Allied Domecq Limited

Directors' report and financial statements

Registered number 3771147

25 July 2005

Contents

Directors' report

The financial statements for the period are set out on pages 6 to 41.

Review of the financial period

The profit after taxation for the period ended 25 July 2005 was £245m *(year ended 31 August 2004 £370m)*.

Main trading activities

The Group's main trading activities are the production, marketing and sale of spirits and wine products and the franchising of Quick Service Restaurants.

Subsequent events

On 26 July 2005, the company (formerly Allied Domecq plc) ("AD"), was acquired by Pernod Ricard S.A. ("PR") acting through its subsidiary Goal Acquisition Limited ("Goal"). As part of the acquisition of AD, PR agreed with Fortune Brands, Inc. ("FB") to sell certain of the assets and operations of AD and its subsidiaries to FB. On the acquisition becoming effective, FB subscribed for approximately £2.1bn of tracker shares in Goal. These tracker shares give FB certain economic rights over the assets and operations it agreed to purchase from PR. Following the takeover certain of the assets and trade of the company have been transferred outside of the PR group to Fortune Brands Inc.

Directors and directors' interests

The directors that served during the period and their interests in the share capital of the company were as follows:

			At 25 July 2005 Ordinary shares	At 1 September 2004 Ordinary shares
Philip Bowman		(resigned 26 July 2005)	674,357	460,653
Graham Hetherington		(resigned 26 July 2005)	254,541	460,653
David Scotland		(resigned 26 July 2005)	236,848	142,746
Richard Turner		(resigned 26 July 2005)	219,111	131,977
Sir Gerry Robinson		(resigned 26 July 2005)	-	-
Paul Adams		(resigned 26 July 2005)	-	-
Bruno Angelici		(resigned 26 July 2005)	2,000	2,000
Donald Brydon		(resigned 27 January 2005)	-	11,500
John Rishton		(resigned 26 July 2005)	-	-
Emmanuel Babeau	(appointed 26 July 2005)		-	-
Richard Burrows	(appointed 26 July 2005)	(resigned 17 January 2006)	-	-
Ian Fitzsimons	(appointed 26 July 2005)		-	-
Yves Flaissier	(appointed 26 July 2005)	(resigned 17 January 2006)	-	-
Aziz Jetha	(appointed 26 July 2005)		-	-
Christian Porta	(appointed 26 July 2005)	(resigned 17 January 2006)	-	-
Pierre Pringuet	(appointed 26 July 2005)	(resigned 17 January 2006)	-	-
Patrick Ricard	(appointed 26 July 2005)	(resigned 17 January 2006)	-	-
Anthony Schofield	(appointed 26 July 2005)		-	-

No director held interests in the debentures of the company, or in shares or loan or loan stock of any subsidiary company.

Directors' report *(continued)*

Share options in Allied Domecq Limited were granted to and exercised by four directors in the period as below.

	Number of Options at 1 September 2004	Options granted during year	Options exercised during year	Options lapsed during year	Number of options at 25 July 2005
	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Philip Bowman	2,740,745	496,380	108,187	512,091	2,616,847
Graham Hetherington	862,069	133,897	269,597	121,621	604,748
David Scotland	989,931	137,331	350,877	138,691	637,694
Richard Turner	882,968	127,031	304,093	119,487	586,419

Charitable and political contributions

Contributions totalling £183,000 were made to UK charities during the period. The company's continuing policy is not to make political donations or contributions within the EU.

Employees

The company operates a policy of equal opportunity and continues to give full and fair consideration to applications for employment made by disabled persons. Employees who become disabled will, wherever possible and practicable, be retained in employment and, where necessary, appropriate training will be provided.

Communications and involvement

Considerable emphasis is placed by the company on communications with its employees. In addition to obtaining a comprehensive range of attitudes and views from employees through employee opinion surveys, the company's subsidiaries involve and consult them with regard to the activities and performance of their businesses and any matters of concern to them. It is normal practice to use formal joint consultative bodies locally for one-to-one and group meetings.

Going concern

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

By order of the board

Jane Egan
Secretary

20 September 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgments 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 group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG Audit plc
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Allied Domecq Limited

We have audited the group and parent company financial statements (the "financial statements") of Allied Domecq Limited for the period ended 25 July 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under 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 auditor's 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Independent auditors' report to the members of Allied Domecq Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 25 July 2005 and of the group's profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985,

KPMG Audit plc

KPMG Audit plc
Chartered Accountants
Registered Auditor

20 September 2006

Consolidated profit and loss account
for the period ended 25 July 2005

	Note	11 months to 25 July 2005 Before goodwill and exceptional items £m	Goodwill and exceptional items £m	Total £m	Year to 31 August 2004 Before goodwill and exceptional items £m	Goodwill and exceptional items £m	Total £m
Turnover	2	2,955	-	2,955	3,229	-	3,229
Operating profit							
– goodwill amortisation	6	-	(36)	(36)	-	(40)	(40)
– other	6	(2,378)	(116)	(2,494)	(2,604)	(36)	(2,640)
Operating profit from continuing operations		577	(152)	425	625	(76)	549
Share of profits of associated undertakings	15	33	-	33	32	-	32
Trading profit on ordinary activities before finance charges	2	610	(152)	458	657	(76)	581
Profit on sale of businesses in discontinued activities	7	-	-	-	-	20	20
Profit on disposal of fixed assets in continuing activities	7	-	11	11	-	14	14
Profit on ordinary activities before finance charges		610	(141)	469	657	(42)	615
Interest payable and similar charges	8	(97)	-	(97)	(117)	-	(117)
Other finance charges	5	(17)	-	(17)	(19)	-	(19)
Profit on ordinary activities before taxation		496	(141)	355	521	(42)	479
Taxation	9	(119)	9	(110)	(125)	16	(109)
Profit on ordinary activities after taxation		377	(132)	245	396	(26)	370
Minority interests – equity and non-equity	24	(15)	-	(15)	(14)	-	(14)
Profit earned for ordinary shareholders for the period	23	362	(132)	230	382	(26)	356
Ordinary dividends	11			(71)			(167)
Retained profit				159			189
Earning per ordinary shares:							
- basic	10			20.2p			33.1p
- diluted	10			20.2p			32.9p
- normalised	10	32.3p			35.5p		

Consolidated balance sheet
at 25 July 2005

	Note	25 July 2005		31 August 2004	
		£m	£m	£m	£m
Fixed assets					
Intangible assets	12		1,278		1,234
Tangible assets	13		939		921
Investments and loans	14		13		21
Investments in associates	15		46		73
			2,276		2,249
Current assets					
Stocks	16	1,440		1,343	
Debtors	17	738		636	
Cash at bank and in hand		85		129	
		2,263		2,108	
Creditors: amounts falling due within one year					
Short-term borrowings	20	(1,100)		(378)	
Other creditors	18	(979)		(1,088)	
Total current liabilities		(2,079)		(1,466)	
Net current assets			184		642
Total assets less current liabilities			2,460		2,891
Creditors: amounts falling due after one year					
Loan capital	20		(939)		(1,692)
Other creditors	18		(67)		(43)
Total creditors due after one year			(1,006)		(1,735)
Provisions for liabilities and charges	19		(160)		(179)
Net assets excluding pension and post-retirement liabilities			1,294		977
Pension and post-retirement liabilities			(474)		(387)
Net assets			820		590
Capital and reserves					
Called up share capital	22		277		277
Share premium account	23		165		165
Merger reserve	23		(823)		(823)
Shares held in employee trusts	23		(72)		(112)
Profit and loss account	23		1,187		1,003
Shareholders' funds – equity			734		510
Minority interests – equity and non-equity	24		86		80
			820		590

