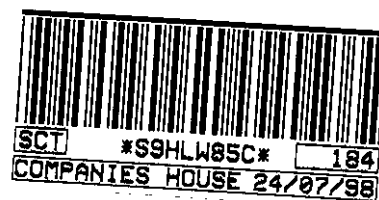


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HOUSE OF CAMPBELL LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997



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HOUSE OF CAMPBELL LIMITED

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HOUSE OF CAMPBELL LIMITED

COMPANY INFORMATION

Directors: T Jacquillat (Chairman)
His Grace the Duke of Argyll
P Ricard
B Roqueplo

Secretary: A Davie

Registered office: House of Campbell
West Byrehill
Kilwinning
Ayrshire
KA13 6LE

Registered number: 17607 Scotland

Auditors: Mazars & Guérard
Chartered Accountants
12th Floor
New Zealand House
80 Haymarket
London
SW1Y 4TE

HOUSE OF CAMPBELL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended December 31, 1997.

Principal activity and business review

The principal activity of the company is the making of investments, and that of its subsidiaries is the distilling, blending and bottling of Scotch whisky and the shipping and marketing of wines and spirits. Both the level of business and the year end position remain satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future. The profit for the year amounted to £8,899,333 (1996 - £7,288,105) which is taken to profit and loss account. Dividends amounting to £8,000,000 were paid during the year (1996 - £12,000,000).

Fixed assets

Information relating to fixed assets is set out in note 6 to the financial statements.

Directors and their interests

The directors of the company at the date of this report are shown on page 1. According to the register of directors' interests, none of the directors had any beneficial interest in the share capital of the company or of any UK group company at the end of the year.

Payment of suppliers

It is the company's general policy to pay trade creditors when they fall due for payment. In the case of a number of suppliers, specific terms and conditions of business have been agreed and it is the company's policy to pay in accordance with these terms provided that the supplier is also meeting all relevant terms and conditions.

Auditors

The company has passed an elective resolution to dispense with the appointment of auditors on an annual basis. Accordingly, Mazars & Guérard will continue as auditors.

Statement of 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.

HOUSE OF CAMPBELL LIMITED

DIRECTORS' REPORT (continued)

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.

A handwritten signature in black ink, appearing to read 'A Davie', with a stylized, sweeping flourish at the end.

A Davie
Company Secretary
March 5, 1998

HOUSE OF CAMPBELL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF HOUSE OF CAMPBELL LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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 affairs of the company as at December 31, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars & Guérard
Chartered Accountants
Registered Auditors
London
March 5, 1998

HOUSE OF CAMPBELL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Notes	1997 £	1996 as restated £
Income from group undertakings		10,000,000	7,500,000
Amounts written off investments		(429,549)	(285,713)
Administrative expenses		(393,204)	(75,000)
Operating profit		9,177,247	7,139,287
Interest receivable and similar income	2	2,977,338	3,478,403
Interest payable and similar charges	3	(1,737,162)	(1,829,585)
Profit on ordinary activities before taxation	4	10,417,423	8,788,105
Tax on profit on ordinary activities	5	(1,518,090)	(1,500,000)
Profit for the financial year		8,899,333	7,288,105
Dividends paid		(8,000,000)	(12,000,000)
Retained profit/(loss) for the financial year	13	£ 899,333	£ (4,711,895)

The operating profit arises solely from continuing operations. All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 14 form part of the financial statements.

HOUSE OF CAMPBELL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 1997

	Notes	1997 £	1996 as restated £
Profit/(Loss) for the financial year		899,333	(4,711,895)
Unrealised surplus on revaluation of investment in subsidiary undertakings	13	699,213	834,962
Total recognised gains and losses relating to the financial year		1,598,546	£ (3,876,933)
Prior year adjustment	13	36,152,204	
Total gains and losses recognised since last annual report		£ 37,750,750	

HOUSE OF CAMPBELL LIMITED

BALANCE SHEET
AT DECEMBER 31, 1997

	Notes	1997 £	1996 as restated £
Fixed assets			
Investments	6	78,617,189	78,347,525
Current assets			
Debtors (amounts falling due within one year)	7	26,964,329	20,195,486
Creditors (amounts falling due within one year)	8	(16,725,410)	(17,604,029)
Net current assets		10,238,919	2,591,457
Total assets less current liabilities		88,856,108	80,938,982
Creditors (amounts falling due after more than one year)	9	(25,201,613)	(19,677,563)
Provisions for liabilities and charges			
Deferred taxation	11	(794,530)	-
Net assets		£ 62,859,965	£ 61,261,419
Capital and reserves			
Called up share capital	12	7,466,666	7,466,666
Share premium account		6,421,469	6,421,469
Revaluation reserve		40,421,868	39,722,655
Profit and loss account		8,549,962	7,650,629
Equity shareholders' funds	13	£ 62,859,965	£ 61,261,419

The financial statements on pages 5 to 14 were approved by the directors on March 5, 1998.

