

Company Registration No. 4238946 (England and Wales)

**PR NEWCO 2 LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**



# PR NEWCO 2 LIMITED

## COMPANY INFORMATION

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### Directors

R Burrows  
A Jetha  
L Lacassagne  
B Rain  
A Schofield

### Secretary

S Macnab

### Company number

4238946

### Registered office

Chivas House  
72 Chancellors Road  
Hammersmith  
London  
W6 9RS

### Auditors

Mazars LLP  
90 St. Vincent Street  
Glasgow  
G2 5UB

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# PR NEWCO 2 LIMITED

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# **PR NEWCO 2 LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2004**

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The directors present their report and financial statements for the year ended 30 June 2004.

### **Principal activities and review of the business**

The Company provides Sterling funding to fellow UK group companies and to Irish Distillers Limited following Pernod Ricard's rationalisation of its external borrowing facilities consequent on the acquisition of certain of the assets of the former Seagram Spirits and Wines Business. In order to meet these funding requirements, the Company borrows Sterling, principally from Chivas Brothers Pernod Ricard Limited (formerly Chivas Brothers Limited) (a fellow UK subsidiary of Pernod Ricard SA) and makes a small interest margin on lending to other group companies.

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. During the prior year, the Company established a new wholly owned subsidiary, Glenlivet Holdings Limited. In the course of the year, Glenlivet Holdings Limited acquired at market value the whole of the issued share capital of Hill, Thomson & Co. Limited (HT) from The Glenlivet Distillers Limited (TGDL). This will enable HT and TGDL to operate as sister companies within the group and facilitate the retention of HT's Royal Warrant.

### **Results and dividends**

The results for the year are set out on page 5.

### **Directors**

The following directors have held office since 1 July 2003:

R Burrows	
R Gonzalez-Gallarza Morales	(Resigned 15 November 2004)
A Jetha	
L Lacassagne	
G Nectoux	(Resigned 31 December 2003)
B Rain	
A Schofield	

The appointment of C Porta to the Board was incorrectly disclosed in the statutory accounts of this company for the year ended 30 June 2003.

### **Directors' interests**

None of the directors holding office at the end of the year 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 year, or at date of appointment if later, or at the end of the year.

### **Auditors**

Following the year end, Mazars LLP were appointed by the Board as the independent auditor to the Company upon the resignation of Mazars. A resolution to reappoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

## **PR NEWCO 2 LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004**

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#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- 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 to 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.

By order of the board



S Macnab

**Secretary**

4 February 2005

# **PR NEWCO 2 LIMITED**

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

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We have audited the financial statements for the year ended 30 June 2004 comprising the Profit & Loss account, Balance Sheet and related notes numbered 1-15. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

## PR NEWCO 2 LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF PR NEWCO 2 LIMITED

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#### Qualified opinion arising from disagreement about accounting treatment

As explained in note 1, the financial statements of the company do not include consolidated financial statements for its group as required by S227 Companies Act 1985 and Financial Reporting Standard 2 Accounting for subsidiary undertakings. As a consequence the financial statements do not give the information required about the group of which the company is the parent. It is not practicable to quantify the effects of this departure. Accordingly, in our opinion, the financial statements do not give a true and fair view of the state of affairs of the group at 30 June 2004 or of its results for the year then ended. Also as explained in note 1 the company has not included a cash flow statement as required by FRS 1 "Cash Flow Statements" or disclosed transactions with other group undertakings as required by FRS 8 "Related Party Disclosures".

Except for the fact that consolidated financial statements have not been prepared and that there is no cash flow statement or disclosure of transactions with other group undertakings, in our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars LLP*

Chartered Accountants and  
Registered Auditors

4 February 2005

90 St. Vincent Street  
Glasgow  
G2 5UB

# PR NEWCO 2 LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 £'000	2003 £'000
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		(109)	(32)
Operating loss	2	(109)	(32)
Interest receivable and similar income	3	1,910	1,887
Interest payable and similar charges	4	(4,655)	(9,718)
Loss on ordinary activities before taxation		(2,854)	(7,863)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	(2,854)	(7,863)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# PR NEWCO 2 LIMITED

## BALANCE SHEET AS AT 30 JUNE 2004

		2004		2003	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	6		58,324		58,324
<b>Current assets</b>					
Debtors	7	26,336		83,716	
Cash at bank and in hand		1,276		-	
		<u>27,612</u>		<u>83,716</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(101,871)</u>		<u>(155,121)</u>	
<b>Net current liabilities</b>			<u>(74,259)</u>		<u>(71,405)</u>
<b>Net liabilities</b>			<u>(15,935)</u>		<u>(13,081)</u>
<b>Capital and reserves</b>					
Called up share capital	9		-		-
Profit and loss account	10		<u>(15,935)</u>		<u>(13,081)</u>
<b>Shareholders' funds - equity interests</b>	11		<u>(15,935)</u>		<u>(13,081)</u>

The financial statements were approved by the Board on 4 February 2005

  
A Schofield  
Director

# PR NEWCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are 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 accounts have been prepared on a going concern basis as the immediate parent company 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.