These financial statements were approved by the board of directors on 20 September 2006 and were signed on its behalf by:

Director

Company balance sheet
at 25 July 2005

	Note	**25 July 2005**		31 August 2004	
		£m	**£m**	£m	£m
Fixed assets					
Investments	*14*		**4,086**		4,086
Current assets					
Debtors	*17*	**2**		98	
Cash at bank and in hand		**-**		-	
		2		98	
Creditors: amounts falling due within one year		**(159)**		(115)	
Net current liabilities			**(157)**		(17)
Net assets			**3,929**		4,069
Capital and reserves					
Called up share capital	*22*		**277**		277
Share premium account	*23*		**165**		165
Merger reserve	*23*		**2,420**		2,420
Capital reserve	*23*		**651**		651
Shares held in employee trusts	*23*		**(72)**		(112)
Profit and loss account	*23*		**488**		668
Shareholders' funds – equity			**3,929**		4,069

These financial statements were approved by the board of directors on 20 September 2006 and were signed on its behalf by:

Director

Profits of the parent company

Under s230 (4) of the Companies Act 1985, a separate profit and loss account for the parent company is not presented.

Profits for the period arising in the parent company are disclosed in note 23.

Consolidated cash flow statement

for the period ended 25 July 2005

Reconciliation of operating profit to net cash inflow from operating activities

	11 months to 25 July 2005	Year to 31 August 2004
	£m	£m
Operating profit	**425**	549
Goodwill amortisation	**36**	40
Exceptional operating costs	**78**	8
Depreciation	**73**	78
Increase in stock	**(72)**	(5)
Increase in debtors	**(196)**	(3)
Increase in creditors	**46**	9
Expenditure against provisions for reorganisation and restructuring costs	**(31)**	(34)
Other items	**14**	13
Net cash flow from operating activities	**373**	655

Cash flow statement

	Note	11 months to 25 July 2005 £m	Year to 31 August 2004 £m
Net cash flow from operating activities		373	655
Dividends received from associated undertakings		56	15
Returns on investments and servicing of finance	*25*	(98)	(122)
Taxation paid	*25*	(99)	(82)
Capital expenditure and financial investment	*25*	(47)	(58)
Acquisitions and disposals	*25*	-	9
Equity dividends paid		(175)	(156)
Cash inflow before use of liquid resources and financing		**10**	**261**
Management of liquid resources		**(14)**	**(4)**
Financing	*25*	**11**	**16**
Increase in cash in the period		**7**	**273**

Reconciliation of net cash flow to movement in net debt
for the period ended 25 July 2005

		11 months to 26 July 2005 £m	Year to 31 August 2004 £m
Increase in cash in the period		7	273
Increase in liquid resources		14	4
Decrease in loan capital		24	1
Movement in net debt resulting from cash flows		45	278
Exchange adjustments		(58)	193
Movement in net debt during the period		(13)	471
Opening net debt		(1,941)	(2,412)
Net debt at the end of the period	*27*	(1,954)	(1,941)

Consolidated statement of total recognised gains and losses
for the period ended 25 July 2005

	11 months to 25 July 2005 £m	Year to 31 August 2004 £m
Profit earned for ordinary shareholders for the period	**230**	356
Currency translation differences on foreign currency net investments	**106**	108
Taxation on translation differences	**12**	(26)
Associated undertaking reserve movement (see note 15)	**-**	(17)
Actuarial gains/(losses) on net pension liabilities	**(93)**	2
	255	423

Note of consolidated historical cost profits and losses
for the period ended 25 July 2005

There is no difference between the profit earned for ordinary shareholders as disclosed in the profit and loss account and the profit stated on an historical cost basis.

Reconciliations of movements in shareholders' funds
for the period ended 25 July 2005

	11 months to 25 July 2005 £m	Year to 31 August 2004 £m
Total recognised gains and losses for the period	**255**	423
Movement on shares in employee trusts	**40**	17
Ordinary dividends	**(71)**	(167)
Net movement in shareholders' funds	**224**	273
Shareholders' funds at the beginning of the period	**510**	237
Shareholders' funds at the end of the period	**734**	510

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and comply with applicable accounting policies generally accepted in the United Kingdom ("UK GAAP").

Change of ownership/period end date

On 26 July 2005 Allied Domecq PLC was purchased by Pernod Ricard S.A. a company incorporated in France. Following the acquisition the company was no longer listed on the London Stock Exchange and changed its name to Allied Domecq Limited. The company also changed its accounting reference date to 26 July 2005. The company has taken advantage of section 223 (iii) of the Companies Act 1985 and the results presented are for the 11 months from 1 September 2004 to 25 July 2005.

Basis of consolidation

The Allied Domecq Limited accounts consolidate the accounts of the company and its interests in subsidiary undertakings. Interests in associated undertakings are included using the equity method of accounting. The results of businesses acquired or disposed of during the year are consolidated for the period from, or up to, the date control passes.

Acquisitions

On the acquisition of a business, or an interest in an associate, fair values that reflect conditions at the date of the acquisition are attributed to the net assets acquired. Adjustments are also made to bring accounting policies in line with those of the company.

Intangible fixed assets

Goodwill arising on acquisitions of businesses since 1 September 1998 is capitalised and amortised by equal instalments over its anticipated useful life, but not exceeding 20 years. Goodwill arising on acquisitions prior to 1 September 1998 was charged directly to reserves. On disposal of a business, any attributable goodwill previously eliminated against reserves is included in the calculation of any gain or loss. Purchased intangible assets are also capitalised and amortised over their estimated useful economic lives on a straight line basis, except for purchased brand intangible assets. Purchased brand intangible assets are considered by the Board of Directors to have an indefinite life given the proven longevity of premium spirits brands and the continued level of marketing support. We do not amortise purchased brand intangible assets but they are subject to annual impairment reviews.

Tangible fixed assets

Tangible fixed assets are capitalised at cost. Depreciation is provided to write off the cost less the estimated residual value of assets by equal instalments over their estimated useful economic lives as follows: Land and buildings - the shorter of 50 years or the length of the lease; distilling and maturing equipment - 20 years; storage tanks - 20 to 50 years; other plant and equipment and fixtures and fittings - 5 to 12 years; and computer software - 4 years. Vineyard developments are not depreciated in the first 3 years unless they become productive within that time. No depreciation is provided on freehold land.

Fixed asset investments

Fixed asset investments are stated at cost, less provision for any permanent diminution in value.

Turnover

Turnover represents sales to external customers (including excise duties but excluding sales taxes) and franchise income.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase price or direct production cost, together with duties and manufacturing overheads. The cost of spirits and wine stocks is determined by the weighted average cost method. Stocks are included in current assets, although a portion of such stocks may be held for periods longer than one year.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Financial instruments

The Group uses financial derivative instruments to manage exposures to movements in interest and exchange rates. Transactions involving financial instruments are accounted for as follows:

i) Gains or losses arising on forward exchange contracts are taken to the profit and loss account in the same period as the underlying transaction. Premiums paid or received on foreign currency options are taken to the profit and loss account when the option expires or matures.

ii) Net interest arising on interest rate agreements is taken to the profit and loss account over the life of the agreement.

iii) Gains and losses on foreign currency debt and foreign exchange contracts held for the purposes of hedging balance sheet translation exposures are taken to reserves.

