and now self-insure.

Raw Materials

Most of the raw materials required for the production of our spirits and wine are agricultural commodities that we grow or purchase from third-party producers or on the open market. The raw materials that are the most volatile in supply are grapes and agave.

In 2001, we secured approximately 24% of our grapes for wine production, through our ownership and cultivation of vineyards. We also secured a substantial portion of our grapes through long-term supply contracts with a wide variety of local growers throughout the world. Those grapes that we do not grow or purchase through long-term supply contracts, we purchase on the open market. Whenever possible, we seek to control the full supply chain from grape to bottle for our super-premium wine. As the production of wine depends on agricultural and climatic conditions, we have sought, where regulatory requirements permit, to establish a natural hedge against potential supply problems by owning vineyards located in different regions of the world.

Mexican Regulations require that tequila is produced with agave from a specific region. As the result of a recent shortage of this material, we have undertaken our own agave cultivation, and as at 31 August 2001, we had approximately 4,500 hectares under cultivation. As we have recently begun our agave cultivation and as agave should grow for between seven and ten years prior to harvest and use, we currently rely on long-term agave supply contracts and the open market for all of our agave needs.

When purchasing other raw material supplies such as closures, bottles and labels, we take advantage of our scale as a global drinks business. We attempt to use a balanced roster of preferred suppliers to strike a favorable balance between consistent quality and low cost.

Spirits & Wine Distribution

We own or control the distribution of approximately 89% of the sales of our Spirits & Wine business by volume through subsidiaries and operations in over 50 countries. The balance is carried out on our behalf by third parties with whom we usually have long-term distribution contracts. During the year ended 31 August 2001, Europe accounted for approximately 36%, North America for approximately 33%, Latin America for approximately 22%, Asia Pacific for approximately 7% and Other, which includes bulk sales of spirits and wine as well as stand-alone Duty Free operations for approximately 2% of our sales by volume.

Generally, we distribute our products via wholesalers directly to specialist stores, supermarkets, convenience stores and owners of on-premise outlets. However, our distribution arrangements vary depending upon the particular markets with important regional differences outlined below.

North America. Local law in some US States and in most of the provinces and territories of Canada requires that local government-owned monopolies control the distribution of spirits. In the United States, we trade in a mandatory three-tier system, meaning that in states where the state liquor board does not control sales, we must sell to wholesalers who, in turn, sell to retailers and then to the end consumer.

Asia Pacific. In Asia Pacific, we distribute our products through a combination of subsidiaries, third party distributors and through associations with other industry participants, such as our arrangement with Jinro Limited for the bottling and distribution of whisky and other spirits in South Korea and Suntory Limited for the distribution of our products in Japan.

Spirits & Wine Seasonality

Demand for our premium branded spirits and wine traditionally experiences seasonal fluctuations in sales volume. This is particularly true for products, like champagne and sparkling wine, that are associated with end of the year holiday events in some key markets. Seasonal fluctuations mean that our turnover may be highest in the first half of our fiscal year.

Spirits & Wine Competitors

Our Spirits & Wine business competes with other producers and distributors of spirits and wine on a local and international basis. At a local level, the spirits and wine industry is heavily fragmented. Internationally, we compete with an array of global companies. We list below our principal international competitors and a summary, to the best of our knowledge, of their main activities in relation to the spirits and wine industry:

Diageo plc, formed in 1997 as a result of the merger between Grand Metropolitan Public Limited Company and Guinness PLC, is one of the world's leading consumer goods companies. Diageo's brands include Smirnoff vodka, Smirnoff Ice, Johnnie Walker whisky, Gordon's gin and Bailey's liqueur. Diageo also distributes Cuervo tequila in some markets. In 2001, Diageo purchased a number of brands from the Seagram's wines and spirits business, including Captain Morgan rum and Crown Royal Canadian whisky.

Pernod Ricard, a French spirits group, whose premium brands include Ricard, Pastis 51, Pernod, Jameson Irish whiskey, Havana Club rum and Jacob's Creek wine. In 2001, Pernod Ricard purchased a number of brands from the Seagram's wines and spirits business, including Chivas Regal whisky, Martell cognac and Seagram's gin.

Brown-Forman Corporation, which produces the premium brands of Jack Daniel's, Southern Comfort and Canadian Mist and distributes Finlandia vodka. It derives its spirits profits primarily from the United States. It cooperates with third parties for the distribution of its products outside the United States. Brown-Forman also maintains a large premium wine business, which includes Fetzer wines and Korbel champagne.

Bacardi-Martini Inc., which produces the premium brands of Bacardi rum, Martini vermouth, Dewar's whisky and Bombay gin. Bacardi-Martini also produces Bacardi Breezers, a line of ready-to-drink products.

Fortune Brands Inc., a US consumer brands company that has a division devoted to spirits and wine. Its principal brands are Jim Beam bourbon, DeKuyper liqueurs and Geyser Peak wine.

