

PR NEWCO 2 LIMITED
(Registered Number 4238946)

ANNUAL REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 30 JUNE 2002



PR NEWCO 2 LIMITED

REPORT OF THE DIRECTORS

The directors of PR Newco 2 Limited ("the Company") submit their first report and the financial statements of the Company for the period ended 30 June 2002.

DATE OF INCORPORATION

The Company was incorporated on 21 June 2001. It was resolved that the accounting reference date of the Company would be 30 June and that the first accounting period end of the company would be 30 June 2002.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is the parent company of The Glenlivet Distillers Limited, the principal activity of which is the distillation, warehousing and sale of malt whisky.

On 19 December 2000 Vivendi Universal S.A., entered into an agreement for the sale of Seagram's spirits and wine business to Diageo plc and Pernod Ricard S.A., subject to regulatory approvals.

On 21 December 2001, the sale was completed following final approval from the regulatory authorities. As part of the acquisition, the share capital of the Company was acquired by PR Larios S.A., a subsidiary of Pernod Ricard S.A.

The directors expect to continue to hold the investment in The Glenlivet Distillers Limited for the foreseeable future.

RESULTS AND DIVIDENDS

The results of the Company for the period are shown in the profit and loss account on page 5.

The directors do not propose a dividend and the loss of £5,218,000 has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the period and to the date of this report are listed below:

R Burrows	(appointed 2 October 2001)
G Cambournac	(appointed 2 October 2001, resigned 27 March 2002)
B Collet	(appointed 21 June 2001, resigned 2 October 2001)
A Davie	(appointed 2 October 2001, resigned 27 March 2002)
R Gonzalez-Gallarza Morales	(appointed 2 October 2001)
A Jetha	(appointed 27 March 2002)
L Lacassagne	(appointed 2 October 2001)
G Nectoux	(appointed 18 December 2001)
B Rain	(appointed 2 October 2001)
A Schofield	(appointed 27 March 2002)

None of the directors holding office at the end of the period had any beneficial interest in the share capital of the Company or any other group company in the United Kingdom either at the beginning of the period, or at date of appointment if later, or at the end of the period.

PR NEWCO 2 LIMITED

REPORT OF THE DIRECTORS (*continued*)

AUDITORS

Mazars Neville Russell were appointed auditors on incorporation of the Company.

On 1 September 2002 Mazars Neville Russell changed their name to Mazars.

Mazars have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S. Macnab', with a large, sweeping flourish extending to the right.

S Macnab
Secretary

23 April 2003

Registered Office:
Chivas House
72 Chancellor Rd
Hammersmith
London W6 9RS

PR NEWCO 2 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 financial statements, 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 financial statements; and
- prepare the financial statements 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 enable them to ensure that the financial statements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PR NEWCO 2 LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS
CHARTERED ACCOUNTANTS
and Registered Auditors
90 St Vincent Street
Glasgow G2 5UB

23 April 2003

PR NEWCO 2 LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2002**

		Period from 21 June 2001 to 30 June 2002
	Notes	£'000
TURNOVER		-
COST OF SALES		<u>-</u>
GROSS PROFIT		-
Administration expenses		<u>(7)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	2	(7)
Interest payable and similar charges	3	<u>(5,211)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,218)
Tax on loss on ordinary activities	6	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD	10	<u>(5,218)</u>

All amounts derive from continuing operations.

There are no other recognised gains or losses other than the loss for the financial period.

The notes on pages 7 to 11 from part of the financial statements.

PR NEWCO 2 LIMITED

BALANCE SHEET AS AT 30 JUNE 2002

	Notes	30 June 2002 £'000
FIXED ASSETS		
Investments	7	66,861
CREDITORS – amounts falling due within one year	8	<u>(72,079)</u>
NET CURRENT LIABILITIES		<u>(72,079)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(5,218)</u>
NET LIABILITIES		<u><u>(5,218)</u></u>
CAPITAL AND RESERVES		
Called up share capital	9	-
Profit and loss account	10	<u>(5,218)</u>
EQUITY SHAREHOLDERS' FUNDS - DEFICIT	11	<u><u>(5,218)</u></u>

The financial statements on pages 5 to 11 were approved by the Board on 23 April 2003 and signed on its behalf by



A Schofield
Director

The notes on pages 7 to 11 form part of the financial statements.