Foreign currency transactions

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date.

Exchange gains and losses on foreign currency transactions are recognised in the consolidated profit and loss account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated into sterling at foreign exchange rates ruling at the balance sheet date. The results and cash flows of overseas subsidiaries are translated into sterling on a weighted average exchange rate basis, which approximates to the actual rate for the month.

Exchange differences arising from the translation of the results and net assets of overseas subsidiaries are recognised in reserves. *Gains and losses on foreign currency debt and foreign exchange contracts held for the purposes of* hedging balance sheet translation exposures are taken to reserves.

When a foreign operation is sold, related exchange differences are recognised in the income statement as part of the gain or loss on sale.

The cost of the company investment in shares in overseas subsidiaries is stated at the rate of exchange in force at the date each investment was made.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension and post-employment benefits

In accordance with FRS 17 - Retirement benefits, the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

ESOP trusts

Shares held in employee trusts are classified in shareholders' funds. The company lends funds to the employee trust to purchase the shares.

Notes *(continued)*

2 Segmental reporting

i) Activity analysis	**Spirits & wine**	**QSR**	**Britannia**	**Total continuing**	**Dis-continued**	**Total**
	£m	£m	£m	£m	£m	£m
11 months to 25 July 2005						
Turnover	2,725	230	-	2,955	-	2,955
Trading profit before exceptional items and goodwill	499	89	22	610	-	610
Goodwill amortisation	(36)	-	-	(36)	-	(36)
Exceptional items	(116)	-	-	(116)	-	(116)
Trading profit after goodwill and *exceptional items*	347	89	22	458	-	458
Profit on disposal of fixed assets in continuing activities	11	-	-	11	-	11
Profit before finance charges	358	89	22	469	-	469
Finance charges						(114)
Profit on ordinary activities before taxation						355
Depreciation	62	11	-	73	-	73
Capital expenditure	80	21	-	101	-	101
Assets employed	2,759	114	1	2,874	-	2,874
Average number of employees	10,862	865	-	11,727	-	11,727
Year to 31 August 2004						
Turnover	3,003	226	-	3,229	-	3,299
Trading profit before exceptional items and goodwill	548	86	23	657	-	657
Goodwill amortisation	(40)	-	-	(40)	-	(40)
Exceptional items	(34)	(2)	-	(36)	-	(36)
Trading profit after goodwill and exceptional items	474	84	23	581	-	581
Profit on sale of business in discontinuing activities	-	-	-	-	20	20
Profit/(loss) on disposal of fixed assets in continuing activities	15	(1)	-	14	-	14
Profit before finance charges	489	83	23	595	20	615
Finance charges						(136)
Profit on ordinary activities before taxation						479
Depreciation	68	10	-	78	-	78
Capital expenditure	91	21	-	112	-	112
Assets employed	2,616	134	36	2,786	-	2,786
Average number of employees	10,762	923	-	11,685	-	11,685

Notes *(continued)*

2 Segmental reporting *(continued)*

Notes:

a) During the period the Group has reviewed its lease accounting and as a result the QSR turnover for the 11 months to 25 July 2005 includes an £11m uplift to correct the accounting treatment of rental income in prior years. There was no impact on trading profit because the uplift in rental income was offset by a similar increase in rental expense.

b) Normalised profit before tax is £496m *(2004: £521m)* being trading profit £610m *(2004: £657m)* less finance charges £114m *(2004: £136m)*.

c) Spirits & wine goodwill is amortised over 20 years and relates principally to Mumm, Perrier Jouet and Montana acquired in 2001 and Jinro Ballantines acquired in 2000.

d) Assets employed are before deducting net borrowings of £1,954m *(2004: £1,941m)*, tax payable of £100m *(2004: £151m)* and dividends payable of £nil *(2004: £104m)* to give net assets of £820m *(2004: £590m)*.

e) Trading profit includes the Group's share of profits of associated undertakings whose turnover is not included.

f) Acquired activities in 2005 had no material impact on turnover and trading profits.

Notes *(continued)*

2 Segmental reporting *(continued)*

	Europe £m	Americas £m	Rest of world £m	Total £m
ii) By country of operation				
11 months to 25 July 2005				
Turnover				
– continuing activities	1,927	1,601	374	3,902
– to group companies				(947)
– external				2,955
Trading profit				
– continuing activities	246	327	37	610
– goodwill amortisation in continuing activities	(18)	(2)	(16)	(36)
– exceptional items in continuing activities	(97)	(8)	(11)	(116)
Trading profit after goodwill and exceptional items	131	317	10	458
Profit on disposal of fixed assets in continuing activities	11	-	-	11
Profit before finance charges	142	317	10	469
Assets employed	1,115	1,113	646	2,874
Year to 31 August 2004				
Turnover				
– continuing activities	2,106	1,685	368	4,159
– to group companies				(930)
– external				3,229
Trading profit				
– continuing activities	250	348	59	657
– goodwill amortisation in continuing activities	(20)	(2)	(18)	(40)
– exceptional items in continuing activities	(23)	(10)	(3)	(36)
Trading profit after goodwill and exceptional items	207	336	38	581
Profit on sale of businesses in discontinued activities	20	-	-	20
Profit on disposal of fixed assets in continuing activities	14	-	-	14
Profit before finance charges	241	336	38	615
Assets employed	1,081	1,079	626	2,786

Notes:

a) Export sales from the United Kingdom were £421m *(2004: £431m)* including £304m *(2004: £301m)* sales to Group companies.

b) Trading profit includes the Group's share of profits of associated undertakings whose turnover is not included.

Notes *(continued)*

2 Geographical analysis *(continued)*

	Europe £m	Americas £m	Rest of world £m	Total £m
iii) By country of destination				
11 months to 25 July 2005				
Turnover				
– continuing activities	1,212	1,285	458	2,955
Trading profit				
– continuing activities	207	303	100	610
– goodwill amortisation in continuing activities	(18)	(2)	(16)	(36)
– exceptional items in continuing activities	(97)	(8)	(11)	(116)
Trading profit after goodwill and exceptional items	92	293	73	458
Profit/(loss) on disposal of fixed assets in continuing activities	11	-	-	11
Profit before finance charges	103	293	73	469
Year to 31 August 2004				
Turnover				
– continuing activities	1,356	1,392	481	3,229
Trading profit				
– continuing activities	235	327	95	657
– goodwill amortisation in continuing activities	(20)	(2)	(18)	(40)
– exceptional items in continuing activities	(23)	(10)	(3)	(36)
Trading profit after goodwill and exceptional items	192	315	74	581
Profit on sale of businesses in discontinued activities	20	-	-	20
Profit/(loss) on disposal of fixed assets in continuing activities	14	-	-	14
Profit before finance charges	226	315	74	615

Notes:

a) Turnover excludes sales to Group companies.

b) Trading profit includes the Group's share of profits of associated undertakings whose turnover is not included.