Spirits & Wine Regulation and Taxes

The production of spirits and wine in Europe is subject to various regulations, including the testing of raw materials used and the standards maintained in production processing, storage, labeling and distribution. In the United States, the spirits and wine business is subject to strict Federal and State government regulations covering virtually every aspect of its operations, including production, marketing, pricing, labeling, packaging and advertising.

Spirits and wine are subject to national import and excise duties in many markets around the world. Most countries impose excise duties on distilled spirits, although the form of such taxation varies

significantly from a simple application on units of alcohol by volume to intricate systems based on the imported or wholesale value of the product. Several countries impose additional import duty on distilled spirits, often discriminating between categories, like Scotch whisky or bourbon, in the rate of such tariffs. Within the European Union, such products are subject to different rates of excise duty in each country, but within an overall European Union framework that imposes minimum rates of excise duties.

Import and excise duties can have a significant effect on our sales, both through reducing the overall consumption of alcohol and through encouraging consumer switching into lower-taxed categories of alcohol. We devote resources to encouraging the equitable taxation treatment of all alcoholic drink categories and to reducing government-imposed barriers to fair trading.

The advertising, marketing and sale of alcoholic beverages are subject to various restrictions in markets around the world. These range from a complete prohibition of the marketing of alcohol in some countries to restrictions on the advertising style, media and messages used. A number of countries prohibit or discourage televised advertising for spirits brands, either through regulation or a voluntary code of practice, while other countries permit televised advertising for spirits brands, but only under careful regulation.

Spirits and wine are also regulated in distribution. Many countries only permit the sale of alcohol through licensed outlets, both on and off premise. This may vary from government or State operated monopoly outlets to licensed on premise outlets, such as bars and restaurants, which prevail in much of the western world.

Labeling of alcoholic drinks is also regulated in many markets, varying from health warning labels to importer identification, alcoholic strength and other consumer information. All alcoholic beverages sold in the United States must contain warning statements related to the risks of drinking alcoholic beverages. Further requirements for warning statements and any prohibitions on advertising and marketing could have an adverse impact on our sales.

International compliance with environmental requirements has not had a material adverse effect on our results of operations, capital expenditures or competitive position.

QSR Description

Our QSR business comprises our US and international food franchising business. The core trading market for the business is the United States with over 6,300 distribution points nationwide, while the international business operates more than 3,800 additional distribution points. The system is almost exclusively franchised, limiting our required capital investment. Turnover for the year ended 31 August 2001 was £308 million, principally related to franchise income on total retail sales by our franchisees of £2,424 million, and trading profit was £72 million.

The brands included in our QSR business are:

Dunkin' Donuts. Dunkin' Donuts is one of the world's leading coffee and baked goods chains. During the year ended 31 August 2001, it generated 91% of its total retail sales from US markets. As at 31 August 2001, Dunkin' Donuts had 5,251 distribution points, of which 3,673 were located in the United States.

Baskin-Robbins. Baskin-Robbins is one of the world's largest ice-cream franchises. During the year ended 31 August 2001, it generated slightly more than half of its total retail sales from US markets. As at 31 August 2001, Baskin-Robbins had 4,579 distribution points, of which approximately half were in the United States.

Togo's. The Togo's brand was historically a West Coast sandwich chain. As at 31 August 2001, Togo's had 385 distribution points, substantially all of which were in the United States.

QSR Strategy

The objective of our QSR business is to be a global leader in its industry, known for the quality of its brands, retail offerings and staff. To achieve this objective, we intend to continue to pursue the following six key strategies:

Multi-branding concept development. Our three quick service restaurant brands are complementary in terms of consumer consumption throughout the day. According to our internal data, Dunkin' Donuts achieves a majority of its sales before 11.00 a.m., Togo's has a majority of its sales at lunch-time, and Baskin-Robbins' sales traditionally occur during the afternoon and early evening. Our strategy is to combine our brand offerings within the same restaurant. We believe this strategy brings significant benefits to our franchisees through improved scale and operating efficiencies as well as the opportunity to increase revenue from cross-selling our brands. As at 28 February 2002, we had more than 700 restaurants selling more than one of our brands.

Brand revitalization. Complementary to our multi-brand development strategy, we also recognize the importance of continually revitalizing our existing asset base. Since 1996 and as at 31 August 2001, our franchisees had remodeled 64% of the existing US Dunkin' Donuts restaurants. In addition, we have recently changed Dunkin' Donuts logo to better represent an increased focus on coffee while continuing to reinforce the core bakery business. We plan to initiate a program to remodel our existing Togo's restaurants later this year. In the international markets, we have begun to streamline our asset base and have focused our approach on prospective development.