T Jacquillat.....

B Roqueplo.....

The notes on pages 8 to 14 form part of the financial statements.

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1997

1. Accounting policies

The principal accounting policies of the company are set out below. The policies remain unchanged from the previous year, with the exception of the accounting policy relating to investments in subsidiary undertakings.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments in subsidiary undertakings, and in accordance with applicable accounting standards. As the company is wholly owned by Pernod Ricard SA which publishes consolidated financial statements containing a group cash flow statement, it is not required to prepare consolidated financial statements or a cash flow statement or to disclose details of transactions with entities belonging to the group.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

Dividend income

Dividend income from trade investments is recognised when the dividend is declared.

Fixed asset investments

Trade investments are included at cost. Provision is made for any permanent impairment in the value of an investment.

Investments in subsidiary undertakings are included at the underlying net tangible asset value. Previously investments in subsidiary undertakings were included at cost, with provision for any permanent impairment in value. The effect of the change in accounting policy is shown in the statement of recognised gains and losses and Equity Shareholders' Funds (note 13).

Deferred taxation

Provision is made for deferred tax at current rates of taxation in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, to the extent that a liability is expected to crystallise in the foreseeable future.

2. Interest receivable and similar income

	1997 £	1996 £
Bank deposit interest	-	34
Exchange gain on foreign currency borrowings	2,977,338	3,478,369
	£ 2,977,338	£ 3,478,403

HOUSE OF CAMPBELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

3. Interest payable and similar charges	1997	1996
	£	£
Interest payable on bank loans and overdrafts	1,737,162	1,829,585
	<u> </u>	<u> </u>
	£ 1,737,162	£ 1,829,585
	<u> </u>	<u> </u>

4. Profit on ordinary activities before taxation	1997	1996
	£	£
Profit on ordinary activities before taxation is stated after crediting:		
Exchange gain/(loss) on foreign currency borrowings	£ 2,977,338	£ 3,478,369
	<u> </u>	<u> </u>

Details of the Directors' remuneration are included in Campbell Distillers Limited Financial Statements.

5. Tax on profit on ordinary activities	1997	1996
	£	£
UK corporation tax at 31.5% (1996 - 33%)	(647,440)	-
Taxation on franked investment income	2,000,000	1,500,000
Deferred tax charge	794,530	-
Adjustment in respect of prior year Group relief	(629,000)	-
	<u> </u>	<u> </u>
	£ 1,518,090	£ 1,500,000
	<u> </u>	<u> </u>

No charge to taxation arises in respect of the year (1996 Nil). The company has losses adjusted for taxation purposes of approximately £2,000,000 (1996 £1,900,000) which are available for surrender to other Group companies. Tax losses are surrendered to other Group companies at full value.

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1997

6. Fixed asset investments

	Subsidiary undertakings £	Trade investments (unlisted) £	Total £
Shares at cost/valuation at January 1, 1997	40,152,204	38,195,321	78,347,525
Revaluation in year	269,664	-	269,664
at December 31, 1997	£ 40,421,868	£ 38,195,321	£ 78,617,189

The company's principal investments in subsidiary undertakings are as follows:

Subsidiary undertaking	Principal activity	County of registration or incorporation	Class of share	Percentage of shares held
Campbell Distillers Limited	Whisky distiller wine and spirit supplier	Scotland	Ordinary	100%
World Brands Duty Free Limited	Duty free spirit supplier	England	Ordinary	100%
Caxton Tower Wines Limited*	Wine supplier and distributor	England	Ordinary A	100%
Malcolm Scott and Company Limited*	Investment company	Scotland	Ordinary	100%

* Interests identified with an asterisk are held by a subsidiary undertaking.

