

John Menzies plc: European Commission Decision re distribution of Nintendo product

In response to the European Commission's Decision today to impose a fine of Eur 8.64m (c.£5.4m), Menzies considers this totally disproportionate in the light of the company's involvement in and the duration of the offence and the company's high level of co-operation with the authorities.

The offence concerns the distribution of Nintendo products through Menzies' subsidiary, THE Games, during 1995/7. The distribution practices involved were inherited from the period when Nintendo did its own distribution in the UK. The European Commission had recognised in its Statement of Objections that there was no deliberate intention on the part of Menzies to breach competition regulations.

Menzies believes that the decision is inconsistent with previous European Commission decisions and judgements of the European Court and also that it is based in part on assertions which were not included in the Statement of Objections issued in April 2000, and which the company has therefore not been able to refute. The company and its advisers will study the full text of the Decision (which is yet to be received by the company) and today's announcement further with a view to a possible appeal.

Menzies has withdrawn from this business, a move not connected with this EC investigation. The withdrawal was announced on 8th December 2000, and Menzies closed THE Games in April 2001, as part of the strategic realignment of the Group to concentrate on newspaper and magazine distribution and on the development of Menzies Aviation Group, its aviation services division.

Menzies Group Chief Executive, David Mackay, said: "We feel that the EC has not fully recognised, in the level of this fine, their earlier acceptance that this was a mistake, not a deliberate transgression; that THE Games was more victim than villain, and THE Games' limited involvement; and, that THE Games co-operated fully throughout the investigation. We will carefully consider all our options. This fine will be treated as an operating exceptional cost."

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