Baskin-Robbins re-positioning. We have substantially revised our business model for Baskin-Robbins so as to provide a greater focus on retailing. Prior to April 2000, we principally derived our income from Baskin-Robbins franchisees from the margin on the cost of producing ice cream and wholesale prices of ice cream sold to our franchisees. In April 2000, we introduced a program to amend our agreements with our Baskin-Robbins franchisees to the effect that our income would be derived exclusively from franchise royalties. We also required our franchisees to increase their contribution to their cooperative advertising fund. Approximately 75%, or 1,200 of our franchisees eligible to participate accepted these amended terms. All new franchise agreements for Baskin-Robbins or for combination restaurants will be on these terms. As part of this repositioning strategy, we have disposed of our ice cream manufacturing operations in the United States and entered into a long term supply contract with Dean Foods for the ice cream requirements of our US Baskin-Robbins franchisees.

Product innovation. Total retail sales have grown as a result of updated shop designs and significant improvements to store operating systems. We have also increased same store sales by continued investment in new product development. Our new products have increased consumer traffic, average consumer spending and profit margins. We have recently entered into an

agreement with Dreamworks to produce promotional products associated with their movies, including Baskin-Robbins products associated with the movie "Shrek".

Accelerating brand development. We believe that there is a real opportunity to increase the distribution of our brands, and subsequently our income sources, by increasing the pace of our branded store openings. In particular, we believe that the use of multi-branded combination stores will allow us to increase penetration of markets in which we believe we are under-represented.

Improving organizational effectiveness and talent acquisition. We have undertaken several initiatives to invest in systems and processes to improve the efficiency and effectiveness of the corporate infrastructure.

QSR Raw Materials

In the United States, a franchisee-owned cooperative manages the purchase, supply and distribution of raw materials and finished products for the Dunkin' Donuts brand. For Baskin-Robbins, we have a long-term, cost-plus arrangement with Dean Foods for the supply and distribution of ice cream and related products. International Multi-Foods supplies the Togo's brand.

Internationally, Dunkin' Donuts is managed through the US system, with some local supply of product where it makes sense either from a financial or a regulatory standpoint. Outside the United States, Baskin-Robbins is supplied primarily out of our manufacturing plant in Peterborough, Canada, although some local procurement exists, including relationships in Japan and South Korea.

QSR Competitors

The quick service restaurant industry is highly competitive. We believe that the combination of overcapacity and rising real estate and labor costs means that unit economics have begun to decline. The financial over-leveraging experienced by retail concepts such as Einsteins, Boston Market and Taco Bell further exacerbated this trend. Looking forward, we believe that consolidation in the industry is likely to occur and will be driven by relatively low profit generation, the opportunity to take capacity out of the market and the opportunity to leverage corporate operating synergies.

We believe our QSR business is strongly positioned to compete in the industry. Currently, we view our key competition as Starbucks, McDonald's, Tricon (which owns Taco Bell, KFC and Pizza Hut), Diageo (which owns Burger King), Wendy's, Subway, Krispy Kreme, Quizno's and Panera Bread.

QSR Regulation

In the United States, we are subject to various Federal, State and local laws affecting our QSR business. Each quick service restaurant must comply with licensing and regulation by a number of governmental authorities, which include health, sanitation, safety and fire agencies in the State or municipality in which the restaurant is located. In addition, each operating company must comply with various State laws that regulate the franchisor/franchisee relationship. To date, we have not been significantly affected by any difficulty, delay or failure to obtain required licenses or approvals.

In the United States, we are also subject to Federal and State laws governing such matters as employment and pay practices, overtime and working conditions. The QSR restaurants pay the bulk of their employees on an hourly basis at rates related to the Federal minimum wage. The QSR restaurants are also subject to Federal and State child labor laws which, among other things, prohibit the use of certain "hazardous equipment" by employees 18 years of age or younger. We have not to date been materially adversely affected by such laws.

Outside the United States, the QSR restaurants are subject to national and local laws and regulations which are similar to those affecting the restaurants in the United States, including laws and regulations

concerning labor, health, sanitation and safety. These restaurants are also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment. International compliance with environmental requirements has not had a material adverse effect on our results of operations, capital expenditures or competitive position.

QSR Property

We own production facilities as well as own or lease buildings for our franchise stores throughout the United States and internationally. The largest of our production facilities produces Baskin-Robbins branded ice cream and is located in Peterborough, Canada. In 2001, it produced 3.2 million gallons of ice cream, and it has an annual procution capacity of 4 million gallons. As at 31 August 2001, our properties related to our QSR business had a net book value of £69 million.

Group Environmental Policy

We seek to adopt operating procedures with minimal environmental impact, to prevent or control pollution of the environment and to conserve energy and other natural resources used in our operations. As a means of achieving these environmental goals, we are implementing ISO 14001, the environmental management standard of the International Organization for Standardization. The International Organization for Standardization has certified that we have ISO 14001 compliant operating sites in Brazil, Canada, France, Portugal, Spain, the United Kingdom and the United States, and we intend to increase the number of our ISO 14001 certified operating sites.

Of the environmental issues that are under our control, the most relevant to us are energy use, water use, carbon dioxide emissions from fermentation, emissions to air from processing, discharges to water, solid waste and packaging. Except as described elsewhere in this registration statement, we are not currently aware of any environmental problems or issues that could materially adversely affect our business or results of operations.

Third-Party Ventures