PR NEWCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2002

1 STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention on the basis that the Company is a going concern. The financial statements have been prepared in accordance with applicable accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because its ultimate parent undertaking is Pernod Ricard S.A. which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

The accounts have been prepared on a going concern basis as the ultimate parent company, Pernod Ricard S.A., has indicated its willingness to continue to provide financial and other support to the company, for the foreseeable future, to enable it to meet its liabilities as and when they fall due for payment.

Fixed asset investments

Investments are stated at cost (including acquisition costs) less provision for any impairment in value.

Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

The Company has adopted FRS19 Deferred tax. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at future dates, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These transaction differences are dealt with in the profit and loss account.

PR NEWCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) – 30 JUNE 2002

2 LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

Period
ended
30 June
2002
£'000

Loss on ordinary activities is stated after charging:

Audit fee	<u>7</u>
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3 INTEREST PAYABLE AND SIMILAR CHARGES

Foreign exchange losses	3,210
Interest payable to fellow group companies	<u>2,001</u>
	<u>5,211</u>

4 DIRECTORS' EMOLUMENTS

The directors received no remuneration in respect of their services to the Company during the period.

5 EMPLOYEES

With the exception of its directors, the Company did not have any employees during the period.

6 TAX ON LOSS ON ORDINARY ACTIVITIES

The expected tax credit in the period ended 30 June 2002 has been reduced to nil due to group relief surrendered for nil consideration to group undertakings.

PR NEWCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) – 30 JUNE 2002

7 FIXED ASSET INVESTMENTS

		30 June 2002
	Subsidiary Undertakings	Total
	£'000	£'000
COST		
At 21 June 2001	-	-
Additions	66,861	66,861
At 30 June 2002	<u>66,861</u>	<u>66,861</u>

Included in investments is a 100% interest in the ordinary and cumulative preference share capital of The Glenlivet Distillers Limited, a company registered in Scotland.

In the opinion of the directors, the value of the investment in subsidiary undertakings is not less than the aggregate amount shown in the balance sheet at 30 June 2002.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held by company
The Glenlivet Distillers Limited	Scotland	Ordinary £0.25	100%
		Cumulative Preference £1	100%
Hill Thomson & Co. Limited	Scotland	Ordinary £1	100%

The Company holds indirectly, through its subsidiary The Glenlivet Distillers Limited, a number of wholly owned subsidiaries which are registered in Scotland. These subsidiaries are dormant, with the exception of Hill Thomson & Co. Limited whose activities comprise the bottling and sale of Scotch whisky.

The principal activity of The Glenlivet Distillers Limited is the distillation, warehousing and sale of malt whisky.

PR NEWCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) – 30 JUNE 2002

8 CREDITORS - Amounts falling due within one year

	30 June 2002 £'000
Loans from fellow group companies	71,303
Accruals	<u>776</u>
	<u>72,079</u>

The interest on the loan is charged at 2.15 % above EURIBOR. The interest and principal are repayable in full upon demand.

9 CALLED UP SHARE CAPITAL

	£
Authorised:	
100 Ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid:	
1 Ordinary shares of £1 each	<u>1</u>

On 21 June 2001, 1 ordinary share of £1 was issued for £1.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Profit and loss account £'000	Share capital £'000	Total £'000
Opening shareholders' funds	-	-	-
Retained loss for the financial period	<u>(5,218)</u>	<u>-</u>	<u>(5,218)</u>
Closing shareholders' funds	<u>(5,218)</u>	<u>-</u>	<u>(5,218)</u>

PR NEWCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) – 30 JUNE 2002

11 RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of PR Larios S.A. and is included in the consolidated financial statements of Pernod Ricard S.A, which are publicly available. Consequently, the Company has taken advantage of the exemption under the terms of FRS 8 from disclosing related party transactions with entities that qualify under FRS 8.

12 ULTIMATE PARENT UNDERTAKING

The immediate parent company is PR Larios S.A., a company incorporated in Spain.

The ultimate parent undertaking and controlling party is Pernod Ricard S.A., a Company incorporated in France. Copies of its annual report may be obtained from 12 Place des Etats-Uni, 75783 Paris, Cedex-16, France.