Notes *(continued)*

3 Exchange rates

The significant translation rates to £1:

	Average rate for the period		Closing rate	
			25 July	31 August
	2005	2004	**2005**	2004
United States dollar	1.85	1.78	1.75	1.81
Mexican peso	20.65	19.92	18.60	20.55
Euro	1.46	1.47	1.45	1.48

4 Staff costs

		Full time		Part-time			
						11 months to 25 July 2005 Total	Year to 31 August 2004 Total
	Note	**UK**	**Overseas**	**UK**	**Overseas**		
		£m	£m	£m	£m	**£m**	£m
Remuneration		81	242	2	3	**328**	350
Social security		8	33	-	1	**42**	44
Pension schemes – UK	*5*	9	-	-	-	**9**	11
- Overseas	*5*	-	15	-	-	**15**	17
Post retirement medical benefits (PRMB)	*5*	-	1	-	-	**1**	4
		98	291	2	4	**395**	426
Average number employed **2005 – continuing operations**		1,703	9,060	60	904	**11,727**	
2004 – continuing operations		1,699	8,856	71	1,059		11,685

Remuneration of directors

	25 July 2005 £000	31 August 2004 £000
Directors' emoluments	**2,137**	2,219
Pension allowance	**457**	466
Other benefits	**66**	94
Performance related bonuses	**1,980**	2,744
	4,640	5,523

The aggregate of emoluments and other amounts receivable of the highest paid director was £1,537,000 *(2004:£1,880,000)*, and pension contributions of £301,000 *(2004:£307,000)* were made to a pension scheme on his behalf.

No director received any compensation for loss of office. During the year four directors exercised options in the company.

Notes *(continued)*

5 Pension and post-retirement benefit schemes

The Group operates a number of pension and post-retirement healthcare schemes throughout the world. The major schemes are of the defined benefit type and the assets of the schemes are largely held in separate trustee administered funds. The UK funds represent approximately 80% of the overall pension liabilities of the Group and are closed to new members.

The Group operates defined benefit pension and post-retirement medical benefit plans in several countries overseas, with the most significant being in the US and Canada. In addition there are a number of defined contribution schemes.

The assets and liabilities of the defined benefit schemes are reviewed regularly by independent professionally qualified actuaries. For the UK schemes a full assessment is undertaken every three years for funding purposes and the latest full actuarial valuation of the UK schemes was carried out as at 6 April 2003 using the projected unit credit method. The latest actuarial reviews of the US and Canadian schemes were carried out as at 1 January 2004.

The Group's investment strategy for its funded pension schemes has been developed within the framework of local statutory requirements. The Group's policy for the allocation of assets within the schemes has the objective of maintaining the right balance between controlling risk and achieving the long-term returns which will minimise the cost to the Group. The Group aims to invest a significant proportion of the assets (50%) into equities which the Group believes offer the best returns over the longer term. In addition the Group invests approximately 40% of the assets into bonds with the remainder in properties and cash.

The total cost of pension and post-retirement benefits for the Group was £42m *(2004: £51m)* of which £25m *(2004: £32m)* has been charged against operating profit and £17m *(2004: £19m)* has been charged within other finance charges.

(a) The major assumptions used were:

	25 July 2005		31 August 2004		31 August 2003	
	United Kingdom	**Overseas**	United Kingdom	Overseas	United Kingdom	Overseas
	£m	**£m**	£m	£m	£m	£m
Inflation	2.7	2.9	2.9	3.0	2.5	3.0
Rate of general increase in salaries	4.2	4.3	4.4	4.3	4.0	4.4
Rate of increase to benefits	3.2	1.8	3.2	1.8	3.1	1.8
Discount rate for scheme liabilities	5.0	5.0	5.8	5.7	5.6	6.0
The expected long-term rate of return of the significant scheme is:						
Equities	7.9	8.0	7.7	8.1	7.5	8.2
Bonds	4.7	5.0	5.4	6.0	5.0	5.8
Property and other	6.3	3.0	4.7	4.0	5.5	4.3

Notes *(continued)*

5 Pension and post-retirement benefit schemes *(continued)*

(b) The net pension and PRMB liability of the Group as at 25 July 2005 was:

	25 July 2005		31 August 2004		31 August 2003	
	United Kingdom market value £m	**Overseas market value £m**	United Kingdom market value £m	Overseas market value £m	United Kingdom market value £m	Overseas market value £m
Equities	**895**	**138**	821	134	814	156
Bonds	**691**	**124**	616	136	594	161
Property and other	**191**	**71**	159	33	143	14
Total market value of assets	**1,777**	**333**	1,596	303	1,551	331
Present value of scheme liabilities	**(2,285)**	**(516)**	(2,002)	(458)	(2,004)	(464)
Deficit in the scheme	**(508)**	**(183)**	(406)	(155)	(453)	(133)
Related deferred tax asset	**152**	**65**	122	52	136	45
Net pension and PRMB liability	**(356)**	**(118)**	(284)	(103)	(317)	(88)

(c) Profit and loss account charges:

The amounts charged to operating profit during the period were:

	25 July 2005		31 August 2004	
	United Kingdom £m	**Overseas £m**	United Kingdom £m	Overseas £m
Current service cost	9	16	11	21
Total included within operating profit	9	16	11	21

The amounts charged to other finance charges during the period were:

Interest cost	104	23	110	25
Expected return on assets	(93)	(17)	(97)	(19)
Total included within other finance charges	11	6	13	6

Notes *(continued)*

5 Pension and post-retirement benefit schemes *(continued)*

(d) Analysis of amount that has been included within the Group statement of recognised gains and losses:

	25 July 2005		31 August 2004	
	United Kingdom £m	**Overseas £m**	United Kingdom £m	Overseas £m
Actual return less expected return on pension scheme assets	138	15	10	5
Experience gains and losses arising on the scheme liabilities	-	12	(17)	(3)
Changes in assumptions underlying the present value of the scheme liabilities	(262)	(37)	34	(26)
Actuarial gain/(loss) recognised in Group statement of total recognised gains and losses	(124)	(10)	27	(24)
Deferred tax movement	37	4	(8)	7
Actuarial gain/(loss) recognised in Group statement of total recognised gains and losses – net of tax	(87)	(6)	19	(17)

(e) The movement in deficit during the period was:

	25 July 2005		31 August 2004	
	United Kingdom £m	**Overseas £m**	United Kingdom £m	Overseas £m
Deficit in scheme at beginning of period	(406)	(155)	(453)	(133)
Movement in period:				
Current service cost	(9)	(16)	(11)	(21)
Contributions	42	15	44	13
Other finance income	(11)	(6)	(13)	(6)
Currency translation adjustment	-	(11)	-	16
Actuarial gain/(loss)	(124)	(10)	27	(24)
	(508)	(183)	(406)	(155)

Based on current market conditions we anticipate that contributions to the funds will be approximately £60m in 2007 and 2008.