#### 1.2 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is a member of the Pernod Ricard SA group. The Pernod Ricard SA group prepares consolidated accounts which include the results of the company and all of its subsidiary undertakings. These group accounts, which are for the period ended 30 June 2005, will be publicly available.

The company has prepared accounts for the year ended 30 June 2004, which is different from the accounting reference date of Pernod Ricard SA. Accordingly, the company is unable to take advantage of the normal exemption from preparing consolidated accounts afforded by S228 of the Companies Act 1985.

After careful consideration, the directors have concluded that, as the results of the PR Newco 2 group are consolidated in the accounts of Pernod Ricard SA, there would be no benefit to the company's members from preparing consolidated accounts.

For the same reason the company has not included a cash flow statement in these accounts or disclosed transactions with other group undertakings in accordance with FRS 8 Related Party Disclosures.

#### 1.3 Investments

Fixed asset investments are stated at cost (including acquisition costs) less provision for impairment.

#### 1.4 Deferred taxation

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 years 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.

#### 1.5 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.

#### 1.6 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 translation differences are dealt with in the profit and loss account.

# PR NEWCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

### 2 Operating loss

The current year (and prior year) audit fee has been borne by another group company.

3 Interest receivable and similar income	2004 £'000	2003 £'000
Interest receivable from fellow group companies	1,812	1,850
Other interest receivable	98	37
	<u>1,910</u>	<u>1,887</u>

4 Interest payable and similar charges	2004 £'000	2003 £'000
Interest payable to fellow group companies	2,740	3,601
Foreign exchange losses	1,915	6,117
	<u>4,655</u>	<u>9,718</u>

5 Taxation	2004 £'000	2003 £'000
Current tax charge	-	-
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(2,854)	(7,863)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	(856)	(2,359)
Effects of:		
Surrender of group relief for nil consideration	824	2,359
Permanent differences	32	-
	<u>856</u>	<u>2,359</u>
Current tax charge	-	-

There are no items which would materially affect the future tax charge.

# PR NEWCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

### 6 Fixed asset investments

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 July 2003 & at 30 June 2004	58,324

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 2004.

#### Holdings of more than 20%

The company holds the entire issued share capital of the following companies, all of which are registered in Scotland:

##### **The Glenlivet Distillers Limited**

Description of shares held: Ordinary £0.25 and Cumulative Preference £1

##### **Glenlivet Holdings Limited**

Description of shares held: Ordinary £0.10 and Cumulative Preference £1

##### **Hill, Thomson & Co., Limited (held indirectly through Glenlivet Holdings Limited.)**

Description of shares held: Ordinary £0.25

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.

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

Glenlivet Holdings Limited own the entire share capital of Hill, Thomson & Co. Limited, a company whose activities comprised the bottling and sale of Scotch whisky to 30 June 2004. On that date the activities were transferred to Chivas Brothers Limited.

# PR NEWCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

7 Debtors	2004 £'000	2003 £'000
Amounts owed by group undertakings	2,147	2,890
Loans to fellow group companies	24,189	80,826
	<u>26,336</u>	<u>83,716</u>

8 Creditors: amounts falling due within one year	2004 £'000	2003 £'000
Loans from fellow group companies	101,871	154,998
Accruals	-	123
	<u>101,871</u>	<u>155,121</u>

Included within loans from fellow group companies is an unsecured loan of £73,297,251 (2003: £70,805,000) which bears interest at rates of EURIBOR plus 2.15%. The interest and principal are repayable in full upon demand. Other loans are interest free.

9 Share capital	2004 £	2003 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10 Statement of movements on profit and loss account	Profit and loss account £'000
Balance at 1 July 2003	(13,081)
Retained loss for the year	<u>(2,854)</u>
Balance at 30 June 2004	<u>(15,935)</u>

# PR NEWCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

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11 Reconciliation of movements in shareholders' funds	2004 £'000	2003 £'000
Loss for the financial year	(2,854)	(7,863)
Opening shareholders' funds	(13,081)	(5,218)
	<hr/>	<hr/>
Closing shareholders' funds	(15,935)	(13,081)
	<hr/>	<hr/>

### 12 Contingent liabilities

The Company and other group companies have a cash pooling arrangement with their bankers. To effect this arrangement, the Company has entered into a cross guarantee with the bank in relation to the liabilities of the other group companies. There was no liability as at 30 June 2004 (2003: nil).

### 13 Directors' emoluments

The directors received no remuneration in respect of their services to the Company during the year (2003: nil).

### 14 Employees

With the exception of its directors, the Company did not have any employees during the year (2003: nil).

### 15 Control

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-Unis, 75783 Paris, Cedex-16, France.