Included in trade investments is the cost of acquiring an interest in bonds issued by Cidrerries et Sopagly Réunies ('CSR'), a fellow subsidiary undertaking of Pernod Ricard SA. This interest comprises a right to the allotment of 372,500 shares with a par value of FRF135 each in CSR when the bonds are redeemed on November 30, 2000. Under certain circumstances, an allotment of shares to the company could take place on an earlier date. The company is not entitled to the receipt of any cash amounts in respect of the principal or interest due under the terms of the bonds, but such entitlements are to be held in trust on its behalf until November 30, 2000. The nominal value of the allotted share capital of CSR at December 31, 1997 was FRF 58,457,295. Under the terms of the bonds, no shares would be allotted in the circumstances of default by CSR but the bonds would be redeemed in cash at the issue price plus accrued interest.

HOUSE OF CAMPBELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

7. Debtors	1997	1996
	£	£
Amounts owed by group undertakings	26,963,803	18,771,565
ACT recoverable	-	1,415,000
Other debtors	26	26
Prepayments and accrued income	500	8,895
	£ 26,964,329	£ 20,195,486
 8. Creditors (amounts falling due within one year)	 1997	 1996
	£	£
Bank loans and overdrafts (refer note 10)	16,499,960	16,185,385
ACT payable	-	1,415,000
Accruals and deferred income	225,450	3,644
	£ 16,725,410	£ 17,604,029
 9. Creditors (amounts falling due after more than one year)	 1997	 1996
	£	£
Bank loans and overdrafts (refer note 10)	£ 25,201,613	£ 19,677,563

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1997

10. Bank loans	1997 £	1996 £
Due within 1 year	16,499,960	16,185,385
Due within 1 to 2 years	-	4,943,820
Due within 2 to 5 years	25,201,613	14,733,743
	£ 41,701,573	£ 35,862,948

Bank loans include:

- A current account of £8,499,960.
- A short term loan of £8,000,000.
- Medium term loans denominated in French Francs for an amount equivalent to 250,000,000 FRF at the exchange rate applying at the Balance Sheet date. These loans are repayable in full in January 2000.

11. Deferred tax	1997 £	1996 £
Short term timing differences	£ 794,530	-

There are no other unprovided deferred tax liabilities (1996 - £Nil).

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

12. Called up share capital

	1997 £	1996 £
Authorised		
7,497,500 ordinary shares of £1	7,497,500	7,497,500
250,000 'A' ordinary shares of £0.01	2,500	2,500
	£ 7,500,000	£ 7,500,000
Allotted, called up and fully paid		
7,464,493 ordinary shares of £1	7,464,493	7,464,493
217,333 'A' ordinary shares of £0.01	2,173	2,173
	£ 7,466,666	£ 7,466,666

13. Equity Shareholders' funds

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total 1997 £	Total 1996 £
At January 1, as previously stated	7,466,666	6,421,469	-	11,221,080	25,109,215	29,535,397
Prior year adjustments	-	-	39,722,655	(3,570,451)	36,152,204	35,602,955
At January 1 as restated	7,466,666	6,421,469	39,722,655	7,650,629	61,261,419	65,138,352
Increase/(decrease) in value of investment in subsidiary undertakings	-	-	699,213	-	699,213	834,962
Retained profit/(loss) for the year	-	-	-	899,333	899,333	(4,711,895)
at December 31,	£7,466,666	£6,421,469	£40,421,868	£8,549,962	£62,859,965	£61,261,419

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1997

14. Capital commitments

At the end of the year there were no capital commitments contracted for (1996 - £Nil).

15. Defined benefit pension commitments

The most recent actuarial valuation was carried out by Sedgwick Noble Lowndes, an independent qualified actuary, at April 6, 1995 on the Projected Unit method. The main actuarial assumptions were that (a) pensionable salaries would increase by 7% per annum, (b) pensions in payment by 7% per annum and (c) the return on scheme investments would be 9% per annum.

The valuation showed that the market value of the assets of the scheme was £11,274,110 and the actuarial value of the assets was sufficient to cover 110% of the benefits that had accrued to members after allowing for expected future increases in earnings. This surplus should be eliminated over the remaining working life of the existing members at the current employer's contribution rate of 14.4% of pensionable earnings from April 1996.

16. Ultimate holding company

The ultimate holding company is Pernod Ricard SA, incorporated in France.

The holding company of the smallest and the largest group to include the company in its consolidated financial statements is Pernod Ricard SA, incorporated in France. Copies of its consolidated financial statements are available from 142 Boulevard Haussmann, 75008 Paris, France.