Notes *(continued)*

5 Pension and post-retirement benefit schemes *(continued)*

(f) The history of experience gains and losses is:

	25 July 2005		31 August 2004		31 August 2003	
	***United* Kingdom**	**Overseas**	United Kingdom	Overseas	United Kingdom	Overseas
Actual return less expected return on pension scheme assets						
Amount (£m)	**138**	**15**	10	5	(12)	(6)
Percentage on the scheme assets (%)	**8%**	**4%**	1%	2%	(1%)	(2%)
Experience gains and losses arising on the scheme liabilities						
Amount (£m)	**-**	**12**	(17)	(3)	20	(4)
Percentage on the scheme assets (%)	**0%**	**(2)%**	1%	1%	(1%)	(1%)
Actuarial loss recognised in Group statement of total recognised gains and losses						
Amount (£m)	**(124)**	**(10)**	27	(24)	(63)	(32)
Percentage on the scheme assets (%)	**5%**	**2%**	(1%)	5%	3%	7%

6 Operating costs

	Note	**11 months to 25 July Total £m**	Year to 31 August Total £m
Change in stocks of finished goods and work in progress		**(78)**	(5)
Raw material and consumables		**730**	810
Customs and excise duties paid		**590**	618
Staff costs	*4*	**395**	426
Depreciation	*13*	**73**	78
Goodwill amortisation		**36**	40
Other operating charges including exceptional items		**724**	654
Operating leases – hire of equipment		**6**	11
– property rents		**52**	45
Payments to auditor – fees for audit		**2**	3
		2,530	2,680

The parent company audit fee was £nil *(2004: £nil)*. Other payments to the auditor were £1m *(2004: £1m)* which primarily relate to services provided in relation to the acquisition of the company by Pernod Ricard.

Notes *(continued)*

7 Goodwill amortisation and exceptional items

	11 months to 25 July Total £m	Year to 31 August Total £m
Goodwill amortisation	**(36)**	(40)
Exceptional items		
Takeover costs	**(37)**	-
Loss on exercise of share options	**(69)**	-
Asset write-downs	**-**	(5)
Restructuring	**(10)**	(31)
Total exceptional items within operating costs	**(116)**	(36)
Profit on sale of business	**-**	20
Profit on disposal of fixed assets	**11**	14
Goodwill amortisation and exceptional items before taxation	**(141)**	(42)
Taxation	**9**	16
Goodwill amortisation and exceptional items after taxation	**(132)**	(26)

Takeover costs relate to costs incurred in connection with the acquisition of the company by Pernod Ricard. The charge for share options relates to the vesting on 26 July 2005 of all share options outstanding at that date pursuant to the Scheme of Arrangement by which Pernod Ricard acquired the company. The restructuring costs relate to the Raising The Pace programme initiated in 2004.

8 Interest payable and similar charges

	11 months to 25 July Total £m	Year to 31 August Total £m
Interest on bank loans and overdrafts	**18**	21
Interest on other loans	**88**	103
Less: deposit and other interest receivable	**(9)**	(7)
Interest payable and similar charges	**97**	117

Notes *(continued)*

9 Taxation

The charge for taxation on the profit for the period comprises:

	11 months to 25 July Total	Year to 31 August Total
Current tax	**£m**	£m
United Kingdom taxation		
Corporation tax at 30% *(2004: 30%)*	**1**	(3)
Adjustment in respect of prior periods	**(18)**	(11)
Double taxation relief	**(1)**	(3)
	(18)	(17)
Overseas taxation		
Corporation tax	**129**	65
Adjustment in respect of prior periods	**(31)**	1
	98	66
Taxation on attributable profit of associated undertakings	**11**	10
Total current tax	**91**	59
Deferred tax		
Origination and reversal of timing differences	**22**	57
Adjustment in respect of prior periods	**(3)**	(7)
Total tax charge	**110**	109

A reconciliation of the current tax charge at the UK corporation tax rate of 30% *(2004: 30%)* to the Group's current tax on profit on ordinary activities is shown below :

	11 months to 25 July Total £m	Year to 31 August Total £m
Profit on ordinary activities before taxation	**355**	479
Notional charge at United Kingdom corporation tax rate of 30%	**107**	144
Differences in effective overseas tax rates	**16**	11
Adjustments to prior period tax charges	**(49)**	(10)
Taxable intra-group dividend income	**2**	-
Non-deductible expenditure	**33**	7
Non taxable income and gains	**(23)**	(33)
Losses and other timing differences	**(11)**	(57)
Other current period items	**16**	(3)
Current tax charge	**91**	59

Notes *(continued)*

10 Earnings per share

Basic earnings per share of 20.2p *(2004: 33.1p)* has been calculated on earnings of £230m *(2004: £356m)* divided by the average number of shares of 1,086m *(2004: 1,076m)*.

Diluted earnings per share of 20.2p *(2004: 32.9p)* has been calculated on earnings of £230m *(2004: £356m)* and after including the effect of all dilutive potential Ordinary Shares, the average number of shares is 1,086m *(2004: 1,083m)*.

To show earnings per share on a comparable basis, normalised earnings per share of 32.3p *(2004: 35.5p)* has been calculated on normalised earnings of £362m *(2004: £382m)* divided by the average number of shares of 1,086m *(2004: 1,076m)*. Normalised earnings has been calculated as follows:

	11 months to 25 July Total £m	Year to 31 August Total £m
Earnings are reported	**230**	356
Adjustment for exceptional items net of tax	**99**	(10)
Adjustment for goodwill amortisation net of tax	**33**	36
Normalised earnings	**362**	382
Average number of shares	**millions**	millions
Weighted average ordinary shares in issued during the year	**1,107**	1,107
Weighted average ordinary shares owned by the Allied Domecq employee trusts*	**(21)**	(31)
Weighted average ordinary shares used in earnings per share calculation	**1,086**	1,076

*Includes American Depositary Shares representing underlying Ordinary shares.

11 Ordinary dividends

	11 months to 25 July 2005 £m	Year to 31 August 2004 £m	**11 months to 25 July 2005 p**	Year to 31 August 2004 p
Interim	71	63	6.50	5.83
Final	-	104	-	9.67
	71	167	6.50	15.50

The 2005 interim dividend was paid on 8 July 2005; there is no final dividend for 2005.

Notes *(continued)*

12 Intangible assets

	Goodwill £m	Brands £m	Other intangibles £m	25 July 2005 Total £m	31 August 2004 Total £m
Cost					
At beginning of the period	789	555	35	1,379	1,375
Currency translation adjustment	100	-	(2)	98	-
Additions	4	-	-	4	4
At end of period	**893**	**555**	**33**	**1,481**	**1,379**
Amortisation					
At beginning of the period	(133)	-	(12)	(145)	(102)
Currency translation adjustment	(19)	-	-	(19)	-
Charge for the period	(36)	-	(3)	(39)	(43)
At end of period	**(188)**	**-**	**(15)**	**(203)**	**(145)**
Net balance at the end of the period	**705**	**555**	**18**	**1,278**	**1,234**

Goodwill is being amortised over 20 years. Brands relate to the acquisition of Malibu in 2002. The acquired brand intangible asset is determined to have an indefinite useful economic life. An impairment review was carried out at the balance sheet date and the Board of Directors are satisfied that the brand has not suffered any loss in value. Other intangibles are being amortised over ten years.

Goodwill relating to overseas operations has, in the current period and in prior years, been considered to be a foreign currency asset for the purpose of net investment hedging. However, in the accounts for prior years, the Group recorded goodwill at its historical rate of exchange fixed at the date of acquisition. The Directors take the view that the Group should have recorded goodwill at closing balance sheet rates of exchange. Accordingly, for the financial statements for the period ending 25 July 2005, the Group has recorded the cumulative foreign currency retranslation difference on goodwill through its reserves and, in future, goodwill will continue to be retranslated at closing balance sheet rates. The effect in any period will be to increase or decrease both capitalised goodwill and profit and loss account reserves by equal amounts. The amount will depend upon year end currency rates. The cumulative adjustment at 31 August 2004 is to increase both goodwill and profit and loss account reserves by £42 million. This is included in the amount of £81 million reported above for the period ended 25 July 2005. Normalised earnings and cash are unaffected.

Notes *(continued)*

13 Tangible assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At beginning of the period	723	731	1,454
Currency translation adjustment	26	23	49
	749	754	1,503
Additions	34	67	101
Disposals and transfers	(61)	16	(45)
At the end of the period	**722**	**837**	**1,559**
Depreciation			
At beginning of the period	(159)	(374)	(533)
Currency translation adjustment	(5)	(9)	(14)
	(164)	(383)	(547)
Disposals and transfers	3	(3)	-
Charge for the period	(20)	(53)	(73)
At the end of the period	**(181)**	**(439)**	**(620)**
Net book value			
At 25 July 2005	**541**	**398**	**939**
At 31 August 2004	564	357	921

	25 July 2005		31 August 2004	
	At cost £m	**Net book value £m**	At cost £m	Net book value £m
Freehold land and buildings	**627**	**474**	638	506
Long lease land and buildings	**14**	**12**	16	14
Short lease land and buildings	**83**	**55**	69	44
Total land and buildings	**724**	**541**	723	564

Notes *(continued)*

14 *Investments and loans*

	Investments			
	Listed £m	Unlisted £m	Franchise and trade loans £m	Total £m
Group				
At the beginning of the period	2	13	6	21
Currency translation adjustment	-	-	-	-
Disposal and transfers	(2)	-	(6)	(8)
At the end of the period	-	13	-	13

The unlisted investments include a holding of 1% in Suntory Limited, incorporated in Japan.

	Investment undertakings £m	Total £m
Parent company		
At the beginning of the period	4,086	4,086
Additions	-	-
At the end of the period	**4,086**	**4,086**

Allied Domecq Limited is a holding company. It had, at 25 July 2005, over 500 subsidiaries incorporated in over 50 countries. Allied Domecq Limited has a 100% equity interest in all of the principal subsidiaries. Those subsidiaries, as at 25 July 2005, are listed below together with their country of incorporation and operation.

Allied Domecq (Holdings) PLC	England and Wales
Allied Domecq Spirits & Wine Holdings PLC	England and Wales
Allied Domecq Spirits & Wine Limited	England and Wales
Allied Domecq Financial Services PLC	England and Wales
Allied Domecq Overseas Limited	England and Wales
Allied Domecq Overseas (Canada) Limited	England and Wales
Allied Domecq Overseas Holdings Limited	Cayman Islands
Allied Domecq Overseas (Europe) Limited	England and Wales
Allied Domecq International Holdings B.V.	Netherlands
Allied Domecq Netherlands B.V.	Netherlands
Allied Domecq Luxembourg Holdings S.a.r.l.	Luxembourg
Allied Domecq Luxembourg S.a.r.l.	Luxembourg
Allied Domecq Canada Limited	Canada
Hiram Walker-Gooderham & Worts Limited	Canada
Allied Domecq North America Corp	USA
Allied Domecq Spirits & Wine Americas, Inc	USA
Allied Domecq Spirits & Wine USA, Inc	USA

Notes *(continued)*

15 Investments in associates

	Cost £m	Unlisted companies share of reserves £m	Listed companies share of reserves £m	Loans £m	Total £m
At beginning of the period	43	15	13	2	73
Currency translation adjustment	-	6	-	-	6
Additions	-	-	-	-	-
Shares of retained profit for the period	-	(33)	-	-	(33)
At the end of the period	**43**	**(12)**	**13**	**2**	**46**

The share of profits before taxation was £33m *(2004: £32m)* and dividends received were £56m *(2004: £15m).*

The principal associate is a 23.75% *(2004: 23.75%)* equity interest in Britannia Soft Drinks Limited, a company engaged in the manufacture and sale of soft drinks.

Other associates include Baskin-Robbins Japan (44% equity interest), Baskin-Robbins Korea (33% equity interest) and the Group's interest in the Miller RTD commercial partnership.

The above figures comprise the amounts attributable to the Group based on the latest accounts it has been practicable to obtain, some of which are unaudited management accounts.

16 Stocks

	25 July 2005 £m	31 August 2004 £m
Raw materials and consumables	**23**	27
Maturing inventory	**1,142**	1,025
Finishing products	**256**	273
Bottles, cases and pallets	**19**	18
	1,440	1,343

Notes *(continued)*

17 Debtors

	Group		Parent Company	
	25 July 2005	31 August 2004	**25 July 2005**	31 August 2004
	£m	£m	**£m**	£m
Amounts falling due within one year				
Trade debtors	**590**	450	-	-
Amounts due from subsidiary undertakings	-	-	-	94
Deferred tax assets (note 19)	**4**	18	-	-
Other debtors	**80**	94	**2**	4
Prepayments and accrued income	**55**	58	-	-
	729	620	**2**	98
Amounts falling due after more than one year				
Other debtors	**1**	3	-	-
Prepayments and accrued income	**8**	13	-	-
	9	16	-	-
	738	636	**2**	98

18 Creditors

	Group		Parent Company	
	25 July 2005	31 August 2004	**25 July 2005**	31 August 2004
	£m	£m	**£m**	£m
Amounts falling due within one year				
Trade creditors	**165**	233	-	-
Bills payable	**39**	18	-	-
Amounts owed to subsidiary undertakings	-	-	**87**	-
Other creditors	**306**	255	**72**	11
Social security	**13**	9	-	-
Taxation	**176**	196	-	-
Accruals and deferred income	**280**	273	-	-
Proposed dividend (note 11)	-	104	-	104
	979	1,088	**159**	115
Amounts falling due after more than one year				
Other creditors	**26**	**33**	-	-
Accruals and deferred income	**41**	**10**	-	-
	67	43	-	-

Notes *(continued)*

19 Provisions for liabilities and charges

	Reorganisation and restructuring £m	Surplus properties £m	Deferred taxation £m	Total £m
At the beginning of the period	23	9	147	179
Currency translation adjustment	(1)	-	4	3
Timing differences within statement of recognised gains and losses	-	-	(8)	(8)
Utilised during the period	(26)	-	-	(26)
Charged during the period	10	-	2	12
At end of the period	**6**	**9**	**145**	**160**

£26m of reorganisation and restructuring provisions brought forward from previous years were utilised during the period. New provisions totalling £10m were created during the period. Of the provisions outstanding at the period end £2m relate to the trust fund established for social and community projects in Mexico and the remainder relates to the Group restructuring programme.

The provision for surplus properties will be utilised over the terms of the leases to which the provisions relate.

	25 July 2005 £m	31 August 2004 £m
Accelerated capital allowances	**37**	37
Goodwill and other intangible assets	**142**	117
Tax losses and credits	**(33)**	(58)
Pensions and post-retirement benefits	**(217)**	(174)
Other timing differences	**(5)**	33
Net deferred taxation asset	**(76)**	(45)
Comprising:		
Deferred tax asset (note 17)	**(4)**	(18)
Deferred tax liability (note 19)	**145**	147
Pensions and post-retirement benefits (note 5)	**(217)**	(174)
	(76)	(45)

Notes *(continued)*

19 Provisions for liabilities and charges *(continued)*

Movement in deferred taxation	**25 July 2005 £m**	31 August 2004 £m
At the beginning of the period	**(45)**	(117)
Timing differences within statement of recognised gains and losses	**(50)**	22
Charged during the period	**19**	50
At the end of the period	**(76)**	(45)

Deferred tax assets of £40m at 26 July 2005 *(2004: £39m)* have not been recognised due to the degree of uncertainty over the utilisation of the underlying tax losses and deductions in certain tax jurisdictions.

Deferred tax has not been provided for liabilities which might arise on unremitted earnings of overseas subsidiaries and associates, as such earnings are reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

20 Net debt

	Redemption date	**25 July 2005 £m**	31 August 2004 £m
Unsecured loans			
GBP250m Bond (6.625%)*	2014	**247**	247
EUR600m Bond (5.875%)*	2009	**411**	402
GBP450m Bond (6.625%)*	2011	**448**	448
EUR800m Bond (5.5%)*	2006	**551**	539
NZD125m Capital Notes (9.3%)	2006	**49**	45
DEM500m Notes (4.75%)*	2005	**176**	173
NZD100m Revolving Credit Facility*	2006	**-**	19
MXN 600m Revolving Credit Facility	2008	**26**	28
Foreign currency swaps	various	**(195)**	(209)
		1,713	1,692
Less amounts repayable within one year		**(774)**	-
Loan capital		**939**	1,692
Short-term borrowings		**1,100**	378
Cash at bank and in hand		**(85)**	(129)
		1,954	1,941

*Borrowings and interest guaranteed by Allied Domecq Limited or Allied Domecq (Holdings) Limited (formerly Allied Domecq (Holdings) PLC).

Notes *(continued)*

20 Net debt *(continued)*

The Euro and GBP Bonds have been partially swapped into floating rate US dollars.

The company has short-term borrowings of nil *(2004: nil)*

	25 July 2005 £m	31 August 2004 £m
Repayment schedule		
More than five years	**695**	695
Between two and five years	**244**	222
Between one and two years	**-**	775
Loan capital	**939**	1,692
Short-term borrowings	**1,100**	378
Total borrowings	**2,039**	2,070

The funding policy of the Group is to maintain a broad portfolio of debt, diversified by source and maturity and to maintain committed facilities sufficient to cover with a minimum of £300m above peak borrowing requirements. At 26 July 2005 the Group had available undrawn committed bank facilities of £1,082m *(2004: £1,192m)* of which £61m *(2004: £77m)* mature in less than one year and £1,021m *(2004: £1,115m)* between two and five years.

21 Financial instruments

Set out below is a period end comparison of the current and book values of the Group's financial instruments by category, excluding short-term debtors and creditors. Where available, market rates have been used to determine current values. Where market rates are not available, current values have been calculated by discounting cash flows at prevailing interest and exchange rates.

	25 July 2005		31 August 2004	
	Book value £m	Current value £m	Book value £m	Current value £m
Cash at bank and in hand	**85**	**85**	129	129
Short-term borrowings	**(1,100)**	**(1,100)**	(378)	(378)
Loan capital	**(939)**	**(1,029)**	(1,692)	(1,799)
Net debt	**(1,954)**	**(2,044)**	(1,941)	(2,048)

Interest rate risk management

Exposure to interest rate fluctuations on borrowings and deposits is managed by using cross currency swaps, interest rate swaps and purchased interest rate options. The Group has a fixed/floating debt target of 70% +/- 10%. At the period end, taking account of swaps, 54% *(2004: 71%)* of net debt was at fixed rates of interest. At the period end, the weighted average maturity of net debt was approximately 3.0 years *(2004: 3.4 years)*.

Notes *(continued)*

21 Financial instruments *(continued)*

	25 July 2005		31 August 2004	
	Book value £m	**Current value £m**	Book value £m	Current value £m
Interest rate swaps	**1**	**(13)**	1	(30)
Cross currency swaps	**3**	**56**	8	32
Net debt	**4**	**43**	9	2

There is a deferred loss in respect of interest rate swaps, being the net of the current value less book value, of which £5m (2004: £10m) relates to the financial period ending 25 July 2006 and £9m *(2004: £21m)* thereafter.

There is a deferred gain in respect of cross currency swaps, being the net of the current value less book value, of which £11m (2004: £4m) relates to the financial period ending 25 July 2006 and £42m *(2004: £20m)* thereafter.

After taking account of cross currency and interest rate swaps, the currency and interest rate exposure of net debt as at 25 July 2005 was:

	25 July 2005					31 August 2004				
				Fixed rate debt					Fixed rate debt	
	Net debt £m	**Floating rate net debt £m**	**Fixed rate debt £m**	**Weighed average interest rate % £m**	**Weighed average time for which rate is fixed years £m**	Net debt £m	Floating rate net debt £m	Fixed rate debt £m	Weighed average interest rate % £m	Weighed average time for which rate is fixed years £m
Sterling	104	(86)	190	6.6	8	18	18	-	-	-
US dollar	1,064	254	810	5.4	4	1,205	443	762	5.8	5
Euro	639	587	52	3.8	3	562	89	473	5.2	2
NZ dollar	76	76	-	-	-	95	22	73	8.1	2
Japanese Yen	103	103	-	-	-	103	34	69	0.7	3
Other	(32)	(32)	-	-	-	(42)	(42)	-	-	-
	1,954	902	1,052	5.6	4	1,941	564	1,377	5.7	4

Some of the interest rate swaps included in the above table are cancellable at the option of the banks at various dates between 25 July 2005 and 31 August 2007.

The floating rate debt includes bank debt bearing interest at rates based on the relevant inter-bank rate and on commercial paper rates in the UK, US, Canada and France. These rates are fixed in advance for periods up to six months. The weighted average interest rate on floating net debt as at 25 July 2005 was approximately 6.0% (2004: 3.6%).

Foreign exchange

The Group estimates its net transaction cash flows in its main currencies of business which are then hedged forward for up to 18 months using a combination of forward exchange contracts and purchased foreign exchange options. At the period end 69% *(2004: 82%)* of such currency exposures had been hedged for the following 12 months.

The estimated current value of the foreign exchange cover forward contracts and options entered into to hedge future transaction flows is set out below based on quoted market prices where available and option pricing models.

Notes *(continued)*

21 Financial instruments *(continued)*

	25 July 2005			31 August 2004		
	Nominal value of derivatives £m	**Book value £m**	**Current value £m**	Nominal value of derivatives £m	Book value £m	Current value £m
Foreign exchange forward rate contracts:						
- assets	**76**	**-**				
- liabilities	**133**	**-**	5	140	-	5
Options:			(3)	53	-	(1)
- assets	**83**	**-**	1	110	-	3
- assets	**19**	**-**	(1)	-	-	-
	311	**-**	2	303	-	7

A net gain of £10m was recognised on all foreign exchange forward contracts and options maturing in the 11 months to 25 July 2005 *(2004: £13m)*.

At 25 July 2005 and 31 August 2004, there were no material monetary assets or liabilities in currencies other than the functional currencies of Group companies, having taken into account the effect of derivative financial instruments that have been used to hedge foreign currency exposure.

22 Share capital

	Authorised		Allotted, called up and fully paid	
	25 July 2005 £m	31 August 2004 £m	**25 July 2005 £m**	31 August 2004 £m
Equity				
Ordinary shares of 25p	**400**	400	277	277
Number of shares	**1,600**	1,600	1,107	1,107

Notes *(continued)*

23 Capital and reserves

	Share capital £m	Share premium account £m	Merger reserve £m	Shares held in employee trusts £m	Profit and loss account £m	Total £m
Group						
At the beginning of the period	277	165	(823)	(112)	1,003	510
Profit earned for shareholders for the period	-	-	-	-	230	230
Currency translation differences on foreign currency net investments	-	-	-	-	106	106
Taxation on translation differences	-	-	-	-	12	12
Movement on shares in employee trusts	-	-	-	40	-	40
Actuarial gain on net pension liabilities (net of deferred tax)	-	-	-	-	(93)	(93)
Ordinary dividends	-	-	-	-	(71)	(71)
At end of the period	277	165	(823)	(72)	1,187	734

Goodwill of £2,135m has been written off to reserves.

	Share capital £m	Share premium account £m	Merger reserve £m	Capital reserve £m	Shares held in employee trusts £m	Profit and loss account £m	Total £m
Parent company							
At the beginning of the period	277	165	2,420	651	(112)	668	4,069
Loss earned for shareholders for the period	-	-	-	-	-	(109)	(109)
Movement on shares in employee trusts	-	-	-	-	40	-	40
Ordinary dividends	-	-	-	-	-	(71)	(71)
At end of the period	277	165	2,420	651	(72)	488	3,929

24 Minority interests

	Equity £m	Non-equity £m	Total £m
At the beginning of the period	75	5	80
Currency translation adjustment	(2)	-	(2)
Share of profits of subsidiary undertakings	13	1	14
Dividends declared	(6)	-	(6)
Disposals	-	-	-
At the end of the period	**80**	**6**	86

The principal minority shareholdings relate to Jinro Ballantines Company Limited and Corby Distilleries Limited.

Notes *(continued)*

25 Detailed analysis of gross cash flows

	11 months to 25 July 2005 £m	Year to 31 August 2004 £m
Returns on investments and servicing of finance		
Interest received	9	7
Interest paid	(97)	(124)
Dividends paid to minority shareholders	(10)	(5)
	(98)	(122)
Taxation paid		
UK taxation	-	(1)
Overseas taxation	(99)	(81)
	(99)	(82)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(101)	(112)
Sale of tangible fixed assets	48	53
Purchase of intangible fixed assets	-	(8)
Disposal of trade investments	6	9
	(47)	(58)
Acquisition and disposals		
Purchase of subsidiary undertakings	-	(10)
Purchase of associated undertakings	-	(1)
Sale of subsidiary undertaking	-	20
	-	9
Financing		
Net movement of ordinary share capital within employee trusts*	35	17
Decrease/increase in other borrowings	(24)	(1)
	11	16

*includes American Depositary Shares representing underlying ordinary shares.

Notes *(continued)*

26 Reconciliation of net cash inflow from operating activities to free cash flow

	11 months to 25 July 2005 Total £m	Year to 31 August 2004 Total £m
Net cash inflow from operating activities	**376**	655
Capital expenditure net of sale of tangible assets	**(53)**	(59)
Dividends received from associated undertakings	**56**	15
Operating cash net of fixed assets	**379**	611
Taxation paid	**(99)**	(82)
Net interest paid	**(87)**	(117)
Dividends paid – ordinary shareholders	**(175)**	(156)
– minorities	**(10)**	(5)
	8	251

27 Net debt

	Cash at bank and in hand £m	**Overdrafts due within one year £m**	**Other short-term borrowings due within one year £m**	**Loan capital due after one year £m**	**11 months to 25 July 2005 Net debt £m**	**Year to 31 August 2004 Net debt £m**
At beginning of the period	129	(74)	(304)	(1,692)	(1,941)	(2,412)
(Decrease)/increase in cash	(67)	59	15	-	7	273
Increase in liquid resources	14	-	-	-	14	4
Decrease/(increase) in loan capital and other loans	-	-	(773)	797	24	1
Exchange adjustments	9	(13)	(10)	(44)	(58)	193
At end of the period	85	(28)	(1,072)	(939)	(1,954)	(1,941)

Liquid resources comprise short-term deposits which have maturity dates of less than three months

28 Capital commitments

	25 July 2005 £m	31 August 2004 £m
Contracted for but not provided in the accounts	**3**	3

Notes *(continued)*

29 Operating lease commitments

The minimum operating lease payments to be made in the period ending 25 July 2005 for leases expiring:

	Land and buildings 25 July 2005 £m	**Other 25 July 2005 £m**	Land and buildings 31 August 2004 £m	Other 31 August 2004 £m
Within one year	**7**	**2**	5	4
Within two to five years	**12**	**3**	24	7
After five years	**17**	**4**	21	-
	36	**9**	50	11

30 Contingent liabilities

	25 July 2005 £m	31 August 2004 £m
Guarantees in respect of liabilities of subsidiary undertakings	**2,050**	2,188

In the normal course of business, the Group has a number of legal claims or potential claims against it, none of which are expected to give rise to significant loss. We are not currently involved in any legal or arbitration proceedings, including any proceedings which are threatened or pending of which we are aware, which may have a material effect on our financial position, results of operations or liquidity. The Group, together with the other major players in the US drinks industry, has been named in a putative class action lawsuit in the State of Ohio alleging a consistent, long-running deceptive programme of advertising and marketing which is illegally targeted at children and underage drinkers and claiming disgorgement of unlawful profits. The lawsuit, which is being vigorously defended, is in the very early pre-discovery, pre-trial pleading stages; accordingly, it is too early to determine the materiality of the contingent liability arising from this lawsuit and no reserve has been established in connection herewith.

In addition, the Group has a number of claims outstanding against customs and excise authorities around the world. At any time, the Group estimates that the total amount of these claims to be in the region of £30m to £50m but does not believe that there is any need to provide for these claims.

Notes *(continued)*

31 Related party transactions

All transactions with these undertakings arise in the normal course of the business.

	11 months to 25 July 2005 Total £m	Year to 31 August 2004 Total £m
Sale to associated undertakings	**38**	52
Purchases of goods and other services	**-**	(2)
Marketing expenditure charged	**(17)**	(11)
Dividends received	**55**	15
	As at 26 July Total	As at 31 August Total
Loans to associated undertakings	**2**	2
Net amounts due from associated undertakings	**13**	10

32 Ultimate parent company

Prior to 26 July 2005 the company was the ultimate parent company of the Group.

On 26 July 2005 the company became part of a group headed by Pernod Ricard SA, a company incorporated in France. The largest group in which, from 26 July 2005, the results of the company will be consolidated is headed by Pernod Ricard SA. The consolidated accounts of this company are available to the public and may be obtained from:

The Company Secretary
Pernod Ricard SA
12, Place des Etats-Unis
75116 PARIS
FRANCE

33 Post balance sheet events

Since the period end on 25 July 2005, the Group has sold the following brands and production and distribution assets to Fortune Brands; the Canadian Club, Courvoisier, Maker's Mark, Sauza and Laphroaig spirits brands, California wines including Clos du Bois, as well as the distribution networks and major local brands in the UK (Harvey's and Cockburns), Spain (DYC, Centenario, Castellana and Fundador) and Germany (Kümmerling and Jacobi).